

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 152** HLS 14RS 31  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 2, 2014 4:30 PM	<b>Author:</b> HARRISON
<b>Dept./Agy.:</b> Children and Family Services	
<b>Subject:</b> Merger of DHH/DCFS into Dept of Health & Social Services	<b>Analyst:</b> Patrice Thomas

GOVERNMENT ORGANIZATION OR DECREASE GF EX See Note Page 1 of 1

Abolishes the Department of Health and Hospitals and the Department of Children and Family Services and creates the Department of Health and Social Services

Effective 11/01/2014, the proposed law abolishes the Department of Health and Hospitals (DHH) and the Department of Children and Family Services (DCFS) and creates the Department of Health and Social Services by combining DH and DCFS. Proposed law duplicates the offices from DH and DCFS and provides for the same name of those offices in newly created department. Proposed law provides relative to unfinished business of the prior departments. Proposed law requires the secretaries of DH and DCFS jointly to prepare a workable transition plan to create the new department and submit the plan to the Joint Legislative Committee on the Budget (JLCB), the House Committee on House and Governmental Affairs and the Senate Committee on Senate and Governmental Affairs by 10/01/2014 and implemented beginning on 11/01/2014. Proposed law requires governor to appoint new positions to the department by 08/01/2014. Proposed law requires the secretary of new department to submit reorganization plan to JLCB by 03/01/2015 and the JLCB to conduct hearing and make recommendations on the reorganization plan.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>						

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	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	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	\$0	\$0	\$0	\$0	\$0	\$0

**EXPENDITURE EXPLANATION**

This measure is anticipated to result in a decrease in total expenditures by an indeterminable amount in FY 15 and future fiscal years. Effective November 1, 2014, this measure combines the Department of Health and Hospitals (DHH) and the Department of Children and Family Services (DCFS) under one department - the Department of Health and Social Services (DHSS). This proposed legislation does not eliminate any programs or services provided by either department. The secretaries of DHH and DCFS are required to submit a transition plan no later than October 1, 2014 to be implemented on November 1, 2014.

In addition, this measure requires the new secretary of the DHSS to provide a reorganization report by March 1, 2015 to the Joint Legislative on the Budget (JLCB) that will require the new secretary to consider and propose merger/consolidation of functions, abolition of agencies, consolidation of offices, elimination of positions, elimination of duplication of functions, consolidation of the office of management and finance functions, and implementation of other efficiencies. Specific savings amounts of this legislation are unknown, and will depend on the reorganization plan submitted by the secretary of DHSS. Both DHH and DCFS have indicated that determining a fiscal impact on such a merger would be difficult to determine, but anticipate any savings would be the result of efficiencies at the executive management level. At a minimum, the Legislative Fiscal Office (LFO) assumes this measure will result in the elimination of various duplicative executive management positions and various section heads. Positions that the new secretary may eliminate due to duplication include Deputy Secretary, Undersecretary, Human Resource Director, Press Secretary, Director of Audit and Accounting, Director/Administrator of Procurement and Contracts, Director/Administrator of Budget and Planning, and Executive Counsel. The overall net savings in FY 15 will depend on the hours of termination pay for each individual eliminated, which is unknown.

Additional savings may result from implementation of efficiencies and economies of scale in the operation of the new department. The secretary may review efficiencies related to eligibility determination of financially means-tested programs such as SNAP, TANF, Medicaid, and WIC. Information provided by the state CIO indicates economies of scale savings are typically generated from IT functions such as infrastructure and system co-location, pricing (discount costs by offering volume), agency IT personnel reductions, and reductions in the number of outsourced IT contracts. The latter three areas may generate significant savings as a result of this bill.

**REVENUE EXPLANATION**

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

Senate	Dual Referral Rules	House	<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	 <b>John D. Carpenter</b> Legislative Fiscal Officer
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}		
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}		