


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 10-0425
Prime Sponsor(s): Rep. Todd
 Sen. Bacon

Date: February 9, 2010
Bill Status: House SVMA
Fiscal Analyst: Kerry White (303 866-3469)

TITLE: CONCERNING ADJUSTMENTS TO THE ADMINISTRATION OF THE DEPARTMENT OF PERSONNEL.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Expenditures		
General Fund	(6,802)	(6,802)
Cash Funds		
Debt Collection Fund	(94,864)	(94,864)
State Archives and Public Records Cash Fund*	6,802	6,802
FTE Position Change		
Effective Date: July 1, 2010.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: None.		

* *This includes state funds paid from various sources. The exact source and amount will vary based on the state agency that accesses services from the State Archives.*

Summary of Legislation

This bill makes several administrative changes within the Department of Personnel & Administration (DPA), including, among other things:

- extending the time the State Controller's office has to collect outstanding debt from 120 days to 180 days, allowing fees and costs to be included in the recovery, and specifying how recovered funds are to be applied to outstanding debt;
- increasing the deductible for property loss/damage claims from \$1,000 to \$5,000; and
- allowing the department to collect fees from state agencies for services provided by the State Archives.

Other provisions raise the value at which construction contracts trigger public notice requirements, and allow for electronic publication of such notices; modify requirements for investigating certain employee complaints and conducting post-audit reviews; and repeal the Total Compensation Advisory Council. The DPA's administration of the existing statewide procurement program is also codified.

State Expenditures

HB10-1181 is expected to reduce expenditures for the DPA by up to \$94,864 per year beginning in FY 2010-11. It also shifts the payment of \$6,802 in operating expenses to state agencies that use the State Archives, and increases deductible costs for property claims.

Debt Collection Fees. The bill reduces debt collection fees paid by the DPA. Currently, private attorneys charge a 25 percent commission and collection agencies charge a 21 percent commission to collect state debt. By allowing the DPA to retain debt collections in the Office of the State Controller for an additional 60 days, the state will avoid paying up to \$94,864 in commission fees.

State Archives Operating Expenses. HB10-1181 allows the DPA to charge and collect fees from state agencies for services provided by the State Archives. This will reduce the DPA's General Fund expenses by \$6,802 and increase cash funds expenditures by an equal amount. While costs to some state agencies will increase as a result of their use of State Archives services, this analysis assumes that these costs can be absorbed within existing resources.

Property Claims. Under current law, state agencies pay a \$1,000 deductible for each property damage/loss claim. Based on current claims, raising the deductible to \$5,000 would increase costs to the state by approximately \$302,000 per year. However, this amount will be partially offset by a reduction in premiums paid by state agencies through the Risk Management appropriation for property insurance. Over time, the bill may provide an incentive for state agencies to improve loss control efforts and ultimately reduce costs for loss claims. Centrally appropriated premium costs are assessed by a combination of loss history and the value of property within an agency. This fiscal note assumes the premiums for property insurance and costs for claims will continue to be addressed through the annual budget process.

Electronic Notice. There may be some savings to state agencies from being able to provide public notice for construction projects electronically. This amount is expected to be minimal, and this fiscal note assumes that any savings realized would be addressed through the annual budget process.

State Appropriations

The DPA requires the following appropriations in FY 2010-11:

- a reduction of \$94,864 from the Debt Collection Fund;
- a reduction of \$6,802 from the General Fund; and
- an increase of \$6,802 in the State Archives and Public Records Cash Fund.

Departments Contacted

Higher Education

Personnel & Administration

Regulatory Agencies