JOINT
BUDGET
COMMITTEE

STAFF FIGURE SETTING
FY 2023-24

DEPARTMENT OF NATURAL RESOURCES

(Division of Reclamation, Mining, and Safety, Oil and Gas Conservation Commission, State Board of Land Commissioners)

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

PREPARED BY:
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HOW TO USE THIS DOCUMENT

The Department Overview contains a table summarizing the staff recommended incremental changes followed by brief explanations of each incremental change. A similar overview table is provided for each division, but the description of incremental changes is not repeated, since it is available under the Department Overview. More details about the incremental changes are provided in the sections following the Department Overview and the division summary tables.

Decision items, both department-requested items and staff-initiated items, are discussed either in the Decision Items Affecting Multiple Divisions or at the beginning of the most relevant division. Within a section, decision items are listed in the requested priority order, if applicable.

In some of the analysis of decision items in this document, you may see language denoting certain 'levels of evidence', e.g. theory-informed, evidence-informed, or proven. For a detailed explanation of what is meant by 'levels of evidence', and how those levels of evidence are categorized, please refer to Section 2-3-210 (2), C.R.S.

DEPARTMENT OVERVIEW

The Department of Natural Resources is responsible for developing, protecting, and enhancing Colorado's natural resources for the use and enjoyment of present and future residents and visitors. The following Department Divisions are discussed in this packet:

- The DIVISION OF RECLAMATION, MINING, AND SAFETY (DRMS) regulates development and reclamation at active mining sites, reclaims abandoned mine sites, and provides safety training for mine operators and employees.

- The OIL AND GAS CONSERVATION COMMISSION (OGCC) regulates the exploration, development, and conservation of Colorado's oil and natural gas resources in a manner that protects public health, safety, welfare, the environment, and wildlife resources by issuing permits, conducting inspections, pursuing enforcement actions, and engaging in public outreach efforts.

- The STATE BOARD OF LAND COMMISSIONERS (SLB) manages agricultural, commercial, mineral, and other leases on state-owned lands to generate reasonable and consistent revenue for public schools and other trust beneficiaries over time.

SUMMARY OF STAFF RECOMMENDATIONS

DEPARTMENT OF NATURAL RESOURCES (DRMS, OGCC, SLB)	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2022-23 APPROPRIATION						
HB 22-1329 (Long Bill)	$34,499,914	$0	$30,632,980	$225,000	$3,641,934	255.1
SB 23-126 (Supplemental)	797,793	0	761,724	0	36,069	4.5
TOTAL	**$35,297,707**	**$0**	**$31,394,704**	**$225,000**	**$3,678,003**	**259.6**
FY 2023-24 RECOMMENDED APPROPRIATION						
FY 2022-23 Appropriation	$35,297,707	$0	$31,394,704	$225,000	$3,678,003	259.6
R01/BA01 COGCC mission change	2,294,400	0	2,294,400	0	0	29.0
R14 SLB field ops capacity	73,948	0	73,948	0	0	1.0
SI Remove plug and reclaim orph wells	(3,850,000)	0	(3,850,000)	0	0	0.0
Centrally appropriated line items	694,064	0	598,558	0	95,506	0.0
Annualize prior year legislation	293,721	0	293,721	0	0	3.2
Indirect cost assessment	27,443	0	72,279	0	(44,836)	0.0
Annualize prior year budget actions	(804,793)	0	(768,724)	0	(36,069)	(4.5)
TOTAL	**$34,026,490**	**$0**	**$30,108,886**	**$225,000**	**$3,692,604**	**288.3**
INCREASE/(DECREASE)	**($1,271,217)**	**$0**	**($1,285,818)**	**$0**	**$14,601**	**28.7**
Percentage Change	(3.6%)	n/a	(4.1%)	0.0%	0.4%	11.1%
FY 2023-24 EXECUTIVE REQUEST	**$38,264,258**	**$0**	**$34,346,654**	**$225,000**	**$3,692,604**	**288.3**
Request Above/(Below) Recommendation	$4,237,768	$0	$4,237,768	$0	$0	0.0

DESCRIPTION OF INCREMENTAL CHANGES

CENTRALLY APPROPRIATED LINE ITEMS: The recommendation includes an increase of $694,064 total funds to reflect the impact of centrally appropriated line item adjustments to these divisions.

Centrally Appropriated Line Items						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Annualize prior year salary survey	$656,550	$0	$566,290	$0	$90,260	0.0
Statewide operating expenses inflation	24,599	0	24,599	0	0	0.0
Minimum wage adjustment	12,915	0	7,669	0	5,246	0.0
TOTAL	**$694,064**	**$0**	**$598,558**	**$0**	**$95,506**	**0.0**

ANNUALIZE PRIOR YEAR LEGISLATION: The recommendation includes an increase of $293,721 cash funds and 3.2 FTE to reflect the FY 2023-24 impact of H.B. 22-1348 (Oversight of Chemicals Used in Oil & Gas).

INDIRECT COST ASSESSMENT: The recommendation includes net adjustments to indirect costs across these Divisions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The recommendation includes a decrease of $804,793 total funds to reflect the FY 2023-24 impact of budget actions from previous sessions, summarized in the following table.

Annualize Prior Year Budget Actions						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
S1 COGCC mission change	($523,609)	$0	($523,609)	$0	$0	(4.5)
DPA variable vehicle adj	(274,184)	0	(238,115)	0	(36,069)	0.0
FY22-23 R5 SLB water res	(7,000)	0	(7,000)	0	0	0.0
TOTAL	**($804,793)**	**$0**	**($768,724)**	**$0**	**($36,069)**	**(4.5)**

MAJOR DIFFERENCES FROM THE REQUEST

The JBC staff recommendation differs from the request in the following ways:

- Staff recommendation to decrease the Plugging and Reclaiming Orphaned Wells line item by $3,850,000 for FY 2023-24 and ongoing is a result of the Department forgetting to request the decrease in their budget submission.
- Other differences are the result of calculation related the funding for new FTE.

DECISION ITEMS AFFECTING MULTIPLE DIVISIONS

➔ R1 COGCC MISSION CHANGE OPERATIONAL AND REGULATORY SUPPORT

REQUEST: The Department is requesting a total increase of $3,325,126 cash funds from the Oil and Gas Conservation and Emergency Response Fund and 29.0 FTE in FY 2023-24 to increase capacity in response to recent changes to the division's mission as a result of rulemaking. Of this amount, only $2,775,397 is reflected in this document because $549,729 is requested in the Executive Director's Office, which is not covered in this document.

RECOMMENDATION: **Staff recommends approving an increase of $2,820,455 cash funds from the Oil and Gas Conservation and Emergency Response Fund to support 29.0 FTE.** This recommendation differs from the request because of calculations for new FTE.

ANALYSIS:

BACKGROUND:

Senate Bill 19-181 made several changes to the statute that establishes the Oil and Gas Conservation Commission (OGCC) and gives it its powers and duties. Perhaps the most impactful change to statute that S.B. 19-181 made was in Section 34-60-102 (1)(a)(I), C.R.S. – the legislative declaration. Prior to S.B. 19-181, the pertinent part of the legislative declaration read:

> "(1) (a) It is declared to be in the public interest to:
> (I) **Foster** the responsible, balanced development, production, and utilization of the natural resources of oil and gas in the state of Colorado…"

After the S.B. 19-181, the declaration now reads:

> "(1) (a) It is declared to be in the public interest to:
> (I) **Regulate** development and production of the natural resources of oil and gas in the state of Colorado…"

What this change in statute boils down to is a change in mission for the OGCC – from fostering the development of Colorado's oil and gas resources to regulating development and production of those resources. The other changes in the bill that are driving increased workload for the Division essentially all stem from this overarching mission change. Some of the specific areas that the changes touch are listed below.

The bill required the OGCC to adopt new rules or review existing rules concerned with:

- Emissions of methane and other hydrocarbons;
- Wellborn integrity of all oil and gas production wells;
- Flowline and inactive, temporarily abandoned, and shut in well rules;
- Certification of workers in various oil and gas related roles; and
- Oil and natural gas well production facilities and compressor station rules.

Additionally, the OGCC was tasked with reviewing its financial assurance rules including:

- Considering increasing financial assurance for inactive wells and for wells transferred to a new owner;
- Requiring a financial assurance account tied to each well sufficient to cover the future costs to plug, reclaim, and remediate the well; and
- Creating a pooled fund to address orphaned wells for which no owner, operator, or responsible party is capable of covering the costs of plugging, reclaiming, and remediating.

Finally, along with this review of OGCC rules, it was also directed to:
- Establish fees for the filing of applications to recover the Commission's costs for conducting analyses;
- Adopt an alternative location analysis process;
- Specify criteria used to identify oil and gas locations and facilities proposed to be located near populated areas; and
- Evaluate and address the potential cumulative impacts of oil and gas development.[1]

While the OGCC rule-making requirements were set in statute in S.B. 19-181, the actual rulemaking finished only at the beginning of 2022. In fact, the mission change rulemaking was completed and implemented in January, 2021 while the financial assurance rulemaking was completed and implemented in April, 2022. As such, much of the work described in the request has been underway for over a year. The Department therefore feels that they have a good idea of how much work is needed to keep up with increased workload demands from the rulemaking changes.

REQUEST:
The Department is requesting funding for 29.0 total FTE to add capacity so that they are better equipped to process the new forms that operators are required to submit and so that they can inspect sites that may have been environmentally effected by oil and gas operations. The following table outlines how the request is broken out by operational unit and cost category.

R-01 COGCC Mission Change Operational and Regulatory Support		
Divisional Unit	Position	FTE
Planning and Permitting Unit (12.0)	Oil and Gas Location Assessment Specialist	9.0
	Oil and Gas Location Assessment Supervisor	2.0
	Senior Oil and Gas Location Assessment Specialist	1.0
Environmental Unit (7.0)	Environmental Protection Specialist	7.0
Compliance Unit (5.0)	Enforcement Officer	4.0
	Enforcement Supervisor	1.0
Finance Unit (2.0)	Financial Assurance Specialist	2.0
Hearings Unit (1.0)	Hearings Officer	1.0
Division-wide (2.0)	Employee Development Specialist	1.0
	Data Management Specialist	1.0
TOTAL		**29.0**
Cost Categories	**Position**	**Amount**
Salaries, PERA, Medicare	All	$2,511,712.0

[1] LCS Memo on OGCC Rulemaking

R-01 COGCC Mission Change Operational and Regulatory Support		
Centrally Appropriated Costs	All	545,889.0
One-time operating expenses	All	219,870.0
Ongoing operating expenses	All	47,655.0
TOTAL		**$3,325,126.0**

Planning and Permitting Unit (12.0 FTE)

The Department estimates that the total workload for the Oil and Gas Location Assessment (OGLA) section of the Planning and Permitting Unit as a result of the mission change rules is approximately 45,000 hours. To accommodate this increase, the Department is requesting funding for 9.0 Oil and Gas Location Assessment Specialists, 1.0 Senior Oil and Gas Location Assessment Specialist, and 2.0 Oil and Gas Location Assessment Supervisors to bring the total OGLA group staffing up to 22.0 FTE.

The primary driver of workload increases in the Planning and Permitting Unit is the introduction of two new drilling plan types for department staff to analyze when considering granting drilling permits. The first is the Oil and Gas Development Plan (OGDP). The OGDP is a plan that primarily addresses surface-related issues and is for operators looking to develop oil or gas resources at one or more locations. As of the November 1 budget submission, staff had approved 55 of these applications in a 12-month period.

The second and completely new plan is the Comprehensive Area Plan (CAP), which is created by one or more operators and accounts for future operations and addresses cumulative impacts in a defined geographical area. This is a much larger plan and so involves a much larger time commitment. Whereas the OGDP takes between 170-180 hours to complete, a single CAP currently takes staff an estimated 1,536 hours to complete over an eight-month period. Because of the increased complexity and scale of the CAPs, fewer of them are submitted. In the same 12-month period, division staff had processed fewer than 10 CAPs.

In both the OGDP and the CAP there are two new forms that are required for operators to submit. Form 2B (Cumulative Impact Data Identification) collects estimates of adverse and beneficial impacts related to proposed oil and gas operations and Form 2C (OGDP Certification) requires operators to certify completeness of their application. Prior to the mission change rules taking effect, the primary form that was needed for a permit to drill was Form 2A, and that was ultimately approved or denied by the Director. Now, to acquire a permit through an OGDP or CAP there is Form 2A, 2B, and 2C. The Department reports that each Form 2A takes roughly 133 staff hours to complete a review of, and one of the OGDP application packages with Form 2B and 2C included takes approximately 39 hours to review.

While the time commitment for processing CAPs is considerable, the Department does expect the number of hours needed to process a CAP to decrease over the next several months to 1,152 hours. They believe this because CAPs are a completely new concept for the division, and there is currently little experience processing them, but as staff continues to process more CAPs, its proficiency should increase.

Another factor at which the Department points to describe increased workload is the requirement for OGLA Specialists to work with local governments as well as federal agencies such as the Bureau of Land Management (BLM) and the US Forest Service (USFS). Under the new rules, local governments have more oversight of land use related to oil and gas activities in their communities. Additionally, OGCC rules and a Memorandum of Understanding (MOU) between the OGCC, BLM, and USFS result in increased collaboration with those federal agencies.

The following table provided by the Department outlines the total estimated workload for the OGLA section of the Planning and Permitting Unit as a result of the mission change rules.

Table 2 - OGLA Group Workload

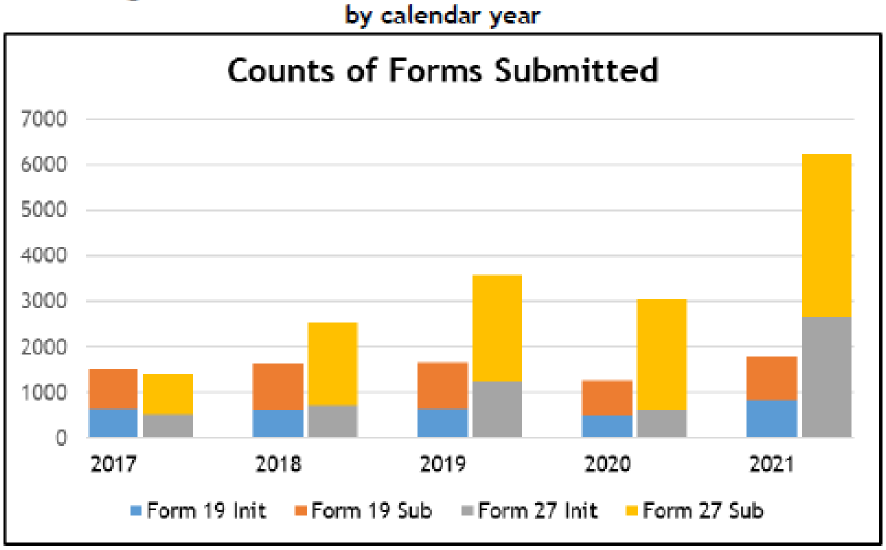
Task	Annual Qty Performed	Staff Time (in Hours)	Total Annual Hours
Form 2As (non-CAP)	100	133	13,300
OGDPs (non-CAP)	80	39	3,120
Other Forms	2,000	0.5	1,000
CAPs	6	1,152	6,912
CAP Form 2As	120	133	15,960
CAP OGDP	24	39	936
Misc Tasks*	-	-	3,600
Total Staff Hours			44,828

*Misc Tasks include: authoring and/or updating operator guidance, testing changes and improvements to the Commission's Webforms digital filing platform, onsite visits, meetings with operators, and meetings with local governments and other governmental entities.

ENVIRONMENTAL UNIT (7.0 FTE)

According to the Department, the largest driver of workload increases in the environmental unit is an increase in the number of spills and remediation projects reported by operators. The table below from the Department shows a slight increase in both initial and subsequent submissions of spill and release forms (Form 19) and a significant increase in both initial and subsequent submissions of new remediation project forms (Form 27) in 2021.

Figure 1 - Environmental Forms Submitted
by calendar year



The increases seen in 2021 are largely a result of clarified definitions and expectations for operators to file claims on spills and releases and remediation projects as a result of the mission change rules. The rules also changed the required frequency of Form 19 submittal to no later than 24 hours after the discovery of a spill or suspected spill under the following criteria:

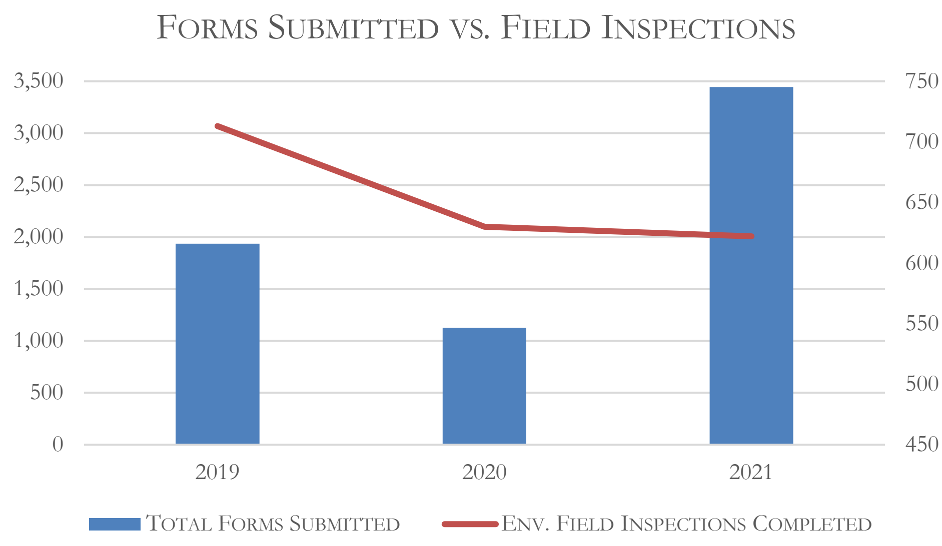
- A spill or release that impacts or threatens to impact livestock, wildlife, or a publicly maintained road;
- The discovery of 10 or more cubic yards of impacted material resulting from a current or historic spill or release;
- A suspected or actual spill or release of any volume where the volumes cannot be immediately determined;
- A spill or release of any volume from the subsurface that appears on the surface;
- A spill or release resulting in vaporized hydrocarbon mists that leave the location and impact or threaten to impact off-location property; and
- A release of natural gas that results in an accumulation of soil gas or gas seeps, or natural gas in groundwater.

Additionally, prior to the rule changes, operators were only required to submit a Form 27 when performing a pit closure or decommissioning a partially buried produced water tank. Often, a closed facility did not include either of these, so operators were not required to file a form. Now, operators are required to submit a Form 27 for all facility closures.

Further requirements include submittal of a Form 19 to request closure of a spill within 90 days of the date of the spill, or submittal of a Form 27 in the event the operator is unable to close the spill within 90 days.

Finally, operators are now required to submit updates to their Form 19 and/or 27 submittals every 90 days as opposed to the conditions prior to the rule changes where operators only had to submit updates if submittal was required as part of a Condition of Approval of their remediation work plan.

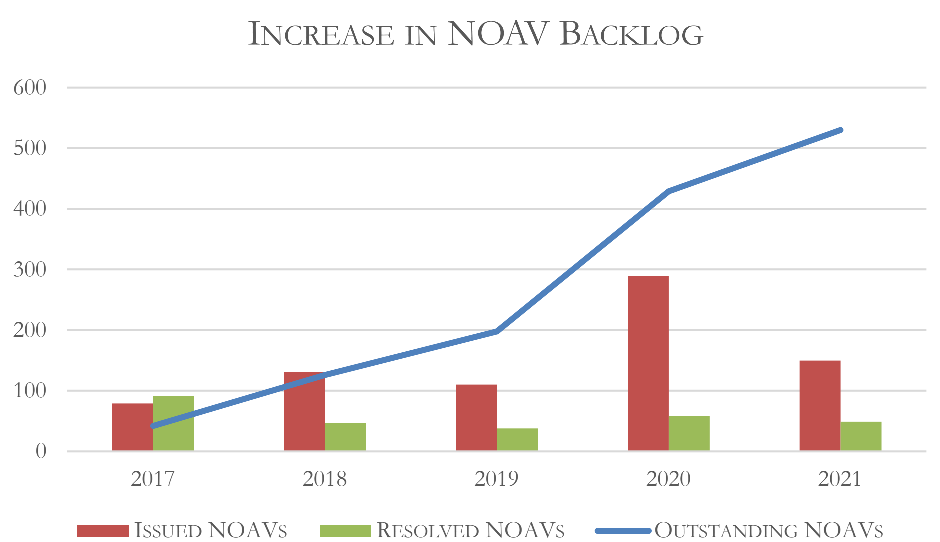
The table and rule changes above only describe the workload from administering spills and remediation projects in the environmental unit, but there is also significant time dedicated to on-site inspections and investigations of complaints. Inspections and investigations are performed when Forms 19 and 27 are received about impacts to private property, groundwater, and surface water from oil and gas operations. In 2019, the Division was able to perform one inspection for every 2-3 Forms 19 and 27 received, and is using that rate as its benchmark. There were a total of 1,937 forms submitted in 2019 with 713 environmental field inspections. By contrast, after the mission change rules were implemented in 2021, 3,443 forms were submitted and only 622 environmental inspections were completed. This represents an increase of 77.8 percent in submitted forms but a decrease of 12.8 percent in field inspections.



