

**STATE
FISCAL IMPACT**

Drafting Number: LLS 14-0203 **Date:** March 14, 2014
Prime Sponsor(s): Rep. Williams; Salazar **Bill Status:** House Business, Labor, Economic,
 Sen. Ulibarri; Guzman and Workforce Development
Fiscal Analyst: Kerry White (303-866-3469)

SHORT TITLE: PROCUREMENT AVAILABILITY UTILIZATION ANALYSIS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	\$689,512	\$687,913
General Fund	684,420	682,374
Centrally Appropriated Costs**	5,092	5,539
FTE Position Change	0.5 FTE	0.5 FTE
Appropriation Required: \$684,420 - Department of Personnel and Administration (FY 2014-15)		

* This summary shows changes from current law under the bill for each fiscal year.
 ** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

This bill directs the Department of Personnel and Administration (DPA) to conduct a study to determine whether disparities exist in the state procurement system. The study's final report is to be completed, posted online by the Minority Business Office, and submitted to members of the General Assembly by December 1, 2015. The executive director of the DPA is required to include the findings of the study and any additional recommendations in his or her State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act hearing. The executive director of the DPA is also required to develop a method for tracking state contracts with historically underutilized businesses, and to publish this information online. The DPA must track and publish this information beginning on January 1, 2015.

Background

Under current law, state procurement rules only apply to executive branch agencies, although higher education institutions may opt out of these rules. The legislative and judicial branches of government, and political subdivisions of the state, may opt in to the rules. Procurement policy and rule-making for participating state agencies is overseen by the DPA.

State Expenditures

This bill will increase state expenditures by \$689,512 and 0.5 FTE in FY 2014-15 and by \$687,913 and 0.5 FTE in FY 2015-16. Costs are paid with General Fund in the DPA, although workload is anticipated to increase for departments in the executive branch and participating state institutions of higher education. Table 1 and the discussion that follows describe the cost components of the bill.

Table 1. Expenditures Under HB14-1316		
Cost Components	FY 2014-15	FY 2015-16
Personal Services	\$29,242	\$31,899
FTE	0.5	0.5
Operating Expenses and Capital Outlay Costs	5,178	475
Vendor Contract	650,000	650,000
Centrally Appropriated Costs*	5,092	5,539
TOTAL	\$689,512	\$687,913

* Centrally appropriated costs are not included in the bill's appropriation.

Department of Personnel and Administration. The DPA requires 0.5 FTE to manage the study process and to implement and conduct a process for tracking and publishing procurement information as required by the bill. Salary for a General Professional IV is \$4,764 per month, prorated in the first year to account for the General Fund pay date shift. Standard operating costs of \$950 are included, prorated to the FTE level, as well as standard capital outlay costs of \$4,703 in FY 2014-15 only. The vendor contract is anticipated to be \$650,000 per year. This estimate is based on a request for information conducted by the department in February 2014. It should be noted that this study will likely be completed in several phases, with payments tied to the completion of each phase. To the extent this occurs, the DPA may require roll forward spending authority for its appropriation for the vendor contract.

Other state agencies. Executive branch departments and participating state institutions of higher education will be required to provide information during the study process and to respond to requests for tracking information once the study is completed. These activities are not anticipated to require an increase in appropriations for any state agency.

Centrally appropriated costs. 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 estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB14-1316*		
Cost Components	FY 2014-15	FY 2015-16
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$3,061	\$3,066
Supplemental Employee Retirement Payments	2,031	2,473
TOTAL	\$5,092	\$5,539

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

Effective Date

The bill takes effect July 1, 2014.

State Appropriations

For FY 2014-15, the Department of Personnel and Administration requires an appropriation of \$684,420 General Fund and an allocation of 0.5 FTE.

State and Local Government Contacts

All Departments