

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 15** HLS 11RS 113
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Executive/Division of Administration	Analyst: Travis McIlwain
Subject: Professional, personal, consulting & social services contracts	

PUBLIC CONTRACTS OR DECREASE EX See Note Page 1 of 1
 Provides for a 10% reduction of all state professional, personal, consulting, and social service contracts

Proposed legislation provides for the total dollar amount for professional, personal, consulting and social services contracts under the jurisdiction of the office of contractual review (OCR) for FY 12 to be reduced by no less than 10% of the total dollar amount in FY 11. Proposed legislation provides for OCR to submit status reports to the Joint Legislative Committee on the Budget (JLCB). In addition, proposed legislation provides that OCR will not approve any contract if such approval would increase the total dollar amount of contracts above the minimum 10% reduction unless the following criteria are met: 1.) either no employee of the contracting department is both competent and available to perform the services, 2.) the services are not available as a product of a prior existing contract, 3.) the contracting department has submitted to OCR a written plan to monitor and evaluate the performance within the contract, 4.) it is more cost effective to obtain the proposed services through the contract, 5.) the commissioner of administration determines that the proposed contract represents a priority expenditures for Louisiana state government. Effective July 1, 2011.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	DECREASE	\$0	\$0	\$0	\$0	\$0
Ded./Other	DECREASE	\$0	\$0	\$0	\$0	\$0
Federal Funds	DECREASE	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed bill could result in an indeterminable decrease in overall state expenditures in FY 12 and would impose a cap on the total amount of professional, personal, consulting and social services contracts approved by the Office of Contractual Review (OCR) in FY 12 to be at a minimum 10% less than the total value of contracts approved in FY 11.

Complete and audited FY 11 contract data is not currently available. Pursuant to R.S. 39:1489, OCR is required to complete its annual report from the previous fiscal year in January of the following fiscal year. Based upon current law, the total value and number of professional, personal, consulting and social services contracts for the current year (FY 11) would not be officially reported until January 2012 in the FY 11 OCR Annual Report.

For **illustrative purposes**, per the FY 10 OCR Annual Report, which was released in January 2011, OCR approved 3,966 professional, personal, consulting and social services contracts for a total contract value of approximately \$1.2 B. To the extent this bill would have been enacted during the 2010 Regular Legislative Session, the projected 10% reduction in the value of OCR approved professional, personal, consulting and social services contracts for FY 11 would have equated to approximately \$119.8 M less, or an FY 11 cap of \$1.08 B. The LFO cannot ascertain the various funding sources that would have been impacted by reducing the level of such contracts. Therefore, it is likely that the \$119.8 M reduction in approved contracts would have impacted all means of financing, which is reflected in the expenditure table above.

R.S. 39:1484 defines professional, personal, consulting and social services contracts.

REVENUE EXPLANATION

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

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost
 13.5.2 >= \$500,000 Annual Tax or Fee Change

House
 6.8(F) >= \$100,000 Annual SGF Cost
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

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