

This file contains two documents related to the Department of Local Affairs:

- A ten-page memorandum dated March 11, 2008, concerning: (I) a revised staff recommendation for the Local Government Mineral and Energy Impact Grants and Disbursements; (II) recent Department supplemental request and budget amendment related to affordable housing; (III) staff comebacks related to the transfer of enterprise zone responsibilities as well as workforce improvement grants; and (IV) additional information related to a grant from the United Health Foundation.
- A file dated February 5, 2008, which includes all of staff's funding recommendations related to the Department's FY 2008-09 budget request.

# MEMORANDUM

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**TO:** Joint Budget Committee

**FROM:** Carolyn Kampman, Joint Budget Committee Staff (303-866-4959)

**SUBJECT:** Staff "Comebacks" Concerning Department of Local Affairs

**DATE:** March 11, 2008

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## I. LINE ITEM THE COMMITTEE HAS YET TO ACT ON

### **Division of Local Government, Field Services, Local Government Mineral and Energy Impact Grants and Disbursements**

*Description:* This program is intended to assist communities impacted by the growth and decline of mineral and energy industries. This line item combines two statutory programs for administrative efficiency and applicant convenience. In this regard, the grant line item includes fifty percent of the total state severance tax revenues (the other half goes to the Department of Natural Resources) as well as part of the state's share of payments to the federal government for mineral and fuel production on federal lands. By statute, a portion of each program's funding is distributed directly to local jurisdictions on a formula basis (30 percent of severance tax revenues and approximately 15 percent of federal mineral lease revenues). A portion of the funding reflected in this line item is transferred to a number of other line items in the Department to cover direct and indirect costs. The remaining funds are distributed through discretionary grants to local jurisdictions.

In administering this 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. Funded projects include water and sewer improvements, road projects, construction of fire protection buildings, purchase of fire protection equipment, local government planning, and construction of/ improvements to recreation centers, senior centers, hospitals, local government administrative buildings, K-12 school classrooms, and other public infrastructure. The source of cash funds exempt is fund reserves, and federal mineral lease revenues.

*Request:* The Department's request reflects no change in the FY 2007-08 appropriation (\$63.3 million, including \$40.2 million from severance tax revenues and \$23.1 million from federal mineral lease revenues).

*Recommendation:* Unlike most line item appropriations, the amount reflected in this line item does not directly correlate to program cash flows. The FY 2008-09 appropriation should reflect the

amount the Department anticipates incurring or transferring in FY 2008-09, including amounts encumbered but not yet paid (i.e., the full amount of each new contract that is executed, as well as those portions of annual revenues that are required to be paid out via direct distribution formula). In terms of cash flow, the Department's annual expenditures include payments related to contracts executed in previous years and in the current year, payment of direct distributions from prior year revenues, and administrative expenditures. In addition, the Department may be required to transfer one or more amounts to other funds.

The interpretation by the executive branch is that funds for these programs 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 stating 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 by the executive branch that these funds are continuously appropriated.

**Based on updated, detailed information provided by the Department, staff recommends appropriating \$119.0 million for FY 2008-09.** Staff has included a series of tables detailing actual and projected cash flows related to this program [see Appendix A]. The first table (page A-1) details severance tax revenues that are allocated to the Department, the second table (page A-2) details the Department's share of federal mineral lease revenues, and the final table (page A-3) provides a summary of both revenue sources. Each table identifies a beginning fund balance, revenues, expenditures/transfers, and the ending fund balance. Staff has also identified, for informational purposes, the portion of the fund balance that is "uncommitted". The shaded cells in each table identify those amounts that are used to calculate the spending authority the Department anticipates utilizing in FY 2008-09. Staff's recommendation is based on the following calculation:

\$38,629,000	Estimated direct distributions for FY 2008-09 (actually paid in FY 2009-10)
77,390,780	New contracts encumbered in FY 2008-09 (approximately 2/3 of which will be paid out in subsequent fiscal years)
<u>3,556,551</u>	Administrative expenditures incurred in FY 2008-09
119,576,331	Total spending authority for FY 2008-09

**The recommended appropriation (a rounded amount, or \$119.0 million), includes \$75.0 million from severance tax revenues and \$44.0 million from federal mineral lease revenues.**

**II. RECENT SUPPLEMENTAL AND BUDGET AMENDMENT REQUESTS**

**Division of Housing, Colorado Affordable Housing Construction Grants and Loans**

*JBC Action to Date.* This line item provides state funding for grants and loans for the rehabilitation, acquisition, and maintenance of affordable, safe, sanitary housing for low-income households. The Department initially requested a continuation level funding for FY 2008-09 (\$1,223,324). **The Joint Budget Committee voted unanimously to appropriate a total of \$2,225,000 General Fund for FY 2008-09 -- an increase of about \$1.0 million.** The following table summarizes recent General Fund appropriations for this line item.

Recent History of State Appropriations			
Fiscal Year	General Fund Appropriation	Annual Change	
		Dollar	Percent
1999-00	\$2,600,000		
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 Long Bill	1,223,324	123,324	11.2%
2008-09 JBC Action (2/5/08)	2,225,000	1,001,676	81.9%

\*Original Long Bill appropriation of \$4,570,000 was reduced mid-year.

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

*Department FY 2007-08 Supplemental Request.* On February 20, 2008, **the Department submitted a supplemental request to increase state funding for affordable housing grants and loans for FY 2007-08 by \$1.5 million** (from \$1,223,324 to \$2,723,324). **In addition,** due to the nature of the development and construction of housing units, **the Department requests that the General Assembly authorize the Department to "roll-forward" the additional spending authority to FY 2008-09.** If approved, the funding would be used to develop additional affordable housing for workforce, homeless, and senior housing. The Department plans to focus on housing units that cannot be produced with any other funding source available to the Department and need a greater subsidy to achieve and maintain project feasibility.

The Department provided the following information about the distribution of state funds made available to date in FY 2007-08.

<b>Allocation of FY 2007-08 State Funding for Affordable Housing</b>			
<b>Project Name</b>	<b>Project Type</b>	<b>DOLA Investment</b>	<b>Number of Individuals Estimated to be Served Annually</b>
Senior Support Services - Senior Studios	Transitional housing	\$316,263 capital expenditure (15 year affordability period, or the equivalent of \$21,085 per year).	25
Empowerment Program - Mariposa House	Homeless shelter	\$245,170 capital expenditure (30 year affordability period, or the equivalent of \$8,173 per year).	29
Rocky Mountain Community Land Trust - Park Meadows Apartments	Affordable rental	\$243,350 capital expenditure (30 year affordability period, or the equivalent of \$8,112 per year).	180
Emergency Family Assistance Association - Transitional Housing Project	Transitional housing	\$70,000 capital expenditure (30 year affordability period, or the equivalent of \$2,334 per year).	11
Rocky Mountain Housing Development Corporation - Cornerstone Apartments	Affordable rental	\$139,134 capital expenditure (30 year affordability period, or the equivalent of \$4,638 per year).	75
Housing Needs Assessments - Various locations	Pre-development activity	\$180,083 capital expenditure (one-year term).	150 (estimated)
Governor's Colorado Community and Interagency Council on Homelessness	Pre-development activity	\$45,000 capital expenditure (one-year term).	150 (estimated)

The Division receives housing proposals throughout the year from qualified housing developers, local governments, and not-for-profit organizations. Applications are reviewed by Division staff and the State Housing Board, with final funding decisions made by the Department's Executive Director. The Department indicates that as of February 2008, the Division's project "pipeline" of potential affordable housing projects indicates the need for over \$16.0 million in additional funds through the end of FY 2008-09. The Division expects to have less than half of the funds necessary to fill this gap.

According to the Department, a March 2007 study by Community Strategies Institute indicates that an additional 1,779 housing units are needed statewide on an annual basis to address the shortage of affordable<sup>1</sup> rental housing units for Colorado residents with household incomes up to \$22,000 per year (30 percent of the median income for a four-person household in Denver). The Department's request identifies three projects that were recently approved by the State Housing Board. These projects, which involve a total of \$2.4 million state funds, would be funded from moneys requested through this supplemental request, and/or moneys appropriated for FY 2008-09:

- \$1.0 million state funding would be used for a \$13.7 million project to develop 72 apartment units in Grand Junction (a leveraging ratio exceeding 13 to one). The project would serve households with incomes between \$16,150 and \$32,340 (30 to 60 percent of the area median income for a four-person household). An independent market study indicates the need for over 1,000 workforce rental units in Mesa County. The Department indicates that if supplemental funds are approved, funds could be awarded and encumbered by June 30, 2008.
- \$1.0 million state funding would be used for an \$8.5 million project to develop 48 apartment units in Delta (a leveraging ratio exceeding eight to one). The project would address a shortage of workforce housing, serving households with incomes between \$16,150 and \$32,340 (30 to 60 percent of the area median income for a four-person household). The Department indicates that the State Housing Board approved this funding in February to secure favorable pricing of the low-income housing tax credits used to finance the project.
- \$400,000 in state funding would be used to leverage other funding sources (a leveraging ratio of 44 to one) to develop 75 affordable units and 35 market rate units in Parker. The project would address a shortage of senior housing (age 55 and over) in Douglas County, with the affordable units being available to households with incomes between \$17,200 and \$34,380 (30 to 60 percent of the area median income for a two-person household).

*Staff Recommendation on Supplemental Request.*

<b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b> [An emergency or act of God / a technical error in the appropriation / new data / an unforeseen contingency]	<b>NO</b>
The Department did not identify, and the request does not appear to meet, any of the above criteria.	

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<sup>1</sup> "Affordable" is based on the concept that a household should pay no more than 30 percent of their income for housing.

**As this request does not meet any applicable supplemental criteria, staff does not recommend approving the supplemental.** The Department acknowledges that the request does not meet supplemental criteria, but notes that it is submitted based on the shortage of safe and decent housing affordable for low- and moderate-income workers, homeless, disabled and elderly residents, and children living in poverty. The Department indicates that additional state funding is needed to address the shortage of affordable housing, for two reasons. First, federal housing programs lack the flexibility needed to address shortages in Colorado (*e.g.*, the Department may not use federal Community Development Block Grant funds in communities with a population of 50,000 or more). Second, with flexibility, the Department can invest in housing projects with consideration for other public policy issues (*e.g.*, reducing highway miles traveled by developing workforce housing, allowing more seniors to "age in place" by developing affordable senior housing, etc.).

**If the Committee chooses to increase the appropriation for FY 2007-08, staff recommends that the Committee authorize the Department to "roll-forward" spending authority to FY 2008-09** as it is likely that at least a portion of the funds would not be encumbered and expended by June 30.

*Department FY 2008-09 Budget Amendment.* The Department's November 1, 2007, budget request reflected a continuation level of state funding for affordable housing for FY 2008-09 (\$1,223,324). On February 5, 2008, the Committee acted on this line item, voting to appropriate \$2,225,000 -- an increase of \$1,001,676 General Fund. On February 20, 2008, **the Department submitted a budget amendment to increase state funding for affordable housing for FY 2008-09 by \$1.5 million above the amount approved by the Committee** (\$3,725,000). Thus, the Department is requesting a total of \$5,225,000 state funds that the Department could invest in projects over the next 15 months.

*Staff Recommendation on Budget Amendment.* **This request essentially represents a "comeback", and staff has not included a revised recommendation.** The information provided by the Department in support of its request is provided above.

### III. STAFF COMEBACKS

#### **Transfer of Enterprise Zone Responsibilities to OED**

House Bill 08-1305, sponsored by the Joint Budget Committee, transfers certain enterprise zone program administrative responsibilities from the Department of Local Affairs to the Governor's Office of Economic Development (OED) and the Economic Development Commission. This bill passed the Senate on Third Reading Monday, March 10, 2008. The transfer of responsibilities requires adjustments to each department's FY 2008-09 appropriations. The net impact of these adjustments is the elimination of a \$42,037 transfer of funds.

Description	General Fund	General Fund Transferred from OED to DOLA	Total
<b>Department of Local Affairs</b>	(\$22,963) (0.3 FTE)	(\$42,037) (0.7 FTE)	(\$65,000) (1.0 FTE)
<b>Governor's Office of Economic Development</b>	22,963 1.0 FTE	0	22,963 1.0 FTE
<b>Net Change</b>	<b>\$0</b> <b>0.7 FTE</b>	<b>(\$42,037)</b> <b>(0.7 FTE)</b>	<b>(\$42,037)</b> <b>0.0 FTE</b>

As this bill has passed prior to the introduction of the FY 2008-09 Long Bill (without an appropriation clause), the above changes should be reflected in the Long Bill.

**Workforce Improvement Grants**

An existing line item appropriation to the Department of Local Affairs reflects various federal funds and donations related to workforce improvement. The Committee previously approved the Department's request for a continuation level of funding for FY 2008-09 (\$470,000 and 1.0 FTE, consisting of \$450,000 in anticipated federal funds and \$20,000 in donations). **Based on more recent information, staff recommends reflecting a total of \$870,000 in the FY 2008-09 Long Bill, consisting of \$850,000 in anticipated federal grants and \$20,000 in donations.**

**IV. ADDITIONAL INFORMATION**

**United Health Rural Health Care Grants**

The Committee previously approved a staff recommendation include a \$150,000 line item in the FY 2008-09 Long Bill to reflect a charitable gift from the United Health Foundation to help the State address deficiencies in access to health care for rural and undeserved Coloradans. Representative Pommer requested information about the use of these grant funds. The Department of Local Affairs provided a copy of a report that was prepared by the Colorado Rural Health Center concerning the Colorado Rural Mobile Health Project, which staff has provided to Representative Pommer. Information about this project and the United Health Foundation funds is available electronically at:

<http://www.coruralhealth.org/crhc/programs/crmhp.htm>



# **COLORADO GENERAL ASSEMBLY**

## **JOINT BUDGET COMMITTEE**



### **FISCAL YEAR 2008-09 STAFF FIGURE SETTING:**

#### **DEPARTMENT OF LOCAL AFFAIRS**

**JBC Working Document - Subject to Change**

**Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:  
Carolyn Kampman, Chief Legislative Analyst  
February 5, 2008**

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**FY 2008-09 Staff Figure Setting  
DEPARTMENT OF LOCAL AFFAIRS**

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The following table provides a summary of the most significant staff recommendations included in this packet. Detailed recommendations for each line item follow.

Summary of Significant Staff Recommendations in this Packet						
Description	Total Funds	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	FTE
<i>Recommended Changes from FY 2007-08 Appropriation:</i>						
Employee salary increases and benefits (including PERA AED and SAED)	424,364	183,620	107,743	133,107	75,817	0.0
Reduction in indirect cost assessments and resulting increase in General Fund appropriations	0	145,263	(10,240)	58,331	(193,354)	0.0
Additional staff for mineral and energy impact grant program (DI #1)	262,711	0	0	262,711	0	5.0
Change in anticipated lottery proceeds	(5,400,000)	0	0	(5,400,000)	0	0.0
Change in federal funds anticipated to be available	(10,665,597)	0	0	0	(10,665,597)	0.6
Base reduction in personal services (1.0% for line items of 20.0+ FTE)	(90,944)	(32,485)	(7,538)	(25,692)	(25,229)	0.0

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format	
<b>DEPARTMENT OF LOCAL AFFAIRS</b>						
<b>Executive Director: Susan Kirkpatrick</b>						
<b>(1) EXECUTIVE DIRECTOR'S OFFICE</b>						
This section provides funding for management and administration of the Department, including human resources, accounting, and budgeting. This section also includes funding for the Moffat Tunnel Improvement District and the Workforce Development Council. Significant cash funds exempt sources include: the Local Government Severance Tax Fund, the Local Government Mineral Impact Fund, indirect cost recoveries, and transfers from other agencies.						
Personal Services	1,037,515	980,341	1,100,142	1,155,424	1,155,424	1,155,424
FTE	<u>13.2</u>	<u>12.3</u>	<u>14.0</u>	<u>14.0</u>	<u>14.0</u>	<u>14.0</u>
General Fund	0	0	0	0	40,513	40,513
FTE	0.0	0.0	0.0	0.0	0.5	0.5
Cash Funds Exempt / Reappropriated Funds	1,037,515	980,341	1,100,142	1,155,424	1,114,911	1,114,911
FTE	13.2	12.3	14.0	14.0	13.5	13.5
Group Health, Life, and Dental a/	<u>534,957</u>	<u>712,596</u>	<u>812,957</u>	<u>1,086,754</u>	<u>1,086,754</u>	<u>1,086,754</u>
General Fund	259,567	336,564	409,854	562,973 A	562,973	562,973
Cash Funds	68,656	94,164	74,727	131,994 A	131,994	139,277
Cash Funds Exempt / Reappropriated Funds	75,392	95,208	121,956	179,402 A	179,402	172,119
Federal Funds	131,342	186,660	206,420	212,385 A	212,385	212,385
*CFE/RF: Mineral & Energy Impact	70,024	87,806	116,037	172,119 A	172,119	172,119
Short-term Disability a/	<u>14,475</u>	<u>11,787</u>	<u>14,996</u>	<u>15,857</u>	<u>15,984</u>	<u>15,984</u>
General Fund	7,665	4,813	5,823	5,210 A	5,241	5,241
Cash Funds	1,967	1,489	1,892	2,014 A	2,022	2,129
Cash Funds Exempt / Reappropriated Funds	1,669	2,409	3,688	4,314 A	4,345	4,238
Federal Funds	3,174	3,076	3,593	4,319 A	4,376	4,376
*CFE/RF: Mineral & Energy Impact	1,567	2,278	2,782	4,207 A	4,237	4,237

