

# JOINT BUDGET COMMITTEE



## SUPPLEMENTAL BUDGET REQUESTS FY 2022-23

### DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

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

PREPARED BY:  
JON CATLETT, JBC STAFF  
JANUARY 20, 2023

JOINT BUDGET COMMITTEE STAFF  
200 E. 14TH AVENUE, 3RD FLOOR • DENVER • COLORADO • 80203  
TELEPHONE: (303) 866-2061 • TDD: (303) 866-3472  
<https://leg.colorado.gov/agencies/joint-budget-committee>

# CONTENTS

Department Overview .....	1
Summary: FY 2022-23 Appropriation and Recommendation .....	2
Request/Recommendation Descriptions .....	2
Prioritized Supplemental Requests.....	3
S1 Cash Fund Restoration: .....	3
Statewide Common Policy Supplemental Requests.....	5
Numbers Pages.....	A-1

# DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

## DEPARTMENT OVERVIEW

The Department of Military and Veterans Affairs has approximately 5,500 Army and Air National Guard members trained and ready for federal active duty abroad and for preserving life and property during natural disasters and civil emergencies at home in Colorado.

### **EXECUTIVE DIRECTOR'S OFFICE**

- Provides general administrative support to Department divisions including: human resources, budgeting, accounting, and administrative support;
- Provides safekeeping of public arms, military records, and relics and banners of the State;
- Administers the National Guard Tuition Assistance Program; and
- The Adjutant General, as the commander of the State's military forces, provides day-to-day command and control, guidance, policies and procedures, administrative support, and logistics support to the Army National Guard, the Air National Guard, and the Civil Air Patrol.

### **ARMY & AIR NATIONAL GUARD**

- Maintains a reserve of trained forces for the U.S. Armed Forces which are called to active duty by the President;
- Protects life and property during natural disasters and civil emergencies when activated by the Governor; and
- Maintains all military equipment for the State's military forces.

### **CIVIL AIR PATROL**

- Operates as a civilian auxiliary of the United States Air Force;
- Provides volunteers for search and rescue missions, and assists federal and state organizations in disaster or emergency efforts; and
- Operates a Civil Air Patrol cadet program, and provides aerospace education.

### **DIVISION OF VETERANS AFFAIRS**

- Provides assistance to veterans seeking benefits by acting as a power of attorney for veterans and acting as a liaison between counties and the federal government;
- Provides training and payments to County Veterans Service Officers;
- Administers the Western Slope Veterans' Cemetery and its associated fund;
- Through the Colorado Board of Veterans Affairs, disperses the Colorado State Veterans Trust Fund to provide grants for veterans' programs throughout Colorado; and
- Operates the Veterans' One Stop Center (Western Region OneSource) in Grand Junction.

## SUMMARY: FY 2022-23 APPROPRIATION AND RECOMMENDATION

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS: RECOMMENDED CHANGES FOR FY 2022-23						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>FY 2022-23 APPROPRIATION</b>						
HB 22-1329 (Long Bill)	\$142,995,648	\$12,637,704	\$1,571,484	\$80,305	\$128,706,155	2,513.9
Other legislation	35,319	16,769	422	0	18,128	0.0
<b>CURRENT FY 2022-23 APPROPRIATION:</b>	<b>\$143,030,967</b>	<b>\$12,654,473</b>	<b>\$1,571,906</b>	<b>\$80,305</b>	<b>\$128,724,283</b>	<b>2,513.9</b>
<b>RECOMMENDED CHANGES</b>						
Current FY 2022-23 Appropriation	\$143,030,967	12,654,473	\$1,571,906	\$80,305	\$128,724,283	2,513.9
S1 Cash fund restoration	0	0	0	0	0	0.0
NPS1 OIT real time billing	16,141	16,141	0	0	0	0.0
<b>RECOMMENDED FY 2022-23 APPROPRIATION:</b>	<b>\$143,047,108</b>	<b>\$12,670,614</b>	<b>\$1,571,906</b>	<b>\$80,305</b>	<b>\$128,724,283</b>	<b>2,513.9</b>
<b>RECOMMENDED INCREASE/(DECREASE)</b>	<b>\$16,141</b>	<b>\$16,141</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
Percentage Change	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
<b>FY 2022-23 EXECUTIVE REQUEST</b>	<b>\$147,955,503</b>	<b>\$17,579,009</b>	<b>\$1,571,906</b>	<b>\$80,305</b>	<b>\$128,724,283</b>	<b>2,513.9</b>
Request Above/(Below) Recommendation	\$4,908,395	\$4,908,395	\$0	\$0	\$0	0.0

