



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 104

PRINTERS NO. 245

PRIME SPONSOR: Gaydos

COST / (SAVINGS)

FUND	FY 2020/21	FY 2021/22
General Fund	\$0	See fiscal impact

SUMMARY: House Bill 104, printer's number 245, amends Title 71 (State Government) providing for the assessment of improper payments by Commonwealth agencies. Upon enactment, this act shall take effect in 120 days.

ANALYSIS: This bill requires Commonwealth agencies to assess improper payments on any program which is not required under federal law, no less than once every two years. Agencies shall conduct the assessment no later than 120 days after the effective date of the section. As part of the assessment, an agency shall:

- Determine whether the programs operated by the agency have a low, moderate, or high risk of resulting in improper payments, based on each program's total amount of improper payments in dollars and as a percentage of total program expenditures.
- Explain the reasons why the programs operated by the Commonwealth have been assessed as having a low, moderate, or high risk of resulting in improper payments.
- Discover and report the root causes of improper payments within high-risk programs.
- Utilize statistical sampling and extrapolation to calculate an improper payment error rate for high-risk programs.
- Adopt a corrective action plan to reduce improper payment error rates to no more than 3% for high-risk programs for the next occurring biennial assessment.

An electronic copy of the assessment shall be provided by the agency to the Secretary of the Budget, the Office of the Inspector General, the Auditor General, the Independent Fiscal Office, and the General Assembly.

Additionally, the Office of the Budget shall maintain a publicly accessible website that shows each Commonwealth agency's biennial improper payment assessments, total improper payments in dollar value and total improper payment error rate, high-risk programs with associated dollar values and error rates, high-risk program corrective action plans, and the recovery of improper payments in total dollars and percentages.

FISCAL IMPACT: The enactment of this legislation may result in increased administrative costs associated with agency assessments, reporting requirements, and the creation and maintenance of a publicly accessible website. To the extent the bill helps reduce improper payments, the Commonwealth may realize savings.

PREPARED BY: Casey Martin
House Appropriations Committee (R)

DATE: January 26, 2021

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.