

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2013-14 STAFF BUDGET BRIEFING  
INDIRECT COSTS**

**JBC Working Document - Subject to Change  
Staff Recommendation Does Not Represent Committee Decision**

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## **Issue: Indirect Costs**

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Indirect costs are an important component of a department's budget due to their direct effect in offsetting General Fund amounts, but are typically set quickly by JBC staff at the end of the figure-setting process, as the Long Bill drafting process begins.

The subject of indirect costs, including indirect cost assessments, indirect cost recoveries, statewide indirect costs, and departmental indirect costs, has a reputation for being arcane and misunderstood. Perhaps as a result, the treatment of indirect costs is inconsistent across departments as presented in the Long Bill, and appears to be given varying weights of importance in the annual budget process by departments and JBC staff.

Additionally, there are differences in how departments must treat federal fund dollars for the payment of indirect costs and requirements in state statute that regularly create a cycle of actual over-collections and under-collections from year to year for departments with federal-funded programs.

### **SUMMARY:**

- **Indirect costs are administrative overhead costs that reduce General Fund appropriations** to and expenditures by administrative offices for services provided but not billed directly to federal-funded and cash-funded programs. Indirect cost recoveries from federal-funded and cash-funded programs are calculated for both statewide and departmental overhead costs.
- Departments that do not fully assess and collect indirect costs from their federal-funded and cash-funded programs will require General Fund dollars that would have otherwise been offset. Staff will more consistently show indirect costs in the Long Bill across departments for increased transparency for indirect cost assessments and recoveries in the Long Bill and to ensure that General Fund expenditures are minimized and offsets are maximized in the appropriations process.
- Departments collect indirect costs from federal-funded programs on the basis of an agreed-upon, indirect rate. In a year in which federal dollars exceed projected amounts, an over-collection of indirect costs will likely occur. Current statute requires that an over-collection (or under-expenditure) revert to the General Fund. However in the following year, the indirect rate allowed by the federal program will be reduced to account for the over-collection in the prior year, possibly resulting in an under-collection in the following year.
- In order to balance and pay for its indirect cost assessment/recovery plan, an under-collection of federal indirect costs necessitates that a department either request a General Fund supplemental appropriation or over-collect from cash-funded programs and request additional spending authority in a supplemental appropriation.

## **RECOMMENDATION:**

- 1) Staff recommends that the Committee sponsor legislation creating one statewide cash fund, with 22 department subaccounts, to enable departments to more efficiently manage the year-to-year over-collection and under-collection of indirect costs.
- 2) Staff recommends that the Committee ask the Governor's Office of State Planning and Budgeting (OSPB) for comments or concerns regarding the proposed legislation at the Governor's Department budget hearing.

## **DISCUSSION:**

### **Definitions**

*Indirect costs*, also referred to as *indirects*, are administrative overhead costs that are not billed directly for administrative support services to programs, offices, or divisions.

*Indirect cost assessment* is the Long Bill line item in each program or division that represents the expected collection of statewide and departmental indirect costs from a cash-funded (including reappropriated funds) or federal-funded program for the purpose of paying departmental or statewide overhead costs as allocated to the program or division in the Long Bill.

*Indirect cost recoveries* are actual indirect cost collections by departments from their cash-funded or federal-funded programs. ***Indirect cost recoveries in the Long Bill*** refer to letter notes referencing the reappropriated funds amount appropriated in the executive director's office or other administrative division line items that offset General Fund. Indirect cost recoveries should equal indirect cost assessments in a department's budget, except for departments that share indirect cost recoveries as follows:

- 1) A department that has no General Fund or more statewide indirect cost recoveries than General Fund (Labor, State, Transportation), and therefore has less need or no need to offset General Fund, will collect its full statewide indirect cost assessment, from which any excess after offsetting General Fund will be transferred to a central services department (Governor, Personnel, Treasury) to offset its General Fund. In these departments, indirect cost recoveries will reflect an amount less than indirect cost assessments.

- 2) A central services department will include letter notes for reappropriated fund amounts that specify the amount of indirect cost recoveries transferred from other departments. Indirect cost recoveries for these departments will exceed indirect cost assessments in programs or divisions within the department. In this case, indirect cost recoveries should equal assessments across departments. (See Appendix F for the Statewide Indirect Cost Assessment True-up for shared recoveries for FY 2013-14.)

*Departmental indirect costs* are overhead costs incurred by each department, located in the executive director's office or other administrative office, providing department-wide central services such as budgeting, accounting, and human resources.

**Statewide indirect costs** are associated with the functions of the Governor's Office, including the Office of State Planning and Budgeting (OSPB), the Department of Personnel, and the Treasury Department for the provision of statewide services such as budgeting, controller services, and cash fund management. While the State Controller's Office (SCO) prepares the Statewide Cost Allocation Plan (SWCAP) in negotiation with the federal government, for the purposes of the budget and Long Bill, the SCO prepares the Statewide Indirect Cost Appropriation/Cash Fees Plan (Statewide Indirect Cost Plan) that defines the statewide indirect cost assessment plan for department budgets as follows:

*The purpose of the Statewide Appropriations/Cash Program Fees Indirect Cost Allocation Plan is to allocate the unbilled costs of statewide central service agencies to user departments, divisions and institutions of higher education that benefit from their services. The allocations from this plan are used to establish the statewide portion of the indirect cost appropriations in the Long Bill. These allocations are also used by state agencies/departments to develop fees charged by cash programs.*

**Over-collections** refers to indirect cost recoveries from programs or divisions that exceed the appropriated indirect cost assessment line items in the Long Bill.

**Unspent or under-expended indirects** refers to indirect cost recoveries from programs or divisions that exceed actual department expenditures for indirect costs.

**Excess recoveries** refers to both *over-collections* and *unspent or under-expended indirects*. A department's expenditures are limited by its appropriation, but actual expenditures may be less than the appropriation. Therefore, a department may experience an over-collection relative to the appropriation due to an unexpected increase in program dollars, but may also experience under-spending relative to the appropriation due to lower-than-expected departmental overhead expenditures.

### **2012 Interim Work Group on Indirect Costs**

In order to provide the Committee, staff, and departments with additional consistency for, and transparency in how indirect cost numbers are set, JBC staff analysts Megan Davisson, Viktor Bojilov, and Alfredo Kemm met with OSPB staff Erick Scheminske, Cassie Rutter, and Paul Doyle, and state agency staff Bhavna Punatar, State Controller's Office, Kim Fear, Budget Director, Department of Public Health and Environment, and Terri Anderle, Budget Director, Department of Public Safety.

This work group met three times during the summer to address the issue of the lack of consistency in budgeting indirect costs generally and the following issues specifically:

- 1) Consistency in the representation of indirects across departments in the Long Bill.
- 2) Consistency in the expectations for the use of indirects throughout the budget process across departments.
- 3) Department challenges in reconciling indirect cost appropriations with the actual collection and payment of indirects over the course of a fiscal year.

### **Long Bill Format for Indirect Costs**

The work group agreed on a Long Bill format for all departments, with elements that are already in use for most department budgets, and outlined in the following table.

#### **Long Bill Indirect Cost Format**

1. Each division or program should have an indirect cost assessment line item.
2. The Executive Director's Office (EDO) or other division that uses indirect cost recoveries should identify the reappropriated funds that come from indirect cost assessments in a letter note.
3. The letter note should use the phrasing, "This amount" or a specified amount "shall be from departmental indirect cost recoveries" or "shall be from statewide indirect cost recoveries".
4. The total of indirect cost assessment line items for all divisions should equal the letter-note amount of indirect cost recoveries in the EDO or other divisions. For departments that share indirect cost recoveries, the total of indirect cost assessment line items should equal the amount of indirect cost recoveries across those departments, as specified in letter notes.

#### Advantages:

1. Increased consistency, transparency, and clarity across all departments in the budget in showing the indirect cost responsibility of each division or program, the location and amounts of indirect cost recoveries used to offset General Fund, and specified amounts that allow an easy check that assessments and recoveries balance.
2. Staff responsible for common policy for statewide indirects will be able to ensure that all statewide indirect costs are being assessed, that the General Fund offset for statewide indirect costs is being maximized, and that shared indirect cost recoveries are in balance across departments.
3. Indirect cost assessment line items will make it easier to identify how much indirect costs are changing from year to year for each division or program in all departments.

