

**FINAL  
FISCAL NOTE**

**Drafting Number:** LLS 13-0704  
**Prime Sponsor(s):** Sen. Lambert  
 Rep. Duran

**Date:** May 23, 2013  
**Bill Status:** Signed into Law  
**Fiscal Analyst:** Bill Zepernick (303-866-4777)

**TITLE:** CONCERNING INDIRECT COST RECOVERY FROM PROGRAMS, AND, IN CONNECTION THEREWITH, ESTABLISHING AN INDIRECT COSTS EXCESS RECOVERY FUND AND DEPARTMENTAL ACCOUNTS WITHIN THE FUND FOR THE PURPOSE OF ALLOWING DEPARTMENTS OF STATE GOVERNMENT TO USE MONEYS COLLECTED AS PAYMENT FOR INDIRECT COSTS OVER MULTIPLE FISCAL YEARS.

<b>Fiscal Impact Summary</b>	<b>FY 2012-2013</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
<b>State Revenue</b>			
<b>State Transfers</b> Transfers from the General Fund/Various Cash Funds to the Indirect Cost Excess Recovery Fund	See State Transfers section.		
<b>State Expenditures</b> Multiple Fund Sources	No net change. See State Expenditures section.		
<b>FTE Position Change</b>			
<b>Effective Date:</b> The bill was signed into law by the Governor and took effect on March 8, 2013.			
<b>Appropriation Summary for FY 2013-2014:</b> None required.			
<b>Local Government Impact:</b> None.			

**Summary of Legislation**

The bill, *recommended by the Joint Budget Committee*, creates the Indirect Cost Excess Recovery Fund for the purpose of evening out the collections and availability of indirect cost collections from year to year. Under the bill, when a state agency collects excess indirect cost recoveries, the funds are transferred to the agency's account in the newly created fund at the end of the fiscal year. The excess funds accrued in the agencies' accounts will alleviate the need for General Fund and/or cash fund appropriations for indirect costs in future years when the agencies do not collect sufficient indirect cost recoveries.

The state treasurer is required to make transfers to the fund after the end of each fiscal year of any excess recoveries collect by agencies and must report to the Joint Budget Committee by November 1 of each year on revenue, expenditures, and balance of each account in the fund.

### **State Transfers**

In years when agencies collect excess indirect cost recoveries, the excess funds will be transferred to the Indirect Cost Excess Recovery Fund. These transfers, when they occur, will prevent excess funds from reverting back to the General Fund or relevant cash funds, depending on the state agency, and would not be available to use for other purposes. At this time, it is unknown when transfers to the fund will occur. The first potential transfer would occur at the end of the current fiscal year, FY 2012-13, and would be available for use in FY 2013-14.

### **State Expenditures**

Overall, the bill is not expected to increase or decrease costs to any state government agency. However, the bill affects the level of spending from the General Fund and various cash funds from year to year, as described below.

The bill increases spending from the Indirect Cost Excess Recovery Fund in years when there is a shortfall in indirect cost recovery collections. At the same time, when there is a shortfall, the bill will increase available General Fund and various cash fund available for other purposes, as there will no longer be the need for an appropriation from these sources to cover the shortfall.

In years when excess indirect costs recoveries are collected, the bill reduces potential spending from the General Fund and various cash funds, as these excess recoveries are transferred to the Indirect Cost Excess Recovery Fund, rather than remaining in the original fund sources and would not be available to be spent on other uses.

### **Departments Contacted**

All Departments      JBC Staff