

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2006-07 SUPPLEMENTAL: DEPARTMENT OF LABOR AND EMPLOYMENT

PRIORITIZED AND NON-PRIORITIZED REQUESTS

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

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**DEPARTMENT OF LABOR AND EMPLOYMENT
 FY 2006-07 SUPPLEMENTAL RECOMMENDATION
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	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
DEPARTMENT OF LABOR					
Executive Director - Don Mares					
Supplemental #2 - Denver Boiler Program					
<i>(1) Executive Director's Office</i>					
Vehicle Lease Payments	<u>281,421</u>	<u>467,417</u>	<u>348</u>	<u>348</u>	<u>467,765</u>
General Fund	0	2,401	0	0	2,401
Cash Funds	106,079	168,384	348	348	168,732
Cash Funds Exempt	11,463	32,434	0	0	32,434
Federal Funds	163,879	264,198	0	0	264,198
<i>(4) Division of Oil and Public Safety</i>					
Personal Services	3,849,911	3,595,466	138,861	115,718	3,711,184
FTE	<u>53.2</u>	<u>51.3</u>	<u>2.0</u>	<u>1.7</u>	<u>53.0</u>
Cash Funds	856,358	929,773	138,861	115,718	1,045,491
Cash Funds Exempt	2,521,008	2,158,080	0	0	2,158,080
Federal Funds	472,545	507,613	0	0	507,613
Operating Expenses	<u>349,525</u>	<u>307,040</u>	<u>19,902</u>	<u>14,949</u>	<u>321,989</u>
Cash Funds	77,747	80,180	19,902	14,949	95,129
Cash Funds Exempt	228,877	183,086	0	0	183,086
Federal Funds	42,901	43,774	0	0	43,774

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Total for Supplemental #2	<u>4,480,857</u>	<u>4,369,923</u>	<u>159,111</u>	<u>131,015</u>	<u>4,500,938</u>
General Fund	0	2,401	0	0	2,401
Cash Funds /a	1,040,184	1,178,337	159,111	131,015	1,309,352
Cash Funds Exempt	2,761,348	2,373,600	0	0	2,373,600
Federal Funds	679,325	815,585	0	0	815,585

a/ All cash funds in the supplemental request from Boiler Inspection Funds

Supplemental #3 - New Diesel Fuel Sulfur Testing

(4) Division of Oil and Public Safety

Operating Expenses	<u>306,625</u>	<u>263,266</u>	<u>48,000</u>	<u>48,000</u>	<u>311,266</u>
Cash Funds	77,747	80,180	0	0	80,180
Cash Funds Exempt /b	228,878	183,086	48,000	48,000	231,086
Federal Funds	42,901	43,774	0	0	43,774

b/ All funds in the supplemental request from Petroleum Storage Tank Fund

Supplemental #4 - EDO Technical Letter Note Adjustment

(see narrative for more detail regarding funding sources)

<i>(1) Executive Director's Office</i>	<u>20,438,739</u>	<u>27,346,084</u>	<u>0</u>	<u>0</u>	<u>27,346,084</u>
General Fund	0	140,495	0	0	140,495
Cash Funds	7,704,190	9,851,257	0	0	9,851,257
Cash Funds Exempt	832,499	1,897,546	0	0	1,897,546
Federal Funds	11,902,050	15,456,786	0	0	15,456,786

