

# JOINT BUDGET COMMITTEE



## SUPPLEMENTAL BUDGET REQUESTS FY 2016-17

### DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

JBC WORKING DOCUMENT - SUBJECT TO CHANGE  
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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# DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

## DEPARTMENT OVERVIEW

The Department provides trained and ready military forces for the U.S. active armed services, and for preserving life and property during natural disasters and civil emergencies in Colorado; supports federal and state homeland security missions; maintains equipment and facilities for state military forces; provides for safekeeping of the public arms, military records, relics and banners of the state; assists veterans and National Guard members with benefits claims; maintains the Western Slope Veterans' Cemetery; supports the Civil Air Patrol, Colorado Wing; and assists in fighting the spread of drug trafficking.

## SUMMARY: FY 2016-17 APPROPRIATION AND RECOMMENDATION

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS: RECOMMENDED CHANGES FOR FY 2016-17						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2016-17 APPROPRIATION</b>						
H.B. 16-1405 (Long Bill)	\$225,411,689	\$8,305,504	\$1,211,976	\$800,000	\$215,094,209	1,392.4
<b>CURRENT FY 2016-17 APPROPRIATION</b>	<b>\$225,411,689</b>	<b>\$8,305,504</b>	<b>\$1,211,976</b>	<b>\$800,000</b>	<b>\$215,094,209</b>	<b>1,392.4</b>
<b>RECOMMENDED CHANGES</b>						
Current FY 2016-17 Appropriation	\$225,411,689	\$8,305,504	\$1,211,976	\$800,000	\$215,094,209	1,392.4
S1 Increase to Colorado National Guard Tuition Fund	87,162	87,162	0	0	0	0.0
S2 CORE operations refinance	0	50,466	0	0	(50,466)	0.0
SNP Property fund supplemental	0	0	0	0	0	0.0
SNP Annual fleet supplemental	0	0	0	0	0	0.0
<b>RECOMMENDED FY 2016-17 APPROPRIATION</b>	<b>\$225,498,851</b>	<b>\$8,443,132</b>	<b>\$1,211,976</b>	<b>\$800,000</b>	<b>\$215,043,743</b>	<b>1,392.4</b>
<b>RECOMMENDED INCREASE/(DECREASE)</b>	<b>\$87,162</b>	<b>\$137,628</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$50,466)</b>	<b>0.0</b>
Percentage Change	0.0%	1.7%	0.0%	0.0%	0.0%	0.0%
<b>FY 2016-17 EXECUTIVE REQUEST</b>						
Request Above/(Below) Recommendation	\$19,390	\$19,390	\$0	\$0	\$0	0.0

### REQUEST/RECOMMENDATION DESCRIPTIONS

**S1 INCREASE TO COLORADO NATIONAL GUARD TUITION FUND:** The request includes an increase of \$95,878 General Fund to support tuition assistance for Colorado National Guard (CNG) members. The supplemental funding will allow the Colorado National Guard Tuition Fund to meet

program demand through the end of the fiscal year. The recommendation is to approve \$87,162 General Fund for this purpose.

**S2 CORE OPERATIONS REFINANCE:** The request includes an increase of \$50,466 General Fund and a corresponding decrease in federal funds. The recommendation is to approve the Department's request.

**SNP PROPERTY FUND SUPPLEMENTAL:** The request includes an increase of \$24,583 General Fund for the payment to risk management and property funds line item. The recommendation reflects the Committee's action on common policy supplementals.

**SNP ANNUAL FLEET SUPPLEMENTAL:** The request includes an increase of \$9,705 General Fund for the vehicle lease payments line item. The recommendation reflects the Committee's action on common policy supplementals.

## PRIORITIZED SUPPLEMENTAL REQUESTS

### S1 INCREASE TO COLORADO NATIONAL GUARD TUITION FUND

	REQUEST	RECOMMENDATION
<b>TOTAL</b>	<b>\$95,878</b>	<b>\$87,162</b>
FTE	0.0	0.0
General Fund	95,878	87,162
Cash Funds	0	0
Federal Funds	\$0	\$0

**Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES**

[An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]

**Explanation:** JBC staff and the Department agree that this request is the result of a technical error in calculating the original appropriation. The original appropriation calculation did not take into account the cost of tuition reimbursement for Guard members taking courses during the Summer Sessions that fall prior to the end of the State's fiscal year on June 30.