#### Disadvantages:

1. Departments that did not use this format in FY 2012-13 will appear to have an increase in budget, appearing as an increase in reappropriated funds. An indirect cost assessment line in a division reflects an appropriated amount of federal or cash funds. Those funds are then used to offset General Fund in the EDO reflected in the reappropriated funds line, appearing as a double-count of the same funds. (Reappropriated funds represent the equivalent of a multiple-count of initially appropriated moneys representing a transfer of funds or purchase of services from another state source.) In contrast, a department that directly funds the EDO with program funds for indirect costs, will show the federal or cash fund amount in the EDO directly, rather than through the indirect cost assessment line. In this case, those program dollars are only represented once in the department's budget. (See Appendix C for an example of this *direct-funded* approach, as well as several examples of the approach using reappropriated fund indirect cost recoveries derived from indirect cost assessment line items.)

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2. Additional explanation of reappropriated funds and indirect cost assessment line items may be required when presenting the Long Bill to the General Assembly during caucuses on the budget.
3. Departments will have less flexibility in keeping indirect cost assessments and recoveries *off-budget*, requiring the collection of defined, budgeted assessments rather than relying on a General Fund cushion for a less disciplined approach to budgeting for and collecting indirects from their programs and divisions.

**Indirect Costs in the Budget Request**

The work group attempted to establish indirect cost standards and elements for the department budget submission process with OSPB. Recommended changes for the budget submission process included adding a section in the budget request explaining a department's methodology for calculating indirects and indirect cost assessment lines. Additionally, the work group agreed that budget requests should include indirect cost assessment lines calculated on the budget request and the Statewide Indirect Cost Plan. Currently most departments submit budget requests using *placeholder* amounts that are either the prior fiscal year's appropriation or that show adjustments that include only the changes in statewide indirects, but not incorporating changes in departmental indirects.

Staff believes that on the basis that if the Committee and the General Assembly were to adopt the Governor's budget as submitted, statewide and departmental indirect costs and indirect cost assessment line items should accurately reflect all budget request items. In discussions with department budget staff, a concern was raised that even a department's budget staff may not know what the Governor and OSPB have chosen to submit until the moment the budget request is submitted to the JBC. However, that is a coordination issue that resides entirely within the Executive Branch, between the departments and OSPB. Staff believes the budget request should include adjustments for indirect costs based on the change items in the budget request, and not rely on inaccurate placeholders.

For example, this year's budget requests include salary survey and merit pay line items that were not funded last year. The funding for these line items will increase departmental indirects but are not reflected in the indirect cost assessment lines in the budget requests. While the budget requests accurately reflect the effect of these requests on the budget for those line items, it does not accurately reflect their carry-over effect on indirects.

The work group's department budget/Governor's budget submission recommendations regarding indirect costs were not implemented in time for the FY 2013-14 budget request, however based on the agreements in principle that were reached among the participants in the work group, staff expects that the recommendations will be implemented for the FY 2014-15 budget request.

Additionally, the FY 2013-14 budget request as provided by the Department of Personnel along with the Statewide Indirect Cost Plan (see Appendix E), includes a new, Statewide Indirect Cost Plan True-up (see Appendix F) that shows the budgeted statewide indirect cost recoveries to be collected and shared across non-General Fund and central services departments.

**Indirect Costs in Briefing and Figure-Setting**

In an effort to emphasize to staff the importance of considering indirect costs in department budgets, and to encourage more consistency in the calculation and presentation of indirect costs for figure-setting and the Long Bill, staff will add an appendix to the briefing document outlining each department's methodology for calculating indirects. While the briefing presentation is not expected to include a discussion of indirect costs or the indirect costs appendix, the information is included for the Committee's reference and to encourage staff to be aware of the indirect cost issue for their departments well before the Long Bill is drafted.

An example of the briefing appendix is included in Appendix D. The format was intended to incorporate the departments' actual budget requests for indirect cost assessment line items for FY 2013-14. As previously noted, although actual indirect cost assessment figures were not submitted, the appendix will nevertheless illustrate each department's methodology for calculating indirect costs, typically based on the FY 2012-13 appropriation.

At figure-setting, the indirect cost appendix will include: (1) An outline of the indirect methodology (as presented in the briefing document); and (2) a table summarizing the requested indirects compared to indirects based on line item recommendations made to date. Committee decisions that vary from staff recommendations will have to be incorporated into changes in indirect cost amounts as necessary for the Long Bill. Therefore the need for flexibility in setting amounts for indirect costs assessment lines and fund splits for lines that use indirect cost recoveries will continue to require permission from the Committee for adjustment, as necessary.

**Format, Methodology, and Staff Responsibility to Explain Variances or Exceptions**

Because each department's actual method may vary, each analyst will include an appendix in the briefing and figure setting documents to inform the Committee on the specific method used by the department and any special exceptions the department may have. It should be noted that while the Long Bill format is being standardized, staff is not trying to standardize the methodology for how departments calculate departmental indirect costs.

There are some departments that will not follow the Long Bill format outlined in the table on the previous page, including the Departments of Military Affairs and Higher Education.

- The Department of Military Affairs is prohibited by terms in the corporative agreement from collecting indirect costs on federal funds.
- The Department of Higher Education will not have indirect cost assessment line items because Section 23-1-104 (1) (a) (I), C.R.S., specifies that the appropriation for each institution of higher education must be in one line item; therefore splitting out the indirect cost assessment for each institution is not permitted by state statute.

Rather than require a single standard, format, or methodology that must be applied across all departments, work group staff chose to offer staff analysts flexibility with a suggested appendix format and methodology, and with the expectation that variances or exceptions from Committee policy regarding the Statewide Indirect Cost Plan should be documented and communicated to the Committee in presentations. While the reporting and Long Bill format standards included in the recommendations for staff should be followed consistently, as previously noted, there are



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unique situations that may not fit suggested methodology or the Statewide Indirect Cost Plan. In such cases, it is staff's responsibility to explicitly communicate to the Committee the reason for variances or exceptions from the indirect cost documentation and reporting format or Committee policy.

**Indirect Costs Excess Recovery Fund Bill**

As part of the agreement between a department and the federal government, any federal moneys received by the department are subject to a federally approved indirect cost rate. The federally approved rate is typically based on the most recent federal fund actuals. In a year in which a department receives a large amount of federal funds, for example the Department of Public Health and Environment received close to \$18.0 million in federal funds for emergency response to the H1N1 flu outbreak in FY 2010-11, it necessarily collects more indirects than would otherwise be anticipated in the budget process and appropriated in the Long Bill. Currently this over-collection reverts to the General Fund.

Although there is no direct statutory provision that addresses the over-collection or excess recovery of indirect costs, the State Controller's fiscal rules do not allow "indirect cost recoveries to be deferred at the end of the fiscal year" due to statutory provisions that require following GAAP for financial statements. The GASB-33 statement for accounting and financial reporting standards states that revenue must be reported in the year that it is earned. Since federal programs are charged as expenses are incurred, associated revenue collection for indirect cost recoveries must be reported in the same year.

The following fiscal year the federal government recognizes the over-collection of indirects from the prior year and adjusts the allowable rate to *under-collect*. The department is not experiencing a reduced cost in providing central services but may collect fewer federal indirect cost dollars because of a lower rate intended to correct for the prior year's over-collection. Therefore the department must increase the cash fund rate or request General Fund to account for the anticipated lower collection of federal indirects; in essence, using cash fund or General Fund dollars to backfill the loss of federal indirect cost dollars.

Related to the issue of year-to-year cycles in the over-collection and under-collection of federal indirects is that the Statewide Indirect Cost Plan includes a reconciliation using actual expenditures compared to appropriations from three fiscal years earlier; the FY 2013-14 plan uses FY 2010-11 expenditures as a reconciling item in the development of the plan. Departments that have federal-funded programs that remain relatively stable in funding from year to year, will not experience issues with the three-year lag in the plan. However, the Department of Public Health and Environment, with a one-time increase in federal funds as the result of a public health emergency, will over-collect in the year the funds arrive, and will be assessed increased responsibility for the collection of federal fund indirects three years later.