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>(4) Division of Oil and Public Safety</i>					
Indirect Cost Assessment	<u>892,747</u>	<u>1,237,527</u>	<u>(306,527)</u>	<u>(306,527)</u>	<u>931,000</u>
Cash Funds	0	0	0	0	0
Cash Funds Exempt	892,747	1,237,527	(306,527)	(306,527)	931,000
Federal Funds	0	0	0	0	0
Total for Supplemental #4	21,331,486	28,583,611	(306,527)	(306,527)	<u>28,277,084</u>
General Fund	0	140,495	0	0	140,495
Cash Funds	7,704,190	9,851,257	0	0	9,851,257
Cash Funds Exempt	1,725,246	3,135,073	(306,527)	(306,527)	2,828,546
Federal Funds	11,902,050	15,456,786	0	0	15,456,786
Supplemental #5 - WC Technical Letter Note Adjustment					
<i>(5) Division of Workers' Compensation</i>					
Medical Disaster	<u>638</u>	<u>6,000</u>	<u>0</u>	<u>0</u>	<u>6,000</u>
Cash Funds	0	0	0	0	0
Cash Funds Exempt - Major Medical Fund	0	6,000	(6,000)	(6,000)	0
Cash Funds Exempt - Medical Disaster Fund	638	0	6,000	6,000	6,000
Federal Funds	0	0	0	0	0

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Previously Approved 1331 Supplemental - H.B. 06S-1023 - Immigration					
<i>(2) Division of Employment and Training</i>					
(B) Unemployment Insurance Fraud Program					
Program Costs	1,379,758	1,411,271	87,335	87,335	1,498,606
FTE	<u>26.0</u>	<u>26.0</u>	<u>0.7</u>	<u>0.7</u>	<u>26.7</u>
Cash Funds	643,367	705,635	87,335	87,335	792,970
Cash Funds Exempt	736,391	705,636	0	0	705,636
(C) Employment and Training Programs					
State Operations	12,376,821	12,976,302	287,493	287,493	13,263,795
FTE	<u>163.9</u>	<u>157.5</u>	<u>5.3</u>	<u>5.3</u>	<u>162.8</u>
Cash Funds	5,598,193	5,948,937	287,493	287,493	6,236,430
FTE	72.8	72.2	5.3	5.3	77.5
Cash Funds Exempt	20,356	9,600	0	0	9,600
FTE	0.8	0.1	0.0	0.0	0.1
Federal Funds	6,758,272	7,017,765	0	0	7,017,765
FTE	90.3	85.2	0.0	0.0	85.2
Total for H.B. 06S-1023 Supplemental	13,756,579	14,387,573	374,828	374,828	14,762,401
FTE	<u>189.9</u>	<u>183.5</u>	<u>6.0</u>	<u>6.0</u>	<u>189.5</u>
Cash Funds /c	6,241,560	6,654,572	374,828	374,828	7,029,400
Cash Funds Exempt	756,747	715,236	0	0	715,236.0
Federal Funds	6,758,272	7,017,765	0	0	7,017,765

c/ All cash funds in the supplemental request from Employment Support Fund

	FY 2005-06	FY 2006-07	Fiscal Year 2006-07 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Totals Excluding Pending Items					
DEPARTMENT OF LABOR					
TOTALS for ALL Departmental line items	142,343,926	154,794,454	275,412	247,316	155,041,770
FTE	<u>1,089.1</u>	<u>1,091.1</u>	<u>8.0</u>	<u>7.7</u>	<u>1,098.8</u>
General Fund	0	140,166	0	0	140,166
Cash Funds	29,544,113	30,553,812	533,939	505,843	31,059,655
Cash Funds Exempt	16,905,877	20,141,876	(258,527)	(258,527)	19,883,349
Federal Funds	95,893,936	103,958,600	0	0	103,958,600
Statewide Supplementals					
(see narrative for more detail)	<u>N.A.</u>	<u>N.A.</u>	<u>(1,268,311)</u>	<u>Pending</u>	<u>N.A.</u>
General Fund			520		
Cash Funds			(149,891)		
Cash Funds Exempt			(8,290)		
Federal Funds			(1,110,650)		
Totals Including Pending Items in Request					
DEPARTMENT OF LABOR					
TOTALS for ALL Departmental line items	142,343,926	154,794,454	(992,899)	247,316	155,041,770
FTE	<u>1,089.1</u>	<u>1,091.1</u>	<u>8.0</u>	<u>7.7</u>	<u>1,098.8</u>
General Fund	0	140,166	520	0	140,166
Cash Funds	29,544,113	30,553,812	384,048	505,843	31,059,655
Cash Funds Exempt	16,905,877	20,141,876	(266,817)	(258,527)	19,883,349
Federal Funds	95,893,936	103,958,600	(1,110,650)	0	103,958,600