**DEPARTMENT REQUEST:** The Department requests an increase of \$95,878 General Fund to support tuition assistance for Colorado National Guard (CNG) members, which includes \$87,162 to cover tuition reimbursements and \$8,716 to provide a reserve balance for the Colorado National Guard Tuition Fund (Fund). The supplemental funding request will allow the Fund to meet program demand through the end of the fiscal year.

**STAFF RECOMMENDATION:** Staff recommends that the Committee appropriate \$87,162 General Fund to cover the tuition reimbursement portion of the Department's request.

**STAFF ANALYSIS:** The supplemental request is analyzed in two parts: the tuition reimbursement funding gap and the Fund balance reserve funding. This split has been made because while the tuition reimbursement funding gap request meets the JBC's supplemental criteria, the Fund reserve balance funding request does not.

#### **TUITION REIMBURSEMENT FUNDING GAP**

The Colorado National Guard Tuition Fund was created by S.B. 79-055 to provide the CNG with a recruitment and retention tool that would also enhance the knowledge and skills of Guard members. The Department is allowed to reimburse at least 50.0 percent, but no more than 100.0 percent, of a Guard member's tuition at "designated institutions of higher education," as long as the member is pursuing a degree or certification and the appropriated funds are sufficient. The Department must also ensure that reimbursements paid from the Fund account for other financial assistance received by a Guard member, so that total assistance does not exceed 100.0 percent of tuition. (Section 23-5-111.4 (2) (a-a.5), C.R.S.) In 2012, the Department set the current maximum reimbursement rate per Guard member at \$4,250 per semester, or \$8,500 per year.

While the Department currently limits tuition reimbursements to state institutions of higher education, Section 23-5-111.4 (3) (a), C.R.S., which defines "designated institutions of higher education," allows the Department to provide tuition reimbursements for Guard members pursuing

a certificate or degree program in Homeland Security at private institutions. The follow table lists the 15 schools for which the Department provides tuition reimbursements.

Designated Institutions of Higher Education
Adams State University
Colorado Community College System
Colorado Mesa University
Colorado School of Mines
Colorado State University- Fort Collins
Colorado State University - Pueblo
CSU Global
CSU Online Plus
Fort Lewis College
Metropolitan State University of Denver
University of Colorado - Colorado Springs
University of Colorado - Denver
University of Colorado- Boulder
University of Northern Colorado
Western State Colorado University

The Colorado National Guard Tuition Fund receives money from General Assembly appropriations and the repayment of tuition assistance by Guard members who no longer meet the statutory requirements under Section 23-5-111.4 (2), C.R.S. The Fund is almost wholly reliant on its Long Bill appropriation for funding reimbursement payments and is not subject to the cash fund excess uncommitted reserve requirement established in Section 24-75-402, C.R.S. As such, the Fund has only a minimal reserve because the Department fully expends the appropriated money in most years. Pursuant to 23-5-111.4 (9) (a), C.R.S., the Fund has continuous spending authority.

In FY 2016-17, the General Assembly appropriated \$1,296,157 total funds, including \$496,157 General Fund and \$800,000 reappropriated funds, to the Fund for tuition reimbursements. It should be noted that the reappropriated funds are from the Department of Higher Education, where the original appropriation is General Fund. The Department estimates that it will reimburse a total of 5,830 credit hours for 556 Guard members in FY 2016-17. The following table details the actual and estimated credit hours and Guard members reimbursed from FY 2014-15 to FY 2016-17.

