

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2013-14 STAFF FIGURE SETTING
DEPARTMENT OF LOCAL AFFAIRS**

**JBC Working Document - Subject to Change
Staff Recommendation Does Not Represent Committee Decision**

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DEPARTMENT OF LOCAL AFFAIRS

Department Overview

The Department of Local Affairs (DOLA) is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. While current law creates a number of divisions¹, the Department's section of the Long Bill currently consists of the following:

- The *Executive Director's Office* provides the comprehensive departmental management and administration, including strategic planning, policy management, budget, accounting, purchasing, and human resources administration and public information.
- The *Division of Property Taxation* and the Property Tax Administrator, under the supervision and control of the *State Board of Equalization*, have three primary responsibilities: (1) administering property tax laws, including issuing appraisal standards and training county assessors; (2) granting exemptions from taxation for charities, religious organizations, and other eligible entities; and (3) valuing multi-county companies doing business in Colorado, including railroads, pipelines, and other public utilities.
- The *Division of Housing* administers state and federal low-income housing programs, and regulates the manufacture of factory-built residential and commercial buildings.
- The *Division of Local Governments* provides technical assistance to local government officials. This division also administers several state and federal programs to assist local governments in capital construction and community services, including: administering the federal Community Services Block Grant and the Community Development Block Grant; making state grants to communities negatively impacted by mineral extraction and limited gaming activities; distributing Conservation Trust Fund moneys (derived from lottery proceeds) for parks, recreation, and open space; and allocating the state contribution for volunteer firefighter pension plans.

¹ Divisions, offices, and boards created in Sections 24-1-125, 39-2-101, 39-9-101, and 39-2-123, and Article 32 of Title 24, C.R.S., include: the Division of Local Governments; the Division of Planning; the Division of Commerce and Development; the Division of Housing; the Office of Rural Development; the Office of the Colorado Youth Conservation and Service Corps; the Office of Smart Growth; the Division of Property Taxation; the State Board of Equalization; and the Board of Assessment Appeals.

DEPARTMENT REQUEST AND RECOMMENDATION SUMMARY

Executive Request

For the divisions covered in this briefing packet, the Department request reflects:

- **Executive Director's Office:** An 18.5 percent increase in total funding, primarily due to three non-prioritized request items. These include an executive branch information technology asset management program and corresponding data system, a survey to gauge employees' attitudes towards their work, their work environment, overall satisfaction, and trends developing within the workforce, and building maintenance and upgrades in the State's Capitol Complex.
- **Division of Property Taxation:** Flat total funding, but a General Fund increase due to a reduction in departmental indirect dollars applied to the Board of Assessment Appeals. These indirect dollars are instead applied to several lines within the Executive Director's Office, meaning that the increase in General Fund in the BAA is offset in the EDO.
- **Division of Housing:** A 5.3 percent increase in total funding, including a 183.1 percent increase in General Fund, primarily due to two prioritized request items. First, the Department has requested \$2.0 million General Fund to provide additional affordable housing units for workforce needs and lower income families. Second, the Department has requested \$2,740,852 million General Fund to pay for a transitional therapeutic residential treatment community for homeless individuals at Fort Lyon.
- **Division of Local Governments:** A 1.3 percent increase in total funding, including a 233.1 percent increase in General Fund, primarily due to a departmental request for \$3.0 million General Fund for the administration of a grant program to grow and diversify the economies of rural communities that depend on a single large employer.

Committees of Reference SMART Act Recommendations

House Committee of Local Government

Received January 23, 2013

Recommendations

The House Committee of Local Government did not provide a recommendation on the Department's FY 2013-14 budget.

Senate Committee of Local Government

Received January 23, 2013

Recommendations

The Senate Committee of Local Government recommended that the JBC approve the Department request for:

1. "\$2.0 million General Fund to provide additional affordable housing units for workforce needs and lower income families"; and
2. "\$3.0 million General Fund and 1.0 FTE within the Division of Local Government for the administration of a grant program to grow and diversify the economies of rural communities, with an emphasis on those communities that depend on a single large employer such as a state prison".

The Committee also recommended that the JBC seek additional information regarding the Ft. Lyon Transitional Community request. More specifically, the Committee recommended that the JBC ask the Department of Local Affairs to demonstrate that the proposal would be the most cost-effective way to treat homeless individuals throughout the State; explain how the program would be supported beyond FY 2015-16; provide evidence that the local population supports the proposal; and provide evidence that homeless individuals will decide to avail themselves of the services offered at Ft. Lyon.

Staff does not respond to either of these recommendations within the figure setting document or framework of the FY 2013-14 budget. However, staff will draft a letter for the Committee in response to these recommendations.

Staff Recommendation

The staff recommendation is summarized in the table below, followed by brief description of each item listed. The primary differences between the request and recommendation for the divisions discussed in this packet are:

- **Executive Director's Office:** Staff is recommending \$39,649 less in total funding than the Department request. This change is due primarily to common policy supplemental requests for FY 2012-13 as well as common policy adjustments for centrally appropriated line items in FY 2013-14.
- **Division of Property Taxation:** No difference.
- **Division of Housing:** Staff is recommending \$37,212,095 less in total funding than the Department request. This change is due primarily to a \$32.7 million reduction staff is recommending to better reflect federal housing dollars received by the Division. Additionally, staff has not recommended a requested \$2.0 million General Fund to provide additional affordable housing units for workforce needs and lower income families or \$2,740,852 million General Fund requested to pay for a transitional therapeutic residential treatment community for homeless individuals at Fort Lyon.
- **Division of Local Governments:** Staff is recommending \$1,140,960 more in total funding than the Department request. This change is due primarily to S.B. 13-133, which increases the allocation of limited gaming funds to the Local Government Limited Gaming Impact Fund by \$1,102,537.

JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Department of Local Affairs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2012-13 Appropriation:						
HB 12-1339 (Long Bill)	\$347,313,310	\$11,478,263	\$210,897,351	\$7,479,574	\$117,458,122	191.1
HB 12-1283 (Wildfire Response Consolidation)	(20,075,990)	(380,575)	(4,510,988)	(349,977)	(14,834,450)	(27.9)
HB 12-1246 (Paydate Shift)	793	793	0	0	0	0.0
SB 13-096 (FY 2012-13 Supplemental)	<u>(24,222)</u>	<u>(24,222)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$327,213,891	\$11,074,259	\$206,386,363	\$7,129,597	\$102,623,672	163.2
FY 2013-14 Recommended Appropriation:						
FY 2012-13 Appropriation	\$327,213,891	\$11,074,259	\$206,386,363	\$7,129,597	\$102,623,672	163.2
R-1 Additional Affordable Housing Units	0	0	0	0	0	0.0
R-2 Assistance to Rural Communities	3,000,000	3,000,000	0	0	0	1.0
R-3 Fort Lyon Transitional Community	0	0	0	0	0	0.0
BA-1 Housing Vouchers for Behavioral Health Clients	557,800	557,800	0	0	0	0.0
NPI-1 OIT Enterprise Asset Management	3,099	3,099	0	0	0	0.0
NPI-2 Employee Engagement Survey Adjustment	383	356	24	3	0	0.0
NPI-3 Capital Complex Buiding Upgrades	34,541	13,147	2,010	19,384	0	0.0
Staff Initiated Limited Gaming Adjustment	1,102,573	(1,000,000)	2,102,573	0	0	0.0
Staff Initiated Federal Funds Adjustment	(32,700,000)	0	0	0	(32,700,000)	0.0
Centrally Appropriated Line Items	886,291	(78,876)	89,553	836,735	38,879	0.0
Indirects Adjustment	199,302	(444,165)	57,210	595,203	(8,946)	0.0
Annualize Prior Year Legislation	<u>125,000</u>	<u>0</u>	<u>125,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$300,422,880	\$13,125,620	\$208,762,733	\$8,580,922	\$69,953,605	164.2
Increase/(Decrease)	(\$26,791,011)	\$2,051,361	\$2,376,370	\$1,451,325	(\$32,670,067)	1.0
Percentage Change	(8.2%)	18.5%	1.2%	20.4%	(31.8%)	0.6%
FY 2013-14 Executive Request:						
Request Above/(Below) Recommendation	\$36,053,626	\$6,212,474	(\$2,288,767)	(\$635,685)	\$32,765,604	0.0

Issue Descriptions

R-1 Additional Affordable Housing Units: The Department of Local Affairs is requesting \$2.0 million General Fund to provide additional affordable housing units for workforce needs and lower income families. Staff recommends not approving the request.

R-2 Economic Development Assistance to Rural Communities: The recommendation includes \$3.0 million General Fund within the Division of Local Governments for two years beginning in FY 2013-14 for the administration of a grant program to grow and diversify the economies of rural communities that depend on a single large employer such as a state prison.

R-3 Fort Lyon Transitional Community: The Department of Local Affairs, in collaboration with the Department of Corrections, Department of Human Services, and Department of Health Care Policy and Financing, is requesting \$2,740,852 million General Fund in FY 2013-14 to pay

for case management, substance abuse treatment costs, limited medical care, and the operations and maintenance of a transitional therapeutic residential treatment community for homeless individuals at Fort Lyon. Staff recommends not approving the request.

BA-1 Housing Vouchers for Behavioral Health Clients: The Departments of Local Affairs and Human Services are requesting a transfer of spending authority with a net zero impact in FY 2013-14 and a net increase of \$64,756 in General Fund in FY 2014-15 and thereafter to address necessary housing voucher administrative costs associated with CDHS request R-3B: Strengthen Behavioral Health—Improved Community Capacity. The budget amendment would transfer spending authority for \$577,800 General Fund in FY 2013-14 and \$642,565 in FY 2014-15. Staff recommendation is pending Committee action on the CDHS request R-3B.

NPI-1 OIT Enterprise Management: The request includes an increase of total funds for FY 2013-14 to fund the Department’s share of an executive branch information technology asset management program and corresponding data system. Staff recommendation is pending action on the Common Policy by the Committee.

NPI-2 Employee Engagement Survey Adjustment: The request includes an increase of total funds for FY 2013-14 to fund the Department’s share of a survey to gauge employees’ attitudes towards their work, their work environment, overall satisfaction, and trends developing within the workforce. Staff recommendation is pending action on the Common Policy by the Committee.

NPI-3 Capitol Complex Building Upgrades: The request includes an increase of total funds for FY 2013-14 to fund the Department’s share of building maintenance and upgrades in the State’s Capitol Complex. Staff recommendation is pending action on the Common Policy by the Committee.

Staff Initiated Limited Gaming Adjustment: The recommendation reflects the impact of Senate Bill 13-133. The bill modifies the distribution of the state share in the Limited Gaming Fund. The distribution to various cash funds at the close of each fiscal year is amended from a percentage-based amount to a fixed-dollar amount. Pursuant to the legislation, the Local Government Limited Impact Gaming Fund would receive \$5,000,000 in FY 2013-14. As a result, the net distribution of state share Limited Gaming Fund money to the Local Government Limited Gaming Impact Fund is increased by \$1,102,537.

Staff Initiated Federal Funds Adjustment: The recommendation reflects a reduction of \$32.7 million to better reflect federal funds anticipated to be available to the Division in FY 2013-14.

Centrally Appropriated Line Items: This amount includes various statewide common policy adjustments, some of which have been considered by the Committee and others which have not yet been reviewed. If the Committee has not yet taken action, the Executive Request amount is reflected.

Indirects Adjustment: The recommendation reflects the Department’s requested adjustments to indirect cost recoveries from the divisions as well as the allocations to offset General Fund.

Annualize Prior Year Legislation: Senate Bill 12-158 clarified that the Division of Housing is the sole public housing agency for the purpose of providing financial housing assistance to both households with low income and to persons with disabilities, shifting administration of the Homeless Prevention Activities Program (HPAP) to the Division of Housing. The HPAP cash fund is expected to receive about \$125,000 in FY 2013-14. While these dollars are continuously appropriated to DOH, staff is recommending they be included for informational purposes.

(1) Executive Director's Office

This section of the Long Bill includes funding for administrative functions and all centrally-appropriated funds. It also includes several miscellaneous functions statutorily assigned to the Department, including administration of the Moffat Tunnel Improvement District.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2012-13 Appropriation:						
HB 12-1339 (Long Bill)	\$5,405,119	\$1,467,535	\$450,415	\$2,407,071	\$1,080,098	14.2
HB 12-1283 (Wildfire Response Consolidation)	(258,854)	189,328	0	(274,749)	(173,433)	0.0
HB 12-1246 (Paydate Shift)	0	0	0	0	0	0.0
SB 13-096 (FY 2012-13 Supplemental)	<u>(24,222)</u>	<u>(24,222)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,122,043	\$1,632,641	\$450,415	\$2,132,322	\$906,665	14.2
FY 2013-14 Recommended Appropriation:						
FY 2012-13 Appropriation	\$5,122,043	\$1,632,641	\$450,415	\$2,132,322	\$906,665	14.2
NPI-1 OIT Enterprise Asset Management	3,099	3,099	0	0	0	0.0
NPI-2 Employee Engagement Survey Adjustment	383	356	24	3	0	0.0
NPI-3 Capital Complex Buiding Upgrades	34,541	13,147	2,010	19,384	0	0.0
Centrally Appropriated Line Items	886,291	(78,876)	89,553	836,735	38,879	0.0
Indirects Adjustment	<u>0</u>	<u>(633,493)</u>	<u>0</u>	<u>633,493</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$6,046,357	\$936,874	\$542,002	\$3,621,937	\$945,544	14.2
Increase/(Decrease)	\$924,314	(\$695,767)	\$91,587	\$1,489,615	\$38,879	0.0
Percentage Change	18.0%	(42.6%)	20.3%	69.9%	4.3%	0.0%
FY 2013-14 Executive Request:	\$6,086,006	\$1,408,496	\$538,018	\$3,137,290	\$1,002,202	14.2
Request Above/(Below) Recommendation	\$39,649	\$471,622	(\$3,984)	(\$484,647)	\$56,658	0.0

Issue Descriptions

NPI-1 OIT Enterprise Management: The request includes an increase of total funds for FY 2013-14 to fund the Department's share of an executive branch information technology asset management program and corresponding data system. Staff recommendation is pending action on the Common Policy by the Committee.

NPI-2 Employee Engagement Survey Adjustment: The request includes an increase of total funds for FY 2013-14 to fund the Department's share of a survey to gauge employees' attitudes towards their work, their work environment, overall satisfaction, and trends developing within the workforce. Staff recommendation is pending action on the Common Policy by the Committee.

NPI-3 Capitol Complex Building Upgrades: The request includes an increase of total funds for FY 2013-14 to fund the Department’s share of building maintenance and upgrades in the State’s Capitol Complex. Staff recommendation is pending action on the Common Policy by the Committee.

Centrally Appropriated Line Items: This amount includes various statewide common policy adjustments, some of which have been considered by the Committee and others which have not yet been reviewed. If the Committee has not yet taken action, the Executive Request amount is reflected.

Indirects Adjustment: The recommendation reflects the Department’s requested adjustments to indirect cost recoveries from the divisions as well as the allocations to offset General Fund.

LINE ITEM DETAIL

Personal Services

Description: This line item funds the 14.2 FTE in the Executive Director's Office, including the Executive Director, accounting, budget, purchasing, human resources, and general support staff. The source of reappropriated funds is indirect cost assessments collected from several cash and federally-funded programs administered by the Department. The workload for staff supported by this line item is driven by both the number of Department employees and the number and complexity of grants and contracts administered.

Request: The Department requests \$1,269,251 in reappropriated funds and 14.2 FTE for FY 2013-14. The budget request reflects a continuation level of funding from FY 2012-13.

Recommendation: Staff recommends approving the Department request. For FY 2013-14, DOLA indirect cost recoveries are sufficient to offset all of the General Fund expenditures in this line item. Staff's calculations are summarized in the table below. For more information on indirect cost assessments, see "Appendix B."

Personal Services				
	Total Funds	General Fund	Reappropriated Funds	FTE
FY 2012-13 Appropriation:				
HB 12-1339 (Long Bill)	\$1,269,251	(\$75,184)	\$1,344,435	14.2
HB 12-1283 (Wildfire Response Consolidation)	0	264,512	(264,512)	0.0
HB 12-1246 (Paydate Shift)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,269,251	\$189,328	\$1,079,923	14.2
FY 2013-14 Recommended Appropriation:				
FY 2012-13 Appropriation	\$1,269,251	\$189,328	\$1,079,923	14.2
Indirects Adjustment	<u>0</u>	<u>(189,328)</u>	<u>189,328</u>	<u>0.0</u>
TOTAL	\$1,269,251	\$0	\$1,269,251	14.2

JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Personal Services				
	Total Funds	General Fund	Reappropriated Funds	FTE
Increase/(Decrease)	\$0	(\$189,328)	\$189,328	0.0
Percentage Change	0.0%	(100.0%)	17.5%	0.0%
FY 2013-14 Executive Request:	\$1,269,251	\$0	\$1,269,251	14.2
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Health, Life, and Dental

Description: This line item provides funding for the employer's share of the cost of group benefit plans providing health, life, and dental insurance for State employees.

Request: The Department requests \$1,093,002 total funds (including \$307,610 General Fund) for FY 2013-14. The budget request reflects an increase of \$62,811 total funds (including a decrease of \$114,200 General Fund) over the prior year appropriation.

Recommendation: Pursuant to Committee common policy, staff recommends \$1,078,804 total funds for FY 2013-14. For FY 2013-14, statewide and departmental indirect cost recoveries will be sufficient to offset all of the General Fund expenditures for this line item.

Short-term Disability

Description: This line item provides funding for the employer's share of State employees' short-term disability insurance premiums.

Request: The Department requests \$18,334 total funds (including \$4,783 General Fund) for FY 2013-14. The budget request reflects an increase of \$5,434 total funds (including an increase of \$1,099 General Fund) over the prior year appropriation.

Recommendation: Pursuant to Committee common policy, staff recommends \$18,406 total funds (including \$4,790 General Fund) for FY 2013-14.

S.B. 04-257 Amoritization Equalization Disbursement

Description: Pursuant to S.B. 04-257, this line item provides additional funding to increase the State contribution for Public Employees' Retirement Association (PERA).

Request: The Department requests \$347,393 total funds (including \$90,662 General Fund) for FY 2013-14. The budget request reflects an increase of \$64,934 total funds (including a decrease of \$7,539 General Fund) over the prior year appropriation.

Recommendation: Pursuant to Committee common policy, staff recommends \$347,941 total funds (including \$50,610 General Fund) for FY 2013-14.

S.B. 06-235 Supplemental Amoritization Equalization Disbursement

Description: Pursuant to S.B. 06-235, this line item provides additional funding to increase the State contribution for PERA.

Request: The Department requests \$313,619 total funds (including \$81,848 General Fund) for FY 2013-14. The budget request reflects an increase of \$74,744 total funds (including a decrease of \$2,140 General Fund) over the prior year appropriation.

Recommendation: Pursuant to Committee common policy, staff recommends \$313,827 total funds (including \$80,937 General Fund) for FY 2013-14.

Salary Survey

Description: The Department uses this line item to pay for annual increases for salary survey and senior executive service positions.

Request: The Department requests \$212,596 total funds (including \$53,729 General Fund) for FY 2013-14. The budget request reflects an increase of \$212,596 total funds (including an increase of \$53,729 General Fund) over the prior year appropriation.

Recommendation: Pursuant to Committee common policy, staff recommends \$258,966 total funds for FY 2013-14. For FY 2013-14, statewide indirect cost recoveries will be sufficient to offset all of the General Fund expenditures for this line item.

Merit Pay

Description: This line item funds pay increases relating to employee performance evaluations.

Request: The Department requests \$161,094 total funds (including \$45,105 General Fund) for FY 2013-14. The budget request reflects an increase of \$161,094 total funds (including an increase of \$45,105 General Fund) over the prior year appropriation.

Recommendation: Pursuant to Committee common policy, staff recommends \$157,336 total funds for FY 2013-14. For FY 2013-14, statewide indirect cost recoveries will be sufficient to offset all of the General Fund expenditures for this line item.

Workers' Compensation

Description: This line item is used to pay the Department's estimated share for inclusion in the State's workers' compensation program for state employees.

Request: The Department requests \$92,157 total funds (including \$85,133 General Fund) for FY 2013-14. The budget request reflects an increase of \$41,310 total funds (including an increase of \$38,170 General Fund) over the prior year appropriation.