Key:

"N.A." = Not Applicable

	FY 2004-05	FY 2005-06	Fiscal Year 2005-06 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Items Affecting FY 2005-06					
Previously Approved 1331 Supplemental - Project Recovery Assessment					
<i>Section 9 of H.B. 06-1385 (FY 2006-07 Long Bill)</i>					
Division of Employment and Training					
(A) Unemployment Insurance Programs					
Genesis Project Recovery Assessment	0	500,000	1,779,860	1,779,860	2,279,860
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds - Employment Support Fund	0	500,000	1,779,860	1,779,860	2,279,860
Cash Funds Exempt	0	0	0	0	0
Federal Funds	0	0	0	0	0
<hr/>					
Totals for FY 2005-06 Items					
DEPARTMENT OF LABOR					
TOTALS for ALL Departmental line items	139,055,667	152,994,001	1,779,860	1,779,860	154,773,861
FTE	<u>1,086.6</u>	<u>1,091.1</u>	<u>0.0</u>	<u>0.0</u>	<u>1,091.1</u>
General Fund	0	0	0	0	0
Cash Funds	26,500,209	31,268,769	1,779,860	1,779,860	33,048,629
Cash Funds Exempt	12,111,017	18,818,603	0	0	18,818,603
Federal Funds	100,444,441	102,906,629	0	0	102,906,629

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Supplemental # 2 -Denver Boiler Program

	Request	Recommendation
Total	<u>\$159,111</u>	<u>\$131,015</u>
General Fund	0	0
Cash Funds	159,111	131,015
Cash Funds Exempt	0	0
Federal Funds	0	0
FTE	2.0	1.7

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
Staff and the Department agree that Denver's termination of its boiler inspection program constitutes new data that substantially impacts the appropriation for the current fiscal year.	YES

Department Request: The Department requests \$159,111 in cash funds from the Boiler Inspection Fund and 2.0 FTE. Of this, \$158,763 and the FTE are for the Division of Oil and Public Safety, and \$348 are for the Executive Director's Office. The Division is required by statute to see that all boilers and pressure vessels, except those specifically excluded by statute, are inspected periodically [Section 9-4-103, C.R.S.]. Statute further allows cities and towns to operate their own inspection programs so long as the requirements are comparable to those of the State [Section 9-4-104, C.R.S.]. For many years, the City and County of Denver has operated such a program. In October of 2006, Denver informed the Boiler Inspection Section that effective January 1, 2007, they would no longer operate their own inspection program. The State's program must now be expanded to include responsibility for boilers previously subject to the Denver inspection program.

Staff Recommendation: Staff recommends that the Committee partially approve this supplemental appropriation to the Department of Labor and Employment. Staff recommends approving \$131,015 from the Boiler Inspection Fund and 1.7 FTE. The recommendation is based on the following analysis.

The number of boilers which must be inspected by the state will increase substantially. Excluding Denver, there are approximately 32,000 boilers and/or pressure vessels in Colorado. Of these, about 14,300 are inspected by the state and 17,500 are inspected by insurance companies. Approximately 2,000 new boilers are installed per year; state inspectors are required by statute to inspect all new installations and assign state serial numbers. Approximately 8,800 boilers in Denver will now fall under the state inspection program. A poll conducted by the Department indicates that only about 20% of these will be inspected by insurance

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companies, leaving some 7,000 boilers for state inspectors. Moreover, the initial inspection of these boilers *must* be conducted by a state inspector so that serial numbers can be assigned. The Department inspects high-risk boilers annually, and low-risk boilers bi-annually. Based on estimates of how the Denver boilers will be categorized, the Department estimates that the number of inspections required each year will increase by about 6,750, a 47% increase over the current level. Denver is the only city in the state which has operated a municipal inspection program, so the Department is now responsible for inspection of all boilers in Colorado.

