Jared Polis
Governor

Rick M. Garcia
Executive Director

Department Priority: R-1
Request Detail: Rural Economic Development Initiative Funding Increase

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds	**$0**	**$257,248**	**$257,248**
FTE	0.0	0.0	0.0
General Fund	$0	$257,248	$257,248
Cash Funds	$0	$0	$0
Reappropriated Funds	$0	$0	$0
Federal Funds	$0	$0	$0

Summary of Request:

The Department requests an ongoing increase of $257,248 General Fund for the Rural Economic Development Initiative (REDI) grant program. This appropriation provides grants to local governments in rural districts for economic development activities. Requests for grants from local governments have exceeded the amount of funding available in the last several funding cycles. The Department requests these additional funds to provide further assistance to local governments and to help the Department achieve its goal of promoting rural economic development.

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Department Priority: R-2
Request Detail: Field Services Staff Increase

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds	**$0**	**$216,320**	**$216,971**
FTE	0.0	2.7	3.0
General Fund	$0	$0	$0
Cash Funds	$0	$0	$0
Reappropriated Funds	$0	$216,320	$216,971
Federal Funds	$0	$0	$0

Summary of Request:

The Department requests an ongoing increase of $216,320 in reappropriated funds from the Local Government Mineral and Energy Impact Grants and Disbursements ("Energy Impact Grants") line item to add 2.7 FTE to expand the Division of Local Government's (DLG) field services team. This team provides technical assistance and support to local governments, primarily in rural areas. This funding will enable the Department to expand its statewide technical assistance to those governments, to provide specialized local government management expertise, and to continue to provide state support to local governments during disasters. This request will annualize to 3.0 FTE and $216,971 in FY 2021-22.

Current Program:

The field services team is administered by DLG, and currently employs eight regional managers and four regional assistants. The team has not increased in size for the last decade.

DLG's regional managers are experts in local government management and strategic planning that serve local governments throughout the state, including 62 counties, 270 municipalities, and 2,600 special districts. The field staff are primarily comprised of previous city and county managers, commissioners, and staff who understand Colorado's local government laws and requirements. The field services team provides hands-on assistance to local governments based on their unique needs, which may include:

- Establishing disaster assistance centers;
- Advising on continuation of services during a disaster;
- Conducting strategic planning and goal-setting;
- General government management;
- Fiscal management;
- Providing council and commissioner training; and
- Connecting local governments to statewide resources.

These field staff help ensure that local governments all over the state function successfully, with a particular focus on rural local governments with populations under 50,000 people. This assistance can often make the difference for a community in being able to meet administrative, disaster recovery, and fiscal objectives.

The field services team covers the entire state, which is currently divided into eight regions.

Figure 1: Field Services Team Regions

Problem or Opportunity:

The field services team is currently unable to respond to all the requests for assistance it receives due to, 1) an increase in the State's population, 2) the increasing frequency of natural disasters,

and 3) the large service area that each staff member covers. Adding additional staff would allow the team to meet the increasing need for technical assistance.

Colorado's population has increased by over 600,000 residents since the last Federal census, according to recent estimates. This has led to an increase in need from local governments throughout the state to address new or growing service needs for their populations. Meanwhile, the State's number of natural disasters has become, and is expected to continue being, highly volatile. Data from the Division of Fire Prevention and Control, for example, suggest that all of the 20 largest wildfires in Colorado's history have occurred since 2000, and five of them took place in 2018 alone. These disasters often require field services staff to leave their current assignment to respond to a disaster event, leaving some communities that need support without the staff to assist them. Finally, each staff member covers a large territory across the state. As most services are performed on the ground, this large service area requires the field services team to commute long distances, further limiting their time available to provide technical assistance.

Proposed Solution:

The Department requests $216,320 in reappropriated funds from the Energy Impact Grants line to fund the addition of 2.7 FTE in FY 2020-21 to enhance statewide technical assistance to rural local governments. These staff will include one regional manager, one regional assistant, and one administrative assistant. These amounts would annualize to 3.0 FTE and $216,971 in FY 2021-22. The addition of these new staff would allow the field services team to create a new service region on the Western Slope.

Anticipated Outcomes:

With the requested resources, the field services team will be better able to meet the increasing demand for technical assistance. The outcome anticipated is greater strategic service support to local governments so that they may improve their ability to plan and implement critical economic, community, and infrastructure projects, respond to disasters, and identify and support the State in addressing statewide concerns.

