



JOINT BUDGET COMMITTEE STAFF FY 2023-24 BUDGET BRIEFING SUMMARY

Colorado General Assembly
Joint Budget Committee

Department of Local Affairs

The Department of Local Affairs (DOLA) is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. The Department's FY 2022-23 appropriation represents approximately 1.1 percent of statewide operating appropriations and 0.4 percent of statewide General Fund appropriations.

FY 2022-23 APPROPRIATION AND FY 2023-24 REQUEST

DEPARTMENT OF LOCAL AFFAIRS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2022-23 APPROPRIATION:						
HB 22-1329 (Long Bill)	326,146,188	47,566,505	177,126,262	18,870,766	82,582,655	209.6
Other Legislation	115,932,883	7,775,044	104,677,159	3,488,829	(8,149)	12.3
TOTAL	\$442,079,071	\$55,341,549	\$281,803,421	\$22,359,595	\$82,574,506	221.9
FY 2023-24 REQUESTED APPROPRIATION:						
FY 2022-23 Appropriation	\$442,079,071	55,341,549	\$281,803,421	\$22,359,595	\$82,574,506	221.9
R1 Resources for DOLA/HCPF voucher program	1,659,303	1,659,303	0	0	0	0.8
R2 Fort Lyon Supportive Residential Community	750,000	750,000	0	0	0	0.0
R3 Resiliency and disaster recovery capacity increase	186,714	186,714	0	0	0	1.8
R4 Property valuation database forecast staff	232,726	232,726	0	0	0	1.8
R5 Accelerate production of manufactured buildings	540,471	0	540,471	0	0	4.0
R6 EDO capacity expansion	379,613	7,445	2,379	369,789	0	3.0
R7 Moffat Tunnel District lease renewal	290,000	0	290,000	0	0	0.0
R8 Architectural support for rural main streets	0	0	0	0	0	1.0
Non-prioritized decision items	126,676	25,309	29,866	45,572	25,929	0.0
Technical adjustments	37,815,873	0	922,261	(4,800,000)	41,693,612	0.0
Annualize prior year budget actions	6,463,417	6,387,742	0	75,675	0	0.6
Centrally appropriated line items	1,711,171	1,009,547	304,519	128,723	268,382	0.0
Indirect cost assessment	251,581	0	43,547	138,983	69,051	0.0
Annualize prior year legislation	(114,343,730)	(6,563,468)	(104,780,262)	(3,000,000)	0	0.6
TOTAL	\$378,142,886	\$59,036,867	\$179,156,202	\$15,318,337	\$124,631,480	235.5
INCREASE/(DECREASE)	(\$63,936,185)	\$3,695,318	(\$102,647,219)	(\$7,041,258)	\$42,056,974	13.6
Percentage Change	(14.5%)	6.7%	(36.4%)	(31.5%)	50.9%	6.1%

R1 RESOURCES FOR DOLA/HCPF VOUCHER PROGRAM: The request includes \$1,659,303 General Fund and 0.8 FTE in FY 2023-24 and \$3,417,069 General Fund and 1.6 FTE in FY 2024-25 and ongoing to fund an additional 400 Community Access Team – Transition Services vouchers. These vouchers support persons with disabilities that require long-term services and support to transition out of institutions, or prevent institutionalization, using Medicaid's Transition Services benefit. If approved, the request will result in estimated General Fund savings in the Department of Health Care Policy and Financing (HCPF) of \$2.4 million in FY 2023-24, \$6.9 million in FY 2024-25, and \$9.0 million in FY 2025-26 and ongoing once all additional vouchers have been put into use. The Department identified this request as proven (Step 5).

R2 FORT LYON SUPPORTIVE RESIDENTIAL COMMUNITY: The request includes \$750,000 General Fund in FY 2023-24 and ongoing to continue operating the Fort Lyon Supportive Residential Community. This facility has been operational since 2013 and serves over 250 people per year struggling with homelessness and substance use disorders. The appropriation for Fort Lyon has remained unchanged at approximately \$5.0 million General Fund since FY 2016-17. Rising operating and vendor costs have crowded out funds that can be used for vocational and educational programs and dedicated support for finding housing post-graduation from the facility. The request includes operating funds to eliminate gaps that have been filled by grants in recent years (\$100,000), staffing resources to support educational, vocational, and housing services (\$350,000), and facilities management staff to tackle long-term maintenance and energy efficiency projects (\$300,000). Staff at Fort Lyon are contracted through Colorado Coalition for the Homeless; the Long Bill appropriation includes 1.0 FTE for program management. The Department identified this request as evidence-informed (Step 4).

R3 RESILIENCY AND DISASTER RECOVERY CAPACITY INCREASE: The request includes \$186,714 General Fund and 1.8 FTE in FY 2023-24 and \$187,732 General Fund and 2.0 FTE in FY 2024-25 and ongoing for additional staff to implement the Department's resiliency and disaster recovery duties. The request would fund a Local Resiliency Specialist in the Colorado Resiliency Office and a dedicated Disaster Housing Recovery Specialist in the Division of Housing. Following a sunset review in 2021, the Colorado Resiliency Office was extended through September 2037 by H.B. 22-1225 (Sunset Continue Colorado Resiliency Office). The Division of Housing has responsibilities related to the Colorado Disaster Emergency Act, State Emergency Operations Plan, and Colorado Resiliency Framework which are currently dealt with by diverting existing staff after disasters occur. The Department identified this request as theory-informed (Step 2).