Additional staff and operating expenses will be required to conduct those inspections. The Department indicates that boiler inspectors can conduct between 1,750 and 2,000 inspections per year. Based on that, and the number of inspections involved, the Department estimates that they will need to add 3.5 FTE boiler inspectors and 0.5 FTE administrative support, for a total of 4.0 FTE. The administrative support is responsible for tracking and coordinating inspections and other centralized tasks. The Department's request for 2.0 FTE for the current fiscal year reflects four people for six months of the year. The personal services request also includes the cost of a contractor during the first twelve months to assist with the temporary increase due to the mandatory initial state inspection. Operating expenses will also increase. Boiler inspectors are not provided with office space, but use state fleet vehicles and must be provided with necessary home office equipment.

Fund balances are sufficient to cover costs. Revenue for the Boiler Inspection Fund is derived from fees charged for inspections and issuing certificates. Under current statute, these fees generate approximately \$1 million in revenue per year. As of the end of June 2006 the Fund had a cash balance of about \$900,000. Going forward, the revenue from additional inspection and certificate fees should be sufficient to cover the additional expenses incurred by the Department in conducting the Denver inspections.

Future year impacts. The expansion of boiler inspection responsibility will be ongoing, so there are impacts in future years. The Department estimates that the FY 2007-08 impact will be \$266,010 and 4.0 FTE.

Staff recommends adjustments to the Department's request. The following table summarizes the amounts of the Department's request for FY 2006-07, staff's recommendation with adjustments, and rationale for the adjustment.

Category	Department Request	Staff Recommendation	Explanation
Personal Services	\$138,861	\$115,718	Reduce current fiscal year impact from six months to five months to reflect when new hires could effectively be made.
Fixed Fleet Vehicle Costs	\$348	\$348	No adjustment.
Variable Fleet Vehicle Costs	\$4,078	\$3,399	Reduce current fiscal year impact from six months to five months.

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Category	Department Request	Staff Recommendation	Explanation
Contractor Mileage	\$1,648	\$1,374	Reduce current fiscal year impact from six months to five months.
Operating Expenses	\$14,176	\$10,176	Reduce printer cost from \$1,500 per new inspector to \$500 per new inspector.
FTE	2.0	1.7	Reduce current fiscal year impact from six months to five months.
Total	\$159,111	\$131,015	

Supplemental # 3 - New Diesel Fuel Sulfur Testing

	Request	Recommendation
Total	<u>\$48,000</u>	<u>\$48,000</u>
Cash Funds	0	0
Cash Funds Exempt	48,000	48,000

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
Staff and the Department agree that this request is based on new information regarding the levels of sulfur which must be measured, and the inability of existing equipment to perform that measurement.	

Department Request: The Department requests \$48,000 from the Petroleum Storage Tank Fund for the purchase of test equipment capable of testing the new ultra-low-sulfur diesel fuels being brought to market following the issuance of new federal regulations.

Staff Recommendation: Staff recommends that the committee approve the Department's request. This recommendation is based on the following analysis.

Summary of new federal requirements. The federal Environmental Protection Agency (EPA) has issued rules implementing new standards for diesel engines and fuels with regard to sulfur content. Previous requirements for diesel fuel required that sulfur content be less than 500 parts per million (ppm). The new requirements call for ultra-low-sulfur diesel (ULSD) fuel which has a sulfur content of 15 ppm or less. New

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diesel engines intended for highway use produced in 2007 and later model years are required to meet new emission standards and as a consequence are designed to operate only on ULSD fuel. However, diesel fuel with sulfur content as high as 500 ppm may still be legally sold at retail locations until December 1, 2010, if properly identified.

Department is responsible for enforcement of fuel quality standards. The Division of Oil and Public Safety is responsible by statute for enforcing rules regarding the quality of liquid fuels [Section 8-20-204, C.R.S.]. Verifying that fuel sold as ULSD meets the federal requirements provides an important consumer protection: the emission control systems on engines designed for ULSD may be permanently damaged if higher-sulfur fuel is used. In order to perform the necessary enforcement, the Division must be able to conduct tests for sulfur levels that are legally defensible.