For example, last year's Statewide Indirect Cost Plan included a federal funds assessment of \$485,026 for the Department of Corrections, out of a total cash and federal funds assessment of \$578,650. This assessment came as a result of ARRA funds received by the Department in a 2010 supplemental for FY 2009-10 and FY 2008-09 that totaled \$89.4 million and \$24.6 million

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respectively. The Department's FY 2012-13 federal funds appropriation totaled \$1.0 million. The Department's federal fund portion of the Statewide Indirect Cost Plan equaled 48.5 percent of its total federal fund appropriation, and also represented 83.8 percent of its total statewide indirect cost assessment. The assessment, while accurate based on the methodology used by the State Controller's Office in developing the plan, was clearly not realistic for the Department's budget. In this case, those federal fund dollars were not available to offset General Fund as the statewide plan suggested.

In order to alleviate or reduce the need for cash funds or General Fund to backfill the loss of federal indirect cost dollars, **staff recommends the Committee sponsor legislation that will enable departments to retain their indirect cost excess recoveries in one year to be used in any following year when there is an under-collection.**

Staff recommends the bill include the following four components contained in the draft language provided in Appendix A:

1. Define the term, *indirect costs* as used in the Long Bill (Section 24-75-1401 (1) (a), C.R.S.).
2. Establish one cash fund with separate subaccounts for each department (Section 24-75-1401 (2), C.R.S.).
3. At the end of the fiscal year, transfer any excess indirect cost recoveries, including over-collections of appropriated indirects or under-payments for actual indirects, by a department into that department's subaccount in the cash fund and credits interest earned on each subaccount to the subaccount (Section 24-75-1401 (2), C.R.S.).
4. Enable each department to use the balance in its subaccount in years in which it has a shortfall in actual indirect cost recoveries relative to its appropriation or actual expenditures (Section 24-75-1401 (3), C.R.S.).

The basis for staff's recommendation is as follows:

1. Departments will be able to use excess federal indirect costs collected in one year in a following year such as when the federal rate is adjusted downward but the cost of departmental central services are not decreasing, or when a one-time increase in funds is experienced in order to pay for its statewide assessment for those funds when the fiscal year is reconciled in the Statewide Indirect Cost Plan.
2. There will be a clear reporting mechanism via the November 1 executive branch budget request, and reports compiled by the SCO, on the amount of funds in each department's account.
3. The SCO will be responsible for ensuring that a department draws funds from its specific subaccount.
4. The fund will reduce the need for General Fund supplementals due to a shortfall of federal indirect cost recoveries.
5. The fund will reduce the need for cash fund rate and fee adjustments and spending authority supplementals in order to balance reduced federal indirect cost recoveries, stabilizing the direct and indirect costs charged to cash funds, leading to fewer fee changes, and fairer fee collections across cash-funded and federal-funded programs.
6. The state practice of handling federal indirect cost collections will be better aligned with the requirements set forth in the federal A-87 Circular regarding the treatment of indirect

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costs for federal funds that requires payment for indirects be tied to an annually set rate for federal dollars earned through the provision of state agency services.

The one disadvantage to the recommended bill is that there will no longer be a reversion to the General Fund of over-collected indirect costs in the year of over-collection. However, staff believes that the advantage of the excess recovery fund in improving the departments' ability to more reasonably manage indirect cost collections across budget years and increasing the accuracy of the Statewide Indirect Cost Plan in offsetting General Fund, increases the state's overall budget transparency regarding indirects by reducing department budget *work-arounds* and variances, and better aligning the administration of indirect cost planning and methodology with practices.

Staff points out that the draft language for the proposed legislation provides that as indirect costs are defined, only departments that have indirect cost assessment line items in the Long Bill are eligible to use the excess recovery fund. The purpose of the bill is to address the issue of aligning appropriations and the treatment of indirect costs in the Long Bill with actual recoveries and expenditures. A department that does not have indirect cost assessment line items would not be required to manage indirect cost collections against a legislative appropriation and, therefore, would be able to make adjustments to indirect recoveries *off-budget*, without approval of the General Assembly.

The Committee should also be aware that during the 2004 session, the General Assembly passed H.B. 04-1423, "Concerning the Indirect Costs of Programs Administered by the State of Colorado, Which are Funded by Moneys other than State General Fund Moneys Appropriated by the General Assembly." The bill was sponsored by the Committee, but was vetoed by then Governor Owens based on the belief that the bill "violated the separation of powers principle because the Legislature was attempting to use indirect costs recovered from federal funds to reduce the General Fund appropriation by appropriated federal funds which the General Assembly does not have authority to appropriate."

The bill was intended to allow the General Assembly to decide when and how much, indirect costs are collected for programs rather than leaving the decision to the departments. The bill was recommended by staff because at least one department was not collecting the full amount of indirect costs from federal funds, thus requiring General Fund dollars to cover the department's central costs that should have been paid for with federal indirect costs.

Staff does not believe that the proposed language is similar to H.B. 04-1423 because the goal of the recommended bill is to provide departments with a mechanism to capture and use excess indirect cost recoveries in future years, and not dictate to departments how and when to collect indirects.

## **Appendix A: Draft Language for Proposed Legislation**

**I. 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.**

**II. Bill Summary:** When a state government agency's indirect cost collections for a fiscal year exceed the Long Bill appropriation, the amount collected in excess of the appropriation, the *over-collection*, or the amount collected in excess of the actual expenditure if lower than the appropriation, the *unspent amount*, reverts to the general fund. For federal-funded programs, this may lead to a lower, allowable indirect cost rate the following year, leading to an *under-collection* the following year. In following fiscal years, the amount of indirect costs collected by an agency may be insufficient to pay the appropriated or actual indirect costs, in which case the agency must seek a supplemental appropriation or find other means of paying those costs.

In order to more efficiently account for annual fluctuations in the amount of indirect costs collected by state government agencies, the bill:

- Creates the indirect costs excess recovery fund and separate departmental accounts within the fund for all principal departments of state government other than the department of higher education;
- Requires all moneys collected and unspent by an agency for indirect costs in excess of the actual indirect costs incurred during the fiscal year to be credited at the end of the fiscal year to the departmental account of the principal department that includes the agency;
- Allows any moneys in a departmental subaccount of the fund to be used by the department for the purpose of paying for indirect costs in a year in which an under-collection occurs;
- Requires the state treasurer to credit all interest and income earned on the deposit and investment of moneys in any account of the fund to the account.

**III. Bill Text:**

**SECTION 1.** In Colorado Revised Statutes, **add** 24-75-1401 as follows:

PART 14

INDIRECT COSTS EXCESS RECOVERY FUND

**24-75-1401. Indirect Costs Excess Recovery Fund - creation - departmental accounts - use of fund.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "INDIRECT COSTS" MEAN THE INDIRECT COST ASSESSMENT LINE ITEMS IN THE ANNUAL APPROPRIATIONS LONG BILL THAT REPRESENT EXPECTED COLLECTIONS OF STATEWIDE AND DEPARTMENTAL INDIRECT COSTS FROM CASH FUNDED, REAPPROPRIATED FUNDED, OR FEDERAL FUNDED PROGRAMS FOR THE PURPOSE OF PAYING DEPARTMENTAL OR STATEWIDE OVERHEAD COSTS AS ALLOCATED TO THOSE PROGRAMS IN THE LONG BILL.

(b) "STATE AGENCY" OR "AGENCY" MEANS ANY BOARD, BUREAU, COMMISSION, DEPARTMENT, INSTITUTION, DIVISION, SECTION, OR OFFICER OF THE STATE EXCEPT THOSE WITHIN THE DEPARTMENT OF HIGHER EDUCATION, DESIGNATION IN THE ANNUAL LONG BILL APPROPRIATIONS ACT.

