



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # HB0567

Title: Generally revise budget laws to implement tiered-level evidence budgeting

Primary Sponsor: Gillette, Jane

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
Expenditures:				
General Fund	\$44,825	\$44,825	\$90,995	\$90,995
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$44,825)</u>	<u>(\$44,825)</u>	<u>(\$90,995)</u>	<u>(\$90,995)</u>

Description of fiscal impact: HB 567 implements tiered-level evidence in budgeting, partly in partnership with Pew Charitable Trust and applying their standards of research. This will require additional resources in the Governor's Office of Budget and Program Planning (OBPP).

FISCAL ANALYSIS

Assumptions:

1. HB 567 requires OBPP to work with DPHHS, the Legislative Fiscal Division (LFD) and Pew Charitable Trusts to develop definitions for tiered-level evidence by October 1, 2021.
2. Criteria for definitions of tiered-level evidence would depend on the Pew Charitable Trusts' review.
3. By December 1, 2021, OBPP must select four "programs" within DPHHS related to behavioral health and child welfare that must apply ranking of tiered-level of evidence and include the ranking, evidence, and research that supports its budget proposals for new programs or expansions of existing programs for each biennium, starting with proposals for the biennium beginning July 1, 2023.
4. In each subsequent biennium, four more programs would later be selected to apply the same level of research to support budget proposals.
5. This will require 0.50 FTE for FY 22 and FY 23, increasing to 1.00 FTE for FY 24 and FY 25.

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.50	0.50	1.00	1.00
<u>Expenditures:</u>				
Personal Services	\$39,492	\$39,492	\$80,169	\$80,169
Operating Expenses	\$5,333	\$5,333	\$10,826	\$10,826
TOTAL Expenditures	\$44,825	\$44,825	\$90,995	\$90,995
<u>Funding of Expenditures:</u>				
General Fund (01)	\$44,825	\$44,825	\$90,995	\$90,995
TOTAL Funding of Exp.	\$44,825	\$44,825	\$90,995	\$90,995
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$44,825)	(\$44,825)	(\$90,995)	(\$90,995)

Technical Notes:

1. HB 567 states OBPP must work with Pew Charitable Trusts to develop and publish descriptive, formal definitions of tiered-level evidence; a memorandum of understanding (MOU) would be necessary to work with Pew. Costs associated with such MOU, or procuring Pew’s participation/services are unknown.
2. It is unclear if updated definitions of tiered-level evidence require assistance from Pew Charitable Trusts, or if OBPP may update definitions independently.
3. DPHHS contributed to a 2018 LFD report titled, “...The Pew-MacArthur Results First Initiative” in which DPHHS contracted services for an outside vendor to create the inventory aspect of the report. This contracted service took at least three months to complete. It is unclear whether future contracted services would be required to apply these tier-level evidence research standards and if the research could be completed on time for every DPHHS program selected to apply the tiered-level of evidence. DPHHS does not currently have the staffing resources available to complete similar reports.
4. While HB 567 states this kind of research must be used to support “its budget proposals for new programs or expansions of existing programs,” it is unclear if a program seeking more appropriation is considered an expansion.
5. Clearer defining of the term “program” in HB 567 is necessary for OBPP to identify which areas of work DPHHS must apply definitions and begin research.
6. The December 1, 2021 deadline to satisfy the requirements of Section 1(3) are problematic due to the timing of the executive planning process and budget development. The language in HB 567 suggests that tiered-level research must be complete by December 1, 2021 for budget requests contained in the 2025 Executive budget. This is approximately one year prior to when the Executive proposes its budget for the 2025 biennium.

NOT SIGNED BY SPONSOR

_____ Date 3/1/21
 _____ Budget Director's Initials KA
 _____ Date 2/26/21

Sponsor's Initials _____