

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2007-08 STAFF FIGURE SETTING:

DEPARTMENT OF LOCAL AFFAIRS

JBC Working Document - Subject to Change

Staff Recommendation Does Not Represent Committee Decision

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	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change
	Actual	Actual	Appropriated	Request	Recommend	Requests

DEPARTMENT OF LOCAL AFFAIRS
Executive Director: Susan Kirkpatrick

(1) EXECUTIVE DIRECTOR'S OFFICE

(Purpose: management and administration of the Department, including human resources, accounting, and budgeting.)

Personal Services	1,003,809	1,037,515	1,077,700	1,103,459	1,100,142
FTE	<u>13.5</u>	<u>13.2</u>	<u>14.0</u>	<u>14.0</u>	<u>14.0</u>
General Fund	0	0	0	0	0
FTE	0.0	0.0	0.0	0.0	0.0
Cash Funds Exempt	1,003,809	1,037,515	1,077,700	1,103,459	1,100,142
FTE	13.5	13.2	14.0	14.0	14.0
Group Health and Life	<u>388,658</u>	<u>534,957</u>	<u>712,596</u>	<u>812,957</u>	<u>812,957</u>
General Fund	192,795	259,567	336,564	409,854	409,854
Cash Funds	26,465	68,656	94,164	74,727	74,727
Cash Funds Exempt	94,385	75,392	95,208	121,956	121,956
Federal Funds	75,013	131,342	186,660	206,420	206,420
*Mineral & Energy Impact - CFE	86,669	70,024	87,806	116,037	116,037
Short-term Disability	<u>14,676</u>	<u>14,475</u>	<u>11,787</u>	<u>15,886</u>	<u>14,996</u>
General Fund	5,748	7,665	4,813	5,653	5,823
Cash Funds	1,946	1,967	1,489	1,532	1,892
Cash Funds Exempt	3,946	1,669	2,409	4,184	3,688
Federal Funds	3,036	3,174	3,076	4,517	3,593
*Mineral & Energy Impact - CFE	3,695	1,567	2,278	3,987	2,782
Amoritization Equalization Disbursements	<u>0</u>	<u>22,857</u>	<u>76,458</u>	<u>146,645</u>	<u>84,649</u>
General Fund		11,081	30,171	52,184	31,727
Cash Funds		3,345	9,886	14,143	10,916
Cash Funds Exempt		3,033	15,987	38,622	21,279

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriated	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
Federal Funds		5,398	20,414	41,696	20,727	
<i>*Mineral & Energy Impact - CFE</i>		2,863	15,400	38,350	16,050	
Salary Survey and						
Senior Executive Service	<u>229,655</u>	<u>339,384</u>	<u>337,986</u>	<u>402,595</u>		<u>Pending</u>
General Fund	103,456	133,175	134,347	165,289		
Cash Funds	28,797	43,628	28,771	40,267		
Cash Funds Exempt	52,184	77,681	69,202	61,208		
Federal Funds	45,218	84,900	105,666	135,831		
<i>*Mineral & Energy Impact - CFE</i>	<u>50,334</u>	<u>74,213</u>	<u>65,841</u>	<i>Pending</i>		
Performance-based Pay	<u>115,965</u>	<u>0</u>	<u>0</u>	<u>115,689</u>		<u>Pending</u>
General Fund	57,109	0		53,859		
Cash Funds	8,197	0		7,430		
Cash Funds Exempt	24,725	0		17,714		
Federal Funds	25,934	0		36,686		
<i>*Mineral & Energy Impact - CFE</i>	<u>23,849</u>	<u>0</u>		<i>Pending</i>		
Workers' Compensation	<u>32,686</u>	<u>28,847</u>	<u>64,251</u> S	<u>45,969</u> A		<u>Pending</u>
General Fund	30,407	26,836	59,759	42,754		
Cash Funds	951	839	1,909	1,371		
Cash Funds Exempt	1,328	1,172	2,583	1,844		
<i>*Mineral & Energy Impact - CFE</i>	<u>1,288</u>	<u>1,132</u>	<u>2,543</u>			
Operating Expenses	<u>112,697</u>	<u>118,411</u>	<u>144,616</u>	<u>144,175</u>	<u>144,175</u>	
General Fund	0	8,051	0	0	0	
Cash Funds Exempt	106,434	104,106	132,854	132,413	132,413	
Federal Funds	6,263	6,254	11,762	11,762	11,762	
Legal Services	<u>109,318</u>	<u>113,354</u>	<u>123,886</u>	<u>121,308</u>		<u>Pending</u>
General Fund	99,925	104,597	109,987	109,987		