Credit Hours Reimbursed by Department of Military and Veterans Affairs			
Institution	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Estimated
Adams State University	27	18	61
Colorado Community College System	838	759	1,066
Colorado Mesa University	101	71	88
Colorado School of Mines	61	100	48
Colorado State University- Fort Collins	980	946	1,286
Colorado State University - Pueblo	0	0	0
CSU Global	585	607	606
CSU Online Plus	183	142	120
Fort Lewis College	0	0	0
Metropolitan State University of Denver	943	684	753
University of Colorado - Colorado Springs	598	636	730
University of Colorado - Denver	239	330	397

Credit Hours Reimbursed by Department of Military and Veterans Affairs			
Institution	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Estimated
University of Colorado- Boulder	479	407	405
University of Northern Colorado	224	207	270
Western State Colorado University	0	0	0
<b>Total credit hours reimbursed</b>	<b>5,258</b>	<b>4,906</b>	<b>5,830</b>
<b>CONG Members Served</b>	<b>514</b>	<b>489</b>	<b>556</b>

Projected reimbursement expenditures per institution are calculated by multiplying the per credit hour cost for an institution by the number of anticipated credit hours to be reimbursed for that institution. Using the per credit hour costs, the Department anticipates approximately \$1.5 million in eligible reimbursements in FY 2016-17.

Estimated FY 2016-17 Colorado National Guard Tuition Reimbursements			
INSTITUTION	CREDIT HOURS ESTIMATED	COST PER CREDIT HOUR	TOTAL ESTIMATED COST
Adams State University	61	\$191	\$11,663
Colorado Community College System	1,066	137	145,867
Colorado Mesa University	88	252	22,211
Colorado School of Mines	48	523	25,104
Colorado State University- Fort Collins	1,286	291	373,626
CSU Global	606	350	212,100
CSU Online Plus	120	444	53,280
Metropolitan State University of Denver	753	190	142,894
University of Colorado - Colorado Springs	730	276	201,480
University of Colorado - Denver	397	314	124,658
University of Colorado- Boulder	405	326	131,868
University of Northern Colorado	270	\$230	\$62,154
<b>Total</b>			<b>\$1,506,906</b>

The Department projects a deficit of \$210,749 in funding for tuition reimbursement payments in FY 2016-17 and the Fund does not have a sufficient reserve to cover the shortfall. The Fund began FY 2016-17 with a balance of \$123,587, leaving a funding deficit of \$87,162 required to fully fund planned reimbursements in the current fiscal year. If staff's recommendation is approved, the JBC would provide sufficient appropriations to fully fund the CNG tuition reimbursement program, based on the Department's projections.

Estimated FY 2016-17 Funding Gap for CNG Tuition Reimbursements	
	FY 2016-17
H.B. 16-1405 (Long Bill)	\$1,296,157
CNG Tuition Fund Year-Beginning Balance	123,587
<b>Total available funds</b>	<b>\$1,419,744</b>
Anticipated total tuition reimbursement	\$1,506,906
Excess/(shortfall) of appropriation	(\$87,162)

**CNG TUITION FUND RESERVE BALANCE**

Funding a reserve balance for the CNG Tuition Fund does not meet the JBC's supplemental criteria and should be discussed during figure setting for the Department. Supplemental funding is meant to fill funding gaps that could not otherwise be filled, not to build a Fund's reserve balance. The

Department submitted a related prioritized budget request for the CNG tuition reimbursement program for FY 2017-18 that includes funding a reserve balance for the CNG Tuition Fund.

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## S2 CORE OPERATIONS REFINANCE

	REQUEST	RECOMMENDATION
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>
FTE	0.0	0.0
General Fund	50,466	50,466
Cash Funds	0	0
Federal Funds	(\$50,466)	(\$50,466)

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b>	<b>YES</b>
[An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	

**Explanation:** JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made.

**DEPARTMENT REQUEST:** The request includes an increase of \$50,466 General Fund and a corresponding decrease in federal funds.

**STAFF RECOMMENDATION:** Staff recommends that the Committee approve the Department's request.

**STAFF ANALYSIS:** The supplemental budget request will shift the federal funds proportion of the CORE operations line item appropriation to General Fund. According to the Department's Cooperative Agreement with the federal government, federal funds can only be used for direct costs associated with their grant. The CORE operations line item funds the Department's share of the first two phases of a five-phase project to replace the statewide accounting system used by the Office of the State Controller to record all state revenues and expenditures. National Guard Regulation 5-1 does not allow for the reimbursement of any charges that are not considered direct costs associated with the grant. During the 2016 interim, the U.S. Property and Fiscal Officer for Colorado informed the Department that CORE operations charges are considered indirect costs. The Department does not anticipate the federal government will seek to recoup funds previously used for the CORE operations line item.

