

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2314-03
Bill No.: HCS for HB 1088
Subject: Office of Administration
Type: Original
Date: March 11, 2019

Bill Summary: This proposal establishes the Million Dollar Boondoggle Act of 2019.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$82,961 to could exceed \$1,357,536)	(\$57,982 to could exceed \$1,199,195)	(\$57,982 to could exceed \$1,199,195)
Total Estimated Net Effect on General Revenue	(\$82,961 to could exceed \$1,357,536)	(\$57,982 to could exceed \$1,199,195)	(\$57,982 to could exceed \$1,199,195)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue Fund	1 FTE to could exceed 21 FTE	1 FTE to could exceed 21 FTE	1 FTE to could exceed 21 FTE
Total Estimated Net Effect on FTE	1 FTE to could exceed 21 FTE	1 FTE to could exceed 21 FTE	1 FTE to could exceed 21 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 37.960.3

Officials from the **Office of Administration - Division of Accounting (OA)** assume this legislation requires Office of Administration to submit to the General Assembly a report and post on the website on each project funded by an executive agency that is more than one year behind schedule or for which the amount is at least one million dollars more than the original cost estimate of the project.

OA assumes this is a broad definition of the word project, which could include construction projects, grants, pass-through payments, software implementations, etc. OA assumes their department will be expected to request data from state or outside entities, such as grant recipients, pass-through entities, etc.

OA Accounting will develop a questionnaire and request documentation necessary to comply with all statutory requirements. State departments or outside entities would be expected to fulfill this request and provide OA Accounting with all supporting documentation.

Section 37.960 does not appear to grant the authority for the Office of Administration to require responses from various entities that would be required in order to fulfill the statutory requirements. Staff may need to travel to inspect or review documentation.

OA Accounting would need to hire 20 new staff members to provide desk audits of the documentation required for an estimated total annual salary, including fringe benefits, of \$1,081,124, an increase in E&E of \$7,440, and \$30,000 in travel costs for a total yearly increase of \$1,118,564. A one-time expense for new office furniture would be approximately \$172,340.

In summary, OA assumes a cost of \$1,290,904 in FY 2020, \$1,118,564 in FY 2021 and \$1,118,564 in FY 2022 to provide for the implementation of the changes in this proposal.

Oversight notes that OA has stated the proposal would have a direct fiscal impact on their organization. Oversight is unsure of the amount of work required of the Office of Administration in implementing the requirements in this bill and how extensively construed the term 'project' will be. OA has stated additional staff will be needed due to the short turn around period of 30 days to create and post the report. Oversight is unclear if this proposal would require full time or temporary staff. Therefore, Oversight will range the fiscal impact to OA from 1 additional FTE (OA simply required to compile responses of executive agencies and not perform desk audits) to an amount that could potentially exceed OA's estimate of 20 FTE.

ASSUMPTION (continued)

Officials from the **Office of Administration - Information Technology Services Division (ITSD)** state that ITSD currently has a system in place (Planview) that tracks projects, including the planned and actual start dates, planned and actual close dates, and costs, both planned and actual. It would be minimal effort to pull information on any projects that are more than a year behind schedule or more than one million dollars over the original cost estimate for the project(s) to report to OA Accounting. Therefore, ITSD would report no fiscal impact for project reporting purposes.

Oversight notes that ITSD has stated the proposal would not have a direct fiscal impact on their organization in regards to project reporting purposes. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note to ITSD for project tracking.

Officials from the **Office of Administration - Information Technology Services Division (ITSD)** also assume this legislation would require 10 GB of storage a year but do not have a good estimate of how many project reports there will be. This could be more or less each year. The 10 GB of storage and backups will continue to accrue yearly until a retention period is met, at which time storage should become somewhat static. Other assumptions are only OA staff will have access to upload documents and there will be minimal security on the upload site and ability to upload documents. Also, ITSD assumes that all uploaded documents will be available for public access with no security applied. In summary, ITSD assumes as cost of \$16,404 in FY 2020, \$ 51 in FY 2021 and \$52 in FY 2022 to provide for the implementation of the changes in this proposal.

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out for design, development, testing, etc. ITSD estimates the project would take 218.16 hours at a contract rate of \$75 per hour for a total cost to the state of \$16,362 in FY 2020. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required from this bill. Therefore, Oversight will range the fiscal impact from the cost of contracting out the work (\$16,362) to hiring an additional FTE IT Specialist (roughly \$80,000 per year).

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services (DHSS)** assume this legislation requires departments to file a report for projects that are behind schedule by one year or that the cost has exceeded the original estimate by one million dollars. The report will give summary data on the project and its projected cost. Data being requested in this report is information that is currently available from Department of Health and Senior Services (DHSS) programs, with the exception of 37.960.1(5) and (6). These two items require the cost to be adjusted for increases based on Consumer Price Index for All Urban Consumers, as published by the Bureau of Labor Statistics, which will not cause any major additional work on the part of staff.