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change
	Actual	Actual	Appropriated	Request	Recommend	Requests
Cash Funds	4,036	4,337	8,274	5,696		
Cash Funds Exempt	1,180	306	1,299	1,299		
Federal Funds	4,177	4,114	4,326	4,326		
<i>*Hours</i>	1,790	1,790	1,830	1,790	1,790	
<i>*Mineral & Energy Impact - CFE</i>	63	1,015	1,134	1,067		
Purchase of Services from						
Computer Center	<u>3,648</u>	<u>3,383</u>	<u>397</u>	<u>1,917</u>		<u>Pending</u>
General Fund	3,648	3,383	397 S	1,917		
Cash Funds Exempt	0	0	0	0		
<i>*Mineral & Energy Impact - CFE</i>	0	0	0	0		
Multi-use Network Payments	<u>39,345</u>	<u>83,054</u>	<u>72,905</u>	S <u>81,847</u>		<u>Pending</u>
General Fund	21,963	46,143	40,920	45,939		
Cash Funds	1,606	3,406	2,955	3,318		
Cash Funds Exempt	3,108	6,473	5,718	6,419		
Federal Funds	12,668	27,032	23,312	26,171		
<i>*Mineral & Energy Impact - CFE</i>	2,662	6,027	5,272	2,358		
Payment to Risk Management and Property Funds	<u>34,039</u>	<u>12,615</u>	<u>37,907</u>	S <u>27,579</u>	A	<u>Pending</u>
General Fund	31,667	11,736	27,191	25,643		
Cash Funds	980	363	2,738	1,606		
Cash Funds Exempt	1,392	516	7,978	330		
<i>*Mineral & Energy Impact - CFE</i>	1,358	482	7,955	<i>Pending</i>		
Vehicle Lease Payments	<u>78,426</u>	<u>64,243</u>	<u>62,130</u>	S <u>71,340</u>		<u>Pending</u>
General Fund	70,335	56,014	51,481	59,033		
Cash Funds Exempt	8,091	8,229	10,649	12,307		
<i>*Mineral & Energy Impact - CFE</i>	8,091	8,229	10,649	12,307		

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriated	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
Information Technology						
Asset Maintenance	<u>156,539</u>	<u>103,973</u>	<u>104,793</u>	<u>104,793</u>	<u>104,793</u>	
General Fund	29,913	29,913	29,913	29,913	29,913	
Cash Funds	10,364	10,364	10,364	10,364	10,364	
Cash Funds Exempt	40,192	39,652	40,192	40,192	40,192	
Federal Funds	76,070	24,044	24,324	24,324	24,324	
*Mineral & Energy Impact - CFE	37,759	37,507	39,507	37,507	37,507	
Capitol Complex Leased Space	<u>410,990</u>	<u>408,207</u>	<u>421,347</u>	<u>467,010</u> A	<u>Pending</u>	
General Fund	285,155	283,224	294,864	338,603		
Cash Funds	15,167	15,042	14,881	16,985		
Cash Funds Exempt	50,900	50,666	55,789	60,642		
Federal Funds	59,768	59,275	55,813	50,780		
*Square Feet	54,308	53,770	53,770	53,770	53,770	
*Mineral & Energy Impact - CFE	49,468	49,234	54,315	54,811		
Leased Space	<u>47,848</u>	<u>67,332</u>	<u>79,379</u>	<u>80,849</u>	<u>80,849</u>	
General Fund	13,688	17,898	16,065	16,800	16,800	
Cash Funds Exempt	13,457	13,457	12,095	12,830	12,830	
Federal Funds	20,703	35,977	51,219	51,219	51,219	
*Mineral & Energy Impact - CFE	13,457	13,457	12,095	Pending		
Communication Services Payments	<u>7,962</u>	<u>5,850</u>	<u>21,871</u> S	<u>21,235</u>	<u>Pending</u>	
General Fund	3,981	2,925	10,935	10,617		
Federal Funds	3,981	2,925	10,936	10,618		
Moffat Tunnel Improvement District						
Admin.	<u>25,854</u>	<u>26,481</u>	<u>92,958</u>	<u>92,958</u>	<u>92,958</u>	
Cash Funds	25,854	26,481	32,958	32,958	32,958	
Cash Funds Exempt	0	0	60,000	60,000	60,000	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriated	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
Workforce Development Council	363,937	352,520	466,016	466,016	466,016	
FTE	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	
Cash Funds Exempt	363,937	352,520	466,016	466,016	466,016	
FTE	4.0	4.0	4.0	4.0	4.0	
Federal Funds	0	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	
Workforce Improvement Grants	1,193,270	1,028,224	470,000	470,000	470,000	
FTE	<u>1.3</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	
Cash Funds Exempt	0	0	20,000	20,000	20,000	
Federal Funds	1,193,270	1,028,224	450,000	450,000	450,000	

