

Multiple Agency Fiscal Note Summary

Bill Number: 5251 2E SB	Title: Public water syst assistance
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Estimated Cash Receipts

NONE

Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	Fiscal note not available								
Department of Commerce	.0	0	0	(3.0)	0	(552,500)	(3.7)	0	(884,000)
Department of Health	Fiscal note not available								
Total	0.0	\$0	\$0	(3.0)	\$0	\$(552,500)	(3.7)	\$0	\$(884,000)

Estimated Capital Budget Impact

Agency Name	2015-17		2017-19		2019-21	
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Department of Commerce						
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	(22,381,250)	(89,400,000)	(89,400,000)	(89,400,000)
Total \$	\$0	\$0	\$(22,381,250)	\$(89,400,000)	\$(89,400,000)	\$(89,400,000)

Prepared by: Myra Baldini, OFM	Phone: (360) 902-0525	Date Published: Preliminary 2/26/2016
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 44276

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 5251 2E SB	Title: Public water syst assistance	Agency: 103-Department of Commerce
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.0	0.0	0.0	(3.0)	(3.7)
Account					
Drinking Water Assistance Administrative Account-State 05R-1	0	0	0	(552,500)	(884,000)
Total \$	0	0	0	(552,500)	(884,000)

Estimated Capital Budget Impact:

	2015-17		2017-19		2019-21	
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	(22,381,250)	(89,400,000)	(89,400,000)	(89,400,000)
Total \$	\$0	\$0	\$(22,381,250)	\$(89,400,000)	\$(89,400,000)	\$(89,400,000)

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☒ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/25/2016
Agency Preparation: Ann Campbell	Phone: 360-725-3153	Date: 02/26/2016
Agency Approval: Mark Barkley	Phone: 360-725-3022	Date: 02/26/2016
OFM Review: Myra Baldini	Phone: (360) 902-0525	Date: 02/26/2016

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill has been updated from the version of the bill that was introduced and considered in the 2015 session. The prior version of the bill anticipated that, during FY17, the contracts for the current loans in the drinking water assistance program and the funding for the administration of those contracts would be transferred from the public works board to the Department of Health under the terms of a memorandum of understanding between the two agencies. At this time, a memorandum of agreement has not yet been adopted.

This bill changes the end date of the transition period for the administration of drinking water assistance contracts from June 30, 2017, to June 30, 2018, recognizing that part of the transition of administrative responsibility for these contract that was expected to take place in FY17 will now occur in FY18 and changes the deadline for the adoption of a memorandum of understanding between the agencies covering the transfer process from December 31, 2015, to December 31, 2016. There are currently 516 drinking water project contracts being administered by the Public Works Board with an additional 40 contracts expected to be finalized in June, 2016.

Summary of the second engrossed bill:

Section 1(1) eliminates the joint administration of the drinking water assistance program by the Departments of Health, the Department of Commerce, and the Public Works Board. During the transition period in FY18, expenditures from the drinking water assistance account may be made by the Secretary of Health, the Public Works Board, or the Department of Commerce. Beginning in FY19, the drinking water assistance program will be administered solely by Health and expenditures from the drinking water assistance account may only be made by the Secretary of Health.

Section 1(3) requires that by December 31, 2016, Health, Commerce, and the Public Works Board develop a memorandum of understanding providing for the transfer of the financial administration of the drinking water assistance program as authorized under subsection 1(1).

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

NONE

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 1

ASSUMPTIONS: Commerce assumes that funding for the administration of all the current contracts in FY18 will be appropriated to the Department of Health and that a portion of those funds will be transferred by Health to the Department of Commerce during the fiscal year through an interagency agreement for the financial administration of the contracts before they are amended, assigned, and transferred to the Department of Health. For the purposes of this fiscal note, Commerce assumes that one-half of the existing contracts will be assigned to Health on December 31, 2017, an additional one-quarter on March 31, 2018, and the remainder on June 30,

2018, although the actual transfer of contracts and a proportionate amount of funding for administering the contracts would be governed by the terms of the memorandum of understanding adopted under subsection 1(3) of the bill.

FTE Salaries and Benefits:

The department estimates a reduction of 0.8 FTE in FY18 (as the administration of drink water assistance contract or transferred to the Department of Health) and a reduction of 3.4 FTE in each fiscal year of FY19-21.

FY18: (\$73,442)

FY19-21: (\$312,129) each fiscal year

Goods and Other Services (G&S):

FY18: (\$37,058)

-- Standard G&S (\$31,268)

-- Space and utilities (\$5,790)

FY19-21: (\$129,871) each fiscal year

-- Standard G&S (\$105,262)

-- Space and utilities (\$24,609)

Note: Standard goods and services costs include supplies and materials, employee development and training, mandatory state seat of government and Department of Enterprise Services charges, and Commerce agency administration. Commerce administration provides general governmental services including, but not limited to: administration, management, financial services, human resources, information technology, facilities management, public affairs and Interagency Payments. The department is in the process of seeking federal approval for a revised indirect rate for the cost allocation of administrative costs. If approved, the department intends to use the same rates and basis for allocating administrative costs for state grant programs. The cost estimate in this fiscal note represents the currently approved indirect rate and is subject to change.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years				(3.0)	(3.7)
A-Salaries and Wages				(285,113)	(461,612)
B-Employee Benefits				(100,458)	(162,646)
C-Professional Service Contracts					
E-Goods and Other Services				(166,929)	(259,742)
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$0	\$0	(\$552,500)	\$(884,000)

III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2016	FY 2017	2015-17	2017-19	2019-21
Administrative Services - Indirect	69,552				(0.3)	(0.3)
Commerce Specialist 3	67,884				(2.8)	(3.4)
Total FTE's	137,436				(3.0)	(3.7)

III. C - Expenditures By Program (optional)

Program	FY 2016	FY 2017	2015-17	2017-19	2019-21
Agency Administration (Indirect) (100)				(134,950)	(218,490)
Local Government (600)				(417,550)	(665,510)
Total \$				(552,500)	(884,000)

Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

Construction Estimate	FY 2016	FY 2017	2015-17	2017-19	2019-21
Acquisition					
Construction					
Other				(111,781,250)	(178,800,000)
Total \$				(111,781,250)	(178,800,000)

Section 1

ASSUMPTIONS: Commerce assumes that one-half of the existing contracts will be assigned to Health on December 31, 2017, an additional one-quarter on March 31, 2018, and the remainder on June 30, 2018, although the actual transfer of contracts and a proportionate amount of funding for administering the contracts would be governed by the terms of the memorandum of understanding adopted under subsection 1(3) of the bill.

Commerce estimates the following reductions in capital expenditures from the drinking water assistance account (04R) beginning in FY18.

FY18: (\$22,381,250)

FY19: (\$89,400,000)

FY20: (\$89,400,000)

FY21: (\$89,400,000)

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

NONE