

FISCAL NOTE

Bill #: HB0284

Title: Agency commercial services inventory

**Primary
Sponsor:** Rod Bitney

Status: As Introduced

Sponsor signature Date

Chuck Swysgood, Budget Director Date

Fiscal Summary

	<u>FY2002</u>	<u>FY2003</u>
	<u>Difference</u>	<u>Difference</u>
Expenditures:		
General Fund	122,202	102,949
State Special Revenue	44,615	44,615
Federal Special Revenue	18,458	18,258
Revenue:	0	0
Net Impact on General Fund Balance:	(\$122,202)	(\$102,949)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. This fiscal note reflects only the cost of preparing the inventories required in HB 284. Any increased costs or cost savings that may be generated by the discontinuation of providing certain goods or services is not included in this note.

Legislative Branch

2. The Business and Labor Interim Committee will be comprised of eight members during the 2001-2002 interim.

3. The Business and Labor Interim Committee will meet nine times during the 2001-2002 interim to carry out statutory duties.
4. The Business and Labor Interim Committee will meet an additional four times during the 2001-2002 interim to carry out duties assigned by HB 284.
5. The Legislative Services Division will absorb increased staffing demands and operational costs for the Business and Labor Interim Committee within current resources.
6. A biennial appropriation for the costs of HB 284 would be needed in FY2002 in the Interim Committees and Activities Program in HB 2.

Governor's Office

7. The Budget Office would redirect staff workload and priorities to absorb the impact of the bill within current staffing levels.
8. Printing and distribution of the report required in Section 3 (5) will cost \$3,000 and will occur in the second year of the biennium only.

Department of Justice

9. One grade 14 administrative officer would be needed in FY 2002 to conduct the annual commercial services inventory for the Department of Justice and to gather the required information from the private sector on providing the identified services. The cost for personal services is \$34,615 each year.
10. Operating costs are the new employee package of \$3,500 in FY 2002 only for a computer, desk, chair, computer table, and file cabinet. Additional on-going operating costs for computer charges, supplies, phones, travel, rent, and training are \$3,462.

Montana University System

11. The bill would require the Montana University System (MUS) to annually prepare an inventory of all goods and services that could be obtained from the private sector that are currently provided by public employees.
12. The inventory must also include goods and services that are being provided or have in the past been provided by the private sector under a contract. For those goods and services currently provided by the private sector to the MUS, the inventory must include a rationale for obtaining the goods/services from the private sector. The inventory must also include, for those goods/services no longer purchased from the private sector, the rationale for discontinuing.
13. For the MUS, the inventory would be presented to the Board of Regents no later than June 30.
14. The bill also requires that the MUS gather and provide information that would assist the Business and Labor interim committee in performing its duties and responsibilities. It is assumed this assistance must be available year round.
15. The skills required to complete this inventory are estimated as typical of a Grade 14 fiscal analyst. Completing the inventory would also require additional operational costs to cover expenses such as travel to the campuses, long distance, and report production.

Montana Historical Society

16. Upon request, the society will gather and provide information that would assist the committee in performing its duties and responsibilities.
17. It will cost the society \$5,000 each fiscal year to employ temporary help to prepare an annual commercial services inventory and provide the documentation required in the inventory.

Department of Fish, Wildlife, and Parks

18. Department of Fish, Wildlife, and Parks (FWP) does provide goods and services that would be included in the inventory.

19. FWP would contract for the research and preparation of the annual commercial services inventory. The cost is estimated to be approximately 200 hours @ \$50/hour or \$10,000.

Department of Transportation

20. 1.00 FTE, grade 14 fiscal analyst, will be needed to perform the necessary inventory.

Department of Public Health and Human Services

21. The Department of Public Health and Human Services (DPHHS) provides many services to the citizens of Montana that could potentially be privatized depending on the scope and depth of the requested annual report.

22. Based on DPHHS's size and the number of functions and services provided it would take one full time grade 14 position to monitor, analyze, and review all DPHHS services for inclusion in an annual commercial services inventory and to track the impacts of this report and privatization.

23. Additional costs would include initial office equipment such as phone installation, calculator, etc. for \$650 in FY2002 and ongoing office supply costs of \$250 in FY2003.

24. The purchase of a computer would cost \$1,650 annually for installment purchase.

Other State Agencies

25. HB 284 does not apply to the judicial branch of government and therefore has no fiscal impact on the state funded judiciary.

26. All other Executive Branch agencies would absorb the costs associated with preparing the inventory within their existing budgets.

FISCAL IMPACT:

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Legislative Branch		
<u>Expenditures:</u>		
Personal Services	7,585	0
Operating Expenses	<u>7,968</u>	<u>0</u>
TOTAL	\$15,553	\$0
<u>Funding:</u>		
General Fund (01)	\$15,553	\$0
Governor's Office		
<u>Expenditures:</u>		
Operating Expenses	\$0	\$3,000
<u>Funding:</u>		
General Fund (01)	\$0	\$3,000
Department of Justice		
FTE	1.00	1.00

(continued)

Expenditures:

Personal Services	34,615	34,615
Operating Expenses	<u>6,962</u>	<u>3,462</u>
TOTAL	\$41,577	\$38,077

Funding:

General Fund (01)	\$41,577	\$38,077
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Montana University System

FTE	1.00	1.00
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Expenditures:

Personal Services	34,615	34,615
Operating Expenses	<u>7,000</u>	<u>4,000</u>
TOTAL	\$41,615	\$38,615

Funding:

General Fund (01)	\$41,615	\$38,615
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Montana Historical SocietyExpenditures:

Operating Expenses	\$5,000	\$5,000
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Funding:

General Fund (01)	\$5,000	\$5,000
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Department of Fish, Wildlife, and ParksExpenditures:

Operating Expenses	\$10,000	\$10,000
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Funding:

State Special Revenue (02)	\$10,000	\$10,000
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Department of Transportation

FTE	1.00	1.00
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Expenditures:

Personal Services	\$34,615	\$34,615
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Funding:

State Special Revenue (02)	\$34,615	\$34,615
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Department of Public Health and Human Services

FTE	1.00	1.00
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Expenditures:

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Personal Services	34,615	34,615
Operating Expenses	650	250
Debt Services	<u>1,650</u>	<u>1,650</u>
TOTAL	\$36,915	\$36,515

Funding:

General Fund (01)	18,457	18,257
Federal Special Revenue (03)	<u>18,458</u>	<u>18,258</u>
TOTAL	\$36,915	\$36,515

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	(\$122,202)	(\$102,949)
State Special Revenue (02)	(\$44,615)	(\$44,615)
Federal Special Revenue (03)	(\$18,458)	(\$18,258)

TECHNICAL NOTES:

Legislative Branch

1. HB 73, if passed and approved, will require the Business and Labor Interim Committee to “review the implementation and administration of the full cost accounting pilot program and make recommendations for implementing a full cost accounting model for all state agencies.” If both HB 284 and HB 73 are passed and approved, the Legislative Council may consider expanding the number of members on the Business and Labor Interim Committee to 12 or 16, which would require additional funding for legislator salary and expense reimbursement