(1) SUBTOTAL - EXECUTIVE						
DIRECTOR'S OFFICE						
	4,369,322	4,365,682	4,378,983	4,794,227	3,371,535	
FTE	<u>18.8</u>	<u>18.2</u>	<u>19.0</u>	<u>19.0</u>	<u>19.0</u>	
General Fund	949,790	1,002,208	1,147,407	1,368,045	494,117	
FTE	0.0	0.0	0.0	0.0	0.0	
Cash Funds	124,363	178,428	208,389	210,397	130,857	
Cash Funds Exempt	1,769,068	1,772,387	2,075,679	2,161,435	1,978,516	
FTE	17.5	17.2	18.0	18.0	18.0	
Federal Funds	1,526,101	1,412,659	947,508	1,054,350	768,045	
FTE	1.3	1.0	1.0	1.0	1.0	
<i>*Mineral & Energy Impact - CFE</i>	278,693	265,750	304,795	266,424	172,376	

(2) DIVISION OF PROPERTY TAXATION

(Purpose: Provides supervision for property tax collection throughout the state, including training of county assessors. The Division also determines eligibility for property tax exemptions. The Board of Assessment Appeals hears petitions for appeal on valuation, abatements, exemptions, and valuation of state-assessed properties.)

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08		Change
	Actual	Actual	Appropriated	Request	Recommend	Requests
Board of Assessment Appeals	602,056	616,690	630,459	640,080	638,279	
FTE	<u>14.3</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	
General Fund	602,056	312,536	369,858	380,680	610,658	
FTE	14.3	7.6	7.6	7.6	7.6	
Cash Funds Exempt	0	304,154	260,601	259,400	27,621	
FTE	0.0	7.4	7.4	7.4	7.4	
<i>*Mineral & Energy Impact - CFE</i>	0	0	0	0	0	
Property Taxation Program Costs	2,484,406	2,546,810	2,613,108	2,670,588	2,657,841	
FTE	<u>37.3</u>	<u>36.6</u>	<u>38.5</u>	<u>38.5</u>	<u>38.5</u>	
General Fund	1,143,978	1,205,127	1,250,433	1,274,642	1,268,635	
FTE	15.7	15.7	15.7	15.7	15.7	
Cash Funds	629,602	632,735	644,588	658,006	654,756	
FTE	9.9	10.1	11.1	11.1	11.1	
Cash Funds Exempt	710,826	708,948	718,087	737,940	734,450	
FTE	11.7	10.8	11.7	11.7	11.7	
<i>*Mineral & Energy Impact - CFE</i>	710,826	709,446	718,087	737,940	734,450	
State Board of Equalization	<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	
Cash Funds Exempt	0	0	0	0	0	
<i>*Mineral & Energy Impact - CFE</i>	0	0	0	0	0	
Indirect Cost Assessment						
Cash Funds Exempt	94,098	89,371	100,872	100,872	81,480	
<i>*Mineral & Energy Impact - CFE</i>	94,098	89,371	100,872	100,872	81,480	
(2) SUBTOTAL - PROPERTY TAXATION						
TAXATION	3,193,416	3,265,727	3,357,295	3,424,396	3,390,456	
FTE	<u>51.6</u>	<u>51.6</u>	<u>53.5</u>	<u>53.5</u>	<u>53.5</u>	
General Fund	1,758,890	1,530,519	1,633,147	1,668,178	1,892,149	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriated	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
FTE	30.0	23.3	23.3	23.3	23.3	
Cash Funds	629,602	632,735	644,588	658,006	654,756	
FTE	9.9	10.1	11.1	11.1	11.1	
Cash Funds Exempt	804,924	1,102,473	1,079,560	1,098,212	843,551	
FTE	11.7	18.2	19.1	19.1	19.1	
<i>*Mineral & Energy Impact - CFE</i>	<i>804,924</i>	<i>798,817</i>	<i>818,959</i>	<i>838,812</i>	<i>815,930</i>	

(3) DIVISION OF HOUSING

(Purpose: The 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.)

