

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: HB1202

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: L. Mark Dudenhefer

3. Committee: Committee on General Laws: Subcommittee #4

4. Title: State Inspector General; lean government initiative.

5. Summary: State Inspector General; lean government initiative. Requires the State Inspector General to implement the lean government initiative. The bill defines "lean government initiative" as a business-oriented system for organizing and managing product development, operations, suppliers, and customer relations to create precise customer value, expressed as providing goods and services with higher quality and fewer defects and errors, with less human effort, less space, less capital, and less time than more traditional systems and sets out the responsibilities of the State Inspector General in its implementation among state agencies.

6. Budget Amendment Necessary: Yes

7. Fiscal Impact Estimates: Preliminary. See line 8.

8. Fiscal Implications: The estimated amounts were provided by the Office of the State Inspector General (OSIG) to address its own expenses related to this bill. The cost of implementing the provisions of this bill to the Executive branch agencies, including public institutions of higher education, is indeterminate. In order to implement lean tools and enterprises as a component of strategic planning and performance management systems, the bill may necessitate a change in processes and expansion of systems for Executive branch agencies.

The OSIG provided two scenarios for estimating its cost.

Scenario 1

The first scenario would require additional staffing within the OSIG. The OSIG is currently staffed at 40 FTE split between four divisions: Administration, Behavioral Health and Development Services, Performance Review Services and Investigations and Law Enforcement Services. Adding the responsibilities of the bill to the agency would require additional FTE's to be focused on the tasks outlined which could be minimized if OSIG were to convert two vacant positions to this task. The following information reflects additional and existing staffing changes:

- Management of the new directive would be assumed by a Manager/Lead level employee

- Two vacant positions currently budgeted within the OSIG appropriation would be converted to: 1) Financial Services Specialist II, 19032, Pay Band 5, Approximate Salary/Benefits \$91,000 annually; 2) General Administration Manager II, 19224, Pay Band 6, Approximate Salary/Benefits \$104,000 annually
- Two new FTE would be required to successfully implement the lean initiative program; 1) Policy and Planning Specialist II, 19132, Pay Band 5, Approximate Salary/Benefits \$97,500 annually; Program Administration Specialist II, 19212, Pay Band 5, Approximately Salary/Benefits \$97,500 annually; \$5,000 operational funding.
- Additional funding and FTE's - \$200,000; Existing funding and FTE's within OSIG available for conversion - \$195,000, for a total of \$395,000 annually.

Scenario 2

The second scenario would require solicitation for external support from private companies that perform this type of service. The Statement of Work would require a dedicated OSIG Director/Manager to oversee the scope and culmination of the project. Projected costs associated with external vendor support equal \$450,000 annually.

9. Specific Agency or Political Subdivisions Affected: Office of the State Inspector General and Executive branch agencies, including public institutions of higher education.

10. Technical Amendment Necessary: No.

11. Other Comments:

Date: 1/26/16

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