

**STATE
FISCAL IMPACT**

Drafting Number: LLS 10-0822
Prime Sponsor(s): Rep. McNulty
 Sen. Scheffel

Date: February 26, 2010
Bill Status: House Judiciary
Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: CONCERNING THE TRANSFER OF CORRECTIONS-RELATED DIVISIONS OF STATE GOVERNMENT TO THE DEPARTMENT OF PUBLIC SAFETY.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Expenditures*		
General Fund		(\$235,923)
Cash Funds - Multiple Funds		(422,343)
Federal Funds		(11,340)
FTE Position Change		(8.4 FTE)
Effective Date: August 11, 2010, assuming the General Assembly adjourns May 12, 2010, as scheduled and no referendum petition is filed.		
Appropriation Summary for FY 2010-2011: None Required		
Local Government Impact: None		

* *These figures represent a very rough estimate of savings that may result from the consolidation of departments required by the bill.*

Summary of Legislation

Effective July 1, 2011, this bill transfers the Department of Corrections and the Division of Youth Corrections in the Department of Human Services by a type 2 transfer to the Department of Public Safety.

State Expenditures

Consolidating agencies as required by the bill could reduce state expenditures by an estimated \$669,606 and 8.4 FTE in FY 2011-12, although the actual impact on state expenditures could vary greatly from this estimate. These potential savings are based on the following assumptions:

- **Base Year Funding** — this analysis is based on appropriations made to the affected departments/division as identified in the FY 2009-10 Appropriations Report. It does not reflect supplemental adjustments in funding for the current fiscal year.

- ***FY 2010-11 Appropriations*** — funding decisions are yet to be made by the General Assembly for the state's operating budget. Appropriations in the 2010 Long Bill may reflect funding reductions over FY 2009-10, in addition to changes in funding sources. Presently, funding for both the Department of Corrections and the Department of Human Services, Division of Youth Corrections, is largely General Fund.
- ***Consolidation of the Executive Director's Offices for the Department of Public Safety and the Department of Corrections*** — this analysis combines the Personal Services and Operating Expenses line items for executive director's offices in the two departments and assumes a 15 percent savings due to economies of scale. Table 1 illustrates current funding and estimated savings under the bill.

Table 1. Current Funding and Future Transfer Under HB10-1286		
Department	FY 2009-10 Funding a/	FY 2011-12 Funding b/
Corrections FTE	\$761,146,881 6,637.7	(\$761,146,881) (6,637.7)
Human Services c/ FTE	\$139,807,540 1,059.1	(\$139,807,540) (1,059.1)
Public Safety FTE	\$249,930,373 1,363.4	\$1,150,884,794 9,060.2
Combined Executive Director's Offices FTE		\$4,464,037 56.3
Less 15% in Efficiencies/Savings FTE		(669,606) (8.4)
Total FTE	\$1,150,884,794 9,060.2	\$1,150,215,188 9,051.8

a/ Source: FY 2009-10 Appropriations Report

b/ Rough estimate because funding decisions for the FY 2010-11 Long Bill are yet to be finalized.

c/ Includes the Division of Youth Corrections and funding and FTE in other divisions within the department that support the division.

Departmental differences. It is important to note that both the Department of Corrections and the Department of Public Safety indicate that no efficiencies or savings can be realized as a result of this consolidation due to ongoing budget reductions and systems and staff that are already under stress. This analysis applied a 15 percent reduction to the combined executive director's offices of the two departments, which results in a 0.0582 percent reduction in overall funding for these operations in FY 2011-12.

Current Funding Streams. The Division of Youth Corrections receives both Title IV-E federal funds and Title XIX Medicaid funds on behalf of youth in its legal custody. Under state and federal law, the Department of Human Services is the single state agency to receive Title IV-E funds and the Department of Health Care Policy and Financing is the single state agency to receive Title XIX funds. A memorandum of understanding would be needed by the Department of Public Safety with each of these departments to ensure that federal funds continue to be available for these youth.

Information Technology Systems. Costs to align the systems housed in the respective departments are not estimated. Once evaluated, these costs could outstrip the savings identified in this fiscal note.

Departments Contacted

Corrections

Human Services

Public Safety