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format	
S.B. 04-257 Amortization Equalization						
Disbursements	<u>22,857</u>	<u>76,458</u>	<u>84,649</u>	<u>198,569</u>	<u>196,724</u>	<u>196,724</u>
General Fund	11,081	30,171	31,727	64,125 A	64,510	64,510
Cash Funds	3,345	9,886	10,916	24,791 A	24,882	26,498
Cash Funds Exempt / Reappropriated Funds	3,033	15,987	21,279	56,497 A	53,474	51,858
Federal Funds	5,398	20,414	20,727	53,156 A	53,858	53,858
*CFE/RF: Mineral & Energy Impact	2,863	15,175	16,050	51,481 A	48,726	48,726
S.B. 06-235 Supplemental Amortization Equalization						
Disbursements	n/a	n/a	<u>26,972</u>	<u>64,117</u>	<u>92,214</u>	<u>92,214</u>
General Fund			9,331	20,645 A	30,239	30,239
Cash Funds			3,639	7,943 A	11,663	11,663
Cash Funds Exempt / Reappropriated Funds			7,093	18,475 A	25,066	25,066
Federal Funds			6,909	17,054 A	25,246	25,246
*CFE/RF: Mineral & Energy Impact			5,350	16,881 A	22,903	22,903
Salary Survey and Senior Executive Service a/						
Disbursements	<u>339,384</u>	<u>337,986</u>	<u>394,702</u>	<u>497,515</u>	<u>465,836</u>	<u>465,836</u>
General Fund	133,175	134,347	162,699	177,483 A	161,726	161,726
Cash Funds	43,628	28,771	41,173	69,771 A	65,363	68,068
Cash Funds Exempt / Reappropriated Funds	77,681	69,202	68,139	101,651 A	96,940	94,235
Federal Funds	84,900	105,666	122,691	148,610	141,807	141,807
*CFE/RF: Mineral & Energy Impact	74,213	65,841	67,052	98,946 A	94,360	94,360
Performance-based Pay Awards						
Disbursements	<u>0</u>	<u>0</u>	<u>181,676</u>	<u>186,465</u>	<u>186,465</u>	<u>186,465</u>
General Fund	0	0	89,507	92,714 A	92,714	92,714
Cash Funds	0	0	12,348	17,311 A	17,311	18,125
Cash Funds Exempt / Reappropriated Funds	0	0	30,195	27,302 A	27,302	26,488
Federal Funds	0	0	49,626	49,138 A	49,138	49,138
*CFE/RF: Mineral & Energy Impact	0	0	29,146	26,488 A	26,488	26,488
Workers' Compensation						
Disbursements	<u>28,847</u>	<u>35,025</u>	<u>26,711</u>	<u>34,155</u>	<u>Pending</u>	<u>Pending</u> Statewide DI, BA
General Fund	26,836	32,578	24,842 S	31,765 A		
Cash Funds	839	1,033	797 S	1,024 A		
Cash Funds Exempt / Reappropriated Funds	1,172	1,414	1,072 S	1,366 A		
*CFE/RF: Mineral & Energy Impact	1,132	1,374	1,027 S	1,317 A		

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format	
Operating Expenses	<u>118,411</u>	<u>137,560</u>	<u>144,175</u>	<u>144,175</u>	<u>144,175</u>	<u>144,175</u>
General Fund	8,051	0	0	0	132,413	132,413
Cash Funds Exempt / Reappropriated Funds	104,106	129,962	132,413	132,413	0	0
Federal Funds	6,254	7,598	11,762	11,762	11,762	11,762
Legal Services	<u>113,354</u>	<u>114,740</u>	<u>128,934</u>	<u>128,934</u>	<u>Pending</u>	<u>Pending</u>
General Fund	104,597	109,987	116,901	116,901		
Cash Funds	4,337	2,032	6,054	6,054		
Cash Funds Exempt / Reappropriated Funds	306	1,134	1,381	1,381		
Federal Funds	4,114	1,587	4,598	4,598		
Hours	<u>1,790.0</u>	<u>1,694.8</u>	<u>1,790.0</u>	<u>1,790.0</u>	<u>1,790.0</u>	<u>1,790.0</u>
*CFE/RF: Mineral & Energy Impact	<u>1,015</u>	<u>1,134</u>	<u>1,216</u>	<u>1,216</u>		
Purchase of Services from Computer Center	<u>3,383</u>	<u>397</u>	<u>2,420</u>	<u>35,693</u>	<u>Pending</u>	<u>Pending</u> Statewide BA
General Fund	3,383	397	2,420 S	35,693 A		
Cash Funds Exempt / Reappropriated Funds	0	0	0	0		
Multiuse Network Payments	<u>83,054</u>	<u>72,905</u>	<u>65,532</u>	<u>67,412</u>	<u>Pending</u>	<u>Pending</u> Statewide DI, BA
General Fund	46,143	40,920	36,782 S	37,837 A		
Cash Funds	3,406	2,955	2,657 S	2,733 A		
Cash Funds Exempt / Reappropriated Funds	6,473	5,718	5,139 S	5,286 A		
Federal Funds	27,032	23,312	20,954 S	21,556 A		
*CFE/RF: Mineral & Energy Impact	<u>6,027</u>	<u>5,272</u>	<u>4,634</u> S	<u>4,777</u> A		
Payment to Risk Management and Property Funds	<u>12,615</u>	<u>36,287</u>	<u>13,330</u>	<u>19,341</u>	<u>Pending</u>	<u>Pending</u> Statewide BA
General Fund	11,736	33,766	12,394 S	17,987 A		
Cash Funds	363	2,322	776 S	1,160 A		
Cash Funds Exempt / Reappropriated Funds	516	199	160 S	194 A		
*CFE/RF: Mineral & Energy Impact	<u>482</u>	<u>176</u>	<u>114</u> S	<u>147</u> A		
Vehicle Lease Payments	<u>64,243</u>	<u>60,105</u>	<u>73,772</u>	<u>95,647</u>	<u>Pending</u>	<u>Pending</u> Statewide DI
General Fund	56,014	51,481	61,045 S	77,140 A		
Cash Funds Exempt / Reappropriated Funds	8,229	8,624	12,727 S	18,507 A		DI #1
*CFE/RF: Mineral & Energy Impact	<u>8,229</u>	<u>8,624</u>	<u>12,727</u> S	<u>18,507</u> A		

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change	
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format	Staff Rec. New Format	Requests
Information Technology Asset Maintenance	<u>103,973</u>	<u>107,731</u>	<u>104,793</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	29,913	
Cash Funds	10,364	10,364	10,364	10,364	10,364	13,049	
Cash Funds Exempt / Reappropriated Funds	39,652	40,192	40,192	40,192	40,192	37,507	
Federal Funds	24,044	27,262	24,324	24,324	24,324	24,324	
*CFE/RF: Mineral & Energy Impact	37,507	39,507	37,507	37,507	37,507	37,507	
Capitol Complex Leased Space	<u>408,207</u>	<u>421,347</u>	<u>475,931</u>	<u>475,540</u>	<u>Pending</u>	<u>Pending</u>	Statewide BA
General Fund	283,224	294,864	345,070 S	343,188 A			
Cash Funds	15,042	14,881	17,309 S	18,535			
Cash Funds Exempt / Reappropriated Funds	50,666	55,789	61,801 S	61,270 A			
Federal Funds	59,275	55,813	51,751 S	52,547 A			
<i>Square Feet</i>	53,770.0	53,770.0	53,770.0	53,770.0			
*CFE/RF: Mineral & Energy Impact	49,234	54,315	55,955 S	55,424 A			
Leased Space	<u>67,332</u>	<u>56,320</u>	<u>80,849</u>	<u>80,988</u>	<u>80,988</u>	<u>80,988</u>	
General Fund	17,898	16,065	16,800	16,692	16,692	16,692	
Cash Funds Exempt / Reappropriated Funds	13,457	12,095	12,830	12,430	12,430	12,430	
Federal Funds	35,977	28,160	51,219	51,866	51,866	51,866	
*CFE/RF: Mineral & Energy Impact	13,457	12,095	12,830	12,430	12,430	12,430	
Communication Services Payments	<u>5,850</u>	<u>21,871</u>	<u>26,606</u>	<u>22,785</u>	<u>Pending</u>	<u>Pending</u>	
General Fund	2,925	10,935	13,303 S	11,392			
Federal Funds	2,925	10,936	13,303 S	11,393			
Moffat Tunnel Improvement District	<u>26,481</u>	<u>27,172</u>	<u>92,958</u>	<u>92,958</u>	<u>92,958</u>	<u>92,958</u>	
Cash Funds	26,481	27,172	32,958	32,958	32,958	92,958	
Cash Funds Exempt / Reappropriated Funds	0	0	60,000	60,000	60,000	0	

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format	
Workforce Development Council	352,520	347,178	466,016	466,016	466,016	466,016
FTE	<u>4.0</u>	<u>3.9</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>
Cash Funds Exempt / Reappropriated Funds	352,520	347,178	466,016	466,016	466,016	466,016
FTE	4.0	3.9	4.0	4.0	4.0	4.0
Federal Funds	0	0	0	0	0	0
FTE	0.0	0.0	0.0	0.0	0	0
Workforce Improvement Grants	1,028,224	1,864,826	470,000	470,000	470,000	470,000
FTE	<u>1.3</u>	<u>0.6</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Cash Funds	0	0	0	0	0	20,000
Cash Funds Exempt / Reappropriated Funds	0	0	20,000	20,000	20,000	0
Federal Funds	1,028,224	1,864,826	450,000	450,000	450,000	450,000
FTE	1.3	0.6	1.0	1.0	1.0	1.0
<b>SUBTOTAL - (1) EXECUTIVE DIRECTOR'S OFFICE</b>	4,365,682	5,422,632	4,788,121	5,443,138	4,558,331	4,558,331
FTE	<u>18.5</u>	<u>16.8</u>	<u>19.0</u>	<u>19.0</u>	<u>19.0</u>	<u>19.0</u>
General Fund	1,002,208	1,126,801	1,368,411	1,641,658	1,136,934	1,136,934
FTE	0.0	0.0	0.0	0.0	0.5	0.5
Cash Funds	178,428	195,069	215,610	326,652	296,557	391,767
Cash Funds Exempt / Reappropriated Funds	1,772,387	1,765,452	2,166,223	2,362,120	2,100,078	2,004,868
FTE	17.2	16.2	18.0	18.0	17.5	17.5
Federal Funds	1,412,659	2,335,310	1,037,877	1,112,708	1,024,762	1,024,762
FTE	1.3	0.6	1.0	1.0	1.0	1.0
<i>*CFE/RF: Mineral &amp; Energy Impact</i>	265,750	293,597	362,427	501,447	418,771	418,771

a/ Actual expenditures for these line items reflect amounts appropriated. It is staff's understanding that the Department allocates the full amount appropriated for these line items to various line items throughout the Department. The Department does not track the nature of amounts reverted from individual line items, and thus cannot attribute reversions to these centrally appropriated line items.

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format	
<b>(2) PROPERTY TAXATION</b>						
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. Cash funds are from the Property Tax Exemption Fund. Significant cash funds exempt sources include: the Local Government Severance Tax Fund, the Local Government Mineral Impact Fund, and indirect cost recoveries.						
DIVISION OF Property Taxation	2,546,810	2,585,756	2,657,841	2,749,548	2,729,557	2,729,557
FTE	<u>36.6</u>	<u>35.8</u>	<u>38.5</u>	<u>38.5</u>	<u>38.5</u>	<u>38.5</u>
General Fund	1,205,127	1,254,573	1,268,635	1,319,441	1,305,288	1,305,288
FTE	15.7	15.7	15.7	15.7	15.7	15.7
Cash Funds	632,735	640,272	654,756	671,231	672,172	672,172
FTE	10.1	10.0	11.1	11.1	11.1	11.1
Cash Funds Exempt / Reappropriated Funds	708,948	690,911	734,450	758,876	752,097	752,097
FTE	10.8	10.1	11.7	11.7	11.7	11.7
*CFE/RF: Mineral & Energy Impact	708,948	690,911	734,450	758,876	752,097	752,097
State Board of Equalization	<u>12,856</u>	<u>12,856</u>	<u>12,856</u>	<u>12,856</u>	<u>12,856</u>	<u>12,856</u>
General Fund	12,856	12,856	12,856	12,856	12,856	12,856
Cash Funds Exempt / Reappropriated Funds	0	0	0	0	0	0
Board of Assessment Appeals	616,690	618,894	638,279	659,199	659,199	659,199
FTE	<u>15.0</u>	<u>14.5</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>
General Fund	312,536	369,858	610,660	631,580	659,199	659,199
FTE	7.6	8.7	15.0	15.0	15.0	15.0
Cash Funds Exempt / Reappropriated Funds	304,154	249,036	27,619	27,619	0	0
FTE	7.4	5.8	0.0	0.0	0.0	0.0
Indirect Cost Assessment - CFE/RF	89,371	100,872	81,480	81,480	66,718	66,718
*CFE/RF: Mineral & Energy Impact	89,371	100,872	81,480	81,480	66,718	66,718



	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format	
<b>SUBTOTAL - (2) PROPERTY TAXATION</b>	3,265,727	3,318,378	3,390,456	3,503,083	3,468,330	3,468,330
FTE	<u>51.6</u>	<u>50.3</u>	<u>53.5</u>	<u>53.5</u>	<u>53.5</u>	<u>53.5</u>
General Fund	1,530,519	1,637,287	1,892,151	1,963,877	1,977,343	1,977,343
FTE	23.3	24.4	30.7	30.7	30.7	30.7
Cash Funds	632,735	640,272	654,756	671,231	672,172	672,172
FTE	10.1	10.0	11.1	11.1	11.1	11.1
Cash Funds Exempt / Reappropriated Funds	1,102,473	1,040,819	843,549	867,975	818,815	818,815
FTE	18.2	15.9	11.7	11.7	11.7	11.7
<i>*CFE/RF: Mineral &amp; Energy Impact</i>	<i>798,319</i>	<i>791,783</i>	<i>815,930</i>	<i>840,356</i>	<i>818,815</i>	<i>818,815</i>

### (3) DIVISION OF HOUSING

This division assists local communities in meeting their housing goals, administers various state and federal affordable housing programs, and regulates the manufacture of factory-built residential and commercial buildings. Cash funds are from certification and registration fees paid by the producers and installers of manufactured homes. Significant cash funds exempt sources include: the Local Government Severance Tax Fund, and the Local Government Mineral Impact Fund.

#### ~~(A) Administration~~

Personal Services	1,505,793	1,683,452	1,451,087	1,413,691	1,405,336	1,405,336
FTE	<u>23.8</u>	<u>25.0</u>	<u>22.1</u>	<u>22.1</u>	<u>22.1</u>	<u>22.1</u>
General Fund	293,132	299,150	313,786	347,053	341,403	341,403
FTE	4.6	4.6	5.5	4.6	4.6	4.6
Cash Funds	66,799	74,269	77,694	77,694	76,917	76,917
FTE	0.9	0.9	0.0	0.9	0.9	0.9
Cash Funds Exempt / Reappropriated Funds	109,300	120,728	139,654	146,925	144,997	144,997
FTE	1.7	1.7	1.7	1.7	1.7	1.7
Federal Funds	1,036,562	1,189,305	919,953	842,019	842,019	842,019
FTE	16.6	17.8	14.9	14.9	14.9	14.9
<i>*CFE/RF: Mineral &amp; Energy Impact</i>	<i>109,300</i>	<i>120,728</i>	<i>139,654</i>	<i>146,925</i>	<i>144,997</i>	<i>144,997</i>

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format	
Operating Expenses	<u>149,493</u>	<u>273,700</u>	<u>323,903</u>	<u>323,903</u>	<u>323,903</u>	<u>323,903</u>
General Fund	25,902	25,903	25,903	25,903	25,903	25,903
Cash Funds Exempt / Reappropriated Funds	0	0	0	0	0	0
Federal Funds	123,591	247,797	298,000	298,000	298,000	298,000
<b>(B) Manufactured Buildings Program</b>						
MANUFACTURED BUILDINGS PROGRAM -						
Program Costs	676,552	753,772	1,033,437	1,055,012	1,055,012	1,055,012
FTE	<u>8.7</u>	<u>9.7</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>
General Fund	0	0	0	0	0	0
FTE	0.0	0.0	0.0	0.0	0.0	0.0
Cash Funds	676,552	753,772	1,033,437	775,012	775,012	1,055,012
FTE	8.7	9.7	10.0	10.0	10.0	10.0
Cash Funds Exempt / Reappropriated Funds	0	0	0	280,000	280,000	0
FTE	0.0	0.0	0.0	0.0	0.0	0.0
<b>(C) Affordable Housing Development</b>						
Colorado Affordable Housing Construction Grants &						
Loans	<u>100,000</u>	<u>1,100,000</u>	<u>1,238,324</u>	<u>1,223,324</u>	<u>1,223,324</u>	<u>1,223,324</u>
General Fund	100,000	1,100,000	1,223,324	1,223,324	1,223,324	1,223,324
Cash Funds	0	0	0	0	0	0
Cash Funds Exempt / Reappropriated Funds	0	0	15,000	0	0	0
Federal Affordable Housing Construction Grants & Loans - FF	15,158,765	14,665,888	8,880,825	9,173,282	9,058,270	9,058,270
Emergency Shelter Program - FF	968,623	968,312	971,220	1,029,552	967,363	967,363
Private Activity Bond Allocation Committee - CF	2,500	2,500	2,500	2,500	2,500	2,500

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format	
<b>(D) Rental Assistance</b>						
Low Income Rental Subsidies - FF	17,058,301	16,587,106	17,040,000	17,193,000	17,193,000	17,193,000
Indirect Cost Assessment	<u>325,528</u>	<u>381,964</u>	<u>393,578</u>	<u>393,578</u>	<u>311,917</u>	<u>311,917</u>
Cash Funds	126,613	149,320	160,786	160,786	134,113	134,113
Cash Funds Exempt / Reappropriated Funds	36,151	41,662	31,996	31,996	23,542	23,542
Federal Funds	162,764	190,982	200,796	200,796	154,262	154,262
*CFE/RF: Mineral & Energy Impact	<i>36,151</i>	<i>41,662</i>	<i>31,996</i>	<i>31,996</i>	<i>23,542</i>	<i>23,542</i>
<b>SUBTOTAL - (3) DIVISION OF HOUSING</b>	35,945,555	36,416,694	31,334,874	31,807,842	31,540,625	31,540,625
FTE	<u>32.5</u>	<u>34.7</u>	<u>32.1</u>	<u>32.1</u>	<u>32.1</u>	<u>32.1</u>
General Fund	419,034	1,425,053	1,563,013	1,596,280	1,590,630	1,590,630
FTE	4.6	4.6	5.5	4.6	4.6	4.6
Cash Funds	872,464	979,861	1,274,417	1,015,992	988,542	1,268,542
FTE	9.6	10.6	10.0	10.9	10.9	10.9
Cash Funds Exempt / Reappropriated Funds	145,451	162,390	186,650	458,921	448,539	168,539
FTE	1.7	1.7	1.7	1.7	1.7	1.7
Federal Funds	34,508,606	33,849,390	28,310,794	28,736,649	28,512,914	28,512,914
FTE	16.6	17.8	14.9	14.9	14.9	14.9
*CFE/RF: Mineral & Energy Impact	<i>145,451</i>	<i>162,390</i>	<i>171,650</i>	<i>178,921</i>	<i>168,539</i>	<i>168,539</i>

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format	Staff Rec. New Format
						Requests

**(4) DIVISION OF LOCAL GOVERNMENT**

The Division of Local Government provides information and training for local governments in budget development, purchasing, demographics, land use planning, and regulatory issues; manages federal and state funding programs to support infrastructure and local services development; and assists local, state, and private organizations in disaster preparedness, response, recovery, and impact mitigation. Cash funds are predominantly from waste tire recycling fees and the Local Government Severance Tax Fund. Cash funds exempt are from reserves in the Local Government Severance Tax Fund, the Limited Gaming Fund, and the State Lottery Fund.)

