

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO JBC Members  
FROM JBC Staff  
DATE March 21, 2022  
SUBJECT Figure Setting - Comeback Packet 10

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Included in this packet are staff comeback memos for the following items:

**DPS**, page 1 (Emily Hansen): DPS Cash Fund Waivers (*New Item*)

**DMVA**, page 4 (Jon Catlett): Credit Interest Earned to Veterans Trust Fund (*Technical Item*)

**HED**, page 5 (Amanda Bickel): Area Technical Colleges RFI (*New Item*)

**JUD & ITCAP**, page 6 (Alfredo Kemm): Stray Footnotes for JUD and ITCAP (*New Item*)

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
FROM Emily Hansen, JBC Staff (303-866-4961)  
DATE March 18, 2022  
SUBJECT Cash Fund Waivers for the Department of Public Safety

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The Department of Public Safety requests two cash fund waivers for the School Safety Resource Center Cash Fund and the Instant Criminal Background Check Cash Fund. Staff recommends approval of the requests. Both cash funds were identified in the Office of the State Auditor (OSA) 2021 Cash Funds Uncommitted Reserves report as cash funds with excess uncommitted reserves.

Section 24-75-402, C.R.S., requires that the uncommitted reserves of a cash fund at the conclusion of a given fiscal year shall not exceed 16.5 percent of the amount expended from the fund for that fiscal year, except for funds exempted by statute or receiving a waiver from the JBC. The JBC may waive the maximum reserve requirement or establish an alternative reserve for a fund for up to three years for an entity that demonstrates a specific purpose for which the entity needs to maintain an uncommitted reserve greater than the maximum reserve otherwise allowed.

### SCHOOL SAFETY RESOURCE CENTER CASH FUND

*REQUEST:* The Department requests a two year waiver for FY 2021-22 and FY 2022-23 for the School Safety Resource Center Cash Fund to address excess uncommitted reserves.

*RECOMMENDATION:* **Staff recommends the request** for a two year waiver for the School Safety Resource Center Cash Fund created in Section 24-33.5-1808 (1), C.R.S.

*ANALYSIS:* The School Safety Resource Center (SSRC) Cash Fund is used to provide training and resources to assist schools in preventing, preparing for, and responding to crisis situations. These functions are performed by SSRC staff members at little to no cost to schools and school districts. The cash fund receives revenue primarily from General Fund appropriations, as well as fees, gifts, grants, and donations. The Department has had difficulty managing the uncommitted reserve since a one-time \$35.0 million General Fund appropriation occurred in FY 2018-19.

The appropriation included a footnote which stated the General Assembly's intent that the funding "be directed to local school districts, boards of cooperative services, and public schools (including charter schools) to use for: capital construction assistance for physical security; communication improvements; the training of school personnel and school resource officers; and/or coordination with emergency response teams."

No grant program meeting that criteria existed in statute, so the funding was appropriated to the SSRC Cash Fund, within the Department of Public Safety, pending the enactment of legislation authorizing such a grant program. While the cash funds reside in the CSSRC, the grants are administered out of the Division of Homeland Security and Emergency Management, due to the CSSRC's limited staff and the Division's existing capacity and expertise in administering grants. Legislation enacted in 2018

created two grant programs that receive funding from the SSRC cash fund, the School Security Disbursement Grant Program and the Enhance School Safety Incident Response Grant Program.

Cash fund reports indicate that the Department is spending down the fund balance, but remains in excess of the target reserve. A summary of the cash fund balance is provided in the table below.

SCHOOL SAFETY RESOURCE CENTER CASH FUND REPORT					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Uncommitted Reserve Balance	\$5,063,271	\$2,716,631	\$1,831,629	\$1,011,629	\$191,629
Target Reserve Balance	96,941	395,368	147,663	134,475	134,475
<b>Excess Uncommitted Reserve</b>	<b>\$4,966,330</b>	<b>\$2,321,263</b>	<b>\$147,663</b>	<b>\$877,154</b>	<b>\$57,154</b>

The 2021 OSA report identified that the excess uncommitted reserve for the cash fund has been out of compliance with statute and/or applicable waivers for two fiscal years. The Department partially agreed, contending that the excess reserve is due to General Fund appropriations and not fees. The OSA indicated that the State Controller does not make adjustments to current year fee revenue for prior year transfers and confirmed that the uncommitted reserve was properly calculated according to statute. Both the Department and the OSA mentioned seeking a waiver from the JBC as a next course of action in the report.

The Department intends to be in compliance by the end of FY 2023-24 and requests a waiver for FY 2021-22 and FY 2022-23. Staff recommends approval of the request.

### INSTANT CRIMINAL BACKGROUND CHECK CASH FUND

*REQUEST:* The Department requests a 3-year waiver for the Instant Criminal Background Cash Fund.

*RECOMMENDATION:* **Staff recommends the request** for a 3-year waiver for the Instant Criminal Background Check Cash Fund created in Section 24-33.5-424, C.R.S.