(2) THE INDIRECT COSTS EXCESS RECOVERY FUND IS CREATED IN THE STATE TREASURY. A SEPARATE ACCOUNT FOR EACH PRINCIPAL DEPARTMENT OF STATE GOVERNMENT OTHER THAN THE DEPARTMENT OF HIGHER EDUCATION IS CREATED WITHIN THE FUND. AS SOON AS FEASIBLE AFTER THE CONCLUSION OF EACH FISCAL YEAR, THE STATE TREASURER SHALL CREDIT ALL MONEYS COLLECTED BY A STATE AGENCY FOR INDIRECT COSTS FOR THE FISCAL YEAR IN EXCESS OF THE ACTUAL AMOUNT EXPENDED DURING THE FISCAL YEAR TO THE ACCOUNT FOR THE DEPARTMENT THAT INCLUDES THE AGENCY. THE STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME EARNED ON THE DEPOSIT AND INVESTMENT OF MONEYS IN ANY ACCOUNT OF THE FUND TO THE ACCOUNT.

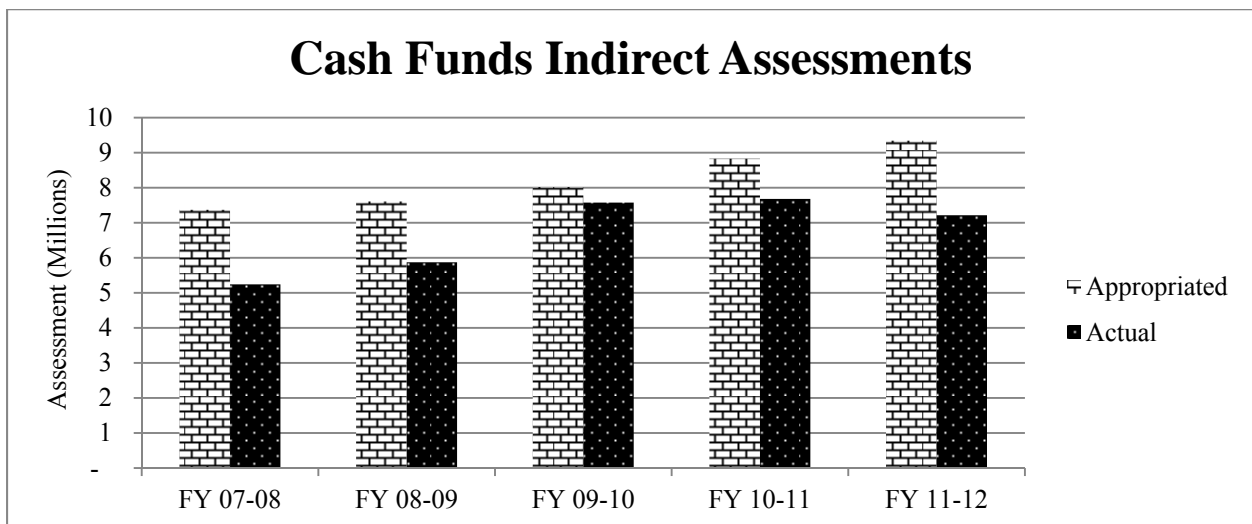
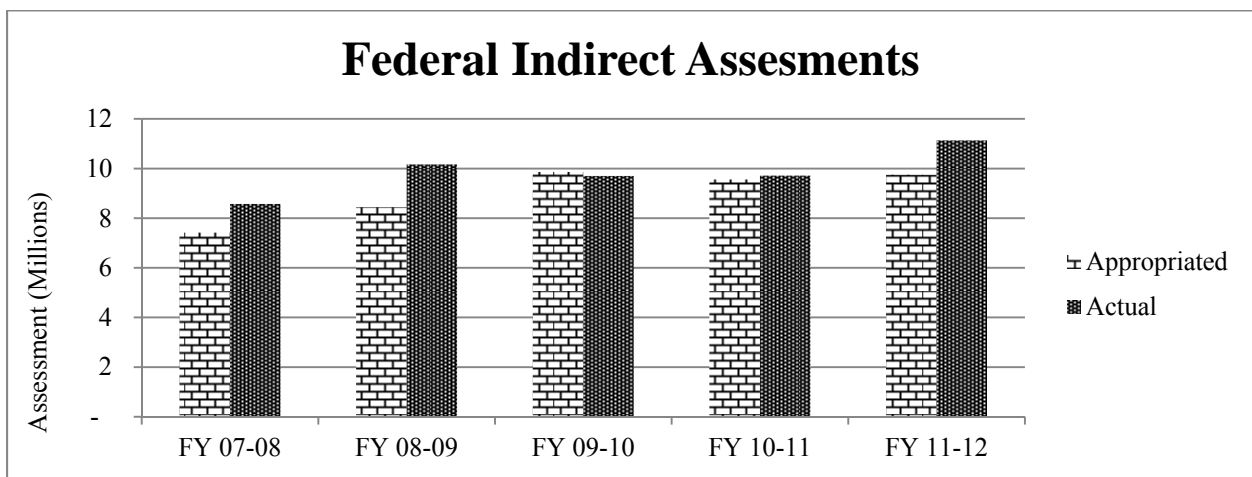
(3) EACH ACCOUNT OF THE FUND IS SUBJECT TO THE ANNUAL APPROPRIATION FOR INDIRECT COSTS BY ITS CORRESPONDING DEPARTMENT FOR THE SOLE PURPOSE OF PAYING ANY INDIRECT COSTS INCURRED BY AGENCIES WITHIN THE DEPARTMENT DURING A FISCAL YEAR THAT EXCEED THEIR ACTUAL INDIRECT COST COLLECTIONS FOR THE FISCAL YEAR.

**SECTION 2. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

## Appendix B: CDPHE Example of Indirect Cost Collections Over Multiple Fiscal Years

Example using the Department of Public Health and Environment

In the Department of Public Health and Environment the amount of indirect costs collected from federal funds dictates the amount of cash fund indirect costs required. In order to manage the constantly changing amount of collected federal indirect costs, the department submits midyear technical adjustments to try and reflect the amount of federal indirect costs that will be collected and ensure there is adequate cash funds spending authority. The following two tables show the comparison of the appropriated amount of indirect cost assessments for cash and federal funds, and the actual amount of indirect costs collected from these two fund sources.



As more federal indirect costs are collected the demand for cash fund indirect costs is lowered. The converse is true as well, as fewer indirect costs are collected from federal sources, the demand for cash fund indirect costs increases.

	ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				
			GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
	\$	\$	\$	\$	\$	\$	\$
<b>PART XIX</b>							
<b>DEPARTMENT OF REVENUE</b>							
<b>(1) EXECUTIVE DIRECTOR'S OFFICE</b>							
Personal Services	3,913,706 (45.4 FTE)		1,578,141		1,716,060 <sup>a</sup>	619,505 <sup>b</sup>	
Health, Life, and Dental	8,772,210		5,418,093		3,354,117 <sup>c</sup>		
Short-term Disability	126,519		75,375		51,144 <sup>c</sup>		
S.B. 04-257 Amortization Equalization Disbursement	2,266,473		1,348,756		917,717 <sup>c</sup>		
S.B. 06-235 Supplemental Amortization Equalization Disbursement	1,942,204		1,153,541		788,663 <sup>c</sup>		
Shift Differential	173,651		33,551		140,100 <sup>c</sup>		
Workers' Compensation	770,412		463,961		306,451 <sup>c</sup>		
Operating Expenses	1,238,643		521,045		717,598 <sup>c</sup>		
Legal Services for 38,842 hours	3,000,545		2,161,598		838,947 <sup>c</sup>		
Administrative Law Judge Services	14,200				14,200 <sup>c</sup>		
Purchase of Services from Computer Center	9,949,243		6,758,678		2,788,147 <sup>c</sup>	402,418 <sup>d</sup>	
Multiuse Network Payments	4,319,144		1,950,841		2,335,459 <sup>c</sup>	32,844 <sup>d</sup>	
Management and Administration of OIT	558,809		433,653		108,934 <sup>c</sup>	16,222 <sup>d</sup>	
Payment to Risk Management and Property Funds	187,392		95,593		91,799 <sup>c</sup>		
Vehicle Lease Payments	728,375		166,378		561,997 <sup>c</sup>		
Leased Space	3,517,094		1,794,734		1,722,360 <sup>c</sup>		

	ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				
			GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
	\$	\$	\$	\$	\$	\$	\$
Capitol Complex Leased Space	1,683,593		1,432,784		250,809 <sup>c</sup>		
Communication Services Payments	78,259		12,975		65,284 <sup>c</sup>		
COFRS Modernization	326,776		80,654		246,122 <sup>c</sup>		
Utilities	252,819		114,978		137,841 <sup>c</sup>		
		43,820,067					