Recommendation: Staff's recommendation is pending the approval of the Workers' Compensation common policy by the Committee. Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

Operating Expenses

Description: This line item includes funding for operating expenses for the Executive Director's Office as well as funding for capital outlay, motor-pool, and software maintenance agreements.

Request: The Department requests continuation funding of \$144,650 total funds. The budget request reflects no change from the prior year appropriation.

Recommendation: Staff recommends \$144,650 total funds for FY 2013-14. For FY 2013-14, Department indirect cost recoveries will be sufficient to offset all of the General Fund expenditures for this line item.

Legal Services

Description: This line item provides funding for the Department to purchase legal services from the Department of Law. Most of the appropriation funds legal services to the Board of Assessment Appeals and to the Property Tax Administrator. The balance of the legal services hours provides staffing for rule and regulation review, contract processing, and other miscellaneous legal needs.

Request: The Department requests continuation funding of \$138,278 total funds (including \$125,719 General Fund) to purchase 1,790 hours of legal services from the Department of Law in FY 2013-14.

Recommendation: Staff recommends the Committee approve the Department's request to purchase 1,790 hours of legal services from the Department of Law in FY 2013-14. The requested number of hours is consistent with annual appropriations since FY 2002-03. The number of hours purchased by the Department over that time has ranged from 980 to 2,248, with a ten-year average of 1,746. The dollar amount of staff's recommendation is pending the determination of the hourly rate for legal services by the Committee. Staff requests permission to adjust the line item after the Committee has determined the rate.

Purchase of Services from Computer Center

Description: This item provides funding for the Department's share of statewide computer services provided by the Governor's Office of Information Technology (OIT). OIT plans, manages, operates, and delivers the computing infrastructure to customer entities, which include all State agencies and certain institutions of higher education. OIT is responsible for managing the operating system, transaction processing scheduling, and systems management software associated with these resources.



Request NPI-1 – OIT Enterprise Asset Management

- There is no unified and comprehensive IT asset management program across the Executive Branch departments to track and manage IT assets on a statewide level.
- OIT is requesting \$437,600 reappropriated funds in FY 2013-14 to create an enterprise IT asset management system. The request will annualize to \$99,600 reappropriated funds for FY 2014-15 and ongoing.
- The Department's share of the request is \$3,099 in FY 2013-14 as well as \$705 in FY 2014-15 and ongoing.

Request: The Department requests \$914,973 total funds (including \$67,891 General Fund) for FY 2013-14. The request reflects an increase of \$117,423 total funds (including a decrease of \$174,967 General Fund) over the prior year appropriation. The request includes the Department's share of the statewide Enterprise Asset Management Initiative, or \$3,099.

Recommendation: Staff's recommendation is pending the approval of the Common Policy by the Committee. Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

Multiuse Network Payments

Description: This line item is used to pay the Department's share of the statewide multiuse network (MNT). The MNT is a service providing secure, high-speed broadband access to State agencies, schools, colleges, libraries, hospitals, and local governments. MNT payments represent the cost to the State for administering its share of the MNT build-out with the private consortium. Reimbursements for this area are expended for contracts with Century Link, and are based on anticipated billings, using a circuit inventory conducted department by department, for all agencies.

Request: The Department requests \$101,397 total funds (including \$39,991 General Fund) for this purpose for FY 2013-14. The budget request reflects an increase of \$48,419 total funds (including an increase of \$18,254 General Fund) over the prior year appropriation.

Recommendation: Staff's recommendation is pending the approval of the Common Policy by the Committee. Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

Management and Administration of OIT

Description: Senate Bill 08-155 (Cadman/Kerr, A.) required that billing methodologies be developed to allocate costs for central OIT administrative services, including a "back office" business services staff for financial and human resource services to the consolidated office. Beginning with FY 2008-09, allocation appropriations were made to executive branch agencies for this function.

Request: The Department requests funding of \$28,984 total funds (including \$20,336 General Fund) for multi-use network payments for FY 2013-14. The budget request reflects an increase of \$21,627 total funds (including an increase of \$15,174 General Fund) over the prior year appropriation.

Recommendation: Staff's recommendation is pending the approval of the Common Policy by the Committee. Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

Payment to Risk Management and Property Funds

Description: The Department's share of liability and property insurance carried by the Department of Personnel and Administration is appropriated through this line item. The State's liability program is used to pay liability claims and expenses brought against the State.

➔ Request NPI-2 – Employee Engagement Survey Adjustment

- The Department of Personnel and Administration is requesting \$215,000 for allocation through this line item statewide for a biennial survey to gauge employee's attitudes towards work, their work environment, overall satisfaction, and trends that are developing within the workforce.
- The Department's share of the request is \$383, including \$356 General Fund, \$24 cash funds, and \$3 reappropriated funds.

Request: The Department requests \$42,014 total funds (including \$39,415 General Fund) for this purpose for FY 2013-14. The budget request reflects an increase of \$27,262 total funds (including \$25,688 General Fund) over the prior year appropriation. The request includes the Department's share of the Employee Engagement Survey, or \$383 for FY 2013-14.

Recommendation: Staff's recommendation is pending the approval of the Common Policy by the Committee. Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

Vehicle Lease Payments

Description: This line item provides funding for annual payments to the Department of Personnel and Administration for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles.

Request: The Department requests \$82,196 total funds (including \$77,667 General Fund) for FY 2013-14. This is a decrease of \$13,728 reappropriated funds from the current year appropriation. The request includes two replacement vehicles for FY 2013-14

Recommendation: Staff recommends the Committee approve the request for two new replacement vehicles in FY 2013-14. The projected mileage on July 1, 2014 for both vehicles

exceeds the replacement standard of 150,000 miles. The dollar amount of staff's recommendation is, however, pending the approval of the vehicle lease Common Policy by the Committee. Staff requests permission to adjust the line after this has been determined.

Information Technology Asset Maintenance

Description: This line item funds routine replacement of technology to keep it current and minimize work interruptions.

Request: The Department requests continuation funding of \$104,793 total funds (including \$29,913 General Fund) for this purpose for FY 2013-14.

Recommendation: Staff recommends approving the Department request.

Leased Space

Description: This line item funds leased space needs for the Department. Each office is strategically located throughout the State to maximize the impact of DOLA's field staff. The Department currently leases space at the following locations:

Locations	Address	Amount
Sterling	109 North Front Street	\$5,834
Loveland	150 East 29th Street	12,768
Alamosa	610 State Street	6,240
Pueblo	132 West B Street	13,500
Durango	1000 Rim Drive	9,880
Frisco	602 Galena Street	<u>4,990</u>
	Total	\$53,213

The Department is also in final negotiations for a seventh property in Eagle County. The cost for this site is expected to be about \$7,500, bringing the total required for FY 2013-14 to \$60,713.

Request: The Department requests continuation funding of \$109,669 in total funds (including \$22,376 in General Fund) for this purpose in FY 2013-14.

Recommendation: Staff recommends a reduction to \$65,000 for FY 2013-14 (including \$22,376 General Fund). This reflects the properties listed above and builds in some additional spending authority to pay for the Eagle County facility and expected inflationary increases.

Capitol Complex Leased Space

Description: This line item is used to pay the Department of Personnel and Administration for the costs of maintaining State buildings that are part of the Capitol Complex. The Department currently leases space in the Complex at the following locations:

Centennial Building – 1313 Sherman St. Denver, CO
Grand Junction - 222 S. 6th St. Grand Junction, CO

➔ Request NPI-3 – Capitol Complex Building Upgrade, Repair, and Replacement

- The Department of Personnel and Administration is requesting \$803,111 for allocation through this line item statewide for maintenance and necessary upgrades to the Capitol Complex buildings.
- The total request encompasses two components: (1) the reinstatement of \$303,111 in operating reductions that were taken during the recent economic downturn; and (2) a requested base adjustment of \$500,000 to address critical safety and infrastructure needs.
- DOLA's share of the request is \$34,541, including \$13,147 General Fund, \$2,010 cash funds, and \$19,384 reappropriated funds.

Request: The Department requests \$584,333 total funds (including \$204,998 General Fund) for FY 2013-14. The request reflects an increase of \$118,225 total funds (including \$44,999 General Fund) over the prior year appropriation and includes the Department's share of the statewide common policy request for Capitol Complex, or \$34,541 total funds for FY 2013-14.

Recommendation: Staff's recommendation is pending the approval of the Common Policy by the Committee. Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

Communication Services Payments

Description: This line item is used to pay the Department's share of the state's microwave radio infrastructure and the Digital Trunked Radio System (DTRS). DTRS provides interoperability between public safety agencies and emergency responders to 95 percent of the State's roadways. The Department anticipates being billed for the use of 109 radios in FY 2013-14.

Request: The Department requests funding of \$36,921 total funds (including \$11,032 General Fund) for FY 2013-14. The budget request reflects an increase of \$2,185 total funds over the prior year (all of which is General Fund).

Recommendation: Staff's recommendation is pending the approval of the Common Policy by the Committee. Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

COFRS Modification

Description: This line item funds the five-phase project to replace the statewide accounting system (COFRS) that is used by the Office of the State Controller to record all state revenues and expenditures.

Request: The Department requests continuation funding of \$157,503 in total funds (including \$104,883 General Fund) for FY 2013-14.

Recommendation: Staff's recommendation is pending the approval of the Common Policy by the Committee. Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

Moffat Tunnel Improvement District

Description: This line item funds the Department's administration of the Moffat Tunnel Improvement District. DOLA is provided custodial authority pursuant to Section 32-8-124.7 (3), C.R.S. Cash funds are received from annual lease revenues. There are currently two leasers, Union Pacific Railroad (UP) and Century Link (formerly Qwest).

The lease requires UP to pay the District \$12,000 per year and Century Link to pay \$11,542 per year. The UP lease term ends in 2025 with a right to renew and the Century Link lease term ends 2091 with right to renew. The appropriation provides spending authority from reserves in the Moffat Tunnel Cash Fund in case moneys are needed to protect the right-of-way from legal challenges.

Request: The Department requests continuation funding of \$137,444 in total funds (all of which is cash funds) for FY 2013-14.

Recommendation: Staff recommends approving the Department request.

(2) Property Taxation

This section provides funding for the Division of Property Taxation, which: issues appraisal standards and provides training and technical assistance to county assessors; values multi-county companies; and grants taxation exemptions. This section also provides funding for the State Board of Equalization, which supervises the administration of property tax laws by local county assessors, as well as the Board of Assessment Appeals, which hears petitions for appeal on valuation, abatements, exemptions, and valuation of state-assessed properties.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

	Property Taxation				FTE
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	
FY 2012-13 Appropriation:					
HB 12-1339 (Long Bill)	\$3,484,074	\$1,268,928	\$1,014,682	\$1,200,464	49.9
HB 12-1246 (Paydate Shift)	<u>793</u>	<u>793</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,484,867	\$1,269,721	\$1,014,682	\$1,200,464	49.9
FY 2013-14 Recommended Appropriation:					
FY 2012-13 Appropriation	\$3,484,867	\$1,269,721	\$1,014,682	\$1,200,464	49.9
Indirects Adjustment	<u>57,158</u>	<u>189,328</u>	<u>8,609</u>	<u>(140,779)</u>	<u>0.0</u>
TOTAL	\$3,542,025	\$1,459,049	\$1,023,291	\$1,059,685	49.9

JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Property Taxation					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
Increase/(Decrease)	\$57,158	\$189,328	\$8,609	(\$140,779)	0.0
Percentage Change	1.6%	14.9%	0.8%	(11.7%)	0.0%
FY 2013-14 Executive Request:	\$3,484,867	\$1,459,049	\$1,014,682	\$1,011,136	49.9
Request Above/(Below) Recommendation	(\$57,158)	\$0	(\$8,609)	(\$48,549)	0.0

Issue Descriptions

Indirects Adjustment: The recommendation reflects the Department’s requested adjustments to indirect cost recoveries from the divisions as well as the allocations to offset General Fund.

LINE ITEM DETAIL

Division of Property Taxation

Description: The Property Tax Administrator is a constitutionally created position, responsible for administering property tax laws under the supervision and control of the State Board of Equalization (see Section 15 (2) of Article X of the Colorado Constitution). Pursuant to Section 39-2-101, C.R.S., the Property Tax Administrator is head of the Division of Property Taxation (DPT). The key statutory responsibilities that drive the Division's workload are carried out by four subdivisions:

- Appraisal Standards Section - assures property tax equity by issuing appraisal standards and training county assessors.
- Administrative Resources Section - prepares and publishes administrative manuals, procedures, and instructions for assessors' offices.
- Exemptions Section - grants exemptions from taxation for charities, churches, and other eligible entities to assure a standardization of exemptions.
- State Assessed Section - performs original valuations of multi-county companies in Colorado, including railroads, pipelines, and other utilities.

The Division is supported by General Fund, fees for approving property tax exemptions, and mineral and energy impact funds.

Request: The Department requests continuation funding of \$2,635,455 in total funds and 36.7 FTE for this program line, including \$945,981 General Fund.

Recommendation: While there have been significant reversions from this line item in fiscal years 2009-10 through 2011-12, staff recommends approving the request.

JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Reversions for Division of Property Taxations

Fiscal Year	Total Authorization		Expenditures		Reversions	
	Amount	FTE	Amount	FTE	Amount	FTE
2007-08	\$2,963,392	37.8	\$2,955,029	37.0	\$8,363	0.8
2008-09	3,026,674	38.5	2,939,981	36.0	86,693	2.5
2009-10	2,959,869	38.5	2,609,809	31.4	350,060	7.1
2010-11	2,913,927	36.7	2,606,634	32.4	307,292	4.3
2011-12	2,669,449	36.7	2,495,667	30.0	173,782	6.7

For fiscal years 2009-10 and 2010-11, the Division intentionally left positions vacant to accommodate potential budget reductions and to minimize employee impact across the Division. Throughout this period DPT also focused on expending less so that more money was available to support broader state needs, if necessary. Moreover, during these years there were a lower number of complaints filed against assessors that needed investigation by the Division. No complaint resulted in a reappraisal order that needed to be supervised or conducted by DPT staff. The Division continued to spend conservatively in FY 2011-12; however, taxpayer complaints against assessors began to increase.

The division expects a continued increase in its workload for FY 2012-13 and FY2013-14 as the housing market continues to recover along with the overall state economy—largely eliminating the reversions experienced during the recession. Staff believes that reducing FTE or spending authority below current long bill levels would hinder the division’s ability to respond effectively to its statutorily mandated responsibilities as demand for services returns to pre-recession levels. Staff calculations for this program line follow below.

Division of Property Taxation					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2012-13 Appropriation:					
HB 12-1339 (Long Bill)	<u>\$2,635,455</u>	<u>\$945,981</u>	<u>\$853,525</u>	<u>\$835,949</u>	<u>36.7</u>
TOTAL	\$2,635,455	\$945,981	\$853,525	\$835,949	36.7
FY 2013-14 Recommended Appropriation:					
FY 2012-13 Appropriation	<u>\$2,635,455</u>	<u>\$945,981</u>	<u>\$853,525</u>	<u>\$835,949</u>	<u>36.7</u>
TOTAL	\$2,635,455	\$945,981	\$853,525	\$835,949	36.7
Percentage Change	0.0%	0.0%	0.0%	0.0%	0.0%
FY 2013-14 Executive Request:					
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

State Board of Equalization

Description: The State Board of Equalization ("State Board"), created in Section 15 of Article X of the Colorado Constitution, consists of five members:

- The Governor (or his or her designee).
- The Speaker of the House of Representatives (or his or her designee).
- The President of the Senate (or his or her designee).

- Two members appointed by the Governor with the consent of the Senate.

The State Board supervises the administration of property taxation laws by local county assessors. In this regard, the State Board meets at least once annually to review real and personal property valuations, hear complaints concerning valuation (including petitions by tax-levying authorities), redirect assessments, and set the residential assessment ratio. The Board also approves training manuals, appraisal standards, and written instructions issued by the Property Tax Administrator.

During each property tax year, an assessment study is conducted to determine whether or not county assessors have complied with property tax provisions in the State Constitution and in State statutes. The State Board is responsible for ordering a reappraisal of affected classes of property which were not properly assessed in accordance with the State Constitution and with State statutes. Finally, the State Board appoints the Property Tax Administrator.

The Constitution requires the General Assembly to provide by statute for the compensation of State Board members. Pursuant to Section 39-9-101 (2), C.R.S., State Board members receive \$50 per day for each day spent attending State Board meetings or hearings, as well as reimbursement for actual and necessary expenses incurred in performing State Board duties. This line item funds the Board's direct operating expenses, including \$50 per diem payments and expense reimbursements.

Request: The Department requests continuation level funding of \$12,856 General Fund.

Recommendation: Staff recommends the Department's request.

Board of Assessment Appeals

Description: The Board of Assessment Appeals (BAA) is a quasi-judicial body that operates as a "type 1" agency within the Department (see Section 39-2-123, C.R.S.). The Board hears appeals by individual taxpayers who disagree with county boards of equalization, county boards of commissioners, and the Property Tax Administrator on the valuation of real and personal property, property tax abatements (reductions), and property tax exemptions. State assessed properties and exemptions are first appealed to the property tax administrator. These cases may then be appealed to the BAA. Appeals to the BAA must be made in writing within 30 days of the decision that is being appealed. After the appeal is docketed, a receipt of appeal is sent to the Petitioner. A notice of hearing is mailed to all parties at least 30 days prior to the scheduled hearing. The Board's decision is transmitted in a written order and mailed to all parties. Board decisions are also posted on the Board's website. Board decisions may be appealed to the Colorado Court of Appeals.

Pursuant to statute, Board members must be registered, certified, or licensed as an appraiser. The Board must consist of at least three members, and an additional six members may be appointed based on workload. All Board members are employees of the State who are appointed by the Governor, with the consent of the Senate, and serve at the pleasure of the Governor. As employees of the State they are entitled to benefits such as health, life and dental, short-term

disability, and PERA. Compensation is based on a statutory rate of \$150 per day. Board members often have private sector employment in addition to their duties on the Board. This line item supports 13.2 FTE, including Board members, and provides funding based on 615 board-days per year (one board-day = one member for one day), assuming that at least two members will attend each hearing.

Request: The Department requests \$555,831 in total funds (including \$500,212 General Fund) and 13.2 FTE for this line item in FY 2013-14. The budget request reflects a continuation level of total funding from the prior year appropriation; however, the department is requesting an increase of \$189,328 General Fund and decrease of \$189,328 reappropriated funds due to the movement of departmental indirect dollars from the BAA to the EDO. This request is General Fund neutral.

Recommendation: Staff recommends the Department request.

Indirect Cost Assessment

Description: This line reflects the amount of indirect cost assessments made against cash and reappropriated funds funding sources within the Division (including federal mineral leasing and severance tax revenues that are appropriated to support a portion of this division's activities). The funds collected through this line item are used to offset General Fund that would otherwise be required in the Executive Director's Office, Personal Services and Operating line items and the Board of Assessment Appeals.

Request: The Department requests \$280,725 total funds for the collection rate applied to the Division for indirect cost recoveries in FY 2013-14.

Recommendation: Staff recommends \$337,883 total funds for FY 2013-14. Of this amount, \$169,766 is cash funds from the Property Tax Exemption Fund and \$168,117 is reappropriated funds from the Local Government Mineral and Energy Impact Grants and Disbursements line item. Staff's recommendation is based on DOLA's most recent indirect cost rates for FY 13-14 for both Statewide and internal indirect cost assessments.

