


Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

Drafting Number: LLS 11-0420

Date: June 27, 2011

Prime Sponsor(s): Sen. Kopp

Bill Status: Postponed Indefinitely

Fiscal Analyst: Alex Schatz (303-866-4375)

TITLE: CONCERNING THE CREATION OF EFFICIENCIES IN STATE EXECUTIVE DEPARTMENTS.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
Cash Fund		
Legislative Department Cash Fund*	\$ 530,632	\$ 81,699
State Expenditures		
Cash Fund		
Legislative Department Cash Fund*	\$ 530,632	\$ 81,699
FTE Position Change	1.8 FTE	0.3 FTE
Effective Date: The bill was deemed lost on May 11, 2011. Legislative Council did not take final action on the bill prior to adjournment sine die.		
Appropriation Summary for FY 2011-2012: See State Appropriations section.		
Local Government Impact: None.		

* Revenue and expenditures from the Legislative Department Cash Fund are conditional upon the receipt of gifts, grants, and donations.

Summary of Legislation

This bill creates a 14-member task force to study the functions and organization of state executive departments. By July 1, 2011, the Legislative Audit Committee (LAC) is to select members of the task force. The bill specifies the bipartisan composition of the task force. The task force will make recommendations to the LAC by August 6, 2012. The LAC will then recommend legislation as deemed appropriate.

The 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 duplicate 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.

The Legislative Audit Committee is required to perform its assigned tasks within existing appropriations and its normal meeting schedule. The LAC Task Force will serve without compensation, but may be reimbursed for actual expenses if gifts, grants, or donations are received in the Legislative Department Cash Fund. The staff of the Legislative Council, State Auditor, or Office of Legislative Legal Services may provide assistance only within existing appropriations or to the extent that funding is provided by gifts, grants, and donations; however, the task force may meet without staff assistance.

State Revenue

To cover staffing and other costs, gifts, grants, and donations in the amount of approximately \$530,000 will be needed in FY 2011-12. As directed by the bill, gifts, grants and donations will be credited to the Legislative Department Cash Fund. Upon receipt, moneys in this fund are continuously appropriated and available for disbursement as directed by the bill. However, at this time, no specific gifts, grants, or donations have been identified. Both state revenue and state expenditures related to the task force and legislative staff are conditional upon receipt of adequate gifts, grants, and donations.

State Expenditures

Staff support and expenses for the task force will conditionally increase costs in the Legislative Branch by \$530,632 in FY 2011-12 and \$81,699 in FY 2012-13. Executive branch departments will incur costs to respond to the task force, but costs to principal departments are unknown until the task force determines the extent of its inquiry in each department.

Executive Branch — State Fiscal Impact. The task force 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 force and legislative staff can be addressed within existing appropriations. Extensive analysis of any one executive department could require up to 1.0 FTE of new resources in such a department. Additional resources, if needed, will be requested through the budget process.

Legislative Branch — Conditional State Fiscal Impact. For the Legislative Branch, total state expenditures are expected to be \$530,632 and 1.8 FTE in FY 2011-12 and \$81,699 and 0.3 FTE in FY 2012-13. These costs are conditional, assuming that adequate funding is received from gifts, grants, and donations for expenses of the Legislative Branch described below. If adequate funding

is not received for expenditures from the Legislative Department Cash Fund, the task force will operate without staff support and without reimbursement for expenses. 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. Conditional Expenditures Under SB10-164		
Cost Components	FY 2011-12	FY 2012-13
<i>Legislative Council Staff</i>		
Personal Services	\$56,273	\$9,379
<i>FTE</i>	1.0	0.2
Operating Expenses and Capital Outlay	5,620	190
LAC Task Force and Committee Meetings*	46,816	2,464
<i>Office of the State Auditor</i>		
Contract Services	363,312	60,552
<i>Office of Legislative Legal Services</i>		
Personal Services	54,115	9,019
<i>FTE</i>	0.8	0.1
Operating Expenses and Capital Outlay	4,496	95
TOTAL	\$530,632	\$81,699

* *Costs are for task force member expenses. Legislative Audit Committee per diem and expenses are not budgeted in accordance with the bill. Typical expenses include reimbursement for meals and mileage.*

This analysis is based on the following assumptions:

- **Legislative Audit Committee.** The Legislative Audit Committee will need to meet at least 4 times. In the current (FY 2010-11) fiscal year, the Audit Committee must select the respective task force members and discuss the task forces' duties. Following delivery of the task force report, in FY 2012-13, the Audit Committee will meet 3 times to receive and discuss task force recommendations.
- **LAC Task Force.** The LAC Task Force will meet at least 40 times. Beginning July 1, 2011, the task force will hold an average of two meetings per principal executive branch department (19 departments). In FY 2012-13, the task force will meet at least 2 times to prepare recommendations and delineate core functions of executive departments.

Staffing (\$473,700 and 1.8 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 legislative agencies, and similarly sized audits.

- *Legislative Council Staff*— 1.0 FTE is required to staff 40 committee hearings (38 in FY 2011-12) and provide research to the task force. Existing staff will also assist with 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 \$58 per hour.
- *Office of Legislative Legal Services* — The OLLS requires 0.8 FTE to provide legal counsel, rules interpretation, and bill drafting for the task force and Audit Committee.

Operating and Capital Costs (\$10,116). 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 (\$46,816). Legislative members will not incur additional expenses or per diem for the normal meetings of the Legislative Audit Committee. Based on receipt of gifts, grants, and donations, task force members are reimbursed for their expenses (\$88 per meeting). The 14-member task force will meet at least 38 times in FY 2011-12.

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. The costs noted in Table 2 below are conditional upon the receipt of moneys in the Legislative Department Cash Fund.

Table 2. Conditional Expenditures Not Included Under SB11-041*		
Cost Components	FY 2011-12	FY 2012-13
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$12,780	\$2,130
Supplemental Employee Retirement Payments	4,995	832
TOTAL	\$17,775	\$2,962

*More information is available at: <http://colorado.gov/fiscalnotes>

State Appropriations

No appropriation is required to implement this bill. Under this bill, the expenditure of state funds depends on receipt of gifts, grants, and donations to the Legislative Department Cash Fund. If such moneys are received by the Legislative Department Cash Fund, these moneys are continuously appropriated.

The final fiscal note does not adjust for the effect of SB 11-076, which decreased state personal services costs for contributions to employee retirement benefits by 2.5 percent. The final fiscal note also does not adjust for revised common policy concerning billable rates for legal services by the Department of Law (calculated at \$73.50 per hour in the fiscal note, subsequently revised to \$73.37 per hour).

Departments Contacted

All Departments
Legislative Legal Services

Legislative Council Staff
Joint Budget Committee Staff

State Auditor