(A) Administration

Personal Services	1,435,065	1,505,793	1,414,221	1,428,934	1,451,087	
FTE	<u>22.1</u>	<u>23.8</u>	<u>22.1</u>	<u>22.1</u>	<u>22.1</u>	
General Fund	234,982	293,132	299,150	298,558	313,786	
FTE	4.6	4.6	5.5	4.6	5.5	
Cash Funds	60,578	66,799	78,084	77,929	77,694	
FTE	0.9	0.9	0.0	0.9	0.0	
Cash Funds Exempt	106,116	109,300	121,706	132,494	139,654	
FTE	1.7	1.7	1.7	1.7	1.7	
Federal Funds	1,033,389	1,036,562	915,281	919,953	919,953	
FTE	14.9	16.6	14.9	14.9	14.9	
<i>*Mineral & Energy Impact - CFE</i>	<i>106,116</i>	<i>109,300</i>	<i>121,706</i>	<i>132,494</i>	<i>121,097</i>	
Operating Expenses	<u>206,794</u>	<u>149,493</u>	<u>211,585</u>	<u>323,903</u>	<u>323,903</u>	
General Fund	25,903	25,902	25,903	25,903	25,903	
Cash Funds Exempt	0	0	0	0	0	
Federal Funds	180,891	123,591	185,682	298,000	298,000	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriated	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
<i>*Mineral & Energy Impact - CFE</i>	0	0	0	0	0	
Indirect Cost Assessment	<u>391,748</u>	<u>325,528</u>	<u>407,442</u>	<u>407,442</u>	<u>393,578</u>	
Cash Funds	164,666	126,613	149,320	149,320	160,786	
Cash Funds Exempt	31,208	36,151	41,662	41,662	31,996	
Federal Funds	195,874	162,764	216,460	216,460	200,796	
<i>*Mineral & Energy Impact - CFE</i>	<i>31,208</i>	<i>36,151</i>	<i>41,662</i>	<i>41,662</i>	<i>31,996</i>	
<u>(B) Manufactured Buildings Program</u>						
Program Costs	683,021	676,552	1,031,963	1,043,921	1,033,437	
FTE	<u>8.6</u>	<u>8.7</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	
General Fund	0	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	
Cash Funds	683,021	676,552	1,031,963	1,043,921	1,033,437	
FTE	8.6	8.7	10.0	10.0	10.0	
<u>(C) Affordable Housing Development</u>						
Colorado Affordable Housing						
Construction Grants & Loans	<u>100,000</u>	<u>100,000</u>	<u>1,115,000</u>	<u>1,115,000</u>	<u>1,115,000</u>	
General Fund	100,000	100,000	1,100,000	1,100,000	1,100,000	
Cash Funds Exempt	0	0	15,000	15,000	15,000	
<i>*Mineral & Energy Impact - CFE</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	
Federal Affordable Housing						
Construction Grants & Loans						
Federal Funds	11,386,947	15,158,765	8,559,000	8,880,825	8,880,825	
Emergency Shelter Program						
Federal Funds	882,672	968,623	890,000	971,220	971,220	
Private Activity Bond Alloc. Com.	<u>19</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriated	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
General Fund	0	0	0	0	0	
Cash Funds	19	2,500	2,500	2,500	2,500	
Cash Funds Exempt	0	0	0	0	0	
<i>*Mineral & Energy Impact - CFE</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	

(D) Rental Assistance

Low Income Rental Subsidies

Federal Funds	17,610,525	17,058,301	17,040,000	17,040,000	17,040,000	
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(3) SUBTOTAL - DIVISION OF

HOUSING

FTE	<u>30.7</u>	<u>32.5</u>	<u>32.1</u>	<u>32.1</u>	<u>32.1</u>	
General Fund	360,885	419,034	1,425,053	1,424,461	1,439,689	
FTE	4.6	4.6	5.5	4.6	5.5	
Cash Funds	908,284	872,464	1,261,867	1,273,670	1,274,417	
FTE	9.5	9.6	10.0	10.9	10.0	
Cash Funds Exempt	137,324	145,451	178,368	189,156	186,650	
FTE	1.7	1.7	1.7	1.7	1.7	
Federal Funds	31,290,298	34,508,606	27,806,423	28,326,458	28,310,794	
FTE	14.9	16.6	14.9	14.9	14.9	
<i>*Mineral & Energy Impact - CFE</i>	<i>137,324</i>	<i>145,451</i>	<i>163,368</i>	<i>174,156</i>	<i>153,093</i>	

(4) DIVISION OF LOCAL GOVERNMENT

(Purpose: The Division of Local Government provides information and training for local governments on budget review, 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.)

