

BILL SUMMARY
2nd Session of the 52nd Legislature

Bill No.:	HB 2310
Version:	CCS
Author:	Representative Murphey/ Senator Sykes
Date:	5/21/2010
Impact:	State Travel Reimbursement Estimated Savings - 4.2 Cents Per Mile for Certain FTE; Potential State Agency Savings - Shared Financial Services; OSF Costs - \$700,000 to \$1,135,000

Bill Summary

Research Analyst: Dante Giancola

The conference committee substitute for HB2310 requires each state agency, board, or commission organized within the executive department to use the Trip Optimizer system for state employee travel when the employee's travel exceeds 100 miles per day and the employee is not driving a state-owned or state-leased dedicated vehicle. The maximum authorized amount of travel reimbursement shall be the lowest cost option determined by the Trip Optimizer.

The bill requires state agencies to include in their annual report to OSF and the Chair and Vice Chair of the Legislative Oversight Committee on State Budget Performance, a detailed listing of all employees and resources dedicated to the provision of financial services.

It also requires OSF to publish a financial services cost performance assessment that documents each state agency's cost for providing financial services. Those agencies ranking in the bottom ten percent of cost performance assessment must enter into a contract with OSF for the provision of shared financial services.

Also, the Director of OSF is directed to require state agencies to use electronic systems for the payment of claims, payroll and agency-to-agency balance transfers.

Finally, HB2310 creates the Oklahoma State Government 2.0 Pilot Program in which the State Governmental Technology Applications Review Board shall consider and approve standardized social media policy for agencies and establish open technology standards.

Fiscal Summary

Fiscal Analyst: Terry McKenna

The Conference Committee Substitute for HB 2310 provides that each state governmental entity organized within the executive department responsible for licensing or permitting shall utilize the portal system to allow for a link to a web-based application and renewal application for any

license or permit issued by that agency; allows state agencies to accept an electronic signature in the application process for any license or permit, provided the use of an electronic signature shall not create a significant risk to the integrity of the license or permit. The CCS also modifies provisions related to the mandatory use of the Trip Optimizer System, which calculates the lowest cost option for travel by state employees. The System shall be used when the travel by motor vehicle exceeds 100 miles per day and the employee is not driving a state-owned or -leased dedicated vehicle. The exemption for those using personal vehicles as part of their regular duties is modified, bringing this class of state employees under the provisions of the CCS for HB 2310. The bill further provides that the Office of State Finance (OSF) shall maintain a website providing public access to the disbursement by state agencies of federal funds received pursuant to the federal American Recovery and Reinvestment Act of 2009. The CCS also provides that not later than January 1, the Director of OSF shall publish a financial services cost performance assessment which shall document each state agency's cost for providing financial services. State agencies ranking in the bottom 10% of the assessment shall enter into a contract with OSF for the provision of shared financial services provided that the Director determines that the agreement will yield cost savings to the agency. The Director of OSF shall publish an annual report documenting the cost savings resulting from shared services contracts, and shall require state agencies to use electronic systems for the payment of claims, payroll and agency-to-agency balance transfers; and shall require state agencies to use electronic systems for the payment of claims, payroll and agency-to-agency balance transfers. Finally, the CCS establishes the Oklahoma State Government 2.0 Pilot Program and provides that the State Governmental Technology Applications Review Board shall consider and may approve a standardized social media policy for use by state agencies, boards, commissions and public trusts having the State of Oklahoma as a beneficiary.

Fiscal Analysis

Section 2 – OSF advises that it anticipates no significant costs will be incurred by state agencies for a link to a web-based application and renewal application for license and permits. The provision regarding the acceptance of electronic signatures in the application process for licenses or permits is permissive; thus any minor costs would be incurred at the agency's discretion.

Section 3 – This section modifies the exemption for state workers using personal vehicles as part of their regular duties, bringing those employees under the provisions of the Trip Optimizer System at the 100 mile-per-day threshold. Currently, this subset of state employees is reimbursed at the FY-10 state-approved rate of 50.5 cents per mile; under the provisions of Section 3 mileage exceeding the 100-mile threshold would be reimbursed at the present Trip Optimizer average rate of 46.3 cents per mile, a savings of 4.2 cents. In FY-09, total reimbursement for miles driven in state-owned vehicles was approximately \$27,000,000; the state-approved reimbursement rate for that year was 58.5 cents per mile for an average daily trip of 46.2 miles ($\$27\text{million}/.585 = 46.153$). In order to provide a best estimate of the total potential savings under this measure, one would need similar information regarding state workers using their own vehicles over the 100-mile threshold. At this time, the retrieval of such data would require a detailed report by every state governmental entity.

If the CCS for HB 2310 is enacted the necessary data should become available to OSF in FY-12, allowing the agency to compare total mileage reimbursements for this subset of state employees over a two-year period of time. However, the recent experience of the Department of Health could be indicative of the potential savings afforded by the Trip Optimizer System. In October 2009 the agency initiated a program of moving employees from personal vehicles to DCS lease vehicles and now has a fleet of 22 new and 65 value-plus vehicles, with monthly

savings of approximately \$132,000. The agency plans to add 20 new vehicles per month until it has a fleet of 100, and anticipates further savings in mileage costs that tracks an increase in the use of DCS vehicles and a decrease in the use of personal vehicles.

Section. 4 – OSF estimates costs of between \$200,000 and \$375,000 to meet the expenditure reporting requirements by state agencies related to American Recovery and Reinvestment Act of 2009. In the event that OSF can make the necessary modifications to the existing website, the cost would be closer to the lower estimate; however, if the agency has to hire outside consultants, the cost would be at the higher range.

Section 5 – OSF advises that the provision of detailed financial services information by state agencies would require a modification of the budget program to include the additional reporting requirements from each agency, update training manuals, and provide new training to the agencies as needed. State staff can perform the duties, with an estimated internal cost of \$8,000 to \$14,400. Furthermore, in order to publish a financial services cost performance assessment, the agency would have to develop informational reports and/or queries to use in documenting agency financial services cost performance and to create a publication as required. State staff can perform some of the duties, with an estimated internal cost of \$3,000 and external programmers for a cost of \$4,000 to \$5,000 depending on complexity and number of elements, totaling \$8,000. Additionally, OSF staff will spend approximately three months, October through December (.25 FTE), to review the agency data and compile the report and recommendations.

The potential sharing of financial services by some state agencies under the administration of OSF could yield the savings from efficiencies and economies of scale that are often associated with such consolidation efforts. In order to quantify any savings that might result from this provision of the CCS for HB 2310 would require the collection of financial services cost data after the implementation of a shared financial services program.

Section 6. – The provision that state agencies shall use electronic systems for the payment of claims, payroll and agency-to-agency balance transfers would require OSF to modify the interface that loads agency claims and vouchers into PeopleSoft. Also, OSF would have to test the changes, make changes to training manuals and provide agency training. Internal costs are estimated at \$3,000, and external costs for programmers are estimated at \$5,100.

Section 7. - OSF advises that the provisions of the Oklahoma State Government 2.0 Pilot Program would require a significant expansion of computer storage space and the creation of a data warehouse for access by the general public. It is not clear at this time what the data input from state agencies would consist of and how much data would be collected; therefore, OSF can only provide a very preliminary estimate of related costs at between \$500,000 and \$750,000.

Long Term Fiscal Considerations

Fiscal Analysis Reviewed By:

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House Fiscal Director