

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-5378/1	Introduction Number AB-0835
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Description
 creating a legislative office of inspector general and making an appropriation

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	20.445(1)(a)

Agency/Prepared By DWD/ Andrew Evenson (608) 266-1756	Authorized Signature Danielle Williams (608) 266-2284	Date 2/19/2020
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Fiscal Estimate Narratives

DWD 2/19/2020

LRB Number	19-5378/1	Introduction Number	AB-0835	Estimate Type	Original
Description creating a legislative office of inspector general and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

2019 AB 835 creates a Legislative Office of Inspector General (OIG) consisting of 14 inspectors general and their staff. The joint committee on legislative organization will appoint each inspector general and designate a lead inspector general who will appoint all OIG staff and oversee all operations. The bill assigns the 14 inspectors general to 19 state agencies with some agencies sharing an inspector general. The Department of Workforce Development (DWD) and the Department of Children and Families (DCF) would share an inspector general.

The duties of OIG under this bill include reviewing, at the discretion of the inspector general, claims of any person regarding being substantially adversely affected by an agency's action; investigating fraud in a state agency program and reporting a finding of fraud to the Department of Justice and the appropriate legislative standing committee; investigating waste, abuse or inefficiency in a state program and reporting findings of waste abuse or inefficiency to the appropriate standing committee; and annually reporting OIG activities to the legislature.

Under this bill, DWD would work with its assigned inspector general to ensure OIG access at all times with or without notice to any books, records, or other documents maintained by DWD relating to its expenditures, revenues, operations, and structure, including any such books, records, or other documents that are confidential by law.

Under the bill, each state agency pays for all services provided by its inspector general, with payments credited to the appropriation account under s 20.765 (3) (kr). Agencies may not expend any savings generated from OIG investigations until the costs incurred related to the investigation are paid.

For the purposes of this fiscal estimate, DWD assumes that costs for services performed by the inspector general will include salary, fringe benefits, department overhead such as IT service costs, space and rent costs, and supplies and service costs such as office equipment. DWD assumes that the inspector general shared with DCF will perform activities proportional to DWD's and DCF's budget sizes. Based on current budgets, DWD would pay 20.6% of the inspector general's costs for salary and fringe and 100% of supplies and service costs. DWD also assumes these costs will be billed to DWD by the OIG and thus be paid as state operations cost.

DWD estimates the total annualized salary and fringe costs will be \$157,500 assuming a wage rate of \$52.00 per hour and using the DWD's agency specific fringe rate for the 2019-21 biennium of 45.58%. Annual costs for rent internet/phone, supplies and administrative support are estimated to be \$21,400 for a total annualized cost of \$178,900. DWD assumes a one-time cost of \$3,500 for computer purchase, office set up and miscellaneous supplies. DWD's share of the annualized costs consists of 20.6% of the \$157,500 for salary and fringe, at \$32,400, plus 100% of the \$21,400 for supplies etc. for a total annualized cost to DWD of \$53,800.

It is unknown how many staff the inspector general would appoint to perform duties related to DWD activities. For the purposes of this fiscal estimate, the cost of any additional staff is indeterminate.

The bill directs inspectors general to seek out areas of waste, abuse or inefficiencies that would result in savings sufficient to cover the costs of their investigations. For DWD, it is unlikely that investigations will result in savings available to pay for investigation costs. DWD's GPR operations funding is 3% of its budget. DWD's funding is primarily in aids appropriations from federal and segregated revenue sources. These funding sources have restrictions on how incorrect payment recoveries can be spent. For example, federal recoveries must be returned to the federal government. DWD is not permitted to repurpose them for inspector general costs. Further, the efforts of OIG staff would be duplicative to program oversight functions currently provided by DWD in several areas including DWD's Office of Integrity and Accountability (OIA). OIA's services are based on the Quality

Standards for Inspection and Evaluation, which come from the Council of Inspectors General on Integrity and Efficiency. Given the restrictions on use of payment recoveries for most of DWD's fund sources, the Department would utilize GPR in s.20.445(1)(a) to pay for inspector general services under this bill, and the estimated ongoing cost cannot be absorbed.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): DWD assumes a one-time cost of \$3,500 for computer purchase, office set up and miscellaneous supplies.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs	53,800	
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$53,800	\$
B. State Costs by Source of Funds			
	GPR	53,800	
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$53,800	\$
	NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		Authorized Signature	Date
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