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F I S C A L I M P A C T R E P O R T

SPONSOR:	Lyons	DATE TYPED:	1/27/00	HB	
SHORT TITLE:	Maintaining Public Service in Rural Areas			SB	SJM 2
				ANALYST:	Taylor\Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	**FY01**	**FY00**	**FY01**		
		Unknown - See Narrative			

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to

SOURCES OF INFORMATION

Office of Cultural Affairs (OCA)

Health Policy Commission (HPC)

Veterans' Service Commission (VSC)

Public Defender Department (PDD)

Department of Game and Fish (DGF)

Economic Development Department (EDD)

Commission on Higher Education (CHE)

Department of Labor (DOL)

Administrative Office of the Courts (AOC)

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

SJM 2 recognizes that some state agencies have reduced services or closed field offices in rural communities and as such, the residents and local governments of those communities have been hurt, not only fiscally by the loss of state jobs, but also by the absence of nearby available services. The bill specifies that taxes on rural citizens have been raised through user fees and public services have been curtailed to a minimum. The bill provides for an evaluation of the impact on rural communities prior to any reduction in staff or public services.

Significant Issues

SMJ 2 calls for an evaluation of any reduction in services in rural communities prior to an agency making a decision, in an effort to minimize the negative economic impact on those communities. According to the Department of Game and Fish, this procedure may limit a state agency from the most-cost effective means of delivering services and also reports the procedure may conflict with an executive agency decision to minimize services due to lack of funds.

FISCAL IMPLICATIONS

See significant issues above.

ADMINISTRATIVE IMPLICATIONS

See significant issues above

OTHER SUBSTANTIVE ISSUES

The bill implies that the state agency curtailing state services will be responsible for conducting an evaluation of the impact of reducing such services in the rural community. There are no guidelines or standards for conducting such an evaluation, which will lead to numerous evaluation methods.

Health Policy Commission notes that:

- •The indicated departments have a responsibility to provide statewide services funded by all taxpayers. The balance between equitable access and cost savings economies of scale is a policy decision and dependent on revenue allocation priorities.
- •The absence of relatively convenient state services may adversely impact the ability of rural areas to attract new businesses.
- •Job development in rural areas has been a major barrier to individuals getting off TANF and the loss of government jobs may increase TANF enrollment in rural areas.

Human Service Department comments that the memorial is not binding on the executive agencies.

POSSIBLE QUESTIONS

Are all state government agencies that have a presence in a rural area effected by this memorial?

BD/gm