Assumptions and Calculations:

The Department has assumed the following costs for the 2.7 FTE and $216,320 reappropriated funds requested for FY 2020-21. The salary for each position is calculated at the range minimum.

Job Title	Job Class	Salary & Benefits	Operating Costs	Total
Regional Manager	Analyst V	$95,695	$5,088	$100,783
Regional Assistant	Comm. & Econ. Dev. III	$64,391	$5,088	$69,479
Administrative Support	Admin. Asst. I	$40,971	$5,087	$46,058
TOTALS		**$201,057**	**$15,263**	**$216,320**

The Department already has sufficient office space in Grand Junction for these new staff so the Leased Space line item in the Executive Director's Office will not be impacted.

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Department Priority: R-3
Request Detail: Affordable Housing Administrative Reappropriation

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds	**$0**	**$172,620**	**$172,620**
FTE	0.0	2.0	2.0
General Fund	$0	$0	$0
Cash Funds	$0	$0	$0
Reappropriated Funds	$0	$172,620	$172,620
Federal Funds	$0	$0	$0

Summary of Request:

The Department is requesting $172,620 in reappropriated funds from the Affordable Housing Construction Grants and Loans line item to administer the affordable housing program. This funding will allow the Department to utilize the full 3% of administrative costs associated with Housing Development Grant Fund (HDG) permitted by Section 24-32-721 (3)(b), C.R.S.

Current Program:

The HDG Fund is used to improve, preserve, or expand the supply of affordable housing in Colorado (Section 24-32-721 (1), C.R.S.). With this funding, the Division of Housing (DoH) provides gap financing to housing authorities, non-profit organizations, local governments, and private developers to develop or rehabilitate income-restricted rental or for-sale housing. In FY 2018-19, HDG funds supported 17 projects resulting in 1,051 units of affordable housing. HDG funds contributed approximately $8,406 per unit of affordable housing with an additional $236,804 per unit in leveraged funds. Leveraged funds include funds or other contributions that are required to finance an affordable housing project in addition to the State funds, including tax credit equity, private loans, donated land, waived fees, owner equity, deferred developer fees, and local or federal government grants and loans.

In FY 2019-20, the Affordable Housing Construction Grants and Loans line item consists of $9.2 million General Fund as well as $15.3 million from the Marijuana Tax Cash Fund. The Affordable Housing Grants Loan line item is the mechanism by which State funds are deposited in the HDG Fund and are then continuously appropriated. Additionally, $7.3 million General Fund will be transferred to this fund according to the terms of H.B. 19-1245.

Problem or Opportunity:

This request would allow DoH to utilize the full 3% for administrative cost as allowed by statute. Based on the current funds appropriated pursuant to Section 24-32-721 C.R.S., DoH may utilize up to $954,000 in FY 2020-21 in reappropriated funds from the Affordable Housing Program Costs line item for administrative costs. Currently, $562,380 was appropriated to DoH in FY 2019-20 and DoH assumes $219,000 will be provided to cover the administrative responsibilities of H.B. 19-1245 in FY 2020-21. As a result, the Division is projecting to be $172,620 below its administrative cap of 3% as allowed by statute in FY 2020-21 unless allowable funds are increased per this request.

The following table summarizes the projected difference between administrative costs allowed by Section 24-32-721 (3)(b), C.R.S., and the amounts appropriated to, or anticipated by, DoH.

Affordable Housing Construction Grants & Loans Line	**FY 2017-18**	**FY 2018-19**	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**
Cash Funds (MTCF)	$15,300,000	$15,300,000	$15,300,000	$15,300,000	$15,300,000
General Fund (HDG)	$8,200,000	$9,200,000	$9,200,000	$9,200,000	$9,200,000
H.B. 19-1245	$0	$0	$7,800,000	$7,300,000	$48,400,000
H.B. 19-1322*	$0	$0	$0	$0	$0
Total State Funds	**$23,500,000**	**$24,500,000**	**$32,300,000**	**$31,800,000**	**$72,900,000**
Appropriated Admin.	$546,000	$546,000	$562,380	$781,380**	$2,014,380**
Allowable Admin.	$705,000	$735,000	$969,000	$954,000	$2,187,000
Difference	**($159,000)**	**($189,000)**	**($406,620)**	**($172,620)**	**($172,620)**

*OSPB and LCS forecasts project that a transfer per H.B. 19-1322 will not occur between now and FY 2021-22.
**These amounts assume that DoH will receive the maximum administrative dollars for H.B. 19-1245 allowed by Section 24-32-721 (3)(b), C.R.S.

