



**Colorado
Legislative
Council
Staff**

HB17-1341

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0199 **Date:** April 25, 2017
Prime Sponsor(s): Rep. Singer; Pabon **Bill Status:** House Finance
 Sen. Tate; Williams A. **Fiscal Analyst:** Jessika Shipley (303-866-3528)

BILL TOPIC: MAJOR IT PROJECT PROCUREMENT TIMELINE

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	Workload increase and possible cost savings. See State Expenditures section.	
Appropriation Required: None.		
Future Year Impacts: Possible workload increases in multiple state agencies until new procedures are put in place and staff is trained.		

Summary of Legislation

This bill, *recommended by the Joint Technology Committee (JTC)*, creates a new source selection and contract negotiation timeline for state agencies to use when planning to submit a budget request to the JTC for a major information technology (IT) capital project.

The bill defines a "major IT project" as a project of state government that has a significant information technology component, including, without limitation, the replacement of an existing information technology system and "significant" means the project has a specific level of business criticality and manifests either a security risk or an operational risk as determined by a comprehensive risk assessment performed by the office. The bill clarifies that "major IT project" does not include equipment and other items listed in state law

The bill requires the Governor's Office of State Planning and Budgeting (OSPB) to ensure that state agencies adhere to the new timeline and contract award process.

Background

This bill came as a result of an IT procurement working group, convened at the request of the JTC, to look at ways to address the problem of state agencies not fully developing project requests until after an appropriation has been made, which often requires the agency to ask for more money in future fiscal years. Additionally, by making an appropriation prior to sending out requests for bids, the vendor community has advance knowledge of how much the state is willing and able to pay, making it difficult to negotiate effectively.

The working group, which consisted of legislators, legislative staff, and representatives of OSPB, the Department of Personnel and Administration, and the Governor's Office of Information Technology, met May through September of 2016.

State Expenditures

Workload. The bill will increase the workload of state agencies that submit budget requests for major IT projects for the period of time it takes to revise procedures and retrain procurement and contract staff. It could also increase workload if the process outlined in the bill results in more vendor challenges to contract awards.

The number of requests for major IT projects from state agencies has consistently been under ten for each of the past five years. Due to the low overall number of requests spread across state agencies each year and the fact that these agencies have staffing resources to meet the current demands of IT procurement, the workload increase is expected to be minimal and can be accomplished within existing appropriations.

Cost savings. The bill has the potential to reduce costs for major IT projects. The new timeline requires state agencies to fully flesh out their needs and work with vendors to establish the best way forward prior to awarding a contract. As such, the practice of returning to the General Assembly for unanticipated additional funding in future fiscal years is expected to be curtailed.

Assumptions. In the absence of a specific definition in the bill for "state agency," the fiscal note assumes that it means all of the departments, divisions, commissions, boards, bureaus, and institutions in the executive branch of the state government and does not include the Legislative or Judicial Department, the Department of Law, the Department of State, the Department of the Treasury, or state-supported institutions of higher education.

Effective Date

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

State and Local Government Contacts

All State Agencies