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Fiscal Note

Drafting Number: LLS 22-1053 Date: April 26, 2022
Prime Sponsors: Rep. Herod; Gonzales-Gutierrez; Sen. Moreno Bill Status: House SCMVA
Fiscal Analyst: Annie Scott | 303-866-5851 Annie.Scott@state.co.us

Bill Topic: STATEWIDE EQUITY OFFICE

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity

The bill creates the Statewide Equity Office in the Department of Personnel and Administration. The bill increases state expenditures beginning in FY 2022-23.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$1.8 million to the Department of Personnel and Administration, a portion of which is reappropriated to other state agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 22-1397

Table with 4 columns: Category, Sub-category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

The bill creates the Statewide Equity Office (office) in the Department of Personnel and Administration (DPA) to provide best practices, resources, and guidance for state agencies in offering equitable services, and to provide for an accepting and diverse environment for state employees. Among other duties, the office is required to:

- ensure that state agencies consistently comply with applicable laws and state executive orders related to the mission of the office, state policies, and partnership agreements;
- consult on and serve as a resource for state agencies on best practices regarding equity, diversity, and inclusion;
- collect and analyze relevant statewide data to identify gaps in diversity and develop opportunities for improvement;
- develop, update, deploy, and maintain statewide training related to developing and maintaining a diverse workforce; and
- standardize a program of equity, diversity, and inclusion that seeks to support just and equitable opportunity for all Coloradans and state employees.

The statewide equity office is structured as a Type 2 entity within the DPA.

State Expenditures

The bill increases state expenditures in the DPA by \$2.1 million in FY 2022-23 and \$1.6 million in FY 2023-24, paid from the General Fund. This funding will support 10 FTE for the new office within the DPA itself, as well as 9.0 FTE for equity office staff embedded in other agencies that are paid for using reappropriated funds. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 22-1397

	FY 2022-23	FY 2023-24
Statewide Equity Office		
Personal Services	\$1,199,622	\$1,308,678
Operating Expenses	\$25,650	\$25,650
Capital Outlay Costs	\$117,800	-
Initial Operating Costs	\$450,000	-
Centrally Appropriated Costs ¹	\$280,907	\$307,718
Total Cost	\$2,073,979	\$1,642,046
Total FTE	17.3 FTE	19.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Statewide Equity Office. The new office requires staff and program funding beginning in FY 2022-23, as specified below.

Staffing costs. Beginning in FY 2022-23, the DPA and other agencies will require 19 FTE for the new office. FTE and personal services costs are prorated for the General Fund paydate shift in the first year. This staff will direct the office, provide consultation to state departments on best practices, serve as Equity, Diversity and Inclusion (EDI) officers placed in state departments, and coordinate statewide EDI events. Staff include:

- 10.0 FTE in the Department of Personnel and Administration;
- 4.0 FTE in the Department of Human Services;
- 1.0 FTE in the Department of Regulatory Agencies;
- 1.0 FTE in the Department of Health Care Policy and Financing; and
- 3.0 FTE in the Department of Revenue.

Other expenses. In FY 2022-23 only, the DPA requires \$450,000 of funds to cover start-up expenses of the office. Standard operating and capital outlay expenses for the new staff are also included. These costs are both in DPA itself and proportionally allocated to agencies where Equity Office staff is serving.

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 shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, which will decrease the amount of General Fund available for other purposes.

Effective Date

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

State Appropriations

For FY 2022-23, the bill requires a General Fund appropriation of \$1,793,072 to the Department of Personnel and Administration, and 9.1 FTE. From this amount, the following reappropriations are required:

- \$324,064 to the Department of Human Services, with an additional 3.7 FTE;
- \$61,845 to the Department of Regulatory Agencies, with an additional 0.9 FTE;
- \$74,990 to the Department of Health Care Policy and Financing, with an additional 0.9 FTE; and
- \$194,878 to the Department of Revenue, with an additional 2.7 FTE.

State and Local Government Contacts

Information Technology

Personnel