HB10-1010

Colorado Legislative Council Staff Fiscal Note

STATE CONDITIONAL FISCAL IMPACT

Drafting Number: LLS 10-0335
Prime Sponsor(s): Rep. Ferrandino
Sen. Morse

Date: January 13, 2010
Bill Status: House SVMA
Fiscal Analyst: Jason Schrock (303-866-4720)

TITLE: CONCERNING AUTHORIZATION FOR AGENCIES OF THE STATE TO ENTER INTO PUBLIC-PRIVATE INITIATIVE AGREEMENTS WITH NONPROFIT ENTITIES.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Expenditures	See State Expenditures Section	
FTE Position Change		
Effective Date: August 11, 2010, assuming the General Assembly adjourns as scheduled and no referendum petition is filed.		
Appropriation Summary for FY 2010-2011: None required.		
Local Government Impact: None		

Summary of Legislation

This bill, which was recommended by the interim Fiscal Stability Commission, authorizes nonprofit organizations to submit proposals to state executive agencies, boards, or commissions to enter into public-private initiative agreements to provide a state service or project. The bill provides a structure for nonprofits to work with the state if they have a proposal to help the state provide a service or undertake a project.

Proposals from nonprofits must meet certain criteria in order for agencies to be able to consider, evaluate, and accept them, such as whether the agreement will help the agency carry out its duties in a cost-effective and efficient manner without replacing existing state employees. The bill also provides criteria that a state agency must use to base its evaluation and acceptance of the proposals.

If a proposal is expected to cause an agency to spend over $50,000 in public money annually, agencies are required, with certain exceptions, to provide public notice that they will consider other comparable proposals for public-private agreements and evaluate them to determine if they benefit the state more than other proposals. Finally, the bill allows state agencies to retain a certain portion of any money that it does not expend from its General Fund appropriations from cost savings as a result of a public-private initiative agreement. This money would otherwise revert to the General Fund.

State Expenditures

This bill may cause expenditures for state executive agencies to increase or decrease. It is assessed as having a conditional state fiscal impact because any impact is conditional upon whether nonprofits submit proposals to the state and whether any agencies choose to consider them.

Any change in expenditures cannot be determined at this time because it depends on the volume, nature, and complexity of proposals submitted by nonprofits, whether state agencies choose to evaluate and accept proposals and to negotiate agreements, and whether the agreements result in cost savings. It is assumed that any need for an increase or decrease in appropriations for an agency due to proposals and agreements will be addressed through the annual budget process. Alternatively, legislation may be required to implement a public-private agreement. In this scenario, any need for a change in appropriations would be addressed in the legislation.

State costs may increase for:
- added staff time and resources to consider and evaluate proposals, especially those that will result in state costs in excess of $50,000;
- negotiating and implementing an agreement;
- responding to appeals when a proposal is denied; and
- legal services to state agencies.

It should be noted that two state agencies have the potential to experience the greatest fiscal impact as a result of this bill:

- *Department of Personnel and Administration (DPA)* — each state agency's procurement officer (or designee) is required to perform the actions outlined in the bill. DPA serves as the procurement officer for 10 state agencies that do not have their own. Thus, if any or all of these agencies wish to consider some nonprofit proposals, it is assumed that DPA will need to be involved in at least a portion of the review, evaluation, and negotiation of the agreements; and

- *Office of Information Technology (OIT) in the Governor's Office* — OIT is responsible for information technology-related projects and procurement for executive agencies. Thus, it is assumed that any nonproft proposals regarding information technology-related projects would be at least partially handled by OIT.

State costs may decrease when:
- a nonprofit can leverage private moneys with public moneys to provide services; and
- a nonprofit can deliver services more efficiently due to unique or innovative capabilities the state does not or cannot employ.

Departments Contacted

All Departments