

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2176-01
Bill No.: SB 594
Subject: Modifies the state budgeting process
Type: Original
Date: March 13, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety (DPS) - State Emergency Management Agency, DPS - Division of Highway Safety, DPS - Office of the Adjutant General/Missouri National Guard, DPS - Veterans' Commission, DPS - Missouri State Water Patrol, DPS - Capitol Police, DPS - Liquor Control, Department of Agriculture, Department of Insurance, Department of Revenue** and the **Department of Elementary and Secondary Education** assume the proposed legislation will not fiscally impact their agencies.

Officials from the **Department of Transportation (DHT)** assume that the time usually spent working on preparing the budget in the second year will be spent on preparing for the review. Therefore, DHT assumes no fiscal impact.

Officials from the **Department of Conservation (MDC)** assume the proposed legislation would not appear to have significant impact on MDC funds.

Officials from the **Department of Health** assume this legislation would not be expected to significantly impact the operations of the DOH. If the proposal were to substantially impact the DOH programs, then the Department would request funding through the appropriations process.

Officials from the **Department of Mental Health** assume this legislation will not cause additional fiscal impact on the department. Currently the budget is completed on an annual basis. This legislation will require the department to complete the budget for two fiscal years at a time.

Initially it will cause the department additional work and planning, however, once implemented it should not cause any additional fiscal impact.

Officials from the **DPS - Director's Office** stated they are listing the impact on federal funds as unknown because they do not know what provisions are being made for increases in federal programs in the off-year of the budget process. In addition, they do not know about federal programs that start in the off-year of the process.

Officials from the **Missouri House of Representatives (MHR)** stated the House Appropriations staff feels the proposed legislation would not require FTE for implementation. The MHR is assuming the Oversight Division will perform the required investigations, examinations and in-depth reviews of the divisions and programs. The MHR is also assuming the cost for the contracting of services related to the development of budget estimates would not be the fiscal responsibility of the MHR.

ASSUMPTION (continued)

Officials from the **Missouri Senate (SEN)** assume that if the budget/appropriations staff would be maintained at present levels, this legislation would have negligible direct fiscal impact as it relates to the SEN.

Officials from the **Department of Social Services - Division of Family Services (DFS)** assume the proposed legislation would have no fiscal impact on their agency. However, do to the fact that DFS would have to project further into the future, this would impact the amount of supplemental funding DFS would request. There are many factors which DFS uses to project caseloads and utilization. These factors are likely to change over a two-year period, which will impact the DFS's projections.

Officials from **DOS - Division of Budget and Finance** assume that most of the work required to develop the current annual budget involves developing the data to forecast future years needs in existing programs and to explain and justify any new decision items. This fiscal note estimate assumes that the new budget forms are developed to minimize the additional data and work required to estimate the second year needs of core programs. Also, it is assumed that most new decision items for the second year of the biennial budget will not be known at the time the biennial budget is developed and therefore, little additional work will be required at that time to explain and justify new decision items. With these assumptions, existing resources will be able to absorb the added workload during the biennial budget development process.

Officials from the **Office of State Courts Administrator (CTS)** stated that depending on the depth and intricacy of the information that may be required from state agencies and other budgeting entities, there could be a budget impact on the judiciary. This could be in additional FTE to prepare reports and statistical analysis, or costs for contracting these responsibilities. Any fiscal impact would be reflected in future budget requests. The CTS would not expect the total to be over \$100,000.

Officials from the **Department of Natural Resources** assume the level of effort that will be involved in the two-year budgets will initially be more than preparing a budget for one year, however, it appears a savings should be realized in the off year related to budget preparation. It is unknown what the level of effort will be responding to hearings, investigations, examinations and in-depth reviews of the general assembly in the off year of the budget cycle. Depending on the level of effort required, the department may need to consider requesting additional resources.

Officials from the **Department of Corrections** assume changes to the existing budget process as outlined within this bill would require additional staff within the Budget and Planning Unit in the Office of the Director. Preparation of a two-year budget, with additional and more stringent projections and analysis, will be necessary. Additional Form 5's (which include detailed

ASSUMPTION (continued)

performance outcomes and measures) will be required in the budget books. The additional projections for further fiscal years into the future will require an additional Budget Analyst II (\$37,488). More enhanced projections (population growth trends, etc.) will require the duties of an additional Research Analyst II (\$37,488). The DOC has request these two FTE along with the related fringe benefits and expense and equipment.

Officials from the **Department of Economic Development, Department of Higher Education, Office of Administration** and the **Office of Administration - Division of Budget and Planning** did not respond to our request for fiscal note.

Oversight assumes any additional duties related to this proposal could be absorbed with existing resources. However, if an agency determines that the related duties can not be absorbed with existing resources then such agency could request additional resources through the normal budget process.

Oversight notes this proposal states the committee may contract for services related to developing budget estimates. Since this language is permissive, Oversight has not reflected costs in reference to this language in the fiscal impact section.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

The Governor shall submit the state budget on a two-year cycle, to coincide with the start of each new General Assembly. In the second session of each General Assembly, the General Assembly

DESCRIPTION (continued)

shall hold hearings and perform investigations, examinations and in-depth reviews of the divisions and programs of the various departments as are necessary to ensure that public funds are properly and efficiently expended. In any such review, the General Assembly shall assess the ability of the divisions and programs of the departments to meet their performance objectives and the usefulness of the measures designed to assess how well the objectives have been met.

The proposal also creates an advisory committee composed of the state budget director, and the chairs of the House budget and Senate appropriations committees to develop the state's revenue forecast. This proposal indicates that the committee may obtain economic analysis from institutions of higher learning and state departments and may contract for services related to developing budget estimates.

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

Department of Agriculture
Department of Conservation
Department of Corrections
Department of Elementary and Secondary Education
Department of Health
Department of Insurance
Department of Mental Health
Department of Natural Resources
Department of Public Safety - Capitol Police
Department of Public Safety - Director's Office
Department of Public Safety - Division of Highway Safety
Department of Public Safety - Division of Liquor Control
Department of Public Safety - Missouri State Water Patrol
Department of Public Safety - Office of the Adjutant General/Missouri National Guard
Department of Public Safety - State Emergency Management Agency
Department of Public Safety - Veterans' Commission
Department of Revenue
Department of Social Services - Division of Budget and Finance
Department of Social Services - Division of Family Services
Department of Transportation

SOURCES OF INFORMATION (continued)

Missouri House of Representatives
Missouri Senate
Office of State Courts Administrator

NOT RESPONDING: Department of Economic Development, Department of Higher Education, Office of Administration, Office of Administration - Division of Budget and Planning



Jeanne Jarrett, CPA
Director

March 13, 2001