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BILL: House Bill 1055 – Capital Budget - Legislative Initiatives - Alterations
COMMITTEE: House Appropriations
DATE: March 3, 2021
POSITION: Letter of Information

Upon review of House Bill 1055 – Capital Budget – Legislative Initiatives – Alterations, the Department of General Services (DGS) provides these comments for your consideration.

House Bill 1055 makes changes to the grants process, as authorized in the capital budget:

- Requires the DGS to notify grant recipients, within 90 days of the effective date of the capital budget,
- Eliminates the matching fund requirement, and
- Eliminates the requirement of the Board of Public Works (BPW) to approve grants less than \$500,000.

House Bill 1055, as introduced, would require DGS to process all legislative initiatives (grants) authorized in the Capital Budget, including those less than \$500,000. Presently, the Board of Public Works (BPW) is required to approve all grants while the Comptroller handles the reimbursement of all grants which are required to provide proof of matching funds. House Bill 1055 eliminates the matching fund requirement.

DGS would realize an increase in the volume of grant payments processing and would require added resources to accomplish these requirements. DGS would require two (2) additional PINs to handle the workload previously conducted by the Comptroller's office along with one (1) DGS fiscal officer and one (1) Assistant Attorney General.

It is important to recognize the 7-year life cycle of a capital grant and the annual increase of new grants, ~300 new grants annually added to the ~3,400 existing caseload of grants.

The extent of the fiscal and operational impact on DGS is difficult to calculate, as it is not the only entity in the Program and is not the entity empowered, by statute, to make decisions on policy governing the Program. The BPW, Department of Legislative Services, and the Comptroller all have roles in this process, while the BPW has authority over the Program. At the very least a workgroup involving DGS, BPW, DLS and the Comptroller, should be convened to holistically address the Program from its inception to close-out and provide recommendations moving forward.

For additional information, contact Ellen Robertson at 410-260-2908.