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriated	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
(A) Local Government and Community Services						
(1) Administration						
Personal Services	1,389,265	1,546,694	1,465,896	1,517,235	1,504,085	
FTE	<u>18.6</u>	<u>18.6</u>	<u>20.4</u>	<u>20.4</u>	<u>20.4</u>	
General Fund	784,774	793,661	821,162	874,425	846,604	
FTE	10.3	10.3	10.3	10.3	10.3	
Cash Funds	0	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	
Cash Funds Exempt	451,874	453,465	471,791	466,997	481,668	
FTE	6.7	6.7	7.0	7.0	7.0	
Federal Funds	152,617	299,568	172,943	175,813	175,813	
FTE	1.6	1.6	3.1	3.1	3.1	
*Mineral & Energy Impact - CFE	451,874	453,465	471,791	466,997	481,668	
Operating Expenses	<u>99,533</u>	<u>98,275</u>	<u>119,324</u>	<u>131,351</u>	<u>131,351</u>	
General Fund	43,186	43,186	42,178	42,178	42,178	
Cash Funds Exempt	24,138	25,094	25,146	25,146	25,146	
Federal Funds	32,209	29,995	52,000	64,027	64,027	
*Mineral & Energy Impact - CFE	24,138	25,146	25,146	25,146	25,146	
(2) Local Government Services						
Local Utility Management Assistance						
Cash Funds	137,263	140,369	144,799	146,937	146,517	
FTE	2.0	2.0	2.0	2.0	2.0	
Conservation Trust Fund Disbursements						
Cash Funds Exempt	41,334,917	49,918,126	46,500,000	52,000,000	52,000,000	
FTE	2.0	2.0	2.0	2.0	2.0	
Volunteer Firefighter Retirement Plans						
General Fund	3,760,894	3,712,497	4,076,684	4,082,138	4,082,138	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriated	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
†General Fund Exempt	0	3,669,309	3,795,859	0	3,795,859	
Volunteer Firefighter Death and Disability Insurance						
General Fund	30,000	30,000	30,000	30,000	30,000	
†General Fund Exempt	0	30,000	30,000	30,000	30,000	
Federal Disability Program Navigator Project						
Federal Funds	0	1,293,959	444,065	0 A	0	
FTE	0.0	8.5	9.0	0.0	0.0	
EPA Water/Sewer File Project						
Federal Funds	29,399	33,073	50,000	50,000	50,000	
FTE	0.5	0.4	0.5	0.5	0.5	
(3) Community Services						
Community Services Block Grant						
Federal Funds	5,655,461	5,669,684	5,237,289	5,176,401	5,176,401	
(4) Waste Tire Fund						
Waste Tire Recycling, Reuse and Removal Grants	2,839,008	2,927,248	2,455,000	2,187,933	2,455,000	
FTE	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	
Cash Funds	2,167,357	2,154,011	2,455,000	2,187,933	2,455,000	
Cash Funds Exempt	671,651	773,237	0	0	0	
Waste Tire Fund - Allocations to CCHE						
Cash Funds	770,658	825,000	815,000	804,401	815,000	
<hr/>						
(A) Subtotal - Local Government						

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriated	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
and Community Services	56,046,398	66,194,925	61,338,057	66,126,396	66,390,492	
FTE	<u>23.6</u>	<u>32.0</u>	<u>34.4</u>	<u>25.4</u>	<u>25.4</u>	
General Fund	4,618,854	4,579,344	4,970,024	5,028,741	5,000,920	
FTE	10.3	10.3	10.3	10.3	10.3	
Cash Funds	3,075,278	3,119,380	3,414,799	3,139,271	3,416,517	
FTE	2.5	2.5	2.5	2.5	2.5	
Cash Funds Exempt	42,482,580	51,169,922	46,996,937	52,492,143	52,506,814	
FTE	8.7	8.7	9.0	9.0	9.0	
Federal Funds	5,869,686	7,326,279	5,956,297	5,466,241	5,466,241	
FTE	2.1	10.5	12.6	3.6	3.6	
†General Fund Exempt	0	3,699,309	3,825,859	30,000	3,825,859	
*Mineral & Energy Impact - CFE	476,012	478,611	496,937	492,143	506,814	

(B) Field Services

Program Costs	1,852,157	2,080,978	2,032,365	2,044,803	2,037,936	
FTE	<u>22.0</u>	<u>23.4</u>	<u>24.3</u>	<u>24.3</u>	<u>24.3</u>	
General Fund	294,368	465,085	465,704	500,069	475,404	
FTE	4.4	5.2	5.2	5.2	5.2	
Cash Funds Exempt	1,206,733	1,204,883	1,256,214	1,248,383	1,266,181	
FTE	14.2	14.0	14.2	14.2	14.2	
Federal Funds	351,056	411,010	310,447	296,351	296,351	
FTE	3.4	4.2	4.9	4.9	4.9	
*Mineral & Energy Impact - CFE	1,087,694	1,097,505	1,127,537	1,171,997	1,137,504	

Community Development Block Grant
(Business & Infrstr. Dvlpmnt)

