

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**REVISED FISCAL IMPACT**  
(replaces fiscal note dated February 3, 2010)

<b>Drafting Number:</b> LLS 10-0057	<b>Date:</b> March 10, 2010
<b>Prime Sponsor(s):</b> Rep. Ferrandino Sen. Shaffer B.	<b>Bill Status:</b> House Second Reading
	<b>Fiscal Analyst:</b> Sara McPhee (303-866-4782)

**TITLE:** CONCERNING THE PROCESS BY WHICH THE STATE ANNUALLY ALLOCATES MONEYS FOR ITS BUDGET.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
<b>State Revenue</b>		
<b>State Expenditures</b>		
Multiple Sources		\$25,000
Federal Funds	\$65,000	
<b>FTE Position Change</b>		
<b>Effective Date:</b> August 11, 2010, assuming the General Assembly adjourns May 12, 2010, as scheduled and no referendum petition is filed.		
<b>Appropriation Summary for FY 2010-2011:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

**This fiscal note is prepared pursuant to House Rule 32 A (c).** This bill, as amended by the House State, Veterans, and Military Affairs Committee, the House Appropriations Committee, and the House of Representatives on second reading on March 10, 2010, requires each state agency to present, on an annual basis, the department's strategic plan to the relevant committee of reference of the General Assembly. The presentation is to include a discussion of the department's goals and performance measures. The committees of reference are to allow public testimony at each of these presentations.

Committees of reference may, at their discretion, travel to areas outside of the Denver area to hear public testimony concerning departments' strategic plans. The departments' strategic plans are required to be posted on both the departments' web sites and the Office of State Planning and Budgeting's (OSPB) web site. The OSPB is required to prepare and publish an annual performance report.

Beginning with the 2012 legislative session, the chair of each committee of reference is required to appoint two committee members to serve as liaisons with the relevant departments concerning the budget process. The chair of the Joint Budget Committee (JBC) is also required to appoint a liaison from that committee for the same purpose. Within 30 days of the department's

presentation to the committee of reference, the committee is to provide the department with written recommendations concerning the strategic plan. The JBC is also required to hold a joint hearing with the relevant committee of reference; the hearing may include any recommendations that the committee has concerning a department's strategic plan.

The bill specifies that the state auditor is to conduct performance audits for at least 2 departments annually so that each department is audited on a 9-year cycle. The auditor will present the findings from the audits to the Legislative Audit Committee and to the appropriate committee of reference. The Governor's Office of Information Technology (OIT) is required to conduct a feasibility study to determine the cost to build an electronic budgeting system for the state.

### **State Expenditures**

For FY 2010-11, the bill increases expenditures by \$65,000 for the OIT to conduct a feasibility study; the OIT plans to use federal flexible funds received in 2003 as a result of the Jobs and Growth Tax Relief Reconciliation Act of 2003 to fund the study. Beginning in FY 2011-12, this bill increases expenditures in the Office of the Governor by \$25,000. Costs incurred by the OSPB are funded through indirect cost allocations from all state executive branch agencies.

***Office of Information Technology.*** The bill requires OIT to conduct a feasibility study to determine the cost to build an electronic budgeting system. The fiscal note estimates that this type of study will cost about \$65,000. It requires a contractor to be hired for 10 weeks at a cost of \$140 per hour for a total of \$56,000, plus an additional \$9,000 for incidental costs.

***Governor's Office.*** The OSPB is required to publish an annual performance report. The office will require resources to hire a contract employee to perform this work each year. The report will include a summary of each department's strategic plan and must be written in an easily understood manner. The report is to be posted on the state web site and the Governor's web site.

***All departments.*** The work for state agencies identified within this bill is absorbable for departments within existing resources. The fiscal note assumes that the strategic plan identified in the bill is the same as the strategic plan that departments are required to produce annually. The bill also requires departments to make presentations to committees of reference and the JBC; however, similar presentations are already required. Finally, departments are required to work with the appointed liaisons from the committees of reference and the JBC. The fiscal note assumes that departments will be able to accommodate the time spent working with liaisons without requiring additional staff.

***Legislature.*** The committees of reference are to provide written recommendations to the departments after hearing the department's presentation on the strategic plan. This will require additional work for Legislative Council committee staff to draft a response with input from the committee. The committee also may require additional meetings to discuss the strategic plan and determine any recommendations. This work is absorbable within existing resources.

The bill also specifies that committees of reference may travel to areas outside of Denver to hear public testimony on departments' strategic plans. There would be costs associated with the committees traveling; however, since this travel is not required, the fiscal note assumes that the committees will not travel in the foreseeable future due to cost. In addition, committees of reference must obtain approval to travel from the Executive Committee of the Legislative Council in order to receive travel and per diem costs. If committees decide to travel in the future, the fiscal note assumes that these costs would be addressed through the annual budget process.

**State Appropriations**

For FY 2010-11, the Office of Information Technology in the Office of the Governor requires \$65,000 in federal funds.

**Departments Contacted**

All departments