(3) Housing

The Division of Housing (DOH) provides financial and technical assistance designed to increase the availability of housing to low income, elderly, and disabled individuals. Financial assistance programs include State and federal grants, loans, loan guarantees, equity investments, and subordinated debt for construction or rehabilitation of affordable housing. DOH provides technical assistance to local communities, including assisting communities to identify housing needs and to apply for and secure available private and public financing for housing projects. DOH develops and updates various studies on the availability and affordability of housing in Colorado. Finally, DOH works with local governments to reform local development and building regulations in ways which lower housing production costs.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

	Division of Housing					FTE
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	
FY 2012-13 Appropriation:						
HB 12-1339 (Long Bill)	<u>\$89,048,900</u>	<u>\$2,589,909</u>	<u>\$896,002</u>	<u>\$206,902</u>	<u>\$85,356,087</u>	<u>47.7</u>
TOTAL	\$89,048,900	\$2,589,909	\$896,002	\$206,902	\$85,356,087	47.7
FY 2013-14 Recommended Appropriation:						
FY 2012-13 Appropriation	\$89,048,900	\$2,589,909	\$896,002	\$206,902	\$85,356,087	47.7
R-1 Additional Affordable Housing Units	0	0	0	0	0	0.0
R-3 Fort Lyon Transitional Community	0	0	0	0	0	0.0
BA-1 Housing Vouchers for Behavioral Health Clients	557,800	557,800	0	0	0	0.0
Staff Initiated Federal Funds Adjustment	(32,700,000)		0	0	(32,700,000)	0.0
Annualize Prior Year Legislation	125,000		125,000	0	0	0.0
Indirects Adjustment	<u>103,757</u>		<u>57,103</u>	<u>4,820</u>	<u>41,834</u>	<u>0.0</u>
TOTAL	\$57,135,457	\$3,147,709	\$1,078,105	\$211,722	\$52,697,921	47.7
Increase/(Decrease)	(\$31,913,443)	\$557,800	\$182,103	\$4,820	(\$32,658,166)	0.0
Percentage Change	(35.8%)	21.5%	20.3%	2.3%	(38.3%)	0.0%
FY 2013-14 Executive Request:						
Request Above/(Below) Recommendation	\$37,212,095	\$4,740,852	(\$182,103)	(\$4,820)	\$32,658,166	0.0

Issue Descriptions

R-1 Additional Affordable Housing Units: The Department of Local Affairs is requesting \$2.0 million General Fund to provide additional affordable housing units for workforce needs and lower income families. Staff recommends not approving the request.

R-3 Fort Lyon Transitional Community: The Department of Local Affairs, in collaboration with the Department of Corrections, Department of Human Services, and Department of Health Care Policy and Financing, is requesting \$2,740,852 million General Fund in FY 2013-14 to pay for case management, substance abuse treatment costs, limited medical care, and the operations and maintenance of a transitional therapeutic residential treatment community for homeless individuals at Fort Lyon. Staff recommends not approving the request.

BA-1 Housing Vouchers for Behavioral Health Clients: The Departments of Local Affairs and Human Services are requesting a transfer of spending authority with a net zero impact in FY 2013-14 and a net increase of \$64,756 in General Fund in FY 2014-15 and thereafter to address necessary housing voucher administrative costs associated with CDHS request R-3B: Strengthen Behavioral Health—Improved Community Capacity. The budget amendment would transfer spending authority for \$577,800 General Fund in FY 2013-14 and \$642,565 in FY 2014-15. Staff recommendation is pending Committee action on the CDHS request R-3B.

Staff Initiated Federal Funds Adjustment: The recommendation reflects a reduction of \$32.7 million to better reflect federal funds anticipated to be available to the Division in FY 2013-14.

Indirects Adjustment: The recommendation reflects the Department’s requested adjustments to indirect cost recoveries from the divisions as well as the allocations to offset General Fund.

LINE ITEM DETAIL

Personal Services

Description: This line item supports 40.5 FTE. The Division is supported by General Fund, mineral and energy impact funds, private activity bond fees, and various federal funds. Please note that H.B. 11-1230, which consolidated the housing assistance programs in the Department of Human Services into the Department of Local Affairs, resulted in an increase of 19.5 FTE for FY 2011-12 and beyond. S.B. 12-158, which is discussed below, resulted in an increase of 0.1 FTE for FY 2012-13 and beyond.

➔ Staff Initiated Request – Annualize Prior Year Legislation, S.B. 12-158

- The bill clarified that DOH is the sole agency for the purpose of providing housing assistance to low income households and persons with disabilities.
- In addition, the bill shifts administration of the Homeless Prevention Activities Program (HPAP) to DOH.
- The program is funded through a voluntary tax check-off and up to five percent of revenue to the HPAP Fund, or \$15,000, whichever is greater, can be used for program administration costs.
- These dollars are continuously appropriated to the Department and have not previously been included in this line item.

Request: The Department requests continuation funding of \$2,502,207 total funds (including \$364,006 General Fund) and 40.4 FTE for this purpose in FY 2013-14.

Recommendation: Staff recommends \$2,517,207 total funds (including \$364,006 General Fund and 40.5 FTE. The recommendation reflects an increase of \$15,000 from the current appropriation (all cash funds) due to the implementation of S.B. 12-158.

Personal Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2012-13 Appropriation:						
HB 12-1339 (Long Bill)	<u>\$2,502,207</u>	<u>\$364,006</u>	<u>\$75,478</u>	<u>\$149,909</u>	<u>\$1,912,814</u>	<u>40.4</u>
TOTAL	\$2,502,207	\$364,006	\$75,478	\$149,909	\$1,912,814	40.4
FY 2013-14 Recommended Appropriation:						
FY 2012-13 Appropriation	\$2,502,207	\$364,006	\$75,478	\$149,909	\$1,912,814	40.4

JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Personal Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Annualize Prior Year Legislation	15,000	0	15,000	0	0	0.0
TOTAL	\$2,517,207	\$364,006	\$90,478	\$149,909	\$1,912,814	40.4
Increase/(Decrease)	\$15,000	\$0	\$15,000	\$0	\$0	0.0
Percentage Change	0.6%	0.0%	19.9%	0.0%	0.0%	0.0%
FY 2013-14 Executive Request:	\$2,502,207	\$364,006	\$75,478	\$149,909	\$1,912,814	40.4
Request Above/(Below) Recommendation	(\$15,000)	\$0	(\$15,000)	\$0	\$0	0.0

Analysis: Pursuant to S.B. 12-158, the Division of Housing is the sole public housing agency for the purpose of providing financial housing assistance to both households with low income and to persons with disabilities. Prior to the legislation, HPAP was administered by a nongovernmental, nonprofit organization selected by the executive director of the Department of Human Services. The bill shifted administration of HPAP to the Division of Housing.

The program is funded through a voluntary tax check-off and revenues are continuously appropriated to the Department. State law allows up to five percent of revenue to the HPAP cash fund, or \$15,000, whichever is greater, to be used for program administration costs. The cash fund is expected to receive about \$125,000 in FY 2013-14. As a result, the Division has set aside \$15,000 for administrative costs. While these dollars are continuously appropriated, staff is recommending they be included along with 0.1 FTE for informational purposes.

Operating Expenses

Description: This line item funds the operating expenses of the Division. Common operating expenses for the Division include postage, equipment maintenance, and in-state travel.

Request: The Department requests continuation funding of \$324,140 total funds (including \$25,903 General Fund) for FY 2013-14.

Recommendation: Staff recommends approving the Department request.

Manufactured Buildings Program

Description: Manufactured buildings are largely assembled in factories and then transported to sites of use. Senate Bill 03-182 established new provisions regarding the regulation of the manufacture of factory-built structures and the sales and installation of manufactured homes (Sections 24-32-3301 through 3327, C.R.S.). The Building Regulation Program reviews and approves manufactured building plans for residential and commercial use. The program also inspects the site installation of manufactured housing and responds to manufactured housing consumer complaints, and in-plant building inspections. In addition, the statute:

- Requires factory-built structures to be sold within the state to bear an insignia of approval issued by the Division and affixed by the Division or an authorized agent;
- Requires any installer of manufactured homes to annually register and be certified by the Division;

JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

- Provides the Division of Housing other certification and enforcement authority including civil penalties up to \$1,000 as well as injunctive relief from the court; and
- Prohibits any other political subdivision of the state from imposing any additional registration, escrow and bonding, or contract requirements on sellers.

Request: The Department requests continuation funding of \$692,830 cash funds for this program line and 7.3 FTE.

Recommendation: Staff recommends approving the request.

Manufactured Buildings Program				
	Total Funds	General Fund	Cash Funds	FTE
FY 2012-13 Appropriation:				
HB 12-1339 (Long Bill)	\$692,830	\$0	\$692,830	7.3
TOTAL	\$692,830	\$0	\$692,830	7.3
FY 2013-14 Recommended Appropriation:				
FY 2012-13 Appropriation	\$692,830	\$0	\$692,830	7.3
TOTAL	\$692,830	\$0	\$692,830	7.3
Percentage Change	0.0%	0.0%	0.0%	0.0%
FY 2013-14 Executive Request:				
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

In fiscal years 2011-12 and 2012-13, the Department experienced continued volatility in demand for these services due primarily to reduced credit availability, more stringent lending practices within the manufactured housing and factory-built structure industry, and the stagnant housing market. Program workload has decreased by more than half since FY 2007-08 and total actual expenditures have been less than the Fund has historically experienced—leading to some significant reversions. The following table includes actual expenditures in the years prior to the recession, during, and after.

Building Regulation Program: Comparison of Appropriation and Expenditures							
Fiscal Year	Appropriation		Expenditures		Variance		
	Amount	FTE	Amount	FTE	Amount	Amt. %	FTE
2007-08	\$1,137,098	10.0	\$1,298,364	9.9	\$161,266	14.2%	(0.1)
2008-09	1,199,423	11.7	1,132,696	10.8	(66,727)	(5.6)%	(0.9)
2009-10	1,183,372	11.7	692,830	7.3	(490,542)	(41.5)%	(4.4)
2010-11	1,183,372	11.7	401,496	6.2	(781,876)	(66.1)%	(5.5)
2011-12	692,830	7.3	419,485	6.2	(273,345)	(39.5)%	(1.1)

As mentioned above, one of the key drivers of program workload is the health of the housing economy. The reduction of plan reviews, units sold, and units installed reflect the general reduction in credit availability and real estate loans. Since FY 2009, many of the builders in this

industry have either significantly reduced operations or closed altogether. However, the demand for manufactured buildings will likely rebound along with the broader real estate market—driving up demand for the services offered through this program in FY 2013-14 and beyond. As a result, staff is recommending a continuation level of funding.

Excess Reserve Balance: Because industry trends have been so volatile, uncommitted reserves have accrued in the Building Regulation Cash Fund in excess of 16.5 percent. This is important because Section 24-75-402 (3) (c) C.R.S., states that "the uncommitted reserves of any cash fund at the conclusion of any given fiscal year shall not exceed the target reserve [16.5 percent] for that fiscal year". Because the Department has not obtained a statutory waiver, it is required by rule or otherwise to reduce the amount of one or more of the fees generating revenues so as to bring the fund back into compliance with the 16.5 percent requirement.

The Department plans to seek a statutory waiver from the 16.5 percent target reserve requirement so that it may utilize the excess reserves to cover its regulatory related expenses and establish a loan pool to assist mobile home parks comply with regulation standards. Pursuant to Section 24-75-402 (8) (b), C.R.S., the Department is required to submit information on the specific purpose for which it needs excess reserves to the JBC. If the Committee decides that the waiver is warranted, it would then request a JBC bill to grant such a waiver. Should a statutory waiver not be obtainable, the Department expects that compliance will be achieved by FY 2015-16.

Colorado Affordable Housing Construction Grants and Loans

Description: This line item provides funding for grants and loans for the rehabilitation, acquisition, and maintenance of affordable, safe, and sanitary housing for low-income households. Low-income households are defined as those at or below 30 percent of area median income (AMI). The line item is made up mostly of General Fund dollars and represents about 20 percent of DOLA's total General Fund appropriation for the current fiscal year. DOLA has statutory authority to operate the program through Section 24-32-705 1 (a), C.R.S. Moneys are transferred to the Colorado Affordable Housing Construction Grants and Loan Fund and are continuously appropriated to the Division.

DOH uses the appropriation to encourage private enterprise and all public and private agencies engaged in planning, construction, and acquisition of adequate housing or the rehabilitation of existing housing in Colorado. The moneys are used in part to match federal moneys available through the Federal Affordable Housing Grants and Loans line item, as well as to leverage other public and private funds. In this capacity, the Division is able to achieve about a \$12 match for every dollar granted out of this line item.

The program has received varying amounts of General Fund dollars. In FY 1998-99, the program received \$4.0 million; however, the program was zeroed out in FY 2002-03 due to the economic downturn. Funding returned in FY 2004-05 at a level of \$100,000. Appropriations have increased in recent years to \$2.2 million in FY 2012-13. The table below provides a brief history of appropriations for this line item.

Recent History of State Appropriations for Affordable Housing Program

Fiscal Year	General Fund Appropriation	Annual Change	
		Dollar	Percent
1998-99*	\$4,000,000	\$3,400,000	566.7%
1999-00	2,600,000	(1,400,000)	-35.0
2000-01	2,600,000	0	0.0
2001-02**	2,508,933	(91,067)	-3.5
2002-03***	0	(2,508,933)	-100.0
2003-04	0	0	-100.0
2004-05	100,000	100,000	100.0
2005-06	100,000	0	0.0
2006-07	1,100,000	1,000,000	1,000.0
2007-08	1,223,324	123,324	11.2
2008-09	2,225,000	1,001,676	81.9
2009-10	2,225,000	0	0.0
2010-11	2,225,000	0	0.0
2011-12	2,000,000	(225,000)	-10.1
2012-13	2,200,000	200,000	10.0
2013-14 Request	\$2,200,000	\$0	0.0%

* Includes \$1.4 million increase in the base and a one-time transfer of \$2 million from reserves in the Economic Development Commission Cash Fund reserves.

** Original Long Bill appropriation of \$4,570,000 was reduced mid-year. The original appropriation included a change request to increase the General Fund appropriation by \$1,970,000 (DI #1).

*** Original Long Bill appropriation of \$2,904,376 was lined through by the Governor.

➔ Request R-1: Additional Affordable Housing Units

- There is a large affordable housing gap in Colorado, driven by stagnant income and decreasing availability of rental housing.
- High vacancy rates and stagnant income growth are putting additional pressure on low income communities that were hotspots for risky subprime lending prior to the recession.
- The Department is requesting \$2.0 million General Fund for FY 2013-14 to leverage private activity bonds and finance the development of 1,200 new rental units per year, of which 800 will be designated affordable units.
- Cost/benefit studies generally suggest that there are significant cost avoidance opportunities for communities investing in affordable housing due to reduced social costs associated with transient and homeless individuals or families.
- Staff is NOT recommending approval of the Department's request because DOH has received \$13.2 million in mortgage settlement dollars specifically to address the need for affordable rental housing.

➔ Staff Initiated Request – S.B. 12-158

- The bill clarified that DOH is the sole agency for the purpose of providing housing assistance to low income households and persons with disabilities.
- In addition, the bill shifts administration of the Homeless Prevention Activities Program (HPAP) to DOH.
- The program is funded through a voluntary tax check-off that is expected to generate about \$110,000 for grants in FY 2013-14.
- These dollars are continuously appropriated to the Department and have not previously been included in this line item.

Request: The Department requests \$4.2 million General Fund for FY 2013-14, including \$2 million associated with R-1: Additional Affordable Housing Units. Pursuant to the SMART Act process, the Senate Committee of Local Government recommended that the JBC approve the Department's request for additional General Fund dollars.

Staff Recommendation: Staff recommends \$2,310,000 in total funding (including \$2,200,000 General Fund) for FY 2013-14. The recommendation reflects an increase of \$110,000 cash funds due to the implementation of S.B. 12-158. However, staff recommends that the Committee NOT approve the request for \$2 million additional General Fund dollars.

Analysis: While the State's affordable housing gap continues to widen, driven by stagnant income and a decreasing availability of housing, staff feels that the \$13.2 million in custodial dollars received by DOH for this purpose may reduce the need for additional General Fund.

Vacancy Rates: The vacancy rate statewide declined from 7.4 percent in the fourth quarter of 2009 to 5.5 percent in the fourth quarter of 2010 and 5 percent in the fourth quarter of 2011. No data is available for the fourth quarter of 2012; however, the statewide vacancy rate was 4.9 percent during the second quarter of 2012. This is the lowest vacancy rate recorded since mid-2001—representing a 12 year low.

Meanwhile, the average statewide rent of \$914 is up 4.7 percent from a year ago. Over the past decade rents have increased 37 percent. Renter incomes in Colorado have only increased 6 percent over the same timeframe. The State's population also continues to grow. More than 30,000 households were formed each year in Colorado from 2008-2010—all of which were recession years with declining employment. As a result, pent-up demand may become even more apparent in the case of more robust economic and income growth.

Impact on Low Income Households: High vacancy rates and stagnant income growth are putting additional pressure on low income communities that were hotspots for risky subprime lending prior to the recession. HUD data show that census tracts where the poverty rate was at least 40 percent in 2000—the HUD definition of concentrated poverty—today have an estimated foreclosure rate over 10 percent, roughly double the nationwide average. As these individuals

and families move out of their homes, the need for rental units becomes ever more acute. The table below summarizes the relationship between income and rental unit availability.

Relationship between Income and Affordable Housing

Income Level*	Affordable Monthly Payment**	Number of Renter Households	Available Housing Units	Households Per Housing Unit
\$10,000	\$250	83,384	44,401	1.9
15,000	375	140,530	60,173	2.3
20,000	499	190,877	94,224	2.0
25,000	624	247,849	166,774	1.5
30,000	750	296,781	254,078	1.2
35,000	875	344,543	327,290	1.1

*Based on gross income, as determined by HUD

**Based on housing expense as 30 percent of gross income

As the table above illustrates, there are currently more households living at an income level of \$10,000 to \$20,000 (target range) than there are available housing units within the affordable monthly payment range. When a household spends more than 30 percent of its gross income on housing, it is considered to be a "rent burdened household." Spending this much negatively impacts a household's ability to spend on essentials such as food, energy, clothing, and medical at a time when the price of these essential items and services continues to rise.

Benefits of Additional Affordable Housing Investment: In its request, the Department refers to a series of studies that discuss the 'social costs' experienced by individuals and society due to homelessness. The Department claims that the additional affordable housing units can prevent substantial economic costs on the community as well as personal costs on the individuals and families concerned. Staff agrees that a significant return on investment can be achieved through additional investment in affordable housing. More specifically, providing stable housing can:

- Generate cost savings in a range of support services areas such as medical care, mental health therapy, academic achievement, and prison recidivism;
- Increase the likelihood of employment and, hence, increased income—benefiting society benefit through increased productive output, increased property taxes (real estate appreciation due to a lower concentration of homeless persons and shelters in a particular region), and reduced government expenditure on unemployment benefits; and
- Have positive schooling effects for children of previously unemployed homeless or transitional individuals.

For example, the Colorado Coalition for the Homeless (CCH) completed a cost benefit analysis of their Housing First program in 2006. With the approval of their Housing First residents, CCH measured medical, mental health, detoxification, and legal services costs. The measurement included costs from the final two years of homelessness as well as the first two years of being housed. The results of the study demonstrated that the total cost of having an individual living

on the street is about \$43,000 annually. Once housed, emergency room costs were reduced by 76 percent (\$15,000), legal and detoxification costs were reduced by 76 percent (\$5,000), and shelter costs were eliminated (\$14,000) for a total cost savings of \$34,000¹.

The Department states that this additional funding would result in the construction of 800 new affordable units annually. A conservative occupancy estimate for these units would be 1,600 individuals. While all of these individuals would not have been homeless, it is fair to say that some percentage would have been without stable housing. If just 10 percent of the individuals utilizing the new affordable units did not have access to stable housing, the avoided costs under the CCH model would be \$5.5 million. If 50 percent did not have access to stable housing, the avoided costs would be \$27 million. If 100 percent did not have access to stable housing, the avoided costs would be \$54 million under the CCH model.

Colorado Housing Investment Fund: Because of the increasing demand for affordable housing units and the significant costs to society related to homelessness, staff feels that additional investment is warranted. However, staff is NOT recommending approval of the Department's request for \$2 million General Fund because DOH has received \$13.2 million in mortgage settlement dollars specifically to address the State's need for affordable rental housing.

In 2012, the State of Colorado reached a settlement with the five largest mortgage servicing companies. Through this settlement, Attorney General John Suthers announced that over \$50 million in custodial funds through the Attorney General's Office would be used for homeowner relief, foreclosure prevention, and affordable housing. The Colorado Housing Investment Fund (CHIF) was created with the \$13.2 million in custodial funds received by DOH. The Division solicited comments on the proposed use of the CHIF funding and decided to offer two funding mechanisms: 1) a revolving loan fund, and 2) a loan guaranty program.

