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## DIGEST

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HB No. 142

**Abstract:** Requires a 10% reduction in the total dollar amount of professional, personal, and consulting service contracts under the jurisdiction of the office of contractual review for FY 2014-2015. Requires deposit of the unexpended and unencumbered direct general fund appropriations for such contracts at the end of FY 2014-2015 to be deposited into the Higher Education Financing Fund. Additionally requires the office of contractual review to submit a monthly report to the House Committee on Appropriations on contracts awarded the prior month.

Proposed law creates the Higher Education Financing Fund and deposits into the fund all cash balances identified and reported by the commissioner of administration as being from unexpended and unencumbered direct state general fund appropriations for contracts for professional, personal, and consulting services under the jurisdiction of the office of contractual review at the end of FY 2014-2015 to satisfy the requirements of proposed law. Proposed law further provides that monies in the fund shall be appropriated and used solely for public postsecondary education institutions.

Present law requires that all cash balances from appropriations to state agencies for which no bona fide obligation exists at the end of the fiscal year be remitted to the state treasury by the fifteenth day following the last day of the fiscal year. Present law further provides that prior to depositing the unexpended appropriations into the state general fund, the treasurer shall make deposits into the Payments Towards the UAL Fund as are necessary to satisfy present law.

Proposed law requires the treasurer to transfer all cash balances identified and reported by the commissioner of administration as being from unexpended and unencumbered direct state general fund appropriations for professional, personal, and consulting service contracts at the end of FY 2014-2015 into the Higher Education Financing Fund as are necessary to satisfy the requirements of proposed law and then make deposits into the Payments Towards the UAL Fund as required by present law.

Present law provides that if any portion of an appropriation for an item of expenditure that occurs annually by provision of law or for contingent expense remains unexpended at the end of the fiscal year in which the appropriation was made, the commissioner of administration is required to cancel any balance of the appropriation, and in each succeeding year shall open a new account for the appropriation for that particular year without carrying forward any unexpended balance of appropriation for the previous fiscal year. Present law further provides that prior to depositing the unexpended appropriations into the state general fund, the treasurer shall make deposits into

the Payments Towards the UAL Fund as are necessary to satisfy present law.

Proposed law requires the treasurer to transfer all cash balances identified and reported by the commissioner of administration as being from unexpended and unencumbered direct state general fund appropriations for professional, personal, and consulting service contracts at the end of FY 2014-2015 into the Higher Education Financing Fund as are necessary to satisfy the requirements of proposed law and then make the deposits into the Payments Towards the UAL Fund as required by present law.

Proposed law requires a 10% reduction in the total dollar amount for professional, personal, and consulting service contracts under the jurisdiction of the office of contractual review for FY 2014-2015.

Proposed law requires the office of contractual review to submit reports on the status of the implementation of proposed law to the Joint Legislative Committee on the Budget on Oct. 1, 2014, Jan. 1, 2015, April 1, 2015, and July 1, 2015.

Proposed law prohibits the office of contractual review from approving any contract if such approval increases the total dollar amount of contracts above the reduction required in proposed law, unless such contract meets all of the following criteria:

- (1) Either no employee of the contracting agency is both competent and available to perform the services called for by the proposed contract or the services called for are not the type readily susceptible to being performed by persons employed by the state on a continuing basis.
- (2) The services are not available as a product of a prior or existing contract.
- (3) The contracting agency has submitted a written plan to monitor and evaluate the performance called for in the proposed contract.
- (4) It is more cost-effective to obtain the proposed services through the contract than to have the services provided by the contracting agency if the agency can provide the services or by agreement with another state agency.
- (5) The commissioner of administration determines that the proposed contract represents a priority expenditure for state government.

Proposed law prohibits an agency from spending money appropriated for professional, personal, and consulting service contracts for any other purpose.

Proposed law requires the commissioner of administration, in consultation with the director of the office of contractual review, to periodically determine the amount of monies appropriated for professional, personal, and consulting service contracts that remain unexpended and unencumbered as a result of implementation of proposed law. Further provides that such

determination shall take place on Sept. 30, 2014, Dec. 31, 2014, March 31, 2015, and June 30, 2015.

Proposed law provides that following each determination, the commissioner of administration shall report to the treasurer on the amount of direct state general fund monies appropriated for professional, personal, and consulting service contracts expected to remain unexpended and unencumbered at the end of the fiscal year as a result of implementation of proposed law. These monies shall be deposited into and credited to the Higher Education Financing Fund as provided for in proposed law.

Proposed law exempts professional, personal, or consulting service contracts of the secretary of state which are necessary to perform any constitutional or statutory function of the office and Medicaid provider contracts from the provisions of proposed law.

Present law provides for certain determinations by the director of the office of contractual review prior to the approval of proposed contracts.

Proposed law retains present law and further provides that before approval, the director of the office of contractual review shall determine that a contract for professional, personal, or consulting services is not awarded to any entity for which a line item appropriation in the General Appropriations Act for the fiscal year in which the contract is proposed was vetoed by the governor. Proposed law further provides that if the office of contractual review determines that a contract in the amount and for such services as were contained in the vetoed appropriation is proposed, the office shall submit the proposal to the Joint Legislative Committee on the Budget (JLCB). After approval of the JLCB, the office may approve the contract.

Present law requires the director of the office of contractual review to prepare an annual report on Jan. first of each year on all professional, personal, consulting, social services, and other contracts over which the office of contractual review has power and authority. The annual report shall be compiled on a fiscal year basis and consist of summary descriptive and statistical data regarding the number and amounts of such contracts by type of service.

Proposed law adds a requirement that the director submit a report at the end of each month to the House Committee on Appropriations summarizing each contract, including the dollar value of each contract awarded that month over which the office of contractual review has power and authority.

Effective July 1, 2014.

(Amends R.S. 39:82(A), 352, and 1489; Adds R.S. 39:100.146, 1493.11, and 1498(A)(10))

#### Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Appropriations to the original bill.

1. Provided an exception from the contract reduction requirements for Medicaid provider contracts.