<sup>a</sup> This amount shall be from the following funds for the purpose of indirect cost recoveries: \$436,921 shall be from the Highway Users Tax Fund created in Section 43-4-201 (1) (a), C.R.S. and appropriated pursuant to Section 43-4-201 (3) (a) (III) (C), C.R.S., \$5,936 shall be from the Highway Users Tax Fund created in Section 43-4-201 (1) (a), C.R.S., appropriated pursuant to Section 43-4-201 (3) (a) (V), C.R.S., and exempt from the statutory limit in Section 43-4-201 (3) (a) (III) (C), C.R.S., \$397,286 shall be from the Licensing Services Cash Fund created in Section 42-2-114.5 (1), C.R.S., \$219,734 shall be from the Medical Marijuana License Cash Fund created in Section 12-43.3-501 (1), C.R.S., \$156,303 shall be from the Colorado State Titling and Registration Account, a subaccount of the Highway Users Tax Fund, created in Section 42-1-211 (2), C.R.S., \$127,334 shall be from the Driver's License Administrative Revocation Account, a subaccount of the Highway Users Tax Fund, created in Section 42-2-132 (4) (b) (I) (A), C.R.S., \$103,674 shall be from the Auto Dealers License Fund created in Section 12-6-123 (1), C.R.S., \$77,162 shall be from the Liquor Enforcement Division and State Licensing Authority Cash Fund created in Section 24-35-401, C.R.S., \$67,270 shall be from the Department of Revenue Subaccount of the AIR Account of the Highway Users Tax Fund created in Section 42-3-304 (18) (c), C.R.S., \$66,272 shall be from the Tax Amnesty Cash Fund created in Section 39-21-202 (1), C.R.S., \$34,426 shall be from the Racing Cash Fund created in Section 12-60-205 (1), C.R.S., \$19,785 shall be from the First Time Drunk Driving Offender Account of the Highway Users Tax Fund created in Section 42-2-132 (4) (b) (II) (A), C.R.S., \$3,957 shall be from the Motorist Insurance Identification Account, a subaccount of the Highway Users Tax Fund, created in Section 42-3-304 (18) (d) (I), C.R.S. Of these amounts, \$1,151,750 shall be for the purpose of departmental indirect cost recoveries and \$564,310 shall be for the purpose of statewide indirect cost recoveries.

<sup>b</sup> Of this amount, \$378,422 shall be from the Lottery Fund created in Section 24-35-210 (1), C.R.S. and transferred from the State Lottery Division, and \$241,083 shall be from the Limited Gaming Fund created in Section 12-47.1-701 (1), C.R.S. and transferred from the Enforcement Business Group, Limited Gaming Division. Of these amounts, \$345,203 shall be for the purpose of departmental indirect cost recoveries and \$274,302 shall be for the purpose of statewide indirect cost recoveries.



ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				
		GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
\$	\$	\$	\$	\$	\$	\$
<p><sup>c</sup> Of these amounts, \$2,192,518 shall be from the Highway Users Tax Fund, created in Section 43-4-201 (1) (a), C.R.S., and appropriated pursuant to Section 43-4-201 (3) (a) (III) (C), C.R.S., \$970 shall be from the Highway Users Tax Fund created in Section 43-4-201 (1) (a), C.R.S., appropriated pursuant to Section 43-4-201 (3) (a) (V), C.R.S., and exempt from the statutory limit in Section 43-4-201 (3) (a) (III) (C), C.R.S., \$132,180 shall be from the Colorado State Titling and Registration Account, a subaccount of the Highway Users Tax Fund, created in Section 42-1-211 (2), C.R.S., \$104,765 shall be from the Lottery Fund created in Section 24-35-210 (1), C.R.S., \$61,697 shall be from the Auto Dealers License Fund created in Section 12-6-123 (1), C.R.S., \$61,571 shall be from Driver's License Administrative Revocation Account, a subaccount of the Highway Users Tax Fund, created in Section 42-2-132 (4) (b) (I) (A), C.R.S., \$61,060 shall be from the Limited Gaming Fund created in Section 12-47.1-701 (1), C.R.S., \$40,794 shall be from the Medical Marijuana License Cash Fund created in Section 12-43.3-501 (1), C.R.S., \$40,590 shall be from the Department of Revenue subaccount of the AIR Account of the Highway Users Tax Fund created in Section 42-3-304 (18) (c), C.R.S., \$39,856 shall be from the Liquor Enforcement Division and State Licensing Authority Cash Fund created in Section 24-35-401, C.R.S., \$21,843 shall be from the Racing Cash Fund created in Section 12-60-205 (1), C.R.S., \$11,938 shall be from the First Time Drunk Driving Offender Account of the Highway Users Tax Fund created in Section 42-2-132 (4) (b) (II) (A), C.R.S., \$2,388 shall be from the Motorist Insurance Identification Account, a subaccount of the Highway Users Tax Fund, created in Section 42-3-304 (18) (d) (I), C.R.S., and \$12,665,519 shall be from various sources of cash funds.</p> <p><sup>d</sup> Of these amounts, \$273,992 shall be from the Limited Gaming Fund created in Section 12-47.1-701 (1), C.R.S. and transferred from the Enforcement Business Group, Limited Gaming Division, and \$177,492 shall be from the Lottery Fund created in Section 24-35-210 (1), C.R.S. and transferred from the State Lottery Division.</p>						
<b>(2) CENTRAL DEPARTMENT OPERATIONS DIVISION</b>						
Personal Services	5,285,483 (97.2 FTE)	4,636,972		544,370 <sup>a</sup>	104,141 <sup>b</sup>	
Seasonal Tax Processing	397,545	397,545				
Operating Expenses	1,283,311	1,135,175		148,136 <sup>c</sup>		
Postage	3,006,422	2,657,783		348,639 <sup>d</sup>		
Document Management	<u>2,309,514</u>	2,270,009		39,505 <sup>e</sup>		
	12,282,275					

	ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				
			GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
	\$	\$	\$	\$	\$	\$	\$
<b>PART I</b>							
<b>DEPARTMENT OF AGRICULTURE</b>							
<b>(1) COMMISSIONER'S OFFICE AND ADMINISTRATIVE SERVICES</b>							
Personal Services	1,407,972 (15.7 FTE)		233,586		18,031 <sup>a</sup>	1,045,001 <sup>b</sup>	111,354(I)
Health, Life, and Dental	1,875,940		428,370		1,368,250 <sup>c</sup>		79,320(I)
Short-term Disability	23,396		5,387		16,307 <sup>c</sup>		1,702(I)
S.B. 04-257 Amortization Equalization Disbursement	457,209		131,582		294,819 <sup>c</sup>		30,808(I)
S.B. 06-235 Supplemental Amortization Equalization Disbursement	392,374		112,538		253,360 <sup>c</sup>		26,476(I)
Workers' Compensation	165,703		3,135		162,568 <sup>c</sup>		
Operating Expenses	122,084		116,634		4,500 <sup>a</sup>		950(I)
Legal Services for 4,653 hours	359,444		114,912		229,532 <sup>c</sup>		15,000(I)
Administrative Law Judge Services	3,468				3,468 <sup>c</sup>		
Purchase of Services from Computer Center	623,116		458,292		164,824 <sup>c</sup>		
Multiuse Network Payments	208,016		81,302		126,714 <sup>c</sup>		
Management and Administration of OIT	17,784		13,767		4,017 <sup>c</sup>		
Payment to Risk Management and Property Funds	139,215		24,853		114,362 <sup>c</sup>		
Vehicle Lease Payments	246,519		113,005		129,721 <sup>c</sup>		3,793(I)
Information Technology Asset Maintenance	153,031		42,041		110,990 <sup>c</sup>		
Leased Space	121,864		39,214		82,650 <sup>c</sup>		

	ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				
			GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
	\$	\$	\$	\$	\$	\$	\$
Capitol Complex Leased Space	169,713		117,995		51,718 <sup>c</sup>		
Communication Services Payments	12,505		3,127		9,378 <sup>c</sup>		
COFRS Modernization	73,806		9,783		56,487 <sup>c</sup>		7,536(I)
Utilities	146,318		91,051		55,267 <sup>c</sup>		
Agricultural Statistics	15,000				15,000 <sup>d</sup>		
Agriculture Management Fund	2,111,842				2,111,842 <sup>e</sup> (3.0 FTE)		
Indirect Cost Assessment	<u>24,400</u>				18,300 <sup>e</sup>		6,100(I)
		8,870,719					

<sup>a</sup> These amounts shall be from the Food Systems Advisory Council Fund created in Section 24-37.3-105 (1), C.R.S.