The revolving loan fund provides low-interest short-term loans for up to seven years. The loans are primarily used for acquisition and/or construction expenses. A typical, \$2 million loan over a seven-year term would save approximately \$150,000. This savings translates into lower rents for the property. The loan guaranty is limited to \$2 million and typically represents 10% of the total development cost. This guarantee allows for a lower loan-to-value ratio and limits the amount of risk for a developer. These funds will also be revolved and reinvested in future properties.

The Department feels that CHIF complements the request for \$2 million General Fund by increasing the supply of permanent units and allowing more low-income individuals and families to secure permanent housing. Indeed, DOH received applications for nearly \$17 million in projects under the newly funded CHIF—far exceeding the \$13.2 million available in the fund.

However, CHIF represents a 600 percent increase in state funding provided for the construction or rehabilitation of affordable housing. Staff is concerned about the impact that this infusion of money will have on the market. Indeed, it is unclear exactly how these custodial moneys will

¹ Perlman, J., J. Parvensky, et al. (2006). "Denver Housing First Collaborative: Cost Benefit Analysis and Program Outcomes Report." Retrieved from http://www.denversroadhome.org/files/FinalDHFCCostStudy_1.pdf.

impact the State's affordable/workforce housing needs. Will the \$13.2 million spark additional investment by the private sector in the same way that the grants program does? Will the custodial dollars reduce the loan-to-value ratio for private sector investors and have an impact on the utilization of Private Activity Bonds? If applicants utilize CHIF to bridge Private Activity Bond (PAB) financing and reduce the loan to value ratio for affordable housing projects around the state, the additional General Fund dollars may not be needed.

Federal Affordable Housing Construction Grants and Loans

Description: This line item reflects anticipated federal affordable housing moneys, including funding from the HOME Investment Partnership Program, the Permanent Housing for Homeless Disabled Program, a portion of the Community Development Block Grants (CDBG) allocated to the State (historically one-third of the total State CDBG allocation is used for affordable housing purposes), and the Neighborhood Stabilization Program (NSP). With the exception of CDBG, the majority of this funding requires matching money from local or private financing sources.

It is important to note that there were three iterations of the NSP. NSP1 was first created by Congress in the "Housing and Economic Recovery Act of 2008," followed by the "American Recovery and Reinvestment Act of 2009" (NSP2), and the Dodd-Frank "Wall Street Reform and Consumer Protection Act of 2010" (NSP3). The program is an effort to mitigate the neighborhood effects of foreclosures in areas of greatest need. Through NSP1, the State of Colorado was granted over \$53 million, of which \$34 million was administered by DOLA.

Request: The Department requests continuation funding of \$45 million in FY 2013-14.

Recommendation: Staff recommends a total of \$12.3 million to better reflect federal funds anticipated to be available to the State in FY 2013-14. As the long bill is currently constructed, the \$45 million line item total gives the false appearance as though the Division receives allocations in the amount of \$45 million every year (which is not the case).

The line item in the Long Bill actually reflects the amount of NSP funds used over a two year period. As NSP dollars have been expended, the line item should have also decreased. More specifically, the Long Bill amount in FY 2011-12 should have been about \$38 million including NSP I moneys. In FY 2012-13, the amount should have been reduced to total \$6.5 million in NSP III funds plus any funds from NSP I that remained to be expended from year 1. Staff does not have a good estimate of what this number should have been.

The NSP program has now begun to wind down with an end date of March 10, 2013. A more accurate portrayal of activity for the FY 2013-14 Long Bill would be \$12.3 million. This amount is comprised of:

- \$1.3 million in NSP I administration dollars (separate from program that ends 3/10/13);
- \$0.5 million in NSP III administration dollars;
- \$7.5 million in NSP I program income dollars; and
- \$3.0 million in NSP III funds which are all encumbered.

Emergency Shelter Program

Description: This line item reflects anticipated federal moneys that the Division will administer on behalf of local communities and non-profit groups for homeless prevention activities, including the operation of shelters and assistance to families who have received eviction notices or notices of termination of utility services. The request does not include entitlement moneys that are granted on a formula basis directly to the cities of Denver and Colorado Springs.

Request: The Department requests continuation funding of \$965,000 federal funds for FY 2013-14.

Recommendation: Staff recommends approving the Department request.

Private Activity Bond Allocation Committee

Description: This line item provides statutory funding to reimburse expenses associated with the Private Activity Bond Allocation Committee, which consists of the Executive Director of the Department of Local Affairs, four municipal and county officials, three citizens at large, and one representative of state issuing authorities. This Committee assists the Department and the Executive Director with determining priorities for private activity bond allocations for the State. The Committee meets three times per year, and its activities are coordinated by the Division. The source of cash funds is fees charged to entities accessing the State's bond cap.

Federal law limits the total amount of tax-exempt private activity bonds which may be issued by any state and its political subdivisions. A state is allowed to allocate its capped amount among the issuing authorities of the state and is codified in Sections 24-32-1702 to 1715, C.R.S. The 2011 Private Activity Bond cap was set at \$ 486,095,620 in total. Of this amount, 50 percent is allocated to Statewide Issuing Authorities in amounts established by the Department. These authorities include the Colorado Housing and Finance Authority (CHFA), CollegeInvest, Colorado Agriculture Development Authority, Colorado Health Facilities Authority, and Colorado Educational and Cultural Facilities. The remaining 50 percent is to be allocated to Local Issuing Authorities (e.g., city, town, county, or city and county) based on population.

Request: The Department requests continuation level funding of \$2,500 cash funds in FY 2013-14 from the Private Activity Bond Allocations Fund, created in Section 24-32-1707 (6)(b), C.R.S., to reimburse Committee members for qualified expenditures.

Recommendation: Staff recommends approving the Department's request. Pursuant to Section 24-32-1707 (3), C.R.S., members of the Private Activity Bond Allocation Committee serve without compensation, however, they are entitled to receive reimbursement of actual and necessary expenses.

Low Income Rental Subsidies

Description: This line item includes two major programs. The Section 8 Program provides housing vouchers that pay the difference between fair market rental rates and 30 percent of an individual's income for low-income populations. Individual property owners set rental rates with HUD via contracts, and renters receive a voucher for a specific amount of rental assistance based

on income level. If rents are higher than the amount of the voucher, the individual is responsible for the difference. Numerous local entities administer certificates and vouchers directly. Rents are capped by HUD.

The Supportive Housing Program (SHP) provides housing vouchers to special needs populations, including those with developmental, mental health, substance abuse, and/or physical disabilities. SHP partners with private landlords and approximately 50 community-based service providers across the State to combine housing assistance with supportive services. These providers include: mental health centers, centers for independent living, community center boards, and homeless service providers. The four-way partnership between SHP, the service agency, the property owner and the participant provides housing and supportive services to approximately 4,000 individuals statewide.

➔ Budget Amendment BA-1: Housing Vouchers for Behavioral Health Clients

- The budget amendment is for \$577,800 General Fund in FY 2013-14 and would annualize to \$642,565 General Fund for FY 2014-15.
- The budget amendment is the counterpart to the Department of Human Services' budget amendment request BA-7, which reduces General Fund by a corresponding amount.
- CDHS and DOLA are requesting a transfer of spending authority with a net zero impact in FY 2013-14 and a net increase of \$64,756 in General Fund in FY 2014-15 and thereafter to address necessary housing voucher administrative costs associated with CDHS request R-3B: Strengthen Behavioral Health—Improved Community Capacity.

Request: The Department requests \$37,442,230 in total funds, including \$577,800 General Fund, for FY 2013-14. The increase of \$577,800 from the current fiscal year is related to budget amendment BA-1, which would transfer spending authority for behavioral health housing vouchers from CDHS to DOLA with a net zero impact in FY 2013-14. The budget amendment is tied to the CDHS request R-3B.

Recommendation: Staff recommends approving the base request. However, the final amount is pending a Committee decision about whether to approve the Department of Human Services request R-3B: Strengthen Behavioral Health—Improved Community Capacity. This portion of the CDHS budget will be presented on March 11, 2013. Staff asks permission to include the corresponding appropriations here if the Committee approves the request.

Ft. Lyon Transitional Therapeutic Residential Community

Description: This represents a new line item that would fund case management, substance abuse treatment costs, limited medical care, and the operations and maintenance of a transitional therapeutic residential treatment community for chronically homeless individuals at Ft. Lyon.



Request R-3: Ft. Lyon Transitional Therapeutic Residential Community

- The request is for \$2,740,852 million General Fund in FY 2013-14 to repurpose the Fort Lyon Facility as a transitional community for 200 chronically homeless individuals.
- The request would annualize to \$3,175,852 General Fund for FY 2014-15, as the resident population at the facility would grow to 300 chronically homeless individuals.
- The total cost to repurpose the facility would be \$3,992,274 in FY 2013-14 and annualize to \$5,044,063 in FY 2014-15. The difference between General Fund expenditures and the total cost would be paid for with mortgage settlement dollars that have been allocated to DOLA.
- In addition to the requested General Fund, the Department is seeking federal support for the operations and services to be provided at Ft. Lyon.

Request: The Department is requesting \$2,740,852 million General Fund for FY 2013-14 to pay for case management, substance abuse treatment costs, limited medical care, and the operations and maintenance of a transitional therapeutic residential treatment community for homeless individuals at Ft. Lyon. The Department, in collaboration with the Department of Corrections, Department of Human Services, Department of Health Care Policy and Financing, Bent County, and CCH, will create a residential community with enhanced support services to help chronically homeless individuals with substance abuse disorders, mental illness, or co-occurring conditions.

If the request is approved, the Department of Local Affairs plans to use up to \$650,000 of the Mortgage Settlement funding to support the initial start-up phase of the program (January 2013 through June 2013) for 80 individuals at Ft. Lyon. The Committee approved a Department of Corrections companion supplemental request of \$839,012 to cover facility maintenance and utilities during that time. Beginning July 1, 2013, the number of persons residing at Ft. Lyon would increase to 200 and by July 1, 2014, the number of persons residing at Ft. Lyon would increase to 300—resulting in an annualization increase of \$417,000 for FY 2014-15. Please see the following tables for details of projected Ft. Lyon expenditures related to this request.

FY 2012-13 Start-up Costs: 80 Clients

FY 2012-13	Total Expense	GF Supplemental				Mortgage Settlement
		DOLA	DOC	HCPF	DHS	DOLA
CCH Patient Care	\$650,000	\$0	\$0	\$0	\$0	\$650,000
Maintenance and Operations (DOC)	839,012	0	839,012	0	0	0
Total	\$1,489,012	\$0	\$839,012	0	0	\$650,000

JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

FY 2013-14: 200 Clients

		GF Request (R-3)				Mortgage Settlement
FY 2012-13	Total Expense	DOLA	DOC	HCPF	DHS	DOLA
CCH Patient Care	\$1,866,422	\$615,000	\$0	\$0	\$0	\$1,251,422
Maintenance and Operations (DOLA Grant to Bent County)	<u>2,125,852</u>	<u>2,125,852</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$3,992,274	\$2,740,852	\$0	0	0	\$1,251,422

FY 2014-15: 300 Clients

		GF Request Annualization (R-3)				Mortgage Settlement
FY 2012-13	Total Expense	DOLA	DOC	HCPF	DHS	DOLA
CCH Patient Care	\$2,918,211	\$1,050,000	\$0	\$0	\$0	\$1,868,211
Maintenance and Operations (DOLA Grant to Bent County)	<u>2,125,852</u>	<u>2,125,852</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$5,044,063	\$3,175,852	\$0	\$0	\$0	\$1,868,211

The housing services at Fort Lyon will be provided by CCH on a contractual basis. Individuals residing at the facility will receive medical, mental health, and substance abuse treatment in addition to job training. CCH is awaiting approval of the Federally Qualified Health Clinic (FQHC) license from the U.S. Department of Health and Human Services. In the interim, residents that qualify for Medicaid can seek their services from the existing FQHC operated by Valley-Wide Medical, located in Las Animas. Bent County will lease the property from the State and maintain it under contract to the Department of Local Affairs.

Federal Assistance: In addition to the requested General Fund moneys, the Department of Local Affairs has requested funding for rental assistance through the HUD Section 8 program administered by DOH. After one year of residency, Fort Lyon residents would be able to return to their communities with a rental voucher to lease permanent housing. Additionally, the Departments of Health Care Policy and Financing and Human Services are working to secure Federal Financial Participation (FFP) in the form of matching funds under Medicaid (title XIX of the Social Security Act). There is concern, however, that treatment costs will not qualify for federal matching funds. Because of this, the Departments believe it is prudent to begin the program using General Fund dollars.

Cost Assumptions: The request assumes that the current CCH cost experience will be applicable for Ft. Lyon, including estimates for housing, medical, substance abuse treatment, and case management. Additionally, while the transitional community will only operate out of four buildings on the Fort Lyon campus, the Department of Corrections has estimated that the amount for maintaining the entire campus will be \$2,125,852. This estimate is based upon current operating expenses. Please see the following tables for details.

JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

FY 2012-13: 80 Clients

Cost Category	Total
CCH Patient Care Contract	
Personnel	\$379,500
Taxes and Benefits	110,055
Travel	11,400
Equipment	0
Supplies	14,000
Resident Support	94,628
Indirect Costs (10.65% of personnel)	<u>40,417</u>
Total CCH Patient Care Contract	650,000
Maintenance and Operations	
Personnel	279,426
Maintenance and Operating	194,586
Utilities	<u>365,000</u>
Total Maintenance and Operations	839,012
Total Costs	\$1,489,012

FY 2013-14: 200 Clients

Cost Category	Total
CCH Patient Care Contract	
Personnel	\$1,005,000
Taxes and Benefits	291,450
Travel	32,800
Equipment	27,000
Supplies	35,000
Resident Support	337,100
Indirect Costs (10.65% of personnel)	<u>138,072</u>
Total CCH Patient Care Contract	1,866,422
Maintenance and Operations	
Personnel	686,835
Maintenance and Operating	245,000
Utilities	<u>1,194,017</u>
Total Maintenance and Operations	2,125,852
Total Costs	\$3,992,274

FY 2014-15: 300 Clients

Cost Category	Total
CCH Patient Care Contract	
Personnel	\$1,640,000
Taxes and Benefits	475,600
Travel	20,000
Equipment	21,000
Supplies	40,000
Resident Support	496,300

JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Cost Category	Total
Indirect Costs (10.65% of personnel)	<u>225,311</u>
Total CCH Patient Care Contract	2,918,211
Maintenance and Operations	
Personnel	686,835
Maintenance and Operating	245,000
Utilities	<u>1,194,017</u>
Total Maintenance and Operations	2,125,852
Total Costs	\$5,044,063

FY 2015-16 and Ongoing: Not Provided

Recommendation: Staff recommends that the Committee NOT approve this request.

Analysis: The Ft. Lyon facility has been utilized for many purposes, including as a U.S. Army base, Navy sanatorium for sailors and Marines afflicted with tuberculosis, a Veterans Administration neuropsychiatry facility, and most recently as the Fort Lyon Correctional Facility (FLCF) operated by the Colorado Department of Corrections (DOC). Pursuant to the provisions of S.B. 11-214, the DOC stopped housing offenders at the FLCF at the end of February 2012.

To help in the repurposing of the facility, the General Assembly approved a \$410,570 General Fund supplemental for FY 2011-12, which allowed minimal levels of maintenance, utilities, and security at Ft. Lyon until the end of June 2012. Because no tenant was found for the facility before the start of FY 2012-13, the General Assembly included \$934,089 General Fund in the FY 2012-13 Long Bill to pay for minimal operations and security until the end of December 2012. Finally, the Committee approved an interim supplemental request in December 2012 for an additional \$839,012 General Fund and 4.3 FTE for the remainder of FY 2012-13.

Chronic Homelessness: The Town of Las Animas and Bent County are eager to repurpose Ft. Lyon and have embraced the concept of a transitional community for the chronically homeless. The idea is to provide a "gateway" to permanent housing for these individuals. According to the 2012 Metro Denver Homeless Initiative Point-In-Time (PIT) Study, a total of 12,605 individuals were identified as homeless on January 23, 2012 in the seven-county Metro Denver Area². While surveyors may miss some homeless individuals—leading to an overly low estimate—the report reveals that thousands of people statewide lack safe and stable housing each night.

More importantly, the 2012 PIT found that more homeless adults and children were counted than in years past: 11,377 in 2011 and 8,668 in 2004 (first annual PIT). Additionally, in 2012, fully one quarter of all homeless persons were newly homeless, and nearly three-quarters of this group were living in households with children. Overall, there has been an increase in families with

² Metro Denver Homeless Initiative (2012). "Homeless in the Denver Metropolitan Area: 2012 Homeless Point-In-Time Study". Retrieved from <http://mdhi.org/wp-content/uploads/2012/05/2012-Point-in-Time-Report.pdf>.

children living on the street, camping out, or staying in cars—nearly one-third of all unsheltered homeless in the 2012 PIT were in families with children, up from less than one-quarter in 2011³.

Nearly half of respondents reported that they or some adult in their household had at least one disabling condition. Almost 25 percent of these individuals indicated that a household member experienced a serious mental illness, with many citing post-traumatic stress syndrome (PTSD) and/or bipolar disorder, and almost 20 percent reported substance abuse disorders.

This population presents major challenges to local and state governments. They utilize shelter beds and emergency services on any given night and their substance abuse, mental health, and medical/physical disorders create significant barriers to successful transition to long-term housing. The needs of this group also place significant demands on other human service systems, resulting in a broad cost to society through lost productivity. CCH estimates that these costs exceed \$43,000 annually for a chronically homeless individual⁴.

Because the estimated cost per person for residency and services at Ft. Lyon is \$20,000 annually, the annual return on investment could approach \$23,000 per person—\$1.85 million with 80 residents, \$4.6 million with 200 residents. The Department estimates that the annual rate of return, including the direct local economic impact, for 200 residents is \$5.13 million. Of course, this assumes a 100 percent success rate for Ft. Lyon residents and no replacement in their communities of origin.

Harvest Farm: While the Ft. Lyon campus offers an opportunity to provide housing, supportive services, and vocational training concurrently for the chronically homeless, staff has several concerns regarding its potential impact. First, there is currently no such delivery of these comprehensive services offered by the State. Indeed, there are few state-run public residency programs nationally and as a result, the Ft. Lyon proposal has been modeled after a private sector facility in Wellington, CO, called Harvest Farm.

The Harvest Farm facility is located on an operating farm and houses up to 70 men for a 13-27 month housing and treatment program. The program includes clinical treatment, daily farm work with crops and animals, religious studies and Christian counseling, and work therapy. The facility sells its crop and livestock products, clothing, and furniture. In addition, the facility operates a youth camp, fall festival, corn maze, and as a birthday party destination. The following are the success rates for graduates.

- 2010: Successfully housed 73 percent after six months and 62 percent after one year
- 2011: Successfully housed 82 percent after six months and 76 percent after one year

³ Metro Denver Homeless Initiative (2012). "Homeless in the Denver Metropolitan Area: 2012 Homeless Point-In-Time Study". Retrieved from <http://mdhi.org/wp-content/uploads/2012/05/2012-Point-in-Time-Report.pdf>.

⁴ Perlman, J., J. Parvensky, et al. (2006). "Denver Housing First Collaborative: Cost Benefit Analysis and Program Outcomes Report." Retrieved from http://www.denversroadhome.org/files/FinalDHFCCostStudy_1.pdf.

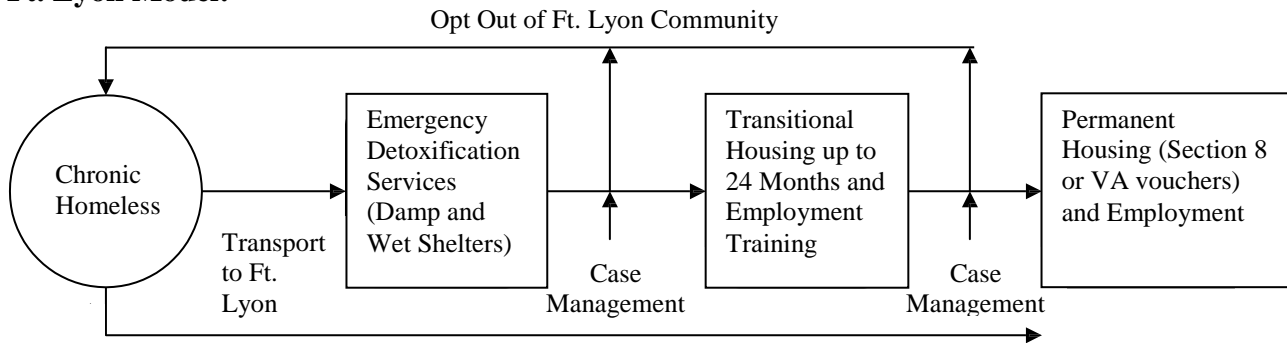
The Department's proposal for Ft. Lyon is similar, but will not include the mandatory religious aspects that form the core of the Denver Rescue Mission's program. Rather, spirituality will be offered utilizing voluntary pastoral resources from the surrounding communities. The Department feels that the lack of a mandatory religious component strengthens the proposal because a large number of homeless people may be opting not to receive treatment due to the religious requirements of non-profit organizations. Individuals in the non-profit sector, however, feel that the religious community serves as a significant support structure for homeless individuals with substance abuse or mental health issues.