R4 PROPERTY VALUATION DATABASE FORECAST STAFF: The request includes \$232,726 General Fund and 1.8 FTE in FY 2023-24 and \$237,744 General Fund and 2.0 FTE in FY 2024-25 and ongoing for additional staff in the Division of Property Taxation. This includes a Property Valuation Data Manager responsible for property valuation data collection, analysis, mapping, and publishing and a Property Valuation Analyst that will provide property valuation and tax analysis for specific executive and legislative proposals. The request states that the level and types of data currently collected and administered by the Division of Property Taxation are insufficient to conduct detailed analysis and reporting, and that the complexity and frequency of requests from the General Assembly, the Governor's Office, and public interest groups have grown in recent years.

R5 ACCELERATE PRODUCTION OF MANUFACTURED BUILDINGS: The request includes \$540,471 cash funds and 4.0 FTE in FY 2023-24 and \$522,471 cash funds and 4.0 FTE in FY 2024-25 and ongoing for the Manufactured Buildings Program. This program supports, licenses, and regulates the residential and non-residential factory-built industry in Colorado and is entirely fee-funded. Demand for plan review and inspection services has rebounded substantially since the Great Recession while staffing has remained unchanged for the last eleven years, resulting in significant processing delays. Not only has the appropriation for this program not kept up with growing activity in recent years, legislation such as H.B. 22-1282 (The Innovative Housing Incentive Program)) will likely result in additional demand for this program that was not accounted for in the Legislative Council Staff Fiscal Note. The Department identified this request as theory-informed (Step 2).

R6 EXECUTIVE DIRECTOR'S OFFICE (EDO) CAPACITY EXPANSION: The request includes \$379,613 total funds, including \$7,445 General Fund, and 3.0 FTE in FY 2023-24 and \$358,613 total funds, including \$7,445 General Fund, and 3.0 FTE in FY 2024-25 and ongoing for additional staff in the Executive Director's Office and an increase in the appropriation for Information Technology Asset Maintenance. The additional positions consist of:

- 0.5 FTE Payroll Technician;
- 0.5 FTE Timekeeping and Leave Coordinator;

- 1.0 FTE Revolving Loan Funds Accounting Specialist; and
- 1.0 FTE Business Product Manager.

The Department received funding for a similar request in FY2022-23 to address growth through FY 2020-21. Legislation passed during the 2021 and 2022 sessions resulted in DOLA receiving more than twenty new programs, 35.1 permanent FTE, and 40.2 temporary FTE. The Department identified this request as theory-informed (Step 3).

R7 MOFFAT TUNNEL DISTRICT LEASE RENEWAL: The request includes \$290,000 cash funds from the Moffat Tunnel Cash Fund, with roll-forward authority in FY 2024-25, for the renegotiation of a lease with Union Pacific Railroad that expires in January 2025. The Department of Local Affairs is the custodian of the Moffat Tunnel Improvement District and administers leases with Union Pacific and Century Link, which generate approximately \$30,000 in revenue to the Moffat Tunnel Cash Fund annually. Under current law, lease payment revenue from the property is to be distributed to the nine Improvement District counties (Adams, Boulder, Denver, Eagle, Gilpin, Grand, Jefferson, Moffat, and Routt) after the Department has set aside sufficient funds for administrative costs. These distributions have not occurred since 2008 when the Department decided to retain a fund balance for potential future liabilities. This situation is addressed in Long Bill footnote number 77.

R8 ARCHITECTURAL SUPPORT FOR RURAL MAIN STREETS: The request includes 1.0 FTE in FY 2023-24 and ongoing, paid for by existing reappropriated funds, to permanently hire an architect for the Colorado Main Street Program. The existing architect is currently funded by a State Historical Fund grant through an intergovernmental agreement. History Colorado has indicated they cannot afford to continue the agreement due to declines in limited gaming revenue. The request will use existing reappropriated Energy and Mineral Impact Assistance funds to begin paying this employee’s salary, therefore diminishing the amount of funding available for training and grants to Main Street participants. The Department identified this request as theory-informed (Step 2).

NON-PRIORITIZED DECISION ITEMS: The request includes a net increase of \$126,676 total funds, including \$25,309 General Fund, for requests that originate in the Governor’s Office of Information Technology (OIT) and the Department of Personnel.

NON-PRIORITIZED DECISION ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
OIT Budget package	\$114,505	\$33,976	\$23,250	\$37,094	\$20,185	0.0
DPA Capitol complex staffing	23,813	7,066	4,835	7,714	4,198	0.0
DPA Transfer perf. budgeting to DPA	5,150	1,528	1,046	1,668	908	0.0
DPA COE Common Policy	3,620	1,074	735	1,173	638	0.0
DPA Annual fleet request	(20,412)	(18,335)	0	(2,077)	0	0.0
TOTAL	\$126,676	\$25,309	\$29,866	\$45,572	\$25,929	0.0

TECHNICAL ADJUSTMENTS: The request includes an increase of \$41,693,612 federal funds and \$922,261 cash funds shown in the Long Bill for informational purposes and a decrease of \$4,800,000 reappropriated funds related to a technical issue addressed in the prior year.