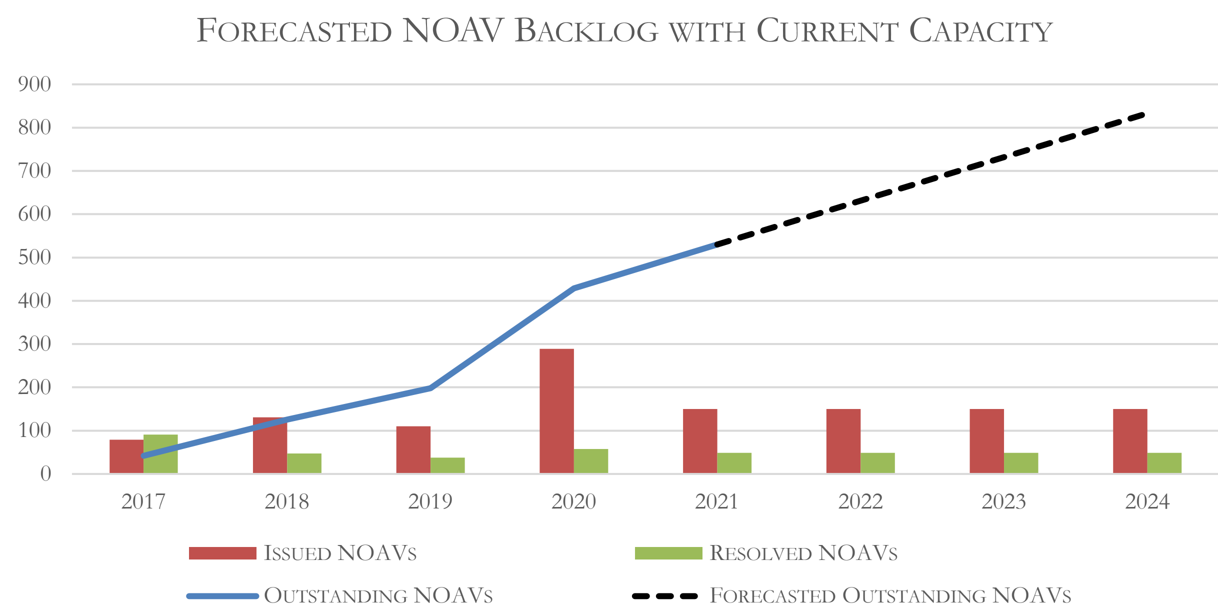
Currently, the Division is prioritizing processing spill and remediation forms to the detriment of field inspections. The Department estimates that to return to its benchmark of one inspection for every 2-3 Forms 19 and 27 submitted, it will need 10,400 additional staff hours per year.

COMPLIANCE UNIT (5.0 FTE)

One part of the Compliance Unit is the Enforcement Program, which is in place to deter violations and encourage compliance. The Enforcement Group works with field inspectors, checks that all reports are submitted, and checks analytical samples to ensure that the Commission's rules, permits, and orders are being adhered to. If they believe that there has been a violation of those rules, permits, or orders, the Group issues a Notice of Alleged Violation (NOAV). They then are responsible for resolving the NOAVs through a negotiated settlement or through referral to the Hearing Unit. The following graph shows the trend in the number of NOAVs issued and resolved from 2017-2021.



As shown, the number of NOAVs issued has generally been much higher than the number of NOAVs resolved, and that disparity amplified in 2020 and 2021. The Department now expects the number of NOAVs issued and resolved to remain stable at 2021 levels due to the mission change rules. If the Department's assumption on this is correct, and capacity also remains at current levels, the following graph shows what could happen with the NOAV backlog if it gains 100 unresolved NOAVs every year.



Starting in FY 2022-23, the Department implemented improvements in its enforcement procedures by allowing for the bulk adjudication of NOAVs resulting from a common rule violation. The Department feels that through this mechanism, and with the requested 5.0 FTE, it be able to process an additional 100 NOAVs per year and catch up on the current backlog within five years.

FINANCE UNIT (2.0 FTE)

Along with the new mission change rules that took effect in early 2021, the OGCC was also directed to review and update its financial assurance rules. These new rules took effect April 30, 2022. Prior to the rulemaking, financial assurance was straightforward, with required assurance amounts fixed to the depth of a well along with blanket amounts based on if an operator operated more or less than 100 wells.

In the new rules environment, financial assurance is more complicated, with a requirement that all operators submit a comprehensive financial assurance plan that takes into account factors other than well depth and total number of wells. The Department indicates there is a larger workload associated with these changes, as staff now have to review factors such as an operator's history of plugging wells, its asset retirement plans, and the characteristics of the sites that its low producing wells sit on. Department staff is further required to review all financial assurance plans on a yearly basis.

Additional work that the Division will have to accomplish is to review all transfers of ownership. According to the new rules, both the seller and the buyer of the well that is being transferred are required to submit a revised financial assurance plan. The Division believes that there will be approximately 100 transfers of ownership each year, resulting in 200 additional financial assurance plans to review. To perform all of this work, the Department estimates that it will require 4,520 hours of new workload starting in FY 2023-24 and ongoing. The following table provides a breakdown of the new workload.

Table 3 - Financial Assurance Workload

Task	Y1 Qty Performed	Annual Qty Performed	Staff Time (in Hours)	Total Hours Year 1	Total Hours Year 2
Initial Form 3 Reviews	350	15	8	2,800	120
Annual Form 3 Reviews	-	350	8	-	2,800
Transfer Form 3 Reviews	100	200	8	800	1,600
Total Staff Hours				3,600	4,520

HEARINGS UNIT (1.0 FTE)
As a result of the mission change and financial assurance rules, the Hearings Unit is now responsible for adjudicating all submitted OGDPs, CAPs, and NOAVs. Other hearing items include payment of proceeds, review of director decisions, specific types of financial assurance plans, rulemakings, and petitions for rulemaking.

Prior to the mission change and financial assurance rules' implementation, the only surface permitting form was the Form 2A, which was approved or denied by the Director. With the addition of the new plans and the new requirement for the Hearings Unit to make the final decision on surface permit applications, the Unit is facing workload impacts that it has not in the past. The Department indicates that without additional capacity in this Unit, there will be backups in other units because of an inability to move applications and cases to hearing.

DEPARTMENT-WIDE (2.0 FTE)
The mission change and financial assurance rules have brought much change to OGCC, and the Department believes that this funding for 2.0 FTE to hire support staff is necessary to transition all staff over to working under the new rules.

This piece of the request is split into two parts. The first is 1.0 FTE for an Employee Development Specialist to focus on change management. This position would develop and implement employee training programs as well as career and staff development opportunities. It would also assist the Division Director in HR functions.

The second part of the request is 1.0 FTE for a Data Management Specialist. This position would help with data management related to OGCC's updated permitting process rules, and would also maintain and develop the Cumulative Impacts Data Evaluation Repository (CIDER). CIDER is a new database that the mission change rules mandated that will collect and provide the data for the Division's annual report to the Commission.

SALARIES
The Department is asking for 26.0 FTE at the range minimum plus 15.0 percent and the remaining 3.0 FTE at the second quartile. Because 18.0 of these FTE have already been approved for the current

fiscal year as well as FY 2023-24, staff feels that it would be appropriate to continue the same level of funding for those FTE. Of those 18.0 FTE, only 17.0 were approved at the range minimum plus 15.0 percent, and 1.0 was approved at the second quartile. The following table is an overview of what was approved for the current fiscal year.

S-01 COGCC Mission Change Operational and Regulatory Support		
Divisional Unit	Position	FTE
Planning and Permitting Unit (12.0)	Oil and Gas Location Assessment Specialist	9.0
	Oil and Gas Location Assessment Supervisor	2.0
	Senior Oil and Gas Location Assessment Specialist	1.0
Environmental Unit (3.0)	Environmental Protection Specialist	3.0
Finance Unit (2.0)	Financial Assurance Specialist	2.0
Data Management (1.0)	Data Management Specialist	1.0
TOTAL		**18.0**
Cost Categories	**Position**	**Amount**
Salaries, PERA, Medicare	All	$385,947
Centrally Appropriated Costs	All	84,365
One-time operating expenses	All	133,230
Ongoing operating expenses	All	4,433
TOTAL		**$607,975**

Of the positions in the above table, only the Data Management Specialist was approved at the second quartile.

For the remaining 11.0 FTE that would be added to the existing 18.0 if this request is approved, staff recommends funding 4.0 FTE at the range minimum plus 15.0 percent and the last 7.0 FTE at the range minimum. The 4.0 FTE at the elevated rate would match the positions already approved by the Committee, and the Department did not provide a compelling argument for why the remaining 7.0 FTE would need to be funded at the second quartile.

Recommendation

Staff recommends approval of the request at a slightly lower level of funding than what has been requested by the Department, primarily because staff does not agree that the Department needs funding at higher than the range minimum for as many of the positions as were requested at that level. While the more technical positions like the oil and gas assessment specialist positions require candidates with specialized skillsets, staff does not believe that positions that don't require those skillsets should be funded at higher than the range minimum.

Additionally, staff is recommending including employee benefits because it is common practice to include these when a department requests more than 20.0 FTE cumulatively.

Staff is comfortable with the funding source that would support this request – the Oil and Gas Conservation and Emergency Response Fund – because the fund receives money from the conservation levy, and the addition of this funding will not cause an increase in the levy. The other reason is because the fund is very healthy, in fact the uncommitted reserve is significantly higher than the statutory cap, so this increase in funding will likely help bring that excess balance down.

The following table outlines the Department's request, staff's recommendation, and the amount that would annualize to FY 2024-25 if approved.

DNR R1 OGCC Mission Change Request and Recommendation						
	FY 2023-24 Request		FY 2023-24 Recommendation		FY 2024-25 R1 Rec. Annualiz.	
	FTE	Cost	FTE	Cost	FTE	Cost
Personal Services						
Env. Prot. Spec I	3.0	$230,782	3.0	$215,194	3.0	$215,194
Env. Prot. Spec II	13.0	1,156,047	13.0	1,028,182	13.0	1,028,182
Env. Prot. Spec III	1.0	102,544	1.0	96,136	1.0	96,136
Env. Prot. Spec IV	2.0	222,498	2.0	201,876	2.0	201,876
Compliance Spec II	2.0	120,209	2.0	110,967	2.0	110,967
Hearings Officer II	4.0	345,620	4.0	307,676	4.0	307,676
Hearings Officer III	1.0	99,514	1.0	89,050	1.0	89,050
Hearings Officer II	1.0	83,746	1.0	76,919	1.0	76,919
Administrator IV	1.0	83,746	1.0	76,919	1.0	76,919
Data Management II	1.0	67,006	1.0	54,664	1.0	54,664
Subtotal - Personal Services	**29.0**	**$2,511,712**	**29.0**	**$2,257,583**	**29.0**	**$2,257,583**
Employee Benefits		$545,889		$424,922		$433,922
Standard Op Ex		60,711		54,940		84,035
Capital Outlay		86,640		83,010		0
Totals	**29.0**	**$3,204,952**	**29.0**	**$2,820,455**	**29.0**	**$2,775,540**

➔ R14 State Land Board Field Operations Capacity

Request: The Department is requesting a total increase of $101,895 cash funds from the State Land Board Trust Administration Fund to support 1.0 FTE to hire a Field Operations District Resource Specialist. Of this amount, only $78,012 is reflected in this document because $23,883 is requested for employee benefits in the Executive Director's Office, which is not covered in this document.

Recommendation: **Staff recommends approving an increase of $96,027 cash funds from the State Land Board Trust Administration Fund to support 1.0 FTE to help manage the State's leased trust lands.** This recommendation differs from the request because of calculations for new FTE.

Analysis:

Background

The State Board of Land Commissioners (SLB) is a constitutionally created cash funded state agency established to manage trust lands granted to the state by the federal government. SLB currently manages $4.3 billion in assets spread across nine trusts. SLB leases and manages the use of roughly three million surface acres and four million mineral acres for agriculture, grazing, recreation, commercial real estate, rights-of-way, renewable energy, oil, gas, and mining.

One unit within the SLB is the Field Operations team. There is a total of 15.0 FTE that comprise this team, broken down into six District Managers, six District Assistants, two District Resource Specialists, and one Field Operations Supervisor. This team is responsible for the day-to-day stewardship and management of trust lands. SLB describes the District Resource Specialists (DRS) as the "first level of lessee customer support."

Responsibilities

Some of the responsibilities of the DRSs are to create Asset Management Plans, to work with lessees on the implementation of smaller lease management plans, to inspect leases, and to determine how much agricultural capacity there is per property.

Asset Management Plans prescribe the uses, care, improvement, and long term management of trust assets. They are created by DRSs for properties that are over 20,000 acres and $50.0 million in value. These types of holdings are very valuable because they can accommodate various different types of leases at the same time, from oil and gas to agriculture to recreation.

Lease Management Plans are reserved for smaller plots of land than asset management plans, and lessees are required to develop detailed management plans for these plots. DRSs work with lessees to create these plans that address best practices for range management and monitoring, pasture and water development, grazing strategies, how to deal with diminishing groundwater resources, drought, long-term climate change, demographics, and population growth.

Lease inspections are SLB's primary enforcement mechanism to ensure that trust assets are being used properly and in a sustainable fashion. SLB has a goal of inspecting each property at least every five years to ensure that lessees are fulfilling their contractual obligations for land management and stewardship. These inspections can also discover and begin to remediate issues of illegal access and dumping, and the presence of noxious weeds and animal species. DRSs typically perform 60-90 inspections per year.

Finally, DRSs are responsible for determining how much agricultural capacity there is on a given property. The ability of the land to support various different agricultural uses is the main determiner of how much SLB can charge for use of the land.

Reason for Request

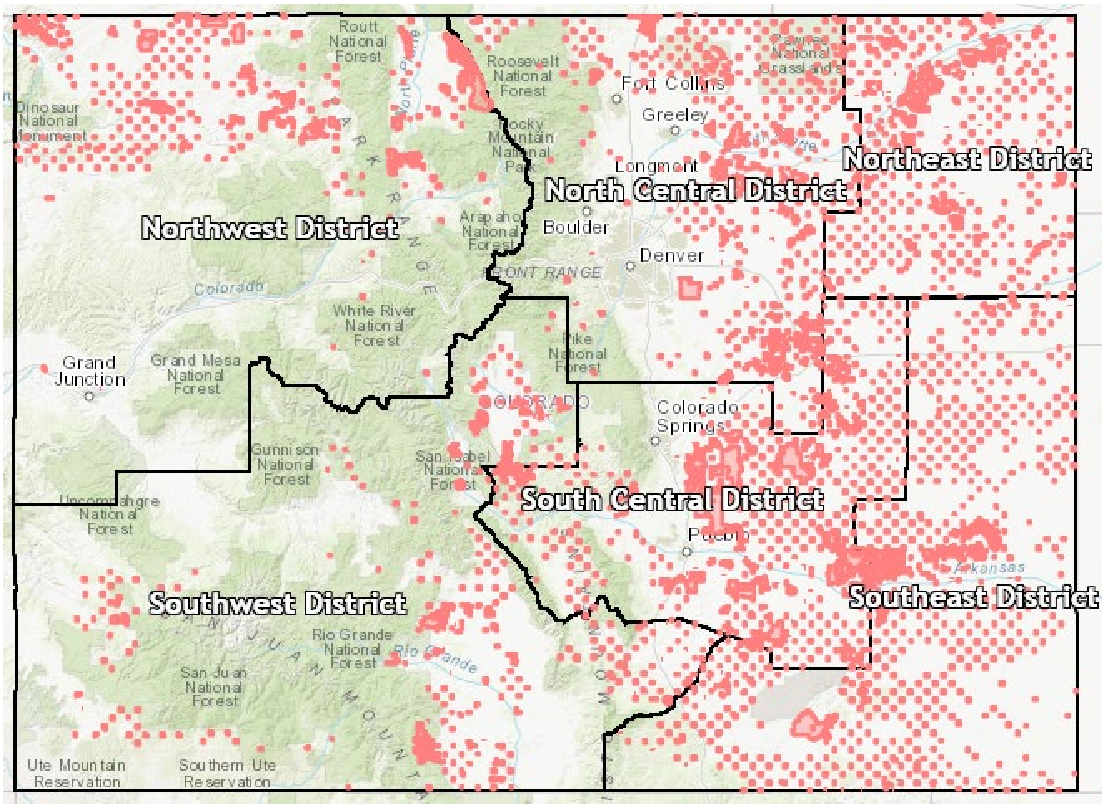
In 2014, the Field Operations team increased its staffing capacity by adding three District Resource Specialists. At that time, SLB managed 4,457 leases. Today, SLB manages 7,435 leases – an increase of 66.8 percent. Over that time period, agricultural leases grew by 184.1 percent, oil and gas leases grew by 77.4 percent, recreation leases grew by 4,211.1 percent, and short-term access permits grew by 419.0 percent. Adding to this, in 2020, one of the District Resource Specialist positions was converted to a managerial role. The increase in leases combined with the reduction in the number of DRSs has put a strain on the team and its ability to fulfill all of the duties required in the management of leases. The following table shows the increase in leases broken out among the different types of leases for 2014, 2019, and now.

State Land Board Lease Counts

Lease Type	June 30, 2014	June 30, 2019	February 10, 2023
Agriculture	776	1,484	2,205
Percent Change		91.2%	48.6%
Oil and Gas	513	604	910
Percent Change		17.7%	50.7%
Recreation	9	76	388
Percent Change		744.4%	410.5%
Short Term Access Permits	58	91	301
Percent Change		56.9%	230.8%
Misc (38 other types)	3,101	3,468	3,631
Percent Change		11.8%	4.7%
Total	**4,457**	**5,723**	**7,435**
Percent Change		**28.4%**	**29.9%**

The amount of work that has resulted from the increase in leases is the prime driver of this request. The Department has reported that some areas of its work are suffering because of the lack of staff capacity. It notes that some large parcels of land have little to no management currently, including Chancellor Ranch – a 53,000-acre ranch in Las Animas County, and the La Jara property which is 46,000 acres and supports 13 different leases.

Additionally, as mentioned, SLB has set a goal for itself to inspect every lease once every five years. To do this, there needs to be at least 300 inspections every year – and more as SLB enters into more leases. SLB states that with only two DRSs, other work has to be postponed or not completed at all in favor of inspections, and that still does not guarantee that all necessary inspections are completed. SLB currently manages a total of 2,205 agricultural leases, shown in the map below.[2]



The majority of these leases are in the eastern half of the state, but there are still many in the western half as well. When SLB had three District Resource Specialists, two of them covered the eastern half and one covered the western half. Now, both DRSs have duties in both the eastern and western portions of the state. This increases their driving times and takes them away from other work they could be doing. This request would allow the third DRS to again cover the western half of the state and allow more time for other important duties.

The Department contends, and staff agrees, that a more hands-on approach to lease management would generate more revenue for the state by increasing the value of trust lands. The ways that the additional DRS could help to accomplish this is by working more closely with lessees to encourage more sustainable methods of grazing, to advise on better agricultural uses such as growing less water-intensive crops and implementing better methods of crop rotation to regenerate soil rather than deplete it, to manage SLB-owned assets on lands such as fences and irrigation to increase the value of the land, and in certain situations changing the use of trust land from dry use to irrigated use. SLB reports that the latter can increase the value of land up to ten times its value as dry use.

Additionally, there is ample evidence to support the idea that implementing holistic grazing methods results in healthier land with improved fine litter cover, improved water infiltration, two to three times the available forage biomass, improved plant composition, decreased invasive plant levels, less bare

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[2] https://gis.colorado.gov/trustlands/#

ground, and higher levels of total carbon stocks.[3] SLB has been actively encouraging the use of holistic grazing practices on its managed land, and the addition of another District Resource Specialist will only improve SLB's ability to communicate to lessees the benefits of this and other methods that will ultimately increase the value of the land and therefore the revenue generated.

RECOMMENDATION

Staff recommends approving this request at a slightly lower level of funding. Staff believes that a third District Resource Specialist would benefit the State by allowing more inspections of SLB trust lands and closer partnerships with trust land lessees. Further, staff feels that two employees to inspect over 2,200 leases every five years is not sustainable, and the addition of more leases in the future will make the situation even more difficult.

