

FISCAL NOTE

Requested by Legislative Council

01/21/2003

Bill/Resolution No.: HB 1497

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$653,330	\$0	\$690,930	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The Office of Management and Budget and the respective pilot agencies will incur additional expenses in implementing HB1497. Staff and operating expenses will be necessary for items such as strategic planning, performance reporting, establishing measures, seeking public input, and staff training. The Office of the State Auditor would incur salary expenditures for staff in auditing the performance measures.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

This fiscal note assumes general fund expenses only. If an agency with other funds were selected as a pilot agency, the Office of the State Auditor could bill that agency for time spent auditing the performance measures.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The Office of Management and Budget will require 1.00 FTE and operating expenses to cover costs such as personal computer, telephone, office equipment, printing, and training costs.

Salaries and benefits	\$140,000
Operating expenses	<u>25,000</u>
Total	\$165,000

The Office of the State Auditor will incur salary expenditures of \$28,330 for hours spent auditing the performance measures and the time of an audit manager to review the audit.

Depending on which agencies are selected for participation, costs will vary. For example, a very large department may require staff where smaller agencies may require only operating expenses. Costs will also vary depending on an agency's ability to complete strategic planning internally or their need to use a consultant. Again, large agencies could incur substantially more costs to assure public input than a smaller agency.

Assuming 2 of the 5 agencies would need an additional FTE, salary and benefit costs would be \$280,000. Assuming 4 of the 5 agencies would use consultants to assist in developing strategic plans, costs are estimated at \$100,000 (\$25,000 for 4 agencies). Operating expenses for the 2 agencies hiring an FTE would be \$50,000 (\$25,000 for 2 agencies). Internal operating expenses for the 3 agencies that do not hire an employee are estimated at \$30,000 (\$10,000 for 3 agencies).

Total expenditures of agencies to implement HB1497 are \$653,330.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

No appropriations have been provided in the executive budget to implement HB1497.

Name: Sheila Peterson
Phone Number: 328-4905

Agency: OMB
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