

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 473** SLS 22RS 960

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 6, 2022	2:11 PM	Author: MILLIGAN
Dept./Agy.: Board of Regents/Higher Education/Auditor		Analyst: Tim Mathis
Subject: Reporting of foreign gifts; screening foreign researchers		

INTERNATIONAL AFFAIRS

EN INCREASE SG EX See Note

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Provides relative to foreign interest in certain Louisiana research facilities. (1/1/23)

Proposed law requires each postsecondary education institution to report any gift valued at \$50,000 or more from any foreign source and intermediaries to the institution's board of supervisors and the Board of Regents (BOR). Provides for the internal auditor of the BOR to inspect or audit a sample gifts disclosed, and a penalty of 105% of non-state funds for failure to comply with reporting requirements. Requires every citizen of a foreign country, or U.S. resident with an affiliation with an institution or program in a foreign country of concern, that is seeking employment with an institution, or applying as a graduate student for certain research-related support positions, to submit certain information. Institutions shall adopt a policy for the proper screening of all individuals subject to the legislation that may include the review and verification of information submitted in the application prior to the offer of a position. Requires each institution to require preapproval and screening for any employment-related foreign travel and activities engaged in by any faculty member, researcher, or other research department staff. Applicant screening and travel monitoring applies to each institution that receives state appropriations and has a research budget of \$10 M or more. Requires the legislative auditor to conduct an operational audit on the implementation of various sections by July 1, 2025.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	INCREASE	SEE BELOW	SEE BELOW	SEE BELOW	
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	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	INCREASE	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

EXPENDITURE EXPLANATION

Public postsecondary education institutions report indeterminable or no costs to adopt a policy to screen foreign researchers and to establish an international travel approval and monitoring program. The LA Legislative Auditor (LLA) may incur additional SGR expenditures in FY 24 to conduct an operational audit.

Three public postsecondary education systems, Louisiana State University (LSU) System, the University of Louisiana (UL) System, and the Southern Univeristy (SU) System report they plan to utilize existing staff and resources to conduct the additional workload needed to screen each foreign applicant offered a position of employment in a research or research-related support position and conduct additional approval and monitoring of international travel. The Louisiana Community and Technical College System (LCTCS) reports no costs due to the proposed legislation. Institutions will experience no costs to the extent their research budgets fall below the \$10 M threshold under the proposed legislation.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

To the extent a postsecondary education institution knowingly, willfully, or negligently fails to disclose the information required by the proposed law, it shall be subject to a civil penalty of 105% of the amount of the undisclosed gift, payable only from non-state funds of the institution or the affiliate organization that received the gift; directs such funds to be deposited in the state general fund. It is unknown how institutions would be able to comply with this provision due to the restricted and legal requirements of certain funding, there may be an indeterminable increase in SGF as a result of penalties.

Proposed law may increase revenues in the statutorily dedicated Criminal Identification and Information Fund by an indeterminable amount in FY 23 and subsequent fiscal years. The LA Bureau of Criminal Identification and Information within State Police would perform the background checks for a fee of \$39.25 for state and federal background checks that include fingerprinting (\$26 state background check, \$2 from federal background check, and the remaining \$11.25 to the federal government.

The LLA anticipates a \$120,000 self-generated revenue increase derived from state agencies as a result of the increased operational audit requirements for the proposed legislation. To the extent the LLA is able to conduct some or all of the audit cost with existing staff and resources, SGR need may be reduced; however this is indeterminable.

Senate
 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}

Evan Brasseaux
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Interim Deputy Fiscal Officer

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Institutions may experience additional costs (\$39.25 per applicant) related to conducting a criminal background check through the Federal Bureau of Investigation via the LA Bureau of Criminal Identification and Information within the State Police. Such costs will be less to the extent institutions already incorporate this into their hiring practices.

The LLA reports SGR expenditures will increase by \$120,000 to conduct an operational audit on the implementation of processes to screen foreign researchers and an audit to evaluate the international travel approval and monitoring program. Audits are estimated to take approximately 100 hours per institution and would involve verifying that institutions have developed relevant procedures and testing a sample to determine whether they are complying with the procedures. Assuming 10 institutions have an annual research budget of \$10 M or more, the total cost for audits would be \$120,000 (10 institutions x 100 hours/audit x \$120/hour billing rate). To the extent the LLA is able to conduct the audits with existing staff and resources, the SGR need may be reduced; however this is indeterminable. Any costs are anticipated to occur in FY 24 as the reporting deadline is July 1, 2025. Note: It is unclear whether the proposed legislation requires the LLA to conduct a one-time audit or provides for ongoing auditing; for purposes of this fiscal note, the LFO assumes the requirement to be a one-time expense for FY 24.

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}

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