

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 29** HLS 181ES 10
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|--|-----------------------------------|
| Date: February 20, 2018 9:02 AM | Author: BARRAS |
| Dept./Agy.: Statewide | |
| Subject: Establishes Louisiana Checkbook transparency website | Analyst: Alan M. Boxberger |

BUDGETARY PROCEDURES OR INCREASE GF EX See Note Page 1 of 2
 Establishes the Louisiana Checkbook website to provide transparency of state fiscal information (Item #11)

Proposed law requires creation of an expenditure database providing reports of state spending of all budget units contained in the executive budget and designates the website as Louisiana Checkbook; provides feature and content requirements; provides for quarterly reporting to the JLCB; directs all agencies, boards, commissions and departments of the state and its subdivisions to furnish required information without any cost or charge; authorizes inclusion of other databases or reports; provides for exclusion of certain private information; provides for requirement of inclusion of employment and salary information; provides for inclusion of certain reporting requirements for state boards and commissions; provides for establishment and inclusion of a state debt database maintained by the treasurer; provides for inclusion of annual reports of all entities and activities supported by special funds; provides for inclusion of the La Performance Accountability System (LaPAS); provides with regard to inclusion of education spending; provides for inclusion of certain revenue and incentive forecasts; and provides for an implementation date of July 1, 2019.

| EXPENDITURES | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Annual Total | | | | | | |

| REVENUES | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

Proposed law will result in an indeterminable SGF expenditure increase related to the creation of a Louisiana Checkbook (La Checkbook) expenditure transparency website. The website will provide a searchable expenditure database and will include links to a number of existing statutorily required reports from a variety of state departments, boards and commissions.

LaGov/AFS Integration

The Division of Administration (DOA), Office of Technology Services (OTS), acquired estimates to outsource the website as a "software as service" plus associated consulting costs totaling approximately \$716,000 to \$785,000 over the first three years. First year cost estimates range from approximately \$274,000 to \$318,000. Ongoing software licensing and maintenance costs ranged from approximately \$220,000 to \$230,000 annually. This estimate included integration of LaGov and AFS reporting agencies only. The LFO assumes that each additional entity included in the executive budget that is not currently integrated into LaGov or AFS will create additional one-time expenditure obligations for deployment and integration and will likely increase the annual software licensing and maintenance cost by an unknown, but assumed proportional, amount. Information, reports, aid, services and assistance provided by state entities are directed by proposed law to be provided without cost or charge. These requirements may create an indeterminable workload impact, which are assumed to be absorbed with existing resources and staff. Should existing resources be insufficient, the LFO assumes agencies would require offsetting expenditure reductions to accommodate additional duties.

NOTE 1: Current departments and agencies that utilize the AFS financial system will be able to provide a more limited dataset than those utilizing LaGov. Currently, only 6 agencies are fully integrated on LaGov. Cost for completion of the remaining agencies planned for LaGov integration totals approximately \$29.6 M over three fiscal years (some entities, such as higher education, are not currently planned). Full LaGov integration is not required to launch Louisiana Checkbook, but some functionality and data will be limited due to the source AFS legacy financial system. During presentation of the

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE 2

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE 1

executive budget at the January 22, 2018, meeting of the JLCB, Commissioner Jay Dardenne proposed using approximately \$30 M of fund balance generated from excess SGR at the La Department of Revenue to fund the multi-year costs of full LaGov implementation (this action would require supplemental appropriation during the regular session). For informational purposes, the state has expended approximately \$97.9 M to date on LaGov software acquisition, deployment, design and implementation).

NOTE 2: Departments that do not utilize LaGov or AFS may have disparate data reporting capacities, depending on the complexity of corresponding accounting and financial systems.

Additional Components

Proposed law requires that La Checkbook shall also include a searchable contracts database. This functionality may appear within existing systems, but inclusion within the La Checkbook framework will create an additional unknown expenditure increase. La Checkbook shall also include access to, or integrate into, information from reports on contracts required by law, including R.S. 39:1567(B)(3) and (F), R.S. 39:2007(E) and R.S. 39:2177(E). Additional information will be included in future versions of this note.

Proposed law requires that La Checkbook shall include a searchable employment and salaries database including certain minimal reporting requirements as well as information on the number of authorized and vacant positions within each budget unit. This functionality will require additional programming and will result in an additional, unknown but likely significant expenditure increase. Entities not currently reporting salary information in the AFS - Human Resource module would require integration. Additional information will be included in future versions of this note.

Proposed law requires that certain information related to state boards and commissions shall be available through La Checkbook, particularly information required by R.S. 49:1302 and R.S. 24:513.2. This data is currently reported by entity on a state website, and viewable per individual filing, but does not currently appear in a searchable, downloadable format and the LFO is unable to determine the accuracy or frequency of filings. This functionality will require additional programming and result in an additional, unknown expenditure increase. Additional information will be included in future versions of this note.

Proposed law requires the inclusion of a searchable state debt database, to be established and maintained by the state treasurer. The database shall include amounts and categories of state debt, including pensions, post-employment benefits and capital construction, as well as annual costs of debt service. This functionality will require additional programming and result in an additional, unknown but likely significant expenditure increase. Additional information will be included in future versions of this note.

Proposed law requires that La Checkbook shall include a searchable dedicated funds database supported by appropriations from dedicated funds required by R.S. 49:308.5(B). The database shall include access to the report on special funds prepared by the state treasurer as required by R.S. 49:308.3(E). Integration of this functionality will likely require additional programming and result in a one-time, potentially significant expenditure increase. Additional information will be included in future versions of this note.

Proposed law requires that La Checkbook shall include the Louisiana Performance Accountability System (LaPAS) as required under R.S. 39:87.1 et seq. Linking this database to La Checkbook should not create a material expenditure, unless the existing site is to undergo redesign.

Proposed law requires that La Checkbook shall include or provide access to the revenue and expenditure data on federal, state, and local fiscal matters maintained by the Department of Education on its website. This database does not currently appear on the website, although it has in the past. If the prior database is still available, integration should not create a material expenditure, unless the previous site must undergo redesign or programming for additional features.

Proposed law requires that La Checkbook shall include or provide access to information related to revenues on which state expenditures are based, including the official REC estimate, the Tax Exemption Budget prepared by the Louisiana Department of Revenue (LDR) under R.S. 47:1517, the Annual Tax Collection Report prepared by LDR, monthly reports provided by LDR on net collections and distributions and severance tax collections and distributions, and approved applications and advance notifications for economic development incentives as posted to the Louisiana Department of Economic Development website. Linking these reports and sites to La Checkbook should not create a material expenditure, unless the existing sites are to undergo redesign.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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