It is assumed that there will be zero fiscal impact to DHSS as existing staff and resources would be used to complete the required report required under the legislation. It is presumed that Health and Senior Services Managers (Bureau Chief) will spend roughly 20 hours in total to complete the required report.

Health and Senior Services Manager, average annual salary: \$65,874, \$31.67 per hour @ 20 hours = \$633

The department anticipates being able to absorb these costs. However, until the FY20 budget is final, the department cannot identify specific funding sources.

Oversight notes that DHSS has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for DHSS.

Officials from the **Department of Public Safety - Missouri National Guard (MNG)** estimate approximately 30 hours to compile, review and submit this required report. Considering the report will take supervisory review, professional (Architect, Engineer), and administrative review, MNG estimates the average cost would be approximately \$60.00/hour, so the total estimated cost would be about \$1,800 per report. This would come from fund 0190.

Oversight assumes MNG is provided with core funding to handle a certain amount of activity each year. Oversight assumes MNG could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, MNG could request funding through the appropriation process.

ASSUMPTION (continued)

Officials from the **Office of Administration - Budget and Planning** assume this proposal:

- has no direct impact on B&P.
- has no direct impact on general and total state revenues.
- will not impact the calculation pursuant to Art. X, Sec. 18(e).

Officials from the **Department of Economic Development, Department of Mental Health, Department of Labor and Industrial Relations, Department of Transportation, Attorney General's Office, Department of Agriculture, Department of Elementary and Secondary Education, Department of Insurance, Financial Institutions and Professional Registration, Department of Natural Resources, Department of Corrections, Department of Revenue, Department of Public Safety (Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri Highway Patrol, Emergency Management Agency), Office of the Governor, Joint Committee on Administrative Rules, Missouri Lottery Commission, Legislative Research, Missouri Consolidated Health Care Plan, Missouri Department of Conservation, Missouri Ethics Commission, Office of Administration - Administrative Hearing Commission, Office of Prosecution Services, Missouri State Employee's Retirement System, Office of the State Courts Administrator, Office of the State Auditor, Missouri Senate, Office of the Secretary of State, Office of the State Public Defender, Office of the State Treasurer and the State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Officials from the **State Technical College of Missouri** and the **University of Missouri** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other colleges and universities were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Cost - OA-Accounting</u>			
Salaries (1 FTE to could exceed 20 FTE)	(\$34,487 to could exceed \$676,548)	(\$34,487 to could exceed \$676,548)	(\$34,487 to could exceed \$676,548)
Fringe Benefits	(\$20,623 to could exceed \$404,576)	(\$20,623 to could exceed \$404,576)	(\$20,623 to could exceed \$404,576)
Equipment and Expense	(\$11,489 to could exceed \$209,780)	(\$2,872 to could exceed \$37,440)	(\$2,872 to could exceed \$37,440)
<u>Total Cost - OA-Accounting</u>	(\$66,599 to could exceed \$1,290,904)	(\$57,982 to could exceed \$1,118,564)	(\$57,982 to could exceed \$1,118,564)
FTE Change - OA-Accounting	1 FTE to could exceed 21 FTE	1 FTE to could exceed 21 FTE	1 FTE to could exceed 21 FTE
<u>Cost - OA-ITSD (ranged from contracting out programming (\$16,362) to hiring additional FTE IT Specialist)</u>	(\$16,362) to (\$66,632)	\$0 to (\$80,631)	\$0 to (\$80,631)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$82,961 to could exceed (\$1,357,536)</u>	<u>(\$57,982 to could exceed (\$1,199,195)</u>	<u>(\$57,982 to could exceed (\$1,199,195)</u>
Estimated Net FTE Change to the General Revenue Fund	1 FTE to could exceed 21 FTE	1 FTE to could exceed 21 FTE	1 FTE to could exceed 21 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

A fiscal impact to grant recipients or pass-through entities could be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill requires the Office of Administration to submit a report on specified projects that are one year behind schedule or \$1 million or more over original cost estimates to the General Assembly. State agencies and divisions must submit information to the Office of Administration as specified in the bill. Criteria for the report are also specified in the bill. The report shall be posted to the Office of Administration website.

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

Attorney General's Office
Department of Agriculture
Department of Economic Development
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety
 Division of Alcohol and Tobacco Control
 Capitol Police
 Fire Safety
 Missouri Gaming Commission
 Missouri Highway Patrol
 Missouri National Guard
 State Emergency Management Agency
Joint Committee on Administrative Rules
Missouri Lottery Commission
Legislative Research

SOURCES OF INFORMATION (continued)

Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Ethics Commission
Department of Transportation
Office of Prosecution Services
Missouri State Employee's Retirement System
Office of Administration
 Division of Accounting
 Information Technology Services Division
 Budget and Planning
 Administrative Hearing Commission
Office of the State Courts Administrator
Office of the State Auditor
Missouri Senate
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
State Tax Commission
State Technical College of Missouri
University of Missouri



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March 11, 2019

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