Federal Funds	10,064,728	8,107,258	7,835,637	6,701,843	6,701,843	
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Local Government Mineral and Energy

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriated	FY 2007-08		Change Requests
				Request	Recommend	
Impact Grants and Disbursements	<u>64,962,478</u>	<u>101,477,804</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	
Cash Funds Exempt	41,862,478	78,377,804	40,200,000	40,200,000	40,200,000	
<i>For Information Only, Non-add</i>						
State Severance Tax	47,346,903	73,616,514	40,200,000	40,200,000	40,200,000	
Federal Mineral Impact	17,615,575	27,861,289	23,100,000	23,100,000	23,100,000	
Local Government Limited						
Gaming Impact Grants						
Cash Funds Exempt	7,141,816	5,809,651	6,580,019	6,805,480		Pending
Search and Rescue						
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	378,273	425,716	505,000	505,000	505,000	
FTE	1.3	1.3	1.3	1.3	1.3	
Cash Funds Exempt	90,234	46,194	110,000	110,000	110,000	
Colorado Heritage Communities Grant Fund						
General Fund	0	0	200,000	200,000	200,000	
Colorado Heritage Communities Grants						
Cash Funds Exempt	119,318	79,373	200,000	200,000	200,000	
(B) Subtotal - Field Services						
FTE	<u>23.3</u>	<u>24.7</u>	<u>25.6</u>	<u>25.6</u>	<u>25.6</u>	<u>25.6</u>
General Fund	294,368	465,085	665,704	700,069	675,404	
FTE	4.4	5.2	5.2	5.2	5.2	
Cash Funds	23,478,273	23,525,716	23,605,000	23,605,000	23,605,000	
FTE	1.3	1.3	1.3	1.3	1.3	
Cash Funds Exempt	50,420,579	85,517,905	48,346,233	48,563,863	41,776,181	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriated	FY 2007-08		Change Requests
				Request	Recommend	
FTE	14.2	14.0	14.2	14.2	14.2	
Federal Funds	10,415,784	8,518,268	8,146,084	6,998,194	6,998,194	
FTE	3.4	4.2	4.9	4.9	4.9	
<i>*Mineral & Energy Impact - CFE</i>	<i>1,087,694</i>	<i>1,097,505</i>	<i>1,127,537</i>	<i>1,171,997</i>	<i>1,137,504</i>	
Administration	3,030,701	2,824,360	2,579,811	2,696,065	2,655,465	
FTE	<u>24.7</u>	<u>28.0</u>	<u>28.2</u>	<u>28.2</u>	<u>28.2</u>	
General Fund	521,164	547,167	478,230	529,876	489,472	
FTE	7.2	7.2	7.2	7.2	7.2	
Cash Funds Exempt	60,489	65,434	62,497	65,086	64,890	
FTE	0.8	0.3	1.0	1.0	1.0	
Federal Funds	2,449,048	2,211,759	2,039,084	2,101,103	2,101,103	
FTE	16.7	20.5	20.0	20.0	20.0	
<i>*Mineral & Energy Impact - CFE</i>	<i>60,489</i>	<i>65,434</i>	<i>62,497</i>	<i>65,086</i>	<i>64,890</i>	
Disaster Response and Recovery	<u>3,145,753</u>	<u>2,741,559</u>	<u>3,191,559</u>	<u>3,179,407</u>	<u>3,179,407</u>	
Cash Funds Exempt	3,145,753	2,741,559	2,741,559	2,729,407	2,729,407	
Federal Funds	0	0	450,000	450,000	450,000	
Preparedness Grants and Training	<u>117,363,953</u>	<u>59,102,401</u>	<u>52,010,988</u>	<u>35,510,988</u>	<u>35,510,988</u>	
Cash Funds	0	0	10,988	10,988	10,988	
Federal Funds	117,363,953	59,102,401	52,000,000	35,500,000	35,500,000	
(C) Subtotal - Emergency Management	123,540,407	64,668,320	57,782,358	41,386,460	41,345,860	
FTE	<u>24.7</u>	<u>28.0</u>	<u>28.2</u>	<u>28.2</u>	<u>28.2</u>	
General Fund	521,164	547,167	478,230	529,876	489,472	
FTE	7.2	7.2	7.2	7.2	7.2	
Cash Funds	0	0	10,988	10,988	10,988	
Cash Funds Exempt	3,206,242	2,806,993	2,804,056	2,794,493	2,794,297	

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriated	FY 2007-08		Change Requests
				Request	Recommend	
FTE	0.8	0.3	1.0	1.0	1.0	
Federal Funds	119,813,001	61,314,160	54,489,084	38,051,103	38,051,103	
FTE	16.7	20.5	20.0	20.0	20.0	
<i>*Mineral & Energy Impact - CFE</i>	60,489	65,434	62,497	65,086	64,890	