**(A) Local Government and Community Services**

**(I) Administration**

Personal Services	1,546,694	1,440,760	1,504,085	1,580,621	1,550,534	1,550,534
FTE	<u>18.6</u>	<u>19.0</u>	<u>20.4</u>	<u>20.4</u>	<u>20.4</u>	<u>20.4</u>
General Fund	793,661	821,162	846,604	886,059	874,844	874,844
FTE	10.3	10.3	10.3	10.3	10.3	10.3
Cash Funds	0	0	0	0	0	0
FTE	0.0	0.0	0.0	0.0	0.0	0.0
Cash Funds Exempt / Reappropriated Funds	453,465	469,512	481,668	497,576	494,953	494,953
FTE	6.7	6.8	7.0	7.0	7.0	7.0
Federal Funds	299,568	150,086	175,813	196,986	180,737	180,737
FTE	1.6	1.9	3.1	3.1	3.1	3.1
*CFE/RF: Mineral & Energy Impact	453,465	469,512	481,668	497,576	494,953	494,953
Operating Expenses	<u>98,275</u>	<u>88,500</u>	<u>131,351</u>	<u>131,351</u>	<u>131,351</u>	<u>131,351</u>
General Fund	43,186	42,178	42,178	42,178	42,178	42,178
Cash Funds Exempt / Reappropriated Funds	25,094	25,145	25,146	25,146	25,146	25,146
Federal Funds	29,995	21,177	64,027	64,027	64,027	64,027
*CFE/RF: Mineral & Energy Impact	25,094	25,145	25,146	25,146	25,146	25,146

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format	Staff Rec. New Format
<b>(2) Local Government Services</b>						
Local Utility Management Assistance - CF	140,369	144,799	146,517	151,817	151,817	151,817
FTE	2.0	2.0	2.0	2.0	2.0	2.0
Conservation Trust Fund Disbursements	49,918,126	47,381,119	52,000,000	49,000,000	46,600,000	46,600,000
FTE	<u>2.0</u>	<u>1.9</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Cash Funds	0	0	0	0	0	46,600,000
Cash Funds Exempt / Reappropriated Funds	49,918,126	47,381,119	52,000,000	49,000,000	46,600,000	0
Volunteer Firefighter Retirement Plans - GF	3,712,497	3,946,667	4,082,138	4,163,651	4,163,651	4,163,651
†GF: General Fund Exempt Account	3,669,309	3,665,842	3,792,828	0	4,163,651	4,163,651
Volunteer Firefighter Death and Disability Insurance - GF	30,000	30,000	30,000	30,000	30,000	30,000
†GF: General Fund Exempt Account	30,000	30,000	30,000	0	30,000	30,000
Environmental Protection Agency Water/Sewer File Project - FF	33,073	49,549	50,000	50,000	50,000	50,000
FTE	0.4	0.5	0.5	0.5	0.5	0.5
Federal Disability Program Navigator - FF	1,293,959	1,028,922	0	0	0	0
FTE	8.5	2.8	0.0	0.0	0.0	0.0
United Health Rural Health Care Grants	<u>0</u>	<u>524,566</u>	<u>0</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Cash Funds	0	0	0	0	0	150,000
Cash Funds Exempt / Reappropriated Funds	0	524,566	0	150,000	150,000	0
<b>(3) Community Services</b>						
Community Services Block Grant - FF	5,669,684	4,742,824	5,176,401	5,190,947	5,190,947	5,190,947

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format	
<b>(4) Waste Tire Fund</b>						
Waste Tire Recycling, Reuse, and Removal Grants	2,927,248	2,990,928	3,187,565	3,013,567	3,000,000	3,000,000
FTE	<u>0.5</u>	<u>0.5</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>
Cash Funds	2,154,011	2,535,170	3,187,565	3,013,567	3,000,000	3,000,000
FTE	0.5	0.5	0.7	0.7	0.7	0.7
Cash Funds Exempt / Reappropriated Funds	773,237	455,758	0	0	0	0
Allocations to the Commission on Higher Education, Advanced Technology Fund - CF	725,474	785,694	489,000	602,713	0	0
Allocations to the Commission on Higher Education - Innovative Higher Education Research Fund - CF	n/a	n/a	326,000	401,809	0	0
<b>Subtotal: (A) Local Government and Community</b>						
<b>Services</b>	66,095,399	63,154,328	67,123,057	64,466,476	61,018,300	61,018,300
FTE	<u>32.0</u>	<u>26.7</u>	<u>25.6</u>	<u>25.6</u>	<u>25.6</u>	<u>25.6</u>
General Fund	4,579,344	4,840,007	5,000,920	5,121,888	5,110,673	5,110,673
FTE	10.3	10.3	10.3	10.3	10.3	10.3
Cash Funds	3,019,854	3,465,663	4,149,082	4,169,906	3,151,817	49,901,817
FTE	2.5	2.5	2.7	2.7	2.7	2.7
Cash Funds Exempt / Reappropriated Funds	51,169,922	48,856,100	52,506,814	49,672,722	47,270,099	520,099
FTE	8.7	8.7	9.0	9.0	9.0	9.0
Federal Funds	7,326,279	5,992,558	5,466,241	5,501,960	5,485,711	5,485,711
FTE	10.5	5.2	3.6	3.6	3.6	3.6
†General Fund Exempt Account	3,699,309	3,695,842	3,822,828	0	4,193,651	4,193,651
*CFE/RF: Mineral & Energy Impact	478,559	494,657	506,814	522,722	520,099	520,099

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format	
<b>(B) Field Services</b>						
Program Costs	2,080,978	2,053,880	2,037,936	2,399,972	2,376,707	2,376,707
FTE	<u>23.4</u>	<u>21.2</u>	<u>24.3</u>	<u>29.3</u>	<u>29.3</u>	<u>28.3</u>
General Fund	465,085	465,704	475,404	502,530	496,227	496,227
FTE	5.2	5.2	5.2	5.2	5.2	5.2
Cash Funds	0	0	0	0	0	97,308
FTE	0.0	0.0	0.0	0.0	0.0	1.0
Cash Funds Exempt / Reappropriated Funds	1,204,883	1,185,864	1,266,181	1,573,614	A 1,559,869	1,462,561
FTE	14.0	12.4	14.2	19.2	A 19.2	18.2
Federal Funds	411,010	402,312	296,351	323,828	320,611	320,611
FTE	4.2	3.6	4.9	4.9	4.9	4.9
<i>*CFE/RF: Mineral &amp; Energy Impact</i>	<i>1,097,505</i>	<i>1,185,864</i>	<i>1,126,836</i>	<i>1,165,225</i>	<i>1,155,047</i>	<i>1,155,047</i>
Community Development Block Grant - FF	8,107,258	9,059,705	6,701,843	7,049,019	6,818,995	6,818,995
Local Government Mineral and Energy Impact Grants and Disbursements	<u>99,340,403</u>	<u>119,764,475</u>	<u>63,300,000</u>	<u>63,300,000</u>	<u>63,300,000</u>	<u>63,300,000</u>
Cash Funds	23,100,000	23,100,000	23,100,000	23,100,000	23,100,000	63,300,000
Cash Funds Exempt / Reappropriated Funds	76,240,403	96,664,475	40,200,000	40,200,000	40,200,000	0
<i>For Information Only, Non-add</i>						
State Severance Tax	71,479,114	81,082,785	40,200,000	40,200,000	40,200,000	40,200,000
Federal Mineral Lease Revenues	27,861,289	38,681,690	23,100,000	23,100,000	23,100,000	23,100,000
Local Government Limited Gaming Impact Grants	<u>5,809,651</u>	<u>6,381,333</u>	<u>6,822,829</u>	<u>7,800,000</u>	<u>Pending</u>	<u>Pending</u>
Cash Funds	0	0	0	0		
Cash Funds Exempt / Reappropriated Funds	5,809,651	6,381,333	6,822,829	7,800,000		
Search and Rescue Program	471,910	460,290	615,000	615,000	615,000	615,000
FTE	<u>1.3</u>	<u>1.3</u>	<u>1.3</u>	<u>1.3</u>	<u>1.3</u>	<u>1.3</u>
Cash Funds	425,716	437,589	505,000	505,000	505,000	615,000
FTE	1.3	1.3	1.3	1.3	1.3	1.3
Cash Funds Exempt / Reappropriated Funds	46,194	22,701	110,000	110,000	110,000	0

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests	
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format		Staff Rec. New Format
Colorado Heritage Communities Grant Fund - GF	0	200,000	200,000	200,000	200,000	200,000	
Colorado Heritage Communities Grants - CFE/RF	79,373	200,000	200,000	200,000	200,000	200,000	
Livability Counts Pilot Program - GF	n/a	n/a	n/a	100,000	0	0	DI #2
<b>Subtotal: (B) Field Services</b>	115,889,573	138,119,683	79,877,608	81,663,991	73,510,702	73,510,702	
FTE	<u>24.7</u>	<u>22.5</u>	<u>25.6</u>	<u>30.6</u>	<u>30.6</u>	<u>29.6</u>	
General Fund	465,085	665,704	675,404	802,530	696,227	696,227	
FTE	5.2	5.2	5.2	5.2	5.2	5.2	
Cash Funds	23,525,716	23,537,589	23,605,000	23,605,000	23,605,000	64,012,308	
FTE	1.3	1.3	1.3	1.3	1.3	1.3	
Cash Funds Exempt / Reappropriated Funds	83,380,504	104,454,373	48,599,010	49,883,614	42,069,869	1,662,561	
FTE	14.0	12.4	14.2	19.2	19.2	18.2	
Federal Funds	8,518,268	9,462,017	6,998,194	7,372,847	7,139,606	7,139,606	
FTE	4.2	3.6	4.9	4.9	4.9	4.9	
<i>*CFE/RF: Mineral &amp; Energy Impact</i>	<i>1,097,505</i>	<i>1,185,864</i>	<i>1,126,836</i>	<i>1,165,225</i>	<i>1,155,047</i>	<i>1,155,047</i>	
<b>(D) Division of Local Government (C) Indirect</b>							
<b>Cost Assessment</b>	<u>1,124,966</u>	<u>1,239,262</u>	<u>785,116</u>	<u>785,116</u>	<u>610,467</u>	<u>610,467</u>	
Cash Funds	41,005	67,201	50,134	50,134	66,567	125,645	
Cash Funds Exempt / Reappropriated Funds	481,898	620,561	337,349	337,349	412,475	353,397	
Federal Funds	602,063	551,500	397,633	397,633	131,425	131,425	
<i>*CFE/RF: Mineral &amp; Energy Impact</i>	<i>124,684</i>	<i>442,024</i>	<i>291,218</i>	<i>291,218</i>	<i>353,397</i>	<i>353,397</i>	



	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format	
<b>SUBTOTAL - (4) DIVISION OF LOCAL GOVERNMENT</b>	247,778,258	248,163,503	189,131,641	184,549,518	172,821,536	172,821,536
FTE	<u>84.7</u>	<u>74.8</u>	<u>79.4</u>	<u>84.7</u>	<u>84.7</u>	<u>83.7</u>
General Fund	5,591,596	5,983,941	6,165,796	6,432,003	6,308,656	6,308,656
FTE	22.7	22.7	22.7	22.7	22.7	22.7
Cash Funds	26,586,575	27,070,453	27,815,204	27,836,028	26,834,372	118,550,758
FTE	3.8	3.8	4.0	4.0	4.0	4.0
Cash Funds Exempt / Reappropriated Funds	137,839,317	158,850,008	104,237,470	104,403,965	94,316,684	2,600,298
FTE	23.0	21.7	24.2	29.2	29.2	28.2
Federal Funds	77,760,770	56,259,101	50,913,171	45,877,522	45,361,824.0	45,361,824.0
FTE	35.2	26.6	28.5	28.8	28.8	28.8
†General Fund Exempt Account	3,699,309	3,695,842	3,822,828	0	4,193,651	4,193,651
*CFE/RF: Mineral & Energy Impact	1,766,182	2,185,042	1,989,758	2,044,055	2,092,784	2,092,784

**(5) DIVISION OF EMERGENCY MANAGEMENT [New stand-alone division; previously part of DLG, above]**

Administration	2,824,360	3,081,094	2,655,465	2,727,557	2,721,079	2,721,079
FTE	<u>28.0</u>	<u>25.6</u>	<u>28.2</u>	<u>28.5</u>	<u>28.5</u>	<u>28.5</u>
General Fund	547,167	478,230	489,472	507,585	501,756	501,756
FTE	7.2	7.2	7.2	7.2	7.2	7.2
Cash Funds Exempt / Reappropriated Funds	65,434	62,497	64,890	64,890	64,241	64,241
FTE	0.3	0.6	1.0	1.0	1.0	1.0
Federal Funds	2,211,759	2,540,367	2,101,103	2,155,082	2,155,082	2,155,082
FTE	20.5	17.8	20.0	20.3	20.3	20.3
*CFE/RF: Mineral & Energy Impact	65,434	62,497	64,890	64,890	64,241	64,241
Disaster Response and Recovery	<u>2,741,559</u>	<u>4,856,477</u>	<u>3,179,407</u>	<u>4,895,390</u>	<u>4,950,000</u>	<u>4,950,000</u>
Cash Funds	0	0	0	0	0	4,500,000
Cash Funds Exempt / Reappropriated Funds	2,741,559	4,856,477	2,729,407	4,445,390	4,500,000	0
Federal Funds	0	0	450,000	450,000	450,000	450,000

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format	
Preparedness Grants and Training	<u>59,102,401</u>	<u>37,712,659</u>	<u>35,510,988</u>	<u>30,010,988</u>	<u>30,010,988</u>	<u>30,010,988</u>
Cash Funds	0	0	10,988	10,988	10,988	10,988
Federal Funds	59,102,401	37,712,659	35,500,000	30,000,000	30,000,000	30,000,000
Indirect Cost Assessment	Included in DLG Indirect Cost Assessment				<u>125,809</u>	<u>125,809</u>
Cash Funds Exempt / Reappropriated Funds					6,421	6,421
Federal Funds					119,388	119,388
<i>*CFE/RF: Mineral &amp; Energy Impact</i>					6,421	6,421
<b>SUBTOTAL - (5) DIVISION OF EMERGENCY MANAGEMENT</b>	64,668,320	45,650,230	41,345,860	37,633,935	37,682,067	37,682,067
FTE	<u>28.0</u>	<u>25.6</u>	<u>28.2</u>	<u>28.5</u>	<u>28.5</u>	<u>28.5</u>
General Fund	547,167	478,230	489,472	507,585	501,756	501,756
FTE	7.2	7.2	7.2	7.2	7.2	7.2
Cash Funds	0	0	10,988	10,988	10,988	4,510,988
Cash Funds Exempt / Reappropriated Funds	2,806,993	4,918,974	2,794,297	4,510,280	4,564,241	64,241
FTE	0.3	0.6	1.0	1.0	1.0	1.0
Federal Funds	61,314,160	40,253,026	38,051,103	32,605,082	32,605,082	32,605,082
FTE	20.5	17.8	20.0	20.3	20.3	20.3
<i>*CFE/RF: Mineral &amp; Energy Impact</i>	65,434	62,497	64,890	64,890	64,241	64,241

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Actual	Appropriation	Request	Staff Rec. Old Format	
<b>TOTAL: DEPARTMENT OF LOCAL AFFAIRS</b>	356,023,542	338,971,437	269,990,952	262,937,516	250,070,889	250,070,889
FTE	<u>215.3</u>	<u>202.2</u>	<u>212.2</u>	<u>217.8</u>	<u>217.8</u>	<u>216.8</u>
General Fund	9,090,524	10,651,312	11,478,843	12,141,403	11,515,319	11,515,319
FTE	57.8	58.9	66.1	65.2	65.7	65.7
Cash Funds	28,270,202	28,885,655	29,970,975	29,860,891	28,802,631	125,394,227
FTE	23.5	24.4	25.1	26.0	26.0	26.0
Cash Funds Exempt / Reappropriated Funds	143,666,621	166,737,643	110,228,189	112,603,261	102,248,357	5,656,761
FTE	60.4	56.1	56.6	61.6	61.1	60.1
Federal Funds	174,996,195	132,696,827	118,312,945	108,331,961	107,504,582	107,504,582
FTE	73.6	62.8	64.4	65.0	65.0	65.0
†GF: General Fund Exempt Account	3,699,309	3,695,842	3,822,828	0	4,193,651	4,193,651
*CFE/RF: Mineral & Energy Impact	2,975,702	3,432,812	3,339,765	3,564,779	3,563,150	3,498,909

