



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

# REVISED FISCAL NOTE

(replaces fiscal note dated April 10, 2019)

<b>Drafting Number:</b>	LLS 19-0555	<b>Date:</b>	April 26, 2019
<b>Prime Sponsors:</b>	Sen. Tate; Bridges Rep. Arndt; Titone	<b>Bill Status:</b>	House Second Reading
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**Bill Topic:** PROJECT MANAGEMENT COMPETENCIES FOR CERTAIN CONTRACTS

**Summary of Fiscal Impact:**

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill makes changes to the budget submission requirements for major information technology (IT) projects. It also requires the Governor's Office of Information Technology (OIT) to assign a project manager for all major IT projects. The bill increases expenditures within OIT on an ongoing basis.

**Appropriation Summary:** For FY 2019-20 the bill requires an appropriation of \$85,690 to OIT.

**Fiscal Note Status:** This fiscal note reflects the reengrossed bill.

**Table 1  
State Fiscal Impacts Under SB 19-169**

		FY 2019-20	FY 2020-21
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$85,690	\$87,676
	Centrally Appropriated	\$15,727	\$17,330
	<b>Total</b>	<b>\$101,417</b>	<b>\$105,006</b>
	<b>Total FTE</b>	<b>0.9 FTE</b>	<b>1.0 FTE</b>
<b>Transfers</b>		-	-
<b>TABOR Refund</b>		-	-

## **Summary of Legislation**

The bill makes changes to the budget submission requirements for major information technology projects. A major IT project has a specific level of need and manifests either a security risk or an operation risk as determined by a comprehensive risk assessment performed by the Governor's Office of Information Technology (OIT). The bill requires OIT to assign a project manager to all major IT projects. It also requires the assigned project manager, in cooperation with a state agency, to develop, track, and report on baseline metrics for a project such as scope, schedule, budget, and performance. Finally, the bill requires that a budget submission for a major IT project include a written business case, a change management plan, and a survey of other states that have completed major IT projects with similar goals.

## **Background**

The Governor's Office of State Planning and Budgeting publishes budget instructions and forms annually for major IT project submissions. These instructions and forms already require a requesting agency to consider and report a plan for improving business processes and performance and to explain how change management will be implemented as part of a project. The bill formalizes these existing requirements by adding them to law. The new requirement added by the bill is a survey of other states that have completed major IT projects with similar goals.

Current law requires that a project manager be assigned to all major IT projects. Some, but not all, major IT projects are assigned an OIT project manager. The bill makes it a requirement that an OIT project manager be assigned to all major IT projects.

The Joint Technology Committee reviews budget requests for IT projects with a total cost that equals or exceeds \$500,000. This review includes many, but not all, major IT projects.

## **State Expenditures**

State expenditures will increase in OIT by \$101,417 and 0.9 FTE in FY 2019-20 and \$105,006 and 1.0 FTE in FY 2020-21 for a staff person to address changes in the budget submittal process for major IT projects. This staff would survey and analyze major IT projects completed in other states that are similar to new projects requested for funding. These costs are summarized in Table 2. Costs will also increase to the extent the bill increases project management responsibilities within OIT. The project management costs will be billed to agencies by OIT. State agencies that have not hired a project manager or used an OIT project manager in the past may need to budget for this cost for new projects. This fiscal note assumes that state agencies will request additional funding to pay for OIT project management through the annual budget process.

**Table 2**  
**Expenditures Under SB 19-169**

	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b>OIT</b>		
Personal Services	\$79,087	\$86,276
Operating Expenses and Capital Outlay Costs	\$6,603	\$1,400
Centrally Appropriated Costs*	\$15,727	\$17,330
<b>Total Cost</b>	<b>\$101,417</b>	<b>\$105,006</b>
<b>Total FTE</b>	<b>0.9 FTE</b>	<b>1.0 FTE</b>

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

**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. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$15,727 in FY 2019-20 and \$17,330 in FY 2020-21.

### **Effective Date**

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

### **State Appropriations**

For FY 2019-20, the bill requires an appropriation of \$85,690 General Fund and an allocation of 0.9 FTE to OIT.

### **State and Local Government Contacts**

All State Agencies

Legislative Council Staff

State Auditor