

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Approved By JLCB**

DEPARTMENT: Executive

AGENDA NO.: 1

AGENCY: Division of Administration

ANALYST: Alan M. Boxberger

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund (SGF):	\$0	Executive Administration	\$280,456	0
Interagency Transfers (IAT):	\$0	Community Dev Block Grant	\$0	0
Self-Generated Revenue (SGR):	\$0	Auxiliary Account	\$0	0
Statutory Dedications:	\$280,456			
Federal Funds:	\$0			
Total	\$280,456	Total	\$280,456	0

I. SUMMARY/COMMENTS

This BA7 request seeks to increase Statutory Dedication authority by \$280,456 from the State Emergency Response Fund (SERF) to provide for state activities providing support to the Town of St. Joseph in Tensas Parish for deficiencies related to its water distribution system. The proposed increases are funded by an available undesignated balance in SERF carried over from prior fiscal years and equal to the request. The appropriation will deplete the entirety of the undesignated fund balance.

The town of St. Joseph has experienced problems with a poorly maintained and deteriorating water distribution system for the past several years. This has resulted in interruptions in service, boil advisories and evidenced levels of lead contamination in the water system. While the town has initiated replacement of the system, this process is not estimated to be completed until some point in 2018. Meanwhile, the existing system continues to deteriorate. Governor John Bel Edwards issued Executive Proclamation No. 180 on 12/16/2016, declaring a public health emergency within the town of St. Joseph.

This BA-7 request will authorize the distribution of monies to three separate state agencies responding to this declaration, the Governor's Office of Homeland Security & Emergency Preparedness (GOHSEP), the Department of Military Affairs, and the LA Department of Health (LDH) - Office of Public Health (OPH). The monies will be budgeted within the Division of Administration (DOA) budget as Other Charges - Interagency Transfer. Upon receipt of the monies from the DOA, the respective agencies will expend the funds as reflected below:

GOHSEP - 10-day emergency bid contract for the transportation of potable water to multiple dispensing trailers in the town of St. Joseph. The total cost of the contract is estimated at \$330,000 for 365 days. FY 17 projected costs total \$137,500 for five months between February and June (\$27,500 per month).

Military Affairs - Provides funding for the use of water trailer trucks provided by the Louisiana National Guard. The total cost is estimated to be \$107,310 for 365 days. FY 17 projected costs total \$45,864 for approximately 5 months (\$294 per day).

LDH, OPH - Provides funding for testing supplies, an environmental assessment contract and labor costs associated with training. The estimated FY 17 costs are \$223,000.

Note: The current agency budget estimates total \$406,364 in FY 17 expenditures, while this BA-7 authorizes only \$280,456. DOA has \$100,000 in SERF appropriated in its base budget to respond to emergency requests of this nature. DOA will allocate the entirety of this existing appropriation to the same purposes as this BA-7 item, providing total funding of \$380,456. DOA reports that the figures provided by the agencies below are estimates. Should the need arise, the additional estimated need of \$25,908 will either require a supplemental appropriation or the agencies would be required to absorb that additional cost within their existing resources. The LFO assumes the total appropriation will be distributed on pro-rata basis to the relevant agencies in the event total funding is insufficient.

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II. IMPACT ON FUTURE FISCAL YEARS

Upon approval of this BA-7 request, state agencies will enter into a one-year contract for specified services, a term that will cross over until FY 18. Accordingly, the agencies will require additional budget authority as below in FY 18 to fully fund the estimated contract term. These adjustments will be required either in the executive budget recommendation or by legislative amendment.

FY 18 Projected Cost Needs

GOHSEP - \$192,500

Military Affairs - \$61,446

LDH, OPH - At the current time OPH is not able to forecast additional costs into FY 18. As part of the emergency declaration, the agency was required to take on additional testing and monitoring outside of the normal scope of their operations. They believe that portion of the emergency will be ended at the conclusion of the current fiscal year. To the degree that ongoing efforts are necessary beyond the agency's base level of water monitoring, an unknown level of additional resources may be required to provide for public safety.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Original: Not approved by JLCB**

DEPARTMENT: DPSC Corrections Services

AGENDA NO.: 2

AGENCY: LA State Penitentiary

ANALYST: Monique Appeaning

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund (SGF):	\$0	Administration	\$0	0
Interagency Transfers (IAT):	\$0	Incarceration	\$2,800,000	0
Self-Generated Revenue (SGR):	\$2,800,000	Auxiliary Account	\$0	0
Statutory Dedications:	\$0			
Federal Funds:	\$0			
Total	<u>\$2,800,000</u>	Total	<u>\$2,800,000</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to increase SGR authority by \$2.8 M in the Department of Public Safety - Correction Services for the Louisiana State Penitentiary (LSP) Incarceration Program. The estimated revenue sources are LSP *Angola Prison Rodeo* related activities such as ticket sales (\$1.1 M) and hobbycraft sales (\$1.7 M).

