

**STATE  
REVISED FISCAL IMPACT**

(replaces fiscal note dated February 8, 2012)

**Drafting Number:** LLS 12-0088  
**Prime Sponsor(s):** Rep. Gerou  
 Sen. Lambert

**Date:** February 14, 2012  
**Bill Status:** House Second Reading  
**Fiscal Analyst:** Kirk Mlinek (303-866-4782)

**TITLE:** CONCERNING A REPORT RELATED TO THE FEDERAL MONEYS RECEIVED BY THE EXECUTIVE BRANCH.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
<b>State Revenue</b>		
<b>State Expenditures</b>		
<b><u>Total</u></b>	<u>\$89,285</u>	<u>\$85,993</u>
General Fund		
Department of Personnel	6,369	6,369
Cash Funds		
Department of Labor and Employment		
Employment Support Fund	28,712	28,712
Reappropriated Funds — Indirect Cost Recoveries		
Department of Public Health and Environment	54,204	50,912
<b>FTE Position Change</b>	1.2 FTE	1.2 FTE
<b>Effective Date:</b> August 8, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.		
<b>Appropriation Summary for FY 2012-2013:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None		

This revised fiscal note has been prepared pursuant to House Rule 32 (A) (c). For FY 2012-13, amendments adopted on second reading increase costs in the Department of Labor and Employment by \$7,177 Cash Funds and 0.1 FTE. This information is reflected in the totals above.

This revised fiscal note also corrects an omission in the fiscal note dated February 8, 2012, by properly showing that the appropriation required by the Department of Labor and Employment in FY 2012-13 extends to FY 2013-14 and beyond. It also corrects a math error in the Expenditures Not Included section on page 3.

**Summary of Legislation**

For each separate grant of federal moneys received, current law requires Executive Branch departments and agencies to report, by October 1 each year, to the state controller the federal program for which the moneys were received, a citation of the program's federal statutory authority, and the amount received under each program, including indirect cost recoveries. Each November the state controller submits a Report of Federal Assistance for all state agencies to the General

Assembly. **As amended by the House Committee on Appropriations and as amended on second reading**, for all state agencies except institutions of higher education, the bill requires that the following information be added to the annual report:

- the purpose for which the moneys were used;
- the percentage of federal moneys that the state agency used for administrative expenses;
- the total amount of all federal moneys received by the state agency;
- the percentage of the state agency's total spending that was from federal moneys;
- plans for operating the state agency if there is a reduction of either 5 percent or more, or 25 percent or more, of all federal moneys received by the state agency; and
- a summary of any obligations imposed on the state as a result of accepting the federal moneys.

The bill defines "state agency" to mean a principal department of the executive branch of state government specified in section 24-1-110, C.R.S., a state institution of higher education, or an office created in the office of the governor. As amended, institutions of higher education are exempt from providing the additional information that is added by the bill; however, current law reporting requirements regarding federal funds still apply to institutions of higher education.

## **Background**

The controller's Report of Federal Assistance for FY 2010-11 details \$9.3 billion in direct federal funds, and \$2.5 billion in passed-through funds, for a total of \$11.8 billion in federal funds received by the state. As the name implies, "passed-through" funds are received by one agency and transferred to another agency. The most recent report is 172 pages in length.

## **State Expenditures**

The bill will increase costs by \$89,285 and 1.2 FTE in FY 2012-13 and \$85,993 and 1.2 FTE in FY 2013-14 and subsequent years. Costs for impacted agencies are described below.

**Labor and Employment.** For FY 2012-13 and beyond, the department requires \$28,712 CF and 0.4 FTE at the Budget and Policy Analyst III level. The department administers 136 federal grants and will spend 5 hours per grant to comply with the bill. The source of funds is the Employment Support Fund (Section 8-77-109 (1), C.R.S.).

**Personnel and Administration.** For FY 2012-13 and future years, the department requires \$6,369 GF and 0.1 FTE for purposes of hiring temporary help at the Accountant II level to produce the required annual report. The current report of 174 pages is expected to grow to approximately 500 pages. The focus of the temporary position will be data compilation.

**Public Health and Environment.** For FY 2012-13, the department requires \$54,204 and 0.7 FTE at the Budget and Policy Analyst III level. The department administers 300 grants and will spend an average of 5 hours per grant complying with the requirements in the bill. The position will be funded from indirect cost recoveries.

**No appropriation clause.** The bill specifies that affected state agencies are required to implement the provisions of the bill within existing appropriations and that no separate appropriation of state moneys is required to carry out the purposes of the bill. Notwithstanding this clause, legislative rules require that fiscal notes analyze the workload and cost impacts to state agencies that are expected to result from the bill. To the extent that workload increases as estimated in the fiscal note and funding is not provided in the bill, agencies may be required to seek additional funding through the annual budget process in the future.

### **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 1.

<b>Table 1. Expenditures Not Included Under HB12-1008*</b>		
<b>Cost Components</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$7,396	\$7,396
Supplemental Employee Retirement Payments	\$4,550	\$5,237
<b>TOTAL</b>	<b>\$11,946</b>	<b>\$12,633</b>

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

### **State Appropriations**

While the bill specifies that no appropriation is required, this analysis concludes that for FY 2012-13, the Department of Administration requires an appropriation of \$6,369 and 0.1 FTE; the Department of Labor and Employment requires an appropriation of \$28,712 CF (Employment Support Fund) and 0.4 FTE; and the Department of Public Health and Administration requires an appropriation of \$54,204 Reappropriated Funds.

### **Departments Contacted**

All Departments