<b>General Fund (GF) subject to six percent appropriations limit :</b>						
<b>Total GF/GFE appropriations</b>	9,090,524	10,651,312	11,478,843	12,141,403	11,515,319	11,515,319
Less: GF/GFE not subject to six percent limit	<u>3,742,497</u>	<u>3,976,667</u>	<u>4,112,138</u>	<u>4,193,651</u>	<u>4,193,651</u>	<u>4,193,651</u>
GF subject to six percent limit	5,348,027	6,674,645	7,366,705	7,947,752	7,321,668	7,321,668

**KEY:**  
ITALICS = non-add figure, included for informational purposes  
A = impacted by a budget amendment submitted after the November 1 request  
S = impacted by a supplemental appropriation approved by the Joint Budget Committee

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**General Note Regarding Long Bill Format Change.** The Committee has voted to change the format of the Long Bill for FY 2008-09 to include a "Reappropriated Funds" (RF) column rather than a "Cash Funds Exempt" (CFE) column. Pursuant to this format change, all of the funds that were previously listed under the "Cash Funds" (CF) column for this department will continue to be included in the CF column, and all of the funds that were previously included in the CFE column will be included in the new RF column, with the following exceptions:

- Appropriations of **lottery proceeds** to the Conservation Trust Fund Disbursements line item will move from CFE to CF. For FY 2007-08, this results in a shift of \$52,000,000 from CFE to CF. Appropriations of lottery proceeds that are transferred from the Conservation Trust Fund Disbursements line item to various other line items in the Department to cover direct and indirect costs will be reflected as RF.
- Appropriations of **federal mineral lease revenues** to the Local Government Mineral and Energy Impact Grants and Disbursements line item will move from CFE to CF. For FY 2007-08, this results in a shift of \$23,100,000 from CFE to CF. Appropriations of both federal mineral lease revenues and severance tax revenues that are transferred from the Local Government Mineral and Energy Impact Grants and Disbursements line item to various other line items in the Department to cover direct and indirect costs will be reflected as RF.
- Appropriations from **reserves in various cash funds** (including the Local Government Severance Tax Fund, the Disaster Emergency Fund, the Search and Rescue Fund, and the Moffat Tunnel Cash Fund) will move from CFE to CF. For FY 2007-08, this results in a shift of \$19,999,407 from CFE to CF.
- In every instance, **limited gaming revenues** will now be reflected as CF. For FY 2007-08, this results in a shift of \$6,959,319 from CFE to CF.
- Appropriations from **gifts, grants, and donations** will be reflected as CF. For FY 2007-08, this results in a shift of \$35,000 from CFE to CF.

Thus, for FY 2007-08, this new Long Bill format requires in a shift of a total of \$102,093,726 from the existing CFE column to the CF column. For FY 2008-09, staff has estimated each of the above-described shifts for each line item. Staff has reflected recommended funding in the new Long Bill format in the "Staff Rec. New Format" column on pages one through 17. Once the Committee has finalized its decisions for all pending line items, staff will work with the Department to ensure that the correct amounts are shifted to the CF column in the FY 2008-09 Long Bill.

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FORMAT NOTES: Individual line items appear in bold underlined font, decision items appear in bold *italic* font, and summary descriptions of staff recommendations appear in **bold** font.

**(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 and support for the federal Workforce Development Council (both programs are described further below).

**Personal Services**

*Description:* This line item funds the 14.0 FTE in the Executive Director's Office, including the Executive Director, accounting, budget, purchasing, human resources, information technology support, and general support staff. The source of cash funds exempt is indirect cost assessments collected from several cash- and federally-funded programs administered by the Department.

Position	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Request	FY 2008-09 Recom.
Executive	0.8	1.0	1.0	1.0
Fiscal	8.0	8.0	8.0	8.0
Human Resources	1.7	2.0	2.0	2.0
IT Support	0.1	1.0	1.0	1.0
Support/Clerical	<u>1.7</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
<b>TOTAL</b>	12.3	14.0	14.0	14.0

*Request:* The Department requests continuation funding, calculated according to instructions issued by to the Office of State Planning and Budgeting (OSPB).

*Recommendation:* **Staff recommends approving the request, which is consistent with policies established by the Committee last week.** 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 (especially for the fiscal staff). Staff does not anticipate a significant change in the number of department employees. While the number and complexity of grants and contracts has increased in recent years, the Department has not indicated that additional resources are needed in this area to address the increasing workload. **Staff's recommendation for personal services is detailed in the following table.**

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<b>Executive Director's Office, Personal Services</b>				
<b>Item</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Indirect Cost Recoveries</b>	<b>FTE</b>
FY 2007-08 Appropriation	\$1,100,142	\$0	\$1,100,142	14.0
Salary survey awarded in FY 07-08	35,547	35,547	0	
80% of Performance-based pay awarded in FY 07-08	19,735	19,735	0	
Base reduction (1.0% for lines with 20.0+ FTE)	0	0	0	
Adjustment based on available indirect cost recoveries	0	(14,769)	14,769	
<b>Recommended FY 2008-09 Appropriation</b>	<b>\$1,155,424</b>	<b>\$40,513</b>	<b>\$1,114,911</b>	<b>14.0</b>

In FY 2007-08, total Department indirect cost recoveries were sufficient to offset all of the General Fund expenditures in this line item. **For FY 2008-09, total Department indirect cost recoveries will only be sufficient to offset \$1,114,911 in expenditures. Thus, staff's recommendation reflects both General Fund and indirect cost recoveries for this line item.** The following table summarizes indirect cost assessments, by fund source, and the application of those assessments in this line item.

<b>Indirect Cost Assesment Recommendations for FY 2008-09</b>			
<b>Decription</b>	<b>Total Funds</b>	<b>Cash Fund Sources</b>	<b>Federal Fund Sources</b>
<i>Indirect Cost Assessments:</i>			
<b>Division of Property Taxation</b>	<b><u>\$66,718</u></b>	<b><u>\$66,718</u></b>	<b><u>\$0</u></b>
State severance tax revenues	44,479	44,479	
Federal mineral lease revenues	22,239	22,239	
<b>Division of Housing</b>	<b><u>311,917</u></b>	<b><u>157,655</u></b>	<b><u>154,262</u></b>
HUD Programs	154,262		154,262
Manufactured Buildings Program	134,113	134,113	
State severance tax revenues	15,695	15,695	
Federal mineral lease revenues	7,847	7,847	

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<b>Indirect Cost Assessment Recommendations for FY 2008-09</b>			
<b>Decription</b>	<b>Total Funds</b>	<b>Cash Fund Sources</b>	<b>Federal Fund Sources</b>
<b>Division of Local Government</b>	<b><u>610,467</u></b>	<b><u>479,042</u></b>	<b><u>131,425</u></b>
State severance tax revenues	225,722	225,722	
Federal mineral lease revenues	127,675	127,675	
Community Development Block Grant	83,029		83,029
Community Services Block Grant	48,396		48,396
Local Utility Management	36,997	36,997	
Conservation Trust Fund	35,099	35,099	
Gaming revenues	23,979	23,979	
Search and Rescue fees	17,404	17,404	
Waste tire fees	12,166	12,166	
<b>Division of Emergency Management</b>	<b><u>125,809</u></b>	<b><u>6,421</u></b>	<b><u>119,388</u></b>
Various federal grants	119,388		119,388
State severance tax revenues	4,281	4,281	
Federal mineral lease revenues	<u>2,140</u>	<u>2,140</u>	
<b>Total Indirect Cost Assessments</b>	<b>\$1,114,911</b>	<b>\$709,836</b>	<b>\$405,075</b>
<b><i>Appropriations of Indirect Cost Recoveries:</i></b>			
EDO, Personal Services	<b>\$1,114,911</b>		

**Health, Life, and Dental**

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. The Department, through a budget amendment submitted in January 2008, requests \$1,086,754 (including \$562,973 General Fund) for FY 2008-09. This amount is based on updated enrollment data, and is anticipated to set state contributions at 90 percent of prevailing market contributions. **Staff recommends approving the Department's request, consistent with Committee policy.**

**Short-term Disability**

This line item provides funding for the employer's share of state employees' short-term disability insurance premiums. The Department requests \$15,857 for this purpose for FY 2008-09. **Staff recommends appropriating \$15,984, based on the Committee policy of applying a rate of 0.13 percent to base salaries** (including salary increases for FY 2008-09).

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**S.B. 04-257 Amortization Equalization Disbursement**

Pursuant to S.B. 04-257, this line item provides additional funding to increase the state contribution for Public Employees' Retirement Association (PERA). The Department, through a budget amendment submitted in January 2008, requests a total of \$198,569 (including \$64,125 General Fund). **Pursuant to Committee policy** [1.4 percent of base salaries for CY 2008 and 1.8 percent of base salaries for CY 2009, including salary increases for FY 2008-09], **staff recommends an appropriation of \$196,724** (including \$64,510 General Fund.)

**S.B. 06-235 Supplemental Amortization Equalization Disbursement**

Pursuant to S.B. 06-235, this line item provides additional funding to increase the state contribution for PERA. The Department, through a budget amendment submitted in January 2008, requests a total of \$64,117 (including \$20,645 General Fund). **Pursuant to Committee policy** [0.5 percent of base salaries for CY 2008 and 1.0 percent of base salaries for CY 2009, including salary increases for FY 2008-09], **staff recommends an appropriation of \$92,214** (including \$30,239 General Fund.)

**Salary Survey and Senior Executive Service**

The Department uses this line item to pay for annual increases for salary survey and senior executive service positions. The Department, through a budget amendment submitted in January 2008, requests \$497,515 (including \$177,483 General Fund) for this line item for FY 2008-09. This amount includes the associated contributions to PERA and Medicare. **Consistent with Committee policy, staff recommends appropriating \$465,836 for this line item for FY 2008-09, as detailed in the following table.**

Calculation of Salary Survey and Senior Executive Service Recommendation					
Description	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	Total
Department Request	\$177,483	\$69,771	\$101,651	\$148,610	\$497,515
Plus: 0.5 percent SAED deducted by Dept.	<u>9,414</u>	<u>3,678</u>	<u>8,008</u>	<u>7,863</u>	<u>28,963</u>
Subtotal	186,897	73,449	109,659	156,473	526,478
Less: 0.5 percent SAED as calculated by staff	(25,171)	(8,086)	(12,719)	(14,666)	(60,642)
<b>Total</b>	<b>161,726</b>	<b>65,363</b>	<b>96,940</b>	<b>141,807</b>	<b>465,836</b>



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JBC Working Document: Decisions Subject to Change  
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**Performance-based Pay Awards**

This line item funds pay increases relating to employee performance evaluations. The Department, through a budget amendment submitted in January 2008, requests a total of \$186,465 (including \$92,714 General Fund) for performance-based pay awards for FY 2008-09. **Staff recommends approving the request, consistent with Committee policy.**

**Workers' Compensation**

This line item is used to pay the Department's estimated share for inclusion in the State's workers' compensation program for state employees. This program is administered by the Department of Personnel and Administration. The Department requests a total of \$34,155 (including \$31,765 General Fund). **Staff's recommendation for workers' compensation is pending a Committee common policy for workers' compensation.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

**Operating Expenses**

This line item includes funding for operating expenses for the Executive Director's Office as well as funding for capital outlay, motor-pool, and data-processing services for the entire Department. Of the appropriation, the Department projects spending \$16,289 on various capital outlay expenses in FY 2008-09. The Department requests a continuation level of funding (\$144,175). **Staff recommends approving the request, which is consistent with Committee policy.** The operating expenses in this line item are primarily driven by the number of Department employees. Staff is not anticipating a significant change in the number of employees.

In FY 2007-08, total Department indirect cost recoveries were sufficient to offset all of the General Fund expenditures in this line item. **For FY 2008-09, total Department indirect cost recoveries will only be sufficient to offset expenditures in one line item: Executive Director's Office, Personal Services. Thus, staff's recommendation reflects only General Fund and federal funds for this line item.**

**Legal Services**

This line item provides funding for the Department to purchase legal services from the Department of Law. While all of the various divisions within the Department may use legal services, most of the appropriation funds legal services to the Board of Assessment Appeals and to the Property Tax Administrator. Annually, there are between 30 and 45 appeals of decisions made by the Board of Assessment Appeals and 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.

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The Department's request reflects a continuation level of funding. **Staff recommends approving the request for funding sufficient to purchase 1,790 hours of services.** This is the number of hours purchased in FY 2005-06, and the Department purchased a slightly lesser number of hours in FY 2006-07 (1,695). **The dollar amount of staff's recommendation is pending the determination of the hourly rate for legal services.**

**Purchase of Services from Computer Center**

This item provides funding for the Department's share of statewide computer services provided by the Department of Personnel and Administration, Division of Information Technology. The Department, through a budget amendment submitted in January 2008, requests \$35,693 General Fund for this purpose for FY 2008-09. **Staff's recommendation for the purchase of services from the computer center is pending Committee policy.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

**Multiuse Network Payments**

This line item is used to pay the Department's share of the statewide multi-use network. The Department, through a budget amendment submitted in January 2008, requests \$67,412, including \$37,837 General Fund for multi-use network payments for FY 2008-09. **The Committee policy is pending for this decision item, so staff's recommendation for this purpose is pending.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

**Payment to Risk Management and Property Funds**

This line item provides funding for the Department's share of the statewide costs for two programs operated by the Department of Personnel and Administration: (1) the liability program (which provides coverage related to liability claims); and (2) the property program (which provides insurance coverage for state buildings and their contents). The Department, through a budget amendment submitted in January 2008, requests a total of \$19,341 (including \$17,987 General Fund) for this purpose for FY 2008-09. **The staff recommendation for this line item is pending a common policy approved by the Committee for this line item.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

**Vehicle Lease Payments**

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 [see Section 24-30-1117, C.R.S.]. The current appropriation covers costs associated with a total of 40 vehicles. The Department's request for \$95,647 for FY 2008-09 includes ongoing funding for eight vehicles that will be replaced in 2008, as well as funding to replace five additional vehicles in 2009:

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<u>Description</u>	<u>Mileage as of 9/30/07</u>
2000 Jeep Cherokee (701DHT)	102,425
1999 Chevy AWD 7-passenger van (103A81)	109,375
1997 Ford Taurus (438A77)	122,950
1999 Dodge Intrepid (628A06)	136,850
1998 Jeep Cherokee (552A80)	137,500

In addition, the Department's request includes \$2,301 to add two new vehicles (sedans, for four months of FY 2008-09) for two of the five additional FTE requested for the Energy and Mineral Impact Program (DI #1).

**Staff recommends the Committee approve the request to replace the above five vehicles, as they all currently exceed the replacement threshold of 100,000 miles. Staff also recommends approving the two vehicles requested through Decision Item #1** [this recommendation is described in more detail in the Division of Local Government, Field Services, Program Costs line item]. **The dollar amount of staff's recommendation is pending Committee policy.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

**Information Technology Asset Maintenance**

This line item funds routine replacement of technology to keep it current and minimize work interruptions. The Department requests a continuation level of funding. **Staff recommends approving the request.** Pursuant to a 1997 Memorandum of Understanding between the Joint Budget Committee, Capital Development Committee, the Office of State Planning and Budgeting (OSPB), and the Colorado Commission on Higher Education (CCHE), computer replacements and information technology projects under \$500,000 are funded through the operating budget (except for projects at the smaller higher education institutions and projects granted a specific exemption by OSPB or CCHE).

**Capitol Complex Leased Space**

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 requests a total of \$475,540 (including \$343,188 General Fund). **Staff recommends providing funding sufficient to cover the leased space costs for a total of 53,770 square feet**, including 33,228 square feet in the building located at 1313 Sherman Street in Denver, 17,084 square feet in Camp George West, and 3,458 square feet in Grand Junction. **Staff's dollar recommendation is pending a determination of lease rates.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

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**Leased Space**

This line item funds leased space needs for the Department. The Department requests a total of \$80,988 for leased space for FY 2008-09, which represents a \$139 annual increase (less than one percent) due to negotiated increases in various leases. **Staff recommends the requested amount.** This line item currently funds six leases for a total of 12,454 square feet in Loveland, Ft. Morgan, Frisco/Silverthorne, Durango, Pueblo, and Centennial. Current annual rates per square foot range from \$4.21 in Centennial to \$33.60 in Durango, with an overall average of \$6.49. For FY 2008-09, the overall average annual rate per square foot is anticipated to increase slightly to \$6.50.

**Communication Services Payments**

This line item provides funding to pay to the Department of Personnel and Administration the Department of Education's share of the costs associated with operating the public safety communications infrastructure. The Department requests \$22,785 for this purpose for FY 2008-09. **The staff recommendation on this line items is pending a Committee common policy for communications services.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

**Moffat Tunnel Improvement District**

This line item funds the Department of Local Affairs' expenditures for administration of the Moffat Tunnel Improvement District. Cash funds are from annual lease revenues; the \$60,000 cash funds exempt appropriation provides spending authority from reserves in the Moffat Tunnel Cash Fund in case it is needed to protect the right-of-way from legal challenges. The Department's request reflects expected revenue from long-term lease payments by Union Pacific Railroad and Qwest Communications - a total of \$32,958 cash funds. **Staff recommends the requested amount, based on existing lease agreements.**

**Workforce Development Council**

Pursuant to Sections 8-71-222 and 24-46.3-101, C.R.S. (H.B. 00-1083), the State Workforce Development Council was established within the Department of Local Affairs to meet the requirements of Title I of the federal *Workforce Investment Act of 1998*. The Council consists of the Governor, two members of the House and two members of the Senate, and various representatives of the business community, local elected officials, and labor organizations. The Council is responsible for: assisting the Governor in statewide planning; designating local workforce investment areas; coordinating in the delivery of local, state, and federal workforce development programs; and reviewing the allocation of federal Title I funds for adult employment and training activities and youth activities.