Proposed Solution:

In preparation for the substantial increase in affordable housing State funds in FY 2021-22, the Department would like to ensure it has appropriate levels of staffing and administrative support necessary to fully process upcoming FY 2020-21 projects from application to contract as quickly as possible, to provide technical assistance to communities to build a pipeline of projects for FY 2021-22, and to streamline systems and processes in anticipation of DoH receiving tens of millions in new funds in FY 2021-22. Projects in DoH's pipeline – as measured from the time a site has been identified to the time an application is received – may take months or years before breaking ground. Projects started in FY 2018-19, for example, were in DOH's pipeline for an average of 250 days and a maximum of 823 days. Further, it often takes 30-60 days between when an application is received and when funds are approved by the State Housing Board. In rural areas, technical assistance is often provided for many months before a site is identified and rural projects tend to take longer than urban projects. This budget request will allow the Division to prepare accordingly.

This request is budget neutral as all administrative funding authorized by Section 24-32-721 (3)(b), C.R.S., results in a transfer between the Affordable Housing Grants and Loans line item to the Affordable Housing Program Costs. State funding for the former is comprised of both General Fund and cash funds from the Marijuana Tax Cash Fund, which becomes reappropriated funds in the latter. The requested funds will support the salaries and operating costs of 2.0 FTE. Currently, the team that provides the technical assistance, underwriting, and contracting for both State and federally-funded housing development grants and loans within DoH consists of 11 staff members.

Anticipated Outcomes:

This request will reduce the amount of funds available for the Affordable Housing Grants and Loans line item in FY 2020-21 by $172,620, or 0.5%, of the State funds for affordable housing. However, the Division anticipates that reappropriating these funds will have no impact on the number of applications processed and minimal impact on the number of affordable housing units funded. Based on DoH's average subsidy of $8,406 per unit in FY 2017-18, transferring $172,620 from the Affordable Housing Grants and Loans line item to the Affordable Housing Program Costs line will reduce the affordable housing roster by 21 units.

As a result of the additional staff capacity, DoH estimates that it will be able to process applications and contracts in a more timely manner, to increase the technical assistance it provides to applicants, and to engage in several process improvements including updating the grant and loan application to reflect new goals and priorities, creating joint underwriting principles between the Division and Colorado Housing and Finance Authority (CHFA), and simplifying contracting templates.

Assumptions and Calculations:

Average production and associated costs are based on data from FY 2018-19 HDG program analysis. These calculations assume that DoH will receive 3% of administrative funds associated with H.B. 19-1245 beginning in FY 2020-21.

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Department Priority: R-4
Request Detail: Crime Prevention Initiative Unused Funds Adjustment

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds	**$0**	($1,000,000)	($1,000,000)
FTE	0.0	0.0	0.0
General Fund	$0	($1,000,000)	($1,000,000)
Cash Funds	$0	$0	$0
Reappropriated Funds	$0	$0	$0
Federal Funds	$0	$0	$0

Summary of Request:

The Department is requesting an ongoing reduction of $1,000,000 General Fund to the Crime Prevention Initiative Small Business Lending ("CCPI Lending") program (Section 24-32-120, C.R.S.). The CCPI Lending Program provides loans to specific neighborhoods in Aurora and Colorado Springs representing underserved markets, managed by community development financial institutions (CDFIs). However, annual demand for loans has not met the program appropriation level and the program has not fully utilized the dollars made available to the program since July 1, 2017. Unexpended dollars in each year remain available to the Department for allocation in future fiscal years. As a result, the Department plans to utilize funds already appropriated to the program to meet anticipated loan demand until the program is repealed on September 1, 2023 as delineated in Section 24-34-104 (24)(a)(XI), C.R.S.

Current Program:

The CCPI Lending program is administered by the Department's Division of Local Government (DLG). The program was established by H.B. 17-1326, and requires the DLG to contract with CDFIs to offer loans to expand small business ownership in specific neighborhoods in Aurora and Colorado Springs (Section 24-32-120, C.R.S.). Each individual loan can be no larger than $50,000 and must have a maximum repayment period of no more than 5 years. This program is distinct from the CCPI grant program that was jointly established by H.B. 17-1326. This request would make no adjustment to the grant program or its corresponding line item (H.B. 17-1326 Crime Prevention Initiative Grants). This program was extended by three years pursuant to S.B. 19-064, and is now set to repeal on September 1, 2023 as stipulated by Section 24-34-104 (24)(a)(XI), C.R.S.