Current Department equipment cannot measure to the necessary accuracy. The Division tests fuel samples in its own laboratory. Current statute requires that the Division use equipment incorporating technology approved by one or more national standards bodies. The equipment currently used for testing sulfur content in that laboratory can detect sulfur levels accurately down to 100 ppm. This limitation is a function of the technology used in the test equipment. This equipment cannot accurately differentiate between fuel that meets the new 15 ppm sulfur limit and fuel with significantly higher sulfur levels. In order to perform the necessary tests in their laboratory, the Division must acquire equipment that uses different measurement technology.

Timing of the request meets Committee criteria. The final amended federal rules for ULSD were issued in November 2005. The final rules required retailers to meet the ULSD requirements effective November 15, 2006. Initially, the Department believed that their existing test equipment could be used to conduct the ULSD tests. Later, the Department learned that the vendor of the current equipment would not certify it for accuracy at sulfur levels below 100 ppm. Staff believes that the combination of circumstances makes it unlikely that the Department could have determined the need for new equipment in time to submit a request during the 2006 legislative session. Staff believes, therefore, that this constitutes new information in accordance with the Committee's criteria for supplemental requests.

Alternatives such as the use of outside laboratories are much more expensive. Rather than testing fuel samples in their own laboratory, the Division could contract for the necessary testing services with a private laboratory. The Division tests, on average, 300 diesel samples per year. At an estimated cost of \$500 per sample for a private laboratory, the cost of this option would be \$150,000 per year. This would be a continuing annual expense, rather than the one-time purchase of test equipment for the Division's laboratory. The Division has identified one suitable test device with a price of \$48,000. Using the required state procurement guideline and competitive bids, it may be possible to obtain suitable equipment at a lower price despite the relatively small market for this type of specialized instruments.

Fund balance is adequate to meet the request. As of the end of FY 2005-06, the balance in the Petroleum

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Storage Tank Fund was \$10.3 million. The Department's Schedule 11 estimate for the fund balance at the end of FY 2006-07 is \$9.3 million. The fund reserves are adequate for this cash funds exempt request.

Supplemental # 4 - EDO Technical Letter Note Adjustment

	Request	Recommendation
Total	(\$306,527)	(\$306,527)
Cash Funds	0	0
Cash Funds Exempt	(306,527)	(306,527)
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	YES
Staff and the Department agree that the request corrects a technical error in calculations performed by the Department that are reflected in the 2006 Long Bill.	

Department Request: In FY 2005-06, the Petroleum Storage Tank Fund became an enterprise fund. This designation made various accounting changes necessary. An error was made by the Department in one of the original calculations separating cash funds and cash funds exempt appropriations. For the Division of Oil and Public Safety, the Department requests a reduction of \$306,527 in the Indirect Cost Assessment Line. For the Executive Director's Office, the Department requests changes in letter note "a" identifying cash funds sources that total to zero. The details of the requested changes are shown in the following table.

Item	Current Value	New Value	Change
Div of Oil and Public Safety			
Indirect Cost Assessment	1,237,527	931,000	(306,527)
Executive Director's Office			
Letter Note "a" Petroleum Storage Tank Fund	1,237,527	931,000	(306,527)
Letter Note "a" Employment Support Fund	3,394,115	3,546,600	152,485
Letter Note "a" Boiler Inspection Fund	188,659	242,913	54,254

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Item	Current Value	New Value	Change
Letter Note "a" Various Cash funds	761,957	861,745	99,788
EDO Total Change			0

Staff Recommendation: Staff recommends that the committee approve the Department's request. This recommendation is based on the following analysis.

