

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

**Drafting Number:** LLS 10-0059  
**Prime Sponsor(s):** Rep. Nikkel  
 Sen. Kopp

**Date:** February 4, 2010  
**Bill Status:** House SVMA  
**Fiscal Analyst:** Bill Zepernick (303-866-4777)

**TITLE:** CONCERNING THE SPECIFICITY OF THE DATA INCLUDED IN THE WEB-BASED SYSTEM THAT PROVIDES THE PUBLIC ACCESS TO STATE FINANCIAL INFORMATION.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
<b>State Revenue</b>		
<b>State Expenditures</b>		
General Fund	\$170,206	\$77,244
<b>FTE Position Change</b>	2.4 FTE	1.6 FTE
<b>Effective Date:</b> September 1, 2010, if no referendum petition is filed.		
<b>Appropriation Summary for FY 2010-2011:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

The bill requires the Governor's Office of Information Technology (OIT) to modify the Transparency Online Project (TOP) website to show transaction-level data on state expenditures contained in the state's accounting system. This data must be shown in the most specific level available and made available in a machine-readable format.

**Background**

The TOP website was established by executive order in April 2009. The website was created by the OIT, and the state controller in the Department of Personnel and Administration (DPA) administers the website and provides data from the state's accounting system. HB09-1288 instructed the governor to make modifications to the website, set requirements on data included on the website, identified how often the data must be updated, and other required changes. HB09-1288 also gave the state controller the authority to publish data as aggregated totals, rather than as individual transactions, if presenting the information in such a manner fosters the goal of accountability and transparency. This bill eliminates the state controller's ability to present data on the TOP website as aggregated totals.

**State Expenditures**

The bill increases General Fund expenditures by \$170,206 and 2.4 FTE in FY 2010-11 and by \$77,244 and 1.6 FTE in FY 2011-12. All these costs are in the DPA, except for \$45,000 in FY 2010-11 in the OIT. Table 1 and the following sections provide an overview of these costs.

<b>Table 1. Expenditures Under HB10-1078</b>		
<b>Cost Components</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Personal Services	\$113,586	\$75,724
FTE	2.4	1.6
Operating Expenses and Capital Outlay	11,620	1,520
Software (OIT)	45,000	0
<b>TOTAL</b>	<b>\$170,206</b>	<b>\$77,244</b>

**Department of Personnel and Administration.** The DPA will have costs of \$125,206 and 2.4 FTE in FY 2010-11 and \$77,244 and 1.6 FTE in FY 2011-12. These costs represent personal services and operating expenses for accounting staff to audit a sample of transactions before they are presented on the TOP website to ensure that confidential information is not published. Because the state's accounting system contains some unstructured data fields, state employees can enter any information into such fields, including social security numbers, medical information, and other confidential information. The fiscal note assumes that all departments will establish rules prohibiting the entry of confidential data into unstructured data fields that are made public through the TOP website. However, auditing a sample of transactions is required to ensure that the rules are followed and to protect the state controller, state agencies, and employees from liability.

Of the 3.5 million transactions entered into the state's accounting system each year, this analysis assumes that staff will examine 30 percent in FY 2010-11 and 15 percent in FY 2011-12. The sample will focus on high-risk transactions most likely to contain medical information, social security numbers, or other confidential information. The sample of transactions is reduced in the second year, based on the assumption that state employees will become more familiar with department rules prohibiting the inclusion of confidential data in certain data fields. This analysis estimates that 2.4 FTE will be required in FY 2010-11 to examine the sample of transactions, based on a rate of 1,250 transactions per day. The first-year costs have been reduced to account for partial year operations beginning in September 2010. The second-year costs reflect full-year operations, but are lower due to the smaller sample size.

**Governor's Office of Information Technology.** The OIT will have one-time costs in FY 2010-11 of \$45,000 to purchase data reporting software. This software is needed to take transaction-level data from the state accounting system and publish it on the TOP website in a searchable and downloadable format.

**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 HB10-1078*</b>		
<b>Cost Components - Department of Personnel and Administration</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$17,040	\$11,376
Supplemental Employee Retirement Payments	4,224	3,427
<b>TOTAL</b>	<b>\$21,264</b>	<b>\$14,803</b>

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

**Departmental Difference**

The DPA estimates that it will require \$442,338 from the General Fund and 8.1 FTE in FY 2010-11 and \$521,395 and 10.8 FTE in FY 2011-12 to implement the bill. The department assumes that it will be required to audit 100 percent of transactions before they are posted on the TOP website to ensure that confidential data is not published. The department states that the state controller will be personally liability in the event that confidential information is published, and that sampling could allow such data to be published. Therefore, 100 percent of transactions must be pre-screened prior to inclusion on the TOP website.

However, this analysis disagrees with the department's assessment based on several factors. First, it is assumed that state agencies will put new rules in place prohibiting confidential data from being entered into data fields that are published on the TOP website. These rules will greatly reduce the likelihood that confidential data would be published, and it is assumed that accounting staff in state agencies would have a high level of compliance with these rules. Second, personal liability for the state controller requires negligence on his part in allowing the data to be published. Establishing rules and guidelines for state employees entering data into unstructured data fields and conducting robust sampling would show due diligence and could protect the state controller from personal liability. Although rules and sampling together cannot prevent confidential data from being published on the TOP website with 100 percent certainty, neither can the DPA strategy of reviewing every transaction in the accounting system, due to the potential for human error. For these reasons, the fiscal note concludes that sampling is the most cost-effective strategy to implement the bill.

**State Appropriations**

The bill requires a General Fund appropriation to the Department of Personnel and Administration of \$170,206 and 2.4 FTE in FY 2010-11. Of this amount, \$45,000 should be reappropriated to the Governor's Office of Information Technology.

**Departments Contacted**

Personnel      Governor's Office of Information Technology