(D) Division-wide Indirect

Cost Assessment	<u>428,057</u>	<u>1,088,061</u>	<u>962,841</u>	<u>962,841</u>	<u>785,116</u>
Cash Funds	47,523	4,100	67,201	67,201	50,134
Cash Funds Exempt	78,956	481,898	490,482	490,482	337,349
Federal Funds	301,578	602,063	405,158	405,158	397,633
<i>*Mineral & Energy Impact - CFE</i>	86,222	124,684	442,024	442,024	291,218

(4) SUBTOTAL - DIVISION OF LOCAL

GOVERNMENT	264,623,866	249,978,280	200,846,277	188,342,823	181,576,247
FTE	<u>71.6</u>	<u>84.7</u>	<u>88.2</u>	<u>79.2</u>	<u>79.2</u>
General Fund	5,434,386	5,591,596	6,113,958	6,258,686	6,165,796
FTE	21.9	22.7	22.7	22.7	22.7
Cash Funds	26,601,074	26,649,196	27,097,988	26,822,460	27,082,639
FTE	3.8	3.8	3.8	3.8	3.8
Cash Funds Exempt	96,188,357	139,976,718	98,637,708	104,340,981	97,414,641
FTE	23.7	23.0	24.2	24.2	24.2
Federal Funds	136,400,049	77,760,770	68,996,623	50,920,696	50,913,171
FTE	22.2	35.2	37.5	28.5	28.5
† <i>General Fund Exempt</i>	0	3,699,309	3,825,859	30,000	3,825,859
<i>*Mineral & Energy Impact - CFE</i>	1,710,417	1,766,234	2,128,995	2,171,250	2,000,426

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriated	FY 2007-08 Request	FY 2007-08 Recommend	Change Requests
TOTAL - LOCAL AFFAIRS	304,883,395	293,555,244	239,254,266	227,775,191	219,549,788	
FTE	<u>172.7</u>	<u>187.0</u>	<u>192.8</u>	<u>183.8</u>	<u>183.8</u>	
General Fund	8,503,951	8,543,357	10,319,565	10,719,370	9,991,751	
FTE	56.5	50.6	51.5	50.6	51.5	
Cash Funds	28,263,323	28,332,823	29,212,832	28,964,533	29,142,669	
FTE	23.2	23.5	24.9	25.8	24.9	
Cash Funds Exempt	98,899,673	142,997,029	101,971,315	107,789,784	100,423,358	
FTE	54.6	60.1	63.0	63.0	63.0	
Federal Funds	169,216,448	113,682,035	97,750,554	80,301,504	79,992,010	
FTE	38.4	52.8	53.4	44.4	44.4	
<i>†General Fund Exempt</i>	<i>0</i>	<i>3,699,309</i>	<i>3,825,859</i>	<i>30,000</i>	<i>3,825,859</i>	
<i>*Mineral & Energy Impact - CFE</i>	<i>2,931,358</i>	<i>2,976,252</i>	<i>3,416,117</i>	<i>3,450,642</i>	<i>3,141,825</i>	
<i>General Fund subject to 6% limit</i>	<i>4,713,057</i>	<i>4,800,860</i>	<i>6,212,881</i>	<i>6,607,232</i>	<i>5,879,613</i>	

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

**DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

(1) EXECUTIVE DIRECTOR'S OFFICE

This section of the Long Bill includes the administrative functions for the Department 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 of 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, personnel, budget, purchasing, computer support, and general support staff for the Department of Local Affairs. The source of cash funds exempt is indirect cost recoveries.

Position	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recom.
Executive	1.0	1.0	1.0	1.0
Fiscal	7.9	8.0	8.0	8.0
Human Resources	2.0	2.0	2.0	2.0
IT Support	1.0	1.0	1.0	1.0
Support/Clerical	<u>1.3</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
TOTAL	13.2	14.0	14.0	14.0

Request: The Department requests continuation funding, calculated according to OSPB's budget instructions.

Recommendation: **Staff recommends continuation level funding, calculated pursuant to the JBC's common policies.** The workload in this line item is driven by two factors: 1) the number of employees in the Department; and 2) (especially for the fiscal staff) the number and complexity of grants and contracts administered. Staff does not anticipate a significant change in the number of employees in the Department. The number and complexity of grants and contracts continues to increase, but the Department has not indicated that additional FTE are needed to address the increasing workload.

