	LEGISLATIVE FISCAL OFFICE Fiscal Note				
e dustana		Fiscal Note On: SB 189 SLS 20RS 187			
Legillative	Bill Text Version: ENGROSSED				
FiscaliaDffice	Opp. Chamb. Action: w/ HSE COMM A				
		Proposed Amd.:			
	Sub. Bill For.:				
Date: May 26, 2020	6:53 AM	Author: WHITE, B			
Dept./Agy.: Statewide					
Subject: Provides for the C	Coronavirus Local Reco	very Allocation Fund Analyst: Alan M. Boxberger			

FUNDS/FUNDING

EG1 SEE FISC NOTE SD EX See Note

2 Page 1 of Provides for the creation, transfer, dedication, deposit, and use of certain funds in the state treasury. (7/1/20)

Proposed law provides for the creation of the Coronavirus Local Recovery Allocation Fund to be created as a special fund in the state treasury; provides for the dedication of certain revenues and for the deposit of and use of monies in the fund; provides for the powers and duties of the Governor's Office of Homeland Security and Emergency Preparedness; provides with respect to the powers and duties of the legislative auditor; and provides with respect to the allocation and disbursement of monies in the fund.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$811,178,704	\$0	\$0	\$0	\$0	\$811,178,704
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
REVENUES	<u>2020-21</u>	2021-22	<u>2022-23</u>	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$811,178,704	\$0	\$0	\$0	\$0	\$811,178,704
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	\$811,178,704	\$0	\$0	\$0	\$0	\$811,178,704

EXPENDITURE EXPLANATION

Proposed law will create a significant expenditure and workload increase for the Governor's Office of Homeland Security and Emergency Preparedness, workload increases for the Louisiana Legislative Auditor and the La Department of Treasury, and a potential workload decrease for the Division of Administration. Proposed law provides for the creation of the Coronavirus Local Recovery Allocation Fund to be created as a special fund in the state treasury and provides for the dedication of certain revenues and for the deposit of, allocation of, and use of monies in the fund. The intent is to administer the local (non-state) portion of Louisiana's total allocation of approximately \$1.8 B in accordance with the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 115-136. The governor's office has allocated the full 45% allowable distribution, or approximately \$811.2 M to local usage (including political subdivisions and potentially private businesses). Proposed law specifies that of the \$811.2 M, \$200 M shall fund a program for small business grants as provided by federal law and of the \$200 M, \$25 M (12.5%) shall be awarded to minority and women-owned small businesses.

Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP)

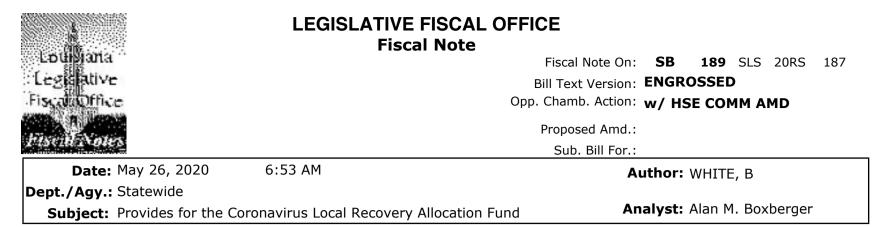
GOHSEP reports that the provisions enumerated in proposed law would require the agency to fund and fill 7 Other Charges positions to administer distribution of CARES Act monies within the timeframe prescribed in the federal law (December 30, 2020). GOHSEP reports that it will use a combination of state staff for the local government program and contract staff for the small business program. GOHSEP reports the condensed timeframe will likely require the agency to pay a premium for labor costs. In order to pay for administrative costs and overhead associated with implementing and executing a program to identify, review and disburse funds to eligible entities, GOHSEP reports that it will be required to retain a portion of the CARES Act award to cover administrative expenses (estimated at approximately \$15.5 M, approximately 1.9%) as allowed in the federal law.

GOHSEP provided the following cost estimates for FY 21 (all of these expenditures would be budgeted in the Other Charges expenditure category due to the federal means of finance):

REVENUE EXPLANATION				
SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO				
Supplies	\$1,925	(office supplies)		
Operating Services	\$1,400	(including printing, telephone, rental, postage and maintenance)		
Related Benefits	\$195,197	(for 7 Other Charges Positions - including retirement, group insurance and Medicare)		
Salaries	\$281,450	(for 7 Other Charges Positions - 1 Supervisor and 6 Grant Specialists)		

Proposed law directs the state treasurer to deposit in and credit to the newly created statutorily dedicated Coronavirus Local Recovery Allocation Fund (CLRAF) a sum of \$811,178,704. The source of the deposit is federal monies allocated to Louisiana pursuant to Section 5001 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 115-136.

