

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



Fiscal Note On: **SB 146** SLS 16RS 313  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.: **W/ PROP SEN FLOOR AMD**  
 Sub. Bill For.:

<b>Date:</b> April 26, 2016 9:13 AM	<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 EG INCREASE GF EX See Note Page 1 of 2  
 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, as contained in the deferred maintenance distribution adopted by the Board of Regents, have been undertaken and completed unless the project involves repair or replacement of facilities required to ensure the health and safety of students, emergency repairs, renovations or improvements required due to causes such as storm damage, fire, and flood, or improvements required for compliance with federal laws such as the Americans with Disabilities Act or Title IX of the Education amendments of 1972, or is necessary for the institution to maintain its accreditation. Excludes any project funded totally by donations to a higher education institution, funds donated to a nonprofit organization affiliated with the higher education institution, federal funds, local funds, revenue bond supported funds, loaned funds, or any combination of such funds, and the continuation of projects commenced prior to 8/1/2016. **This fiscal note is based on adopted Senate Floor amendments 1868 and 1893.**

(Continued on Page 2)

<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. (Based on an estimated \$100 M of available funding / \$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 the \$100m 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.

**Note:** The requirement to set aside 10% of donated funds in an escrow account for future deferred maintenance on a project will have no impact on expenditures.

**REVENUE EXPLANATION**

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

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<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}

*Evan Brasseaux*  
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**Staff Director**

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**CONTINUED EXPLANATION from page one:**

Additionally, 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 commenced and any line of credit approved prior to 8/1/2016. It further provides that any project funded totally by donations to an institution, funds donated to a nonprofit organization affiliated with the higher education institution, federal funds, local funds, revenue bond supported funds, loaned funds, or any combination of such funds, an amount no less than 10% of the total project cost shall be deposited and held in a special account to be used solely for deferred maintenance of the project. Failure to do so shall result in a 3-year waiver of all capital outlay funds, except for emergency projects.

Senate      Dual Referral Rules      House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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