

Proposed law would have created the Higher Education Financing Fund and deposited into the fund all cash balances identified and reported by the commissioner of administration on a quarterly basis as being from unexpended and unencumbered State General Fund (Direct) or Overcollections Fund appropriations for contracts for professional, personal, and consulting services under the jurisdiction of the office of contractual review not approved by the Joint Legislative Committee on the Budget (JLCB) at the end of each fiscal year to satisfy the requirements of proposed law. Monies in the fund would have been appropriated and used solely for public postsecondary education institutions.

Present law requires that all cash balances from appropriations to state agencies for which no bona fide obligation exists at the end of the fiscal year be remitted to the state treasury by the 15th day following the last day of the fiscal year. Further provides that prior to depositing the unexpended appropriations into the state general fund, the treasurer make deposits into the Payments Towards the UAL Fund as necessary to satisfy present law.

Proposed law would have required the treasurer to transfer all cash balances identified and reported by the commissioner of administration as being from unexpended and unencumbered State General Fund (Direct) or Overcollections Fund appropriations for professional, personal, and consulting service contracts not approved by the JLCB at the end of each fiscal year into the Higher Education Financing Fund as necessary to satisfy the requirements of proposed law and then would have provided for deposits into the Payments Towards the UAL Fund as required by present law.

Present law provides that if any portion of an appropriation for an annual expenditure or for a contingent expense remains unexpended at the end of the fiscal year in which the appropriation was made, the commissioner of administration shall cancel the balance of the appropriation, and in each succeeding year shall open a new account for the appropriation without carrying forward any unexpended balance from the previous fiscal year. Present law further provides that prior to depositing the unexpended appropriations into the state general fund, the treasurer shall make deposits into the Payments Towards the UAL Fund as are necessary to satisfy present law.

Proposed law would have required the treasurer to transfer all cash balances identified and reported by the commissioner of administration as being from unexpended and unencumbered State General Fund (Direct) or Overcollections Fund appropriations for professional, personal, and consulting service contracts at the end of each fiscal year into the Higher Education Financing Fund as necessary to satisfy the requirements of proposed law and then would have provided for the deposits into the Payments Towards the UAL Fund as required by present law.

Proposed law would have established in FY 2014-2015 through 2016-2017, a process that all contracts for professional, personal, and consulting services totaling \$40,000 or more per year funded solely with the State General Fund (Direct) or the Overcollections Fund and for discretionary purposes would have been reported and considered for review and approval by the JLCB.

Proposed law would have provided that if within 30 days of receipt of the contract, the JLCB did not place the contract on its agenda for review and approval, the contract would have been deemed approved. If the contract was placed on the agenda for review and approval within 30 days of receipt, the JLCB could have either approved the contract, recommended revisions to the contract, or rejected the contract and notified the commissioner of administration that such funds would be deposited into the Higher Education Financing Fund.

Proposed law would have provided that if the JLCB recommended revisions to the contract, the contract would not become effective until it was revised, resubmitted to the JLCB, and acted upon by the committee. If the contract was not resubmitted within 30 days after the committee recommended revisions, the contract would be deemed rejected.

Proposed law would have required the commissioner of administration, in consultation with the director of the office of contractual review, to periodically determine the amount of monies appropriated for professional, personal, and consulting service contracts that were

not approved by the JLCB as a result of implementation of proposed law. Proposed law would have further required that such determinations take place quarterly in FY 2014-2015, 2015-2016, and 2016-2017.

Proposed law would have provided that following each determination, the commissioner of administration report to the state treasurer on the amount of State General Fund (Direct) or Overcollections Fund monies appropriated for professional, personal, and consulting service contracts expected to remain unexpended and unencumbered at the end of the fiscal year. These monies would have been deposited into and credited to the Higher Education Financing Fund.

Proposed law would have exempted the following professional, personal, or consulting service contracts:

- (1) Contracts of the secretary of state necessary to perform any constitutional or statutory function of the office.
- (2) Contracts to implement programs of the Dept. of Health and Hospitals that are funded pursuant to Titles 19, 20, and 21 of the Social Security Act or funded fully or partially by federal funds.
- (3) Contracts with state or local providers of indigent defender services necessary to perform any constitutional or statutory function.
- (4) Contracts of a district attorney necessary to perform any constitutional, discretionary, or statutory function of the office, or to perform services under the child support enforcement program administered by the Department of Children and Family Services.

Present law requires the director of the office of contractual review to prepare an annual report on January first of each year on all professional, personal, consulting, social services, and other contracts over which the office of contractual review has authority. The annual report shall be compiled on a fiscal year basis and include descriptive and statistical data regarding the number and amounts of such contracts by type of service.

Proposed law would have further provided that the director submit a report at the end of each month to the JLCB summarizing each contract, including the dollar value of each contract awarded that month over which the office of contractual review has power and authority. Proposed law would have required the report to indicate for each contract if it is for a discretionary purpose or if it is for a non-discretionary purpose.

Present law requires issuers of indebtedness sold or approved by the State Bond Commission to report the cost of issuing bonds, notes, or other issuances of indebtedness to the State Bond Commission.

Proposed law would have further provided that beginning on Oct. 1, 2015, the state treasurer would have submitted an annual report to the Senate Committee on Finance, the Senate Committee on Revenue and Fiscal Affairs, the House Committee on Appropriations, and the House Committee on Ways and Means that included and summarized the actual costs of issuance of bonds, notes, or other issuances of indebtedness approved and paid by the State Bond Commission during the previous fiscal year.

Except for the provision requiring reporting on the actual costs of issuance of bonds, notes, or other issuances of indebtedness approved and paid by the State Bond Commission, the provisions of proposed law would have become null, void, and of no effect on July 1, 2017.

(Proposed to amend R.S. 39:82(A), 352, and 1489; Proposed to add R.S. 39:100.146, 1405.4(I), and 1493.11)

VETO MESSAGE: "House Bill No. 142 could hinder the state's efforts to continue to provide its citizens with timely, high quality services. Its arbitrary and burdensome process could cause significant delays and introduce uncertainty to executing a contract, which would make contracting with the state difficult and discourage businesses from seeking opportunities to provide services to the people of Louisiana.

In addition, the obligation for many of the services that the state provides does not disappear if the contract for such a service is eliminated. In order to fully fund these critical services, we have strategically slimmed down the state's contracts by more than \$730 million since 2008 and by \$126 million between FY14 and FY15, the latter including a \$14.7 million reduction in state general fund contracts. Only a few agencies, such as Department of Health and Hospitals, Department of Corrections, and the Department of Children and Family Services, receive the majority of state general fund dollars. The bill unduly requires reductions in these agencies that provide some of our most critical services.

However, I agree with the intent of the legislation, which is why in FY15 Louisiana's public higher education institutions will see an across the board increase in funds of \$148.3 million, which is a 6.91 percent increase over last year and brings higher education to a total funding level of \$2.3 billion. But the fundamental flaws and unintended consequences of the legislation are too serious and for this reason, I have vetoed House Bill No. 142 and hereby return it to the House of Representatives."