At present, lending activity under the terms of the legislation has been slow to start. While historical data indicates that it may take at least three years to create a pipeline of loan applicants, loan activity in Aurora and Colorado Springs is not projected to reach $1 million annually by the time the CCPI Lending program expires on September 1, 2023.

Problem or Opportunity:

The Department is allowed to keep any unexpended funds appropriated to the CCPI lending program at the end of each fiscal year to use in future fiscal years. As a result, the DLG has a balance of unused funds. These funds are expected to be sufficient to cover loan demand in the remaining years of the program, without further appropriations. Figures to date include:

- In FY 2017-18, the Department was appropriated $1 million General Fund of which $97,773 was loaned out per the terms of the program.
- In FY 2018-19, the Department was appropriated an additional $1 million General Fund and rolled forward an unexpended balance of $902,227. A total of $281,740 was loaned out per the terms of the program.
- In FY 2019-20, the Department was appropriated an additional $1 million General Fund and an unexpended balance of $1,620,487 was rolled forward from previous fiscal years. Loan activity is ongoing.

The following table shows the estimated balance of funds accrued from unexpended funds and new appropriations as compared to estimates of loan demand. Beginning in FY 2019-20, the table includes aggressive assumptions about the program's future loan activity. Based on the program's historical activity, the Department does not believe achieving the estimates listed for FY 2019-20 through FY 2022-23 is likely and the figures in the following table simply serve to demonstrate that the proposed elimination of future appropriations will not negatively affect legislative objectives.

Long Bill Appropriation vs. Program Fund Balance

	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Beginning program balance	--	$902,227	$1,620,487	$2,120,487	$1,520,487	$820,487
Program appropriation	$1,000,000	$1,000,000	$1,000,000	$0	$0	$0
Loans Made/Estimated	($97,773)	($281,740)	($500,000)*	($600,000)*	($700,000)*	($800,000)*
Ending program balance	$902,227	$1,620,487	$2,120,487	$1,520,487	$820,487	$20,487

*These figures are rough projections assuming strong loan activity growth and are intended to demonstrate that the program has sufficient dollars to meet future loan demand without further appropriations.

Proposed Solution:

The Department is proposing an ongoing reduction of $1,000,000 General Fund to the CCPI Lending line item. This will still allow DLG to meet all service requirements for the CDFIs and continue to employ staff contracting support using existing, unexpended funds.

Anticipated Outcomes:

It is anticipated that the program will see little to no interruption in service delivery as loan funding will continue to be made available based on demand.

Assumptions and Calculations:

Estimates of future loan activity and unexpended fund balances were calculated using information on appropriations and loans expended in each fiscal year of the program.

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Department Priority: R-5
Request Detail: Gray and Black Market Marijuana Unused Funds Adjustment

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds	**$0**	**($4,000,000)**	**$0**
FTE	0.0	0.0	0.0
General Fund	$0	$0	$0
Cash Funds	$0	($4,000,000)	$0
Reappropriated Funds	$0	$0	$0
Federal Funds	$0	$0	$0

Summary of Request:

The Department proposes a one-time reduction to the Gray and Black Market Marijuana Enforcement Grant Program ("Gray and Black Grant Program") (24-32-119, C.R.S.) of $4.0 million in Marijuana Tax Cash Fund (MTCF). The Gray and Black Grant Program provides grants to local governments, law enforcement agencies, and district attorneys to assist with the enforcement of unlicensed and illegal marijuana cultivation and related crimes. The program receives an annual appropriation of approximately $6 million and is able to allocate grant funds over two years. However, grant spending has not met the program appropriation level and the program has not fully utilized the dollars made available to it. As a result, the Department has a balanced of unexpended funds. This proposed reduction will realign available program funding with actual grant utilization.