Staff is concerned that the lack of a spiritual component may remove a key positive reinforcement for graduates—leading to increased rates of recidivism relative to Harvest Farm. Additionally, the target population at Ft. Lyon is more than four times that at Harvest Farm and includes both men and women. These differences make it difficult to ascertain whether the success achieved at Harvest Farm will be duplicated at Ft. Lyon.

Cost-Effectiveness: The second major concern pertains to the cost-effectiveness of the proposal for housing services at Ft. Lyon. Private sector demonstration programs around the country have illustrated that a "Housing First" approach to homelessness is generally most successful. This approach focuses on intervention, moving people out of homelessness and into appropriate permanent housing as quickly as possible. The Ft. Lyon model fits well within this approach. Furthermore, removing individuals from their home communities could offer a fresh start for those with substance abuse issues. Under this approach, however, services would be delivered in a way that would increase the already fragmented lifestyle of persons living in homelessness. This could in turn lead to feelings of vulnerability and ultimately recidivism.

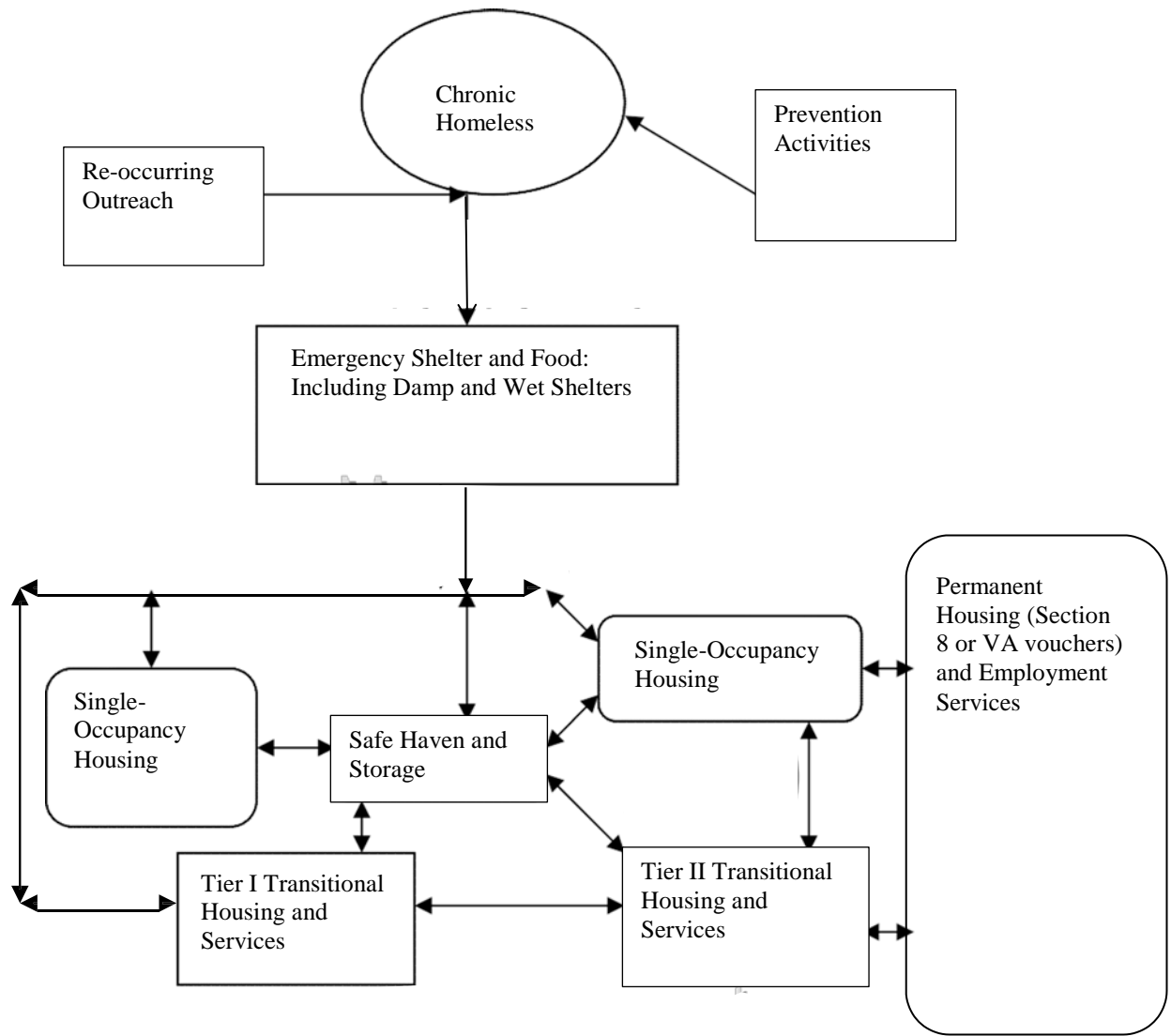
Under the proposal, as outlined in the model below, individuals would be transported out of their home communities (sometimes a great distance) to Ft. Lyon for emergency or detoxification services. From here progression along the continuum to permanent housing is determined by compliance with case managed goals and activities that are offered on-site (not required). However, the individuals targeted for Ft. Lyon often suffer from addiction and/or mental health issues. Their mindset is often that of survival from day to day with the least amount of restriction on their activities. Given the choice and free transportation services, some of these individuals would likely opt out of the Ft. Lyon program and go back to their home communities with a goal of safeguarding themselves and their personal belongings.

Ft. Lyon Model:



Compare this to a multi-tiered approach for assisting those experiencing chronic homelessness. The Department would begin with outreach and access to the most basic of amenities such as food, clothing, bathroom facilities, telephone, and a place to secure belongings in their home communities—be they Denver, Ft. Morgan, Grand Junction, or elsewhere. From here the approach progresses to intervention along a system of regionalized assisted resource centers, shelter, and safe haven and single room occupancy housing where services are offered rather than required—similar to Ft. Lyon. The key difference here is that this type of approach is the provision of housing with a progressive application of services in or near an individual's home community. Transportation costs would be reduced and individuals might feel more secure in their surroundings. The flow chart below provides a basic illustration of what a regional, multi-tiered approach might look like.

Multi-Tiered Model:



Staff is not making an argument that the multi-tiered approach is the best option. The rural location of Ft. Lyon may in fact offer a better environment for homeless individuals to begin a sustainable path to recovery. However, information has not been provided by the Department to suggest that the Ft. Lyon model is more cost-effective than other potential alternatives. Indeed, it does not appear that the Ft. Lyon model is being analyzed relative to any alternative approaches. Given the broad scope of the chronically homeless issue statewide and the overall cost of the Ft. Lyon proposal, staff feels that all possible alternatives should be analyzed prior to investing in any potential solution.

Sustainability and Cost Estimates: The third concern is related to the long-term sustainability of the facility and expense estimates. The Department has submitted a plan for operations through June 30, 2015. However, federal support will be required to maintain a transitional community for the homeless at Ft. Lyon after that date. The funding sources under consideration are HUD Section 8 rental vouchers to cover a portion of operating expenses, grants from the HHS/Substance Abuse and Mental Health Services Administration (SAMSHA) for treatment costs, and federal Community Development Block Grant funds for building improvements. However, these additional funding sources have not yet been secured.

On the expenditure side, the request includes a projected operating budget that allocates funds to staff, equipment, transportation, supplies, food, and other expenses through June 30, 2015. The Department has not provided information regarding ongoing expenses that would be required to support full occupancy (200-300 individuals) beyond FY 2014-15. Furthermore, cost estimates for fiscal years 2013-14 and 2014-15 are based on two significant assumptions. First, the Department has assumed that CCH's current cost experience will project to treatment and services at Ft. Lyon. Second, the Department has not factored in any cost related to future asbestos mitigation because it assumes that the State will be able to permanently manage the remaining asbestos in place. If either of these assumptions proves inaccurate, cost estimates could shift significantly.

Ownership: The final concern relates to ownership of the facility. The 2002 quit claim deed by which the federal government conveyed Ft. Lyon to the State contains the following provision:

"The Grantee shall use the property hereby transferred solely for correctional facility purposes and associated uses. If the property is used, at any time, for any purpose other than for a correctional facility, all right, title and interest in the property shall automatically revert to the Grantor".

The language of this "reversion" clause appears to automatically return the facility to the federal government (the Grantor), either when the State (the Grantee) stops using it for correctional purposes (which occurred in March 2011) or when the State begins using it for some other purpose (which is what this request proposes). However, the federal government has neither raised objection nor reclaimed the property. The VA has verbally approved Colorado's request to use the facility for non-prison purposes and assured the State that the federal government has no interest in reacquiring the property for future use.

Even with this verbal assurance, there is a legal question as to whether the VA, as Grantor of the Reversion Clause, can opt NOT to enforce that clause and thus deny transfer of the title back to the federal government due to the "shall automatically revert" language. When asked about this provision, LLS staff stated that the added phrase in the deed may change the underlying real property law concept that a grantee cannot force a grantor to take back a property if the grantor fails to enforce the reversion clause or proactively waves the reversion clause. Essentially, there is still a question of whether the State actually owns the facility.

Staff is hesitant to recommend any further investment in Ft. Lyon until this ownership issue is resolved. Indeed, staff believes that the State would be better off if the federal government took possession of Ft. Lyon and leased the property back to the State through June 30, 2015, with a right of renewal. This would allow the State to use the facility as a transitional community for the homeless while eliminating its long term obligation to pay for continuing maintenance and security costs if the treatment program ends and no further uses can be found. However, again, the VA has stated that it has no interest in reacquiring the property.

Shut-down Costs: If the Committee does not approve this request, staff recommends a shutdown and mothballing of the facility. The December 2012 interim supplemental appropriation of \$839,012 General Fund and 4.3 FTE to the Department of Corrections will provide security, light maintenance, and utilities for the Ft. Lyon facility through June 30, 2013. However, a General Fund appropriation will be necessary to mothball the facility in FY 2013-14.

The Governor's Office provided a \$326,500 estimate of shut-down costs when it spoke to the Committee about Ft. Lyon on November 29, 2012. Staff subsequently requested detail from the Department of Corrections and received the following response.

Item	Amount
Vandalism Protection (plywood and materials for boarding up windows and doors)	\$10,000
Domestic Water System Shutdown	10,000
Waste Water Systems and Treatment Plant Shutdown	100,000
Storm Water Systems and Lagoon Operations	20,000
Emergency Generator Diesel Hauling	4,500
Elevator Shutdown and Lockout	50,000
Digital Trunked Radio (DTR) Overhead Electrical. There is a DTR transmitter tower on site. It will continue to be used by DOC and Public Safety	85,000
Personal Property Removal and Hauling	40,000
<u>Mechanical System Shutdown and Compressor Rental</u>	<u>7,000</u>
Total	\$326,500

It is important to note that the system shutdown process will only limit the impact of weathering on the buildings. If buildings remain closed for an extended period of time, the building systems may require extensive repair or replacement to come back into use. There would also be ongoing costs of about \$90,000 annually associated with liability premiums/property insurance and site security.

Because a closed building remains the responsibility of the agency that last operated it, the Department of Corrections would likely be required to mothball the facility and look after the buildings for the indefinite future. If the Committee decides to mothball the facility, staff will request an updated estimate of costs and provide a recommendation during figure setting for the Department of Corrections.

Indirect Cost Assessment

Description: This line reflects the amount of indirect cost assessments within this division. The funds are used to offset General Fund in the Executive Director's Office, Personal Services and Operating line items, and the Board of Assessment Appeals.

Request: The Department requests continuation funding of \$477,793 for FY 2013-14.

Recommendation: Staff recommends \$581,550 total funds for FY 2013-14. Of this amount, \$182,297 is cash funds from the Manufactured Buildings Program, \$61,813 is reappropriated funds from the Local Government Mineral and Energy Impact Grants and Disbursements line item, and \$337,440 is federal funds from HUD programs.

(4) Local Governments

This Division provides information and training for local governments in budget development, purchasing, demographics, land use planning, and regulatory issues. It also manages federal and state funding programs to support infrastructure and local services development. To provide this assistance to local governments, the Division operates eight field offices. Significant cash fund sources include: (1) severance tax revenues; (2) federal mineral lease revenues; (3) net lottery proceeds; and (4) gaming revenues. Reappropriated funds are primarily from severance tax revenues and federal mineral lease revenues transferred within this Division from the Local Government Mineral and Energy Impact Grants and Disbursements line item. Federal funds include the Community Development Block Grant and the Community Services Block Grant.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

Division of Local Governments						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2012-13 Appropriation:						
HB 12-1339 (Long Bill)	\$229,558,081	\$5,938,495	\$204,025,264	\$3,233,402	\$16,360,920	51.4
HB 12-1283 (Wildfire Response Consolidation)	<u>0</u>	<u>(356,507)</u>	<u>0</u>	<u>356,507</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$229,558,081	\$5,581,988	\$204,025,264	\$3,589,909	\$16,360,920	51.4
FY 2013-14 Recommended Appropriation:						
FY 2012-13 Appropriation	\$229,558,081	\$5,581,988	\$204,025,264	\$3,589,909	\$16,360,920	51.4
R-2 Assistance to Rural Communities	3,000,000	3,000,000	0	0	0	1.0
Staff Initiated Limited Gaming Adjustment	1,102,573	(1,000,000)	2,102,573	0	0	0.0
Indirects Adjustment	<u>38,387</u>	<u>0</u>	<u>(8,502)</u>	<u>97,669</u>	<u>(50,780)</u>	<u>0.0</u>
TOTAL	\$233,699,041	\$7,581,988	\$206,119,335	\$3,687,578	\$16,310,140	52.4
Increase/(Decrease)	\$4,140,960	\$2,000,000	\$2,094,071	\$97,669	(\$50,780)	1.0
Percentage Change	1.8%	35.8%	1.0%	2.7%	(0.3%)	1.9%
FY 2013-14 Executive Request:	\$232,558,081	\$8,581,988	\$204,025,264	\$3,589,909	\$16,360,920	52.4
Request Above/(Below) Recommendation	(\$1,140,960)	\$1,000,000	(\$2,094,071)	(\$97,669)	\$50,780	(0.0)

Issue Descriptions

R-2 Economic Development Assistance to Rural Communities: The recommendation includes \$3.0 million General Fund within the Division of Local Governments for two years beginning in FY 2013-14 for the administration of a grant program to grow and diversify the economies of rural communities that depend on a single large employer such as a state prison.

Staff Initiated Limited Gaming Adjustment: The recommendation reflects the impact of Senate Bill 13-133. The bill modifies the distribution of the state share in the Limited Gaming Fund. The distribution to various cash funds at the close of each fiscal year is amended from a percentage-based amount to a fixed-dollar amount. Pursuant to the legislation, the Local Government Limited Impact Gaming Fund would receive \$5,000,000 in FY 2013-14. As a result, the net distribution of state share Limited Gaming Fund money to the Local Government Limited Gaming Impact Fund is increased by \$1,102,537.

Indirects Adjustment: The recommendation reflects the Department's requested adjustments to indirect cost recoveries from the divisions as well as the allocations to offset General Fund.

LINE ITEM DETAIL

(A) Local Government and Community Services

(1) Administration

Personal Services

Description: This line item funds salaries and associated Medicare and PERA contributions, as well as contractual services, for approximately half of the technical assistance and grants management FTE in the Division of Local Government (the remaining half are in the Field Services, Program Costs line item). This expertise is needed because many of the political subdivisions that DOLA works with have little or no professional staff and rely on part-time citizen leadership. The potential for non-compliance with State statutory and constitutional mandates due to a lack of expertise at the local level is significant. The line item supports 17.7 FTE. The responsibilities and duties performed by these staff are described below.

- The Division serves as a repository for data such as the names of board members, the boundaries, and the service plan or purpose of special districts. The Division must certify the creation of certain municipal districts like water and sewer. The Division may investigate consolidating, restructuring, or making other changes to special districts to benefit residents or lower costs, and may order the special district to hold public hearings on the Division's findings. The Division must confer with county commissioners or municipal leaders and special district boards if the State Auditor identifies a decrease in the special districts' ability to discharge indebtedness. Finally, the Division has responsibility to dissolve special districts under certain conditions concerning elections

JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

compliance, budget preparation and reporting, and the provision of services, or if the special district has completed its original intended purpose.

- Local governments—with the exception of school districts—are subject to a 5.5 percent growth limitation on mill levies. The limitation is in addition to TABOR restrictions. Effectively, local governments are held to the lesser of the two limits in any given year. The Division enforces the limit on mill levy increases and may approve exemptions for increased valuation or assessments from new oil and gas production, for bridges and roads, for capital construction, or for financial distress. If a local government's revenues exceed the growth limit, the Division is responsible for ordering a reduction in revenue for the next fiscal year. To help implement the Division's regulatory duties with regard to special districts and the 5.5 percent levy limit, the Division is required to compile and publish a compendium of local government financial information. The data is also used by the State Auditor, bond rating companies, researchers, and legislative staff.
- The State Demography Office provides data to implement numerous statutory and constitutional provisions of the State and federal government (e.g. calculating TABOR, establishing election districts, and distributing mineral impact and CDBG funds). Without the demography staff, DOLA would not be able to make distributions of the funds that it administers according to the required constitutional and statutory formulas.
- The Division administers the federal Community Services Block Grant (CSBG) program. The State receives an allocation of funds to distribute to community service providers who provide a variety of services to clients who meet eligibility guidelines.

Request: The Department requests continuation funding of \$1,296,075 in total funds (including \$245,057 General Fund) and 17.7 FTE for this line item for FY 2013-14.

Recommendation: Staff recommends approving the Department request.

	Personal Services				
	Total Funds	General Fund	Reappropriated Funds	Federal Funds	FTE
FY 2012-13 Appropriation:					
HB 12-1339 (Long Bill)	\$1,296,075	\$601,564	\$564,378	\$130,133	17.7
HB 12-1283 (Wildfire Response Consolidation)	0	(356,507)	356,507	0	0.0
TOTAL	\$1,296,075	\$245,057	\$920,885	\$130,133	17.7
FY 2013-14 Recommended Appropriation:					
FY 2012-13 Appropriation	\$1,296,075	\$245,057	\$920,885	\$130,133	17.7
TOTAL	\$1,296,075	\$245,057	\$920,885	\$130,133	17.7
Percentage Change	0.0%	0.0%	0.0%	0.0%	0.0%
FY 2013-14 Executive Request:					
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

Operating Expenses

Description: This line item funds the operating expenses of the Division of Local Government's administration. Common operating expenses include advertising, in-state travel, printing, postage, and various other cost items.

Request: The Department requests continuation funding of \$131,351 in total funds (including \$42,178 General Fund) for FY 2013-14.

Recommendation: Staff recommends approving the Department request.

(2) Local Government Services

Local Utility Management Assistance

Description: This program provides assistance to the Water Resources and Power Development Authority in implementing drinking water and waste water treatment loans. DOLA advises local governments about the mechanics of the loans and their potential eligibility. DOLA reviews about 50 loan applications per year and analyzes their economic feasibility. The Department provides support because it already has information about the finances of local governments and has financial/economic analysis expertise. The Authority pays the Department for portions of the salaries of several employees who work on the loans, adding in total to 2.0 FTE.

Request: The Department requests continuation funding of \$155,434 in cash funds for FY 2013-14 and 2.0 FTE.

Recommendation: Staff recommends approving the Department request.