While the Department has requested this position at the second quartile, staff is recommending funding at the range minimum in line with JBC standard procedure. Staff saw nothing compelling to agree that the Department needed funding to hire at the second quartile. If approved, staff recommends $96,027 cash funds which would annualize to $92,572 in FY 2024-25.

[3] Impacts of Holistic Planned Grazing with Bison Compared to Continuous Grazing with Cattle in South Dakota Shortgrass Prairie

➔ BA1 COGCC MISSION CHANGE OPERATIONAL AND REGULATORY SUPPORT

REQUEST: The Department is requesting a decrease of $11,103 cash funds from the Oil and Gas Conservation and Emergency Response Fund for FY 2023-24 to account for the annualization of the current year appropriation that is pending passage of the Department's supplemental bill.

RECOMMENDATION: **Staff recommends approving the request contingent on the approval of R1. If R1 was denied, staff recommends denying this request.**

ANALYSIS:
If the Committee approved R1, then this request should also be approved. The Department has asked for a decrease to annualize the funding that is, when this document was finalized, pending the passage of the Department's supplemental bill. Because the funding for the current year's approved FTE is continued in the R1 decision item, if that was denied, then this request should also be denied.

DECISION ITEMS AFFECTING THE EXECUTIVE DIRECTOR'S OFFICE

This document only covers three divisions within the Department: the Oil and Gas Conservation Commission; the Division of Reclamation, Mining, and Safety; and the State Board of Land Commissioners. Despite that, this document will include three decision items that are not included in any of those divisions. Those items are: R5 – Resources for Inclusive Recruitment and Retention; R7 – Support for Winter Recreation and Avalanche Safety; and R12 – Resources for Financial Administration and Budget Support. These items impact the Executive Director's Office and the Division of Parks and Wildlife. Because this document does not include those divisions, the three decision items referenced above will be discussed in this section.

➔ R5 RESOURCES FOR INCLUSIVE RECRUITMENT AND RETENTION

REQUEST: The Department is requesting an increase of $399,876 total funds, including $20,315 General Fund, $204,458 cash funds from the Parks and Outdoor Recreation Cash Fund and the Wildlife Cash Fund, and $175,103 from reappropriated funds to support 2.0 FTE to hire staff and services to facilitate an engaged and diverse workforce within the Department and to cultivate an inclusive environment for its employees.

RECOMMENDATION: **Staff recommends approving an increase of $155,500 total funds for an Online Performance and Learning System, Leadership Training Opportunities, and language access services. Staff additionally recommends denying an increase of $244,376 total funds for 2.0 FTE for human resources capacity.**

ANALYSIS:

REQUEST

The Department is asking for funding to "oversee and advance the recruitment and retention of a diverse staff, increase engagement and outreach to further skills-based hiring, and support equity, diversity, and inclusion (EDI) initiatives, both department-wide and within Colorado Parks and Wildlife (CPW)." The funding would also "provide operating resources to implement online performance and learning management systems, as well as funding for language access tools and services that support a fair and equitable workplace."

This request comes from the Department's stated lack of dedicated staff to support the incorporation of EDI principles into its policy and practices, as well as little capacity to recruit and retain a diverse staff. The Department suggests that this request would support one of its Wildly Important Goals, objectives outlined in H.B. 22-1397 (Statewide Equity Office), directives in Executive Order D 2020-175, and the State's Universal Policy on Equity, Diversity, and Inclusion in State Employment.

Staff sees this request as a four-part request: 2.0 FTE; an online performance management system; leadership development program funding; and funding for language access services. The following table provides a breakout of the costs associated with the different aspects.

S-05 Resources for Inclusive Recruitment and Retention		
Divisional Unit	Position	FTE
Human Resources capacity (2.0 FTE)	EDO Administrator V	1.0
	CPW Administrator IV	1.0
Cost Categories	**Position**	**Amount**
Salaries, PERA, Medicare	All	$189,769
Centrally Appropriated Costs	All	39,137
One-time operating expenses	All	14,000
Ongoing operating expenses	All	1,470
Subtotal		**$244,376**
Online Performance Management System		119,500
Leadership Development Program		30,000
Language Access Services		6,000
Subtotal		**$155,500**
TOTAL		**$399,876**

Human Resources Capacity (2.0 FTE)

The Department is requesting funding for a Human Resources specialist for both the Executive Director's Office (EDO) and for Colorado Parks and Wildlife (CPW). The stated goal of the EDO HR specialist is to "work across divisions to ensure consistent implementation of required activities department-wide and to build internal policies and procedures that reflect best practices." For the position in CPW, the goal is basically the same, except specified to CPW. The specific responsibilities that the position would have in the EDO are:

- Innovative recruitment and retention of diverse staff;
  - This includes conducting outreach to community colleges, trade schools, and partner organizations and communities
- Workforce capacity building;
- EDI program management;
- Analytics and planning to produce recommendations on how to maximize equity in recruitment, retention, compensation, and advancement;
- Community engagement; and
- Oversee language translation resources for DNR's websites and documents.

The specific responsibilities that the position would have in CPW are:

- All of the same duties listed above for the position in the EDO; and
- Ensuring dedicated expertise and resources for CPW.

Online Performance Management System

The Department is requesting an online performance management system to allow DNR to offer tailored, targeted training and resources to its staff in a context that is directly relevant to their day-to-day work and performance goals. The system would also benefit the Department by providing:

- The ability for supervisors and employees to exchange continuous feedback and performance milestones within the system;
- Up-to-date training modules for employee skill development tied directly to performance goals;
- Employee-driven development goal planning;
- Reports to allow HR to monitor trends, allow leaders to ensure clear and consistent goal alignment, and create equity in access for employees to skills-building opportunities;
- Automated workflow to enable approvals;
- Staff time savings as a result of digitized form filling, signing, and uploading into the HR system.

Leadership Development Program Funding

Colorado Parks and Wildlife has worked with the University of Denver's Daniels School of Business to develop a leadership academy specifically for CPW. This is important to the Department to implement succession planning and leadership development. The funding involved in this request would be enough to send five DNR employees to the academy every year. The Department hopes to increase retention and develop a pathway for internal promotion within the EDO and the Department.

Language Access Services

The final part of the request is for funding to hire translation services for content related to life, health, and safety, including low head dam information, wildfire mitigation grant information, and ADAAA accommodation information. The Department would use this funding to provide information on its website and in its documents available in other languages so that people with limited English proficiency can also access that information.

ANALYSIS

Human Resources Capacity (2.0 FTE)

The Department states that it has "participated in external advisory groups and implemented internal policies and practices to cultivate a workforce that represents all Coloradans." Some of the actions taken by the Department are:

- Participation in the Colorado Equity Alliance in 2018;
- Implementation of the DNR EDI Advisory Group;
- Implementation of CPW's Colorado Outdoor Equity Grant Program;
- Development of five EDI principles that were incorporated into the 2023 Water Plan Update by the Colorado Water Conservation Board; and
- Early adoption of skills-based hiring, innovative recruitment and retention activities, and EDI initiatives.

In addition to this, the Department is asking for more funding to accomplish the goals set out by new rules and regulations for all department. It says that it needs more funding because of claims that HR staff are having difficulty with workload. This is likely because of these new rules and requirements that are the responsibility of the HR staff. These rules and requirements, per the Department, include:

- Executive Orders D 2020-175 and D 2022-15 and Universal Policy Requirements for Departments
  - Ensure employee participation in training;
  - Representation on the Colorado Equity Alliance;
  - Create and update a long-term plan;
  - Involve community partners in decision-making;
  - Review, acknowledge, and dismantle inequities within policies, systems, programs, and services;
  - Ensure engagement from leadership teams;
  - Adopt and maintain DPA's accessibility standards;
  - Support employee affinity or resource groups;
  - Engage in trust building with community groups;
  - Consult with managers on equitable practices;
  - Monitor and address bias in hiring systems and practices;
  - Train hiring teams on equitable practices;
  - Track hiring and retention data within the Department;
  - Establish and track recruitment and retention goals; and
  - Ensure onboarding materials are accessible.
- Partnership Agreement requirements for Departments
  - Engage in actions and discussions on EDI that would benefit the State and its employees;
  - Implement any required recommendations from the Statewide EDI Task Force or the Statewide or Department Labor Management Committee;
  - Must have internal controls and training/consultation in selection process;
  - Implement required actions from the Pay Equity Study; and
  - Create an EDI plan and engage in partnership discussions on items of implementation.

With these new responsibilities, it is possible that the workload for the human resources specialists has exceeded their capacity, but staff cannot be confident of this.

To accomplish these goals, the Department is now asking for additional funding to hire two more HR staff. Along with the above responsibilities, these new positions would be charged to recruit and retain diverse staff from community colleges, trade schools, and partner organizations and communities. The Department claims that it takes more and different employees to do this, but staff is unconvinced. The Department did not provide any information on how much more work it takes to hire diverse staff than it takes to hire non-diverse staff, or even why this is the case. Perhaps recruiting from community colleges and trade schools takes more time, but no information was provided to staff to indicate this being the case.

Without specific information about how recruiting and retaining a diverse staff requires more work, staff finds it hard to believe that this task cannot be accomplished with existing FTE. The Department currently has 10.0 FTE worth of funds for Human Resources. Based on this number alone, there could be an argument to make for hiring more HR specialists. According to indeed.com, the average HR-to-employee ratio for companies with more than 500 employees is around 1.03.[4] Looking at the Department as a whole, the FY 2022-23 Long Bill reflects 1,557.1 total FTE. For that many employees,

[4] https://www.indeed.com/career-advice/career-development/hr-to-employee-ratio

the HR-to-employee ratio is 0.64. If there is a desire to bring this number up to 1.03, then approving this request would bring the ratio closer to 1.0 at 0.77.

Along with the added responsibility outlined above, the Department claims that more HR resources are needed for efforts related to skills-based hiring. Skills-based hiring is the idea that a candidate does not need a specific bachelor's degree to hold a position, and that experience gained can be a substitute for formal education. Staff feels that this is good practice, but *the Department already does this*. On the Department's job listings, there is a section that outlines substitute requirements for formal education. Again, there was little information provided on why the Department needs more resources to do something that it is already doing.

The information the Department did provide was to say that part of the skills-based hiring practice is to reach out to community colleges and trade schools, but that the Department currently does not have any HR staff dedicated to outreach and engagement, and that it would not be possible to accomplish this with existing capacity.

Along with recruitment, the Department also says that retention of a diverse staff "requires significant investment in retention activities, including continuous performance management and training." Staff questions why retaining a diverse staff requires more work than retaining a non-diverse staff, and if the Department is not already engaged in 'continuous performance management and training.' Unfortunately, once again there was little to no information given that could answer this question.

The final consideration for this part of the request involves the Colorado Equity Office. DNR has assured staff that it consulted with the Equity Office in the creation of this request, and that it will continue to coordinate with the Office, but that the goals outlined in this request would not duplicate work that is expected to be done at the Equity Office. The existence of the Equity Office is another reason that staff is not convinced that 2.0 HR FTE are needed in this case. The Equity Office has already received funding of $2.5 million funds, including $1.8 million General Fund to handle exactly the types of responsibilities that the Department is requesting an additional $244,376 for. Staff is unsure why an entire office was created if the goal was to then ask for funding for the same thing in other departments as well. Staff believes that the Equity Office should be given a chance to do the job that it was created to do.

The Equity Office was created as a resource to be shared, and staff feels once it is fully functional it can provide enough support to the Department to accomplish these goals without adding FTE. For these reasons staff recommends denial of the request for funding for 2.0 FTE.

Online Performance Management System

Currently, the Department conducts all of its employee evaluations by creating, sharing, and tracking individual Word and PDF documents. In the FY 2022-23 Long Bill, the Department is reported to have 1,557.1 FTE. Creating, sharing, and tracking PDF and Word documents for each employee is a considerable burden for HR staff. The Department reports that it takes staff "days" to organize and manage these files in preparation for yearly employee evaluations.

In addition to the time it takes to prepare for evaluations, it is also difficult for the Department to "conduct any analysis that would inform and support departmental EDI initiatives because performance data are entirely disaggregated." To add to this, with the current evaluation system, the

Department isn't able to automatically tie performance management goals and individual performance objectives to skills-building training opportunities.

Staff believes that funding a switch to a continuous performance management system at the Department would be beneficial for a few reasons. First, this type of review will allow learning opportunities for professional development to be built into the system. Also, it will allow HR staff and leaders to monitor trends in performance reviews and to identify opportunities for development and manager coaching.

Third, the Department indicates that switching to a continuous performance management system will save roughly 850 staff hours per year as a result of letting the system keep documents up to date and organized. Staff believes that the hours saved in performance evaluation preparation could be used in the Department's other goals for this request – namely the recruitment and retention of a more diverse workforce. Staff might have a stronger opinion on how this time saving measure could be reallocated, but again, because so little information was provided to actually understand *why* the Department needs two more HR positions, it is difficult to say.

Finally, there is some support in the literature that continuous performance management has benefits beyond those already mentioned. HR Daily Advisor, which does an annual "State of Continuous Performance Management Survey" reported that companies that used a continuous performance management approach, as opposed to annual reviews, saw reductions in challenges typically associated with annual reviews, including:

- Reviews being too subjective—reduced by 34.0 percent;
- Reviews failing to improve performance—reduced by 32.0 percent;
- Managers not providing quality feedback—reduced by 39.0 percent; and
- Review process doesn't help retain top talent—reduced by 27.0 percent.[5]

If approved, this system would be funded at $119,000 in the first year, and DNR submitted the request with the expectation that costs would increase by 4.5 percent increase each year. They have requested permission to include the increase in cost as a technical adjustment in future budget submissions.

For these reasons, staff recommends approving this aspect of the request, along with the ability for the Department to adjust this amount by up to 4.5 percent each year based on the contract.

Leadership Development Program Funding

The Department is requesting $30,000 to send five employees per year to a leadership development program at the University of Denver. The Department worked with the Daniels School of Business to create a program specifically for DNR, and it believes that allowing employees to go through training will increase retention and develop a pathway for internal promotion within the EDO. Staff feels that this would be a worthwhile investment considering the difficulties that all agencies are currently having in hiring quality candidates. Any resources that can be used to develop skills and promote from within is valuable, and staff feels that this level of funding is likely much cheaper than if the Department were to hire additional FTE or third-party vendors to achieve similar results.

[5] https://hrdailyadvisor.blr.com/2018/11/05/continuous-performance-management-vs-annual-review/

Staff is not alone in these thoughts. According to an article in the Harvard Business Review from April 2022, employees believe professional development is the number-one way to improve company culture. Further, 86.0 percent of professionals said that they would change jobs if a new company offered them more opportunities for professional development. Finally, employees who get professional development opportunities are 15.0 percent more engaged and have 34.0 percent higher retention than those who don't.[6] Staff found various other articles that cite studies and surveys, and they all agreed that more professional development opportunities are all-around good for employee retention and engagement.

Language Access Services
The Department is requesting $6,000 to hire translation services for website content related to life, health, and safety. This is primarily in response to federal guidance for entities that receive federal financial assistance to provide language access to important services and documents when customers or the public with limited English proficiency need access to services. Staff believes this is good practice and recommends funding this request.

RECOMMENDATION
Staff has outlined above the reasons for the following recommendation: approval of $155,500 total funds for the performance management system, the leadership development program, and the language access services; and denial of $244,376 for 2.0 FTE for human resources capacity in the EDO and CPW.

[6] https://hbr.org/2022/04/3-ways-to-boost-retention-through-professional-development

→ R7 Support for Winter Recreation and Avalanche Safety [Requires Legislation]

Request: The Department is requesting an increase of $1,108,178 cash funds from the Colorado Avalanche Information Center Fund to support 5.5 FTE and to purchase special equipment and remote monitoring systems. The request includes a one-time transfer of $1,108,178 cash funds from the Severance Tax Operational Fund to the Colorado Avalanche Information Center Fund that would require legislation.

Recommendation: **Staff recommends denial of the request, but requests permission to draft legislation to transfer a total of $1,075,419 cash funds from the Severance Tax Operational Fund to the Colorado Avalanche Information Center Fund to support 5.5 FTE and various operating expenses.** This recommendation differs from the request because of calculations for new FTE.

Evidence Level: The Department indicated that this request item is theory-informed, and staff agrees with this designation. When a request item is designated 'theory-informed' it means that the program "reflects a moderate to low or promising level of confidence of effectiveness, ineffectiveness, or harmfulness as determined by tracking and evaluating performance measures including pre- and post-intervention evaluation of program outcomes, evaluation of program outputs, identification and implementation of a theory of change, or equivalent measures." (Section 2-3-210 (2)(f), C.R.S.)

Analysis:

Background

The Colorado Avalanche Information Center (CAIC) is established in statute in Section 24-33-116, C.R.S., with a mission "to promote safety by reducing the impact of avalanches on recreation, industry, and transportation in the state through a program of avalanche forecasting and education." To carry out this mission, CAIC receives an annual appropriation of up to 5.0 percent of the money in the Severance Tax Operational Fund per Section 39-29-109.3 (1)(b.5), C.R.S. For FY 2022-23, that appropriation is about $1.6 million.

In the 2021 legislative session, S.B. 21-249 was passed, which created the Keep Colorado Wild (KCW) pass. This pass is provided to individuals who do not opt out of the fee when registering their vehicles on an annual basis. The bill outlines the distribution for the first $36.0 million of annual fee revenue as follows:

- $32.5 million to the Parks and Outdoor Recreation Cash Fund;
- $2.5 million to the Search and Rescue Fund; and
- **$1.0 million to the Colorado Avalanche Information Center Fund**.

As stated in the legislative declaration of S.B. 21-249, the funding for the CAIC is for "Protecting winter recreationists by supporting backcountry avalanche safety and awareness."[7]

The fiscal note did not anticipate fee revenue to reach $36.0 million until FY 2023-24, and because CAIC is the third beneficiary in line for funding, it was not expected to receive funding until FY 2023-24. Additionally, because of the timing of the revenue disbursement – at the end of FY 2023-24 –

[7] Section 33-12-108 (2)(a)(IV)(D), C.R.S.

CAIC is not expecting to receive its share of the revenue until the very end of FY 2023-24 or even the beginning of FY 2024-25. Because of this, another piece of legislation was passed in the same session – H.B. 21-1326. This bill provided a total of $25.0 million to various programs within the Department, including $750,000 and 3.0 FTE to the CAIC to begin its work on expanding its capacity to protect winter recreationalists. This funding functionally provided two years of costs and the CAIC has nearly expended the entire amount. It used this funding for IT infrastructure contracts to upgrade its communications capabilities with the public, and for 2.0 FTE – a Development Manager and an Information and Technology Coordinator.

Reason for Request

The primary reason for the request is that the bridge funding from H.B. 21-1326 is going to be expended before the CAIC receives revenue from the Keep Colorado Wild pass. The CAIC has begun work on expanding its capabilities to monitor and forecast potential avalanche danger and inform the public of that danger, and without additional funding in FY 2023-24 much of that work will need to be paused until the KCW revenue comes in. The work that has already started can be divided into three main categories: replacing old and outdated IT infrastructure, improving forecast methodologies and public communication tools, and implementing a new staffing model that adds personnel with the required subject matter expertise.

Replacing Outdated IT Infrastructure

The CAIC primarily uses a web-based software application to communicate about their avalanche forecasts. This tool was built in 2010 and, as with most technology, it becomes more difficult to manage, manipulate, and repair every year. The CAIC currently uses a fixed zone model to communicate avalanche risk. In this model, once the forecast is set, it cannot change easily. The zones don't change over time or adjust to changes in weather. The CAIC is in the process of transitioning to a flexible zone model. This model allows forecasters to analyze avalanche characteristics and hazards based on the current state of the atmosphere, snowpack, and current data distribution and density. This model also allows forecasters to adjust to long-term changes such as public use patterns or technological advancements.

Improving Forecast Methodologies and Public Communication Tools

With the switch to the new flexible zone model, the CAIC will be able to produce better public safety information, but that information is limited by the CAIC's ability to communicate it to the public effectively. To address the new ways that the public interacts with and receives information, the CAIC has expanded its use of social media, engaged with online, print, and broadcast media groups, and distributed proactive education and advertising campaigns. The current improvement plan involves replacing the public facing portions of its old infrastructure in FY 2022-23, deactivating backend elements in FY 2023-24 and 2024-25, and then retiring the original system in FY 2025-26.