Current Program:

Pursuant to H.B. 17-1221, the Department's Division of Local Government (DLG) has awarded Gray and Black Grant Program funds to recipients according to the following priorities:

- Assist local governments in rural areas that have limited law enforcement resources to address illegal, unlicensed marijuana cultivation or distribution operations;
- Support local law enforcement agencies and district attorneys in investigating and prosecuting large-scale unlicensed marijuana cultivation or distribution operations;
- Provide necessary financial assistance to local law enforcement agencies and district attorneys in the investigation and prosecution of organized crime involved in unlicensed marijuana cultivation or distribution operations; and
- Provide necessary financial assistance to local law enforcement agencies and district attorneys in the investigation and prosecution of unlicensed marijuana cultivation or distribution operations that divert marijuana outside of Colorado.

The inaugural appropriation in FY 2017-18 provided $5.8 million to the Department for the grant program. In FY 2017-18, after extensive outreach and stakeholder engagement, only $1.6 million in grant funding was requested and awarded: 32 applications of a possible 334 eligible entities. Pursuant to Section 24-32-119 (2), C.R.S., each appropriation of nearly $6 million provided to the Gray and Black Grant Program remains available for two fiscal years, after which the dollars are returned to the MTCF. In FY 2018-19, the Gray and Black Grant Program received an additional $5.9 million for grants and rolled forward $5.1 million in grant funds from the year prior.

Considering the large amount of funding available for distribution and the low level of demand, the Department worked with the State Controller's Office to change the method of financial assistance from a reimbursement model to a formula-based distribution model, similar to that utilized by the Conservation Trust Fund program. Under the new model, local governments interested in receiving funds from the Gray and Black Grant Program opt-in to receive funding, and then later provide the Department with information on how the funding was utilized for the investigation and prosecution of unlicensed marijuana.

In FY 2018-19, 46 eligible entities opted-in under the new formula model, and by June 30, 2019, $3,306,663 was expended by recipients, while $809,075 was returned to the MTCF. For the first application awards of FY 2019-20, which occurred in July, 38 communities received $5,809,197, and those communities will have twelve months to spend those funds. Unused funds at the end of that period will become available for future grant recipients or will be returned to the MTCF. The Department does not currently have projections for the value of grants that will ultimately be utilized by recipients.

Problem or Opportunity:

The Department is appropriated nearly $6 million in cash funds from the MTCF to support the Gray and Black Grant Program. However, demand for these dollars has not been as robust as the Department and the General Assembly expected when H.B. 17-1221 was signed into law. Figures to date include:

- In FY 2017-18, $5,849,112 was appropriated for program grants but only $708,395 of grant funding was awarded and ultimately spent.
- In FY 2018-19, the program rolled forward $5,140,717 in unused funds, and was appropriated an additional $5,940,151. Under a new funding formula, $3,306,663 was awarded and spent, and $809,075 was returned to the MTCF.
- In FY 2019-20, the program rolled forward $5,858,965 in unused funds and was appropriated an additional $5,944,365. Grant activity is still ongoing.

To date, the Gray and Black Program has not reached a level of grant utilization that meets the level of appropriations to the program. Furthermore, the program has rolled forward millions of dollars in funding each fiscal year.

Proposed Solution:

The Department proposes a one-time reduction to the Gray and Black Grant Program of $4.0 million cash funds. The adoption of H.B. 17-1221 created a new grant program and demand for these types of enforcement grants was relatively unknown. Though it can take up to three years to engage with local governments on the purposes of new grants programs, the Gray and Black Grant Program has been slow to start. The one-time reduction is proposed to realign the program's level of funding with actual grant utilization.

Anticipated Outcomes:

It is anticipated that funding will continue to be made available to interested law enforcement agencies with this proposed one-time reduction. The proposed reduction will also make $4.0 million in Marijuana Tax Cash Fund revenue available to address other critical needs in the State's budget.

Assumptions and Calculations:

The Department's reduction proposal assumes maintaining all current support operations and only reducing available grant dollars by $4.0 million cash funds to approximate the Gray and Black Grant Program's actual utilization.

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Department Priority: R-6
Request Detail: Transfer State Demography Office to New Line

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds	**$0**	**$0**	**$0**
FTE	0.0	0.0	0.0
General Fund	$0	$0	$0
Cash Funds	$0	$0	$0
Reappropriated Funds	$0	$0	$0
Federal Funds	$0	$0	$0

Summary of Request:

This request is budget neutral and seeks to move the 6.0 FTE of the State Demography Office (SDO, or the Office) and related funding of $553,291 for personal services and $14,300 for operating expenses from the Department's Division of Local Government to the Executive Director's Office in the FY 2020-21 budget. The Department and its Executive Director want to significantly increase promotion of the services of the State Demographer and her staff to all state agencies and other potential partners. A critical part of this broader promotion is relocating the SDO in the Long Bill within the Executive Director's Office in its own line item.

