

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



Fiscal Note On: **HB 1256** HLS 14RS 2654  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.: **HB 152**

<b>Date:</b> May 21, 2014 8:15 AM	<b>Author:</b> HARRISON
<b>Dept./Agy.:</b> Children and Family Services/Health and Hospitals	<b>Analyst:</b> Patrice Thomas
<b>Subject:</b> Combining of DHH and DCFS into DHHCFCS	

GOVERNMENT ORGANIZATION RE INCREASE See Note Page 1 of 2  
 Transfers the Department of Children and Family Services as a state agency to the Department of Health and Hospitals

In present law, the Dept. of Health & Hospitals (DHH) and Dept. of Children & Family Services (DCFS) are included within the 20 departments authorized by the constitution. Proposed law places DCFS within DHH as an independent agency with the same responsibilities and renames the new department the Dept. of Health & Hospitals and Children & Family Services (DHHCFCS). Proposed law provides that the DHHCFCS is composed of the office of the secretary, health & hospitals services (successor to DHH), and children & family services (successor to DCFS). Proposed law provides that governor with Senate consent appoints the secretary (a new position), deputy secretary for health & hospital services, deputy secretary for children & family services, undersecretary of children & family services, and undersecretary of health & hospital services. Proposed law provides for assistant secretaries for each program office of health & hospital services as well as deputy secretaries for programs and operation for children & family services. Proposed law is effective on 08/01/2014. Since proposed law abolishes one of the 20 departments, the Department of Elderly Affairs shall become effective.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	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	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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 proposed legislation may result in an indeterminable increase in governmental expenditures within the newly created Department of Health & Hospitals and Children & Family Services (DHHCFCS) as well as the newly created Department of Elderly Affairs. The Department of Health and Hospitals (DHH) and the Department of Children and Family Services (DCFS) are combined into DHHCFCS as independent services effective August 1, 2014. This proposed legislation does not eliminate any programs or services provided by either prior departments. With the creation of DHHCFCS and in accordance with existing statute (LA Revised Statutes 36:4), only July 1, 2015, the Department of Elderly Affairs shall become a department.

**Department of Health & Hospitals and Children & Family Services**

The LFO anticipates the potential costs up to \$5,688,358 associated with combining Health and Hospitals Services (successor to DHH) and Children and Family Services (successor to DCFS) under one department name. These costs may possibly be incurred over several fiscal years. Projected expenses include: (1) IT computer system changes to the LA Medicaid Management Information System (LMMIS) and the CAFE system; (2) a new secretary position within DHHCFCS; (3) one-time expenses associated with a new department name on building signage, vehicle decals, badges, benefit cards, stationary and notices. If a new secretary is appointed, the LFO assumes the salary and related benefits of the new secretary position would be higher than the salary and related benefits of the current secretary of DHH (\$236,001 salary and \$94,400 related benefits), which represents the minimum estimated increase in state expenditures of \$330,401 in FY 15.

The LFO is researching issues related to cost allocation within DCFS and whether combining with DHH would alter their cost allocation model. In addition, it is unclear if combining department would limit the ability of the new "services" components and associated offices within the new department to operate independently with their federal partners and not jeopardize federal funding within the new department.

**REVENUE EXPLANATION**

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

Senate	<u>Dual Referral Rules</u>	House	<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	 <b>John D. Carpenter</b> Legislative Fiscal Officer
<input checked="" 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}	

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**CONTINUED EXPLANATION from page one:**

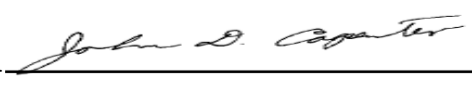
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**EXPENDITURE EXPLANATION (continued from Page 1)**

**Department of Elderly Affairs**

This measure is anticipated to result in an indeterminable increase in total state expenditures in FY 15 as a result of creating the Department of Elderly Affairs. The newly created Department of Elderly Affairs is anticipated to increase personnel services, operating expenses, and equipment purchases beginning in FY 15. The LFO anticipates the addition of a secretary and deputy secretary position in the Department of Elderly Affairs with implementation of this legislation. The legislation requires the salary of the secretary to be determined by the governor and the salary of the deputy secretary to be determined by the newly appointed secretary. The LFO assumes the salary of the secretary of the newly created department would receive a salary higher than currently budgeted for the executive director of the Office of Elderly Affairs of \$91,402. According to the Governor's Office of Elderly Affairs, based on existing budget, the estimated salary of the secretary position is \$103,402 (\$12,000 increase over current executive director's salary) and salary of a deputy secretary position of \$90,000 with associated related benefits of \$58,973; which represents the minimum estimated increase in expenditures of \$160,973 in FY 16.

Note: Salaries of executive unclassified officers (i.e. secretaries and deputy secretaries) are paid with all means of financing (MOF). All MOF may be affected by the total cost increase resulting from this legislation. Expenditures discussed and displayed above are displayed as State General Fund MOF for clarity.

Senate	<u>Dual Referral Rules</u>	House	<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	 <b>John D. Carpenter</b> <b>Legislative Fiscal Officer</b>
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