

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1776-01
Bill No.: HB 817
Subject: Administration, Office of; State Departments
Type: Original
Date: April 3, 2013

Bill Summary: This proposal specifies that beginning in fiscal year 2015, moneys to be deposited into the Missouri Revolving Information Technology Trust Fund shall be collected by the Office of Administration for actual costs incurred.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Missouri Revolving Information Technology Trust	(\$250,000)	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(\$250,000)	\$0	\$0

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration - Information Technology Service Division (OA-ITSD)** assume this proposal would require that after July 1, 2014, the Office of Administration collect from each program within each state agency the actual costs of information technology services and equipment provided by OA-ITSD. OA-ITSD and the department receiving the service would be required to develop an informational services plan prior to the start of each fiscal year. If OA-ITSD's request for funds exceeds the amount agreed upon in the informational services plan by more than five percent, OA-ITSD would be required to seek approval from the managing individual prior to the services rendered.

Statements would be provided to each division detailing the charges requested for services rendered or equipment provided. The statement would have to be approved by the program manager prior to the transfer of funds.

Assumptions:

It is assumed that OA-ITSD would develop a services catalog outlining all services provided by OA-ITSD. OA-ITSD would engage consultants to assist in developing the catalog. It is estimated that consultant services would cost approximately \$250,000.

It is assumed that OA-ITSD appropriations will remain intact. Appropriation authority would need to be transferred from the employee benefits appropriations to OA-ITSD operating appropriations for cover the cost of fringe benefits that would become part of the service rates. It is also assumed that OA-ITSD will not provide services beyond current levels, or beyond current agencies served.

Depending on how long it would take agencies to review and approve the payments of bills, OA-ITSD may need additional funding for cash flow purposes. This may be needed for a short period of time, or on an ongoing basis.

Officials at the **Administrative Hearing Commission, Department of Agriculture, Department of Corrections, Department of Economic Development, Department of Health and Senior Services, Department of Higher Education, Department of Insurance, Financial Institutions and Professional Registration, Department of Labor and Industrial Relations, Department of Mental Health, Department of Revenue, Department of Social Services, Office of Administration - Budget and Planning** defer to Office of Administration - Information Technology Services Division for fiscal impact.

ASSUMPTION (continued)

Officials at the **Department of Conservation, Department of Public Safety -Capitol Police, Department of Public Safety - Fire Safety, Joint Committee on Administrative Rules, Joint Committee on Public Employee Retirement, Missouri Consolidated Health Care Plan, Missouri Ethics Commission, Missouri Gaming Commission, Missouri Lottery, Missouri State Employees' Retirement System, Missouri Senate, MoDOT and Patrol Employees' Retirement System, Office of the Governor, Office of the State Auditor, Office of the State Public Defender, Office of State Treasurer, State Emergency Management Agency** each assume there is no fiscal impact to their organization from this proposal.

Officials at the **Office of Attorney General** assume that any potential costs arising from this proposal can be absorbed with existing resources.

Officials at the **Missouri Department of Transportation (MoDOT)** assume a negative impact as it seems OA- ITSD would be billing MoDOT for items that are currently not being charged. MoDOT defers to OA-ITSD for impact.

Officials at the **Missouri Highway Patrol** assume this proposal does not apply to non-consolidated agencies for the following reasons:

1. The Highway Patrol obtains and manages its own IT equipment and services.
2. The Missouri Revolving Information Technology Trust Fund was already established under Section 37.920 prior to any revisions mandated in this bill.

The Patrol assumes this is intended to address consolidated IT agencies who attempt to fund new projects and/or equipment that had not been planned for and which could have an adverse impact on OA's budget. Therefore, the Highway Patrol anticipates no fiscal impact.

However, if the intent of this proposed legislation is to include non-consolidated agencies, then the Patrol would incur fiscal impact. However, based on the information provided, it is not possible to determine to what extent.

Officials at the **Missouri Veterans Commission** assume the impact is unknown. IT expenditures would have to be limited to existing IT appropriations from agency dedicated funds, so that agency program operating funds would not be impacted. If additional IT funding would be needed beyond existing IT appropriations, then OA-ITSD would have to submit a new decision item to increase IT spending authority.

ASSUMPTION (continued)

Officials at the **State Tax Commission** assume there would be no fiscal impact if the existing credit incorporated in OA-ITSD's budget continues if this legislation is implemented. Otherwise the impact is estimated to be \$80,000.

Officials at the **Office of State Courts Administrator** assume there may be some, unquantifiable impact, but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
MISSOURI REVOLVING INFORMATION TECHNOLOGY TRUST FUND			
<u>Cost - OA-ITSD consultant services</u>	<u>(\$250,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON MISSOURI REVOLVING INFORMATION TECHNOLOGY TRUST FUND			
	<u>(\$250,000)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Beginning July 1, 2014, the Office of Administration must collect from each program within each state agency the actual costs of services rendered or equipment provided for information technology services equipment, software, or systems by the agency. The Office of Administration and the department receiving the service must develop an informational services plan prior to the start of each fiscal year. Statements must be provided to each division as charged in similar frequency as the funds are requested, detailing the charges requested for services rendered or equipment provided. The statement must be provided to the person managing the program that is receiving the services and equipment and must be approved prior to the transfer of any funds from the programs fund for deposit into the Missouri Revolving Information Technology Trust Fund. If the Office of Administration's request for funds exceeds the amount agreed upon in the informational services plan by more than 5%, the Office of Administration must seek approval from the managing individual prior to the services being rendered.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Administrative Hearing Commission
Department of Agriculture
Department of Conservation
Department of Corrections
Department of Economic Development
Department of Health and Senior Services
Department of Higher Education
Department of Insurance, Financial Institutions and Professional Registration
Department of Labor and Industrial Relations
Department of Mental Health

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SOURCES OF INFORMATION (continued)

Department of Revenue
Department of Public Safety
 Capitol Police
 Fire Safety
Department of Social Services
Joint Committee on Administrative Rules
Joint Committee on Public Employee Retirement
Missouri Consolidated Health Care Plan
Missouri Department of Transportation
Missouri Ethics Commission
Missouri Gaming Commission
Missouri Highway Patrol
Missouri Lottery
Missouri Senate
Missouri State Employees' Retirement System
MoDOT and Patrol Employees' Retirement System
Missouri Veterans Commission
Office of Administration
 Budget and Planning
 Information Technology Service Division
Office of Attorney General
Office of the Governor
Office of the Secretary of State
Office of the State Auditor
Office of State Courts Administrator
Office of the State Public Defender
Office of State Treasurer
State Emergency Management Agency
State Tax Commission



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