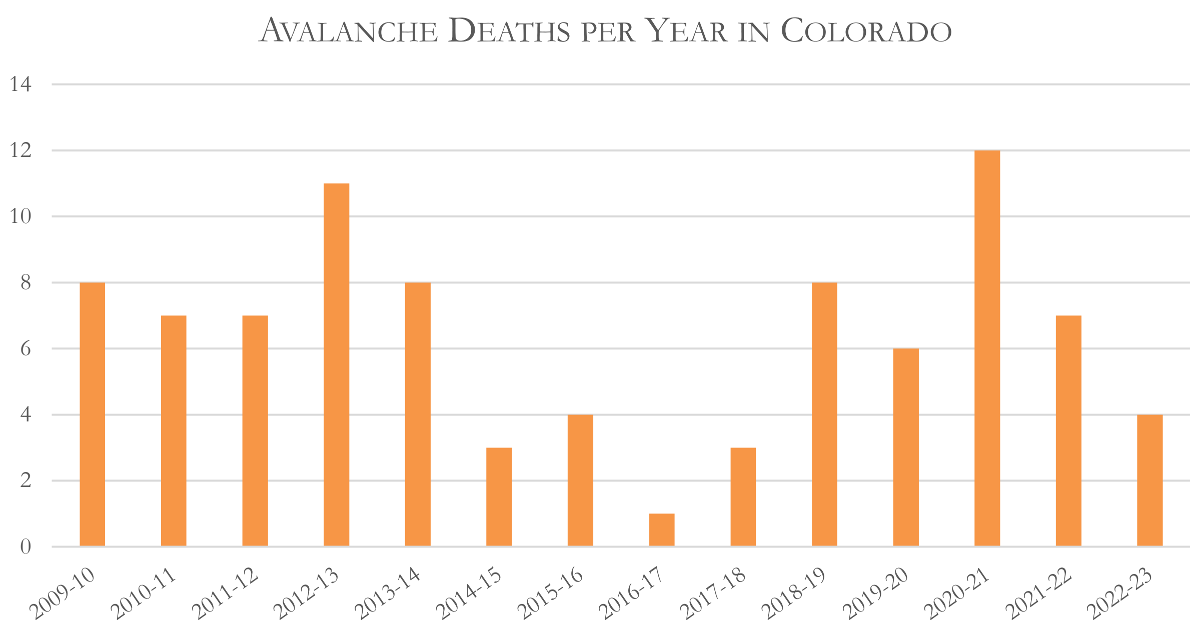
New Staffing Model

In its efforts to implement new modeling capabilities and increase public communication effectiveness, the CAIC has identified the need to change the roles and responsibilities of its permanent and temporary staff. The CAIC stated that the main reason for this shift in roles is due to an expected increase in the number of public safety decisions made on a regular basis – primarily as a result of the more granular nature of the flexible zone model. The shifting of roles and responsibilities has already begun, with all forecasting and public communication duties having been moved away from temporary staff and toward permanent staff. The goal is to eventually have the temporary staff responsible only for data collection.

Along with the continuation of funding from H.B. 21-1326, this request is also asking for 2.5 more FTE to hire avalanche forecasters and money for operational items that enable staff to do their jobs. These items include two fleet vehicles with off-road capabilities, two snowmobiles, one snowmobile trailer, one all-terrain vehicle and trailer, four remote optical monitoring systems, and one infrasonic monitoring system.

Outdoor Recreation and Avalanche Modeling

According to the Colorado Geological Survey, avalanches have killed more people in Colorado than any other natural hazard since 1950. Additionally, one-third of all avalanche deaths in the United States occur in Colorado.[8] Since FY 2009-10, there have been 89 fatalities as a result of avalanches in Colorado alone.[9]

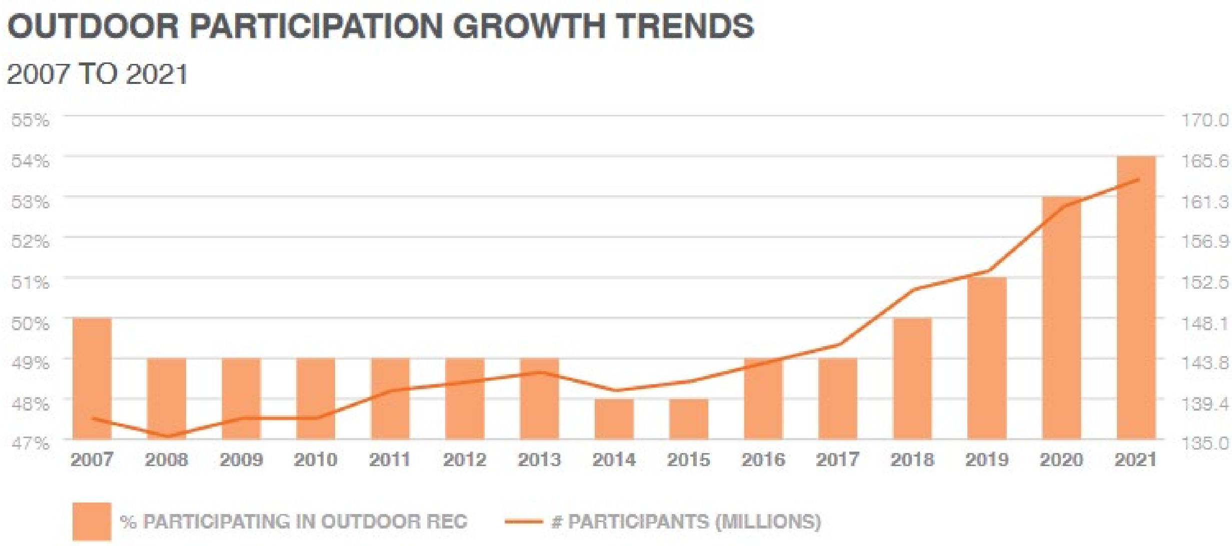


Part of the reason that Colorado accounts for so many of the total avalanche deaths that occur in the United States each year is because of the large numbers of people that either live in or come to Colorado to experience the winter recreation opportunities. According to the Outdoor Foundation's 2022 Outdoor Participation Trends Report, the number of people participating in outdoor recreation as a whole and specifically winter outdoor recreation has grown considerably from 2007 to 2021. The following chart shows the national increase in outdoor recreation.[10]

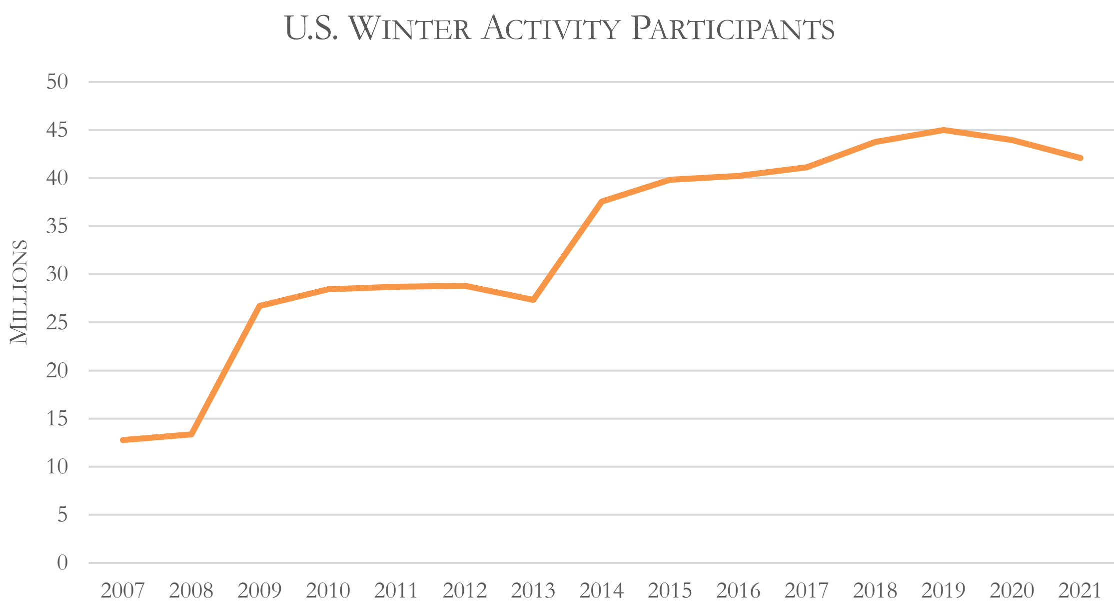
[8] https://coloradogeologicalsurvey.org/hazards/avalanche/

[9] https://avalanche.org/avalanche-accidents/

[10] https://outdoorindustry.org/wp-content/uploads/2015/03/2022-Outdoor-Participation-Trends-Report-1.pdf



These data represent outdoor recreation in all seasons, so are not particularly relevant to avalanches, but filtering the data for only winter activities does not change the picture much.

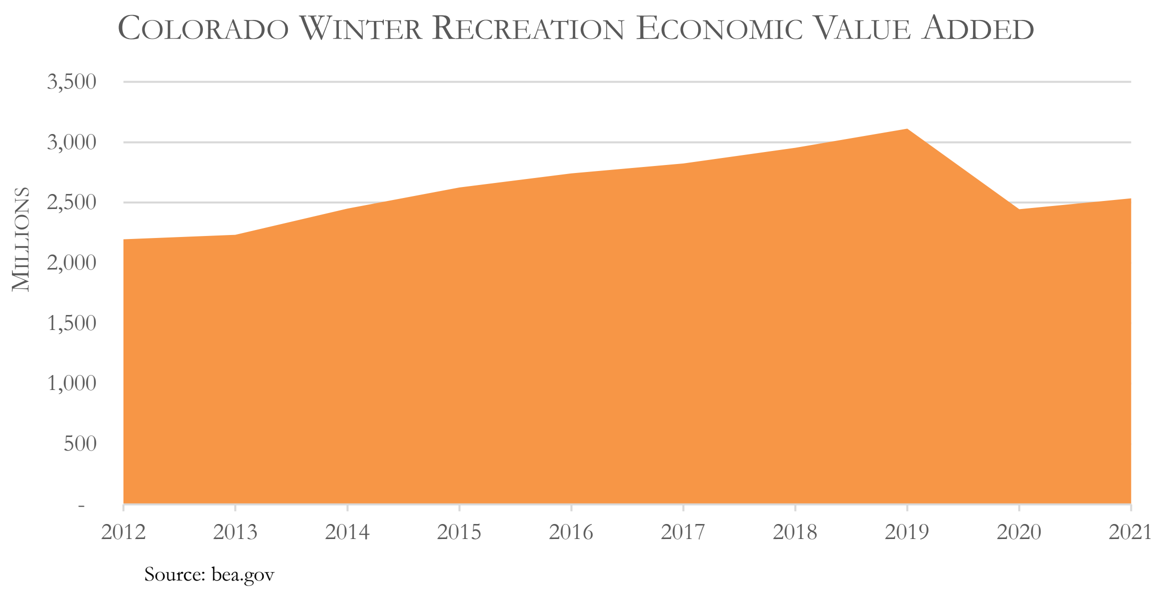


While these two graphs represent national data, Colorado accounts for a sizable portion of the total national winter recreational activity, so if the number of people participating in winter recreation is increasing nationally, then it is almost surely increasing in Colorado at a similar pace.

As more people utilize outdoor space in the winter in Colorado, the range of activities diversifies and the knowledge level of the participants diversifies as well. Where once only those who knew what to expect in backcountry areas dared utilize them for recreation, now there are inevitably more people with less knowledge about these types of areas utilizing them in similar ways.

This mixture – more people with less knowledge – is one almost certain to result in more accidents because of a lack of either education or awareness or both. This is one of the main drivers behind the CAIC's desire to get more actionable information to more people more often.

The other aspect of outdoor recreation that would gain an indirect benefit from this is the economic aspect of outdoor recreation. Since 2012, Colorado's winter outdoor recreation value added has increased by 15.5 percent, from $2.2 billion to $2.5 billion.



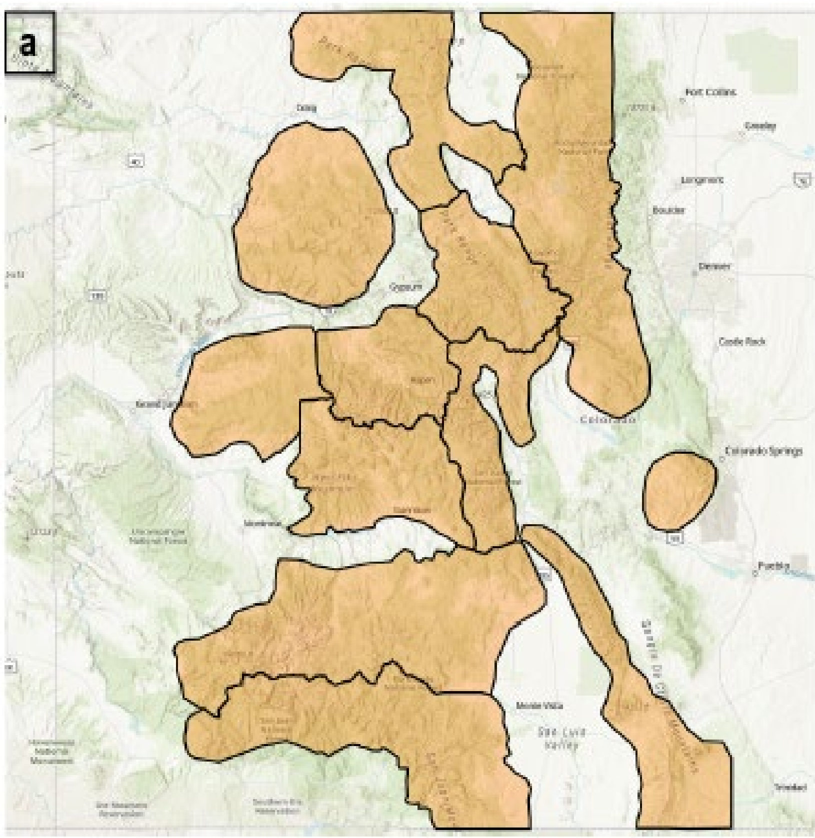
This graph only accounts for the actual recreational activities, it does not consider the various tourism and service industries that surround things like skiing and snowboarding, snowmobiling, backcountry hiking and climbing, etc. Even without those satellite industries, Colorado's winter recreation industry is an important economic sector for the state, and any way that the state can make it more safe for locals and tourists alike will be economically beneficial in the long run.

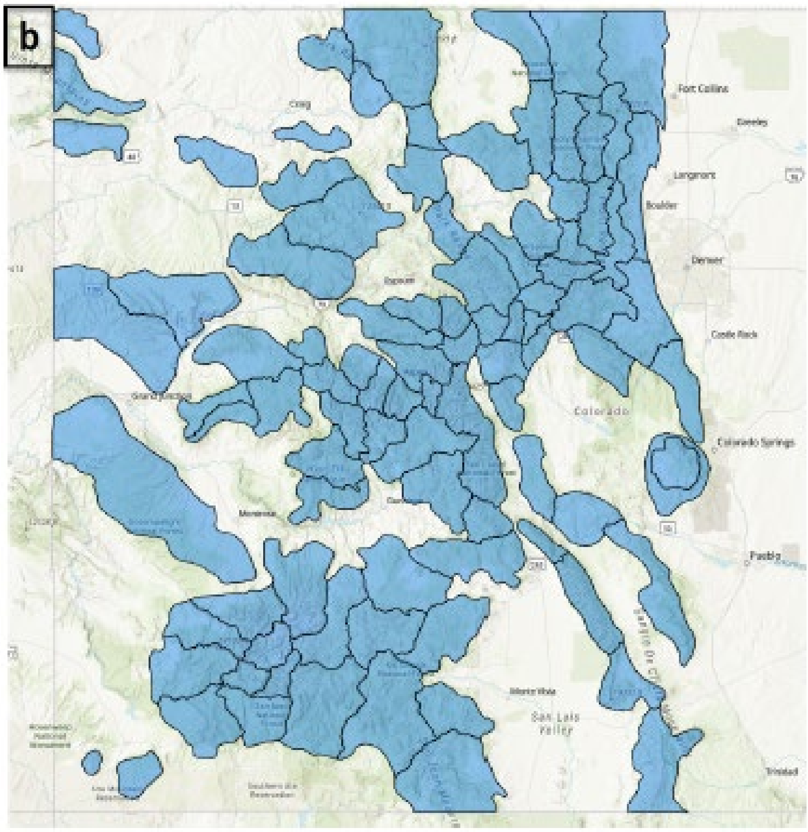
To this end, the CAIC has stated that they are currently transitioning from a fixed zone model of avalanche forecasting and warning to a flexible zone model. In a fixed zone model, there are rigidly delineated zones based on geography, and often those zones don't align with the actual avalanche risk of the entire zone. Some areas of the zone might be more prone to avalanche in one year or during one weather system and then less prone the next, while a different area of the zone might be the opposite. This results in warnings that are not applicable to all areas of a zone, thereby either exaggerating or downplaying the risk of an avalanche in a given area at a specific time.[11]

On the other hand, a flexible zone model will adapt with conditions to provide more accurate information in more precise locations. It will even change the number of forecast areas based on overall conditions – so if a large area has basically the same risk profile, it will be consolidated into one forecast area, whereas if the conditions are more variable, there will be more forecast areas to provide information in a more granular way.[12]

[11] https://www.cbc.ca/news/canada/british-columbia/avalanche-canada-says-new-model-easier-for-newer-backcountry-travellers-to-understand-1.6668095
[12] ibid

The following maps show a) what the CAIC's current modeling zones look like and b) what they will look like once they have fully transitioned to the flexible zone modeling system.





RECOMMENDATION

Staff believes that the changes the CAIC is making regarding its IT infrastructure, its ability to model avalanche risk and communicate that risk to the public, and the shifting of critical responsibilities from temporary staff to permanent staff will have long term positive benefits for Colorado.

Because of the nuances of the funding currently supporting the CAIC, staff believes that the request for additional bridge funding is valid, and that one-time additional severance tax revenue is a good option in light of the current state of the severance tax operational fund.

December 2022 Severance Tax Forecasts Statewide Collections (Millions)			
	FY 2022-23	FY 2023-24	FY 2024-25
LCS	$316.0	$237.5	$196.6
OSPB	271.3	168.4	166.1
Difference	44.7	69.1	30.5

Severance Tax Operational Fund Share of Collections (25.0%)			
	FY 2022-23	FY 2023-24	FY 2024-25
LCS	$79.0	$59.4	$49.2
OSPB	67.8	42.1	41.5

Further, the Department is asking for a statutory transfer for this funding, so the Severance Tax Operational Fund reserve requirement will not be impacted.

The following table outlines the request, recommendation, and annualization of the request if approved.

DNR R7 Avalanche Safety Request and Recommendation						
	FY 2023-24 Request		FY 2023-24 Recommendation		FY 2024-25 R1 Rec. Annualiz.	
	FTE	Cost	FTE	Cost	FTE	Cost
Personal Services						
MKTG & Comm Spec IV	1.0	$83,750	1.0	$83,750	1.0	$83,750
Data Management IV	1.0	83,750	1.0	83,750	1.0	83,750
Project Manager I	1.0	83,750	1.0	83,750	1.0	83,750
Phy Sci Res/Scientist II	2.0	172,571	2.0	163,624	4.0	327,248
Program Assistant II	0.5	33,525	0.5	31,642	0.5	31,642
Subtotal - Personal Services	**5.5**	**$457,346**	**5.5**	**$446,516**	**7.5**	**$610,140**
Employee Benefits		$101,821		$82,240		$114,689
Standard Op Ex		147,011		146,643		219,674
One-time Op Ex		360,000		360,000		0
Capital Outlay		42,000		40,020		13,340
Totals	**5.5**	**$1,108,178**	**5.5**	**$1,075,419**	**7.5**	**$957,843**

➔ R12 RESOURCES FOR FINANCIAL ADMINISTRATION AND BUDGET SUPPORT

REQUEST: The Department is requesting an increase of $310,467 reappropriated funds from indirect cost recoveries to support 2.0 FTE to hire a Chief Financial Officer and budget analyst in the Executive Director's Office.

RECOMMENDATION: **Staff recommends approving an increase of $262,847 reappropriated funds from indirect cost recoveries to support 2.0 FTE to hire a CFO and budget analyst to better manage the Department's finances and budget process.** This recommendation differs from the request because of calculations for new FTE.

ANALYSIS:

REQUEST

The Department is asking for funding to add a Chief Financial Officer (CFO) and a Budget Analyst III to the Executive Director's Office. This request is essentially about workload. The Department cites various reasons as to why its workload has increased over the past ten years or more with no additional funding for support related to finance and the budget process. The Department did not provide any workload data, likely because the impacts of the stated workload increases are not easily quantifiable. Through conversations with the Department, staff has the sense that the workload described is putting a strain on the finance and budget positions because of compounding responsibilities that are becoming too great to easily absorb any longer.

ADMINISTRATIVE STRUCTURE

Currently, the Department's Chief Operating Officer (COO) is responsible for overseeing the human resources, accounting, payroll, and procurement units while the Chief Planning and Budget Officer is responsible for everything related to the Department's budget, the budget submission process, and performance planning.

