



Department of Audits and Accounts

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March 16, 2011

Honorable William T. Ligon, Jr.
State Senator
Coverdell Legislative Office Building, Room 323
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
Senate Bill 223 Substitute
(LC 34 3027S)

Dear Senator Ligon:

This bill would establish the Georgia Government Accountability Act, creating the Legislative Sunset Advisory Committee to review and evaluate state agencies' productivity, efficiency, and responsiveness. The bill's stated intent is to establish a method by which to review the efficiency of state government and to evaluate the productivity of each state agency. All state agencies are required to be reviewed, including all boards, departments, advisory committees, authorities, bureaus, offices and any other state entity of the executive branch of state government. The committee would establish a schedule for conducting state agency reviews. Six months before the scheduled review date, the state agency would be required to submit a comprehensive report to the committee, including specific information regarding their efficiency and productivity. Within six months of receiving the agency's report, the committee would review the report, hold public hearings, and subsequently recommend the abolition, continuation, or reorganization of each agency. The committee would be authorized to employ staff to conduct these functions.

Due to the time constraints on issuing this fiscal note, an accurate estimate of this bill's fiscal impact on the state cannot readily be determined, as this would involve assessing the current situations of all state agencies, plus identifying the potential costs and staffing needs for the legislative committee to perform its functions. However, because the bill would cover the entire spectrum of state agencies and would necessitate comprehensive reporting and review activities, the cost to implement the bill could be substantial.

Letter to Senator Ligon, Jr.

It is likely that state agencies would need to hire additional staff to fulfill the stipulated requirements. Regarding the potential costs of the legislative committee, the bill authorizes the committee to employ staff to perform work for the committee. The House Budget Office and the Senate Budget and Evaluation Office indicated that this bill would impact them as well. Information provided by the legislative budget offices indicates that they would have to enhance their staff ability to analyze the performance data that state agencies are required to provide and complete this process within the specified six month time frame. In addition to the human capital needs, an increase in information technology infrastructure would be necessary. Also, since the bill references conducting hearings, it appears that travel and per diem costs associated with member attendance would be incurred. Finally, there would be regular operating costs associated with creation and dissemination of committee reports. There is an additional consideration regarding the extent to which legal expertise would be required to perform the required agency disclosure concerning litigation, as well as to assist the committee in drafting legislation to carry out the committee's recommendations.

Absent an estimate on the fiscal impact of this bill, it may be worthwhile to note an estimated cost of former activities that were conducted jointly by the Governor's Office of Planning and Budget (OPB) and the Department of Audits and Accounts (DOAA) to assess effectiveness and efficiency of certain programs within state agencies. These activities were known as program evaluations, conducted for the legislative Budgetary Responsibility Oversight Committee (BROC). These efforts were significantly more confined in scope than those proposed in the current, bill, as they dealt with assessing only a particular program within an agency, while the bill proposes assessing entire state agencies comprehensively. Such a broad scope would likely entail significantly more time and resources for state agencies as well as for the cited legislative committee.

With such cost comparison caveats in mind, an estimate of the annual cost to conduct these former program evaluations totals about \$1.4 million. This amount is based on records indicating that an average of 10 program evaluations was conducted each year during the mid-1990s, at the peak of BROC operations. To conduct these program-level evaluations, an estimated total of 25 analysts were utilized each year, including both OPB and DOAA. The 25 full-time positions at an estimated salary of \$40,000 each, plus approximately 40% in fringe benefits, equates to the \$1.4 million total. This does not include regular operating expenses or costs to the agencies whose programs were evaluated.

Sincerely,

/s/ Russell W. Hinton
State Auditor

/s/ Debbie Dlugolenski, Director
Office of Planning and Budget