### REQUEST/RECOMMENDATION DESCRIPTIONS

**S1 CASH FUND RESTORATION: [LEGISLATION RECOMMENDED]** The request is for a one-time \$4.9 million General Fund appropriation to restore funds that were transferred from the Real Estate Proceeds Cash Fund to the General Fund in FY 2020-21. During the COVID-19 pandemic, H.B. 20-1406 (Cash Funds Transfer to the General Fund) transferred these funds from the Department to augment state revenues. These cash funds were from the sale of real estate acquired for military purposes, and restoring them would allow the Department to move forward with its plans for two new readiness centers. Failure to restore these cash funds would put \$46.7 million in federal matching funds at risk. Because staff's recommendation is to restore these funds through JBC-sponsored legislation rather than through the Long Bill, the requested appropriation is not reflected in the table above. However, legislation will result in the same outcome for the Department while providing greater consistency and transparency with the original means of the cash funds transfer, which was legislation.

## PRIORITIZED SUPPLEMENTAL REQUESTS

### S1 CASH FUND RESTORATION:

	REQUEST	RECOMMENDATION
<b>TOTAL</b>	\$4,908,395	<b>\$0</b>
FTE	0.0	0.0
General Fund	0	0
Cash Funds	\$4,908,395	0
Reappropriated 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 results from an unforeseen contingency. According to the Department, the opportunity to purchase land for two new readiness centers is a time-sensitive opportunity and dependent on federal matching funds, which is contingent upon the approval of the restoration of funds swept from the Real Estate Proceeds Cash Fund in FY 2020-21.

**DEPARTMENT REQUEST:** The Department requests a one-time \$4.9 million General Fund transfer to restore funds that were transferred from the Real Estate Proceeds Cash Fund to the General Fund in FY 2020-21. During the COVID-19 pandemic, H.B. 20-1406 (Cash Funds Transfer to the General Fund) transferred funds from the Department to augment state revenues. These cash funds were from the sale of real estate acquired for military purposes. According to the Department, restoration of these cash funds would allow the Department to move forward with its plans to acquire new land and modernize its readiness centers. Failure to restore these cash funds would put over \$46 million in federal matching funds at risk. This supplemental request amends the Department’s FY 2023-24 R1 Cash Fund Restoration request, making the transfer effective in FY 2022-23 rather than FY 2023-24.

**STAFF RECOMMENDATION:** Staff recommends approving the request. However, staff recommends restoring the cash fund through JBC-sponsored legislation rather than through a Long Bill appropriation.

**STAFF ANALYSIS:** House Bill 20-1406 (Cash Funds Transfer to the General Fund) transferred \$42.5 million from 25 cash funds to the General Fund, including \$4.9 million from the Department of Military and Veterans Affairs’ Real Estate Proceeds Cash Fund. This transfer was done in response to a significant projected decline in General Fund revenue during the COVID-19 pandemic. This supplemental request amends the Department’s FY 2023-24 R1 Cash Fund Restoration request, making the transfer effective in FY 2022-23 rather than FY 2023-24.

The Department requests these funds to support two capital construction projects related to upgrading aging and inadequate facilities. The two capital construction projects specified by the Department are:

- 1 Land acquisition in support of a new Field Artillery Readiness Center – currently the 3-157<sup>th</sup> Field Artillery Battalion is located at the Longmont Readiness Center, a facility constructed in 1954 that is now outdated, undersized, and lacks sufficient facilities, including parking, force

protection, storage, and maintenance bays. Additionally, there have been numerous documented safety issues with the Longmont Readiness Center. The new readiness center would replace this obsolete readiness center and free up space at the Aurora readiness center.

- 2 Land acquisition in Pueblo West to consolidate the Rocky Ford Field Maintenance Shop and the Pueblo readiness center - the existing Pueblo readiness center was built in 1961 on five acres of land near the State Fairgrounds, with no room to expand and no longer sufficiently scaled to accommodate the military vehicles of the Forward Support Company. Currently, maintenance for military vehicles assigned to the Pueblo readiness center is performed at the Rocky Ford Field Maintenance Shop, 54 miles away, resulting in substantial inefficiencies and reduced readiness. The cash fund restoration is pivotal to acquiring the Pueblo West land for the readiness center. Failure to acquire this land would result in the loss of \$46.75 million in federal matching funds.