The Chief Planning and Budget Officer leads the Budget Unit and supervises 3.0 FTE. Together, they are responsible for:

- Preparing the budget submission and implementing the budget;
- Leading central performance planning to create the Department's Long Range Financial Plan, its yearly Performance Plan, reports to the General Assembly, and SMART Act documents and hearing materials;
- Overseeing stimulus funding that the Department received; and
- Providing fiscal analyses of proposed legislation and ballot initiatives that affect the Department.

The Accounting Office, which reports to the COO, consists of 18.0 FTE and is responsible for:

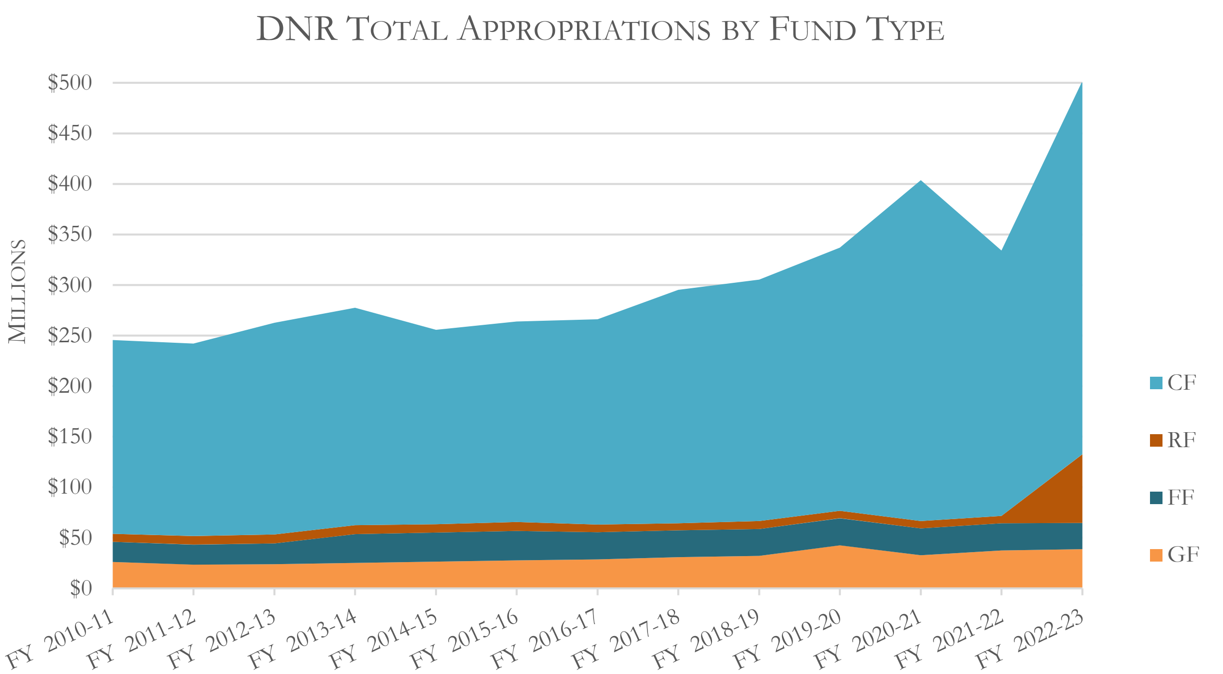
- Review and approval of Departmental accounting documents;
- Allocation and approval of spending authority granted through the Long Bill, special bills, and non-appropriated grants;
- Approval of Departmental payments to vendors, contractors, and employees;
- Certification that Department expenditures are consistent with state law, state fiscal rules, Department policies, and generally accepted accounting principles; and
- Assistance in any internal, state, or federal audits.

Finally, the Procurement Office, which also reports to the COO, operates with 5.0 FTE and is responsible for:

- Soliciting vendors and third-party contractors in accordance with Colorado procurement laws; and
- Negotiates and issues purchase orders, vendor agreements, inter-agency agreements, contracts, and contract amendments.

Increased Budget and Accounting Complexity

The Department states that it has experienced substantial increases in the amount and complexity of the funding, programming, and operations over the past ten to twelve years. The following graphic illustrates this – showing the Department's increase in total funding since FY 2010-11.



As can be seen, the Department's total appropriations were stable around $250.0 million for several years until FY 2017-18 when it started to increase, and total appropriations in FY 2022-23 are about twice as large as they were just five or six years ago. The Department expects that its budget will continue to grow, and staff agrees considering the renewed focus on sustainable management of the State's resources such as water, forests, and minerals.

Additionally, the Department is currently accommodating not only a larger base budget, but also more programs. Some recent programs that the Department is responsible for managing are:

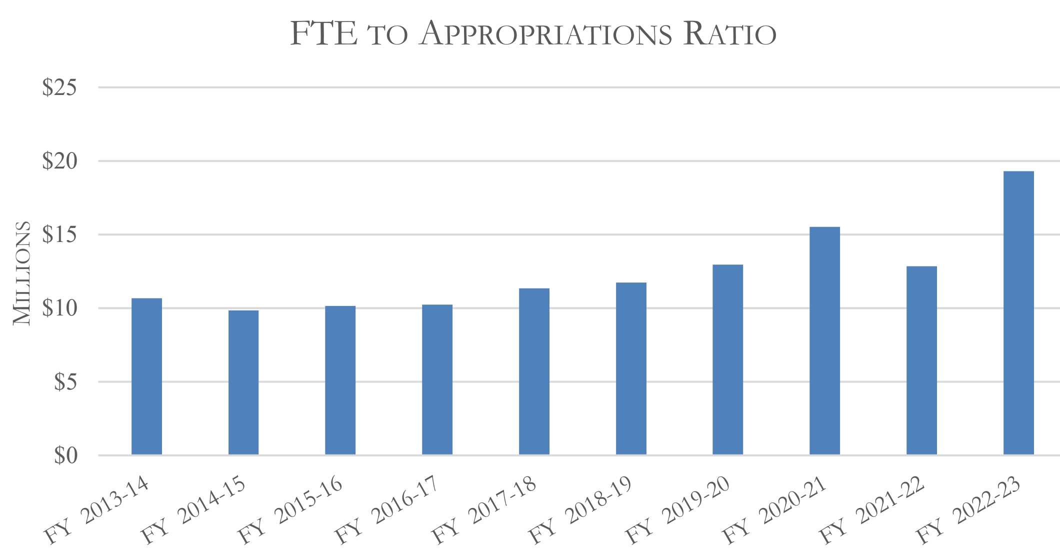
- Colorado Strategic Wildfire Action Plan (COSWAP);
- Future Generations Act (S.B. 18-143);
- Keep Colorado Wild Pass (S.B. 21-249); and
- Protect Public Welfare Oil and Gas Operations (S.B. 19-181).

All of these programs come with significant budgetary and management demands, and add to the complexity of the budget.

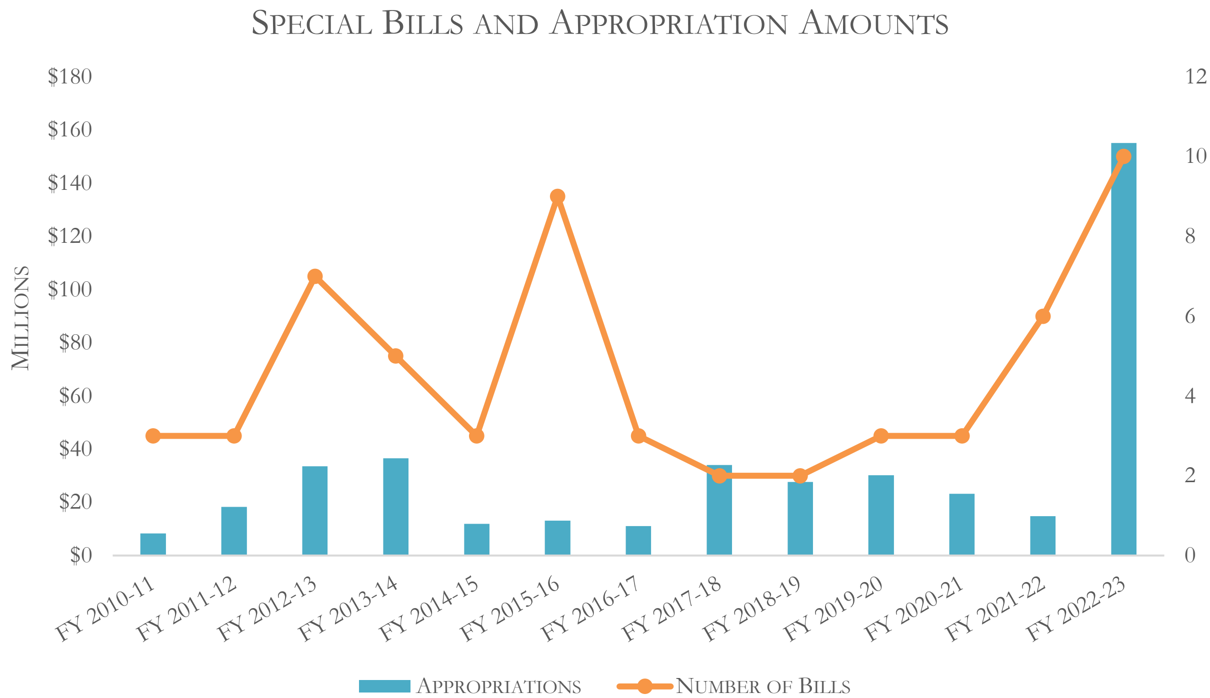
Another factor that has added complexity to the budget team's responsibilities is an expansion of those. The Department reports that before FY 2019-20, the budget team was responsible only for the legislative budget process, but that role has grown to now encompass the implementation and oversight of real-time billing and online accessibility, the greening governments initiative, and a general reimagining of government efforts.

Along with the increased size and complexity of the budget, the accounting and procurement units also manage 109 cash grants, 214 federal grants, 39 other types of grants, and over 1,000 contracts annually. These numbers are exclusive of any federal or stimulus funding received in recent years. The Department claims that managing all of these grants and contracts will benefit from centralized oversight to ensure all the different areas of the Department are coordinating efficiently to fulfill all of these responsibilities.

The budget increases, new programs to manage, added responsibility, and number of grants and contracts managed within the Department with no increases in capacity since at least FY 2010-11. In fact, the Department is not sure when the last time a position dedicated to budgeting or accounting was added. The following graph illustrates the amount of money managed per budget, accounting, and procurement FTE since FY 2013-14.



The final factor that the Department reports has played into the increased size and complexity of the budget is the additional funding and program management added by the legislature. Prior to FY 2020-21, the number of bills passed per session with appropriations fluctuated primarily between three and five. In FY 2022-23, ten bills were passed that appropriated funds to the Department. Similarly, prior to the current fiscal year, total appropriations as a result of these bills averaged around $20 million per year, then this year the Department was appropriated $155.2 million.



The above graph displays the number of bills that pass in a session that have appropriations tied to them, but that is not the extent of the work done in the Department. For each piece of proposed legislation, the financial service team has to analyze the bill to see if there would be a fiscal impact. The Department reports that historically there have been a handful of proposed bills that it has had to analyze, but in the 2022 legislative session, the Department provided fiscal analysis of 47 bills, of which 36 passed.

Recommendation

Without being involved in the day-to-day affairs of the Department, it is difficult to know how much extra workload each position is actually taking on. Staff feels that in terms of a larger budget, more programs with fiscal implications to manage, and increasing legislative activity, the request for funding an additional budget analyst is warranted, and staff recommends this.

On the other hand, staff is not as confident about the request for funding for a CFO. The Department has provided some, but not a great deal of information on how the position would benefit the financial services team. Staff is not aware of responsibilities going unfulfilled because of a lack of a CFO, but that in itself does not mean the workload at the Department doesn't warrant one. With more moving pieces in the budget and the budget process, and with the Department involved in and managing more programs than before, a central point of contact for the financial services team might result in increased efficiency.

Throughout the rest of the State, only six other departments have a position with the CFO title, but several have other positions that serve the same purpose – for example, Financial Services Director, Chief Administrative Officer, and Director of Finance and Administration. While these positions are not specifically called 'CFO', staff believes that their responsibilities are what those of a CFO would be – namely long range strategic financial planning, risk assessment, financial reporting, overseeing accounting, coordination among the budget, accounting, and procurement teams, and acting as a central point of contact for the Executive Director to receive financial advice from.

Staff does recommend funding this position, but it would be just as reasonable for the Committee to disregard staff's recommendation and deny this funding.

DNR R12 Budget Support Request and Recommendation						
	FY 2023-24 Request		FY 2023-24 Recommendation		FY 2024-25 R1 Rec. Annualiz.	
	FTE	Cost	FTE	Cost	FTE	Cost
Personal Services						
Management (SES)	1.0	$152,708	1.0	$124,480	1.0	$124,480
Budget & Policy Analyst III	1.0	97,697	1.0	89,050	1.0	89,050
Subtotal - Personal Services	**2.0**	**$250,405**	**2.0**	**$213,530**	**2.0**	**$213,530**
Employee Benefits		$44,592		$34,507		$42,058
Standard Op Ex		1,470		1,470		2,804
Capital Outlay		14,000		13,340		0
Totals	**2.0**	**$310,467**	**2.0**	**$262,847**	**2.0**	**$258,392**

The Department requested the CFO position at the range midpoint and the budget analyst at the 2nd quartile. Staff is recommending the CFO position at the 2nd quartile and the budget analyst at the range minimum. Staff believes that the range minimum for a CFO would not be enough compensation to attract a suitable candidate, but that the range midpoint would be slightly too high for the Department's situations. This level of funding would be less than what other departments pay their CFOs, but staff believes it is more desirable to start a new position at a lower wage than in other departments where the position is established. If the Department feels that this position ends up greatly improving efficiency and the Department's ability to manage its finances, then additional compensation can be requested.

(2) DIVISION OF RECLAMATION, MINING, AND SAFETY

The Division of Reclamation, Mining, and Safety (DRMS) is charged with helping to develop Colorado's mining industry in an environmentally protective manner and ensuring that mined land is reclaimed to a beneficial use. This includes: (1) permitting, inspecting, and ensuring compliance at active coal and mineral prospecting and mining operations; (2) safeguarding and reclaiming abandoned and forfeited mine sites; and (3) training, testing, and certifying mine employees at both coal and non-coal mining operations in accordance with federal health and safety standards. Pursuant to Section 39-29-109.3 (1)(c), C.R.S., the General Assembly may appropriate up to 25.0 percent of the money in the Severance Tax Operational Fund to the Division.

Division Of Reclamation, Mining, And Safety	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2022-23 Appropriation						
HB 22-1329 (Long Bill)	$8,262,573	$0	$4,719,816	$0	$3,542,757	64.8
SB 23-126 (Supplemental)	59,682	0	23,613	0	36,069	0.0
TOTAL	**$8,322,255**	**$0**	**$4,743,429**	**$0**	**$3,578,826**	**64.8**
FY 2023-24 Recommended Appropriation						
FY 2022-23 Appropriation	$8,322,255	$0	$4,743,429	$0	$3,578,826	64.8
Centrally appropriated line items	198,462	0	102,956	0	95,506	0.0
Annualize prior year budget actions	(59,682)	0	(23,613)	0	(36,069)	0.0
Indirect cost assessment	(26,663)	0	19,124	0	(45,787)	0.0
TOTAL	**$8,434,372**	**$0**	**$4,841,896**	**$0**	**$3,592,476**	**64.8**
INCREASE/(DECREASE)	**$112,117**	**$0**	**$98,467**	**$0**	**$13,650**	**0.0**
Percentage Change	1.3%	n/a	2.1%	n/a	0.4%	0.0%
FY 2023-24 EXECUTIVE REQUEST	**$8,434,372**	**$0**	**$4,841,896**	**$0**	**$3,592,476**	**64.8**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	(0.0)

DECISION ITEMS – DIVISION OF RECLAMATION, MINING, AND SAFETY (NONE)

The Department request for FY 2023-24 did not include any decision items or budget amendments that impact solely the Division of Reclamation, Mining, and Safety.

LINE ITEM DETAIL – DIVISION OF RECLAMATION, MINING, AND SAFETY

(A) COAL LAND RECLAMATION

Program Costs

This line item supports the Coal Regulatory Program, which regulates active coal mines and ensures mined lands are reclaimed to beneficial use while protecting public health, safety, and the environment. Colorado was granted state primacy to regulate coal mines following the passage of the federal Surface Mining Control and Reclamation Act (SMCRA), Title V of 1977. The program is funded with 77.6

percent federal funds from the U.S. Department of the Interior's Office of Surface Mining (OSM) and 22.4 percent state cash match from the Severance Tax Operational Fund, based on total permitted mine acres located on federally owned lands versus non-federal acres. The federal grant funds are contingent on Colorado maintaining state primacy to conduct a coal regulation program. The state severance tax funds are subject to a statutory limit on the Division's total allowable usage of 25.0 percent of the total revenue in the Operational Fund (Section 39-29-109.3 (1)(c), C.R.S.). This appropriation supports 19.0 FTE, which includes technical regulatory and management staff, a grant/financial warranty specialist, administrative staff and a share of central administrative staff that support the entire division.

STATUTORY AUTHORITY: Sections 34-33-101, *et seq.*, C.R.S.

REQUEST: The Department requests an appropriation of $2,042,316 total funds including $459,083 cash funds from the Severance Tax Operational Fund and $1,583,233 federal funds and 19.0 FTE for FY 2023-24.

RECOMMENDATION: **Staff recommends approving the request.**

DIVISION OF RECLAMATION, MINING, AND SAFETY, COAL LAND RECLAMATION, PROGRAM COSTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2022-23 APPROPRIATION						
HB 22-1329 (Long Bill)	$1,992,574	$0	$448,636	$0	$1,543,938	19.0
SB 23-126 (Supplemental)	9,270	0	2,114	0	7,156	0.0
TOTAL	**$2,001,844**	**$0**	**$450,750**	**$0**	**$1,551,094**	**19.0**
FY 2023-24 RECOMMENDED APPROPRIATION						
FY 2022-23 Appropriation	$2,001,844	$0	$450,750	$0	$1,551,094	19.0
Centrally appropriated line items	71,283	0	31,988	0	39,295	0.0
Annualize prior year budget actions	(9,270)	0	(2,114)	0	(7,156)	0.0
TOTAL	**$2,063,857**	**$0**	**$480,624**	**$0**	**$1,583,233**	**19.0**
INCREASE/(DECREASE)	**$62,013**	**$0**	**$29,874**	**$0**	**$32,139**	**0.0**
Percentage Change	3.1%	n/a	6.6%	n/a	2.1%	0.0%
FY 2023-24 EXECUTIVE REQUEST	**$2,063,857**	**$0**	**$480,624**	**$0**	**$1,583,233**	**19.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

INDIRECT COST ASSESSMENT

This line item reflects the amount of indirect cost assessments to cash and federal funding sources within the Coal Land Reclamation subdivision. The Department uses the funds collected to offset General Fund that would otherwise be required to pay for services from the Executive Director's Office.

REQUEST: The Department requests an appropriation of $93,033 total funds, including $19,537 cash funds from the Severance Tax Operational Fund and $73,496 federal funds for FY 2023-24.

RECOMMENDATION: **Staff recommends approving the request.**

Division Of Reclamation, Mining, And Safety, Coal Land Reclamation, Indirect Cost Assessment						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2022-23 Appropriation						
HB 22-1329 (Long Bill)	$83,872	$0	$17,613	$0	$66,259	0.0
TOTAL	**$83,872**	**$0**	**$17,613**	**$0**	**$66,259**	**0.0**
FY 2023-24 Recommended Appropriation						
FY 2022-23 Appropriation	$83,872	$0	$17,613	$0	$66,259	0.0
Indirect cost assessment	9,161	0	1,924	0	7,237	0.0
TOTAL	**$93,033**	**$0**	**$19,537**	**$0**	**$73,496**	**0.0**
INCREASE/(DECREASE)	**$9,161**	**$0**	**$1,924**	**$0**	**$7,237**	**0.0**
Percentage Change	10.9%	n/a	10.9%	n/a	10.9%	n/a
FY 2023-24 EXECUTIVE REQUEST	**$93,033**	**$0**	**$19,537**	**$0**	**$73,496**	**0.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

(B) INACTIVE MINES

Program Costs

This line item provides funding for the Inactive Mines Reclamation Program (IMRP), which is responsible for safeguarding abandoned mine openings, and reclaiming pre-law or legacy abandoned mine sites mined prior to passage of SMCRA in 1977. Funding consists of OSM federal grant funds and state cash funds from the Severance Tax Operational Fund.

