

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

**Drafting Number:** LLS 11-0632 **Date:** February 9, 2011  
**Prime Sponsor(s):** Rep. McNulty; Pace **Bill Status:** House SVMA  
**Fiscal Analyst:** Harry Zeid (303-866-4753)  
 Sen. Shaffer B.; Kopp

**TITLE:** CONCERNING THE LIEUTENANT GOVERNOR OF THE STATE OF COLORADO SERVING CONCURRENTLY AS THE HEAD OF A PRINCIPAL DEPARTMENT IN STATE GOVERNMENT.

| Fiscal Impact Summary  | FY 2010-2011 | FY 2011-2012 | FY 2012-2013 |
|--|--------------|--------------|--------------|
| <b>State Revenue</b>   |              |              |              |
| <b>State Expenditures</b>  |              |              |              |
| General Fund   | (\$37,367)   | (\$76,446)   | (\$76,446)   |
| <b>FTE Position Change</b>   | (0.5 FTE)    | (1.0 FTE)    | (1.0 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 the State Appropriations Section.               |              |              |              |
| <b>Local Government Impact:</b> None.  |              |              |              |

**Summary of Legislation**

HB11-1155 states that if the Lieutenant Governor of Colorado is appointed to concurrently serve as the head of a principal department of state government:

- the acceptance or retention of the appointment does not result in a forfeiture of the office of Lieutenant Governor; and
- the holding of the office of Lieutenant Governor while concurrently serving as the head of a principal department is deemed not to be incompatible, inconsistent, or in conflict with the duties of Lieutenant Governor or the duties, powers, and functions of the head of a principal department.

The bill allows the Lieutenant Governor to be compensated for the performance of additional duties and functions as an exception to the current law prohibition against a state officer or employee receiving compensation or fees from more than one department or institution of higher education. Under these circumstances, the Lieutenant Governor shall be paid a combined annual salary commensurate with the annual salary paid for the position of head of the principal department.

**State Expenditures**

Currently, the Executive Director of the Department of Higher Education receives an annual salary of \$146,000, while the Lieutenant Governor receives an annual salary of \$68,500. Assuming that the Lieutenant Governor is appointed to serve concurrently as executive director of the Department of Higher Education, the department will realize a net savings equivalent to the salary of the Lieutenant Governor plus related savings for state contributions to PERA and Medicare. These expenditure savings are identified in Table 1.

| <b>Table 1. Expenditure Savings Under HB11-1155</b> |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| <b>Savings Components</b>                           | <b>FY 2010-11</b> | <b>FY 2011-12</b> | <b>FY 2012-13</b> |
| Salary  | (\$34,250)        | (\$68,500)        | (\$68,500)        |
| PERA  | (2,620)           | (6,953)           | (6,953)           |
| Medicare  | (497)             | (993)             | (993)             |
| FTE   | (0.5 FTE)         | (1.0 FTE)         | (1.0 FTE)         |
| <b>TOTAL</b>  | <b>(\$37,367)</b> | <b>(\$76,446)</b> | <b>(76,446)</b>   |

The administrative functions of the Department of Higher Education, including the functions of the executive director, are funded through indirect cost recoveries from higher education institutions. By reducing the costs to the department related to funding a portion of the personal services of the executive director, the savings are ultimately realized by the higher education institutions. The institutions of higher education cover the costs of the Department of Higher Education through the annual Indirect Cost Recovery calculation.

**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 HB11-1155*</b>              |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| <b>Cost Components</b>  | <b>FY 2010-11</b> | <b>FY 2011-12</b> | <b>FY 2012-13</b> |
| Employee Insurance<br>(Health, Life, Dental, and Short-term Disability) | (\$3,550)         | (\$7,100)         | (\$7,100)         |
| Supplemental Employee Retirement Payments                               | (1,421)           | (3,459)           | (4,076)           |
| Indirect Costs  | 0                 | 0                 | 0                 |
| Leased Space  | 0                 | 0                 | 0                 |
| <b>TOTAL</b>  | <b>(\$4,971)</b>  | <b>(\$10,559)</b> | <b>(\$11,176)</b> |

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

**State Appropriations**

The Department of Higher Education requires a negative General Fund appropriation of \$37,367 and 0.5 FTE for FY 2010-11, and a negative General Fund appropriation of \$76,446 and 1.0 FTE for FY 2011-12.

**Departments Contacted**

Higher Education

Governor's Office