

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2146

STATUS: A-Engrossed

SUBJECT: Rates and user fees for electronic connectivity

GOVERNMENT UNIT AFFECTED: Department of Administrative Services – Enterprise Information Strategy and Policy Division, state agencies

PREPARED BY: Erica Kleiner

REVIEWED BY: Laurie Byerly, Bob Cummings

DATE: May 18, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES: See analysis		

EFFECTIVE DATE: On passage; sections 1, 2, 3, and the amendments to section 4 become operative on January 1, 2010. The measure contains a clause allowing the Director of DAS to take necessary action prior to January 1, 2010.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: The measure creates the Electronic Portal Advisory Board charged with advising DAS on a variety of issues relating to the development of electronic government portals and the associated fee structure. The measure requires DAS in consultation with the advisory board to provide state agencies with the ability to offer government services through an electronic government portal. The measure gives DAS the authority to contract with a portal provider and charge members of the public a convenience fee for the use of an electronic government service if the advisory board recommends it. The measure requires DAS to report to the Legislative Assembly no later than the start of each regular legislative session. The measure provides that the Director of DAS may take any action prior to January 1, 2010 necessary for the director to exercise the duties, functions and powers to develop and implement the new portal funding mechanism and support the advisory board.

The fiscal impact to state agencies is indeterminate. Currently, state agencies are charged assessments based on the number of full-time equivalent positions in the agency. This fixed-rate funding model results in agencies paying an amount that does not reflect their actual service usage. The projected biennial cost for providing contracted E-government services to agencies through the current biennium is \$5.4 million. DAS anticipates transitioning to a system in which the contractor will be allowed to recover its costs through a convenience fee that will be charged to members of the public for a specific service. DAS expects this cost-recovery model to reduce assessments paid by state agencies. These services include the sales of records, licenses, renewals, and permits. Fee amounts and the extent to which the assessments will be reduced are unknown. Although a business case has been developed by DAS, the costs depend on the actual contract; DAS assumes costs will be less than \$5.4 million. State agencies would continue to pay assessments to DAS for E-government services during the 2009-11 biennium. Future assessment will depend on the level of revenues from the convenience fees to support the cost of portal operations.

The measure establishes the Electronic Portal Advisory Board. DAS is directed to provide the necessary staff support to the advisory board. Based on recent experience with new advisory bodies, DAS assumes that the advisory board would meet fourteen times over the course of the 2009-11 biennium. With the exception of members of the Legislative Assembly and individuals that are not public employees, advisory board members are not entitled to compensation but are entitled to reimbursements for allowable travel expenses. DAS anticipates these claims to be modest. Accordingly, DAS calculates incidental costs such as meeting costs, allowable reimbursements for advisory board members, and office supplies to be \$3,182.

Current DAS staff would be assigned to support the advisory board. DAS estimates the impact on staffing to be a workload equivalent of one Executive Support Specialist at 252 hours/biennium. DAS values this staff time at approximately \$7,812. DAS would not need to hire additional staff to support this advisory board, only to re-prioritize duties and responsibilities of existing staff. The \$7,812 equivalent serves as an estimate of possible incremental staffing cost if DAS needs to hire additional staff in the event that re-prioritization of duties and responsibilities of existing staff is not feasible.

There is an indeterminate fiscal impact to the Legislative Assembly; however it is likely to be minimal. Four members of the Legislative Assembly are eligible to receive per diem and mileage reimbursements for their participation on the advisory board. The Legislative Assembly anticipates it would cost \$668 per advisory board meeting to reimburse all four members for their expenses and to pay per diem. Assuming the advisory body will meet fourteen times during the 2009-11 biennium, the fiscal impact to the Legislative Assembly should not exceed \$9,352.