Unlike the Coal Program, no specific percentage cash match is required but federal funding is contingent on maintaining a federally-approved coal mining regulatory program. OSM funds are limited to use at pre-law sites and may not be used to remedy environmental and water quality issues. The federal funds appropriated in the Long Bill reflect the administrative portion of the federal grant. The IMRP includes 17.8 FTE but the cost of between 7.0 and 11.0 FTE are charged to non-appropriated project funds from the federal Office of Surface Mining, Reclamation, and Enforcement, the Bureau of Land Management, U.S. Forest Service, Environmental Protection Agency, Department of Energy, and other cooperative agreements.

This line item also supports the Mining Non-Point Source (MNPS) Program, formerly included in the Legacy Mine Hydrology Projects line item which was consolidated into the program line item in FY 2020-21. The program helps local entities secure federal funding from the U.S. Environmental Protection Agency (EPA) for water quality improvement (not water treatment) projects at pre-law mine sites abandoned prior to adoption of the Clean Water Act (CWA) of 1972. After mining operations cease in a given location, acid drainage and metal leaching can continue at these sites for many years. The cost of water treatment is now accounted for in the permitting and bonding process for active mite sites, but abandoned legacy mine sites do not have an identifiable party or operator that can be held responsible for remediation. Instead, reclamation must be undertaken voluntarily by local entities and is supported by grant funding with financial and technical assistance from the DRMS.

The MNPS Program uses cash funds from the Severance Tax Operational Fund as matching funds for the federal grants used to support the construction of hydro-geologic controls at legacy sites, including: diversion ditches, mine waste removal, mine waste consolidation, stream diversion, and re-vegetation. Additionally, the DRMS occasionally receives non-appropriated grant funds from CDPHE for which it has continuous spending authority pursuant to Section 34-33-133 (2)(a), C.R.S. The MNPS includes 1.2 FTE for project management.

This line item also supports the former Reclamation of Forfeited Mine Sites line item which was also consolidated into the program line item in FY 2020-21. The General Assembly created this line item in FY 2007-08 to provide funding to reclaim mine sites forfeited due to operator bankruptcy or death, or that had insufficient bonds when the mining permit was revoked. Risks associated with un-reclaimed mine sites include water contamination, unstable soils, volatile gases and explosives, and open pits. Funding available for reclamation at forfeited mine sites is largely determined by the date of forfeiture:

1. Mines forfeited prior to 1977 qualify for federal funding from the Office of Surface Mining and receive some severance tax revenue through the Program Costs and Legacy Mine Hydrology Projects line items in this subdivision. Sites treated under this line item are not eligible for federal funds that can be used for pre-1977 mines.

2. Between 1977 and 1993 mine operators were required to post bonds, but the bonds were capped in statute by mine type and were not tailored to the features of individual mite sites. As a result, the capped bonds were sometimes inadequate to fully fund reclamation at sites from this period and, prior to the establishment of this line item, the DRMS was only able to address the sites as funding permitted.

3. Mines established after 1993 have individually-calculated bond requirements based on size, type of disturbance, on-site structures, surrounding environmental impacts, and construction costs. While the bonds from mines forfeited after 1993 have generally been adequate to address necessary reclamation work, the DRMS still encounters mine sites with bond shortages or failures that require additional funding to fully reclaim. This situation can occur if a mine site has changed between permitting/bonding and forfeiture.

This line item also supports the former Emergency Response Costs line item which was also consolidated into the program line item in FY 2020-21. This appropriation provides funds for the Department to use for an initial response to environmental emergencies at both permitted and legacy mining sites. For large-scale emergencies, there are procedures for the Governor and/or the JBC to make additional funding available, but the appropriation in this line item can be used immediately while other funds are secured. Additionally, even if affected sites have financial warranties, it often takes time to go through the required regulatory procedures needed to liquidate the bonds and other warranty instruments for abandoned mine sites. By providing an immediately available source of funds, the Division is able to avoid increased remediation costs that may be incurred by a delay in responding to environmental emergencies due to funding. Contractors perform the environmental remediation work and no FTE are associated with emergency activity.

To accommodate projects completed at high elevation locations, the time required for landowner and contract approval prior to actual work at each site, and due to the length of time mine reclamation can take to complete, the former Legacy Mine Hydrology Projects and Reclamation of Forfeited Mine Sites line items included three-year spending authority, authorized by Long Bill footnote. The consolidated Program Costs line item was accorded three-year spending authority at the time of consolidation in FY 2020-21.

STATUTORY AUTHORITY: Sections 34-21-101 to 34-21-103, C.R.S., Section 34-24-110, C.R.S., Sections 34-32-118 and 34-32.5-118, Sections 34-32-122, 34-32-124 and 34-32-124.5, C.R.S., Section 34-33-133, C.R.S., and Section 34-34-101, *et seq.*, C.R.S.

REQUEST: The Department requests an appropriation of $2,722,635 total funds including $1,245,870 cash funds from the Severance Tax Operational Fund and $1,476,765 federal funds and 17.8 FTE for FY 2023-24.

RECOMMENDATION: **Staff recommends approving the request and continuing three-year spending authority and the related RFI.**

Division Of Reclamation, Mining, And Safety, Inactive Mines, Program Costs	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2022-23 APPROPRIATION						
HB 22-1329 (Long Bill)	$2,669,904	$0	$1,244,196	$0	$1,425,708	17.8
SB 23-126 (Supplemental)	28,913	0	0	0	28,913	0.0
TOTAL	**$2,698,817**	**$0**	**$1,244,196**	**$0**	**$1,454,621**	**17.8**
FY 2023-24 RECOMMENDED APPROPRIATION						
FY 2022-23 Appropriation	$2,698,817	$0	$1,244,196	$0	$1,454,621	17.8
Centrally appropriated line items	52,731	0	1,674	0	51,057	0.0
Annualize prior year budget actions	(28,913)	0	0	0	(28,913)	0.0
TOTAL	**$2,722,635**	**$0**	**$1,245,870**	**$0**	**$1,476,765**	**17.8**
INCREASE/(DECREASE)	**$23,818**	**$0**	**$1,674**	**$0**	**$22,144**	**0.0**
Percentage Change	0.9%	n/a	0.1%	n/a	1.5%	0.0%
FY 2023-24 EXECUTIVE REQUEST	**$2,722,635**	**$0**	**$1,245,870**	**$0**	**$1,476,765**	**17.8**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

INDIRECT COST ASSESSMENT

This line item reflects the amount of indirect cost assessments to cash and federal funding sources within the Inactive Mines subdivision. The Department uses the funds collected to offset General Fund that would otherwise be required to pay for services from the Executive Director's Office.

REQUEST: The Department requests an appropriation of $196,190 total funds, including $38,182 cash funds from the Severance Tax Operational Fund and $158,008 federal funds for FY 2023-24.

RECOMMENDATION: **Staff recommends approving the request.**

Division Of Reclamation, Mining, And Safety, Inactive Mines, Indirect Cost Assessment						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2022-23 Appropriation						
HB 22-1329 (Long Bill)	$228,141	$0	$19,604	$0	$208,537	0.0
TOTAL	**$228,141**	**$0**	**$19,604**	**$0**	**$208,537**	**0.0**
FY 2023-24 Recommended Appropriation						
FY 2022-23 Appropriation	$228,141	$0	$19,604	$0	$208,537	0.0
Indirect cost assessment	(31,951)	0	18,578	0	(50,529)	0.0
TOTAL	**$196,190**	**$0**	**$38,182**	**$0**	**$158,008**	**0.0**
INCREASE/(DECREASE)	**($31,951)**	**$0**	**$18,578**	**$0**	**($50,529)**	**0.0**
Percentage Change	(14.0%)	n/a	94.8%	n/a	(24.2%)	n/a
FY 2023-24 EXECUTIVE REQUEST	**$196,190**	**$0**	**$38,182**	**$0**	**$158,008**	**0.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

(C) MINERALS

Program Costs

This program issues and enforces mining and reclamation permits for all non-coal mines in Colorado on state, federal, and private lands. The types of minerals regulated under this program include metals (e.g. gold, silver, and molybdenum), construction materials (e.g. sand, gravel, marble, and flagstone), uranium, and vanadium. The Minerals Program also regulates oil shale development but coordinates extensively with the Oil and Gas Conservation Commission in reviewing permits and conducting inspections. Additionally, operating costs of the Mined Land Reclamation Board are paid from this line item. Fund sources include permitting fees deposited in the Mined Land Reclamation Fund and severance tax revenues from the Severance Tax Operational Fund. Most fees are set in statute, but some are set by rule pursuant to Section 34-32-127, C.R.S.

Statutory Authority: Sections 34-32-101, *et seq.*, and 34-32.5-101, *et seq.*, C.R.S.

Request: The Department requests an appropriation of $2,529,449 cash funds from the Severance Tax Operational Fund and 23.0 FTE for FY 2023-24.

Recommendation: **Staff recommends approving the request.**

Division Of Reclamation, Mining, And Safety, Minerals, Program Costs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2022-23 Appropriation						
HB 22-1329 (Long Bill)	$2,467,586	$0	$2,467,586	$0	$0	23.0
SB 23-126 (Supplemental)	12,209	0	12,209	0	0	0.0
TOTAL	**$2,479,795**	**$0**	**$2,479,795**	**$0**	**$0**	**23.0**
FY 2023-24 Recommended Appropriation						
FY 2022-23 Appropriation	$2,479,795	$0	$2,479,795	$0	$0	23.0
Centrally appropriated line items	61,863	0	61,863	0	0	0.0

Division Of Reclamation, Mining, And Safety, Minerals, Program Costs	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Annualize prior year budget actions	(12,209)	0	(12,209)	0	0	0.0
TOTAL	**$2,529,449**	**$0**	**$2,529,449**	**$0**	**$0**	**23.0**
INCREASE/(DECREASE)	**$49,654**	**$0**	**$49,654**	**$0**	**$0**	**0.0**
Percentage Change	2.0%	n/a	2.0%	n/a	n/a	0.0%
FY 2023-24 EXECUTIVE REQUEST	**$2,529,449**	**$0**	**$2,529,449**	**$0**	**$0**	**23.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

Indirect Cost Assessment

This line item reflects the amount of indirect cost assessments to cash and federal funding sources within the Minerals subdivision. The Department uses the funds collected to offset General Fund that would otherwise be required to pay for services from the Executive Director's Office.

Request: The Department requests an appropriation of $103,990 cash funds from the Severance Tax Operational Fund for FY 2023-24.

Recommendation: **Staff recommends approving the request.**

Division Of Reclamation, Mining, And Safety, Minerals, Indirect Cost Assessment	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2022-23 Appropriation						
HB 22-1329 (Long Bill)	$106,620	$0	$106,620	$0	$0	0.0
TOTAL	**$106,620**	**$0**	**$106,620**	**$0**	**$0**	**0.0**
FY 2023-24 Recommended Appropriation						
FY 2022-23 Appropriation	$106,620	$0	$106,620	$0	$0	0.0
Indirect cost assessment	(2,630)	0	(2,630)	0	0	0.0
TOTAL	**$103,990**	**$0**	**$103,990**	**$0**	**$0**	**0.0**
INCREASE/(DECREASE)	**($2,630)**	**$0**	**($2,630)**	**$0**	**$0**	**0.0**
Percentage Change	(2.5%)	n/a	(2.5%)	n/a	n/a	n/a
FY 2023-24 EXECUTIVE REQUEST	**$103,990**	**$0**	**$103,990**	**$0**	**$0**	**0.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

(D) MINES PROGRAM

Colorado and Federal Mine Safety Program

This program conducts safety audits of active mines, provides mine rescue and safety training, produces and distributes mine safety training materials, and inspects tourist mines. Federal funds are from the Mine Safety and Health Administration in the U.S. Department of Labor and account for the majority of program funding. The remainder of the appropriation is comprised of cash funds from the Severance Tax Operational Fund and a small amount of fee revenue from coal mine certification exams and training materials.

STATUTORY AUTHORITY: Articles 20 to 24 of Title 34, C.R.S.

REQUEST: The Department requests an appropriation of $567,443 total funds including $377,798 cash funds from the Severance Tax Operational Fund and $189,645 federal funds and 4.0 FTE for FY 2023-24.

RECOMMENDATION: **Staff recommends approving the request.**

DIVISION OF RECLAMATION, MINING, AND SAFETY, MINES PROGRAM, COLORADO AND FEDERAL MINE SAFETY PROGRAM						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2022-23 APPROPRIATION						
HB 22-1329 (Long Bill)	$564,440	$0	$374,795	$0	$189,645	4.0
SB 23-126 (Supplemental)	9,290	0	9,290	0	0	0.0
TOTAL	**$573,730**	**$0**	**$384,085**	**$0**	**$189,645**	**4.0**
FY 2023-24 RECOMMENDED APPROPRIATION						
FY 2022-23 Appropriation	$573,730	$0	$384,085	$0	$189,645	4.0
Centrally appropriated line items	3,003	0	3,003	0	0	0.0
Annualize prior year budget actions	(9,290)	0	(9,290)	0	0	0.0
TOTAL	**$567,443**	**$0**	**$377,798**	**$0**	**$189,645**	**4.0**
INCREASE/(DECREASE)	**($6,287)**	**$0**	**($6,287)**	**$0**	**$0**	**0.0**
Percentage Change	(1.1%)	n/a	(1.6%)	n/a	0.0%	0.0%
FY 2023-24 EXECUTIVE REQUEST	**$567,443**	**$0**	**$377,798**	**$0**	**$189,645**	**4.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

BLASTER CERTIFICATION PROGRAM

This line item provides funding for the Blaster Certification Program, which administers certification exams required by certain coal mine officials as specified in Section 34-22-105, C.R.S. Federal funds from the OSM account for 79.0 percent of program funding with a 21.0 percent state match from the Severance Tax Operational Fund.

STATUTORY AUTHORITY: Section 34-33-101, *et seq.*, C.R.S.

REQUEST: The Department requests an appropriation of $143,920 total funds, including $38,165 cash funds from the Severance Tax Operational Fund and $105,755 federal funds and 1.0 FTE for FY 2023-24.

RECOMMENDATION: **JBC staff recommends approving the request.**

Division Of Reclamation, Mining, And Safety, Mines Program, Blaster Certification Program	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2022-23 Appropriation						
HB 22-1329 (Long Bill)	$134,338	$0	$33,737	$0	$100,601	1.0
TOTAL	**$134,338**	**$0**	**$33,737**	**$0**	**$100,601**	**1.0**
FY 2023-24 Recommended Appropriation						
FY 2022-23 Appropriation	$134,338	$0	$33,737	$0	$100,601	1.0
Centrally appropriated line items	9,582	0	4,428	0	5,154	0.0
TOTAL	**$143,920**	**$0**	**$38,165**	**$0**	**$105,755**	**1.0**
INCREASE/(DECREASE)	**$9,582**	**$0**	**$4,428**	**$0**	**$5,154**	**0.0**
Percentage Change	7.1%	n/a	13.1%	n/a	5.1%	0.0%
FY 2023-24 EXECUTIVE REQUEST	**$143,920**	**$0**	**$38,165**	**$0**	**$105,755**	**1.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

Indirect Cost Assessment

This line item reflects the amount of indirect cost assessments to cash and federal funding sources within the Mines Program subdivision. The Department uses the funds collected to offset General Fund that would otherwise be required to pay for services from the Executive Director's Office.

Request: The Department requests an appropriation of $13,855 total funds, including $8,281 cash funds from the Severance Tax Operational Fund and $5,574 federal funds for FY 2023-24.

Recommendation: **Staff recommends approving the request.**

Division Of Reclamation, Mining, And Safety, Mines Program, Indirect Cost Assessment	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2022-23 Appropriation						
HB 22-1329 (Long Bill)	$15,098	$0	$7,029	$0	$8,069	0.0
TOTAL	**$15,098**	**$0**	**$7,029**	**$0**	**$8,069**	**0.0**
FY 2023-24 Recommended Appropriation						
FY 2022-23 Appropriation	$15,098	$0	$7,029	$0	$8,069	0.0
Indirect cost assessment	(1,243)	0	1,252	0	(2,495)	0.0
TOTAL	**$13,855**	**$0**	**$8,281**	**$0**	**$5,574**	**0.0**
INCREASE/(DECREASE)	**($1,243)**	**$0**	**$1,252**	**$0**	**($2,495)**	**0.0**
Percentage Change	(8.2%)	n/a	17.8%	n/a	(30.9%)	n/a
FY 2023-24 EXECUTIVE REQUEST	**$13,855**	**$0**	**$8,281**	**$0**	**$5,574**	**0.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

(3) OIL AND GAS CONSERVATION COMMISSION

The Oil and Gas Conservation Commission (OGCC) is charged with regulating the responsible exploration, development, and conservation of Colorado's oil and natural gas resources in a manner that protects public health, safety, welfare, the environment, and wildlife resources. To achieve these goals, the Commission promulgates regulations governing oil and gas development, issues permits, enforces laws and regulations, maintains a financial surety program to ensure proper reclamation of well sites, and provides information to the public and industry pertaining to oil and gas production. In addition to regulation and enforcement, the OGCC responds to complaints and inquiries, responds to oil and gas spills and other environmental emergencies at production sites, manages plugging and reclamation work at abandoned well sites, and performs baseline water quality studies.

Oil And Gas Conservation Commission						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2022-23 Appropriation						
HB 22-1329 (Long Bill)	$20,637,559	$0	$20,538,382	$0	$99,177	147.3
SB 23-126 (Supplemental)	677,322	0	677,322	0	0	4.5
TOTAL	**$21,314,881**	**$0**	**$21,215,704**	**$0**	**$99,177**	**151.8**
FY 2023-24 Recommended Appropriation						
FY 2022-23 Appropriation	$21,314,881	$0	$21,215,704	$0	$99,177	151.8
R01/BA01 COGCC mission change	2,294,400	0	2,294,400	0	0	29.0
SI Remove plug and reclaim orph wells	(3,850,000)	0	(3,850,000)	0	0	0.0
Centrally appropriated line items	380,792	0	380,792	0	0	0.0
Annualize prior year legislation	293,721	0	293,721	0	0	3.2
Indirect cost assessment	45,473	0	44,522	0	951	0.0
Annualize prior year budget actions	(677,322)	0	(677,322)	0	0	(4.5)
TOTAL	**$19,801,945**	**$0**	**$19,701,817**	**$0**	**$100,128**	**179.5**
INCREASE/(DECREASE)	**($1,512,936)**	**$0**	**($1,513,887)**	**$0**	**$951**	**27.7**
Percentage Change	(7.1%)	n/a	(7.1%)	n/a	1.0%	18.2%
FY 2023-24 EXECUTIVE REQUEST	**$24,035,649**	**$0**	**$23,935,521**	**$0**	**$100,128**	**179.5**
Request Above/(Below) Recommendation	$4,233,704	$0	$4,233,704	$0	$0	0.0

DECISION ITEMS – OIL AND GAS CONSERVATION COMMISSION

➔ SI Remove Plugging and Reclaiming Orphaned Wells Appropriation and Line Item

Request: The Department did not request this but agrees with staff recommendation.

Recommendation: **Staff recommends decreasing the appropriation to the Plugging and Reclaiming Orphaned Wells line item by $3,850,000 for FY 2023-24 and ongoing. Staff also recommends removing this line item from the Long Bill and replacing it with the Orphaned Wells Mitigation Enterprise line item. This line will reflect an informational appropriation in the Long Bill, but will be continuously appropriated to the Department. Staff also recommends an information appropriation in this new line of $25,000,000 cash funds from the**

Orphaned Wells Mitigation Enterprise Cash Fund. *This amount is not reflected in this document, but if approved, will be reflected in the Long Bill.

ANALYSIS:
In the 2022 legislative session, S.B. 22-198 (Orphaned Oil and Gas Wells Enterprise) was passed. This legislation created the Orphaned Wells Mitigation Enterprise and the Orphaned Wells Mitigation Enterprise Cash Fund, which is continuously appropriated the Department. This cash fund is supported by mitigation fees paid by each operator for each well they operate. The fees are set so that the cash fund will receive approximately $10.0 million in revenue each year. The Department also notes that they have received approximately $25.0 million IIJA funds for the plugging of orphaned wells, and they expect to receive up to $124.0 million in additional funding starting in FY 2023-24.

As a result of this legislation, the Department no longer needs funding through this line item, and agrees with staff that it and its associated footnote should be removed from the Long Bill going forward.

LINE ITEM DETAIL – OIL AND GAS CONSERVATION COMMISSION

PROGRAM COSTS

This line item supports the majority of personal services and operating expenses for the OGCC. Approximately 40.4 percent of the funding for this line item is from the Severance Tax Operational Fund. The other 59.6 percent is from the Oil and Gas Conservation and Environmental Response (Response) Fund. The Response Fund is supported by a statewide mill levy on the market value of oil and gas production. Pursuant to Section 34-60-122 (1)(a), C.R.S., the mill levy rate is capped at a maximum of 1.7 mills, but the Commission has the authority to increase or decrease the mill levy rate under the cap if necessary to align revenue with expenditures from the Response Fund. The current rate is 1.5 mills.

