

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 33** SLS 15RS 291
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ HSE COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 27, 2015	3:01 PM	Author: WALSWORTH
Dept./Agy.: Division of Administration (DOA)		Analyst: Travis McIlwain
Subject: Telecommunications Mgmt./Administrative Services		

ADMINISTRATION DIVISION EG1 -\$585,000 GF EX See Note Page 1 of 1
 Places the office of telecommunications management within the office of technology services. (8/1/15)

Proposed bill merges the Office of Telecommunications Management (OTM) with the Office of Technology Services (OTS) under the supervision and control of the State Chief Information Officer. Proposed bill merges the consolidated mailroom and printing (Administrative Services) with OTS under the control of the State Chief Information Officer. Proposed bill grants authority to OTS to bill the budget units for administrative services. Proposed bill repeals R.S. 49:205. Effective August 1, 2015.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	(\$585,000)	(\$585,000)	(\$585,000)	(\$585,000)	(\$585,000)	(\$2,925,000)
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
Annual Total	(\$585,000)	(\$585,000)	(\$585,000)	(\$585,000)	(\$585,000)	(\$2,925,000)

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	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
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

This bill is anticipated to result in reduced total expenditures of approximately \$585,000 annually due to the merger of the Office of Telecommunications Management (OTM) (\$220,000) and Administrative Services (State Mail & Printing) (\$365,000) with the Office of Technology Services (OTS).

The anticipated expenditure reduction is due to the elimination of 2 vacant OTM TO positions, an IT Technology Administrator (\$154,000) and an Accountant (\$68,000) and the salaries and related benefits costs associated with these positions. According to the DOA, these positions are no longer necessary and will not be filled due to this consolidation. In addition, this bill will result in the elimination of high capacity print functions of various state agencies. State agencies will now become OTS clients for print services as opposed to completing these functions themselves. The DOA is anticipating overall state expenditure reductions in the amount of \$365,000 as a result of consolidating the high capacity print functions.

For purposes of simplicity, the potential impact of this legislation is reflected in the expenditure table as SGF but may ultimately impact other means of finance. Due to Administrative Services, OTM and OTS being ancillary state agencies, it is difficult to determine the specific means of financing for the \$585,000 of projected expenditure reduction. Ancillary state agencies operate as an internal service entity and are allowed to bill clients (state agencies) for services provided. Thus, the majority of the OTS FY 16 budget is funded with interagency transfers (IAT) from other state agencies. The originating source of these IAT funds is dependent upon the means of financing mix of the paying state agency. Any impact to an ancillary's expenditures will have an indirect impact to its client state agencies.

Although the current version of the FY 16 budget includes various budgetary adjustments that transfer the positions and funding authority from OTM (\$46.7 million & 68 TO positions) and Administrative Services (\$6.7 million & 20 TO positions) to OTS, there are no specific expenditure authority reductions included within the OTS FY 16 budget as a result of this proposed legislation. Although the current version of the FY 16 budget includes various budgetary mechanisms that transfer the positions and funding authority from OTM and Administrative Services to OTS, there are not specific expenditure authority reductions included within OTS as a result of this proposed legislation.

Although Act 712 of 2015 (Creation of the Office of Technology Services) excluded higher education, the adopted house committee amendments further exclude and clarify that public postsecondary institutions of education, their management boards, and the Board of Regents from authority of OTS unless the state chief information officer verifies that inclusion per contracted service results in savings to higher education.

REVENUE EXPLANATION

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

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	<i>Evan Brasseaux</i> Evan Brasseaux Staff Director
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {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}		