

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3753-03
Bill No.: SCS for SB 1232
Subject: Office of Administration, State Agencies, Employers/Employees
Type: Original
Date: March 8, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue *	\$0	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund *	\$0	(Unknown)	(Unknown)

* unknown expected to exceed \$100,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Various *	\$0	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds *	\$0	(Unknown)	(Unknown)

* unknown expected to exceed \$100,000.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Agriculture** assume this proposal would require two additional staff to develop procedures, survey department activities, and develop the information required by the proposal.

Officials from the **Department of Health and Senior Services; the Office of Administration, Division of Design and Construction, Division of Facilities Management, and Division of General Services; the Department of Public Safety; Division of Alcohol and Tobacco Control and State Highway Patrol, and the Department of Revenue**, assume this proposal would have no impact on their organizations.

Officials from the **Department of Mental Health, the Department of Transportation, the Department of Insurance, the Department of Natural Resources, the Office of Administration, Division of Purchasing and Materials Management**, assume this proposal would have an unknown impact on their organization.

ASSUMPTIONS (continued)

Officials from the **Office of Administration, Office of the Deputy Commissioner**, (office) assume this proposal would require one-half additional FTE Accounting Analyst to perform the duties imposed on their organization by the proposal. The office provided an estimate of approximately \$25,000 per year for salary, benefits, and expense and equipment.

Although they did not respond to our request for information, officials from the **Department of Public Safety, State Emergency Management Agency**, in response to a previous version of the proposal, assumed the proposal would have no impact on their organization.

Although they did not respond to our request for information, officials from the **Department Of Labor and Industrial Relations**, in response to a previous version of the proposal, assumed the proposal would have an unknown impact on their organization.

In response to a previous version of the proposal, officials from the **Office of Administration, Division of Information Services**, and the **Department of Economic Development, Public Service Commission**, assumed the proposal would have an unknown impact on their organization.

In response to a previous version of the proposal, officials from the **Department of Social Services, Division of Youth Services, Division of Medical Services**, and **Research and Evaluation Section**, assumed the proposal would have no impact on their organization.

Although they did not respond to our request for information, officials from the **Department of Public Safety; Division of Fire Safety**, and **Capitol Police**; and the **Department of Corrections**, in response to a previous version of the proposal, assumed the proposal would have no impact on their organizations.

Although they did not respond to our request for information, officials from the **Department of Public Safety; Missouri Veterans Commission**, and **State Water Patrol**; in response to a previous version of the proposal, assumed the proposal would have no impact on their organizations.

ASSUMPTIONS (continued)

In response to a previous version of the proposal, officials from the **Office of the Secretary of State (SOS)** assumed the proposal would require their organization to hire a purchasing consultant and an administrative assistant to assist management in defining commercial activities and developing the required commercial activity listing, developing a competitive sourcing process, collecting and analyzing cost data, and preparing required reports. SOS included an estimate of the cost for the 2 additional FTE including salaries, benefits, equipment, and expenses totaling \$152,396 starting in FY 2006. Annual expenditures for salaries, benefits, and expenses would be approximately \$133,000.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this proposal would require their organization to add a program director and an administrative assistant to compile the required commercial activities listing, analyze and track activities, and would require a number of DESE staff to provide the information used to develop the listing. DESE included an estimate of the cost for the 2 additional FTE including salaries, benefits, equipment, and expenses totaling \$123,671 for FY 2005, \$145,167 for FY 2006, and \$148,838 for FY 2007.

Oversight assumes that nearly every state agency performs functions which could be classified as commercial activities, and that the administrative cost of implementing this proposal would be significant but unknown since developing the list of commercial activities is one of the requirements of the proposal. Oversight has shown unknown cost to various state funds beginning in FY 2006 for these activities.

Oversight further assumes that any savings to state agencies would not be realized until after FY 2007 since the process of developing competitive sourcing programs and publicizing the list of commercial activities would take place in FY 2007.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE FUND			
<u>Cost - state agencies</u>			
Administration *	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

* unknown expected to exceed \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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VARIOUS STATE FUNDS

<u>Cost - state agencies</u> Administration *	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS *	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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* unknown expected to exceed \$100,000.

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would establish a process for defining government services which could be designated as commercial activities and performed by private businesses. The proposal would require state agencies to develop cost estimates for government performance of those services, and would require each agency to develop an open and competitive process for selecting state or external organizations to provide those services. An interested party as defined in the proposal could challenge an agency's decision to exclude any government service from the list of commercial activities.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Office of Administration
 Division of Facilities Management
 Division of Purchasing and Materials Management
 Division of Information Services
 Division of Design and Construction
 Division of General Services
 Office of the Deputy Commissioner
Department of Agriculture
Department of Corrections
Department of Economic Development
 Public Service Commission
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Insurance
Department Of Labor and Industrial Relations
Department of Mental Health
Department of Natural Resources

SOURCES OF INFORMATION (continued)

Department of Public Safety

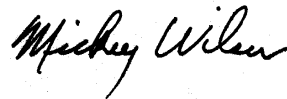
- Division of Alcohol and Tobacco Control
- Missouri Veterans Commission
- Capitol Police
- Fire Safety
- State Water Patrol
- State Emergency Management Agency
- State Highway Patrol

Department of Revenue

Department of Social Services

- Division of Youth Services
- Division of Medical Services
- Research and Evaluation Section

Department of Transportation



Mickey Wilson, CPA
Director
March 8, 2004