Effects of enterprise status designation. In FY 2005-06, the Petroleum Storage Tank Fund (PSTF) became an enterprise fund. This designation made various accounting changes necessary. One such change was that overhead and centralized costs would be specified in a separate line item within the Division of Oil and Public Safety's appropriation. Another change required that the letter notes in the Executive Director's Office (EDO) portion of the Long Bill separate the transfers from the Petroleum Storage Tank Fund into two categories: one for overhead and centralized appropriations, and one for POTS money that would be distributed to the program. The former is a cash funds appropriation because it crosses the TABOR district line associated with the PSTF, while the latter would be a cash funds exempt appropriation because it would be spent directly by the program.

Error in initial calculations. An error was made in the Department's calculation of the initial separation of these two categories. The error resulted in the appropriation for indirect costs in the Division being too high, and further propagated into the calculation of funding splits in letter note "a" for the EDO. The Department asserts that the total allocation between cash funds and cash funds exempt at the EDO level is correct. However, allocation of the cash funds amounts between the various funds is changed. The changes in allocation to various funds are summarized in the table above. From a TABOR perspective, this adjustment should result in a reduction in State cash funds revenue.

Fund balances are adequate to meet the request. The Employment Support Fund, the Boiler Inspection Fund, and the various cash funds all have current and projected cash balances sufficient to meet the Department's request. The amount of the change requested, the fund balance at the end of FY 2005-06, and the estimated fund balance for the end of FY 2006-07 for all three funding sources are shown in the table below. Various cash funds includes several funds which, in aggregate, have ending balances for the last fiscal year and forecast for the current fiscal year, in excess of \$20 million. The Boiler Inspection fund has sufficient reserves to accommodate both this supplemental, as well as supplemental #2 described previously.

Fund	Increase Requested	Ending Balance, FY06 (Actual)	Ending Balance, FY07 (Estimated)
Employment Support Fund	\$152,485	\$37,263,837	\$47,084,639
Boiler Inspection Fund	\$54,254	\$902,695	\$793,235

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Fund	Increase Requested	Ending Balance, FY06 (Actual)	Ending Balance, FY07 (Estimated)
Various Cash Funds	\$99,718	See Narrative	See Narrative

Supplemental # 5 - Workers' Compensation Technical Letter Note Adjustment

	Request	Recommendation
Total	<u>\$0</u>	<u>\$0</u>
Cash Funds Exempt Major Medical Insurance Fund	(6,000)	(6,000)
Cash Funds Exempt Medical Disaster Insurance Fund	6,000	6,000

<p>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? YES [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]</p> <p>Staff and the Department agree that the request corrects a technical error in the 2006 Long Bill.</p>

Department Request: In the 2006 Long Bill, for the Department of Labor and Employment, Division of Workers' Compensation, Major Medical and Subsequent Injury Funds, the Medical Disaster line item letter note "b" references the Major Medical Insurance Fund. This line item should be funded from the Medical Disaster Insurance Fund. The Department requests that the current letter note reference be changed to a new reference that reads "These amounts shall be from reserves in the Medical Disaster Insurance Fund created in Section 8-46-302, C.R.S."

Staff Recommendation: Staff recommends that the Committee grant the request, that the current letter note reference for the Medical Disaster line item be changed from "b" to "d", and that a "d" letter note be added using the Department's wording. The line item amount is \$6,000. The Medical Disaster Fund ending balance for FY 2005-06 was \$45,818 and the current projected ending balance for FY 2006-07 is \$42,818. The fund reserves are sufficient to cover the change.

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Previously Approved 1331 Supplemental - H.B. 06S-1023 - Immigration

	Previously Approved	Current Staff Recommendation
Total	\$374,828	\$374,828
FTE	<u>6.0</u>	<u>6.0</u>
Cash Funds	374,828	374,828
Cash Funds Exempt	0	0
Federal Funds	0	0

Description of Supplemental: The request was submitted in order that the Department could implement the provisions of H.B. 06S-1023, which requires the Department to verify the lawful presence of natural persons over the age of 18 who apply for public benefits from the Department. The Committee partially approved the Department's request. The reduction was due to removing amounts requested in order to verify submitted documentation, and in particular, to verify drivers' licenses against the Department of Revenue's database. The Office of Legislative Legal Services indicates that the Department is not obligated by the statute to match the drivers' licenses against the Department of Revenue's records.

