

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2314-03
Bill No.: Perfected HCS for HB 1088
Subject: Office of Administration
Type: Original
Date: April 1, 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	(\$16,362) to (\$108,298)	\$0 to (\$130,631)	\$0 to (\$130,631)
Total Estimated Net Effect on General Revenue	(\$16,362) to (\$108,298)	\$0 to (\$130,631)	\$0 to (\$130,631)

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	0 or 2 FTE	0 or 2 FTE	0 or 2 FTE
Total Estimated Net Effect on FTE	0 or 2 FTE	0 or 2 FTE	0 or 2 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 - 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 for IT consultants in FY 2020 of \$16,362 (218 hours x \$75 per hour) plus storage and backup expenses of \$42 in FY 2020, \$51 in FY 2021 and \$52 in FY 2022.

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 **Office of Administration (OA)** assume the intent of this proposal would be to require the OA to report information with no oversight or audit of the information. OA assumes this proposal will have no impact beyond the potential ITSD impact mentioned above. OA intends to create and add a standardized form to the budget instructions and collect this information during the budget process. OA will then post it along with all the other budget information that is currently posted. ITSD will need the capacity to create a web page that the information can be uploaded to should the information be of large volume or requires that each agency be able to submit their own information in their own format.

Oversight inquired with officials from the Office of Administration. OA- Division of Accounting had originally responded to this proposal with a request for 20 new staff members to provide desk audits of the documentation required of this proposal. OA assumed a cost of \$1,290,904 in FY 2020, \$1,118,564 in FY 2021 and \$1,118,564 in FY 2022. OA asked that their previous response be removed as OA had misinterpreted the bill to mean they had to do more of an audit type procedure of these projects. OA states that now that they understand the intent of the proposal is to be more of just a reporting requirement, with no oversight or audit of the information, OA now assumes they would have no impact beyond the potential IT costs.

Oversight assumes the Office of Administration could potentially need one additional FTE to fulfill the requirements of this proposal. Oversight notes that an average salary for a current Auditor 1 position within OA is \$31,468, which totals roughly \$50,000 per year when fringe benefits are included. Oversight will range the fiscal impact from \$0 (OA does not need an additional FTE) to roughly \$50,000 per year.

Officials from the **Department of Health and Senior Services (DHSS)** assume data being requested in the report, for the most part, is information that is currently available from the programs, with the exception of 37.960.5(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 presumed that Health and Senior Services Managers will spend roughly 20 hours per division completing the required report: Health and Senior Services Manager, average annual salary: \$65,874 (\$31.67 per hour @ 80 hours = \$2,533.60). The department anticipates being able to absorb these costs. However, until the FY20 budget is final, the department cannot identify specific funding sources.

ASSUMPTION (continued)

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.

In response to a previous version, officials from the **Department of Public Safety - Missouri National Guard (MNG)** estimated 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.

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 Higher Education (DHE)** assume an unknown fiscal impact for this proposal.

While DHE does not have many projects that would rise to the level prescribed in this legislation, if the Division of Workforce Development is merged with DHE, there may be additional projects that would fall into the scope of this legislation. Additionally, DHE works with ITSD on information technology projects and it's unclear if ITSD or DHE or both would be responsible for reporting on those projects. It is also unclear regarding some capital projects if DHE would be responsible to collect and report on those projects. While it appears the legislation intends for higher education institutions to report on their own projects, it is unclear if the legislation is intended to include community college funded capital and maintenance and repair projects as well as State Technical College of Missouri projects.

Oversight assumes DHE is provided with core funding to handle a certain amount of activity each year. Oversight assumes DHE could absorb the costs related to this proposal.

ASSUMPTION (continued)

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

In response to a previous version, officials from the **Department of Public Safety - Capitol Police, Office of the Governor, Legislative Research and Missouri House of Representatives** each assumed 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 **University of Central Missouri** and the **University of Missouri** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **State Technical College of Missouri** assumed the proposal will have no fiscal impact on their organization.

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.

ASSUMPTION (continued)

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</u> - OA-ITSD (ranged from contracting out programming (\$16,362) to hiring additional FTE IT Specialist)	<u>(\$16,362) to (\$66,632)</u>	\$0 to (\$80,631)	\$0 to (\$80,631)
<u>Cost</u> - OA (ranged from 0 FTE to 1 additional FTE)	\$0 to <u>(\$41,666)</u>	\$0 to <u>(\$50,000)</u>	\$0 to <u>(\$50,000)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$16,362) to (\$108,298)</u>	<u>\$0 to (\$130,631)</u>	<u>\$0 to (\$130,631)</u>
Estimated Net FTE Change to the General Revenue Fund	0 or 2 FTE	0 or 2 FTE	0 or 2 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
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Ethics Commission
Department of Transportation
Office of Prosecution Services

SOURCES OF INFORMATION (continued)

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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April 1, 2019

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