The department's breakdown of the \$2.8 M SGR is:

- 1) \$1.6 M estimated revenue and expenditures from the upcoming April 2017 LSP *Angola Prison Rodeo*
- 2) \$0.7 M revenue generated at the October 2016 Angola Prison Rodeo
- 3) \$0.5 M accumulated undesignated fund balance at 6/30/2016

Currently, the revenues and expenditures of LSP *Angola Prison Rodeo* do not flow through the State Treasury and the Louisiana Legislature does not appropriate them. *Proceeds from the Angola Prison Rodeo cover rodeo expenses and per the Rodeo Charter, all revenues generated are to be used solely for the benefit of the LSP inmate population.* This BA-7 seeks to move LSP *Angola Prison Rodeo* revenues and expenditures on budget.

The *Angola Prison Rodeo* has been in existence since 1964 and it is the longest running prison rodeo in the nation. The rodeo contracts with professional rodeo stock contractors for events. Professional judges are hired to provide objective judging at each event and professional rodeo clowns are hired for the safety of inmate participants. Also, emergency services personnel are onsite to provide medical assistance to inmates and spectators if needed.

The agency has allocated \$2.8 M in the following expenditure categories:

- \$500,000 - Overtime for DOC employees who work at the rodeo but do not have housing at LSP
- \$15,000 - Travel for training and conferences for staff responsible for the *Re-Entry Program at LSP
- \$20,000 - Operating Services for rentals of equipment such as man lifts to put up rodeo banners and other items in the arena
- \$1,620,000 - Supplies for food, household goods, building and grounds, and maintenance supplies associated with the rodeo; supplies for the *Re-Entry Program
- \$55,000 - Professional Services for clowns, judges, bullfighters and specialty artists
- \$15,000 - Interagency Transfers for printing of the programs and flyers by State Printing
- \$575,000 - Acquisitions for replacement equipment: one ice house (\$269,000), one bus (\$125,000) and two ambulances (\$181,000)

The agency reports the following:

- a) The current ice house does not produce enough ice to keep up with demands.
- b) The bus replaces a current bus that requires frequent repairs. The bus is used to transport prison and inmate visitors at LSP year-round.
- c) The two ambulances will replace two that currently require frequent repairs. The ambulances provide transportation of inmates in emergency situations at LSP year-round in addition to the rodeo.

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**The agency explained that these Re-Entry expenditures are not new, but are an off-budget activity and the funds allocated, \$15,000 for travel related expenditures and \$151,000 for supplies are for ongoing efforts. These monies provide for trade certification testing and supplies.*

The agency reported the following FY 15 and FY 16 revenue and expenditures of the Angola Prison Rodeo:

FY 15	FY 16
Total Revenue = \$2,810,726	Total Revenue = \$3,064,905
Total Expenditure = \$2,953,520	Total Expenditure = \$2,711,028

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have no impact on future fiscal years. However, the agency estimates that it will request annual budget authority of approximately \$4.2 M. Any such adjustment will require legislative authorization.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The LFO recommends an increase of \$1,535,000 in SGR authority to the Auxiliary Account. While the LFO agrees that the Angola Prison Rodeo should be placed on budget and subjected to legislative oversight, it is not clear that appropriating these funds to the Incarceration Program is an appropriate solution. As a unique enterprise, the rodeo is not easily comparable to other functions of state government. Generally, operations that provide entertainment or recreational services and products to the general public operate as standalone agencies or are classified as auxiliary or ancillary budgetary units. For this reason, the LFO recommends that the appropriation be made in the Auxiliary Account as a short-term budgetary solution but suggests that the legislature consider legislation establishing a separate budget unit or program, legislative authorization and goals, allowable uses and prioritization of monies generated, and to provide for any other related matters.

The LFO's recommendation of \$1.535 M comprises the following items:

- a) \$1.1 M for the April 2017 Angola Rodeo (based on the total revenue generated at the April 2016 Rodeo).
- b) \$269,000 for a new icehouse. The current icehouse does not meet current facility demand and suffers from frequent mechanical failures. The icehouse provides ice for the rodeo as well as inmates and staff throughout the facility year-round.
- c) \$166,000 for reentry activities that support Reentry Courts (currently in 14 judicial districts), providing inmates who agree to participate in the program with an opportunity to obtain skilled trade certifications in return for a reduced sentence. While acknowledging that this program is not directly related to the rodeo; the LFO recommends funding this activity as a benefit to the state, providing cost savings through shortened sentences and potential reduced recidivism rates by providing a pathway to increased employment opportunities upon release.

The \$435,000 for the icehouse and Reentry expenditures will be funded from the current cash balance of approximately \$1.2 M. Assuming all cash balances are deposited into the Treasury per LAC 7:9, the remaining balance of \$765,000 will be income not available to the agency unless legislative action is granted to allow the agency to expend it in FY17 or carry it into FY18. Per R. S. 39:82 all unexpended SGR will revert to the SGF at the end of FY17.