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## STATEWIDE COMMON POLICY SUPPLEMENTAL REQUESTS

These requests are not prioritized and are not analyzed in this packet. The JBC acted on these items on January 12<sup>th</sup> when it made decisions regarding common policies.

DEPARTMENT'S PORTION OF STATEWIDE SUPPLEMENTAL REQUEST	TOTAL	GENERAL FUND	CASH FUNDS	REAPPROP. FUNDS	FEDERAL FUNDS	FTE
SNP Property fund supplemental	\$0	\$0	\$0	\$0	\$0	0.0
SNP Annual fleet supplemental	0	0	0	0	0	0
<b>DEPARTMENT'S TOTAL STATEWIDE SUPPLEMENTAL REQUESTS</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

**STAFF RECOMMENDATION:** These request items were addressed during the JBC staff supplemental presentation for the Department of Personnel on January 12, 2017. Staff requests permission to incorporate the Committee's action into the supplemental bill. Note, the dollar amounts in the table above represent the recent Committee action.

*JBC Staff Supplemental Recommendations - FY 2016-17*  
*Staff Working Document - Does Not Represent Committee Decision*

**Appendix A: Number Pages**

	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2016-17 Requested Change	FY 2016-17 Rec'd Change	FY 2016-17 Total w/Rec'd Change
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**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**  
**H. Michael Edwards, Adjutant General**

**S1 Increase CNG Tuition Fund**

**(1) EXECUTIVE DIRECTOR AND ARMY NATIONAL GUARD**

Colorado National Guard Tuition fund	<u>1,496,089</u>	<u>1,296,157</u>	<u>95,878</u>	<u>87,162</u>	<u>1,383,319</u>
General Fund	495,368	496,157	95,878	87,162	583,319
Cash Funds	204,631	0	0	0	0
Reappropriated Funds	796,090	800,000	0	0	800,000
<b>Total for S1 Increase CNG Tuition Fund</b>	<b>1,496,089</b>	<b>1,296,157</b>	<b>95,878</b>	<b>87,162</b>	<b>1,383,319</b>
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	495,368	496,157	95,878	87,162	583,319
Cash Funds	204,631	0	0	0	0
Reappropriated Funds	796,090	800,000	0	0	800,000

*JBC Staff Supplemental Recommendations - FY 2016-17*  
*Staff Working Document - Does Not Represent Committee Decision*

	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2016-17 Requested Change	FY 2016-17 Rec'd Change	FY 2016-17 Total w/Rec'd Change
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**S2 CORE operations refinance**

**(1) EXECUTIVE DIRECTOR AND ARMY NATIONAL GUARD**

CORE Operations	65,220	52,829	0	0	52,829
General Fund	2,363	2,363	50,466	50,466	52,829
Federal Funds	62,857	50,466	(50,466)	(50,466)	0

<b>Total for S2 CORE operations refinance</b>	65,220	52,829	0	0	52,829
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	2,363	2,363	50,466	50,466	52,829
Federal Funds	62,857	50,466	(50,466)	(50,466)	0

<b>Totals Excluding Pending Items</b>					
<b>MILITARY AND VETERANS AFFAIRS</b>					
<b>TOTALS for ALL Departmental line items</b>	228,459,247	225,411,689	95,878	87,162	225,498,851
<i>FTE</i>	<u>1,394.6</u>	<u>1,392.4</u>	<u>0.0</u>	<u>0.0</u>	<u>1,392.4</u>
General Fund	7,598,235	8,305,504	146,344	137,628	8,443,132
Cash Funds	1,221,580	1,211,976	0	0	1,211,976
Reappropriated Funds	796,090	800,000	0	0	800,000
Federal Funds	218,843,342	215,094,209	(50,466)	(50,466)	215,043,743