The Council is supported by the "Office of Workforce Development" within the Department of Local Affairs. The Council and its staff are supported by funds transferred to Local Affairs from those

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departments that receive allocations of federal funds, including the Department of Labor and Employment (DOLE), the Department of Human Services (DHS), the Department of Education (CDE), and the Community Colleges (CCOES). The Office of State Planning and Budgeting (OSPB) is required to annually determine each agency's contributions. For FY 2007-08, the OSPB established the following allocations based on the amount of relevant federal funds in each department:

<b>Department</b>	<b>DOLE</b>	<b>DHS</b>	<b>CCOES</b>	<b>DOLA</b>	<b>CDE</b>	<b>Total</b>
FY 2007-08 Federal Funding	\$45,491,271	\$16,516,990	\$17,259,809	\$959,892	\$6,415,366	\$86,643,328
Percent Allocation	52.50%	19.06%	19.92%	1.11%	7.40%	100.00%
Allocation	\$244,677	\$88,838	\$92,833	\$5,163	\$34,505	\$466,016

The Department requests a continuation level of funding (\$466,016 and 4.0 FTE). **Staff recommends approving the request.** Staff's recommendation includes \$231,163 for personal services and \$234,853 for operating and travel expenses and indirect costs.

**Workforce Improvement Grants**

This line item reflects the expenditure of various federal funds and donations related to workforce improvement. The Department requests a continuation level of funding (\$470,000 and 1.0 FTE). **Staff recommends approving the request,** consisting of \$450,000 in anticipated federal funds and \$20,000 in donations. Staff's recommendation includes \$30,158 for personal services and \$439,842 for operating expenses and grants.

**(2) PROPERTY TAXATION**

The staff funded through this section are responsible for ensuring that property tax laws are implemented in a fair and equitable manner across all political subdivisions.

**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]. This position is exempt from the state personnel system. Pursuant to Section 39-2-101, C.R.S., the Property Tax Administrator is head of the Division of Property Taxation.

The key statutory responsibilities that drive the Division's workload include: (1) valuing multi-county companies in Colorado, including railroads, pipelines, and other utilities; (2) granting

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exemptions from taxation for charities, churches, and other eligible entities to assure a standardization of exemptions; (3) assuring property tax equity by issuing appraisal standards and training county assessors; and, (4) investigating allegations that a class or subclass of property has not been appraised or valued as required by law, and conducting reappraisals as ordered by the State Board of Equalization.

This line item supports 38.5 FTE, detailed in the following table. In addition to General Fund, the Division is supported by fees charged for approving property tax exemptions and mineral and energy impact funds.

Position	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Request	FY 2008-09 Recom.
Property Tax Administrator	1.0	1.0	1.0	1.0
Property Tax Exemptions	9.0	9.0	9.0	9.0
<u>Training and Technical Assistance:</u>				
Appraisal Standards	7.0	8.0	8.0	8.0
Administrative Responsibilities	7.0	8.0	8.0	8.0
State-assessed Property	4.0	4.5	4.5	4.5
IT Support	1.9	2.0	2.0	2.0
Administrative/Clerical	<u>5.9</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>
<b>TOTAL</b>	<b>35.8</b>	<b>38.5</b>	<b>38.5</b>	<b>38.5</b>

*Request:* The Department requests a continuation level of funding calculated pursuant to OSPB's budget instructions.

*Recommendation:* **Staff recommends a continuation level of funding.** Given high turnover rates among county assessors and their staff (due to term limits and more lucrative private sector opportunities), services provided by the Division are critical to ensure that property tax laws are administered equitably across the state. **Staff's recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy with one exception (noted below).** Staff 's recommendation includes \$2,531,713 for personal services and \$197,844 for operating expenses.

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Property Taxation, Division of Property Taxation					
Item	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	FTE
FY 2007-08 Appropriation	\$2,657,841	\$1,268,635	\$654,756	\$734,450	38.5
Salary survey awarded in FY 07-08	68,856	31,144	18,719	18,993	
80% of Performance-based pay awarded in FY 07-08	27,338	15,730	5,458	6,150	
Base reduction (1.0% for lines with 20.0+ FTE) - <u>not</u> applied to the State Property Tax Administrator's salary (a constitutionally created position that is continuously filled)	(24,478)	(10,221)	(6,761)	(7,496)	
<b>Recommended FY 2008-09 Appropriation</b>	<b>\$2,729,557</b>	<b>\$1,305,288</b>	<b>\$672,172</b>	<b>\$752,097</b>	<b>38.5</b>

**Staff also recommends renaming this line item "Division of Property Taxation"** to better reflect the staff and responsibilities supported by the line item. Section 39-2-106, C.R.S., states that compensation of the Property Tax Administrator and employees of the Division of Property Taxation shall be paid from annual appropriations made to the Division by the General Assembly<sup>1</sup>.

**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 designee);
- The Speaker of the House of Representatives (or his designee);
- The President of the Senate (or his designee); and
- 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.

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<sup>1</sup> Please note, however, that any costs incurred in implementing assessment and levy procedures required by Section 39-5-132, C.R.S., shall be paid by the local taxing authorities.

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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 (\$12,856 General Fund).

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

**Board of Assessment Appeals**

*Description:* The Board of Assessment Appeals is a quasi-judicial body that operates as a "type 1<sup>2</sup>" agency within the Department of Local Affairs [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. The Board offers a lower-cost alternative to the courts, and the Board members have expertise in property valuation. Pursuant to statute, Board members must be registered, certified, or licensed as an appraiser.

Under current law, the Board must consist of at least three members, and an additional six members may be appointed. Thus, the General Assembly may appropriate funds for up to six additional members based on workload. The FY 2007-08 appropriation is sufficient for a total of seven Board members. 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 15.0 FTE, including Board members, as detailed in the following table.

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<sup>2</sup> Pursuant to Section 24-1-105 (1), C.R.S., a type 1 agency exercises its prescribed powers and duties independently of the head of the department.



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Position	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Request	FY 2008-09 Recom.
Board Members	7.0	7.0	7.0	7.0
Staff Director	1.0	1.0	1.0	1.0
Hearing Reporters	2.0	2.0	2.0	2.0
IT Support	1.9	2.0	2.0	2.0
Administrative/ Clerical	<u>2.6</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
<b>TOTAL</b>	14.5	15.0	15.0	15.0

Over the last few years, the Board has heard roughly 1,400 appeals per year. In assessment years (every other year) the number of appeals filed is greater and the Board carries a backlog into the next year when it catches up. For example, at the end of FY 2005-06 the Board carried 1,683 appeals forward to FY 2006-07, which is fairly typical in an assessment year. At the end of FY 2006-07 the Board carried 1,014 appeals forward to FY 2007-08, the end of a two-year reappraisal cycle. The Board schedules approximately 20 hearing days per year in Grand Junction to improve appellant accessibility. For FYs 2007-08 and 2008-09, the Board expects to increase Grand Junction days to approximately 30 – 35 to accommodate the FY 2007-08 Western Slope appeals that have been filed. Of the Board decisions appealed to the courts in CY 2007, 11 percent were partially overturned by the courts, 52 percent were affirmed, none were dismissed, and 37 percent were still pending.

This line item currently 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. The source of cash funds exempt is indirect cost recoveries.

*Request:* The Department's request is for a continuation level of funding, calculated pursuant to OSPB's budget instructions.

*Recommendation:* **In total, staff recommends approving the Department's request, which is consistent with Committee policies.** Reductions in this line item would significantly impede the Department's ability to provide appellants with a fair and timely hearing. The Board provides a less costly alternative to the court system in settling property tax disputes. Arguably, it is better equipped than the court system to deal with many of the complaints, since the Board members are trained appraisers. An increase in funding would allow the Board to hear cases in a more timely manner, and/or allow the Board to travel to more parts of the state to increase appellant accessibility. Increasing the stipend for serving on the Board, which might help the Department with recruiting members for the Board, would require a statutory change.

**Staff's recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy.** Staff 's recommendation includes \$599,279 for personal services and \$59,920 for operating expenses. In FY 2007-08, total Department indirect cost

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recoveries were sufficient to offset a portion of this line item. **For FY 2008-09, total Department indirect cost recoveries will only be sufficient to offset expenditures in one line item: Executive Director's Office, Personal Services. Thus, staff's recommendation reflects 100 percent funding from the General Fund.**

Property Taxation, Board of Assessment Appeals				
Item	Total Funds	General Fund	Indirect Cost Recoveries	FTE
FY 2007-08 Appropriation	\$638,279	\$610,660	\$27,619	15.0
Salary survey awarded in FY 07-08	13,980	13,980	0	
80% of Performance-based pay awarded in FY 07-08	6,940	6,940	0	
Base reduction (1.0% for lines with 20.0+ FTE)	0	0	0	
Fewer indirect cost recoveries to offset General Fund	0	27,619	(27,619)	
<b>Recommended FY 2008-09 Appropriation</b>	<b>\$659,199</b>	<b>\$659,199</b>	<b>\$0</b>	<b>15.0</b>

Finally, please note that the this line item has historically been listed first in the Property Taxation section of the Long Bill. Staff recommends changing the order of the line items in this section, starting with the line item that funds the largest number of staff and covers the broadest range of responsibilities, followed by the State Board of Equalization (which appoints and supervises the Property Tax Administrator), followed by the Board of Assessment Appeals.

**Indirect Cost Assessment**

*Description:* This line reflects the amount of indirect cost assessments made against cash and cash funds exempt funding sources within this 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 line item.

*Request:* The Department request for continuation level funding was a place holder until the new indirect cost plan could be finalized.

*Recommendation:* **The staff recommendation is based on the revised indirect cost plan.** Overall, indirect cost recoveries from the Department will decrease \$145,263 compared to FY 2007-08 appropriations.

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**(3) DIVISION OF 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. To help educate decision-makers and the public about these issues, DOH develops and updates various studies on the availability and affordability of housing in Colorado. Finally, the DOH works with local governments to reform local development and building regulations in ways which lower housing production costs.

Long Bill Format: This section includes nine line items and four subsection headings. **Staff recommends eliminating the subsection headings for this division, and listing the indirect cost assessment line item last** (consistent with the Property Taxation section).

**(A) Administration**

**Personal Services**

*Description:* This line item supports 22.1 FTE, as detailed in the following table. In addition to General Fund, the Division is supported by mineral and energy impact funds, private activity bond fees, and various sources of federal funds.

Position	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Request	FY 2008-09 Recom.
Director	0.8	1.0	1.0	1.0
Program Staff	2.7	1.0	1.0	1.0
State Revolving Loan Fund	1.0	1.0	1.0	1.0
IT Support	0.3	1.0	1.0	1.0
Support/Clerical	1.5	2.3	2.3	2.3
Private Activity Bond Program	0.9	0.9	0.9	0.9
Federal Programs	<u>17.8</u>	<u>14.9</u>	<u>14.9</u>	<u>14.9</u>
TOTAL	25.0	22.1	22.1	22.1

*Request:* The Department requests a continuation level of funding calculated according to OSPB's budget instructions.

*Recommendation:* **Staff recommends a continuation level funding.** A reduction in General Fund FTE for this division would impede the Department's ability to meet matching and maintenance of

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effort requirements for federal housing funds. The Department's estimate of federal fund revenues is lower than the Committee's common policy would normally allow. Staff thus used the Department's estimate of federal funds.

**Staff's recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy.**

Division of Housing, Administration, Personal Services						
Item	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation	\$1,451,087	\$313,786	\$77,694	\$139,654	\$919,953	22.1
Salary survey awarded in FY 07-08	67,200	19,992	0	4,958	42,250	
80% of Performance-based pay awarded in FY 07-08	19,451	11,074	0	1,850	6,527	
Base reduction (1.0% for lines with 20.0+ FTE)	(15,378)	(3,449)	(777)	(1,465)	(9,687)	
Adjustment based on anticipated federal funds	(117,024)	0	0	0	(117,024)	
<b>Recommended FY 2008-09 Appropriation</b>	<b>\$1,405,336</b>	<b>\$341,403</b>	<b>\$76,917</b>	<b>\$144,997</b>	<b>\$842,019</b>	<b>22.1</b>

**Operating Expenses**

This line item funds the operating expenses of the Division. The Department requests a continuation level of funding. **Staff recommends approving the request, which is consistent with Committee policy.**

**(B) Manufactured Buildings Program**

**MANUFACTURED BUILDINGS PROGRAM - Program Costs**

*Description:* This program regulates the manufacture and installation of factory-built residential and commercial buildings, and promotes the use of factory-built housing as a cost-effective housing option. The Department has the authority to: provide education and training to manufacturers, dealers, installers, building department employees, elected officials, and others regarding building codes and state requirements; to provide consumer training; and to make grants that will address safety issues that affect mobile, manufactured, and factory-built structures. This line item supports 10.0 FTE, as detailed in the following table. The source of cash funds is fees charged for inspections and plan reviews that are deposited in the Building Regulation Fund.

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Position	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Request	FY 2008-09 Recom.
Director	1.2	1.0	1.0	1.0
Engineer	1.0	1.0	1.0	1.0
Inspectors	5.0	5.0	5.0	5.0
Training and Grant Administration	1.0	1.0	1.0	1.0
Support/Clerical	<u>1.5</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
<b>TOTAL</b>	9.7	10.0	10.0	10.0

*Request:* The Department requests a continuation level of spending authority calculated according to OSPB's budget instructions.

*Recommendation:* **Staff recommends approving the Department's request, which is consistent with Committee policies.** Staff 's recommendation includes \$842,305 for personal services and \$212,707 for operating expenses and grants. Staff's recommendation is detailed in the following table.

<b>Division of Housing, Manufactured Buildings Program, Program Costs</b>		
<b>Item</b>	<b>Cash Funds</b>	<b>FTE</b>
FY 2007-08 Appropriation	\$1,033,437	10.0
Salary survey awarded in FY 07-08	18,182	
80% of Performance-based pay awarded in FY 07-08	3,393	
Base reduction (1.0% for lines with 20.0+ FTE)	0	
<b>Recommended FY 2008-09 Appropriation</b>	<b>\$1,055,012</b>	<b>10.0</b>

**(C) Affordable Housing Development**

**Colorado Affordable Housing Construction Grants and Loans**

*Description:* This line item provides state funding for grants and loans for the rehabilitation, acquisition, and maintenance of affordable, safe, sanitary housing for low-income households. The source of cash funds exempt is gifts, grants and donations.

*Request:* The Department requests continuation level funding.

*Recommendation:* **Staff recommends approving the request.** The following table summarizes recent General Fund appropriations for this line item.

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Recent History of State Appropriations	
Fiscal Year	General Fund
1999-00	\$2,600,000
2000-01	2,600,000
2001-02*	2,508,933
2002-03**	0
2003-04	0
2004-05	100,000
2005-06	100,000
2006-07	1,100,000
2007-08	1,223,324
2008-09 Request	1,223,324

\*Original Long Bill appropriation of \$4,570,000 was reduced mid-year.

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

Most recently, the General Assembly increased this appropriation by \$123,324. The Department indicated that it used these additional funds to create 17 housing units for chronically homeless, extremely low-income seniors (30 percent of the area median income or less) in downtown Denver. These units were created through a unique leasing arrangement with a private sector property owner. If the General Assembly were to increase this appropriation, the Department could increase the number of housing units available to rent burdened low-income households.

**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, and 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). With the exception of CDBG funding, the majority of this funding requires matching money from state, local, or private financing sources.

*Request:* The Department's request reflects a total of \$9,173,282 in federal funds anticipated to be available to the State.

***Recommendation:* Staff recommends reflecting slightly less than the amount requested by the Department (\$9,058,270) based on more recent projections of CDBG funds provided by the Department.**

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**Emergency Shelter Program**

*Description:* This line item reflects anticipated federal moneys that the Division of Housing 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's request reflects an \$1,029,552 based on earlier estimates of federal funds that will be available to the State.

*Recommendation:* **Staff recommends reflecting \$967,363, based on more recent projections provided by the Department**

**Private Activity Bond Allocation Committee**

*Description:* 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.

This line item provides statutory funding to reimburse expenses associated with the Bond Allocations 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 private activity bond allocations for the State, including allocations to the Colorado Housing and Finance Authority and local governments. The Committee meets three times per year, and its activities are coordinated by DOH. The source of cash funds is fees charged to entities accessing the state's bond cap.

*Request:* The Department requests continuation level funding.

*Recommendation:* **Staff recommends continuation level funding.** Pursuant to Section 24-32-1706 (3), C.R.S., members of the Bond Allocations Committee serve without compensation but they are entitled to reimbursement of actual and necessary expenses.

**~~(D) Rental Assistance~~**

**Low Income Rental Subsidies**

*Description:* This line item includes federal Section 8 certificate and voucher funding from the U.S. Department of Housing and Urban Development (HUD). Section 8 certificates pay the difference between fair market rental rates and 30 percent of an individual's income; rents are capped by HUD. In the Voucher program, individual property owners set rental rates with HUD via contracts, and

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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. Combined, the Section 8 certificate and voucher programs that are administered by the State serve approximately 2,400 households. Numerous local entities administer Section 8 certificates and vouchers directly.

*Request:* The Department requests continuation level of funding based on projected federal revenues.

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

**Indirect Cost Assessment**

*Description:* This line reflects the amount of indirect cost assessments made against cash, cash exempt, and federal funding sources within this division (including cash funds from the manufactured buildings program, cash funds exempt from federal mineral leasing and severance tax revenues that are appropriated to support a portion of this division's activities, and federal housing fund sources). 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 line item.

*Request:* The Department request for continuation level funding was a place holder until the new indirect cost plan could be finalized.

*Recommendation:* **The staff recommendation is based on the revised indirect cost plan.** Overall, indirect cost recoveries from the Department will decrease \$145,263 compared to FY 2007-08 appropriations.