<u>Senate</u> x 13.5.1 >= :	Dual Referral Rules \$100,000 Annual Fiscal Cost {S & H}	House 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	Evan	Brasseaux
	\$500,000 Annual Tax or Fee Change {S & H}	6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	Evan Brasseaux Staff Director	



Page 2 of 2

CONTINUED EXPLANATION from page one:

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EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

Travel	\$Z,500	
Acquisitions	\$25,550	(including office furniture, computers, printers and fax)
Professional Services	\$15,000,000	(contract support/supplemental staffing for 98,833 hours at \$150/hour and \$175,000 for
		contract upgrades to the emergency grant management system)

GOHSEP delineated activities between local governmental and small business payments. Its cost assumptions are included below.

Local Government Program

- Estimated number of entities - 650 (including parishes, municipalities, sheriffs, school systems, various districts)

Three payments per entity

-Three hours to process/review for each payment

- Required state staff - 6 Grant Specialists and 1 Supervisor (7/1/20 - 12/31/20)

Small Business Program

- Estimated number of eligible businesses - 50,000 (SBA has paid over 50k advances for Economic Injury Disaster Loans)

- One payment per business
- Two hours processing/review for each payment.

- Administered by contract, supplemental staffing via professional services contract.

GOHSEP reports that it anticipates the program will require a 90-day startup period before implementation.

NOTE: Proposed law directs GOHSEP to develop a funding allocation for each parish as follows: 1) 30% of funds allocated according to the population of each parish as a proportion of the total state population and 2) 70% shall be allocated according to the number of cases reported by the Louisiana Department of Health on May 30, 2020, based on the number of confirmed cases of COVID-19 within a parish as a proportion of the statewide total. While this provision appears to make an effort to distribute 30% of funding to all parishes based on population and 70% to parishes based on the proportion of COVID-19 cases within each parish, the CARES Act requires that all local governing entities and small businesses receiving payments from the federal Coronavirus Relief Fund must have incurred valid, reimbursable expenses directly related to COVID-19 response efforts. The LFO is unable to estimate whether the 30%/70% allocation prescribed in proposed law will align to actual expenditures incurred by political subdivisions and private businesses and submitted to the state for reimbursement as those amounts are unknown at the current time.

Division of Administration (DOA)

DOA reports that it planned to utilize existing personnel resources to administer the local government program absent <u>proposed law</u>. During public testimony at the House Appropriations Committee, the commissioner of administration reported that he anticipates the first payments to local governing entities will begin in mid-June. DOA reports that in an effort to maximize distribution to local governing authorities it devised a plan to keep administrative expenses at approximately 0.25% of the total award (approximately \$2.03 M) by repurposing existing staff to this purpose in lieu of regular assigned duties. While <u>proposed law</u> appears to place administration of the program within GOHSEP, it also directs each parish governing authority to designate a parish liaison to be the sole intermediary authorized to seek reimbursement and that the liaison shall submit all required documentation to the DOA in a manner determined by the commissioner. The LFO assumes that shifting administration of the local usage portion of the CARES Act to GOHSEP will result in diminished workload for the DOA.

Louisiana Legislative Auditor (LLA)

LLA reports that it will absorb any additional workload with existing staff and budgetary resources. <u>Proposed law</u> requires that within fifteen days GOHSEP forward to the LLA documentation of all parish or political subdivision expenditures deemed eligible for reimbursement. The LLA shall review and verify eligibility for reimbursement and report his findings and conclusions to GOHSEP within fifteen calendar days of receipt. The LLA reports that <u>proposed law</u> will result in a workload impact that will cause staff to be reassigned from other tasks and projects for the duration of the reimbursement programs. The LLA is funded by appropriations from the SGF.

Department of Treasury

Creating a new statutory dedication within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material additional costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking and custodial functions for 404 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates that it will be required to add one T.O. position at a total personal services cost of approximately \$71,000 plus approximately \$2,450 for a one-time purchase of office equipment. These expenditures are assumed to be SGF in this fiscal note.

Joint Legislative Committee on the Budget (JLCB)

JLCB shall receive a monthly report from the director of GOHSEP in conjunction with the director of the office of community development detailing the amounts requested by parish, the amounts reimbursed, the percentage of allocated funds remaining by parish, and the average time for disbursing funds to each parish. At its meeting in October of 2020, the JLCB shall meet to review the amount of funds remaining and may, by majority vote, reallocate remaining funds if necessary.

<u>Senate</u> 13.5.1 >=	Dual Referral Rules \$100,000 Annual Fiscal Cost {S & H}	House 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	Evan	Brasseaux
	\$500,000 Annual Tax or Fee Change {S & H}	6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	Evan Brasseaux Staff Director	