


Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

Drafting Number: LLS 10-0081
Prime Sponsor(s): Rep. Vaad
 Sen. Brophy

Date: May 12, 2010
Bill Status: Postponed Indefinitely
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TITLE: CONCERNING THE IMPLEMENTATION OF PRIORITY-BASED BUDGETING IN COLORADO.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Expenditures		
<u>Total</u>	<u>\$322,290</u>	<u>\$32,160</u>
General Fund	74,669	9,893
Cash Funds - Various Sources	122,442	5,306
Reappropriated Funds - Various Sources	43,305	6,625
Federal Funds	81,875	10,337
FTE Position Change	1.5 FTE	0.5 FTE
Effective Date: The bill was postponed indefinitely by the House State, Veterans, and Military Affairs Committee on February 9, 2010.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill creates a biennial priority-based budget process. Beginning in January 2011, each state agency is required to develop an initial prioritization plan. The initial plan is to include the following components:

- a narrative statement with the department's overall mission as well as that for each program;
- a prioritized list of each program;
- information on the statutory or regulatory authority for each program;
- information on the beneficiaries of each program;
- a description of how program objectives are met;
- an explanation of the need for each program;
- information on each program's funding and staffing requirements;
- analysis of each program's effectiveness in meeting the department's overall mission; and
- information on any federal, state, or local governments that administer a similar program and the department's interaction with these entities.

The initial plan must be presented to the relevant committee of reference in the General Assembly. Within 30 days of the presentation, the committee of reference is to provide the department with written recommendations, including any changes to the priority of programs. The department is required to report back before the end of the legislative session on the recommendations suggested by the committee of reference.

Beginning in January 2012, each department is required to develop and present the final prioritization report to the Joint Budget Committee. The final prioritization report shall include all of the initial prioritization plan plus information concerning performance-based goals for each program and key indicators of success.

State Expenditures

This bill increases state expenditures by \$322,290 and 1.5 FTE in FY 2010-11 and \$32,160 and 0.5 FTE in FY 2011-12. Several state agencies will require additional staff to implement the bill. With the exception of the Department of Human Services (DHS), new staff are temporary for FY 2010-11 to develop the initial prioritization plan. In subsequent years, the work required can be absorbed within existing resources. Table 1 provides an overview of the staff and costs required to implement the bill.

Table 1. Expenditures Under HB 10-1126		
Cost Components	FY 2010-11	FY 2011-12
Corrections	\$17,636	
Education	21,440	
Human Services	96,480	\$32,160
Labor and Employment	18,932	
Local Affairs	21,440	
Law	9,146	
Natural Resources	21,440	
Personnel and Administration	12,864	
Public Health and Environment	32,160	
Public Safety	12,864	
Revenue	21,440	
State	4,288	
Transportation	32,160	
TOTAL	\$322,290	\$32,160

Department of Human Services. The DHS requires \$96,480 and 1.5 FTE in FY 2010-11 and \$32,160 and 0.5 FTE in FY 2011-12 to implement the provisions of the bill. The DHS has a budget of over \$2 billion and more than 200 programs. Due to the complexity of the operations of the department, the DHS requires permanent staff to prepare the initial prioritization plan, the final plan, and to maintain the plan over subsequent budget cycles. The fiscal note assumes that the majority of work will occur in the first year.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under HB 10-1126*		
Cost Components	FY 2010-11	FY 2011-12
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$10,650	\$3,550
Supplemental Employee Retirement Payments	4,004	1,624
TOTAL	\$14,654	\$5,174

**More information is available at: <http://www.colorado.gov/cs/Satellite/CGA-LegislativeCouncil/CLC/1200536133924>*

Departmental Differences

It is the position of the Department of Corrections that the work required for this bill cannot be completed with contract staff in the first year. The department maintains that they require 1.0 additional FTE to implement the bill. The fiscal note assumes that the majority of the work will occur when preparing the initial prioritization plan by January 2011 and after that the work is absorbable within existing resources. These costs have not been included in the fiscal note.

State Appropriations

For FY 2010-11, departments require the shown in Table 3.

Table 3. Appropriations under HB 10-1126				
Department	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
Corrections	\$15,706	\$935	\$981	\$14
Education	14,818	3,725	104	2,793
Human Services	29,678	15,917	19,876	31,010
Labor		7,328	192	11,412
Law	1,855	1,512	5,540	240
Local Affairs	689	14,987	354	5,410
Natural Resources	2,793	16,321	688	1,638
Personnel	446	596	11,821	
Public Health	2,033	11,445	2,482	16,200
Public Safety	4,283	6,118	1,092	1,371
Revenue	2,367	18,981	44	48
State		4,288		
Transportation		20,289	131	11,741
TOTAL	74,668	122,442	43,305	81,877

Departments Contacted

All departments