STATUTORY AUTHORITY: Section 34-60-101 et seq., C.R.S.

REQUEST: The Department requests an appropriation of $18,588,827 cash funds from the Response Fund and 177.5 FTE for FY 2023-24.

RECOMMENDATION: **Staff recommends an appropriation of $18,205,123 cash funds and 177.5 FTE for FY 2023-24.** The recommendation differs from the request as a result of calculations for new FTE and adjustments for centrally appropriated line items.

OIL AND GAS CONSERVATION COMMISSION, PROGRAM COSTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2022-23 APPROPRIATION						
HB 22-1329 (Long Bill)	$15,236,210	$0	$15,236,210	$0	$0	145.3
SB 23-126 (Supplemental)	677,322	0	677,322	0	0	4.5
TOTAL	**$15,913,532**	**$0**	**$15,913,532**	**$0**	**$0**	**149.8**
FY 2023-24 RECOMMENDED APPROPRIATION						
FY 2022-23 Appropriation	$15,913,532	$0	$15,913,532	$0	$0	149.8
R01/BA01 COGCC mission change	2,294,400	0	2,294,400	0	0	29.0
Centrally appropriated line items	380,792	0	380,792	0	0	0.0
Annualize prior year legislation	293,721	0	293,721	0	0	3.2
Annualize prior year budget actions	(677,322)	0	(677,322)	0	0	(4.5)
TOTAL	**$18,205,123**	**$0**	**$18,205,123**	**$0**	**$0**	**177.5**
INCREASE/(DECREASE)	**$2,291,591**	**$0**	**$2,291,591**	**$0**	**$0**	**27.7**
Percentage Change	14.4%	n/a	14.4%	n/a	n/a	18.5%
FY 2023-24 EXECUTIVE REQUEST	**$18,588,827**	**$0**	**$18,588,827**	**$0**	**$0**	**177.5**
Request Above/(Below) Recommendation	$383,704	$0	$383,704	$0	$0	0.0

UNDERGROUND INJECTION PROGRAM

This line item supports the Underground Injection Control Program, which is responsible for the regulation of Class II underground injection wells under authority delegated to the OGCC by the U.S. Environmental Protection Agency (EPA). This includes overseeing the injection of oil and gas production wastes or the injection of liquids to enhance fuel recovery, as well as the inspecting and permitting of sites where these underground injections occur. Program funding comes from a federal grant through the EPA.

STATUTORY AUTHORITY: Section 34-60-101, *et seq.*, C.R.S.

REQUEST: The Department requests a continuation informational appropriation of $96,559 federal funds and 2.0 FTE for FY 2023-24.

RECOMMENDATION: **Staff recommends approving the request.**

PLUGGING AND RECLAIMING ORPHANED WELLS

This line item provides funding to plug and reclaim orphaned oil and gas well sites where there is no known responsible party or financial bonds are insufficient to fully cover the cost of reclamation. The source of funds is the Oil and Gas Conservation and Environmental Response Fund. The General Assembly increased the appropriation for this line item to $5,011,000 in FY 2018-19 and FY 2019-20 to respond to an increased emphasis on addressing orphaned wells. This appropriation decreased to $3,850,000 in FY 2020-21. The appropriation provides two-year spending authority by footnote as follows:

XX Department of Natural Resources, Oil and Gas Conservation Commission, Plugging and Reclaiming Orphaned Wells -- This appropriation shall remain available until fully expended or the close of FY 2023-24, whichever comes first.

STATUTORY AUTHORITY: Section 34-60-101, *et seq.*, C.R.S.

REQUEST: The Department requests a continuation appropriation of $3,850,000 cash funds for FY 2023-24.

RECOMMENDATION: **Staff recommends an appropriation of $0 for FY 2023-24.** Please refer to staff's decision item write-up on SI Remove Plugging and Reclaiming Orphaned Wells Appropriation and Line Item for an explanation of this recommendation. **Staff also recommends removing the footnote from this line item.**

OIL AND GAS CONSERVATION COMMISSION, PLUGGING AND RECLAIMING ORPHANED WELLS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2022-23 APPROPRIATION						
HB 22-1329 (Long Bill)	$3,850,000	$0	$3,850,000	$0	$0	0.0
TOTAL	**$3,850,000**	**$0**	**$3,850,000**	**$0**	**$0**	**0.0**
FY 2023-24 RECOMMENDED APPROPRIATION						
FY 2022-23 Appropriation	$3,850,000	$0	$3,850,000	$0	$0	0.0
SI Remove plug and reclaim orph wells	(3,850,000)	0	(3,850,000)	0	0	0.0
TOTAL	**$0**	**$0**	**$0**	**$0**	**$0**	**0.0**
INCREASE/(DECREASE)	**($3,850,000)**	**$0**	**($3,850,000)**	**$0**	**$0**	**0.0**
Percentage Change	(100.0%)	n/a	(100.0%)	n/a	n/a	n/a

Oil And Gas Conservation Commission, Plugging And Reclaiming Orphaned Wells						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2023-24 EXECUTIVE REQUEST	**$3,850,000**	**$0**	**$3,850,000**	**$0**	**$0**	**0.0**
Request Above/(Below) Recommendation	$3,850,000	$0	$3,850,000	$0	$0	0.0

Environmental Assistance and Complaint Resolution

This line item funds environmental assistance projects such as baseline water quality studies, studies on the beneficial reuse of production wastes, remediation projects, and studies to better understand air emissions from oil and gas activities. Funding is also used for water, soil, and air sampling in response to citizen complaints, reported spills, and field investigations. This line provides funding for on-going studies and emergent issues with a direct link to protecting public safety. The source of funds is penalties deposited in the Environmental Response Account established in Section 34-60-122 (5), C.R.S., within the Oil and Gas Conservation and Environmental Response Fund.

Statutory Authority: Section 34-60-101, *et seq.*, C.R.S.

Request and Recommendation: The Department requests a continuation appropriation of $312,033 cash funds from the Response Fund for FY 2023-24.

Recommendation: **Staff recommends approving the request.**

Emergency Response

This line item is intended to be used – if and when necessary – for emergency response. The OGCC also uses this line item to address high-risk wells that have been orphaned and require immediate reclamation work to stabilize. Prior to 2006, there were a number of emergency funding requests both during the session and during the interim. The line was created out of concern that emergency funding would be necessary during a time when the JBC was not meeting during the interim, delaying a response until the approval of an interim supplemental. A footnote attached to the line item explains the purpose as follows:

XX Department of Natural Resources, Oil and Gas Conservation Commission, Emergency Response -- It is the intent of the General Assembly that this appropriation be expended if there is an oil and gas related emergency under the jurisdiction of the Oil and Gas Conservation Commission. The purpose of this appropriation is to fund investigation, prevention, monitoring, and mitigation of circumstances caused by or that are alleged to be associated with oil and gas activities and that call for immediate action by the Oil and Gas Conservation Commission.

Statutory Authority: Section 34-60-101, *et seq.*, C.R.S.

Request: The Department requests a continuation appropriation of $150,000 cash funds from the Response Fund for FY 2023-24 and continuation of the footnote associated with this line item.

Recommendation: **Staff recommends approving the request.**

SPECIAL ENVIRONMENTAL PROTECTION AND MITIGATION STUDIES

The General Assembly created this line item in FY 2006-07 with an appropriation of $500,000 cash funds from the Oil and Gas Conservation and Environmental Response Fund, but reduced funding to the current level of $325,000 cash funds in FY 2009-10.

STATUTORY AUTHORITY: Section 34-60-101, *et seq.*, C.R.S.

REQUEST: The Department requests a continuation appropriation of $325,000 cash funds from the Response Fund for FY 2023-24.

RECOMMENDATION: **Staff recommends approving the request.**

INDIRECT COST ASSESSMENT

This line item reflects the amount of indirect cost assessments to cash and federal funding sources within the OGCC. The Department uses the funds collected to offset General Fund that would otherwise be required to pay for services from the Executive Director's Office.

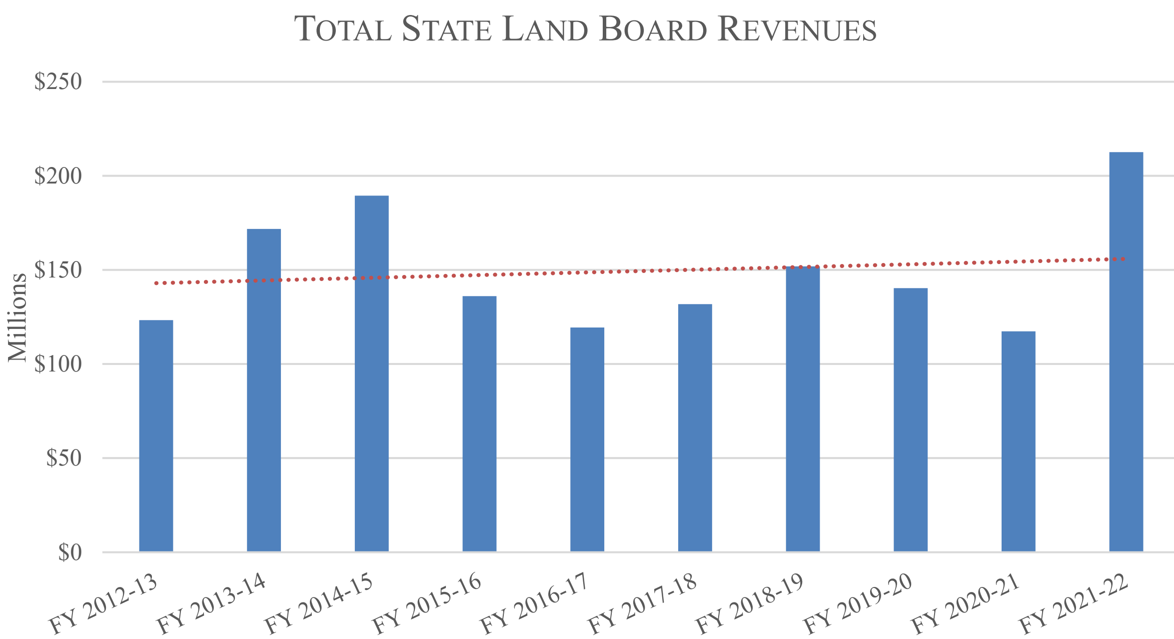
REQUEST: The Department requests an appropriation of $713,230 total funds, including $709,661 cash funds from the Response Fund and $3,569 federal funds for FY 2023-24.

RECOMMENDATION: Staff recommends approving the request.

OIL AND GAS CONSERVATION COMMISSION, INDIRECT COST ASSESSMENT	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2022-23 APPROPRIATION						
HB 22-1329 (Long Bill)	$667,757	$0	$665,139	$0	$2,618	0.0
TOTAL	**$667,757**	**$0**	**$665,139**	**$0**	**$2,618**	**0.0**
FY 2023-24 RECOMMENDED APPROPRIATION						
FY 2022-23 Appropriation	$667,757	$0	$665,139	$0	$2,618	0.0
Indirect cost assessment	45,473	0	44,522	0	951	0.0
TOTAL	**$713,230**	**$0**	**$709,661**	**$0**	**$3,569**	**0.0**
INCREASE/(DECREASE)	**$45,473**	**$0**	**$44,522**	**$0**	**$951**	**0.0**
Percentage Change	6.8%	n/a	6.7%	n/a	36.3%	n/a
FY 2023-24 EXECUTIVE REQUEST	**$713,230**	**$0**	**$709,661**	**$0**	**$3,569**	**0.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

(4) STATE BOARD OF LAND COMMISSIONERS

The State Land Board manages agricultural, commercial, mineral, and other leases on state-owned lands, and is charged with generating reasonable and consistent revenue for eight trust beneficiaries over time. Total trust assets include approximately 2.8 million surface acres and 4.0 million mineral or subsurface acres. Total Land Board revenue for FY 2021-22 was $212.6 million compared to $117.4 million in FY 2020-21, an increase of 81.1 percent. JBC staff and Land Board staff both agree that despite fluctuations, it is likely that revenue will decline in the future, as a large portion of the Land Board's revenues come from royalties on oil and gas extraction, which is declining overall despite the record revenues in FY 2021-22 resulting from high oil and gas prices. The following chart shows the last 10 years of Land Board revenues.



The Public School Trust benefiting K-12 education is the largest of the nine trusts managed by the State Land Board, accounting for approximately 94.0 percent of total trust land surface acres and 99.2 percent of total trust revenues in FY 2021-22.

The eight smaller trusts managed by the State Land Board benefit a range of entities including institutions of higher education, state parks, and the Department of Corrections. Revenues for these trusts ranged from $0 to $720,053 in FY 2020-21, and account for the remaining 0.8 percent of total trust revenues.

State Board Of Land Commissioners	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2022-23 Appropriation						
HB 22-1329 (Long Bill)	$5,599,782	$0	$5,374,782	$225,000	$0	43.0
SB 23-126 (Supplemental)	60,789	0	60,789	0	0	0.0
TOTAL	**$5,660,571**	**$0**	**$5,435,571**	**$225,000**	**$0**	**43.0**
FY 2023-24 Recommended Appropriation						
FY 2022-23 Appropriation	$5,660,571	$0	$5,435,571	$225,000	$0	43.0
R14 SLB field ops capacity	73,948	0	73,948	0	0	1.0
Centrally appropriated line items	114,810	0	114,810	0	0	0.0
Indirect cost assessment	8,633	0	8,633	0	0	0.0
Annualize prior year budget actions	(67,789)	0	(67,789)	0	0	0.0
TOTAL	**$5,790,173**	**$0**	**$5,565,173**	**$225,000**	**$0**	**44.0**
INCREASE/(DECREASE)	**$129,602**	**$0**	**$129,602**	**$0**	**$0**	**1.0**
Percentage Change	2.3%	n/a	2.4%	0.0%	n/a	2.3%
FY 2023-24 EXECUTIVE REQUEST	**$5,794,237**	**$0**	**$5,569,237**	**$225,000**	**$0**	**44.0**
Request Above/(Below) Recommendation	$4,064	$0	$4,064	$0	$0	0.0

DECISION ITEMS – STATE LAND BOARD

The Department request for FY 2023-24 did not include any decision items or budget amendments that impact solely the State Board of Land Commissioners.

LINE ITEM DETAIL – STATE LAND BOARD

Program Costs

This line item supports the State Land Board's administrative and operating costs. The appropriation is mostly supported by revenues earned on school trust lands from the State Land Board Trust Administration Fund (Section 36-1-145 (2)(a) C.R.S.). It also includes $75,000 cash funds from the Land and Water Management Fund, established in Section 36-1-148 (1), C.R.S., to be used for the management and improvement of state-owned lands and waters under the control of the State Land Board. This fund receives revenues from fees collected for the issuance of leases, patents, certificates of purchase, rights of way documents, and recording assignments for the making of township plats.

Statutory Authority: Article IX of the Colorado Constitution, Article 1 of Title 36, C.R.S., and Section 24-35-115, C.R.S.

Request: The Department requests an appropriation of $5,326,104 cash funds from the SLB Trust Administration Fund and the SLB Land and Water Management Fund and 44.0 FTE for FY 2023-24.

Recommendation: **Staff recommends an appropriation of $5,322,040 cash funds and 44.0 FTE for FY 2023-24.** The recommendation differs from the request because of calculations for new FTE.

State Board Of Land Commissioners, Program Costs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2022-23 Appropriation						
HB 22-1329 (Long Bill)	$5,140,282	$0	$5,140,282	$0	$0	43.0
SB 23-126 (Supplemental)	60,789	0	60,789	0	0	0.0
TOTAL	**$5,201,071**	**$0**	**$5,201,071**	**$0**	**$0**	**43.0**
FY 2023-24 Recommended Appropriation						
FY 2022-23 Appropriation	$5,201,071	$0	$5,201,071	$0	$0	43.0
Centrally appropriated line items	114,810	0	114,810	0	0	0.0
R14 SLB field ops capacity	73,948	0	73,948	0	0	1.0
Annualize prior year budget actions	(67,789)	0	(67,789)	0	0	0.0
TOTAL	**$5,322,040**	**$0**	**$5,322,040**	**$0**	**$0**	**44.0**
INCREASE/(DECREASE)	**$120,969**	**$0**	**$120,969**	**$0**	**$0**	**1.0**
Percentage Change	2.3%	n/a	2.3%	n/a	n/a	2.3%
FY 2023-24 EXECUTIVE REQUEST	**$5,326,104**	**$0**	**$5,326,104**	**$0**	**$0**	**44.0**
Request Above/(Below) Recommendation	$4,064	$0	$4,064	$0	$0	0.0

Public Access Program Damage and Enhancement Costs

The General Assembly created this line item in FY 2010-11 to reflect expenditures associated with the Public Access Program, a collaborative effort with the Division of Parks and Wildlife (CPW). CPW leases approximately 975,000 acres from the State Land Board for public access hunting and fishing. The program generates around $1.5 million per year for the Land Board, which spends approximately 15.0 percent of that funding on access improvements, damage repairs, and property enhancement for public access properties. The funds are classified as reappropriated funds in the State Land Board's budget.

Statutory Authority: Article IX of the Colorado Constitution and Article 1 of Title 36, C.R.S.

Request: The Department requests a continuation appropriation of $225,000 reappropriated funds for FY 2023-24.

Recommendation: **Staff recommends approving the request.**

Indirect Cost Assessment

This line item reflects indirect cost assessments to cash funds within the State Land Board. The Department uses indirect cost recoveries to offset General Fund that would otherwise be required to pay for centralized services provided by the Executive Director's Office.

Request: The Department requests an appropriation of $243,133 cash funds from the SLB Trust Administration Fund for FY 2023-24.

Recommendation: **Staff recommends approving the request.**

State Board Of Land Commissioners, Indirect Cost Assessment	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2022-23 Appropriation						
HB 22-1329 (Long Bill)	$234,500	$0	$234,500	$0	$0	0.0
TOTAL	**$234,500**	**$0**	**$234,500**	**$0**	**$0**	**0.0**
FY 2023-24 Recommended Appropriation						
FY 2022-23 Appropriation	$234,500	$0	$234,500	$0	$0	0.0
Indirect cost assessment	8,633	0	8,633	0	0	0.0
TOTAL	**$243,133**	**$0**	**$243,133**	**$0**	**$0**	**0.0**
INCREASE/(DECREASE)	**$8,633**	**$0**	**$8,633**	**$0**	**$0**	**0.0**
Percentage Change	3.7%	n/a	3.7%	n/a	n/a	n/a
FY 2023-24 EXECUTIVE REQUEST	**$243,133**	**$0**	**$243,133**	**$0**	**$0**	**0.0**
Request Above/(Below) Recommendation	$0	$0	$0	$0	$0	0.0

LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION

LONG BILL FOOTNOTES

Staff recommends **CONTINUING AND MODIFYING** the following Long Bill footnote:

XX Department of Natural Resources, Division of Reclamation, Mining, and Safety, Inactive Mines, Program Costs -- This appropriation remains available until completion of the project or the close of the ~~2024-25~~ 2025-26 state fiscal year, whichever comes first.

COMMENT: This footnote provides three-year roll-forward spending authority for this line item consolidated in FY 2020-21.

Staff recommends **CONTINUING** the following footnotes:

XX Department of Natural Resources, Oil and Gas Conservation Commission, Emergency Response -- It is the General Assembly's intent that this appropriation be expended if there is an oil and gas related emergency under the jurisdiction of the Oil and Gas Conservation Commission. The purpose of this appropriation is to fund investigation, prevention, monitoring, and mitigation of circumstances caused by or that are alleged to be associated with oil and gas activities and that call for immediate action by the Oil and Gas Conservation Commission.

COMMENT: This footnote sets forth the purpose, conditions, and limitations of the line item. The JBC created the Emergency Response line item in FY 2006-07 to be used, if and when necessary, for emergency response. The appropriation was approved due to a concern that emergency funding would be necessary during a time when the JBC may not be meeting during the interim (and thus would have to wait for an interim supplemental, delaying the Department's ability to respond adequately). Funding is from the Oil and Gas Conservation and Environmental Response Fund.

Staff recommends **DISCONTINUING** the following Long Bill footnote:

XX Department of Natural Resources, Oil and Gas Conservation Commission, Plugging and Reclaiming Orphaned Wells -- This appropriation remains available for expenditure until the close of the ~~2023-24~~ 2024-25 state fiscal year.

COMMENT: This footnote provides two-year roll-forward spending authority.

REQUESTS FOR INFORMATION

Staff recommends **CONTINUING AND MODIFYING** the following request for information:

X Department of Natural Resources, Oil and Gas Conservation Commission, ~~Plugging and Reclaiming Abandoned Wells~~ Orphaned Wells Mitigation Enterprise -- The Oil and Gas Conservation Commission is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item and an inventory of all known orphaned wells that are in the process of being plugged and reclaimed or remain to be plugged and reclaimed.