**Long Bill Footnotes**

Consistent with feedback provided by the Committee last Fall, staff recommends discontinuing the following footnote:

**100 Department of Local Affairs, Division of Housing --** The Division of Housing is requested to provide a report to the Joint Budget Committee by November 1, 2007, on its efforts to eliminate regulatory barriers to the construction of affordable housing in order to assist the Committee with evaluating future appropriations. The report should include a review of the types and prevalence of local regulatory barriers to affordable housing, a review of the steps the Division of Housing is taking to reduce these barriers, and a report on the effectiveness of the Division's efforts.



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**(4) DIVISION OF LOCAL GOVERNMENT**

**(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).

The table below details the 20.4 FTE currently supported by this line item. The Division's responsibilities and the duties performed by these staff are described following the table. The source of cash funds exempt is mineral and energy impact funds.

Position	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Request	FY 2008-09 Recom.
Director & Section Head	0.9	0.5	0.5	0.5
IT Support	0.7	0.7	0.7	0.7
Support/Clerical	3.0	2.2	2.2	2.2
Special District Compliance (Section 32-1-101 et. sec., C.R.S.)	1.4	1.2	1.2	1.2
Enforce 5.5% Limit on Levies (Sections 29-1-301 and 302, C.R.S.)	1.0	1.0	1.0	1.0
Local Government Financial Compendium (Sections 29-1-113 and 505, C.R.S.)	2.0	2.0	2.0	2.0
IT Support	1.7	1.7	1.7	1.7
Demography	3.2	4.1	4.1	4.1
Cartography	1.2	2.0	2.0	2.0
IT Support	2.0	1.9	1.9	1.9
Community Services Block Grant Admin. - FF	<u>1.9</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
<b>TOTAL</b>	<b>19.0</b>	<b>20.4</b>	<b>20.4</b>	<b>20.4</b>

With regard to special district compliance, the Division is 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 special districts like water and sewer districts. 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

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

Local governments -- with the exception of school districts -- are subject to a 5.5 percent growth limitation on mill levies. The 5.5 percent levy 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 5.5 percent limit on mill levy increases, and the Division 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 (after considering public awareness and support). If a local government's revenues exceed the 5.5 percent 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 (for fiscal notes).

The Demography and Cartography unit is instrumental in providing data to implement numerous statutory and constitutional provisions of the state and federal government (e.g. calculating TABOR, establishing election districts, and distributing CDBG funds).

Finally, the Division administers the federal Community Services Block Grant (CSBG) program.

*Request:* The Department requests a continuation level of funding calculated according to OSPB's budget instructions.

*Recommendation:* **Staff recommends a continuation level funding.** Funding in this line item is directly tied to key constitutional and statutory duties of the Department. Without the demography and cartography staff the Department would not be able to make distributions of the funds that it administers, such as the Conservation Trust Fund or mineral and energy impact funds, according to the required constitutional and statutory formulas. As for the regulation of local government finances, many of the political subdivisions that the Department 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. Mismanagement of local government finances can erode citizen confidence in all levels of government and, in some cases, create a burden on state government if the state has to intervene. For these reasons, staff believes that the state has a vested interest in ensuring minimum standards

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in local finance are met. The information collected by the Department also becomes a significant part of how the state identifies the impact of state legislation on local governments.

**Staff's recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy.**

Div. of Local Govt., Local Govt. and Community Services, Administration, Personal Services					
Item	Total Funds	General Fund	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation	\$1,504,085	\$846,604	\$481,668	\$175,813	20.4
Salary survey awarded in FY 07-08	47,100	27,567	12,783	6,750	
80% of Performance-based pay awarded in FY 07-08	15,012	9,510	5,502	0	
Base reduction (1.0% for lines with 20.0+ FTE)	(15,663)	(8,837)	(5,000)	(1,826)	
<b>Recommended FY 2008-09 Appropriation</b>	<b>\$1,550,534</b>	<b>\$874,844</b>	<b>\$494,953</b>	<b>\$180,737</b>	<b>20.4</b>

**Operating Expenses**

This line item funds the operating expenses of the Division of Local Government's administration. The source of cash funds exempt is mineral and energy impact funds. The Department requests a continuation level of funding. **Staff recommends approving the request, which is consistent with Committee policy.**

***(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. The Department advises local governments about the mechanics of the loans and their potential eligibility. Further, the Department reviews about 50 loan applications per year and analyzes their economic feasibility (can the applicant pay back the loan, are the fees proposed by a local government too high or too low, etc.). The Department provides this support because it already has a variety of 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.

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*Request:* The Department requests a continuation level of funding according to OSPB's budget instructions.

*Recommendation:* **Staff recommends approving the request, which is consistent with Committee policy.** If the General Assembly discontinued authorizing this service it would cost the Water Resources and Power Authority significantly more to duplicate the expertise and resources of the staff at the Department of Local Affairs that contribute portions of their time. **Staff's recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy.** Staff's recommendation includes \$141,092 for personal services and \$10,725 for operating expenses.

Div. of Local Govt., Local Govt. and Community Services, Local Govt. Services, Local Utility Management Assistance		
Item	Cash Funds	FTE
FY 2007-08 Appropriation	\$146,517	2.0
Salary survey awarded in FY 07-08	4,272	
80% of Performance-based pay awarded in FY 07-08	1,028	
Base reduction (1.0% for lines with 20.0+ FTE)	0	
<b>Recommended FY 2008-09 Appropriation</b>	<b>\$151,817</b>	<b>2.0</b>

**Conservation Trust Fund Disbursements**

*Background Information - Distribution of Lottery Proceeds.* Net lottery proceeds (*i.e.*, 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, Department of Natural Resources, 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.];

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- up to \$35.0 million of the remaining net lottery proceeds (this cap is required to be adjusted annually since FY 1998-99 based on the Denver metro consumer price index) 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 Lottery Proceeds Contingency Reserve Fund for the State Board of Education to provide supplemental assistance to school districts for "capital expenditures to address immediate safety hazards or health concerns within existing school facilities,..." [Section 3 (1) (b) (III) of Article XXVII of the Colorado Constitution; Section 22-54-117 (1.6), C.R.S.].

*Moneys Not Subject to TABOR.* The initiative concerning the Great Outdoors Colorado (GOCO) Program and the distribution of lottery proceeds was approved by voters in November 1992, the same year that voters approved the "Taxpayer's Bill of Rights" (TABOR). The General Assembly, in order to implement both measures, added statutory provisions that specified that lottery proceeds distributed to the Capital Construction Fund or the General Fund were included in the definition of "state fiscal year spending", and thus subject to TABOR; all other lottery proceeds were not [see S.B. 93-74]. Subsequently, the General Assembly referred a measure to voters redirecting net lottery proceeds that were transferred to the General Fund to instead be used for public school capital construction [see S.B. 00-84]. This measure, approved by voters, specifies that *all* net lottery proceeds are excluded from the definition of "fiscal year spending" and are thus not subject to TABOR. Thus, pursuant to Section 24-77-102 (17) (b) (IX), C.R.S., **moneys in the Conservation Trust Fund are not subject to TABOR.**

*Description.* This line item represents the lottery proceeds anticipated to be transferred to the Conservation Trust Fund each fiscal year. Pursuant to Section 29-21-101 (2), C.R.S., moneys in the Conservation Trust Fund are primarily distributed among eligible local entities based on population. Moneys may be used by local governments for acquiring and developing interests in 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. These funds are received and distributed quarterly by the Department. 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.

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. Thus, this line item appropriation is included in the annual Long Bill for informational purposes.

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*Request:* The Department's request reflects projected revenues and expenditures.

*Recommendation:* **Staff recommends reflecting \$46.6 million based on more recent lottery revenue projections provided by the Department of Revenue.** Staff also recommends continuation of the two FTE that administer the program. **Staff's recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy.** Staff's recommendation includes \$153,764 for personal services and \$46,446,236 for operating expenses and grants.

Div. of Local Govt., Local Govt. and Community Services, Local Govt. Services, Conservation Trust Fund Disbursements		
Item	Cash Funds Exempt	FTE
FY 2007-08 Appropriation	\$52,000,000	2.0
Salary survey awarded in FY 07-08	0	
80% of Performance-based pay awarded in FY 07-08	0	
Base reduction (1.0% for lines with 20.0+ FTE)	0	
Adjustment based on anticipated lottery proceeds	(5,400,000)	
<b>Recommended FY 2008-09 Appropriation</b>	<b>\$46,600,000</b>	<b>2.0</b>

**Volunteer Firefighter Retirement Plans**

**Volunteer Firefighter Death and Disability Insurance**

*Description:* These two line items report the state's contribution to local volunteer firefighter retirement plans, and death and disability insurance, respectively, as authorized by Section 31-30-1112 (2), C.R.S. These amounts are not subject to the six percent limit on General Fund appropriations. Pursuant to Section 31-30-1112 (2) (i), C.R.S., they are included in the Long Bill for informational purposes. Further, since FY 2005-06, the General Assembly has identified as least a portion of this appropriation as coming from the General Fund Exempt account.

*Request:* The Department's requests are based on projected expenditures.

*Recommendation:* **Staff recommends approving the request.** Staff has reflected the full amounts as coming from the General Fund Exempt account. The Committee will review all line items impacted by the General Fund Exempt account following the March Legislative Council Staff revenue forecast. Staff will ultimately reflect the amounts approved by the Committee.

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**Environmental Protection Agency Water/Sewer File Project**

This is a federally funded project to determine eligibility and credit worthiness of local governments for EPA water and sewer loans. The Department requests \$50,000 and 0.5 FTE based on projected revenues. **Staff recommends approving the request based on expected federal revenues.**

**United Health Rural Health Care Grants**

The Department indicates that United Health Group committed in 2006 to provide a \$7.5 million charitable gift over a six year period to help the State address deficiencies in access to health care for rural and undeserved Coloradans. The Department indicates that it previously served as the pass-through agency for \$1 million from the United Health Foundation for the rural health providers. The Department provides the following rural health care statistics:

- Four Colorado counties do not have a primary care physician (Bent, Crowley, Park and San Juan).
- Seven additional counties lack a physician who accepts new Medicaid clients (Cheyenne, Clear Creek, Conejos, Hinsdale, Jackson, Saguache and Washington).
- Twenty of Colorado's 64 counties lack a hospital; 14 of those counties are rural.

The Department anticipates spending \$475,434 in FY 2007-08 and \$150,000 in FY 2008-09. The Department's budget request includes a line item to reflect these anticipated expenditures. **Staff recommends approving the request.**

***(3) Community Services***

**Community Services Block Grant**

*Description:* The federal Community Services Block Grant provides funding to local communities via a formula allocation. Funds are used to provide a wide range of services that address the causes of poverty in communities, including employment assistance, education, affordable housing, emergency services, nutrition, self sufficiency, counseling, health, community needs assessments, transportation, elderly projects, summer youth recreation, and community development projects. Service recipients must be at or below 125 percent of the federal poverty guidelines.

*Request:* The Department's request reflects funding anticipated to be available.

*Recommendation:* **Staff recommends approving the request, based on projected federal funds.**

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***(4) Waste Tire Fund***

**Waste Tire Recycling, Reuse and Removal Grants**

**Allocations to the Commission on Higher Education, Advanced Technology Fund**

*Background Information.* Pursuant to Section 25-17-202, C.R.S., a total of \$1.50 in fees are to be collected for each tire disposed of in Colorado, including:

- Recycling development fee (\$0.75): These fee revenues are credited to the *Waste Tire Recycling Development Cash Fund*. Two-thirds of revenues are to be appropriated to the Department of Local Affairs annually. Of the remaining revenues, 60 percent is transferred to the *Advanced Technology Fund* (moneys in this fund are now continuously appropriated to the Pollution Prevention Advisory Board through the Department of Public Health and Environment), and 40 percent is transferred to the *Innovative Higher Education Research Fund* (moneys in this fund are subject to annual appropriation for use by the Higher Education Competitive Research Authority).
- Surcharge (\$0.25): These surcharge revenues are credited to the *Processors and End Users of Waste Tires Cash Fund* and appropriated to the Department of Local Affairs annually.
- Additional Fee (\$0.50): One-half of these fee revenues is credited to the *Recycling Resources Economic Opportunity Fund* (administered through the Department of Public Health and Environment), and the remainder is credited to the *Waste Tire Cleanup Fund* (administered by the Department of Local Affairs).

Please see Appendix A for a visual representation of the allocation of waste tire fees, prepared by the Department of Local Affairs and further modified by Joint Budget Committee staff. Overall, of the \$1.50 in fees paid on each waste tire, \$1.00 is made available to the Department of Local Affairs, \$0.40 is made available to the Department of Public Health and Environment, and \$0.10 is made available to the Department of Higher Education. The amounts made available to the Department of Local Affairs are used to make grants to local governments to clean up dump sites or to use recycled tires in public projects, as well as to reimburse processors and end users to make recycling more economically viable.

The Long Bill currently includes two line items: one to provide spending authority for Local Affairs to spend waste tire fees from various funds for the statutorily required purposes (and associated administrative expenses); and a second line item that identifies the portion of waste tire fees that have been transferred to the Advanced Technology Fund.

*Request:* The Department's request for these two line items is based on the projected revenues.



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*Recommendation:* Staff recommends reflecting a rounded dollar amount for this line item to better indicate that it is based on a revenue estimate. **Staff recommends appropriating \$3,000,000 and 0.7 FTE to allow the Department of Local Affairs to allocate waste tire fees as authorized by statute.** Please note that staff is still waiting for data from the Department of Revenue, and **staff requests permission to update the dollar amount of this appropriation if the data indicates that revenues available to Local Affairs in FY 2008-09 will exceed \$3.0 million.** Staff also recommends continuation of the 0.7 FTE associated with this line item to administer the grant program. **Staff's recommendation for the first line item, detailed in the following table, is calculated in accordance with Committee policy.** Staff's recommendation includes \$63,892 for personal services and \$2,936,108 for operating expenses and grants.

Div. of Local Govt., Local Govt. and Community Services, Waste Tire Fund, Waste Tire Recycling, Reuse and Removal Grants		
Item	Cash Funds	FTE
FY 2007-08 Long Bill	\$2,455,000	0.5
H.B. 07-1288	<u>\$732,565</u>	<u>0.2</u>
Subtotal: FY 2007-08 Appropriation	\$3,187,565	0.7
Salary survey awarded in FY 07-08	0	
80% of Performance-based pay awarded in FY 07-08	0	
Base reduction (0.5% for lines with 20.0+ FTE)	0	
Adjustment based on anticipated revenues	(187,565)	
<b>Recommended FY 2008-09 Appropriation</b>	<b>\$3,000,000</b>	<b>0.7</b>

Based on information provided by staff at the Department of Revenue, it is staff's understanding that Revenue transfers waste tire revenues to the various cash funds on a monthly basis using journal entries. There is no need for appropriations to the Department of Local Affairs to ensure that waste tire fees are appropriately transferred to the Advanced Technology Fund or any other fund. Thus, **staff recommends eliminating the second appropriation related to these fees.**

**(B) Field Services**

**Program Costs**

*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 (the remaining half are in the Administration, Personal Services line item). It also includes associated operating expenses. The table below details the 24.3 FTE currently

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supported by this line item. The Division's responsibilities and the duties performed by these staff are described following the table. Cash funds exempt sources include mineral and energy impact funds, gaming revenues, and funds transferred from the Governor's Office for administration of the enterprise zone program.

Position	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Request	FY 2008-09 Recom.
Director	0.8	0.5	0.5	0.5
Support/Clerical	1.2	1.2	1.2	1.2
IT Support	0.7	0.5	0.5	0.5
Field Staff	7.0	7.0	7.0	7.0
Office of Smart Growth	1.0	1.0	1.0	1.0
Econ. Development Commission Assistance	0.4	0.4	0.4	0.4
Energy and Mineral Impact Grants Administration (DI #1)	3.7	5.9	10.9	10.9
Limited Gaming Grant Administration	1.0	1.0	1.0	1.0
CDBG Admin. - GF (required to match FF)	1.9	1.9	1.9	1.9
CDBG Admin. - FF	<u>3.5</u>	<u>4.9</u>	<u>4.9</u>	<u>4.9</u>
<b>TOTAL</b>	<b>21.2</b>	<b>24.3</b>	<b>29.3</b>	<b>29.3</b>

Field staff provide education and customized assistance for local governments on issues such as budget review, property tax limitations, the Taxpayers Bill of Rights (TABOR), water and sewer financing, election rules, purchasing, and land use planning. Each staff member is responsible for working with the local governments in their region. Part of their duties include helping local governments identify and apply for federal and state grant funds.

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 (particularly regarding cooperative planning); and coordinating mediation of disputes between local governments -- when requested to do so by the local governments, and using professionals from a list of qualified mediators that the Office is required to maintain.

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General Fund transferred from the Governor's Office of Economic Development pays for assessing the economic impact of projects under consideration for funding by the Commission and performing duties related to the enterprise zone program.

Energy and mineral impact funds and limited gaming funds pay salaries for staff to administer the associated grant programs.

Finally, the Division administers the federal Community Development Block Grant program. Federal funds are used to support staff who manage the 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 approximately 1.9 FTE more specifically to administer the program.

*Request:* The Department requests continuation level calculated according to OSPB's budget instructions. In addition, the Department submitted a budget amendment in January requesting a total of \$270,006 and 5.0 FTE (**Decision Item #1**) to improve monitoring and payment processing within the energy and mineral impact program. The sources of funds are severance tax and federal mineral lease revenues. The Department provides data indicating that since FY 06-07, the number of annual grant awards increased from an average of 162 in the late 1990s to an average of 309 in the last five fiscal years. The number of staff administering this grant program, however, has not changed, so the number of grant awards per staff has increased from about 39 to 62. The Department requests funding to add 5.0 FTE to the 6.0 FTE currently assigned to this program. The components of the Department's request are detailed in the following table.