Current Program:

The State Demography Office is the primary state agency for population and demographic information. The information collected, analyzed, and published by the SDO provides essential insights into changing populations and demographic trends. This allows the State and its various agencies to be more strategic in their approach to services based on relevant data.

The SDO collaborates with multiple State agencies in producing special demographic tabulations annually and, as needed, for program planning. These include tabulations for the Colorado Departments of Corrections, Higher Education, Human Services, Labor and Employment, Public Safety, Transportation, and the State Court Administrator's Office. The SDO also provides the Colorado Department of Public Health and Environment with estimates for births, deaths, cancer incidence, and injury hospitalization rates, as well as ad-hoc data analyses. Finally, the SDO also partners with other agencies on issues ranging from evaluation of poverty data and job creation estimates for various programs, to appraising calculations for formula-based funding models. As a result, the SDO's activities benefit many state agencies, its partners in higher education, and other organizations.

In addition to the above activities, the SDO maintains a website that generates over 25,000 monthly page visits. Staff provide technical assistance over the phone, by email, and in-person regarding the use and interpretation of reports created by the SDO and federal agencies. Additionally, the Office is the Governor's liaison office for the U.S. Census Bureau. The SDO serves as the liaison between the Bureau and local governments as they prepare for decennial census process, including when local governments seek to challenge data released by the Bureau. Finally, the SDO coordinates with the Office of State Planning and Budgeting to produce State revenue estimates.

Problem or Opportunity:

Currently, the SDO is located in the Long Bill in the Division of Local Government without its own line item. As a result, this office is difficult for both legislators and state agencies to locate in the Department's current Long Bill organizational structure. Typically, it takes specific knowledge of the State's budget or attendance at a function where the State Demographer or her staff are presenting to be aware that this important resource exists.

The Department and its Executive Director want to significantly increase promotion of the services of the State Demographer and her staff to all state agencies and other potential partners. A critical part of this broader promotion is relocating the SDO in the Long Bill within the Executive Director's Office in its own line item. This internal reorganization does not require legislation to implement since these responsibilities are assigned to the Division of Planning in Section 24-32-203, C.R.S., which is distinct from the Division of Local Government. However, transferring funds between line items in a Department's Long Bill budget requires a formal change request.

Proposed Solution:

The Department proposes to transfer 6.0 FTE and related funds for the SDO from the Division of Local Government to the Executive Director's Office in the amount of $553,291 for personal services and $14,300 for operating expenses. The personal services amount includes $14,440 for the 3% salary survey that became part of these employees' base salaries in FY 2019-20.

These staff are funded from several sources and the Department proposes to transfer the SDO into the Executive Director's Office utilizing these same sources. These funds are comprised of $468,243 General Fund, $80,958 cash funds, and $18,390 federal funds. The cash funds are provided by the Conservation Trust Fund and these staff would continue to support the Conservation Trust Fund Disbursement program in the same manner. The federal funds are provided by a Community Development Block Grant (CDBG) from the U.S. Department of Housing and Urban Development and by a Community Services Block Grant (CSBG) from the U.S. Department of Health and Human Services. Staff would also continue to provide services to support these federal programs as well.

Job Class	**FY 2018-19 Annual Salary**	**3% Salary Survey**	**PERA & Medicare**	**Total**
Statistical Analyst V	$100,980	$3,029	$12,065	$116,074
Statistical Analyst IV	$87,696	$2,631	$10,478	$100,805
Statistical Analyst III	$79,608	$2,388	$9,512	$91,508
Statistical Analyst II	$67,980	$2,040	$8,122	$78,142
Statistical Analyst I	$64,581	$1,937	$7,715	$74,233
PSR/Scientist III	$80,496	$2,415	$9,618	$92,529
TOTALS	**$481,341**	**$14,440**	**$57,510**	**$553,291**

This is a simple reorganization that will create two sections within the Executive Director's Office. The first section would be entitled 'Administration' and will be comprised of the current line items presently in the Executive Director's Office. The second section would be entitled 'State Demography Office' and will be comprised of one line item for the program costs to fund these 6.0 FTE. Rather than report to senior management within the Division of Local Government, the State Demographer would report to the Department's Executive Director.

