**Legislative Council Staff**
*Nonpartisan Services for Colorado's Legislature*

**REVISED**
# FISCAL NOTE
(replaces fiscal note dated March 18, 2019)

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| **Drafting Number:** | LLS 19-0555 | **Date:** | April 10, 2019 |
| **Prime Sponsors:** | Sen. Tate; Bridges | **Bill Status:** | Senate Appropriations |
| | Rep. Arndt | **Fiscal Analyst:** | Kori Donaldson \| 303-866-4976 |
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| **Bill Topic:** | PROJECT MANAGEMENT COMPETENCIES FOR CERTAIN CONTRACTS |

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| **Summary of Fiscal Impact:** | ☐ State Revenue | ☐ TABOR Refund | |
| | ☒ State Expenditure | ☐ Local Government | |
| | ☐ State Transfer | ☐ Statutory Public Entity | |

The bill makes changes to the budget submission requirements for major information technology (IT) projects. It also requires OIT to assign a project manager for all major IT projects. The bill may increase expenditures within OIT on an ongoing basis.

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| **Appropriation Summary:** | No appropriation is required. |
| **Fiscal Note Status:** | This fiscal note reflects the introduced bill, as amended by the Senate Business, Labor, and Technology Committee. |

## 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 and a change management plan.

## 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.

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 within OIT to the extent the bill increases its project management responsibilities. These 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 regular budget process.

## 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 | Legislative Council Staff | State Auditors |
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