<b>Decision Item #1: Add Staff to Mineral and Energy Impact Program</b>			
Description	FTE	FY 2008-09	FY 2009-10
<u>Personal Services</u>			
General Professional III (excluding prior year SAED)	3.0	\$156,967	\$156,967
Program Assistant I (excluding prior year SAED)	2.0	80,191	80,191
Associated AED and SAED		<u>4,994</u>	<u>6,056</u>
Subtotal	5.0	242,152	243,214

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<b>Decision Item #1: Add Staff to Mineral and Energy Impact Program</b>			
Description	FTE	FY 2008-09	FY 2009-10
<u>Operating Expenses</u>			
Supplies (\$500/FTE/FY)		2,500	2,500
Computer (\$900 one-time costs/FTE)		4,500	0
Office Suite Software (\$330 one-time costs/FTE)		1,650	0
Office Equipment (\$2,225 one-time costs/FTE)		11,125	0
Telephone (\$450/FTE/FY)		2,250	2,250
Fleet mileage rate (2 vehicles, \$0.14/mile, 12,600 miles per FY)		<u>3,528</u>	<u>3,528</u>
Subtotal		25,553	8,278
Vehicle Lease Payments (2 vehicles for 2 of the GP III; 4 months of funding in FY 2008-09)		2,301	6,903
<b>Total Request</b>		<b>270,006</b>	<b>258,395</b>

The Department indicates that no additional leased space is required for these 5.0 FTE. The Department is requesting two additional leased vehicles for two of the new General Professional III's (GP III); the third GP III will utilize the pool of existing fleet vehicles available to Department staff in Grand Junction.

The duties of the new staff would differ slightly. The 3.0 FTE GP III's would be responsible for the following:

- Reviewing, analyzing, and summarizing applications (about 35 percent of time)
- Working with potential grant applicants to determine how a proposed application could be strengthened, and providing technical assistance concerning program guidelines, selection criteria, and timing (about 26 percent of time).
- Monitoring one-third of grant awards annually, using a risk-based approach, through site visits and desk audits (about 13 percent of time).
- Engaging in strategic grant-making to address multi-jurisdictional projects (about 10 percent of time).
- Developing contracts (specifying scope of work, performance period, and payment procedures) and processing payments (about 15 percent of time).

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The 2.0 FTE Program Assistant I's would be responsible for the following:

- Processing payments, including reviewing and verifying each payment request, preparing payment vouchers, and communicating with grantees concerning documentation needs (about 48 percent of time).
- Assist in the measurement, verification, and documentation of the impacts of mineral and energy development to support strategic grant-making efforts (about 34 percent of time).
- Assist in the preparation of contracts and amendments and project development (about 18 percent of time).

*Recommendation:* **Staff recommends a continuation level funding.** With the exception of the field services staff, all of the FTE in this line item are necessary to administer grant programs or, in the case of the 1.0 FTE assigned to the Office of Smart Growth, to perform specific statutory functions of the Department. The field services staff are highly valued by local governments for their assistance in accessing the technical support services and grants administered by the Department.

**In addition, staff recommends approving the Department's request for 5.0 additional FTE, with one exception.** Staff's recommendation does not include additional funding for AED and SAED for FY 2008-09 (a total of \$4,994), consistent with Committee policy. As more fully described in staff's November 13, 2007 briefing issue, the State Auditor's Office released two performance audit reports concerning the Department's Mineral and Energy Impact Assistance Program last Fall. With respect to the grant program, the report included the following findings:

- The Department lacked sufficient controls over "supplemental" grant awards to promote transparency, accountability, and cost containment. Contrary to its written guidelines, DOLA has used supplemental awards to substantially expand the scope of grant projects.
- The Department treats revenue sources inconsistently when evaluating matching funds.
- The Department lacks sufficient and standardized monitoring to ensure that grant expenditures are for allowable uses and supported by adequate documentation.
- DOLA needs to improve controls over access to the electronic grant information system, and grant data needs to be reconciled with the State's accounting system.

The Department agreed with all of the State Auditor's recommendations, and it agreed to seek additional resources to address the following two recommendations:

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- Take a stronger and more standardized approach to monitoring grant expenditures by: (a) including sufficient detail in grant contracts on allowable costs; (b) establishing clear and consistent documentation requirements that are applicable program-wide; (c) ensuring a thorough review of reimbursement requests and supporting documentation before approving payments; (d) developing procedures for conducting a secondary review of expenditure documentation; (e) formalizing policies and procedures for on-site monitoring; and (f) communicating and providing training on new program requirements.
- Develop a more strategic approach to grant making activities, including: (a) designing a methodology to identify and assess the common impacts and needs; (b) setting clear program goals, objectives, and desired outcomes to guide grant making activities; (c) using defined funding initiatives to proactively solicit grant applications and target resources in support of established program goals and objectives; and (d) tracking program data to assess outcomes and evaluate and routinely report on performance.

Staff believes that the additional staff will help the Department to implement these recommendations. However, staff notes that the additional staff will not assist the Department in addressing all of the issues identified in the report. The Department will need to work with members of the Energy Impact Assistance Advisory Committee to: clarify and improve consistency in applying grant criteria; develop a consistent method for calculating matching percentages; establish written procedures to ensure the Advisory Committee's practices comply with statutory rules of conduct; and ensure timely contracting by awarding grant funds only for projects that are ready to move forward in a timely manner.

**Staff's recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy.** Staff's recommendation includes \$1,854,791 for personal services and \$521,916 for operating expenses (including \$17,275 in one-time expenses).

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Item	Total Funds	General Fund	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation	\$2,037,936	\$475,404	\$1,266,181	\$296,351	24.3
Salary survey awarded in FY 07-08	64,691	20,669	31,405	12,617	
80% of Performance-based pay awarded in FY 07-08	27,708	5,166	10,654	11,888	
Base reduction (1.0% for lines with 20.0+ FTE)	(16,339)	(5,012)	(11,082)	(245)	
Decision Item #1 - Additional Energy and Mineral Impact staff	262,711	0	262,711	0	5.0
<b>Recommended FY 2008-09 Appropriation</b>	<b>\$2,376,707</b>	<b>\$496,227</b>	<b>\$1,559,869</b>	<b>\$320,611</b>	<b>29.3</b>

**Community Development Block Grant (Business and Infrastructure Development)**

*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 the U.S. Department of Housing and Urban Development (HUD). While the Department of Local Affairs administers the funds for smaller communities, metro areas receive their funding directly from the federal government on an entitlement basis.

Historically, the Executive Branch has elected to divide total CDBG funds in equal thirds for the following purposes:

- *Business development* - used primarily 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.
- *Public facilities/infrastructure development* - used to provide discretionary grants to local governments for local infrastructure development such as roads, water treatment facilities, and public buildings.
- *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.

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*Request:* The Department's request reflects \$7,049,019 based on earlier estimates of federal funds that will be available to the State.

*Recommendation:* **Staff recommends reflecting \$6,818,995 based on more recent projections provided by the Department. In addition, staff recommends renaming the line item to simply reflect the name of the federal grant.**

**Local Government Mineral and Energy Impact Grants and Disbursements**

*Description:* This grant program is intended to assist communities impacted by the growth and decline of mineral and energy industries. This line item combines two statutory programs for administrative efficiency and applicant convenience into the Local Government Mineral and Energy Impact Assistance Program. In this regard, the grant line item includes fifty percent of the total state severance tax revenues (the other half goes to the Department of Natural Resources) as well as part of the state's share of payments to the federal government for mineral and mineral fuel production on federal lands. 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 (30 percent of severance tax revenues and approximately 15 percent of federal mineral lease revenues). The remaining portion of these funds are distributed through discretionary grants to local jurisdictions.

In administering this grant program, the Department is assisted by the nine-member Energy and Mineral Impact Assistance Advisory Committee. Final funding decisions are made by the Department's Executive Director. Entities eligible to receive grants and loans include municipalities, counties, school districts, special districts and other political subdivisions, and state agencies. Funded projects include water and sewer improvements, road projects, construction of fire protection buildings, purchase of fire protection equipment, local government planning, and construction of / improvements to recreation centers, senior centers, hospitals, local government administrative buildings, K-12 school classrooms, and other public infrastructure. The source of cash funds exempt is reserves.

*Request:* The Department's request reflects expected expenditures and encumbrances. Some of the expenditures will be for grants awarded in prior years.

*Recommendation:* **Staff recommends approving the request.** This line item is often confusing to legislators, because it does not necessarily relate to the number or dollar amount of grants that will be offered in a given year. The Department offers grants but then negotiates a contract with each local government. Most contracts are signed within one year, but the negotiation process can sometimes take up to four years. Even once a contract is signed, not all of the money may be encumbered by the Department if there are conditions in the contract. This line item relates to what will be entered in the state's accounting system in a particular fiscal year and tracks closer to cash flow than the number of new grants that will be awarded.



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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 by the executive branch that these funds are continuously appropriated.

Appropriating based on expenditures and encumbrances is consistent with the practice for most other funds appropriated by the General Assembly for informational purposes, including other funds appropriated in DOLA, but few other funds have the volatility of the severance taxes, or the dissonance between when the revenue comes in, when the commitments are made, and when the expenditures actually occur. Thus, this appropriation causes more confusion than similar informational appropriations.

A portion of the funding reflected in this line item is transferred to a number of other line items in the Department to cover both direct and indirect costs.

**Local Government Limited Gaming Impact Grants**

*Background - Limited Gaming:* In 1990, voters approved an initiated measure authorizing limited gaming in Central City and Black Hawk (both in Gilpin County), as well as Cripple Creek (Teller County) [see Section 9 of Article XVIII of the Colorado Constitution]. This provision requires each licensee to pay up to 40 percent of the adjusted gross proceeds of limited gaming for the privilege of conducting limited gaming; these moneys are credited to the Limited Gaming Fund. The Limited Gaming Fund is available without appropriation to cover the costs of the Limited Gaming Control Commission (which administers and regulates limited gaming); an amount equal to two months of Commission expenses is held in reserve. The State Treasurer is required to distribute the balance remaining in the Fund as follows:

- 50 percent is transferred to the General Fund (or any other fund as statutorily authorized);
- 28 percent is transferred to the State Historical Fund;
- 12 percent is distributed to Gilpin and Teller Counties (in proportion to gaming revenues generated; and
- 10 percent is distributed to Central City, Black Hawk, and Cripple Creek (in proportion to gaming revenues generated).

The General Assembly established the Limited Gaming Fund in statute in 1991, and periodically added provisions to allocate moneys in the Limited Gaming Fund that would otherwise be transferred to the General Fund to a number of other funds. Currently, pursuant to Section 12-47.1-701 et seq., C.R.S., moneys are annually allocated as follows:

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- State Highway Fund (determined annually and appropriated by separate Long Bill line item)
- Colorado Travel and Tourism Promotion Fund<sup>3</sup> (\$19.0 million per year, annually adjusted for inflation)
- Clean Energy Fund<sup>4</sup> (\$7.0 million)
- New Jobs Incentives Cash Fund<sup>3</sup> (\$3.0 million per year, annually adjusted for inflation)
- State Council on the Arts Cash Fund<sup>3</sup> (\$1.5 million per year, annually adjusted for inflation)
- Film Incentives Cash Fund<sup>3</sup> (\$600,000 per year, annually adjusted for inflation)

The General Assembly is required to appropriate moneys that are transferred at the end of each fiscal year to the above funds for use in the following fiscal year.

In addition, the General Assembly established the **Local Government Limited Gaming Impact Fund** in statute in 1997 to **provide financial assistance to local governments in addressing documented gaming impacts stemming from limited stakes gaming in the communities of Cripple Creek, Black Hawk and Central City. Thirteen percent of moneys in the Limited Gaming Fund that would otherwise be transferred to the General Fund are transferred to this fund.**

*Line Item Description.* The Executive Director of the Department of Local Affairs is statutorily required to distribute moneys in the Local Government Limited Gaming Impact Fund to eligible local government entities. Moneys are granted to eligible local governments through a competitive application process to finance planning, construction, and maintenance of public facilities and the provision of public services related to documented gaming impacts [see Section 12-47.1-1601 et seq., C.R.S.]. The Executive Director is required to consider the recommendations of the Local Government Limited Gaming Impact Advisory Committee when making funding decisions for grant applications.

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<sup>3</sup> Pursuant to Section 12-47.1-701 (4) (a) (IV) (A.5) and (B), C.R.S., if the Joint Budget Committee determines that General Fund revenues will be insufficient to allow for the maximum annual increase in state operating appropriations (based on the March revenue forecast), the Committee is to introduce legislation to determine what amounts, if any, should be transferred to these funds. If the Committee does not make such a determination, the State Treasurer is required to re-direct to the General Fund amounts necessary to support the maximum allowable state operating appropriations.

<sup>4</sup> Pursuant to Section 12-47.1-701 (5) (c), C.R.S., if the State Treasurer determines that General Fund revenues will be insufficient to allow for the maximum annual increase in state operating appropriations (based on the June revenue forecast), the Treasurer is required to re-direct to the General Fund amounts necessary to support the maximum allowable state operating appropriations.

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Eligible local governments include the counties of Gilpin and Teller, as well as the eight counties contiguous to these two counties: Boulder, Clear Creek, Douglas, El Paso, Fremont, Grand, Jefferson, and Park. In addition, counties that contain tribal lands where limited stakes gaming occurs are also included within the geographic eligibility area, including Archuleta, La Plata, and Montezuma. The types of local governments eligible to receive assistance include: counties, municipalities (with the exception of the three gaming cities: Black Hawk, Central City and Cripple Creek) and special districts that provide emergency services. In addition, eligible local governments may apply on behalf of private nonprofit agencies that are impacted by gaming.

Pursuant to Section 12-47.1-1601 (4) (a), C.R.S., all unexpended and unencumbered moneys in the Local Government Limited Gaming Impact Fund remains available for expenditure in subsequent fiscal years without further appropriation by the General Assembly.

*Request:* The Department's request reflects expected revenues.

*Recommendation:* **Staff recommends using an estimate provided by the Department of Revenue of funds that will be transferred to the Fund at the end of FY 2008-09.** Several state agencies receive a portion of gaming funds. The General Assembly has used the estimates from the Department of Revenue in the past so that the figures for all of the departments are based on one consistent revenue projection, rather than using individual revenue projections from each department. The amount for Limited Gaming Impact Grants is set by a statutory formula and it would require a bill to change it. At the time this document was produced, staff was still working with the Department of Revenue to get the estimate, so the amount is pending.

### **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 the purchase of search and rescue equipment. The cash funded portion of the program is financed by a statutory \$0.25 surcharge on hunting and fishing licenses, boat registrations, snowmobile registrations, and off-highway vehicle registrations. The program also receives funding from other outdoor recreational users, such as hikers, mountain bikers, cross country skiers, climbers, and kayakers who voluntarily purchase a \$3.00 Colorado Outdoor Recreation Search and Rescue Card. The source of cash funds exempt is reserves in the Search and Rescue Fund. According to program guidelines, the use of program funds are prioritized into four "tiers", which are described below:

- Tier I Payment: Reimbursement for eligible, actual operational expenses of a search and rescue for a "Licensed" or certified person.

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- Tier II Payment: Year-end reimbursement for eligible, actual operational expenses of a search for parents, siblings, spouses, children, or grandchildren of a "Licensed" or certified person.
- Tier III Payment: Year-end payment of approved costs of search and rescue related training and equipment.
- Tier IV Payment: Year-end reimbursement for eligible, actual operational expenses of a search for a non-licensed or non-certified person.

An 11-member Search and Rescue Advisory Board assists with the administration of the Search and Rescue Fund.

*Request:* The Department's request is based on projected revenues.

*Recommendation:* **Staff recommends approving the request based on projected revenues. Staff's recommendation for the first line item, detailed in the following table, is calculated in accordance with Committee policy.** Staff's recommendation includes \$88,719 for personal services and \$526,281 for operating expenses, payments, and grants.

Division of Local Government, Field Services, Search and Rescue Program		
Item	Cash Funds	FTE
FY 2007-08 Appropriation	\$615,000	1.3
Salary survey awarded in FY 07-08	0	
80% of Performance-based pay awarded in FY 07-08	0	
Base reduction (1.0% for lines with 20.0+ FTE)	0	
<b>Recommended FY 2008-09 Appropriation</b>	<b>\$615,000</b>	<b>1.3</b>

**Colorado Heritage Communities Grant Fund**

**Colorado Heritage Communities Grants**

*Description:* House Bill 00-1427 created the Office of Smart Growth in the Department of Local Affairs. The original legislation included \$735,485 General Fund for grants to communities to address critical planning/growth issues and to develop master plans. Applicants are judged on a number of criteria, including: (1) the extent of existing/projected growth-related impacts; (2) the extent to which the growth-related problems were regional (multi-jurisdictional) in nature; (3) the extent to which the project was multi-objective in nature; (4) the extent to which the project was innovative; (5) the involvement of private and public partners; (6) the amount of funding leveraged

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by the project; (7) the consistency of the project with local/regional plans, and; (8) the overall feasibility of the project.

From FY 2003-04 to FY 2005-06 the General Fund for grants was eliminated as part of efforts to address the budget shortfall, but the Department continued to spend down the fund balance on grants awarded and encumbered in prior years. In FY 2006-07, the General Assembly appropriated \$200,000 General Fund for new grants. The same amount was appropriated for FY 2007-08.

The first line item ("Colorado Heritage Communities Fund") provides a transfer of General Fund moneys to the Colorado Heritage Communities Fund. The second line item provides spending authority for the Department to use monies in the Fund for grant awards.

*Request:* The Department requests continuation level funding.

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

**Livability Counts Pilot Program [NEW LINE ITEM].**

*Request:* To frame this request, the Department notes that it has approximately 30 years of experience making grants to local communities from a variety of fund sources. While communities are grateful for this assistance, the Department cannot answer this fundamental question: "What difference has the state investment in communities made?". This request is intended to allow the Department to develop a template for community investment in a broad sense.

