

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 146** SLS 16RS 313  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.: **REVISED**

<b>Date:</b> April 18, 2016 1:24 PM	<b>Author:</b> GATTI
<b>Dept./Agy.:</b> Executive/DOA Office of Facility Planning & Control	<b>Analyst:</b> Willie Marie Scott
<b>Subject:</b> Capital Outlay	

CAPITAL OUTLAY OR INCREASE GF EX See Note Page 1 of 1  
 Provides for institutions of higher education to first use capital outlay funding for deferred maintenance projects. (8/1/16).

The proposed legislation prohibits higher education institutions from undertaking certain capital outlay projects until all projects known as deferred maintenance have been undertaken and completed. It further provides that the Commissioner of Administration (COA) shall not include on the list of projects to be submitted to the Joint Legislative Committee on Capital Outlay and to the State Bond Commission for a line of credit, any capital outlay project of a higher education institution until all projects known as deferred maintenance have been undertaken and completed as certified by the appropriate managing board to the COA. Excludes any project funded totally by donations to the higher education institution and projects commenced prior to the effective date of the proposed legislation.

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

The proposed legislation may result in an increase in expenditures by the DOA Office of Facility Planning & Control (FP&C) of \$1.24 M annually. The FP&C projects that deferred maintenance projects will be smaller in scope than new construction and renovation which will increase the number of projects. Currently there are approximately 115 higher education projects totaling approximately \$750 M with Project Managers managing between 15 to 20 projects. It is anticipated that the number of projects will increase from 115 to 200 to include deferred maintenance projects with an average cost of \$500,000 and \$100 M available funding (\$100 M available funding based on the approximately \$100 M Priority 5 allocation contained in HB 2 of 2016 / \$500,000 per project = 200 projects).

As such FP&C reports a projected net increase of expenditures totaling approximately \$2,244,800 in FY 17, \$2,367,200 in FY 18 and \$2,489,600 in FYs 19 to 21. Approximately \$244,800 would be required for 2 project manager positions in FY 17, \$367,200 for 3 positions in FY 18, and 489,600 for 4 positions in FYs 19 to 21 (\$90,000 salary and \$32,400 related benefits); and \$2 M for design professional service contracts. To offset the increases in FYs 17 to 21, approximately \$1 M in savings will be realized due to costs associated with new building (Percent for Arts, furnishings, equipment, etc.) resulting in a net increase of \$1,244,800 in FY 17, \$1,367,200 in FY 18 and \$1,489,600 in FYs 19 to 21. To the extent this level of funding is reduced, a commensurate reduction in additional staffing would be anticipated.

According to the Board of Regents (BOR), there are approximately \$1,558,097,436 in deferred maintenance projects (LSU System \$811,869,925, UL System \$318,651,558, SU System \$277,500,000, and LCTCS \$150,075,953). The total does not include Auxiliary Facilities. This proposed legislation will neither increase nor decrease funding for Higher Education capital outlay projects, but will allocate new available funding to deferred maintenance projects.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules House

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| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}         |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}      | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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