Anticipated Outcomes:

The Department expects the transfer of the State Demography Office to raise the visibility of this important state asset to the level that was envisioned by the General Assembly when Sections 24-32-202 to 204, C.R.S., were originally adopted and signed into law.

Assumptions and Calculations:

To develop the personal services data used for this request, the Department started with the FY 2018-19 annual salaries for the staff in the State Demography Office and then added the 3% salary survey provided by the General Assembly for FY 2019-20. The updated salary number was multiplied by 11.6% to account for PERA (10.15%) and Medicare (1.45%) for each employee. These calculations established the salary and benefit totals for each staff person to determine the total dollars comprising the transfer of the State Demography Office from the Division of Local Government to the Executive Director's Office of the Department.

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Department Priority: R-7
Request Detail: Moffat Tunnel Improvement District Spending Authority Adjustment

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds	**$0**	**($95,000)**	**($95,000)**
FTE	0.0	0.0	0.0
General Fund	$0	$0	$0
Cash Funds	$0	($95,000)	($95,000)
Reappropriated Funds	$0	$0	$0
Federal Funds	$0	$0	$0

Summary of Request:

The Department proposes to reduce the cash funds appropriation for the Moffat Tunnel Improvement District (the District) line item by $95,000. Since FY 2012-13, this line item has only expended more than $71 from the Moffat Tunnel Cash Fund once. The one exception was FY 2017-18 when $5,456 was paid for legal services to provide a Request for Information (RFI) to the Joint Budget Committee in 2017. As such, the Department believes it is reasonable to reduce this appropriation from $100,000 to $5,000.

Current Program:

Since the adoption of S.B. 96-233, the Department has served as the custodian and maintains administrative authority over the District. The Department assumed the powers of the previous board, as well as the powers and duties set forth in Sections 32-8-107 and 32-8-124, C.R.S., with respect to the District and its properties. The powers presently delegated to the Department are listed in Section 32-8-107, C.R.S.

The District owns the Moffat train tunnel and currently manages two leases: one with Union Pacific Railroad (the Railroad) and the other with Century Link (formerly Qwest). The leases require the Railroad to pay the District $12,000 per year and Century Link to pay $14,659 per year. Moneys received from both leases are deposited in the Moffat Tunnel Cash Fund.

Problem or Opportunity:

The District's appropriation has been set at $100,000 for several fiscal years now and is higher than required. The Department proposes to reduce the appropriation to $5,000 beginning in FY 2020-21.

Proposed Solution:

The Department's proposed solution aligns annual expenditures for the Moffat Tunnel Improvement District with the associated Long Bill line item. There are no FTE associated with this program. The proposed reduction to the Moffat Tunnel Improvement District will have no impact on service delivery and workload. There are no consequences if this reduction proposal is not approved.

Anticipated Outcomes:

The Long Bill appropriation for the Moffat Tunnel Improvement District line item in the Department's Executive Director's Office will more accurately reflect anticipated FY 2020-21 expenditures for the program.

Assumptions and Calculations:

The proposed reduction of $95,000 in cash funds to the Moffat Tunnel Improvement District line item is based on the trend of annual program expenditures between FY 2012-13 and FY 2016-17 that did not exceed $71, and FY 2017-18 expenditures that were only $5,456.

Current Program:

The REDI grant program is administered by the Division of Local Government (DLG) and received an appropriation of $780,000 General Fund in FY 2019-20. In FY 2015-16, the REDI Grants program was established through a Long Bill amendment. This program supports projects in rural communities that leverage local investment and existing assets to diversify the local economy, collaborate with other agencies, and create new jobs. The average grant size was $41,000 in FY 2018-19.

