

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 187** SLS 17RS 453
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 12, 2017 4:13 PM	Author: HEWITT
Dept./Agy.: Legislative Fiscal Office	
Subject: Evidence based budgeting	Analyst: Jodi Mauroner

FISCAL CONTROLS OR +\$1,122,907 GF EX See Note Page 1 of 2
 Provides for implementation of an evidenced-based budget process for certain programs. (7/1/17)

Proposed law provides that beginning with the Fiscal Year 2019 budget cycle, the Legislative Fiscal Office, the Office of Planning and Budget in the Division of Administration and personnel of appropriate agencies, including local entities shall review programs of each agency in the areas of child welfare, mental health, and substance abuse; categorize all programs and activities as evidence-based, research-based, promising practices, or no evidence of effectiveness, and compile them into an agency program inventory. Provides that staff may consult with the Washington State Institute for Public Policy's Evidence-Based Practices Institute's catalog, the Result First Clearinghouse Database, or other comparable catalog of evidence-based programs. Requires determination of a cost-benefit ratio for all evidence based programs in the selected policy areas. Requires recommendations to the Joint Legislative Committee on the Budget for further evaluation of programs, elimination or replacement of ineffective programs, and funding of effective programs. Requires JLCB to make recommendations regarding the application to other policy areas no later than 2020 Regular Session.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$1,122,907	\$1,114,907	INCREASE	INCREASE	INCREASE	\$2,237,814
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$1,122,907	\$1,114,907				\$2,237,814

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There will be a significant increase in expenditures for the Legislative Fiscal Office (LFO), the Office of Planning and Budget (OPB), the Louisiana Department of Health (LDH) and the Department of Children and Family Services (DCFS) to inventory and categorize all programs and activities, and to determine cost benefit ratios for identified evidence-based programs. Other agencies which provide services in these areas could realize indeterminable workload increases as a result of their interface with this initiative. Future costs will increase to the extent additional policy areas are added to the inventory and analysis.

The Pew Charitable Trust and the MacArthur Foundation Results First Initiative works with states to implement a cost benefit model to help direct funding to programs that can achieve strong outcomes. In a January 2017 report, the Foundation identified five states as leaders in evidence-based policy making (Washington, Utah, Minnesota, Connecticut, and Oregon). The report also identified Mississippi as a state with an established level of evidence-based policy making. The LFO contacted four of these states (Connecticut, Minnesota, Mississippi, and Oregon) to gather information regarding the implementation and application of evidence-based budgeting in the state, with particular focus on their experience with regard to the resources required for implementation. In all cases, these states indicated they are still in the pilot phase and have not been able to fully implement the initiative as envisioned due to obstacles with data collections as well as identification of valid evidence-based programs to allow application of a cost benefit analysis. All states contacted hired two to five staff members whose sole assignment was the program inventory and cost analysis. All states stressed the need for high quality, research-oriented personnel, as well as individuals with economics and statistics backgrounds. Furthermore, states indicated a need for at least one analyst per policy area implemented. This information was used to calculate staffing needs and operating expenses for the LFO, OPB, LDH and DCFS as follows:

Personnel Costs total \$1,103,483 for program inventory and cost benefit analysis in the three policy areas at both state and local agencies. The LFO would require four (4) positions for a total of \$334,742 in salaries and related benefits including one (1) research methodologist (\$120,148), and three (3) entry level research analysts (\$71,532 each).

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REVENUE EXPLANATION

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

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:

LDH indicated it would likely require two (2) program monitors to coordinate efforts to research, catalogue, and inventory programs at a cost of \$128,509 for salary and related benefits (\$64,254 each). LDH would also likely expand an existing contract with LSU's Institute for Public Health and Justice by an additional, estimated \$125,000. DCFS indicated it does not have existing capacity to undertake such an inventory and would need at least one program monitor (\$64,254) and would also likely require a professional services contract with an entity with expertise in the area of child welfare, particularly to assist with the inventory of local programs. It estimates a minimum of \$250,000 and as much as \$500,000 for a professional services contract would be required. OPB indicated it would likely need an additional two (2) staff at a cost of \$175,978 for salaries and related benefits, and that an indeterminable amount of overtime expenses for other staff participation would likely be incurred to participate in the program inventory.

Travel Costs are estimated at \$11,424. Pew provides some initial training on their model to state staff as well as some other technical and follow-up assistance, primarily through conference calls. A few states mentioned that some training takes place during regional conferences held by PEW, which may require travel for certain staff members. Additionally, states referenced the high turnover, particularly at the local level, essentially resulting in annual, ongoing training for program level staff to ensure accurate data reporting. LFO would require staff to travel to PEW conferences and training. Staff would also be required to travel periodically and sometimes extensively to provide training to relevant agency staff and conduct detailed program evaluations to produce comprehensive program inventories at the state and local level. These costs assume multiple trips for the first six months of FY 18 to meet the deadline for the FY 19 budget discussion. The LFO anticipates that future travel costs could be significantly greater to the extent that training for state and local staff are more expansive.

Startup costs total \$12,000 to provide computers for new LFO employees (\$2,000 each); this assumes office equipment and furnishings are available at both the LFO, LDH and DCFS and those purchases are not necessary. Further assumes office space is available and no rent costs will be incurred, however to the extent such space is not available, rent costs could be incurred.

Future Costs increase by \$74,682 for each additional analyst. The proposed legislation requires the JLCB to make a recommendation to the legislature no later than the 2020 Regular Session regarding the application of this process to other policy areas. To the extent additional policy areas are added, the LFO estimates an additional amount of \$74,682 for salaries and related benefits, acquisitions, and travel for a new analyst for each policy area.

Information Technology The LDH also indicated that based on previous history and experiences with data sharing agreements and information technology infrastructure issues, the exchange and catalog of data collections could be hindered. However, without further detail on the actual data collection methodology to be used, any potential impacts are indeterminable at this time.

Note: The state with the most similar establishing legislation was Mississippi which indicated that it hired a staff of five (5), including a research methodologist. The Joint Committee on Performance Evaluation and Expenditure Review (PEER) was charged with the program inventory and cost benefit analysis for the Department of Corrections, the Department of Transportation, the Department of Health, and the Department of Education. PEER reports that it quickly shelved efforts to inventory local programs (not required in legislation) due to the variety and extensiveness of these programs, as well as the Department of Transportation due to the lack of available data and applicable evaluation instruments. PEER indicated it was still in a pilot phase of the state program inventory process for the remaining three policy areas two years after enactment of the legislation. Furthermore, PEER is applying the cost benefit analysis to new intervention programs only, but does not provide recommendations for legislative action.

In addition to requiring a local program inventory, proposed legislation further expands the responsibilities of the LFO beyond that of the Mississippi legislation by requiring the LFO to make recommendations for further evaluation of programs, the elimination or replacement of ineffective programs, and the funding of effective programs based on the benefit-cost ratios.

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