

**STATE
FISCAL IMPACT**

Drafting Number: LLS 10-0281

Date: February 15, 2010

Prime Sponsor(s): Sen. Kopp
Rep. Stephens

Bill Status: Senate SVMA

Fiscal Analyst: David Porter (303-866-4375)

TITLE: CONCERNING THE CREATION OF EFFICIENCIES IN STATE GOVERNMENT.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Expenditures		
General Fund	\$ 725,120	\$ 29,198
FTE Position Change	4.6 FTE	0.4 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

SB 10-164 creates two 12-member task forces to study the functions and organization of state government. By July 1, 2010, the Legislative Audit Committee is to select members of the LAC Task Force and the Committee on Legal Services is to select members of the COLS Task Force. The bill specifies the bipartisan composition of both task forces. The task forces will review the issues as charged in the bill and make recommendations to the appointing committees by August 5, 2011. The two committees will then recommend legislation as deemed appropriate.

LAC Task Force. The LAC Task Force is charged with determining the core functions of state government and whether certain functions are better managed by the state or by the private or nonprofit sector. Additionally, the task force must address:

- ▶ which programs are not a core function of state government and should be eliminated;
- ▶ which programs are duplicating efforts and how to streamline them, both within state government and between state, federal, and local governments;
- ▶ how to reduce the number of salaried employees through a policy of attrition, as opposed to general lay-offs; and
- ▶ how to identify and eliminate waste, fraud, and abuse of government services.

COLS Task Force. The COLS Task Force is charged with examining the state's regulatory system. The task force will determine the following:

- ▶ whether the current regulatory system favors one segment of an industry over another;
- ▶ whether the economic conditions warrant a reduction in the regulatory body to reduce industry compliance costs; and
- ▶ whether the regulatory system is duplicative, outmoded, or unnecessary.

State Revenue

The bill allows the Legislative Council Staff to accept and spend gifts, grants, and donations. All public and private moneys received are continuously appropriated. At this time, no gifts, grants, or donations are anticipated.

State Expenditures

Total state expenditures are expected to be \$725,120 and 4.6 FTE in FY 2010-11 and \$29,198 and 0.4 FTE in FY 2011-12. Costs are in three legislative services agencies: Legislative Council Staff, the Office of the State Auditor (OSA), and the Office of Legislative Legal Services (OLLS). Table 1 and the discussion that follows address these costs.

Table 1. Expenditures Under SB10-164		
Cost Components	FY 2010-11	FY 2011-12
<i><u>Legislative Council Staff</u></i>		
Personal Services	\$92,905	\$8,447
<i>FTE</i>	<i>1.8</i>	<i>0.2</i>
Operating Expenses and Capital Outlay	11,050	190
LAC Task Force and Committee Meetings*	45,980	1,496
COLS Task Force and Committee Meetings*	29,392	1,870
<i><u>Office of the State Auditor</u></i>		
Contract Services	343,200	0
<i><u>Office of Legislative Legal Services</u></i>		
Personal Services	186,018	16,910
<i>FTE</i>	<i>2.8</i>	<i>0.2</i>
Operating Expenses and Capital Outlay	16,575	285
<u>TOTAL</u>	<u>\$725,120</u>	<u>\$29,198</u>
General Fund	\$713,900	\$29,198
Legislative Branch Budget**	\$11,220	\$0

* *Costs are for task force member expenses and for legislative member per diem and expenses. Typical expenses include reimbursement for meals and mileage.*

** *No separate appropriation is necessary for these moneys.*

This analysis is based on the following assumptions:

- ▶ **Committees.** The Legislative Audit Committee and the Committee on Legal Services will need to meet at least 4 times each. Once to select the respective task force members and discuss the task forces' duties and 3 times to receive and discuss the task force recommendations.
- ▶ **LAC Task Force.** The LAC Task Force will meet at least 40 times. The number of meetings is based on an average of two meetings per principal executive branch department (19 departments). Time will also be spent preparing recommendations and evaluating the core functions of government.
- ▶ **COLS Task Force.** The COLS Task Force will meet at least 25 times, approximately once for every principal executive branch department that has regulatory functions and several times to develop recommendations.

Staffing (\$622,123 and 4.6 FTE). The legislative service agencies will require staffing to support activities of the task forces. Estimates are based on the support provided for interim committees, rule review, the workload of the Joint Budget Committee Staff, and similarly sized audits. Personnel costs are prorated in FY 2010-11 due to the pay date shift for General Fund employees.

- ▶ **Legislative Council Staff**— 2.0 FTE are required to staff 65 committee hearings and provide research to the task forces. Existing staff will also assist with the task force duties.
- ▶ **Office of the State Auditor** — The OSA will use contract staff to assist the LAC Task Force and the legislative audit committee. The estimate for the contract staff cost is based on 3.0 FTE at the audit supervisor range. Costs are approximately \$55 per hour.
- ▶ **Office of Legislative Legal Services** — The OLLS requires 3.0 FTE to provide legal counsel, rules interpretation, and bill drafting for the task forces and committees.

Operating and Capital Costs (\$27,625). Operating costs include routine costs for personnel, such as office supplies and telephone charges. Capital costs are one-time costs for equipment, such as computers and desks.

Meeting Costs (\$75,372). Legislative members will be reimbursed for expenses (\$88 per meeting) and per diem (\$99 per meeting) for the additional meetings of the Legislative Audit Committee and the Committee on Legal Services. Task force members are reimbursed for their expenses (\$88 per meeting). As mentioned above, each of the legislative committees are anticipated to meet 4 times. Of these, 1 time will be in FY 2009-10, 2 in FY 2010-11, and 1 in FY 2011-12. Meetings held in FY 2009-10 will be paid from existing appropriations. The two task forces will meet a total of 65 times, all in FY 2010-11.

Legislative Branch Budget. The Legislative Branch is currently budgeted to support the efforts of approximately 6 interim committees at approximately \$11,220 for each committee. This fiscal note assumes the budget for 1 of the 6 interim committees will be used for this bill. Because these moneys are received through the budget process, no appropriation is required.

Department Costs. The task forces will require assistance from all state departments. As departments routinely respond to requests for information from the General Assembly and other entities, this fiscal note assumes that the requests of the task forces and legislative staff can be addressed within existing appropriations. Additional resources, if needed, will be requested through the budget process.

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 SB10-164*		
Cost Components	FY 2010-11	FY 2011-12
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$31,950	\$3,550
Supplemental Employee Retirement Payments	10,372	1,147
TOTAL	\$42,322	\$4,697

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

State Appropriations

The Legislative Branch requires a General Fund appropriation of \$713,900 and 4.6 FTE in FY 2010-11.

Departments Contacted

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| Agriculture | Revenue | Regulatory Agency |
| Corrections | Transportation | Legislative Council Staff |
| Education | Law | State Auditor |
| Health Care Policy and Financing | State | Legal Services |
| Higher Education | Treasury | Joint Budget Committee Staff |
| Human Services | Natural Resources | Governor's Office |
| Labor | Personnel | |
| Local Affairs | Public Health and Environment | |
| Military and Veterans Affairs | Public Safety | |