TECHNICAL ADJUSTMENTS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Informational funds adjustment	\$42,615,873	\$0	\$922,261	\$0	\$41,693,612	0.0
Reappropriated funds adjustment	(4,800,000)	0	0	(4,800,000)	0	0.0
TOTAL	\$37,815,873	\$0	\$922,261	(\$4,800,000)	\$41,693,612	0.0

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes an increase of \$6.5 million total funds, including \$6.4 million General Fund, for the out-year cost of prior year budget actions.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2022-23 BA1 state housing vouchers	\$6,387,742	\$6,387,742	\$0	\$0	\$0	0.3
FY 2022-23 R1 operational staff adjustment	75,675	0	0	75,675	0	0.3
TOTAL	\$6,463,417	\$6,387,742	\$0	\$75,675	\$0	0.6

CENTRALLY APPROPRIATED LINE ITEMS: The request includes a net increase of \$1,711,171 total funds for centrally appropriated line items, summarized in the table below.

CENTRALLY APPROPRIATED LINE ITEMS						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Salary survey	\$956,230	\$288,707	\$172,018	\$268,031	\$227,474	0.0
Legal services	735,518	491,039	247,437	(2,958)	0	0.0
Health, life, and dental	412,341	218,488	(7,439)	48,911	152,381	0.0
AED	15,059	18,369	(34,325)	779	30,236	0.0
SAED	15,059	18,369	(34,325)	779	30,236	0.0
Administrative law judge services	453	0	453	0	0	0.0
Annualize prior year salary survey	0	0	1	0	(1)	0.0
PERA Direct Distribution	(192,934)	18,462	(68,021)	(84,078)	(59,297)	0.0
CORE adjustment	(190,742)	(43,785)	(13,949)	(72,461)	(60,547)	0.0
Capitol Complex leased space	(34,818)	(216)	36,879	(18,631)	(52,850)	0.0
Payment to risk management and property funds	(3,159)	(319)	3,707	(6,547)	0	0.0
Workers' compensation	(1,640)	80	3,224	(4,944)	0	0.0
Short-term disability	(196)	353	(1,141)	(158)	750	0.0
TOTAL	\$1,711,171	\$1,009,547	\$304,519	\$128,723	\$268,382	0.0

INDIRECT COST ASSESSMENT: The request includes net adjustments to indirect costs across all divisions.

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes a net decrease of \$114.3 million total funds, including \$6.6 million General Fund, to reflect the FY 2023-24 impact of bills passed in previous sessions, summarized in the following table.

ANNUALIZE PRIOR YEAR LEGISLATION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
HB 22-1389 Financial literacy exchange program	\$197,226	\$17,226	\$180,000	\$0	\$0	0.5
HB 22-1242 Reg tiny homes manufacture sale & install	130,664	(227,612)	358,276	0	0	4.0
HB 22-1287 Protections mobile home residents	10,459	10,459	0	0	0	0.2
HB 22-1083 CO homeless contribution income tax credit	7,509	7,509	0	0	0	0.5
SB 22-211 Repurpose Ridge View campus	(45,000,000)	0	(45,000,000)	0	0	(2.3)
SB 22-1356 Small community-based nonprofit grants	(35,000,000)	0	(35,000,000)	0	0	(0.5)
SB 22-146 Middle income access expansion program	(25,000,000)	0	(25,000,000)	0	0	0.0
SB 22-005 Law enforce agency peace officer services	(6,000,000)	(3,000,000)	0	(3,000,000)	0	(2.5)
HB 22-1013 Microgrids for community resilience grants	(3,368,292)	(3,368,292)	0	0	0	0.4
SB 22-168 Backcountry search and rescue	(318,538)	0	(318,538)	0	0	0.0
HB 22-1416 Property tax administrative procedures	(2,000)	(2,000)	0	0	0	0.0
SB 22-206 Disaster preparedness & recovery resources	(758)	(758)	0	0	0	0.3
TOTAL	(\$114,343,730)	(\$6,563,468)	(\$104,780,262)	(\$3,000,000)	\$0	0.6

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

INFORMATIONAL ISSUE: R3 AND THE COLORADO RESILIENCY OFFICE: This issue discusses the Department's R3 request for additional staff related to DOLA's resiliency and disaster recovery duties and provides a history of the Colorado Resiliency Office in relation to this request.

ONE-TIME FUNDING AUTHORIZED IN RECENT LEGISLATIVE SESSIONS: During the 2020B, 2021, and 2022 legislative sessions, the General Assembly allocated significant one-time funding to the Department of Local Affairs. This included \$484.1 million originating as state General Fund and \$453.1 originating as federal Coronavirus State Fiscal Recovery funds (ARPA funds) for new and existing initiatives within the Department.

FOR MORE INFORMATION

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