Department of Planning and Budget 2025 General Assembly Session State Fiscal Impact Statement

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Bill Number: HB1577 Patron: Williams

Bill Title: Centralized local government reporting system; unfunded mandates on localities.

Bill Summary: Requires the Department of Planning and Budget to establish a centralized electronic reporting system for all locality reporting requirements, including those required by state agencies. The bill also creates the Unfunded Mandate Review Task Force (the Task Force) consisting of four members of the General Assembly and five members appointed by the Governor. The bill states that localities may submit proposals to the Task Force for alternative approaches to implementing any unfunded mandate, defined in the bill, and provides that the Task Force shall: (i) meet quarterly to review proposals from localities regarding alternative approaches to implementing unfunded mandates; (ii) establish criteria for evaluating local proposals, including cost-effectiveness, achievement of mandate objectives, impact on public health and safety, and administrative feasibility; (iii) approve or deny local proposals within 90 days of submission; (iv) monitor implementation of approved alternatives; (v) maintain records of all decisions and the rationale behind such decisions; and (vi) submit annual reports to the General Assembly by November 1 of each year detailing its activities, decisions, and recommendations. The bill further provides that any bill that includes an unfunded mandate approved by the General Assembly shall have an implementation delay beginning at the end of the session in which the mandate was passed and ending at the adjournment of the following session; however, a bill containing an unfunded mandate that includes an emergency declaration shall not be subject to these requirements and shall be implemented immediately or on the date of implementation described in the bill containing the emergency mandate.

Budget Amendment Necessary: Yes **Items Impacted:** Item 256

Explanation: The Department of Planning and Budget (DPB) will require additional resources to design,

develop, and implement a system that will collect all reports and data from localities currently collected by other agencies. DPB will also require staffing to operate and administer the new system and to staff the new Unfunded Mandate Review Task Force.

Fiscal Summary: Costs reflect a potential range for the design, development, implementation, and ongoing operation and maintenance of the new system along with the cost to staff the Unfunded Mandate Review Task Force. Costs could be higher depending on the outcome of preliminary system design activities.

General Fund Expenditure Impact:

<u>Agency</u>	FY2025	FY2026	<u>FY2027</u>	FY2028	FY2029	FY2030
Department of Planning and Budget		\$5 million to \$10 million	\$2 million to \$3 million			
Other State Agencies		Indeterminate	Indeterminate	Indeterminate	Indeterminate	Indeterminate
TOTAL		\$5 million to \$10 million	\$2 million to \$3 million			

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Position Impact:

<u>Agency</u>	FY2025	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	FY2030
Department of						
Planning and		6 to 11	6 to 11	6 to 11	6 to 11	6 to 11
Budget						
TOTAL		6 to 11	6 to 11	6 to 11	6 to 11	6 to 11

Fiscal Analysis: State agencies collect information from localities as required by law, regulation, or in support of funding formulas. Data is collected so that applicable agencies can a) ensure that state and federal laws / requirements are being met and b) so that applicable funding streams can be distributed accurately. Data is collected from localities in a variety of data formats dictated by the legal and business needs of appliable programs using various systems. In many cases, the systems used are subcomponents of larger agency systems and the data collected from localities contains a varying level of sensitive information.

This bill would require the Department of Planning and Budget (DPB) to essentially replace or duplicate many systems and processes currently managed by multiple agencies into one omnibus system in order to collect data from localities. Currently, each data collection is designed with the requirements of the individual applicable programs involved and combining the capabilities and data structures of all current systems and processes into one system will be a large undertaking.

Identifying the applicable programs and data structures alone will likely be a multi- month effort which will require the assistance of consultants and the involvement of the impacted state agencies. This task needs to be accomplished as part of creating the system requirements that would be included in a potential Request for Proposals for a new system. The cost of this new system is unknown at this time but this will likely be a major information technology project with a potential multi-million dollar impact for the initial development with ongoing costs to maintain the new system varying depending on the platform and vendor chosen. The estimated General Fund cost range associated with the creation, implementation, and ongoing operation of the new system is based on other enterprise systems and could be higher depending on the outcome of efforts to identify the processes, data structures, and security levels required.

DPB will also need additional ongoing staffing to support the requirements of the bill. Because of the sensitivity of some of the data currently collected from localities by various agencies, additional staff will be required for expanded cyber security and data sharing efforts. In addition, staffing will be required to administer the system on a day-to-day basis including responding to technical issues and providing help-desk support. The bill requires the establishment of the Unfunded Mandate Review Task Force which is to be staffed by DPB. DPB will require additional staff to support this task force. System-related position needs are expected to range between four to seven employees and staffing for the task force is expected to require between two to four positions. Staffing costs including system support and task force staffing are expected to range between \$1 million to \$1.7 million.

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This bill may have an indeterminate fiscal impact on agencies that currently collect information from localities. To the extent that components of larger systems are utilized to collect current data, there may be a cost associated with creating interfaces to the new system or developing methods to import data from the new system into the existing system. Further fiscal impact may result for applicable agencies resulting from the need to reengineer business processes.

Examples of state agencies that are potentially impacted by this include but are not limited to the following:

Department of Education

Department of Accounts Transfer Payments

Department of Transportation

Department of Social Services

Compensation Board

Department of Transportation

Children's Services Act

Department of Criminal Justice Services

Department of Housing and Community

Development

Department of Environmental Quality

Department of Behavioral Health and Developmental

Services

Department for Aging and Rehabilitative Services

Department of Juvenile Justice

Department of Elections

Department of Emergency Management

Department of Fire Programs

Department of Conservation and Recreation

Other: N/A