Local Utility Management Assistance				
	Total Funds	General Fund	Cash Funds	FTE
FY 2012-13 Appropriation:				
HB 12-1339 (Long Bill)	\$155,434	\$0	\$155,434	2.0
TOTAL	\$155,434	\$0	\$155,434	2.0
FY 2013-14 Recommended Appropriation:				
FY 2012-13 Appropriation	\$155,434	\$0	\$155,434	2.0
TOTAL	\$155,434	\$0	\$155,434	2.0
Percentage Change	0.0%	0.0%	0.0%	0.0%
FY 2013-14 Executive Request:				
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Conservation Trust Fund Disbursements

Description: This line item represents the lottery proceeds anticipated to be transferred to the Conservation Trust Fund each fiscal year. Lottery proceeds (after payment of lottery-related administrative expenses, prizes, and operating reserves) are distributed among three State agencies as follows:

- Department of Local Affairs: 40 percent is transferred from the Lottery Fund to the Conservation Trust Fund "for distribution to municipalities and counties and other eligible entities for parks, recreation, and open space purposes" (Section 3 (1) (b) (I) of Article XXVII of the Colorado Constitution; Section 33-60-104 (1) (a), C.R.S.);
- Department of Natural Resources: 10 percent is distributed from the Lottery Fund to the Division of Parks and Outdoor Recreation for the "acquisition, development, and improvement of new and existing state parks, recreation areas, and recreational trails" (Section 3 (1) (b) (II) of Article XXVII of the Colorado Constitution; Section 33-60-104 (1) (b), C.R.S.); up to \$35.0 million of the remaining net lottery proceeds (adjusted annually based on the Denver metro CPI) is distributed to the Great Outdoors Colorado (GOCO) Trust Fund Board (Section 3 (1) (b) (III) of Article XXVII of the Colorado Constitution; Section 33-60-104 (1) (c), C.R.S.); and
- Department of Education: Net lottery proceeds in excess of the above-described GOCO cap are transferred to the Public School Capital Construction Assistance Fund, pursuant to H.B. 08-1335, to fund direct and indirect administrative costs of the division of Public School Capital Construction Assistance and the Public School Capital Construction Board. Any remainder funds are continuously appropriated to the Board for public school capital construction.

Pursuant to Section 24-77-102 (17) (b) (IX), C.R.S., moneys in the Conservation Trust Fund are not subject to TABOR. In addition, Section 3 (1) of Article XXVII of the Colorado Constitution specifies that net lottery proceeds are "set aside, allocated, allotted, and continuously appropriated" for purposes of the distributions specified above.

Pursuant to Section 29-21-101 (2), C.R.S., moneys in the Conservation Trust Fund are primarily distributed based on population. Moneys may be used for acquiring and developing land and/or water for parks, open space, historic, recreation, scenic, aesthetic, or similar purposes. Moneys may also be used for maintenance of recreational facilities. In addition, pursuant to Section 29-21-101 (3), C.R.S., the Division of Local Government may utilize the Conservation Trust Fund to recover its direct and indirect costs related to distributing moneys in the Trust Fund. This line item appropriation is included in the annual Long Bill for informational purposes only.

Request: The Department requests continuation funding of \$49,997,797 in cash funds and 2.0 FTE for FY 2013-14.

Recommendation: Staff recommends approving the Department request.

Conservation Trust Fund Disbursements				
	Total Funds	General Fund	Cash Funds	FTE
FY 2012-13 Appropriation:				
HB 12-1339 (Long Bill)	\$49,997,797	\$0	\$49,997,797	2.0
TOTAL	\$49,997,797	\$0	\$49,997,797	2.0
FY 2013-14 Recommended Appropriation:				
FY 2012-13 Appropriation	\$49,997,797	\$0	\$49,997,797	2.0
TOTAL	\$49,997,797	\$0	\$49,997,797	2.0
Percentage Change	0.0%	0.0%	0.0%	0.0%
FY 2013-14 Executive Request:				
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Volunteer Firefighter Retirement Plans

Description: This line item reports the State's contribution to local volunteer firefighter retirement plans, as authorized by Section 31-30-1112 (2), C.R.S. Pursuant to Section 10-3-209, C.R.S., it is funded with revenues from a two percent tax on the gross amount of all insurance premiums collected during the previous calendar year. These moneys are not subject to the annual statutory limit on General Fund appropriations. The General Assembly has identified as least a portion of this appropriation as coming from the General Fund Exempt account in all but one year since FY 2005-06. In FY 2009-10, no portion was identified as coming from the General Fund Exempt account because General Fund revenues fell below the TABOR revenue limit. The line item is continuously funded and is included in the Long Bill for informational purposes only. Eligible entities include:

- Municipalities with a population under 100,000 that maintain a regularly organized volunteer fire department and that offer fire protection services;
- Fire protection districts having volunteers and offering fire protection services;
- County improvement districts having volunteer fire department members and offering fire protection services; and
- Counties contributing to a volunteer pension fund at one of the above.

Eligible entities must have active, pension-eligible volunteer firefighters and have contributed tax revenue to the pension fund in the year previous to the year in which the distribution is made. Municipalities with populations of less than 100,000 may levy a tax of not more than one mill (one percent) on the taxable property in the municipality, county, or district to fund their individual volunteer firefighter pension funds.

Pursuant to Section 31-30-1112 (2), C.R.S., the State payment to any municipality or district that is contributing an amount necessary to pay volunteer firefighter pension plans of \$300 or less per month must equal 90 percent of all amounts contributed by the locality in the previous year. The State payment to localities that contribute an amount necessary to pay pensions in excess of \$300

per month also must equal 90 percent of all amounts contributed by the locality in the previous year, as long as that 90 percent is less than the greater of (1) the contribution actuarially required to pay a pension of \$300 per month or (2) the highest actual contribution received by the municipality during the calendar years 1998, 1999, 2000, or 2001. The State has to contribute an amount equal to the greater of these two categories if such amount is less than 90 percent of municipal or special district contributions in the previous year. In each case, the State contribution cannot exceed an amount that is equal to a tax of one-half mill (.05 percent) on the total taxable property in the municipality or special district.

The Department conducts an application process in which volunteer firefighting agencies submit an actuarial review of their plans "soundness" over the next 20 years. DOLA uses these studies to determine how much assistance each locality receives. Critically, because of the "greater of" language currently included in statute, any locality which submits a request will be funded at some level, regardless of whether its pension plan requires such funding to meet the \$300 per month pension. DOLA currently distributes moneys to 227 qualified pension plans, 91 of which distribute more than \$300 per month to eligible retirees.

Request: The Department's request is based on projected expenditures for FY 2013-14. The Department anticipates contributing \$4,264,753 General Fund to local volunteer firefighter retirement plans in FY 2013-14.

Recommendation: Staff recommends \$4,264,753 General Fund for this purpose in FY 2013-14. Staff has reflected the full amounts as coming from General Fund. The Committee will review all line items impacted by the General Fund Exempt account following the March revenue forecast, and if revenues are in excess of the TABOR revenue cap, these moneys may be identified as coming from the General Fund Exempt account.

Volunteer Firefighter Death and Disability Insurance

Description: This line item reports the State's contribution to local volunteer firefighter death and disability insurance, as authorized by Section 31-30-1112 (2), C.R.S. This amount is not subject to the limit on General Fund appropriations. It is included in the Long Bill for informational purposes.

Request: The Department's request is based on projected expenditures. DOLA anticipates contributing \$30,000 General Fund to disability insurance for FY 2013-14.

Recommendation: Staff recommends approving the Department request for \$30,000 in FY 2013-14. Staff has reflected the full amounts as coming from General Fund. The Committee will review all line items impacted by the General Fund Exempt account following the March Legislative Council Staff revenue forecast, and if revenues are in excess of the TABOR revenue cap, then these moneys may be identified as coming from the General Fund Exempt account.

Environmental Protection Agency Water/Sewer File Project

Description: This is a federally funded project to determine eligibility and credit worthiness of local governments for EPA water and sewer loans.

Request: The Department requests continuation funding of \$49,425 federal funds and 0.5 FTE.

Recommendation: Staff recommends approving the Department request.

Environmental Protection Agency Water/Sewer File Project				
	Total Funds	General Fund	Federal Funds	FTE
FY 2012-13 Appropriation:				
HB 12-1339 (Long Bill)	\$49,425	\$0	\$49,425	0.5
TOTAL	\$49,425	\$0	\$49,425	0.5
FY 2013-14 Recommended Appropriation:				
FY 2012-13 Appropriation	\$49,425	\$0	\$49,425	0.5
TOTAL	\$49,425	\$0	\$49,425	0.5
Percentage Change	0.0%	0.0%	0.0%	0.0%
FY 2013-14 Executive Request:				
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

(3) Community Services

Community Services Block Grant

Description: The federal Community Services Block Grant (CSBG) provides funding to local communities for services that address the causes of poverty, including employment assistance, education, affordable housing, emergency services, nutrition, counseling, health, transportation, elderly projects, summer youth recreation, and community development. Recipients must be at or below 125 percent of federal poverty guidelines. Colorado has 40 eligible entities that receive CSBG funds annually, which are distributed on a formula basis. Eligible entities include qualified locally-based nonprofit anti-poverty agencies which provide services to low income individuals and families. Ninety percent of the funds are allocated to grantees, five percent is for administration, and five percent is reserved for the Governor's discretion.

In order for the State to be eligible to receive federal moneys under the CSDG program, it is required to hold at least one legislative hearing every three years in conjunction with the development of the approved state plan. Historically, the JBC has served as the legislative committee whom has held the required hearing and last did so on November 17, 2011.

Request: The Department's request reflects \$6.0 million in federal funding that is anticipated to be available for FY 2013-14.

Recommendation: Staff recommends approving the Department request.

(B) Field Services

Program Costs

Description: This line funds salaries and associated Medicare and PERA contributions, as well as contractual services, for half of the technical assistance and grants management FTE in the Division (the remaining half are in the Administration, Personal Services line item). It also includes associated operating expenses. The line supports 27.9 FTE. The responsibilities and the duties performed by these staff are described below.

- Field staff provide education and customized assistance for local governments on issues such as budget review, property tax limitations, TABOR, water and sewer financing, election rules, land use planning, and application for federal and state grant funds. Staff is responsible for working with the local governments in their region.
- The Office of Smart Growth, created by H.B. 00-1427, is responsible for administering the Colorado Heritage Grants program, advising the Governor, the General Assembly, and local governments on growth issues, providing technical assistance to communities dealing with growth, and coordinating mediation of disputes between local governments using professionals from a list of qualified mediators that the Office is required to maintain.
- Energy and mineral impact funds and limited gaming funds pay salaries for staff to administer the associated grant programs.
- Federal funds are used to support staff who manage the federal Community Development Block Grant program, but a State match is required for administrative costs. Some of the activities of the Field Staff qualify as a "soft match" of the federal administrative funds, but the Department also uses FTE more specifically to administer the program (see staffing chart above).

➔ Request R-2: Assistance to Mitigate the Adverse Impacts of Prison Closures

- DOLA requests \$3 million General Fund and 1.0 FTE for the administration of a grant program to diversify the economies of rural communities that depend on a single large employer—particularly those with state prisons.
- The target communities face the prospect of a potentially irreversible decline if an industry shuts or significantly curtails operations.
- The new grants program would provide job training for both existing and new employees, diversify the economic base, and soften the impact of a closure in targeted communities through income assistance to former employees.

The Department is requesting \$3.0 million General Fund and 1.0 FTE to be spent over two years for the administration of a grant program to grow and diversify the economies of rural

communities, with an emphasis on those communities that depend on a state prison. The new program would complement the existing economic development efforts of DOLA and the Governor's Office of Economic Development and International Trade (OEDIT). The Department will utilize four main strategies.

1. **Community Asset Analysis:** The Department will provide technical guidance to communities as they assess economic development opportunities. Community leaders (including local elected officials, economic development organizations, civic leaders, and media leaders) will be engaged in an intensive comprehensive assessment program to identify potential opportunities.
2. **Stakeholder Engagement:** The Department will engage local stakeholders with state and federal partners to develop a plan to grow and diversify rural economies that are dependent on a single large employer. In cooperation with Downtown Colorado Inc., the Department will develop a Community Revitalization Plan to identify opportunities for enhancing these communities' downtown centers. Efforts will be focused on the development of key industries within the community. These industries are identified within existing regional Comprehensive Economic Development Strategy (CEDS) plans and Regional Economic Blueprints. Community colleges and local workforce centers will be encouraged to leverage local job training resources. State and federal agency officials will be engaged to tap resources and explore opportunities to reduce regulatory hurdles.
3. **Competitive Community Grants:** The Department will provide competitive grant funding for community infrastructure to support new and expanding business development and job training. Training dollars will support both newly hired employees and former employees of a shuttered business seeking new employment.
4. **Income Assistance Vouchers:** The Department will provide grant funding to local governments to provide income assistance to employees who have lost their job due to the shuttering of a dominant industry in the community (such as a prison closure). These vouchers will be distributed to former employees in accordance with appropriate state and federal guidelines during the time that the employees are engaged in a qualified job training program for a period of up to one year.

JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Cost Assumptions

The Department anticipates distributing 90 percent of the requested General Fund dollars, or \$2.7 million, as grants in the manner described above. The remaining \$300,000 would be utilized to pay for grants administration, revitalization plan development, and community assessments. The grants program will be administered by 1.0 FTE at a cost of \$81,590 in FY 2013-14 and \$83,896 in FY 2014-15. These totals include benefits and operating costs. The position will be a temporary position for two years. Additional grants administration costs include infrastructure redevelopment consultants, facility asset assessments, and travel expenses. Please see the following table for detailed cost assumptions.

R-2 Program Expenses

Program Expenses	FY 2013-14	FY 2014-15	Total	FTE
GP V-Program Manager	\$60,287	\$65,772	\$126,059	1.0
Benefits	15,650	17,264	32,914	--
Infrastructure/Redevelopment Consultants	21,360	64,000	85,360	--
Facility Asset Assessments	25,000	0	25,000	--
Operating Costs for 1.0 FTE	5,653	896	6,549	--
Travel Expenses	<u>14,419</u>	<u>9,699</u>	<u>24,118</u>	--
Total Administrative Costs	\$142,369	\$157,631	\$300,000	1.0
Income Assistance Vouchers and Competitive Grants	<u>1,350,000</u>	<u>1,350,000</u>	<u>2,700,000</u>	--
Total Program Cost	\$1,492,369	\$1,507,631	\$3,000,000	1.0

Request: The Department requests \$5,344,543 in total funds, including \$3,000,000 General Fund, and 28.9 FTE for this program line item in FY 2013-14. The budget request reflects an increase of \$3,000,000 total funds (all General Fund) related to departmental request R-2: Assistance to Communities to Mitigate the Adverse Impacts of Prison Closures. Pursuant to the SMART Act, the Senate Committee of Local Government recommended that the JBC approve the Department request.

Recommendation: Staff recommends approving the Department request.

	Program Costs					FTE
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	
FY 2012-13 Appropriation:						
HB 12-1339 (Long Bill)	<u>\$2,344,543</u>	<u>\$0</u>	<u>\$104,796</u>	<u>\$1,945,826</u>	<u>\$293,921</u>	<u>27.9</u>
TOTAL	\$2,344,543	\$0	\$104,796	\$1,945,826	\$293,921	27.9
FY 2013-14 Recommended Appropriation:						
FY 2012-13 Appropriation	\$2,344,543	\$0	\$104,796	\$1,945,826	\$293,921	27.9
R-2 Assistance to Rural Communities	<u>3,000,000</u>	<u>3,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$5,344,543	\$3,000,000	\$104,796	\$1,945,826	\$293,921	28.9
Increase/(Decrease)	\$3,000,000	\$3,000,000	\$0	\$0	\$0	1.0
Percentage Change	128.0%	0.0%	0.0%	0.0%	0.0%	3.6%
FY 2013-14 Executive Request:						
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Analysis: Many of Colorado's rural communities are dominated by only one industry. The economic performance of these local areas is inextricably linked with the performance of the specialty industry. For example, many communities in western counties such as Mesa, Grand, or Garfield that rely heavily on the petroleum and natural gas industries to create jobs and generate income for the local population boom when prices rise and go bust when prices drop. The entire local economy in these areas, including local equipment retailers, grocery stores, and restaurants, is affected by decisions or conditions on the state, national, and international level. Essentially, the specialized industry becomes the lifeblood of these communities and the boom-and-bust cycle created by said industry can create an economic whiplash for property values and local government revenues.

State Prison Communities: The main emphasis for this program is on rural communities that are dependent on state prison facilities. During the 1990s and early 2000s, the State's need for additional capacity was growing. The State strategically placed prison facilities in rural areas in order to contribute to rural economic development efforts and help insulate these communities from the boom-and-bust cycles associated with energy, mining, and agriculture. However, Colorado's prison population is now declining.

Legislative Council Staff (LCS) and the Division of Criminal Justice (DCJ) both project that the prison population will decrease through FY 2013-14. Currently the total inmate population statewide is 22,610. LCS estimates that the total statewide population will fall to 21,583 (a 4.5 percent reduction) by June 30, 2014. DCJ estimates that the total statewide population will fall to 20,256 (a 10.4 percent reduction) by June 30, 2014. Faced with this decreasing population, the State is studying how to optimize its use of existing beds and may look to decommission an existing prison. The threat of closure places an enormous strain on rural families for whom few other opportunities are available. If a prison were to close, homeowners and businesses in that community could do little but watch the value of their properties fall.

As an example, the median listing price for homes in Las Animas, CO (the main community for employees of the former Ft. Lyon State Penitentiary) was \$78,000 in May 2011. Senate Bill 11-214 was approved by the General Assembly and signed by the Governor that same month. Pursuant to S.B. 11-214, the Department of Corrections would stop housing offenders at the FLCF by the end of February 2012. By November 2012, the median listing price for homes in Las Animas, CO had fallen to \$42,000, a decrease in value of almost 50 percent at a time when other communities around the State were seeing a slow but steady uptick. As property values in communities such as Las Animas diminish, so does the tax base—the main source of revenue used by municipal governments to fund public services and infrastructure.

Possible Alternatives: If the request is not approved, DOLA and OEDIT would have to utilize existing resources for rural development. Community Development Block Grant and Community Services Block Grant dollars could be utilized for this purpose. Additionally, unused funds within the State's economic development revolving loan fund can be utilized for rural development. Finally, DOLA's Community Development Office works to empower local governments by providing various technical and financial resources related to land use planning,

economic development, and sustainable community development through programs such as the Colorado Main Street Program.

None of the aforementioned programs, however, specifically target rural communities that are overly-dependent on a single large employer. If these communities are not able to qualify for existing resources, they will realize increased unemployment levels, reduced property values, and a reduction in population if residents relocate after a facility closure. The communities would lose tax revenue and their ability to attract future residents or private sector investment.

Few if any rural communities that depend on a single large employer have adequately planned for a future without it. Staff feels that there is a need for such strategies and diversification—particularly in communities where the State has strategically placed prison facilities—and that this proposal represents a proactive effort to ensure the economic health of rural Colorado.

Community Development Block Grant

Description: The federal Community Development Block Grant (CDBG) provides funding to local communities for housing, public facility, and business assistance projects that benefit primarily low to moderate income individuals through community development efforts. These funds are provided by HUD. The federal agency distributes funds to each state based on a statutory formula that takes into account total population, poverty, incidence of overcrowded housing, and age of housing.

DOLA administers the funds for smaller, "non-entitlement" communities. Non-entitlement areas are cities with populations of less than 50,000, and counties with populations of less than 200,000. Large metro areas and counties receive their funding directly on an entitlement basis. DOLA has historically elected to divide CDBG funds in equal thirds for the following purposes:

- To make discretionary loans to local businesses to promote rural development. Administration of the business development program is coordinated between Department field staff and the Governor's Office of Economic Development and International Trade.
- To provide discretionary grants to local governments for local infrastructure development such as roads, water treatment facilities, and public buildings.
- To provide discretionary grants for affordable housing development. This portion of CDBG funds is shown as part of the Federal Affordable Housing Grants and Loans line item in the Division of Housing section of the Long Bill.

Request: The Department's request reflects \$9,697,000 for FY 2013-14 based on estimates of federal funds that will be available to the State.

Recommendation: Staff recommends approving the Department's request.

Local Government Mineral and Energy Impact Grants and Disbursements

Description: This grant program is intended to assist communities that are impacted by the growth and decline of the mineral and energy industries. The Local Government Severance Tax Fund and the Local Government Mineral Impact Fund serve as revenue sources for the program.