<sup>b</sup> Of this amount \$862,477 shall be from departmental indirect cost recoveries, and \$182,524 shall be from statewide indirect cost recoveries.

<sup>c</sup> These amounts shall be from fees collected by various cash funds within the Department.

<sup>d</sup> This amount shall be from surveys and services provided by the USDA National Agricultural Statistics Service.

<sup>e</sup> These amounts shall be from the Agriculture Management Fund created in Section 35-1-106.9, C.R.S.

**(2) AGRICULTURAL SERVICES DIVISION**

Animal Industry	2,207,252 (25.5 FTE)
Vaccine and Service Fund	324,320 (1.0 FTE)
Plant Industry	3,844,781 (36.5 FTE)
Inspection and Consumer Services	3,441,602 (45.6 FTE)
Conservation Services	1,709,757

	ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				
			GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
	\$	\$	\$	\$	\$	\$	\$
<b>PART X</b>							
<b>DEPARTMENT OF LAW</b>							
<b>(1) ADMINISTRATION</b>							
Personal Services	3,049,837		14,072			3,035,765 <sup>a</sup>	
						(41.7 FTE)	
Health, Life, and Dental	2,620,363		712,358		307,246 <sup>b</sup>	1,497,893 <sup>c</sup>	102,866 <sup>d</sup>
Short-term Disability	49,196		13,008		4,457 <sup>b</sup>	30,127 <sup>c</sup>	1,604 <sup>d</sup>
S.B. 04-257 Amortization							
Equalization Disbursement	965,510		271,731		93,597 <sup>b</sup>	559,668 <sup>c</sup>	40,514 <sup>d</sup>
S.B. 06-235 Supplemental							
Amortization Equalization							
Disbursement	828,618		232,402		80,435 <sup>b</sup>	480,964 <sup>c</sup>	34,817 <sup>d</sup>
Workers' Compensation	73,256		19,388		7,666 <sup>b</sup>	43,950 <sup>c</sup>	2,252 <sup>d</sup>
Attorney Registration and							
Continuing Legal Education	99,263		21,769		3,000 <sup>b</sup>	72,525 <sup>c</sup>	1,969 <sup>d</sup>
Operating Expenses	193,513					193,513 <sup>a</sup>	
Administrative Law Judge							
Services	1,135				1,135 <sup>b</sup>		
Purchase of Services from							
Computer Center	107,588					107,588 <sup>a</sup>	
Payment to Risk Management							
and Property Funds	87,949					87,949 <sup>a</sup>	
Vehicle Lease Payments	70,285		19,980		21,501 <sup>b</sup>	26,189 <sup>c</sup>	2,615 <sup>d</sup>
Information Technology Asset							
Maintenance	445,807		21,754		63,299 <sup>b</sup>	359,373 <sup>c</sup>	1,381 <sup>d</sup>
ADP Capital Outlay	154,370				154,370 <sup>e</sup>		
Leased Space	27,789		4,580		3,052 <sup>b</sup>	19,985 <sup>c</sup>	172 <sup>d</sup>

	ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				
			GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
	\$	\$	\$	\$	\$	\$	\$
Capitol Complex Leased Space	1,273,320		335,366		132,620 <sup>b</sup>	766,375 <sup>c</sup>	38,959 <sup>d</sup>
Security for State Services Building	140,489		37,180		14,704 <sup>b</sup>	84,287 <sup>c</sup>	4,318 <sup>d</sup>
Communication Services Payments	10,614		3,765		2,868 <sup>b</sup>	1,448 <sup>c</sup>	2,533 <sup>d</sup>
COFRS Modernization	46,431					46,431 <sup>a</sup>	
Attorney General Discretionary Fund	<u>5,000</u>		5,000				
		10,250,333					

<sup>a</sup> Of these amounts, \$2,913,501 shall be from departmental indirect cost recoveries and \$557,745 shall be from statewide indirect cost recoveries collected by the Department of Law.

<sup>b</sup> These amounts shall be from various sources of cash funds. Of these amounts, \$131,114(I) shall be from custodial moneys and \$15,258 shall be from the Tobacco Settlement Defense Account of the Tobacco Litigation Settlement Cash Fund created in Section 24-22-115 (2) (a), C.R.S. Pursuant to Section 24-31-108 (3), C.R.S., custodial moneys received by the Attorney General are not subject to annual appropriation but the expenditure of such moneys may be indicated in the annual general appropriation act. Expenditures from custodial moneys and from the Tobacco Settlement Defense Account of the Tobacco Litigation Settlement Cash Fund do not constitute fiscal year spending for the purposes of Section 20 of Article X of the State Constitution.

<sup>c</sup> These amounts shall be from various sources of reappropriated funds.

<sup>d</sup> Of these amounts, \$194,715 shall be from the federal Medicaid Fraud Control Program administered by the U.S. Department of Health and Human Services and \$39,285(I) shall be from the Colorado Justice Review Project, a grant provided by the U.S. Department of Justice.

<sup>e</sup> This amount shall be from the Attorney Fees and Costs Account created in Section 24-31-108 (2), C.R.S.

**(2) LEGAL SERVICES TO STATE AGENCIES<sup>39</sup>**

Personal Services	20,510,299						
	(237.9 FTE)						
Operating and Litigation	1,670,720						
Indirect Cost Assessment	<u>2,950,911</u>						
		25,131,930			280,576 <sup>a</sup>	24,851,354 <sup>b</sup>	

		APPROPRIATION FROM					
	ITEM & SUBTOTAL	TOTAL	GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
	\$	\$	\$	\$	\$	\$	\$

**PART XVII**  
**DEPARTMENT OF PUBLIC SAFETY**

**(1) EXECUTIVE DIRECTOR'S OFFICE**

**(A) Administration**

Personal Services	2,269,953					2,269,953 <sup>a</sup> (27.7 FTE)	
Health, Life, and Dental	9,670,931		1,576,210		6,929,526 <sup>b</sup>	673,613 <sup>c</sup>	491,582(I)
Short-term Disability	148,118		27,698		102,625 <sup>b</sup>	12,314 <sup>c</sup>	5,481(I)
S.B. 04-257 Amortization Equalization Disbursement	2,672,967		495,541		1,856,708 <sup>b</sup>	221,637 <sup>c</sup>	99,081(I)
S.B. 06-235 Supplemental Amortization Equalization Disbursement	2,295,177		423,817		1,599,803 <sup>b</sup>	186,410 <sup>c</sup>	85,147(I)
Shift Differential	320,607		67,963		221,871 <sup>b</sup>	30,773 <sup>c</sup>	
Workers' Compensation	2,827,657				265,336 <sup>b</sup>	2,562,321 <sup>a</sup>	
Operating Expenses	151,046					151,046 <sup>a</sup>	
Legal Services for 2,163 hours	167,092					167,092 <sup>a</sup>	
Purchase of Services from Computer Center	2,504,611		978,611		1,361,675 <sup>b</sup>	164,325 <sup>a</sup>	
Multiuse Network Payments	1,986,110		1,486,029		337,638 <sup>b</sup>	162,443 <sup>a</sup>	
Management and Administration of OIT	261,189				85,395 <sup>d</sup>	175,794 <sup>a</sup>	
Payment to Risk Management and Property Funds	823,432				18,047 <sup>d</sup>	805,385 <sup>a</sup>	
Vehicle Lease Payments	80,076		22,698		29,437 <sup>e</sup>	27,941 <sup>f</sup>	
Leased Space	1,907,259		858,230		494,386 <sup>b</sup>	554,643 <sup>f</sup>	

	ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				
			GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
	\$	\$	\$	\$	\$	\$	\$
Capitol Complex Leased Space	1,263,475		16,890		462,435 <sup>g</sup>	784,150 <sup>h</sup>	
Communication Services Payments	652,003				593,137 <sup>g</sup>	49,123 <sup>h</sup>	9,743(I)
COFRS Modernization	168,478		52,658		81,603 <sup>g</sup>	34,217 <sup>h</sup>	
Utilities	87,407				85,907 <sup>d</sup>	1,500 <sup>i</sup>	
Distributions to Local Government	50,000				50,000 <sup>j</sup>		
	<u>30,307,588</u>						

<sup>a</sup> Of these amounts, \$5,347,958 shall be from departmental indirect cost recoveries and \$1,110,401 shall be from statewide indirect cost recoveries.

