

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**FISCAL IMPACT**

**Drafting Number:** LLS 11-0309 **Date:** February 15, 2011  
**Prime Sponsor(s):** Rep. Tyler; Hullinghorst **Bill Status:** House SVMA  
**Fiscal Analyst:** Alex Schatz (303-866-4375)

**TITLE:** CONCERNING THE INCLUSION OF LEAN GOVERNMENT PRINCIPLES IN THE PERFORMANCE-BASED BUDGETING PROCESS.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
<b>State Revenue</b>		
<b>State Expenditures</b> General Fund	\$71,807	
<b>FTE Position Change</b>	0.9 FTE	
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2011-2012:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

This bill amends the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act, concerning performance-based state budgeting, to incorporate lean government principles, including a detailed definition of principles authorized by the bill. If a state department elects to include lean government principles in its strategic plan, the bill requires a report on how those principles are applied in the department. Tools for implementation of the principles will be developed by the Department of Personnel and Administration in collaboration with the Office of Information Technology (OIT).

**State Expenditures**

In FY 2011-12, the bill will increase costs in the Department of Personnel and Administration by \$71,807 and 0.9 FTE. The department will be the lead agency to collect and disseminate information pertaining to lean government principles and the strategic planning process undertaken by departments of state government. An accelerated schedule for development of lean government tools is dictated by the bill and requires an increase in costs to the department to support a dedicated manager for the project. The department will also incur costs for travel and seminars necessary to develop tools of sufficient quality to be applied statewide. The department's costs are summarized in Table 1.

OIT's costs in a supporting role to the department will be absorbed within existing appropriations. OIT may require additional appropriations, to be addressed in the budget process, if its scope expands beyond the currently anticipated support role.

The fiscal note assumes that the department will collaborate with experts and other interested parties to develop a delivery plan for lean government tools by January 1, 2012; delivery of products, with roll-out and testing, will be complete by the end of FY 2011-12.

<b>Table 1. Expenditures Under HB11-1212</b>		
<b>Cost Components</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
Personal Services	\$58,102	\$0
FTE	0.9	0.0
Operating Expenses	9,393	0
Capital Outlay	4,312	0
<b>TOTAL</b>	<b>\$71,807</b>	<b>\$0</b>

State departments that elect to include lean government principles in their strategic plan will absorb the immediate cost of training and planning as part of the performance-based budgeting process. In future years, the application of lean government principles may produce cost savings to executive departments, but the source and magnitude of any savings is unknown without reports on the departmental applications of the principles.

**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.

<b>Table 2. Expenditures Not Included Under HB11-1212*</b>		
<b>Cost Components</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$6,508	\$0
Supplemental Employee Retirement Payments	2,629	
<b>TOTAL</b>	<b>\$9,137</b>	<b>\$0</b>

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

**State Appropriations**

For FY 2011-12, the Department of Personnel and Administration requires a General Fund appropriation of \$71,807 and 0.9 FTE.

**Departments Contacted**

All Departments  
State Auditor  
Office of Legislative Legal Services  
Joint Budget Committee Staff

Office of Information Technology  
Legislative Council Staff  
Governor  
Office of State Planning and Budgeting