Fifty percent of total gross receipts realized from the state severance taxes imposed on five types of extracted minerals and mineral fuels, including oil and natural gas, coal, metallic minerals, molybdenum ore, and oil shale, are deposited in the Local Government Severance Tax Fund on a monthly basis. The tax applies for resources that are removed from both privately and publicly owned lands; however, the severance tax is not paid when resources are removed from Tribal lands. Forty percent of the State's share (49 percent) of private sector payments to the federal government for mineral and mineral fuel production on federal lands is deposited to the Local Government Mineral Impact Fund on a quarterly basis.

By statute, a portion of each program's funding is distributed directly back to the local jurisdictions on the basis of the reported residence of mineral production employees, mining and well permits, and mineral production (30 percent of severance tax revenues and approximately 50 percent of federal mineral lease revenues). The remaining portion of these funds is distributed through discretionary grants to local jurisdictions.

In administering the grant program, the Department is assisted by the nine-member Energy and Mineral Impact Assistance Advisory Committee. Final funding decisions are made by the Executive Director of the Department. Entities eligible to receive grants and loans include municipalities, counties, school districts, special districts and other political subdivisions, and state agencies for the planning, construction, and maintenance of public facilities and public services. Priority is given to schools and local governments socially or economically impacted by the mineral extraction industry on federal lands.

The interpretation by the executive branch is that these funds are continuously appropriated. The statutory language governing the funds predates the standardized usage by the General Assembly of the term "continuously appropriated." However, there is language saying that the moneys "shall be distributed" by the Department, and it is arguable that the statutory purposes of the money are best served by a continuous appropriation. The General Assembly has never challenged the interpretation.

Request: The Department requests continuation funding of \$150 million for FY 2013-14.

Recommendation: Staff recommends \$150 million based on the December 2012 Legislative Council revenue projections for FY 2013-14. Of this total, \$88 million would be from the Local Government Severance Tax Fund and \$62 million would be from the Local Government Mineral Impact Fund.

Local Government Limited Gaming Impact Grants

Description: Pursuant to Section 12-47.1-701, C.R.S., the Local Government Limited Gaming Impact Fund receives 15 percent of "any amount of the state share that is greater than nineteen

million two hundred thousand dollars but less than or equal to forty-eight million five hundred thousand dollars." The state share is 50 percent of the total receipts from the tax levied on limited gaming. Two percent of the funds are set aside for gambling addiction counseling and the remainder is used to provide financial assistance to localities for documented gaming impacts. The General Assembly approved an additional \$1 million General Fund for this line item in FY 2012-13. Current law is projected to yield \$3,595,464 million to this fund.

Senate Bill 13-133 modifies the distribution of the state share in the Limited Gaming Fund. The distribution to various cash funds at the close of each fiscal year is amended from a percentage-based amount to a fixed-dollar amount. Pursuant to the legislation, the Local Government Limited Impact Gaming Fund would receive \$5,000,000 in FY 2013-14. As a result, the net distribution of state share Limited Gaming Fund money to the Local Government Limited Gaming Impact Fund is increased by the bill.

➔ Staff Initiated Request – Limited Gaming Adjustment

- The recommendation reflects the impact of Senate Bill 13-133, which changes the distribution of limited gaming funds from a percentage-based amount to a fixed-dollar amount.
- Pursuant to the bill, the Local Government Limited Impact Gaming Fund would receive \$5,000,000 in FY 2013-14.

Request: The Department requests continuation funding of \$3,897,427 total funds, including \$1,000,000 General Fund.

Recommendation: Staff recommends a total appropriation of \$5,000,000 cash funds based on the revised distribution process under S.B. 13-133—backfilling the General Fund with the increased gaming revenues.

Search and Rescue Program

Description: The Search and Rescue Program reimburses political subdivisions for the costs incurred in search and rescue operations, and provides partial funding for search and rescue equipment. The cash fund that supports the program is financed by a statutory \$0.25 surcharge on hunting and fishing licenses, boat registrations, snowmobile registrations, and off-highway vehicle registrations, pursuant to Section 33-1-112.5, C.R.S. The program also receives funding from other outdoor recreational users, such as hikers, bikers, cross country skiers, and climbers who voluntarily purchase a Colorado Outdoor Recreation Search and Rescue Card for \$3 for one year or \$12 for five years.

Request: The Department requests continuation funding of \$613,713 cash funds and 1.3 FTE for FY 2013-14.

Recommendation: Staff recommends approving the Department request.

Colorado Heritage Communities Grants

Description: House Bill 00-1427 created the Office of Smart Growth in the Department of Local Affairs. If allocated appropriately, the funds can fill a niche that other grant programs administered by the Department cannot. For example, mineral and energy impact funds and limited gaming funds are both often used for planning, but they are restricted to communities affected by mineral and energy production and limited gaming activities respectively. Applicants for Colorado Heritage Communities Grants are judged on a number of criteria, including:

- The extent of existing/projected growth-related impacts.
- The extent to which the growth-related problems were regional in nature.
- The extent to which the project was multi-objective in nature.
- The extent to which the project was innovative.
- The involvement of private and public partners.
- The amount of funding leveraged by the project.
- The consistency of the project with local/regional plans.
- The overall feasibility of the project.

In FY 2009-10, General Fund dollars for this line item were eliminated. As a result, the program has been operating on the remaining balance of the Colorado Heritage Communities Fund as a cash fund source. The fund currently has a balance of \$63,250 remaining to award to eligible local governments that experience growth issues.

Request: The Department requests continuation funding of \$100,000 cash funds.

Recommendation: Staff recommends approving the Department's request.

There has been a significant amount of cash fund expenditure authority reverted over the past several years. In fact, actual expenditures out of the program in FY 2011-12 were \$0. The program requires a 50 percent local match to receive a grant. Over the last several years the economy has negatively impacted local governments and impeded their ability to provide a match to compete for a planning grant. Staff expects that as the economy and local tax rolls improve, local governments will have dollars to match and then once again compete for the grant dollars. Because there are no other cash funds available to finance this program, General Fund dollars would be needed to continue it once the remaining cash fund balance is spent.

(C) Indirect Cost Assessments

Description: This line item currently reflects the amount of indirect cost assessments made against cash, reappropriated funds, and federal funding sources within the Division of Local Government (including local utility management, search and rescue, gaming, lottery proceeds, federal mineral leasing and severance tax revenues that are appropriated to support a portion of this Division's activities, as well as the federal Community Development and Community Services Block Grants). The funds collected through this line item are used to offset General Fund that would otherwise be required in the Executive Director's Office, Personal Services and Operating line items and the Board of Assessment Appeals.

Request: The Department requests continuation funding of \$980,563 total funds.

Recommendation: Staff recommends an appropriation of \$1,018,950 total funds for this purpose for FY 2013-14. Of this amount, \$795,721 is reappropriated funds from the Local Government Mineral and Energy Impact Grants and Disbursements line item, \$147,595 is from various departmental cash funds, and \$75,634 is federal funds. Staff's recommendation is based on the Department's most recent indirect cost rates for FY 13-14 for both Statewide and internal indirect cost assessments.

(5) Emergency Management

This Division assisted local, state, and private organizations in disaster preparedness, response, recovery, and impact mitigation. The Division was responsible for preparing and maintaining a state disaster plan, as well as taking part in the development and revision of local and inter-jurisdictional disaster plans. House Bill 12-1283 transferred the functions, personnel, and resources of DEM to the Department of Public Safety (DPS).

Long Bill Footnotes and Requests for Information

LONG BILL FOOTNOTES

The Department did not have any Long Bill footnotes in FY 2012-13.

REQUESTS FOR INFORMATION

Staff recommends the continuation of the following request for information (as amended below).

- 1 All Departments, Totals --** Every department is requested to submit to the Joint Budget Committee, by November 1, ~~2012~~ 2013 information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that were received in FY ~~2011-12~~ 2012-13. The Departments are also requested to identify the number of additional federal and cash funds FTE associated with any federal grants or private donations that are anticipated to be received during FY ~~2012-13~~ 2013-14.

Comment: Prior to FY 2008-09, this request for information was submitted in the annual appropriations bill as a footnote and was repeatedly lined through by the Governor. The May 11, 2011 letter from the Governor to the JBC stated that, "Within the schedules customarily submitted to the Joint Budget Committee on November 1 (specifically the Schedule 3 and Schedule 14), departments report the actual number of FTE positions used during the most recently completed two fiscal years, and supply an estimate of anticipated FTE in the current and future years. In spite of my objection to the Joint Budget Committee's inclusion of FTE in the Long Bill, departments are directed to continue providing appropriate FTE data within the November 1 budget request for the purposes of assisting the General Assembly in analyzing departments' expenditures."

DOLA has submitted FTE information as part of its November 1, 2012 budget request in its Schedule 2, Schedule 3, and Schedule 14. There was 1.0 additional FTE requested for FY 2013-14. This additional FTE is tied to the Department's request for \$3.0 million General Fund to pay for economic development assistance to rural communities (R-2). The JBC has not received any additional report pursuant to this request.

Staff does NOT recommend the continuation of the following request for information.

- 2 Governor - Lieutenant Governor - State Planning and Budgeting, Office of State Planning and Budgeting; and Department of Local Affairs, Division of Emergency Management, Disaster Response and Recovery --** The Division of Emergency Management is requested to work with the Office of State Planning and Budgeting and provide a report to the Joint Budget Committee by November 1, 2011, concerning revenues credited to and expenditures made from the Disaster Emergency Fund in fiscal years 2011-12 and 2012-13 year to date. The report is requested to include the following: (a) amounts authorized to be transferred to the Disaster Emergency Fund, by Executive Order and fund source; (b) amounts actually transferred to the Fund, by date and fund source; and (c) actual expenditures from the Fund, by date and declared disaster emergency.

Comment: Section 24-32-2106, C.R.S., asserts that it is the "policy of the state that funds to meet disaster emergencies shall always be available". While the preference is for funds regularly appropriated to state and local agencies, the Governor is given authority to make funds available from the Disaster Emergency Fund, formerly administered out of DOLA. If moneys in the fund are found to be insufficient, the Governor may "transfer and expend moneys appropriated for other purposes."

Given the magnitude of recent years' transfers, it has been important for the Joint Budget Committee to request an annual summary related to the Disaster Emergency Fund from DOLA, including the amount of state funds actually transferred into the Fund and the expenditure of such moneys. Because H.B. 12-1283 transferred the functions, personnel, and resources of DEM to the Department of Public Safety (DPS), staff recommends that the Committee ask DPS to provide the information for FY 2013-14 and ongoing.

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Number Pages

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
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<p>DEPARTMENT OF LOCAL AFFAIRS Reeves Brown, Executive Director</p>
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(1) EXECUTIVE DIRECTOR'S OFFICE

This division is responsible for the management and administration of the Department, including accounting, budgeting, human resources, as well as other miscellaneous functions statutorily assigned to the Department, including administration of the Moffat Tunnel Improvement District.

Personal Services	<u>1,104,530</u>	<u>1,247,998</u>	<u>1,269,251</u>	<u>1,269,251</u>	<u>1,269,251</u>
FTE	11.6	12.7	14.2	14.2	14.2
General Fund	0	0	189,328	0	0
Reappropriated Funds	1,104,530	1,247,998	1,079,923	1,269,251	1,269,251
Health, Life, and Dental	<u>897,953</u>	<u>1,025,108</u>	<u>1,030,191</u>	<u>1,093,002</u>	<u>1,078,804</u>
General Fund	401,921	398,414	421,810	307,610	0
Cash Funds	110,384	133,968	177,444	179,945	175,120
Reappropriated Funds	195,263	311,683	191,685	385,854	686,938
Federal Funds	190,385	181,043	239,252	219,593	216,746
Short-term Disability	<u>16,785</u>	<u>16,198</u>	<u>12,900</u>	<u>18,334</u>	<u>18,406</u>
General Fund	5,052	3,684	3,684	4,783	4,790
Cash Funds	2,757	2,655	2,517	2,923	2,937
Reappropriated Funds	5,310	6,299	4,932	7,062	7,096
Federal Funds	3,666	3,560	1,767	3,566	3,583

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
S.B. 04-257 Amortization Equalization					
Disbursement	<u>228,906</u>	<u>249,827</u>	<u>282,459</u>	<u>347,393</u>	<u>347,941</u>
General Fund	78,218	57,604	98,201	90,662	50,610
Cash Funds	24,183	37,042	45,500	55,121	55,388
Reappropriated Funds	64,558	99,646	87,476	133,891	173,898
Federal Funds	61,947	55,535	51,282	67,719	68,045
S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>167,006</u>	<u>193,147</u>	<u>238,875</u>	<u>313,619</u>	<u>313,827</u>
General Fund	57,034	45,979	83,988	81,848	80,937
Cash Funds	17,622	29,776	39,101	49,762	50,003
Reappropriated Funds	47,100	72,142	74,252	120,874	121,457
Federal Funds	45,250	45,250	41,534	61,135	61,430
Salary Survey					
General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>212,596</u>	<u>258,966</u>
Cash Funds	0	0	0	53,729	0
Reappropriated Funds	0	0	0	29,046	37,333
Federal Funds	0	0	0	84,970	166,672
Federal Funds	0	0	0	44,851	54,961
Merit Pay					
General Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>161,094</u>	<u>157,336</u>
Cash Funds	0	0	0	45,105	0
Reappropriated Funds	0	0	0	22,235	22,235
Federal Funds	0	0	0	61,246	102,593
Federal Funds	0	0	0	32,508	32,508

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
Workers' Compensation	<u>49,163</u>	<u>45,762</u>	<u>50,847</u>	<u>92,157</u>	<u>92,157</u>
General Fund	45,713	42,551	46,963	85,133	85,133
Cash Funds	1,484	1,441	1,743	3,148	3,148
Reappropriated Funds	1,966	1,770	2,141	3,876	3,876
Operating Expenses	<u>260,445</u>	<u>126,018</u>	<u>144,650</u>	<u>144,650</u>	<u>144,650</u>
Reappropriated Funds	119,105	126,018	132,888	132,888	132,888
Federal Funds	141,340	0	11,762	11,762	11,762
Legal Services	<u>127,068</u>	<u>109,839</u>	<u>138,278</u>	<u>138,278</u>	<u>138,278</u>
General Fund	87,392	109,839	125,719	125,719	125,719
Cash Funds	6,167	0	6,364	6,364	6,364
Reappropriated Funds	1,238	0	1,277	1,277	1,277
Federal Funds	32,271	0	4,918	4,918	4,918
Purchase of Services from Computer Center	<u>641,820</u>	<u>404,003</u>	<u>797,550</u>	<u>914,973</u>	<u>914,973</u> *
General Fund	200,536	227,743	242,858	67,891	67,891
Reappropriated Funds	153,436	176,260	185,657	478,047	478,047
Federal Funds	287,848	0	369,035	369,035	369,035
Multiuse Network Payments	<u>113,847</u>	<u>26,372</u>	<u>52,978</u>	<u>101,397</u>	<u>101,397</u>
General Fund	15,066	21,737	21,737	39,991	39,991
Cash Funds	1,291	1,874	1,875	5,317	5,317
Reappropriated Funds	1,902	2,761	2,761	29,484	29,484
Federal Funds	95,588	0	26,605	26,605	26,605

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
Management and Administration of OIT	<u>109,774</u>	<u>63,596</u>	<u>7,357</u>	<u>28,984</u>	<u>28,984</u>
General Fund	5,804	5,869	5,162	20,336	20,336
Reappropriated Funds	56,372	57,727	2,195	8,648	8,648
Federal Funds	47,598	0	0	0	0
Payment to Risk Management and Property Funds	<u>5,411</u>	<u>13,519</u>	<u>19,347</u>	<u>37,419</u>	<u>42,014</u> *
General Fund	5,032	12,613	18,322	34,820	39,415
Cash Funds	258	689	915	2,321	2,321
Reappropriated Funds	121	100	110	278	278
Federal Funds	0	117	0	0	0
Vehicle Lease Payments	<u>124,720</u>	<u>118,834</u>	<u>74,139</u>	<u>82,196</u>	<u>60,411</u> *
General Fund	99,150	95,952	55,882	77,667	55,882
Reappropriated Funds	25,570	22,882	18,257	4,529	4,529
Federal Funds	0	0	0	0	0
Information Technology Asset Maintenance	<u>142,438</u>	<u>80,469</u>	<u>104,793</u>	<u>104,793</u>	<u>104,793</u>
General Fund	29,913	29,913	29,913	29,913	29,913
Cash Funds	12,571	8,546	13,049	13,049	13,049
Reappropriated Funds	37,507	37,507	37,507	37,507	37,507
Federal Funds	62,447	4,503	24,324	24,324	24,324
Leased Space	<u>93,063</u>	<u>34,174</u>	<u>109,669</u>	<u>109,669</u>	<u>65,000</u>
General Fund	22,376	22,376	22,376	22,376	22,376
Reappropriated Funds	6,128	11,798	22,734	22,734	42,624
Federal Funds	64,559	0	64,559	64,559	0

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
Capitol Complex Leased Space	<u>462,354</u>	<u>418,529</u>	<u>466,108</u>	<u>584,333</u>	<u>584,333</u> *
General Fund	160,064	163,800	160,000	204,998	204,998
Cash Funds	24,279	14,699	24,463	31,343	31,343
Reappropriated Funds	211,399	240,030	235,907	302,254	302,254
Federal Funds	66,612	0	45,738	45,738	45,738
Communication Services Payments	<u>48,262</u>	<u>7,032</u>	<u>27,704</u>	<u>36,921</u>	<u>29,889</u>
General Fund	6,290	7,032	1,815	11,032	4,000
Federal Funds	41,972	0	25,889	25,889	25,889
COFRS Modernization	<u>0</u>	<u>0</u>	<u>157,503</u>	<u>157,503</u>	<u>157,503</u>
General Fund	0	0	104,883	104,883	104,883
Reappropriated Funds	0	0	52,620	52,620	52,620
Federal Funds	0	0	0	0	0
Moffat Tunnel Improvement District	<u>0</u>	<u>0</u>	<u>137,444</u>	<u>137,444</u>	<u>137,444</u>
Cash Funds	0	0	137,444	137,444	137,444
TOTAL - (1) Executive Director's Office	4,593,545	4,180,425	5,122,043	6,086,006	6,046,357
FTE	<u>11.6</u>	<u>12.7</u>	<u>14.2</u>	<u>14.2</u>	<u>14.2</u>
General Fund	1,219,561	1,245,106	1,632,641	1,408,496	936,874
Cash Funds	200,996	230,690	450,415	538,018	542,002
Reappropriated Funds	2,031,505	2,414,621	2,132,322	3,137,290	3,621,937
Federal Funds	1,141,483	290,008	906,665	1,002,202	945,544

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
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(2) PROPERTY TAXATION

This section provides funding for the Division of Property Taxation, the State Board of Equalization, and the Board of Assessment Appeals.

Division of Property Taxation	<u>2,357,162</u>	<u>2,419,257</u>	<u>2,635,455</u>	<u>2,635,455</u>	<u>2,635,455</u>
FTE	32.4	30.0	36.7	36.7	36.7
General Fund	1,107,330	1,060,205	945,981	945,981	945,981
Cash Funds	628,598	674,172	853,525	853,525	853,525
Reappropriated Funds	621,234	684,880	835,949	835,949	835,949
State Board of Equalization	<u>10,317</u>	<u>12,856</u>	<u>12,856</u>	<u>12,856</u>	<u>12,856</u>
General Fund	10,317	12,856	12,856	12,856	12,856
Board of Assessment Appeals	<u>543,001</u>	<u>522,427</u>	<u>555,831</u>	<u>555,831</u>	<u>555,831</u>
FTE	13.2	11.9	13.2	13.2	13.2
General Fund	188,864	182,039	310,884	500,212	500,212
Reappropriated Funds	354,137	340,388	244,947	55,619	55,619
Indirect Cost Assessment	<u>222,254</u>	<u>255,011</u>	<u>280,725</u>	<u>280,725</u>	<u>337,883</u>
Cash Funds	94,246	128,354	161,157	161,157	169,766
Reappropriated Funds	128,008	126,657	119,568	119,568	168,117
TOTAL - (2) Property Taxation	3,132,734	3,209,551	3,484,867	3,484,867	3,542,025
FTE	<u>45.6</u>	<u>41.9</u>	<u>49.9</u>	<u>49.9</u>	<u>49.9</u>
General Fund	1,306,511	1,255,100	1,269,721	1,459,049	1,459,049
Cash Funds	722,844	802,526	1,014,682	1,014,682	1,023,291
Reappropriated Funds	1,103,379	1,151,925	1,200,464	1,011,136	1,059,685

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
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(3) DIVISION OF HOUSING

The Division provides financial and technical assistance to help communities provide affordable housing, it administers state and federal affordable housing programs, and it regulates the manufacture of factory-built residential and commercial buildings.