<sup>b</sup> Of these amounts, \$12,118,510 shall be from the Highway Users Tax Fund created in Section 43-4-201 (1) (a), C.R.S., and \$1,051,058 shall be from various sources of cash funds.

<sup>c</sup> Of these amounts, \$323,498 shall be from departmental indirect cost recoveries, \$80,440 shall be from other state agencies for dispatch services, \$74,361 shall be from the Department of Personnel Capitol Complex leased space rent proceeds, \$45,005 shall be from the Judicial Department, \$32,358 shall be from the Legislative Department, \$16,130 shall be from the Department of Law, and \$552,955 shall be from various sources.

<sup>d</sup> These amounts shall be from the Highway Users Tax Fund created in Section 43-4-201 (1) (a), C.R.S.

<sup>e</sup> This amount shall be from various sources of cash funds.

<sup>f</sup> Of these amounts, \$544,118 shall be from departmental indirect cost recoveries and \$38,466 shall be from Limited Gaming funds appropriated to the Department of Revenue.

<sup>g</sup> Of these amounts, \$1,075,163 shall be from the Highway Users Tax Fund created in Section 43-4-201 (1) (a), C.R.S., and \$62,012 shall be from various sources of cash funds.

<sup>h</sup> Of these amounts, \$826,313 shall be from departmental indirect cost recoveries and \$41,177 shall be from various sources of reappropriated funds.

<sup>i</sup> This amount shall be from Limited Gaming funds appropriated to the Department of Revenue.

<sup>j</sup> This amount shall be from the Hazardous Materials Safety Fund created in Section 42-20-107 (1), C.R.S.

**(B) Special Programs**

(1) Witness Protection Program

Witness Protection Fund	83,000		83,000				
Witness Protection Fund Expenditures	83,000					83,000 <sup>a</sup>	
	<u>166,000</u>						

	ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				
			GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS
	\$	\$	\$	\$	\$	\$	\$
<p><sup>a</sup> This amount shall be from the Witness Protection Fund created in Section 24-33.5-106 (6), C.R.S.</p>							
<p>(2) Colorado Integrated Criminal Justice Information System (CICJIS)</p>							
Personal Services	1,106,160					861,632 <sup>a</sup> (11.0 FTE)	244,528(I)
Operating Expenses	<u>150,502</u>					100,502 <sup>a</sup>	50,000(I)
	1,256,662						
<p><sup>a</sup> These amounts shall be from departmental indirect cost recoveries.</p>							
<p>(3) School Safety Resource Center</p>							
Program Costs	394,169		350,169 (4.0 FTE)		44,000 <sup>a</sup>		
		32,124,419					
<p><b>(2) COLORADO STATE PATROL</b></p>							
Colonel, Lt. Colonels, Majors, and Captains	3,974,328		79,007 (1.0 FTE)		3,895,321 <sup>a</sup> (33.0 FTE)		
Sergeants, Technicians, and Troopers	49,087,606		1,333,464 (18.0 FTE)		46,134,077 <sup>b</sup> (576.0 FTE)	1,620,065 <sup>c</sup> (21.6 FTE)	
Civilians	4,384,890		42,864 (1.0 FTE)		4,275,817 <sup>d</sup> (76.5 FTE)	66,209 <sup>c</sup> (1.0 FTE)	
Retirements	400,000				400,000 <sup>a</sup>		
Overtime	1,403,815				1,378,553 <sup>d</sup>	25,262 <sup>c</sup>	



## Appendix D: Example Indirect Cost Briefing Appendix

FY 2013-14 Joint Budget Committee Staff Budget Briefing  
 Department of Natural Resources

### APPENDIX D: INDIRECT COST ASSESSMENT METHODOLOGY

#### Description of Indirect Cost Assessment Methodology

The Department of Natural Resources indirect cost assessment methodology is calculated based on two components: an “*Indirect Cost Pool*” and an “*Indirect Cost Base*”.

The *Indirect Cost Pool* is comprised of approved Executive Director’s Office (EDO) and other overhead FY 2011-12 actual costs, including statewide indirect costs, used to provide support to the entire department. The *Indirect Cost Base* is comprised of FY 2011-12 actual personal services costs by division. **Table 1** outlines which lines are included in the department’s Indirect Cost Pool. Of the Total Indirect Cost Pool, the Department subtracts \$1,397,900 of non-recoverable indirect costs. Of this amount, \$1,350,750 is associated with General Fund personal services costs not assessed in the Water Resources Division (the majority of personal services costs in the Water Resources Division are General Fund costs), and \$47,152 of indirect costs are not assessed to the Colorado Geological Survey (CGS) pursuant to Section 34-1-105, C.R.S., that limits CGS fees to covering direct costs of providing services.

<b>Table 1</b>		
<b>Department of Natural Resources Indirect Cost Pool</b>		
<b>Division</b>	<b>Line Item</b>	<b>FY 2011-12 Actual</b>
Executive Director's Office		
	Personal Services	\$4,003,635
	Workers Compensation	24,310
	Operating Expenses	174,927
	Legal Services	36,687
	Purchase of Services from Computer Center	1,521,241
	Multiuse Network Payments	569,738
	Management and Administration of OIT	244,797
	Payment to Risk Management and Property Funds	11,964
	Information Technology Asset Maintenance	90,538
	Capitol Complex Leased Space	171,126
	Audit Charges	183,036
	Equipment Use	265,337

**JBC Staff Budget Briefing – FY 2013-14**  
**Staff Working Document – Does Not Represent Committee Decision**

<b>Table 1</b>		
<b>Department of Natural Resources Indirect Cost Pool</b>		
<b>Division</b>	<b>Line Item</b>	<b>FY 2011-12</b>
	Statewide Indirect Cost Share	1,700,927
<b>Total Indirect Cost Pool</b>		<b>\$8,998,263</b>
	General Fund Personal Services (Unrecoverable Costs)	(1,397,900)
<b>Total Recoverable Indirect Cost Pool</b>		<b>\$7,600,363</b>

The Department does not have an *Indirect Cost Rate*. Instead, the Department uses FY 2011-12 actual eligible personal services costs from cash funds and federal funds sources to calculate the *Indirect Cost Base*, which is used in determining the proportional allocation of the Total Recoverable Indirect Cost Pool to divisions. *Table 2* summarizes the department's Indirect Cost Base.

<b>Table 2</b>	
<b>Department of Natural Resources Indirect Cost Base</b>	
<b>Division</b>	<b>FY 2011-12 Actual (CF, RF, FF)</b>
Division of Reclamation, Mining, and Safety	\$7,260,875
Colorado Geological Survey	2,937,488
Oil and Gas Conservation Commission	6,347,767
State Board of Land Commissioners	3,274,986
Division of Parks and Wildlife - Parks	25,876,431
Division of Parks and Wildlife - Wildlife	57,931,781
Colorado Water Conservation Board	7,301,991
Water Resources Division	402,080
<b>Total Indirect Cost Base</b>	<b>\$111,333,399</b>

**FY 2013-14 Indirect Cost Assessment Request**

For FY 2013-14 the Department has requested \$7,600,363 for indirect cost assessments. *Table 4* shows the FY 2013-14 Department indirect cost assessment based on the November 1 request for each division. The FY 2013-14 request represents an increase of \$688,809 from the FY 2012-13 indirect cost assessment mainly due to (1) a \$470,000 increase in costs for purchase of services from the state computer center, (2) a \$128,000 increase in statewide indirect cost recoveries, and (3) a \$106,000 increase in payments to the state multiuse network (MNT).