County	**FY 2014-15**	**FY 2015-16**	**FY 2016-17**	**FY 2017-18**	**FY 2018-19**
Alamosa	--	--	--	--	--
Chaffee	$58,170	$138,500	$27,500	$15,000	$21,600
Clear Creek	$93,282	$65,000	--	--	--
Costilla	--	$500,000	--	--	--
Crowley	$30,000	--	--	--	--
Custer	--	$9,885	$32,801	--	$26,500
Delta	$10,000	$100,000	$70,000	$81,850	$68,628
Dolores	--	--	--	--	$8,000
Eagle	--	--	$49,913	--	--
Elbert	--	--	$30,000	$23,000	$49,500
Garfield	$140,500	$150,000	--	$75,000	$9,000
Grand	--	--	$70,000	--	$15,000
Huerfano	$13,000	--	$40,000	--	$25,000
Gunnison	--	--	--	--	$115,200
Kiowa	--	--	$16,000	--	--
Lake	$50,000	--	$28,000	--	$39,500
Larimer	$20,000	--	--	--	--
Las Animas	$30,000	$95,000	--	$100,000	--
Logan	--	--	--	--	$62,577
Mesa	--	--	--	--	$25,000
Mineral	--	--	--	--	$40,000
Moffat	--	--	--	$55,000	--
Montezuma	--	--	--	--	$22,500
Montrose	--	$80,000	$138,000	$81,000	$114,000
Morgan	--	--	$30,000	$150,000	--
Otero	--	--	$50,000	--	--
Prowers	$20,000	--	$97,225	$25,000	$30,000
Rio Blanco	$57,725	$100,000	--	____--	$30,000
Rio Grande	--	--	--	$68,000	--
Routt	$60,300	--	--	$13,500	$52,000
Saguache	--	--	$40,000	--	$25,000
Summit	$20,000	--	--	--	--
Teller	$92,850	--	--	--	--
Weld	--	--	--	$36,650	--
Totals by FY	**$695,827**	**$1,238,385**	**$719,439**	**$724,000**	**$779,005**

The above table summarizes the penetration of these grants in counties all over Colorado between FY 2014-15 and FY 2018-19.

Historically, REDI grants are awarded to local governments to invest in the local economy and to facilitate the diversification of local industries. The following three priorities are considered in awarding grants in this program:

1. Funds for local government economic strategic planning;
2. Funds for infrastructure improvements that support economic diversification; and
3. Funds to support of growth and development in rural entrepreneurial initiatives.

Funding for this program is reflected in the Field Services subsection of the Division of Local Government section of the Department's Long Bill. A footnote enables these funds to be spent over two fiscal years to ensure local governments have sufficient time to utilize the grants. A maximum of four percent of REDI funds may be used to administer the program. The REDI grants program is jointly managed by the Rural Community Prosperity position created in FY 2016-2017 and the Regional Field Services Team.

Problem or Opportunity:

Many rural communities across Colorado are highly dependent on a single employer or industry, which puts them at significant risk for economic disruptions during economic slowdowns or as a result of industry change. The REDI grants program enables investments by local governments in their economic development. The Department provides grants to communities where economic disruption is anticipated or is already underway, and works in tandem with the Office of Economic Development and International Trade (OEDIT) to help communities navigate these economic disruptions. For example, the City of Rifle, in partnership with the Rifle Regional Economic Development Corporation, was awarded $9,000 for new lighting to complete the renovations for the new Rifle Co-Working Space. The Rifle Co-Working Space opened in May 2019 with an anchor business to help offset the operating costs of the space, and with sixty members and two dedicated desks already rented out to permanent users. REDI grants are a powerful tool to stimulate additional private investment in a community, as they encourage local governments to proactively plan for economic success in a way that enables economic growth to occur.

In the last five years, the demand from local governments for REDI grants has been higher than the amount of funding available. During FY 2018-19, the Department received nearly $1.2 million in grant requests and 34 grant applications, and awarded just over $779,000 to 19 counties. REDI grants are a critical component of the Executive Director Goal's to promote rural economic development, especially in communities that are reliant on one large employer or a single industry.

Proposed Solution:

Since demand for the REDI grants program exceeds the funding available, the Department proposes to increase the current $780,000 General Fund appropriation for this line item in FY 2019-20 by $257,248 General Fund as part of its FY 2020-21 budget request. Additional FTE are not being requested.

Anticipated Outcomes:

Each REDI grant application must demonstrate that the project will leverage both local investment and existing assets, as well as create diversification roadmaps, collaborate with other agencies, and create new jobs. The State Demography Office has estimated that the REDI funding has helped create over 100 permanent jobs in rural Colorado, as well as providing valuable public investments in those communities to enable additional private investment to occur. The program has allocated approximately $2.3 million since

FY 2015-16 to 25 rural communities. It leverages approximately $780,000 in local funds annually, as well as collaborating with programs through OEDIT to further assist communities in transition. Providing additional funds to the REDI program will enable the Department to allocate grants to approximately five additional communities each year or offer higher levels of financial support to each community, further enabling Colorado's rural communities to succeed.

Assumptions and Calculations:

Assumes 4% in administrative costs for total program to improve staff ability to complete contracts and make grants.