Personal Services	<u>1,534,033</u>	<u>2,024,401</u>	<u>2,502,207</u>	<u>2,502,207</u>	<u>2,517,207</u>
FTE	20.7	40.0	40.4	40.4	40.5
General Fund	367,276	361,674	364,006	364,006	364,006
Cash Funds	64,774	48,828	75,478	75,478	90,478
Reappropriated Funds	149,619	147,859	149,909	149,909	149,909
Federal Funds	952,364	1,466,040	1,912,814	1,912,814	1,912,814
Operating Expenses	<u>365,717</u>	<u>24,608</u>	<u>324,140</u>	<u>324,140</u>	<u>324,140</u>
General Fund	24,608	24,608	25,903	25,903	25,903
Federal Funds	341,109	0	298,237	298,237	298,237
Manufactured Buildings Program	<u>401,496</u>	<u>419,485</u>	<u>692,830</u>	<u>692,830</u>	<u>692,830</u>
FTE	6.2	6.2	7.3	7.3	7.3
Cash Funds	401,496	419,485	692,830	692,830	692,830
Colorado Affordable Housing Construction Grants and Loans	<u>2,225,000</u>	<u>2,000,000</u>	<u>2,200,000</u>	<u>4,200,000</u>	<u>2,310,000</u> *
General Fund	2,225,000	2,000,000	2,200,000	4,200,000	2,200,000
Cash Funds	0	0	0	0	110,000
Federal Affordable Housing Construction Grants and Loans	<u>15,817,334</u>	<u>6,648,272</u>	<u>45,000,000</u>	<u>45,000,000</u>	<u>12,300,000</u>
Federal Funds	15,817,334	6,648,272	45,000,000	45,000,000	12,300,000

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
Emergency Shelter Program	<u>957,687</u>	<u>993,440</u>	<u>965,000</u>	<u>965,000</u>	<u>965,000</u>
Federal Funds	957,687	993,440	965,000	965,000	965,000
Private Activity Bond Allocation Committee	<u>965</u>	<u>1,820</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>
Cash Funds	965	1,820	2,500	2,500	2,500
Low Income Rental Subsidies	<u>19,296,571</u>	<u>43,662,790</u>	<u>36,884,430</u>	<u>37,442,230</u>	<u>37,442,230</u> *
General Fund	0	0	0	557,800	557,800
Federal Funds	19,296,571	43,662,790	36,884,430	36,884,430	36,884,430
Ft Lyon Transitional Therapeutic Residential Community	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,740,852</u>	<u>0</u> *
General Fund	0	0	0	2,740,852	0
Indirect Cost Assessment	<u>341,209</u>	<u>95,668</u>	<u>477,793</u>	<u>477,793</u>	<u>581,550</u>
Cash Funds	47,498	56,195	125,194	125,194	182,297
Reappropriated Funds	61,462	39,473	56,993	56,993	61,813
Federal Funds	232,249	0	295,606	295,606	337,440
Homeless Prevention and Rapid Re-Housing Program	<u>3,989,754</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Reappropriated Funds	0	0	0	0	0
Federal Funds	3,989,754	0	0	0	0
TOTAL - (3) Division of Housing	44,929,766	55,870,484	89,048,900	94,347,552	57,135,457
FTE	<u>26.9</u>	<u>46.2</u>	<u>47.7</u>	<u>47.7</u>	<u>47.8</u>
General Fund	2,616,884	2,386,282	2,589,909	7,888,561	3,147,709
Cash Funds	514,733	526,328	896,002	896,002	1,078,105
Reappropriated Funds	211,081	187,332	206,902	206,902	211,722
Federal Funds	41,587,068	52,770,542	85,356,087	85,356,087	52,697,921

JBC Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
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(4) DIVISION OF LOCAL GOVERNMENTS

This division provides information and training for local governments in budget development, purchasing, demographics, land use planning, and regulatory issues; and it manages federal and state funding programs to support infrastructure and local services development.

(A) Local Government and Community Services

(1) Administration

Personal Services	<u>1,310,078</u>	<u>1,106,689</u>	<u>1,296,075</u>	<u>1,296,075</u>	<u>1,296,075</u>
FTE	15.7	16.1	17.7	17.7	17.7
General Fund	597,469	586,296	245,057	245,057	245,057
Reappropriated Funds	528,540	520,393	920,885	920,885	920,885
Federal Funds	184,069	0	130,133	130,133	130,133
Operating Expenses	<u>84,073</u>	<u>65,212</u>	<u>131,351</u>	<u>131,351</u>	<u>131,351</u>
General Fund	40,069	40,069	42,178	42,178	42,178
Reappropriated Funds	22,549	25,143	25,146	25,146	25,146
Federal Funds	21,455	0	64,027	64,027	64,027

SUBTOTAL - (1) Administration	1,394,151	1,171,901	1,427,426	1,427,426	1,427,426
FTE	<u>15.7</u>	<u>16.1</u>	<u>17.7</u>	<u>17.7</u>	<u>17.7</u>
General Fund	637,538	626,365	287,235	287,235	287,235
Reappropriated Funds	551,089	545,536	946,031	946,031	946,031
Federal Funds	205,524	0	194,160	194,160	194,160

(2) Local Government Services

Local Utility Management Assistance	<u>143,250</u>	<u>154,429</u>	<u>155,434</u>	<u>155,434</u>	<u>155,434</u>
FTE	1.8	2.0	2.0	2.0	2.0
Cash Funds	143,250	154,429	155,434	155,434	155,434

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
Conservation Trust Fund Disbursements	<u>45,328,468</u>	<u>49,279,076</u>	<u>49,997,797</u>	<u>49,997,797</u>	<u>49,997,797</u>
FTE	1.9	2.0	2.0	2.0	2.0
Cash Funds	45,328,468	49,279,076	49,997,797	49,997,797	49,997,797
Volunteer Firefighter Retirement Plans	<u>4,281,892</u>	<u>4,358,691</u>	<u>4,264,753</u>	<u>4,264,753</u>	<u>4,264,753</u>
General Fund Exempt	4,281,892	4,358,691	4,264,753	4,264,753	4,264,753
Volunteer Firefighter Death and Disability Insurance	<u>21,065</u>	<u>21,065</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
General Fund Exempt	21,065	21,065	30,000	30,000	30,000
Environmental Protection Agency Water/Sewer File Project	<u>49,817</u>	<u>49,425</u>	<u>49,425</u>	<u>49,425</u>	<u>49,425</u>
FTE	0.4	0.3	0.5	0.5	0.5
Federal Funds	49,817	49,425	49,425	49,425	49,425
SUBTOTAL - (2) Local Government Services	49,824,492	53,862,686	54,497,409	54,497,409	54,497,409
FTE	4.1	4.3	4.5	4.5	4.5
General Fund Exempt	4,302,957	4,379,756	4,294,753	4,294,753	4,294,753
Cash Funds	45,471,718	49,433,505	50,153,231	50,153,231	50,153,231
Federal Funds	49,817	49,425	49,425	49,425	49,425
(3) Community Services					
Community Services Block Grant	<u>10,131,223</u>	<u>4,760,229</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Federal Funds	10,131,223	4,760,229	6,000,000	6,000,000	6,000,000
SUBTOTAL - (3) Community Services	10,131,223	4,760,229	6,000,000	6,000,000	6,000,000
FTE	0.0	0.0	0.0	0.0	0.0
Federal Funds	10,131,223	4,760,229	6,000,000	6,000,000	6,000,000

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
SUBTOTAL - (A) Local Government and Community Services	61,349,866	59,794,816	61,924,835	61,924,835	61,924,835
<i>FTE</i>	<u>19.8</u>	<u>20.4</u>	<u>22.2</u>	<u>22.2</u>	<u>22.2</u>
General Fund	637,538	626,365	287,235	287,235	287,235
General Fund Exempt	4,302,957	4,379,756	4,294,753	4,294,753	4,294,753
Cash Funds	45,471,718	49,433,505	50,153,231	50,153,231	50,153,231
Reappropriated Funds	551,089	545,536	946,031	946,031	946,031
Federal Funds	10,386,564	4,809,654	6,243,585	6,243,585	6,243,585

(B) Field Services

Program Costs	<u>2,679,209</u>	<u>2,305,001</u>	<u>2,344,543</u>	<u>5,344,543</u>	<u>5,344,543</u> *
FTE	27.1	20.0	27.9	28.9	28.9
General Fund	0	0	0	3,000,000	3,000,000
Cash Funds	105,289	105,778	104,796	104,796	104,796
Reappropriated Funds	1,663,982	1,962,052	1,945,826	1,945,826	1,945,826
Federal Funds	909,938	237,171	293,921	293,921	293,921
Community Development Block Grant	<u>20,767,074</u>	<u>10,313,968</u>	<u>9,697,000</u>	<u>9,697,000</u>	<u>9,697,000</u>
Federal Funds	20,767,074	10,313,968	9,697,000	9,697,000	9,697,000
Local Government Mineral and Energy Impact Grants and Disbursements	<u>205,213,806</u>	<u>86,789,460</u>	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>
Cash Funds	205,213,806	86,789,460	150,000,000	150,000,000	150,000,000
Local Government Limited Gaming Impact Grants	<u>4,678,145</u>	<u>4,752,395</u>	<u>3,897,427</u>	<u>3,897,427</u>	<u>5,000,000</u>
General Fund	0	0	1,000,000	1,000,000	0
Cash Funds	4,678,145	4,752,395	2,897,427	2,897,427	5,000,000

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
Search and Rescue Program	<u>409,232</u>	<u>423,681</u>	<u>613,713</u>	<u>613,713</u>	<u>613,713</u>
FTE	1.2	1.1	1.3	1.3	1.3
Cash Funds	409,232	423,681	613,713	613,713	613,713
Colorado Heritage Communities Grants	<u>57,245</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Cash Funds	57,245	0	100,000	100,000	100,000
SUBTOTAL - (B) Field Services	233,804,711	104,584,505	166,652,683	169,652,683	170,755,256
FTE	<u>28.3</u>	<u>21.1</u>	<u>29.2</u>	<u>30.2</u>	<u>30.2</u>
General Fund	0	0	1,000,000	4,000,000	3,000,000
Cash Funds	210,463,717	92,071,314	153,715,936	153,715,936	155,818,509
Reappropriated Funds	1,663,982	1,962,052	1,945,826	1,945,826	1,945,826
Federal Funds	21,677,012	10,551,139	9,990,921	9,990,921	9,990,921

(C) Indirect Cost Assessments

Indirect Cost Assessments	<u>871,547</u>	<u>855,045</u>	<u>980,563</u>	<u>980,563</u>	<u>1,018,950</u>
Cash Funds	119,149	74,741	156,097	156,097	147,595
Reappropriated Funds	617,781	721,137	698,052	698,052	795,721
Federal Funds	134,617	59,167	126,414	126,414	75,634
SUBTOTAL - (C) Indirect Cost Assessments	871,547	855,045	980,563	980,563	1,018,950
FTE	0.0	0.0	0.0	0.0	0.0
Cash Funds	119,149	74,741	156,097	156,097	147,595
Reappropriated Funds	617,781	721,137	698,052	698,052	795,721
Federal Funds	134,617	59,167	126,414	126,414	75,634

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
TOTAL - (4) Division of Local Governments	296,026,124	165,234,366	229,558,081	232,558,081	233,699,041
<i>FTE</i>	<u>48.1</u>	<u>41.5</u>	<u>51.4</u>	<u>52.4</u>	<u>52.4</u>
General Fund	637,538	626,365	1,287,235	4,287,235	3,287,235
General Fund Exempt	4,302,957	4,379,756	4,294,753	4,294,753	4,294,753
Cash Funds	256,054,584	141,579,560	204,025,264	204,025,264	206,119,335
Reappropriated Funds	2,832,852	3,228,725	3,589,909	3,589,909	3,687,578
Federal Funds	32,198,193	15,419,960	16,360,920	16,360,920	16,310,140

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
(5) DIVISION OF EMERGENCY MANAGEMENT					
This division assists local, state, and private organizations in disaster preparedness, response, recovery, and impact mitigation.					
Administration	<u>3,345,238</u>	<u>2,176,214</u>	<u>0</u>	<u>0</u>	<u>0</u>
FTE	28.2	30.1	0.0	0.0	0.0
General Fund	571,685	559,347	0	0	0
Reappropriated Funds	65,393	65,133	0	0	0
Federal Funds	2,708,160	1,551,734	0	0	0
Disaster Response and Recovery	<u>2,785,001</u>	<u>6,640,295</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	2,785,001	6,267,233	0	0	0
Federal Funds	0	373,062	0	0	0
Preparedness Grants and Training	<u>9,291,539</u>	<u>11,823,158</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	0	0	0	0
Federal Funds	9,291,539	11,823,158	0	0	0
Indirect Cost Assessment	<u>328,287</u>	<u>8,076</u>	<u>0</u>	<u>0</u>	<u>0</u>
Reappropriated Funds	15,399	8,076	0	0	0
Federal Funds	312,888	0	0	0	0
TOTAL - (5) Division of Emergency Management	15,750,065	20,647,743	0	0	0
FTE	<u>28.2</u>	<u>30.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	571,685	559,347	0	0	0
Cash Funds	2,785,001	6,267,233	0	0	0
Reappropriated Funds	80,792	73,209	0	0	0
Federal Funds	12,312,587	13,747,954	0	0	0

JBC Staff Staff Figure Setting - FY 2013-14
Staff Working Document - Does Not Represent Committee Decision

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Recommendation
TOTAL - Department of Local Affairs	364,432,234	249,142,569	327,213,891	336,476,506	300,422,880
<i>FTE</i>	<u>160.4</u>	<u>172.4</u>	<u>163.2</u>	<u>164.2</u>	<u>164.3</u>
General Fund	6,352,179	6,072,200	6,779,506	15,043,341	8,830,867
General Fund Exempt	4,302,957	4,379,756	4,294,753	4,294,753	4,294,753
Cash Funds	260,278,158	149,406,337	206,386,363	206,473,966	208,762,733
Reappropriated Funds	6,259,609	7,055,812	7,129,597	7,945,237	8,580,922
Federal Funds	87,239,331	82,228,464	102,623,672	102,719,209	69,953,605

**FY 2013-14 FIGURE SETTING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:**

DEPARTMENT OF LOCAL AFFAIRS

APPENDIX B: INDIRECT COST ASSESSMENTS

Description of Indirect Cost Assessment Methodology

The Department of Local Affairs' indirect cost assessment methodology is calculated based on three components: an “Indirect Cost Pool”, an “Indirect Cost Base”, and an “Indirect Cost Rate”.

Indirect Cost Pool

The Indirect Cost Pool is comprised of approved division level costs, including statewide indirect costs, which are used to provide support either to the entire department through the Executive Director’s Office (EDO) or to individual divisions through program and personal services lines. The pool costs are based on the most recent fiscal year actual costs, a two year lag time. The FY 2013-14 pool costs, for example, are based on FY 2011-12 actuals. DOLA is also allocated statewide indirect costs for inclusion into its indirect cost rate proposal. Finally, fixed asset depreciation, leave costs, and indirect cost carry-forward adjustments are also included.

Indirect Cost Base

The Department uses eligible personal services costs to calculate the Indirect Cost Base, which is used in determining the proportional allocation of the Total Recoverable Indirect Cost Pool to divisions.

Indirect Cost Rate

The Indirect Cost Rate is then calculated for each division by dividing the Indirect Cost Pool by the Indirect Cost Base. The Indirect Cost Rate is multiplied by the projected salary and fringe benefits by funding source to determine the estimated indirect cost assessment for each of the divisions. Table 1 shows the FY 2013-14 Department indirect cost assessment for each division.

Table 1: Department of Local Affairs Indirect Cost Assessment Request for FY 2013-14

Indirect Cost Assessment Recommendations for FY 2013-14			
Description	Total Funds	Cash Fund Sources	Federal Fund Sources
Indirect Cost Assessments:			
Division of Property Taxation	<u>\$337,883</u>	<u>\$337,883</u>	<u>\$0</u>
Property tax exemption fund	169,766	169,766	0
State severance tax revenues	112,078	112,078	0
Federal mineral lease revenues	56,039	56,039	0

JBC Staff Figure Setting – FY 2013-14
Staff Working Document – Does Not Represent Committee Decision

Indirect Cost Assessment Recommendations for FY 2013-14			
Description	Total Funds	Cash Fund Sources	Federal Fund Sources
Division of Housing	<u>581,550</u>	<u>244,110</u>	<u>337,440</u>
HUD Programs	337,440	0	337,440
Manufactured Buildings Program	182,297	182,297	0
State severance tax revenues	41,209	41,209	0
Federal mineral lease revenues	20,604	20,604	0
Division of Local Governments	<u>1,018,950</u>	<u>943,316</u>	<u>75,634</u>
State severance tax revenues	530,481	530,481	0
Federal mineral lease revenues	265,240	265,240	0
Community Development Block Grant	86,463	0	54,305
Community Services Block Grant	39,951	0	21,329
Conservation Trust Fund	47,789	47,789	0
Local Utility Management	45,393	45,393	0
Gaming revenues	29,043	29,043	0
Search and Rescue fees	25,370	25,370	0
Total Indirect Cost Assessments	<u>\$1,938,383</u>	<u>\$1,525,309</u>	<u>\$413,074</u>

FY 2013-14 FIGURE SETTING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:

DEPARTMENT OF LOCAL AFFAIRS

APPENDIX C: COMMITTEES OF REFERENCE SMART ACT
RECOMMENDATION LETTERS FOR THE DEPARTMENT



JEANNE NICHOLSON
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Senate Chamber
State of Colorado
Denver

LOCAL GOVERNMENT COMMITTEE
CHAIR

HEALTH AND HUMAN SERVICES
MEMBER

LEGISLATIVE COUNCIL
MEMBER

Senate Majority Caucus Chair

January 23, 2013

Senator Pat Steadman
Chair, Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, Colorado 80203

Dear Senator Steadman:

The SMART Government Act allows committees of reference to make formal recommendations to the Joint Budget Committee (JBC) regarding state departments' budgets, based on the committee's hearings with their assigned departments. The Senate Local Government Committee met on January 22, 2013, to discuss recommendations to the JBC per the SMART Government Act. At its meeting, the committee approved two recommendations regarding the Department of Local Affairs FY 2013-14 budget request.

The committee recommends that the JBC approve the Department of Local Affairs' request for:

- \$2.0 million General Fund to provide additional affordable housing units for workforce needs and lower income families; and
- \$3.0 million General Fund and 1.0 FTE within the Division of Local Government for the administration of a grant program to grow and diversify the economies of rural communities, with an emphasis on those communities that depend on a single large employer such as a state prison.

The Senate Local Government Committee also recommends that the Joint Budget Committee require additional information from the Department of Local Affairs concerning its request for \$2,740,852 million General Fund in FY 2013-14 to pay for case management, substance abuse treatment costs, limited medical care, and the operations and maintenance of a transitional therapeutic residential treatment community for up to 300 homeless individuals at Fort Lyon. Specifically, the department should:

Senator Pat Steadman
January 23, 2013
Page 2

- demonstrate that, on a per-patient basis, the appropriation would be the most cost effective method for treating homeless individuals throughout the state;
- explain how the program would be supported beyond FY 2015-16;
- provide evidence that the local population supports the Fort Lyons transitional housing proposal and will be available to provide related services; and
- provide evidence that homeless individuals will be willing to move to Fort Lyons and avail themselves of its services.

Sincerely,



Senator Jeanne Nicholson, Chair
Senate Local Government Committee

- c: Joint Budget Committee Members
Senate Local Government Committee Members
Reeves Brown, Executive Director, Department of Local Affairs
Bruce Eisenhauer, Legislative Liaison, Department of Local Affairs
John Ziegler, Staff Director, Joint Budget Committee
David Beaujon, Legislative Council Staff