Additional information relevant to this request will be conferred during Andrea Uhl's presentation concerning Capital Construction supplemental requests. The following table lists all of the cash fund transfers included in H.B. 20-1406, and identifies the two transfers that have been reversed or partially reversed to date.

HB 20-1406 CASH FUND TRANSFER TO GENERAL FUND					
CASH FUND	FY 2019-20	FY 2020-21	FUNDS RESTORED	BILL NUMBER	AMOUNT RESTORED
Small Communities Water and Wastewater Grant Fund	\$5,600,000		Yes	SB 21-255	\$5,000,000
Waste Tire Administration, Enforcement, Market Dev	5,372,415		No		
Off-Highway Vehicle Recreation Fund	5,000,000		Yes	SB 21-255	5,000,000
Local Government Permanent Fund	2,300,000		No		
Petroleum Cleanup and Redevelopment Fund	2,000,000		No		
Unemployment Revenue Fund	2,000,000		No		
Marijuana Cash Fund	1,600,000		No		
End Users Fund	1,400,000		No		
Workers' Compensation Fund	1,000,000		No		
School Safety Resource Center Cash Fund	1,000,000		No		
Waste Tire Market Development Fund	771,204		No		
Conveyance Safety Fund	500,000		No		
Public and Private Utilities Sector Fund	500,000		No		
Water Quality Improvement Fund	483,535		No		
Construction Sector Fund	433,728		No		
Hazardous Waste Service Fund	422,411		No		
Solid Waste Management Fund	363,243		No		
Vital Statistics Records Cash Fund	180,000		No		
<b>Sales of Real Estate Acquired for Military Purposes</b>		<b>4,908,395</b>	<b>No</b>		
Petroleum Storage Tank Fund		4,000,000	No		
Division of Insurance Cash Fund		1,224,100	No		
Highway-rail Crossing Signalization		1,007,176	No		
Division of Banking Cash Fund		370,795	No		
Prescription Drug Monitoring Fund		267,521	No		
State Archives and Records Cash Fund		130,000	No		
	\$30,926,536	\$11,907,987			
<b>TOTAL</b>		<b>\$42,834,523</b>			<b>\$10,000,000</b>

## STATEWIDE COMMON POLICY SUPPLEMENTAL REQUESTS

This request is not prioritized and is not analyzed in this packet. The JBC will act on this item later when it makes decisions regarding common policies.

NPS1 OIT REAL TIME BILLING			
	TOTAL FUNDS	GENERAL FUND	FTE
<b>OIT Real time billing</b>	<b>\$16,141</b>	<b>\$16,141</b>	<b>0.0</b>

STAFF RECOMMENDATION: The staff recommendation for this request is pending Committee action on common policy supplementals. Staff will include the corresponding appropriation in the Department's supplemental bill based on Committee action on common policy supplementals. If staff believes there is reason to deviate from the common policy, staff will appear before the Committee at a later date to present the relevant analysis.

## NUMBERS PAGES



*JBC Staff Supplemental Recommendations - FY 2022-23*  
*Staff Working Document - Does Not Represent Committee Decision*

**Appendix A: Numbers Pages**

	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2022-23 Requested Change	FY 2022-23 Rec'd Change	FY 2022-23 Total w/Rec'd Change
--	----------------------	-----------------------------	--------------------------------	----------------------------	------------------------------------

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**  
**Michael Loh, Adjutant General**

**S1 Cash fund restoration**

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

Operating Expenses	712,488	327,899	4,908,395	0	327,899
General Fund	208,449	281,899	4,908,395	0	281,899
Cash Funds	504,039	46,000	0	0	46,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

<b>Total for S1 Cash fund restoration</b>	712,488	327,899	4,908,395	0	327,899
<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	208,449	281,899	4,908,395	0	281,899
Cash Funds	504,039	46,000	0	0	46,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

<b>Totals Excluding Pending Items</b>					
<b>MILITARY AND VETERANS AFFAIRS</b>					
<b>TOTALS for ALL Departmental line items</b>	33,546,677	143,030,967	4,908,395	0	143,030,967
<i>FTE</i>	<u>179.0</u>	<u>2,513.9</u>	<u>0.0</u>	<u>0.0</u>	<u>2,513.9</u>
General Fund	10,106,223	12,654,473	4,908,395	0	12,654,473
Cash Funds	2,758,037	1,571,906	0	0	1,571,906
Reappropriated Funds	61,508	80,305	0	0	80,305
Federal Funds	20,620,909	128,724,283	0	0	128,724,283