Staff recommends **CONTINUING** the following request for information:

X Department of Natural Resources, Division of Reclamation, Mining, and Safety, Inactive Mines, Program Costs -- The Division of Reclamation, Mining, and Safety is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item. The report should include but not be limited to: (1) Non-project expenditures: (a) spending type, (b) FTE allocation, (c) total expenditure; and (d) fund sources and fund source splits. (2) Project expenditures: (a) project name; (b) project type; (c) geographic location; (d) period of work on-site; (e) total expenditure and FTE allocation; and (f) fund sources and fund source split. The Division is requested to include any other data points, details, or comments that more fully express or explain the expenditure experience from this line item.

X Department of Natural Resources, Oil and Gas Conservation Commission, Program Costs -- The Department of Natural Resources is requested to include in its annual budget request a report on the performance of the risk-based inspection program. The report should provide information on the activities of the Facilities Integrity group, the inspection of process piping and flowlines, and the metrics used to measure the performance and effectiveness of the Facilities Integrity program.

X Department of Natural Resources, Oil and Gas Conservation Commission, Emergency Response -- The Oil and Gas Conservation Commission is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.

X Department of Natural Resources, Oil and Gas Conservation Commission, Special Environmental Protection and Mitigation Studies -- The Oil and Gas Conservation Commission is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.

INDIRECT COST ASSESSMENTS

The Department's Indirect Cost plan is discussed in the Figure Setting document that includes recommendations for the Executive Director's Office for the Department of Natural Resources.

Appendix A: Numbers Pages

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	FY 2023-24 Recommendation	
DEPARTMENT OF NATURAL RESOURCES						
Dan Gibbs, Executive Director						
(2) DIVISION OF RECLAMATION, MINING, AND SAFETY						
(A) Coal Land Reclamation						
Program Costs	1,979,115	2,203,680	2,001,844	2,063,857	2,063,857	*
FTE	15.1	15.0	19.0	19.0	19.0	
General Fund	0	0	0	0	0	
Cash Funds	356,796	437,056	450,750	480,624	480,624	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	1,622,319	1,766,624	1,551,094	1,583,233	1,583,233	
Indirect Cost Assessment	162,041	120,349	83,872	93,033	93,033	
General Fund	0	0	0	0	0	
Cash Funds	0	17,560	17,613	19,537	19,537	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	162,041	102,789	66,259	73,496	73,496	
SUBTOTAL - (A) Coal Land Reclamation	2,141,156	2,324,029	2,085,716	2,156,890	2,156,890	
FTE	15.1	15.0	19.0	19.0	19.0	
General Fund	0	0	0	0	0	
Cash Funds	356,796	454,616	468,363	500,161	500,161	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	1,784,360	1,869,413	1,617,353	1,656,729	1,656,729	

*This line item contains a decision item.

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	FY 2023-24 Recommendation
(B) Inactive Mines					
Program Costs	1,650,153	1,981,501	2,698,817	2,722,635	2,722,635 *
FTE	8.0	7.4	17.8	17.8	17.8
General Fund	0	0	0	0	0
Cash Funds	670,670	1,258,990	1,244,196	1,245,870	1,245,870
Reappropriated Funds	0	0	0	0	0
Federal Funds	979,483	722,511	1,454,621	1,476,765	1,476,765
Indirect Cost Assessment	207,082	124,447	228,141	196,190	196,190
General Fund	0	0	0	0	0
Cash Funds	0	15,513	19,604	38,182	38,182
Reappropriated Funds	0	0	0	0	0
Federal Funds	207,082	108,934	208,537	158,008	158,008
Legacy Mine Hydrology Projects	152,254	272,623	0	0	0
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	0	0	0	0
Cash Funds	152,254	272,623	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Reclamation of Forfeited Mine Sites	104,877	52,372	0	0	0
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	0	0	0	0	0
Cash Funds	104,877	52,372	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	FY 2023-24 Recommendation
SUBTOTAL - (B) Inactive Mines	2,114,366	2,430,943	2,926,958	2,918,825	2,918,825
FTE	8.0	7.4	17.8	17.8	17.8
General Fund	0	0	0	0	0
Cash Funds	927,801	1,599,498	1,263,800	1,284,052	1,284,052
Reappropriated Funds	0	0	0	0	0
Federal Funds	1,186,565	831,445	1,663,158	1,634,773	1,634,773
(C) Minerals					
Program Costs	2,006,323	1,935,398	2,479,795	2,529,449	2,529,449
FTE	18.4	18.1	23.0	23.0	23.0
General Fund	0	0	0	0	0
Cash Funds	2,006,323	1,935,398	2,479,795	2,529,449	2,529,449
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Indirect Cost Assessment	0	104,116	106,620	103,990	103,990
General Fund	0	0	0	0	0
Cash Funds	0	104,116	106,620	103,990	103,990
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
SUBTOTAL - (C) Minerals	2,006,323	2,039,514	2,586,415	2,633,439	2,633,439
FTE	18.4	18.1	23.0	23.0	23.0
General Fund	0	0	0	0	0
Cash Funds	2,006,323	2,039,514	2,586,415	2,633,439	2,633,439
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	FY 2023-24 Recommendation	
(D) Mines Program						
Colorado and Federal Mine Safety Program	366,691	452,310	573,730	567,443	567,443	
FTE	3.0	2.0	4.0	4.0	4.0	
General Fund	0	0	0	0	0	
Cash Funds	142,688	234,558	384,085	377,798	377,798	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	224,003	217,752	189,645	189,645	189,645	
Blaster Certification Program	100,510	108,750	134,338	143,920	143,920	*
FTE	1.0	0.7	1.0	1.0	1.0	
General Fund	0	0	0	0	0	
Cash Funds	(8,694)	13,720	33,737	38,165	38,165	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	109,204	95,030	100,601	105,755	105,755	
Indirect Cost Assessment	23,515	35,386	15,098	13,855	13,855	
General Fund	0	0	0	0	0	
Cash Funds	0	9,682	7,029	8,281	8,281	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	23,515	25,704	8,069	5,574	5,574	
SUBTOTAL - (D) Mines Program	490,716	596,446	723,166	725,218	725,218	
FTE	4.0	2.7	5.0	5.0	5.0	
General Fund	0	0	0	0	0	
Cash Funds	133,994	257,960	424,851	424,244	424,244	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	356,722	338,486	298,315	300,974	300,974	

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	FY 2023-24 Recommendation
TOTAL - (2) Division of Reclamation, Mining, and Safety	6,752,561	7,390,932	8,322,255	8,434,372	8,434,372
FTE	45.5	43.2	64.8	64.8	64.8
General Fund	0	0	0	0	0
Cash Funds	3,424,914	4,351,588	4,743,429	4,841,896	4,841,896
Reappropriated Funds	0	0	0	0	0
Federal Funds	3,327,647	3,039,344	3,578,826	3,592,476	3,592,476

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	FY 2023-24 Recommendation
(3) OIL AND GAS CONSERVATION COMMISSION					
Program Costs	12,217,464	12,503,530	15,913,532	18,588,827	18,205,123 *
FTE	125.8	124.3	149.8	177.5	177.5
General Fund	0	0	0	0	0
Cash Funds	12,217,464	12,503,530	15,913,532	18,588,827	18,205,123
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Underground Injection Program	66,408	85,080	96,559	96,559	96,559
FTE	2.0	2.0	2.0	2.0	2.0
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	66,408	85,080	96,559	96,559	96,559
Plugging and Reclaiming Abandoned Wells	3,016,798	4,899,395	3,850,000	3,850,000	0
General Fund	0	0	0	0	0
Cash Funds	3,016,798	4,899,395	3,850,000	3,850,000	0
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Environmental Assistance and Complaint Resolution	22,291	210,729	312,033	312,033	312,033
General Fund	0	0	0	0	0
Cash Funds	22,291	210,729	312,033	312,033	312,033
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	FY 2023-24 Recommendation
Emergency Response	0	0	150,000	150,000	150,000
General Fund	0	0	0	0	0
Cash Funds	0	0	150,000	150,000	150,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Environmental Protection and Mitigation Studies	57,543	80,010	325,000	325,000	325,000
General Fund	0	0	0	0	0
Cash Funds	57,543	80,010	325,000	325,000	325,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Indirect Cost Assessment	365,413	614,213	667,757	713,230	713,230
General Fund	0	0	0	0	0
Cash Funds	349,821	604,293	665,139	709,661	709,661
Reappropriated Funds	0	0	0	0	0
Federal Funds	15,592	9,920	2,618	3,569	3,569
TOTAL - (3) Oil and Gas Conservation Commission	15,745,917	18,392,957	21,314,881	24,035,649	19,801,945
FTE	127.8	126.3	151.8	179.5	179.5
General Fund	0	0	0	0	0
Cash Funds	15,663,917	18,297,957	21,215,704	23,935,521	19,701,817
Reappropriated Funds	0	0	0	0	0
Federal Funds	82,000	95,000	99,177	100,128	100,128

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	FY 2023-24 Recommendation	
(4) STATE BOARD OF LAND COMMISSIONERS						
Program Costs	4,647,758	4,891,819	5,201,071	5,326,104	5,322,040	*
FTE	40.6	39.3	43.0	44.0	44.0	
General Fund	0	0	0	0	0	
Cash Funds	4,647,758	4,891,819	5,201,071	5,326,104	5,322,040	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	0	0	0	0	0	
Public Access Program Damage and Enhancement Costs	198,212	162,408	225,000	225,000	225,000	
General Fund	0	0	0	0	0	
Cash Funds	0	0	0	0	0	
Reappropriated Funds	198,212	162,408	225,000	225,000	225,000	
Federal Funds	0	0	0	0	0	
Indirect Cost Assessment	211,015	225,712	234,500	243,133	243,133	
General Fund	0	0	0	0	0	
Cash Funds	211,015	225,712	234,500	243,133	243,133	
Reappropriated Funds	0	0	0	0	0	
Federal Funds	0	0	0	0	0	
TOTAL - (4) State Board of Land Commissioners	5,056,985	5,279,939	5,660,571	5,794,237	5,790,173	
FTE	40.6	39.3	43.0	44.0	44.0	
General Fund	0	0	0	0	0	
Cash Funds	4,858,773	5,117,531	5,435,571	5,569,237	5,565,173	
Reappropriated Funds	198,212	162,408	225,000	225,000	225,000	
Federal Funds	0	0	0	0	0	

	FY 2020-21 Actual	FY 2021-22 Actual	FY 2022-23 Appropriation	FY 2023-24 Request	FY 2023-24 Recommendation
TOTAL - Department of Natural Resources	27,555,463	31,063,828	35,297,707	38,264,258	34,026,490
FTE	213.9	208.8	259.6	288.3	288.3
General Fund	0	0	0	0	0
Cash Funds	23,947,604	27,767,076	31,394,704	34,346,654	30,108,886
Reappropriated Funds	198,212	162,408	225,000	225,000	225,000
Federal Funds	3,409,647	3,134,344	3,678,003	3,692,604	3,692,604

MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Mitch Burmeister, JBC Staff (303-866-3147)
DATE	February 16, 2023
SUBJECT	State Land Board Trust Administration Fund

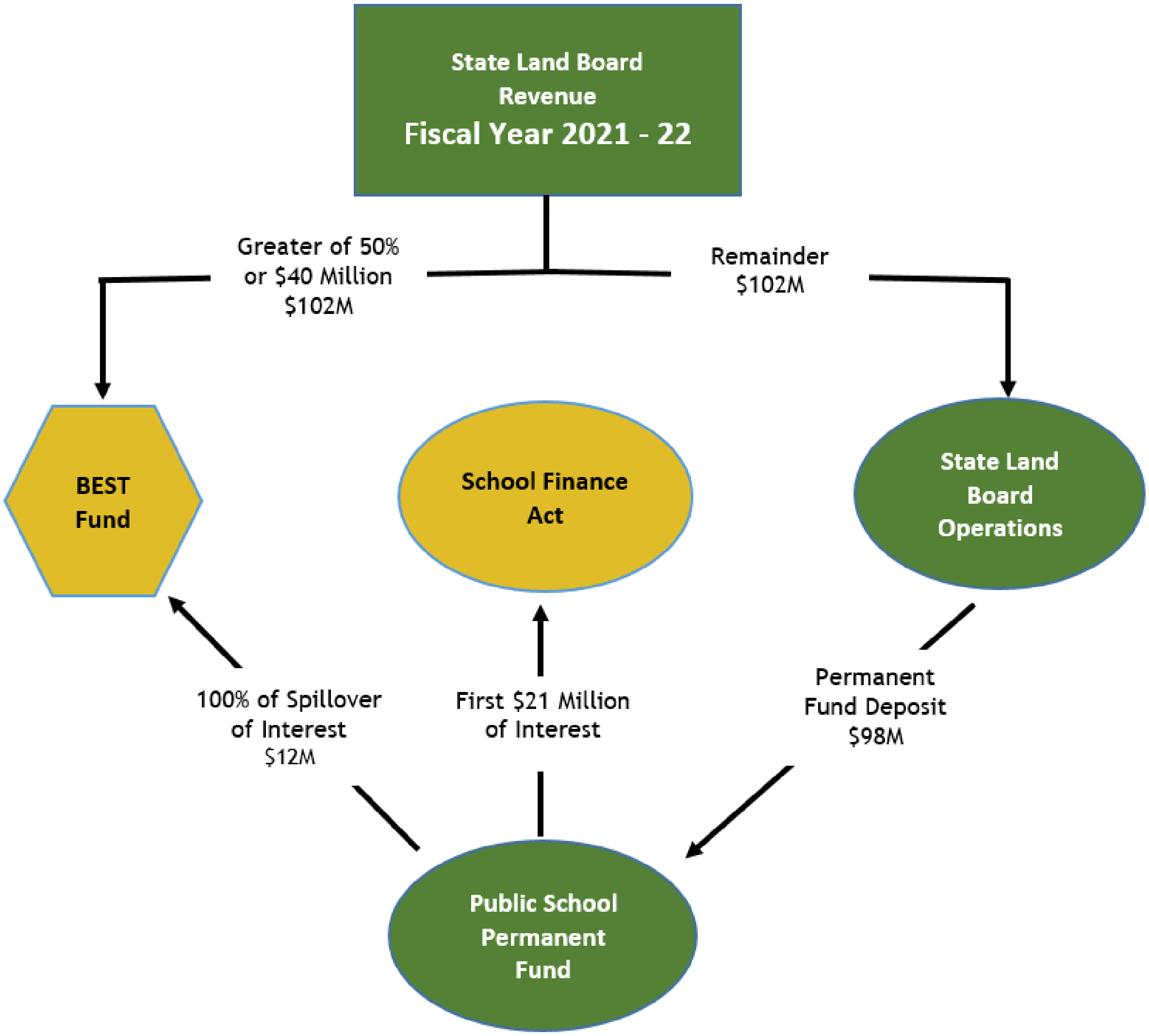
In staff's briefing presentation for the Department of Natural Resources, the Committee had questions related to the State Land Board Trust Administration Fund that staff was unable to answer. This memo has been prepared to address those questions.

REVENUE AND DISTRIBUTION

The State Land Board Trust Administration Fund receives its revenue from rental and royalty income derived proportionally from each land grant administered by the State Land Board. The following table shows total revenues from FY 2017-18 to FY 2021-22.

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Minerals	$103,530,996	$125,166,287	$113,138,645	$88,607,572	$175,798,067
Surface	$20,533,203	$19,563,534	$19,302,490	$19,011,482	$23,148,630
Commercial	$5,386,744	$3,798,568	$5,100,170	$6,010,140	$4,104,069
Renewable Energy	$1,791,986	$1,657,523	$1,893,981	$2,901,976	$2,360,458
Interest Income	$579,818	$724,154	$848,503	$371,948	$583,768
Land Sales Not Reinvested	$0	$1,036,590	$0	$515,169	$6,613,615
TOTAL REVENUE	$131,822,748	$151,946,655	$140,283,789	$117,418,287	$212,608,607

Of those revenues, the greater of 50.0 percent or $40.0 million is first disbursed to the BEST Fund with the remainder available for SLB operations. Once funding has been used for SLB operations, the remaining is deposited into the Public School Permanent Fund. From the Permanent Fund, the first $21.0 million of interest goes toward the School Finance Act, and all the rest of the interest goes to the BEST Fund. The graphic on the next page shows how this allocation happened in FY 2021-22.



TABOR

Some of the revenue that the Trust collects is subject to TABOR, and some of it is not. The table on the following page describes the amount of total revenue, how much was collected from each source in FY 2021-22, and what is and is not subject to TABOR.

TOTAL SLB REVENUE		
ROYALTY REVENUE	**AMOUNT**	**TABOR STATUS**
Oil	$107,225,572	Exempt
Gas	58,021,743	Exempt
Coal	3,466,323	Exempt
Bonus	3,321,207	Exempt
Limestone	912,403	Exempt
Sand and gravel	804,260	Exempt
Other mineral	290,252	Exempt
Subtotal	**$174,041,760**	
LEASE REVENUE	**AMOUNT**	**TABOR STATUS**
Oil and gas	$1,010,763	Subject
Water	460,621	Subject
Other mineral	167,366	Subject
Coal	74,429	Subject
Gravel	43,128	Subject
Subtotal	**$1,756,307**	
SURFACE REVENUE	**AMOUNT**	**TABOR STATUS**
Grazing	$10,748,124	Subject
Agriculture	3,523,737	Subject
Right of Way	3,323,482	Subject
Recreation	3,126,708	Subject
Renewable Energy	2,360,458	Subject
Other	1,419,039	Subject
Ecosystems	546,852	Subject
SUA	460,687	Subject
Land/Timber Sales	0	Subject
Subtotal	**$25,509,087**	
COMMERCIAL REVENUE	**AMOUNT**	**TABOR STATUS**
Verticle	$1,890,000	Subject
Ground Lease	1,710,201	Subject
Tower Sites	503,867	Subject
Subtotal	**$4,104,068**	
INTEREST INCOME	**AMOUNT**	**TABOR STATUS**
Interest	$583,768	Subject
Subtotal	**$583,768**	
NON-REINVESTED LAND SALES	**AMOUNT**	**TABOR STATUS**
Sales	$6,613,615	Exempt
Subtotal	**$6,613,615**	
Total Revenue	$212,608,605	
TABOR Exempt		180,655,375
TABOR Subject		31,953,230
Less Operating Expenses	(7,443,405)	
Less Transfers	(5,000,000)	
TOTAL	**$200,165,200**	

SLB CONSTITUTIONAL MANDATES

The State Land Board has a constitutional mandate to manage and steward and endowment of assets held in perpetual, intergenerational public trusts to produce reasonable and consistent revenue over time for the benefit of Colorado's public schools and other public institutions.

The allocation of School Trust Revenue is directed as follows:

- Section 36-1-116 (1)(b)(II), C.R.S.
  - Authorizes the allocation of revenue to the SLB Investment and Development Fund
- Section 36-1-145, C.R.S.
  - Authorizes the appropriation of revenue to support SLB operations
- Section 22-43.7-104, C.R.S.
  - Directs the greater of 50.0 percent or $40.0 million of SLB revenue to BEST
- Section 22-41-101, C.R.S.
  - Specifies that the Permanent Fund consists of proceeds from the state trust lands
- Section 22-41-102, C.R.S.
  - Directs the distribution of Permanent Fund interest income to the State Public School Fund and BEST.

The above statutory citations originate in the Colorado Constitution, and the applicable citations follow here.

- Article IX, Section 5 – OF WHAT SCHOOL FUND CONSISTS
  - The public school fund of the state shall consist of the proceeds of such land as have heretofore been, or may hereafter, be granted to the state by the general government for educational purposes; all estates that may escheat to the state; also all other grants, gifts or devises that may be made to this state for educational purpose.

- Article IX, Section 3 – SCHOOL FUND INVIOLATE
  - The public school fund of the state shall, except as provided in this article IX, forever remain inviolate and intact and the interest and other income thereon, only, shall be expended in the maintenance of the schools of the state, and shall be distributed amongst the several counties and school districts of the state, in such manner as may be prescribed by law. No part of this fund, principal, interest, or other income shall ever be transferred to any other fund, or used or appropriated, except as provided in this article IX. The state treasurer shall be the custodian of this fund, and the same shall be securely and profitably invested as may be by law directed. The state shall supply all losses thereof that may in any manner occur. In order to assist public schools in the state in providing necessary buildings, land, and equipment, the general assembly may adopt laws establishing the terms and conditions upon which the state treasurer may (1) invest the fund in bonds of school districts, (2) use all or any portion of the fund or the interest or other income thereon to guaranty bonds issued by school districts, or (3) make loans to school districts. Distributions of interest and other income for the benefit of public schools provided for in this article IX shall be in addition to and not a substitute for other moneys appropriated by the general assembly for such purposes.