*ANALYSIS:* The Instant Criminal Background Check Cash Fund was established to support legislation that required instant criminal background checks for firearm transfers. Fees are collected by licensed firearms dealers from purchasers for every firearm purchase and transfer in the state. The fee amount is set by the CBI and may not exceed the total cost of direct and indirect costs incurred by performing background checks. Fees have fluctuated between \$6.00 and \$15.00 and are currently set at \$10.50.

An increase in firearms purchases in 2020 created a few problems for the cash fund. First, turnaround times for background checks increased from an average of 7 minutes to 4-5 days. Federal law allows dealers to transfer a firearm to a purchaser if the dealer does not receive a response to a background check inquiry within three business days. Fee revenues also exceeded the Department's spending authority, bringing the uncommitted reserve out of compliance.

In response, the Committee approved a 1331 interim supplemental request to increase the Department's spending authority for the Instacheck program in FY 2020-21. The request was calculated based on an increase of 20.0 FTE for 9 months, totaling \$1.0 million cash funds. The Committee approved the increase on an ongoing basis in FY 2021-22. The increase in FTE was

intended to both decrease the average turnaround time for background checks, as well as spend down the uncommitted reserve.

The Department is required to provide an annual report to the Committee on the Instacheck Unit. The 2022 report indicates that the program conducted 452,777 background checks in 2021, down from 501,324 in 2020. The Department estimates that the average cost per background check is \$9.26 compared to the current fee of \$10.50. The report contends that raising or lowering fees based on demand is more disruptive to the Federal Firearms Licensees than leaving the fee consistent while the demand cycle normalizes. Changing the fee requires reprogramming point of sale systems and increases overhead expenses.

The 2021 OSA report identified that the fund's excess uncommitted reserves were out of compliance in 2020 and 2021. The Department notes challenges in maintaining compliance due to volatility in firearm transfer background check applications, and notes that maintaining a reserve could help the Department manage unanticipated workload increases. The fund was projected to be in compliance before firearms purchases increased in 2020. A summary of the recent cash fund balance is provided in the table below.

INSTACHECK CASH FUND REPORT					
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Uncommitted Reserve Balance	\$459,420	\$1,432,919	\$2,348,663	\$1,692,974	\$928,793
Target Reserve Balance	585,809	574,520	706,730	800,866	823,493
<b>Excess Uncommitted Reserve</b>	<b>(\$126,389)</b>	<b>\$858,399</b>	<b>\$1,641,933</b>	<b>\$892,107</b>	<b>\$105,301</b>

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
FROM Jon Catlett, JBC Staff (303-866-4386)  
DATE March 18, 2022  
SUBJECT Technical correction to credit interest earned to Veterans Trust Fund

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The Committee approved a \$782,045 cash fund appropriation to the Veterans Trust Fund during figure setting. The Colorado State Veterans Trust Fund is supported by a transfer of one percent of the State's revenue from the Tobacco Master Settlement Agreement (MSA), plus accumulated interest earned by the Trust. This figure did not include \$50,000 in interest earned by the Trust. JBC staff request permission to add the interest and adjust the appropriation to \$832,045.

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
FROM Amanda Bickel, JBC Staff (303-866-4960)  
DATE March 21, 2022  
SUBJECT RFI for Area Technical Colleges

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The Committee voted to include an RFI related to the Area Technical Colleges as part of its response to OSPB comebacks. Staff suggests the following language.

- N Department of Higher Education, Division of Occupational Education, Area Technical Colleges -- In collaboration with the Area Technical Colleges, the Department is requested to submit a report by November 1, 2023, on the impact of the additional funding of \$1,700,000 General Fund provided for the Area Technical Colleges for FY 2022-23 and FY 2023-24 as of the date the report was submitted.

# MEMORANDUM



## JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee  
FROM Alfredo Kemm, JBC Staff (303-866-4549)  
DATE March 21, 2022  
SUBJECT Staff comeback – Orphan Footnotes

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The following footnotes, one for Information Technology Projects and one for the Judicial Department, were not previously included in the Committee's review and approval of footnotes, but are consistent with Committee figure setting actions.

- N Information Technology Projects, State Agencies, Department of Early Childhood, Early Childhood Information Technology Systems; and Department of Personnel, Payroll Modernization -- Notwithstanding subsection (1)(b) of this section (4), these appropriations remain available through June 30, 2023.

Pursuant to Section 24-75-303 (5)(a), C.R.S., the Capital Construction and Information Technology Projects sections of the budget include automatic three-year spending authority, unless otherwise noted in a footnote. This footnote provides one-year spending authority for the Department of Early Childhood's Early Childhood Information Technology Systems project and for the Department of Personnel's Payroll Modernization project.

- N Judicial Department, Courts Administration, Centrally-administered Programs, Courthouse Furnishings and Infrastructure Maintenance -- This appropriation remains available through June 30, 2024.

This footnote provides two-year spending authority for the Judicial Department's Courthouse Furnishings and Infrastructure Maintenance line item, which provides funding for courthouse facilities capital projects statewide.