This project would involve the collaborative efforts of businesses, government, and non-profit organizations. Project partners would pool technical and financial resources to solve identified problems. The Department indicates that local governments rely on services provided by a number of state agencies, and collaboration among these state agencies is vital to provide communities with the kind of assistance they need. While state agencies often collaborate to address various challenges, this proposal is designed to "galvanize and institutionalize" this method of collaborative problem-solving to better assist Colorado communities. The Department is requesting General Fund for this purpose because the grant programs it administers have specific statutory or federal requirements that make it inappropriate for the Department to use funding available through these programs to look at these broader questions.

Through **Decision Item #2** (this decision item was originally submitted as priority #1, but was re-prioritized second in January 2008), the Department requests \$100,000 General Fund to develop a

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new "sustainable solutions framework" for Colorado to address community based problems. This new framework would support economic, environmental, mobility, educational, youth and family, and/or housing outcomes. This framework, called "livability counts", would be developed using two to three specific community projects as pilots from which to create processes and metrics. Department field staff would generate candidate community projects in small- or medium-sized communities outside the metropolitan Denver area. Projects would be evaluated based on the following criteria:

- The community has a problem or opportunity, defined by the community, which addresses at least three community livability/ sustainability objectives.
- The Department can identify a neutral community Project Manager from the local community who can lead a team to address the challenge.
- The Department can assist in the creation of a Livability Counts Team of federal, state, local, and other governmental entities, businesses, non-profits, and citizens who are needed or can contribute to a solution.
- There is a potential to develop an integrated solution that leverages the resources of the Livability Counts team to meet the challenge and livability/ sustainability objectives.
- It is possible to create a declaration of cooperation that team members sign, committing their resources and time in an integrated action plan.

Further, the projects will address enhancement of a community's "quality of life infrastructure", including:

- environmental quality (water, air, and land use planning);
- transportation options (efficient, multi-modal movement of people and products);
- economic opportunity (job creation, retention, and workforce development);
- housing availability (housing options, including affordable/ workforce housing); and
- stronger schools (enhanced educational opportunity, drop-out prevention, and before/ after school care for children).

After two to three high quality projects are identified, community participants would form small steering committees to review and develop one or two specific project objectives drawing from a list

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of possible goals (*e.g.*, downtown and main streets are vital and active), along with measurable outcomes. Projects would receive \$40,000 to \$60,000 in seed money to cover project-related costs; the purpose and eligible uses of appropriated funds would be specified in the grant contract and monitored by Department staff. The requested funds would not be used to support state staff or the project manager. The project manager would be provided by, or supported by, one or more members of the Livability Counts Team. The Department would expect each project to be maintained, in whole or in part, by community resources over an agreed-upon period of time (minimum of three years).

*Recommendation:* **Staff does not recommend approving the request.** The Department's request lists several provisions as statutory authority for this request, including the following:

Section 24-32-101 (1), C.R.S.:

"The general assembly finds and declares that:

...(b) The future welfare of the state depends, in large measure, on local leadership and the effectiveness of local government;

...(d) The state has primary responsibility for strengthening local government, encouraging local initiative, and providing coordination of state services and information to assist local government in effectively meeting the needs of Colorado citizens."

Section 24-32-104 (1), C.R.S.:

"The division shall perform the following functions:

(a) Assist the governor in coordinating the activities and services of those departments and agencies of the state having relationships with units of local government in order to provide more effective services to units of local government and to simplify procedures with respect thereto;

...(c) Serve as a clearing house, for the benefit of local government, of information relating to the common problems of local government and of state and federal services available to assist in the solution of those problems;

(d) Refer local government to appropriate departments and agencies of the state and federal government for advice, assistance, and available services in connection with specific problems;

...(f) Encourage and when so requested assist cooperative efforts among the officials of local government units toward the solution of common problems;

...(i) Upon request by local government officials, provide technical assistance in defining their local government problems and developing solutions thereof..."

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While this funding request appears to relate to the Department's responsibilities staff has excerpted, **above, it is not clear how or whether the \$100,000 General Fund requested will assist the Department in fulfilling these statutory duties or in gaining further cooperation from other executive agencies. Staff is also concerned that approval of this request would set a precedence for state General Fund support for a variety of local projects -- projects which may or may not be the types of projects for which state funding can or should be provided.**

Staff agrees that the Department should work to develop a clearly defined set of goals, objectives, and outcomes for each existing grant program, and develop processes to evaluate performance for each grant program. Staff also agrees that the Department should work to improve relationships with other key executive agencies (e.g., the Department of Transportation and the Department of Public Health and Environment) to coordinate services and support for local governments. If the Department determines that there are certain types of projects, or projects in certain local areas, for which state funding may be warranted but cannot be provided through existing grant programs, it should bring these to the attention of the General Assembly. The General Assembly could then determine whether resources should be re-directed or added to address such needs.

**(C) Division of Emergency Management**

Below, staff has included a recommendation to include appropriations currently included in this subsection as a separate division (#5).

**(D) Division of Local Government, (C) Indirect Cost Assessment**

*Description:* This line item currently reflects the amount of indirect cost assessments made against cash, cash exempt, and federal funding sources within the Division of Local Government and the Division of Emergency Management (including local utility management, search and rescue, waste tire fees, 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 line item.

*Request:* The Department request for continuation level funding was a place holder until the new indirect cost plan could be finalized.

***Recommendation:* The staff recommendation is based on the revised indirect cost plan. In addition, the staff recommendation for this line item excludes amounts associated with the Division of Emergency Management; staff has included these amounts in a new line item within the Division of Emergency Management section (#5). Staff thus recommends amending the line item name to make it consistent with the other indirect cost assessment line items for the**



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other three divisions. Overall, indirect cost recoveries from the Department will decrease \$145,263 compared to FY 2007-08 appropriations.

**(5) DIVISION OF EMERGENCY MANAGEMENT [New Long Bill section]**

*Recommended Long Bill format change:* The Long Bill currently includes the Division of Emergency Management as subsection (C) within the Division of Local Government. However, given the nature of the responsibilities assigned to this division, the number of FTE currently supported by appropriations to this division, and the fact that it is established as a separate division with the Department in Section 24-32-2105, C.R.S., staff recommends including these appropriations in a Long Bill section that is distinct from the Division of Local Government (#5).

**Administration**

*Description:* This line item includes the personal services and operating expenses for the employees of the Division of Emergency Management. The source of cash funds exempt is mineral and energy impact funds.

Position	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Request	FY 2008-09 Recom.
Director	1.0	1.0	1.0	1.0
Support/Clerical	5.0	6.0	6.0	6.0
Preparedness/Disaster Staff	13.6	14.2	14.2	14.2
Homeland Security	<u>6.0</u>	<u>7.0</u>	<u>7.3</u>	<u>7.3</u>
TOTAL	25.6	28.2	28.5	28.5

*Request:* The Department requests a continuation level of funding calculated pursuant to the OSPB's budget instructions.

*Recommendation:* **Staff recommends a continuation level funding.** Staff's recommendation includes \$1,889,543 for personal services and \$831,536 for operating expenses. A reduction in the General Fund FTE for this line item would diminish the state's ability to meet matching and other qualification requirements for federal disaster and preparedness funds. The Department's estimate of federal fund revenues is \$14,910 lower than the Committee's common policy would normally allow. Staff thus used the Department's estimate of federal funds.

**Staff's recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy.**

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Division of Local Government, Division of Emergency Management, Administration					
Item	Total Funds	General Fund	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation	\$2,655,465	\$489,472	\$64,890	\$2,101,103	28.2
Salary survey awarded in FY 07-08	74,874	13,800	0	61,074	
80% of Performance-based pay awarded in FY 07-08	24,736	3,450	0	21,286	
Base reduction (1.0% for lines with 20.0+ FTE)	(19,086)	(4,966)	(649)	(13,471)	
Adjustment based on anticipated federal funds	(14,910)			(14,910)	
<b>Recommended FY 2008-09 Appropriation</b>	<b>\$2,721,079</b>	<b>\$501,756</b>	<b>\$64,241</b>	<b>\$2,155,082</b>	<b>28.2</b>

**Disaster Response and Recovery**

*Background Information.* Section 24-32-2106, C.R.S., asserts the "policy of the state that funds to meet disaster emergencies shall always be available." This provision indicates that first recourse shall be funds regularly appropriated to state and local agencies. In addition, the Governor may (with the concurrence of the Disaster Emergency Council) make funds available from the Disaster Emergency Fund. This Fund consists of moneys appropriated thereto by the General Assembly; and unexpended moneys remain in the Fund at fiscal year-end. If moneys in the Fund are insufficient, the Governor may (again, with the concurrence of the Council) "transfer and expend moneys appropriated for other purposes".

When the Governor transfers funds in order to reimburse local governments or citizens for costs associated with disasters, or to match federal disaster aid, such transfers generally flow through the Disaster Emergency Fund. The following table details authorized transfers of state moneys to the Fund since June 2000. All of the transfers have been from funds that were designated by the General Assembly as part of the Taxpayer's Bill of Rights (TABOR) reserve<sup>5</sup>. Please note that the actual amounts transferred may be lower than the amounts authorized. In addition, transfers to the Fund and expenditures from the Fund often occur in two or more fiscal years.

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<sup>5</sup> Moneys in the State's TABOR reserve may only be used for declared emergencies; "emergency" *excludes* economic conditions or revenue shortfalls.

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<b>Authorized Transfers to Disaster Emergency Fund</b>			
<b>Executive Order</b>	<b>Nature of Disaster</b>	<b>Amount of Authorized Transfer</b>	<b>Source of Funds</b>
D 009 00 (June 28, 2000)	Wildfires in Park, Jefferson and Larimer Counties	\$4,121,000	Controlled Maintenance Trust Fund
D 014 02 (June 10, 2002)	Wildfires, specifically from April 23 to June 10, and the imminent threat of more fires	6,000,000	Subsequent Injury Fund
		4,000,000	Operational Account of Severance Tax Trust Fund
D 019 02 (June 28, 2002)	Wildfires, especially the "Hayman" fire	5,000,000	Subsequent Injury Fund
D 001 06 (October 6, 2006)	Mauricio Canyon Fire in Las Animas and Huerfano Counties	240,000	Major Medical Fund
D 014 06 (June 21, 2006)	Mato Vega Fire in Costilla and Huerfano Counties	3,000,000	Major Medical Fund
D 017 06 (July 13, 2006)	Tyndall Fire in Custer County; Wright Fire in Teller County; and Jolly Mesa Fire in Garfield County	1,500,000	Major Medical Fund
D 009 07 (April 3, 2007)	Tornado in Holly (Prowers County)	1,000,000	Subsequent Injury Fund
<b>TOTAL</b>		<b>24,861,000</b>	

*Description:* This line item reflects expected payments to local responders for their work in reacting to disasters and expected assistance to communities and individuals to help them recover from disasters. The source of cash funds exempt is the state Disaster Emergency Fund, and the federal funds are generally from the Federal Emergency Management Agency. This appropriation is included for informational purposes and for purposes of tracking actual expenditures.

*Request:* Consistent with past practice, the Department has requested an appropriation of \$4,895,390 for FY 2008-09, including \$4,445,390 cash funds exempt from the Disaster Emergency Fund and \$450,000 federal funds. However, the request for funding from the Disaster Emergency Fund is largely just a place-holder, since the Department cannot predict when a disaster might occur.

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*Recommendation:* **Staff recommends reflecting a total of \$4,950,000, including \$4,500,000 from the Disaster Emergency Fund and \$450,000 federal funds.** Staff is concerned that the practice of reflecting a very specific appropriation from the Disaster Emergency Fund appears to convey specificity where none exists. Staff thus recommends that the Committee consider either including an appropriation of a rounded dollar amount.

**In addition**, as indicated last Fall, staff has found it difficult to quickly gather information related to the Disaster Emergency Fund. Specifically, staff has not been able to identify one individual or agency who can quickly provide information related to state funds transferred to the Disaster Emergency Fund, including the amount authorized, the fund source (*i.e.*, which specific fund within the TABOR reserve), the purpose, and the associated Executive Order. It is even more difficult to obtain information concerning actual amounts transferred and expended for each declared emergency. In addition, neither the budget request from Department of Local Affairs or the Governor's Office includes a "schedule 9" related to the Disaster Emergency Fund. [A schedule 9 includes cash flow information for an individual cash fund, including beginning fund balance, revenues, and expenditures for at least four fiscal years.]

Given the magnitude of the transfers that have been authorized in recent years, staff believes it is important for the Joint Budget Committee to be apprised of transfers authorized by the Governor, as well as actual transfers and expenditures. **Staff recommends that the Committee include a written request for information requesting an annual summary related to the Disaster Emergency Fund, including the amount of state funds actually transferred into the Fund and the expenditure of such moneys:**

**N 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, 2008, concerning revenues credited to and expenditures made from the Disaster Emergency Fund in FY 2007-08. 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.

**Preparedness Grants and Training**

*Description:* This line item reflects federal grants received by the Department for equipment, prevention efforts, and training to better prepare the state to respond to disasters. The line item also includes a small amount of cash funds from registration fees paid by participants for conferences and other events sponsored by the Division. The majority of federal funds are from the Homeland

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Security Grant program, although the line item also includes spending authority for miscellaneous other federal grant programs.

*Request:* The Department's request is based on projected revenues.

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

**Indirect Cost Assessment** [NEW LINE ITEM]

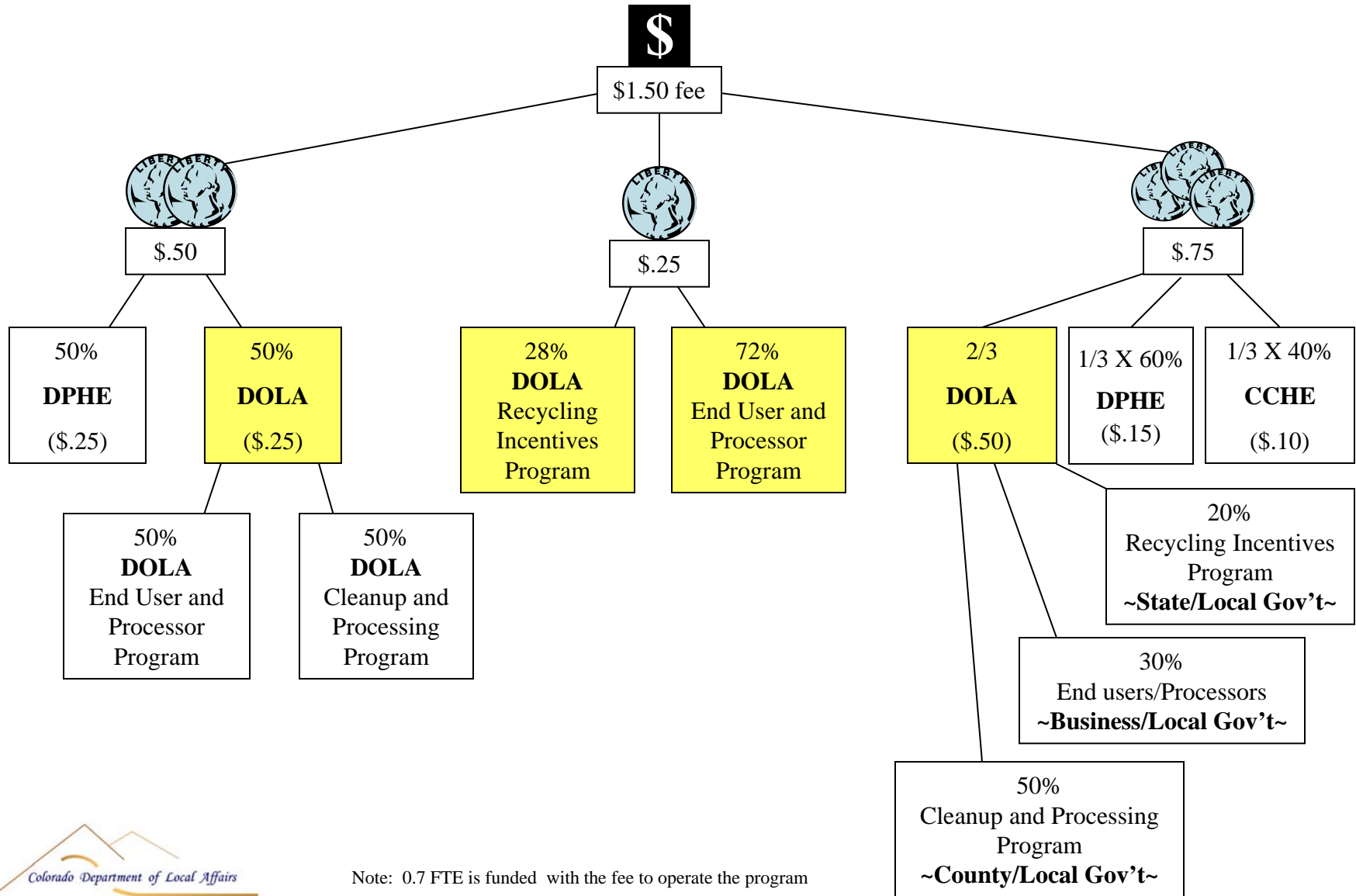
*Description:* Staff recommends adding a separate line item to include the amount of indirect cost assessments made against cash exempt and federal funding sources within this division (rather than including these those associated with those for the Division of Local Government). Cash funds exempt fund sources include federal mineral leasing and severance tax revenues that are appropriated to support a portion of this division's activities; the remainder is assessed on various sources of federal funds administered by this division. 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 line item.

*Request:* The Department included amounts associated with this division in the "Division of Local Government, Indirect Cost Assessment" line item. The request for continuation level funding was a place holder until the new indirect cost plan could be finalized.

*Recommendation:* **The staff recommendation for this line item is based on the revised indirect cost plan.** Overall, indirect cost recoveries from the Department will decrease \$145,263 compared to FY 2007-08 appropriations.

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# Colorado Waste Tire Program



Note: 0.7 FTE is funded with the fee to operate the program