

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 14-0839 **Date:** March 12, 2014  
**Prime Sponsor(s):** Rep. Gerou **Bill Status:** House Appropriations  
 Sen. Steadman **Fiscal Analyst:** Bill Zepernick (303-866-4777)

**SHORT TITLE:** EXTEND OVEREXPENDITURE & APPROPRIATION TRANSFERS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
<b>State Revenue</b> <i>State transfers</i>	Potential fund transfers.	
<b>State Expenditures</b>	Potential increase.	
<b>FTE Position Change</b>		
<b>Appropriation Required:</b>		

\* This summary shows changes from current law under the bill for each fiscal year. Transfers result in no net change to state revenue.

**Summary of Legislation**

The bill, **recommended by the Joint Budget Committee (JBC)**, extends the authority of state agencies, in limited circumstances, to overexpend appropriations or to transfer funds between agencies to cover certain costs. This authority is extended by six years to September 1, 2020. The bill also adds a new limitation on overexpenditures for Medicaid and the Children's Basic Health Plan by prohibiting overexpending on administrative expenses and other specified line items.

Overexpenditure authority extended under the bill includes:

- Medicaid programs and Medicaid Modernization Act - unlimited;
- Children's Basic Health Plan - up to \$250,000 General Fund;
- Department of Human Services (DHS) (non-Medicaid) - up to \$1.0 million;
- DHS self-insurance workers' compensation program - unlimited;
- All other executive branch agencies (excluding the DHS) - up to a total of \$3.0 million for all agencies; and
- Judicial Department - up to \$1.0 million.

Transfer authority extended under the bill includes:

- appropriations that are conditioned on the distribution of funding to other programs, such as centralized appropriations for salaries and benefits or for statewide operating and information technology expenses; and
- transfers between the DHS and the Department of Health Care Policy and Financing (HCPF) if they are (1) associated with Medicaid or a similar purpose or (2) associated with any program where such a transfer is specifically authorized in a Long Bill footnote.

**State Revenue**

**State transfers.** The bill does not affect overall revenue to the state, but may result in a transfer of funds between the DHS and HCPF, or between other agencies for purposes allowed under the bill (centralized costs, information technology expenses, etc). To the extent that these transfers are necessary, they will be addressed by agencies within the authority granted under the bill and reconciled during the annual budget process.

**State Expenditures**

Beginning in FY 2014-15, by extending the overexpending authority of state agencies, the bill potentially increases spending compared to a situation where such authority expires and is not allowed. Overexpenditures by state agencies have varied greatly over the last five years, with a low of \$908,161 in FY 2009-10 and a high of \$42.6 million in FY 2010-11. Most of these overexpenditures are in the Medicaid program. To the extent such overexpenditures occur, they will be address through the annual budget process and no appropriation is required in this bill.

**Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

**State and Local Government Contacts**

Health Care Policy and Financing  
Personnel and Administration

Human Services  
Treasurer

JBC Staff