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**Staff Working Document – Does Not Represent Committee Decision**

<b>Table 4</b>				
<b>Department Indirect Cost Assessment Request</b>				
<b>Division</b>	<b>Total</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>
Division of Reclamation, Mining, and Safety	\$498,752	\$250,311	\$0	\$248,441
Colorado Geological Survey	154,625	121,825	0	32,800
Oil and Gas Conservation Commission	436,030	429,764	0	6,266
State Board of Land Commissioners	224,959	224,959	0	0
Division of Parks and Wildlife - Parks	1,777,457	1,739,891	0	37,566
Division of Parks and Wildlife - Wildlife	3,979,346	3,349,809	0	629,537
Colorado Water Conservation Board	501,575	491,158	0	10,417
Water Resources Division	27,619	25,379	0	2,240
<b>Total FY 2013-14 Request</b>	<b>\$7,600,363</b>	<b>\$6,633,096</b>	<b>\$0</b>	<b>\$967,267</b>
FY 2012-13 Indirect Cost Assessment	\$6,911,554	\$6,005,793	\$0	\$905,761
<b>Difference (FY 14 - FY 13)</b>	<b>\$688,809</b>	<b>\$627,303</b>	<b>\$0</b>	<b>\$61,506</b>

*JBC Staff Budget Briefing – FY 2013-14*  
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## Appendix E: FY 2013-14 Statewide Indirect Cost Plan

### FY 2013 - 2014 STATEWIDE APPROPRIATIONS/CASH FEES PLAN

<u>DEPARTMENT</u>	<u>CF</u>	<u>RE</u>	<u>FF</u>	<u>TOTAL</u>
DEPARTMENT OF PERSONNEL & ADMINISTRATION				
DPA - AEA - ADMINISTRATION	\$0	\$51,840	\$0	\$51,840
DPA - AEA - REPROGRAPHICS	0	384,732	0	384,732
DPA - AEA - FLEET MANAGEMENT	0	364,528	0	364,528
DPA - AEA - CAPITOL BUILDINGS	0	2,067,945	0	2,067,945
DPA - CENTRAL COLLECTIONS	0	250,433	0	250,433
DPA - ADMINISTRATIVE HEARINGS	0	171,000	0	171,000
DPA - EMPLOYEE BENEFITS	0	60,236	0	60,236
DPA - RISK MANAGEMENT	0	42,010	0	42,010
DPA – CSEAP	0	110,018	0	110,018
DPA – TRAINING	0	4,552	0	4,552
GOVERNOR'S OFFICE OF INFORMATION TECHNOLOGY				
GOIT - ADMINISTRATION	0	72,650	0	72,650
GOIT - COMPUTING SERVICES	0	151,894	0	151,894
GOIT - COMMUNICATION - NETWORK	0	39,295	0	39,295
GOIT - COMMUNICATION SERVICES	0	67,827	0	67,827
AGRICULTURE	136,493	3,838	18,788	159,119
CORRECTIONS	64,895	38,860	2,207	105,963
EDUCATION	199,400	87,638	189,796	476,834
GOVERNOR	59,799	813	266,891	327,503
HEALTH & ENVIRONMENT	246,121	30,906	433,788	710,815
HIGHER EDUCATION	570,844	1,001,426	441,790	2,014,060
TRANSPORTATION	1,756,205	11,799	(0)	1,768,004
HUMAN SERVICES	249,504	39,847	310,263	599,614
JUDICIAL	90,879	3,426	7,854	102,159
LABOR & EMPLOYMENT	341,962	3,694	683,140	1,028,796
LAW	145,372	315,278	52,508	513,158
LOCAL AFFAIRS	51,526	96,788	171,733	320,047
MILITARY AFFAIRS	2,095	0	94,581	96,676
NATURAL RESOURCES	1,201,545	0	197,575	1,399,120
PUBLIC SAFETY	1,067,680	86,656	71,462	1,225,798
REGULATORY AGENCIES	239,950	33,854	7,360	281,164
REVENUE	599,315	0	11,165	610,480
DEPT OF HEALTH CARE & FINANCING	121,193	29,596	396,094	546,883
SECRETARY OF STATE	105,677	0	1,335	107,012
<b>TOTAL ASSESSED ALLOCATED COSTS</b>	<b>\$7,250,455</b>	<b>\$5,623,379</b>	<b>\$3,358,330</b>	<b>\$16,232,164</b>
NON-ASSESSED ALLOCATED COSTS:				
LEGISLATURE	1,568	87,800	0	89,368
NON-STATE AGENCIES	0	0	0	0
	<b>\$7,252,022</b>	<b>\$5,711,179</b>	<b>\$3,358,330</b>	<b>\$16,321,531</b>

FY2013-14 DPA INDIRECT COST ASSESSMENT True Up Worksheet								
Agency Coding	Uses	Sources				Letternotes	Notes	
	Is Paid with Indirects (From from Letternotes)	Pays Into Indirects (From Indirect Appropriations)						
<b>DPA Statewide Indirects</b>								
EDO Personal Services	1,571,597					<i>This amount shall be from statewide indirect cost recoveries from the Department of Personnel and Administration.</i>	balancing line	
EDO Operating Expenses	99,531							
EDO Capitol complex Leased Space	900,902	balancing line						
EDO, Stwd Spec Purp, OSSP, Test Facility Lease	119,842							
<b>DHR, HRS, SAS Personal Services &amp; Operating (bottom line funded)</b>	<b>1,533</b>					<i>Same as below for DHR SAS Personal Services and Operating: Of this amount, \$90,029 shall be from statewide indirect cost recoveries from the Department of Personnel &amp; Administration, \$871,790 shall be from statewide indirect cost recoveries from the Department of Labor and Employment, \$107,012 shall be from statewide indirect cost recoveries from the Department of State, and \$637,445 shall be from statewide indirect cost recoveries from the Department of Transportation.</i>	This amount plus the statewide sources below reflect the total need of the line item.	
DHR HRS, SAS, Operating Expenses	88,496							
DOCC, OSC, Personal Services	725,393					<i>This amount shall be from statewide indirect cost recoveries from the Department of Personnel and Administration.</i>		
CSEAP, Indirect		110,018						
Human Resources, Training		4,552						
Human Resources, Employee Benefit Services, Indirect		60,236						
Human Resources, Risk Management Services, Indirect		42,010						
Central Services, Administration, Indirect		51,840						
Central Services, IDS, Document Solutions, Indirect		384,732						
Central Services, Fleet, Indirect		364,528						
Central Services, Facilities Maintenance, Indirect		2,067,945						
Collections Services, Indirect		250,433						
OAC, Indirect		171,000						
<b>DPA SubTotals</b>	<b>3,507,294</b>	<b>3,507,294</b>						
<b>Statewide Indirects from Other Agencies</b>								
Governor's Office	1,789,728							
Labor & Employment	157,006							
<b>DPA, DHR, HRS, SAS Personal Services &amp; Operating (bottom line funded)</b>	<b>1,616,247</b>		<b>Gov's Offices</b>	<b>CDLE</b>	<b>DPA</b>	<i>Same as above for DHR SAS Personal Services and Operating: Of this amount, \$90,029 shall be from statewide indirect cost recoveries from the Department of Personnel &amp; Administration, \$871,790 shall be from statewide indirect cost recoveries from the Department of Labor and Employment, \$107,012 shall be from statewide indirect cost recoveries from the Department of State, and \$637,445 shall be from statewide indirect cost recoveries from the Department of Transportation.</i>	This amount plus the statewide sources above reflect the total need of the line item.	
Governor's Office		327,503	327,503					
Governor's Office -OIT		331,666	331,666					
Labor & Employment		1,028,796		157,006	871,790			
Secretary of State		107,012			107,012			
Transportation		1,768,004	1,130,559	-	637,445			
<b>Other Agency SubTotals</b>	<b>3,562,981</b>	<b>3,562,981</b>	<b>1,789,728</b>	<b>157,006</b>	<b>1,616,247</b>			
<b>Grand Total</b>	<b>7,070,275</b>	<b>7,070,275</b>						
Variance (Negative indicates we are collecting too much, positive indicates we are collecting too little.) A base adjustment is needed in the amount of the variance in a line impacted by the letternotes. If we are collecting too little to pay our expenses, we need to make an adjustment to increase GF by that amount.								