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Amended: Approved by JLCB**

DEPARTMENT: DPSC Corrections Services

AGENDA NO.: 2

AGENCY: LA State Penitentiary

ANALYST: Monique Appeaning

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund (SGF):	\$0	Administration	\$0	0
Interagency Transfers (IAT):	\$0	Incarceration	\$0	0
Self-Generated Revenue (SGR):	\$1,535,000	Auxiliary Account	\$1,535,000	0
Statutory Dedications:	\$0			
Federal Funds:	\$0			
Total	<u>\$1,535,000</u>	Total	<u>\$1,535,000</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to increase SGR authority by \$2.8 M in the Department of Public Safety - Correction Services for the Louisiana State Penitentiary (LSP) Incarceration Program. The estimated revenue sources are LSP *Angola Prison Rodeo* related activities such as ticket sales (\$1.1 M) and hobbycraft sales (\$1.7 M).

The department's breakdown of the \$2.8 M SGR is:

- 1) \$1.6 M estimated revenue and expenditures from the upcoming April 2017 LSP *Angola Prison Rodeo*
- 2) \$0.7 M revenue generated at the October 2016 Angola Prison Rodeo
- 3) \$0.5 M accumulated undesignated fund balance at 6/30/2016

Currently, the revenues and expenditures of LSP *Angola Prison Rodeo* do not flow through the State Treasury and the Louisiana Legislature does not appropriate them. *Proceeds from the Angola Prison Rodeo cover rodeo expenses and per the Rodeo Charter, all revenues generated are to be used solely for the benefit of the LSP inmate population.* This BA-7 seeks to move LSP *Angola Prison Rodeo* revenues and expenditures on budget.

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The agency has allocated \$2.8 M in the following expenditure categories:

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- \$15,000 - Travel for training and conferences for staff responsible for the *Re-Entry Program at LSP
- \$20,000 - Operating Services for rentals of equipment such as man lifts to put up rodeo banners and other items in the arena
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Total Expenditure = \$2,953,520	Total Expenditure = \$2,711,028

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have no impact on future fiscal years. However, the agency estimates that it will request annual budget authority of approximately \$4.2 M. Any such adjustment will require legislative authorization.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The LFO recommends an increase of \$1,535,000 in SGR authority to the Auxiliary Account. While the LFO agrees that the Angola Prison Rodeo should be placed on budget and subjected to legislative oversight, it is not clear that appropriating these funds to the Incarceration Program is an appropriate solution. As a unique enterprise, the rodeo is not easily comparable to other functions of state government. Generally, operations that provide entertainment or recreational services and products to the general public operate as standalone agencies or are classified as auxiliary or ancillary budgetary units. For this reason, the LFO recommends that the appropriation be made in the Auxiliary Account as a short-term budgetary solution but suggests that the legislature consider legislation establishing a separate budget unit or program, legislative authorization and goals, allowable uses and prioritization of monies generated, and to provide for any other related matters.

The LFO's recommendation of \$1.535 M comprises the following items:

- a) \$1.1 M for the April 2017 Angola Rodeo (based on the total revenue generated at the April 2016 Rodeo).
- b) \$269,000 for a new icehouse. The current icehouse does not meet current facility demand and suffers from frequent mechanical failures. The icehouse provides ice for the rodeo as well as inmates and staff throughout the facility year-round.
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The \$435,000 for the icehouse and Reentry expenditures will be funded from the current cash balance of approximately \$1.2 M. Assuming all cash balances are deposited into the Treasury per LAC 7:9, the remaining balance of \$765,000 will be income not available to the agency unless legislative action is granted to allow the agency to expend it in FY17 or carry it into FY18. Per R. S. 39:82 all unexpended SGR will revert to the SGF at the end of FY17.

**LEGISLATIVE FISCAL OFFICE
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DEPARTMENT: Other Requirements

AGENDA NO.: 3

AGENCY: State Sales Tax Dedications

ANALYST: Alan M. Boxberger

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Sales Tax Dedications	\$713,619	0
Interagency Transfers:	\$0			
Self-Generated Revenue:	\$0			
Statutory Dedications:	\$713,619			
Federal Funds:	\$0			
Total	<u>\$713,619</u>	Total	<u>\$713,619</u>	<u>0</u>

I. SUMMARY/COMMENTS

This BA7 request seeks to increase Statutory Dedication authority by \$589,718 from the Tangipahoa Parish Economic Development Fund and \$123,901 from the Tangipahoa Parish Tourist Commission Fund. The proposed increases are funded by an available undesignated balance in each fund carried over from prior fiscal years and equal to the request. The appropriation will deplete the entirety of the fund balances carried forward in both of these funds from prior years. Approval of this request will increase the FY 17 appropriation from the Tangipahoa Parish Economic Development Fund to a total of \$769,718 from the existing level of \$180,000. Likewise, the appropriation from the Tangipahoa Parish Tourist Commission Fund will increase to a total of \$601,886 from \$477,985. Revenues deposited in both funds are derived from state sales tax receipts on hotel/motel room rentals in Tangipahoa Parish.

The additional funds will provide for marketing efforts by the Tangipahoa Parish Tourist Commission to promote business and tourism in Tangipahoa and surrounding regions.

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have no impact on future fiscal years. The appropriation levels in FY 18 will not exceed projected fund revenues as recognized by the Revenue Estimating Conference.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.