

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4397-01  
Bill No.: HB 1477  
Subject: Appropriations; State Departments  
Type: Original  
Date: January 16, 2018

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Bill Summary: This proposal requires each state department to report expenditures to the appropriations committee that oversees the department.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue Fund	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Other State Funds	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Federal Funds	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration - Budget and Planning (B&P)** assume based on language in the bill that the zero-based budget analysis will be in addition to the current budget submission and analysis. This proposal will have significant, increased costs for all state departments to duplicate and reformat information that is already presented in the department budget submissions to the General Assembly. The statewide budget system (BRASS) compiles expenditure data for the previous three fiscal years, along with the current year appropriated amounts and the amount requested for the upcoming fiscal year and departments use this data for the budget documents. Decisions made during the development of the department requests and the Governor's recommendations are based upon a thorough review of all aspects of the budget, not just the incremental increases included in the requests and recommendations.

In addition to the additional workload required to create a second zero-based budget submission, additional staff time would be required to attend the committee hearings and respond to requests for additional information.

The proposed legislation will likely result in an increase in IT cost in order to create and maintain the additional reports.

B&P assumes an unknown amount of cost to the General Revenue Fund, Other State Funds and Federal Funds.

Officials from the **Missouri Department of Conservation** assumes this proposal would result in an unknown fiscal impact but less than \$100,000. This legislation requires an itemized, zero-based budget of all existing and proposed expenditures for each fiscal year to be submitted to the Missouri House of Representatives and the Missouri Senate budget chairs. This itemized, zero-based budget analysis would be administratively burdensome and require diversion of time and resources.

Officials from the **Office of the Secretary of State (SOS)** assume this proposal would require a new FTE (Accounting Analyst II at \$39,708 annually) to administer the requirements of this proposal. This would include analyzing existing and future expenditures and holding regular meetings with representatives from each SOS division to tract existing and future expenditures. These analysis and meetings will have to occur frequently (weekly/monthly) to ensure proper tracking and justification of expenditures in line with zero-based budgeting principles.

ASSUMPTION (continued)

Officials from the **Office of the State Courts Administrator (OSCA)** assume the proposed legislation establishes a policy that requires each state department to submit a budget analysis report of expenditures to the appropriations committee that oversees the department. OSCA officials state Article II, section I of the Missouri Constitution provides for the separation of powers between the legislative, executive and judicial branches of government. Article V, section 1 of the Missouri Constitution vests power over the judicial branch with the Missouri Supreme Court, and Article V, section 4 places the power of administration of the courts with the Supreme Court. Accordingly, this fiscal note response is provided without acknowledgment that the provisions of this bill would apply to the judiciary.

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of Administration** defer to the Office of Administration - Budget and Planning to estimate the fiscal impact of the proposed legislation on their respective organization.

Officials from the **Department of Revenue, Department of Insurance, Financial Institutions and Professional Registration, Department of Agriculture, Department of Health and Senior Services, Department of Natural Resources, Department of Higher Education, Department of Corrections, Department of Economic Development, Department of Public Safety - Missouri Veterans Commission, Department of Mental Health, Department of Social Services and Department of Transportation** each defer to the Office of Administration to estimate the fiscal impact of the proposed legislation on their respective organization.

Officials from the **Missouri Lottery Commission, State Tax Commission, Missouri Consolidated Health Care Plan, Office of Prosecution Services, Office of the State Public Defender, Office of the Governor, Missouri Senate, Missouri State Employee's Retirement System, Office of the State Treasurer, Administrative Hearing Commission, Office of the State Auditor, Missouri House of Representatives, Missouri Ethics Commission and the Department of Public Safety (Missouri Division of Alcohol and Tobacco Control, Missouri Gaming Commission, Division of Fire Safety, Missouri National Guard, Missouri Highway Patrol, Directors Office, Capitol Police)** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>GENERAL REVENUE FUND</b>			
<u>Cost - Various State Departments</u> Budget Analysis Requirements	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>OTHER STATE FUNDS</b>			
<u>Cost - Various State Departments</u> Budget Analysis Requirements	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Cost - Various State Departments</u> Budget Analysis Requirements	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<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.

## FISCAL DESCRIPTION

Beginning January 1, 2019, this bill requires each state department to submit an itemized zero-based budget analysis including all existing and proposed expenditures for the fiscal year to the appropriations committee that oversees that department.

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

Attorney General's Office  
Department of Agriculture  
Department of Economic Development  
    Public Service Commission  
    Office of the Public Council  
    Division of Energy  
Department of Elementary and Secondary Education  
Department of Higher Education  
Department of Health and Senior Services  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Mental Health  
Department of Natural Resources  
Department of Corrections  
Department of Labor and Industrial Relations  
Department of Revenue  
Department of Public Safety  
    Office of the Director  
    Division of Alcohol and Tobacco Control  
    Capitol Police  
    Fire Safety  
    Missouri Gaming Commission  
    Missouri Highway Patrol  
    Missouri National Guard  
    State Emergency Management Agency  
    Veterans Commission  
Department of Social Services  
Office of the Governor  
Joint Committee on Administrative Rules  
Missouri Lottery Commission

SOURCES OF INFORMATION (continued)

Missouri Consolidated Health Care Plan  
Missouri Department of Conservation  
Missouri Ethics Commission  
Missouri House of Representatives  
Department of Transportation  
Office of Prosecution Services  
Missouri State Employee's Retirement System  
MoDOT & Patrol Employees' Retirement System  
Office of Administration  
    Administrative Hearing Commission  
    Budget and Planning  
Office of the State Auditor  
Missouri Senate  
Office of the Secretary of State  
Office of the State Public Defender  
Office of the State Treasurer  
State Tax Commission

Ross Strobe



Acting Director  
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