Statewide Common Policy Supplemental Requests

These requests are not prioritized and are not analyzed in this packet . These items will be acted on separately by the JBC when it makes a decision regarding common policies.

Labor Department's Portion of Statewide Supplemental Request	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Total	FTE
1. Vehicle Reconciliation	\$0	(\$1,755)	\$0	(\$4,096)	(\$5,851)	0.0
2. Vehicle Replacement	0	0	0	0	0	0.0
3. MNT / Telecommunications	0	(9,489)	(2,492)	(22,111)	(34,092)	0.0
4. Computer Service (GGCC)	0	(128,287)	(12,828)	(1,141,747)	(1,282,862)	0.0
5. ALJ Adjustments	0	(37,082)	0	0	(37,082)	0.0
6. Communication Services Payments	0	0	0	43	43	0.0
7. Capitol Complex Lease - Technical	0	(9,773)	0	0	(9,773)	0.0
8. Capitol Complex Utilities	0	0	0	0	0	0.0

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Labor Department's Portion of Statewide Supplemental Request	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Total	FTE
9. Risk Management	249	17,473	3,366	27,415	48,503	0.0
10. Workers' Compensation Premiums	271	19,022	3,664	29,846	52,803	0.0
Total Statewide Supplemental Requests for Labor Department	520	(149,891)	(8,290)	(1,110,650)	(1,268,311)	0.0

Staff Recommendation: The staff recommendation for these requests is pending committee approval of common policy supplementals. Staff asks permission to include the corresponding appropriations in the Department's supplemental bill when the committee approves this common policy supplemental. If staff believes there is reason to deviate from the common policy, staff will appear before the committee at a later time to present the relevant analysis.

Previously Approved 1331 Supplemental for FY 2005-06 - *genesis* Project Recovery Assessment

	Previously Approved	Current Staff Recommendation
Total	\$1,779,860	\$1,029,860
FTE	<u>0.0</u>	<u>0.0</u>
Cash Funds	1,779,860	1,029,860
Cash Funds Exempt	0	0
Federal Funds	0	0

Description of Supplemental: Project *genesis* is an undertaking by the Department to re-engineer its unemployment insurance programs. Development of the IT portion of that re-engineering came to a halt in December 2005 when the Department terminated its contract with Accenture, the vendor selected to do the work. The business problems which *genesis* was intended to address remained, and the Department proposed a formal project recovery assessment (PRA) in order to determine the most effective way to proceed. The Department requested an appropriation of \$2,279,860 for that purpose. In April 2006 the Joint Budget Committee approved an add-on appropriation of \$500,000 cash funds from the Employment Support Fund for FY 2005-06, including a footnote granting roll-forward spending authority to the next fiscal year. This add-on was approved as part of the Long Bill. The Committee also requested a meeting with the Department.

Following that meeting, the JBC directed staff to draft a supplemental bill to appropriate the remaining

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\$1,779,860 that had been requested. Early in May 2006 the JBC revisited that decision and the additional appropriation was not made. Members of the Committee indicated to the Department that it might be possible to consider the appropriation during the summer under the provisions of H.B. 98-1331. Later in May, the Department presented its plan for conducting the PRA to the Commission on Information Management (IMC), which approved the project at a cost of \$2,279,860. In June 2006, the JBC approved a 1331 request for \$1,779,860 cash funds from the Employment Support Fund for FY 2005-06.

Since that 1331 supplemental request was granted, the Department has proceeded with its PRA activity. Work on the project is nearly complete, and the Department reported at its budget hearing that the project would come in significantly under budget. The Department has complied with the footnote request that it provide the JBC with copies of IMC-approved project status reports.

Staff Recommendation: Staff recommends that the amount of the request be reduced by \$750,000, to \$1,029,860, to more accurately reflect the Department's current estimates of the cost.