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING
 JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

EDO, Personal Services				
Item	Dollars	General Fund	Indirect Cost Recoveries	FTE
FY 2006-07 Long Bill	\$1,077,700	\$0	\$1,077,700	14.0
Salary survey	27,970		27,970	
-0.5 Percent base personal services reduction	(5,528)		(5,528)	
TOTAL	\$1,100,142	\$0	\$1,100,142	14.0

Health, Life, and Dental

Description: Funds health, life and dental expenses for the staff in the Department.

Request: The request is based on the expected enrollment with the requested level of staffing.

Recommendation: **The staff recommendation is to follow the JBC's common policy.**

Short-term Disability

Description: Funds Short-term Disability expenses for the staff in the Department.

Request: The request is based on the expected expenditures with the requested level of staffing.

Recommendation: **The staff recommendation is to follow the JBC's common policy.**

Amortization Equalization Payments

Description: Pays for increasing the effective PERA rate pursuant to S.B. 04-257.

Request: The request is based on the expected expenditures with the requested level of staffing.

Recommendation: **The staff recommendation is to follow the JBC's common policy.**

Salary Survey and Senior Executive Service

Description: Funds salary survey expenses for FY 2007-08 for the staff in the Department.

Request: The request is based on the expected costs with the requested level of staffing.

Recommendation: **The staff recommendation is to follow the JBC's common policy.** At the time

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

this document was prepared, JBC staff was still working with the executive branch to recalculate the salary survey and performance based pay based on the JBC's decisions, and so the amount is pending.

Performance-based Pay

Description: Funds performance-based pay expenses for FY 2007-08 for the staff in the Department.

Request: The request is based on the expected costs with the requested level of staffing.

Recommendation: **The staff recommendation is to follow the JBC's common policy.** At the time this document was prepared, JBC staff was still working with the executive branch to recalculate the salary survey and performance based pay based on the JBC's decisions, and so the amount is pending.

Workers' Compensation

Description: Funds workers' compensation premiums for the Department.

Request: The request is based on the expected costs with the requested level of staffing.

Recommendation: **The recommendation is to follow the JBC's common policy.** Workers' compensation premiums are calculated based on claims history. The dollar amount is pending a common policy by the JBC.

Operating Expenses

Description: This line item includes operating expenses for the Executive Director's Office as well as funding capital outlay, motor-pool, and data-processing services for the entire Department. Of the appropriation, the Department projects spending a cumulative total of \$19,262 on various capital outlay expenses in FY 2006-07. The source of cash funds exempt is indirect cost recoveries.

Request: The Department requested a decrease of \$441 based on estimated usage in FY 2006-07.

Recommendation: **Staff recommends the requested amount.** The operating expenses in this line item are primarily driven by the number of employees in the executive director's office, and the Department. Staff is not anticipating a significant change in the number of employees. The Department's request is slightly lower than the JBC's common policy for continuation level funding allows.

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Legal Services for 1,830 hours

Description: This appropriation funds payment for legal services received from the Department of Law. The various divisions within the Department (*e.g.*, executive director, housing, property tax, local government) use these 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.

Request: The Department's request reflects a reduction of 40 legal services hours for one-time expenses associated with implementing H.B. 06-1085.

Recommendation: **Staff recommends the requested 1,790 hours of legal services.** The dollar amount is pending a common policy by the JBC on the legal services rate. A recent ruling by the Board of Assessment Appeals regarding two YMCA camps may result in higher than usual legal services expenditures in FY 2007-08, but it is too early to estimate whether the Department will be able to manage within the historic funding or whether supplemental funding will be required.

Purchase of Services from Computer Center

Description: This line item funds the purchase of services such as printing costs and data storage from the General Government Computer Center.

Request: The request is based on expected costs.

Recommendation: **The staff recommendation is to follow the JBC's common policy, which was pending at the time this document was prepared.**

Multi-use Network Payments

Description: This line item funds the Department's share of the multi-use network costs.

Request: The request is based on the OSPB budget instructions.

Recommendation: **The staff recommendation is to follow the JBC's common policy, which was pending at the time this document was prepared.**

**DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Payment to Risk Management and Property Funds

Description: This line item funds risk management and property insurance premiums.

Request: The request is based on expected costs.

Recommendation: **The staff recommendation is to follow the JBC's common policy, which was pending at the time this document was prepared.**

Vehicle Lease Payments

Description: This line item funds vehicle lease payments.

Request: The Department requests funds to replace eight vehicles projected to exceed 130,000 miles by the end of FY 2007-08. The state standard is to replace vehicles when they exceed 100,000 miles.

Recommendation: **Staff recommends providing sufficient funds to replace eight vehicles.** If not replaced in FY 2007-08, these vehicles will likely exceed 150,000 miles by the time that they could be replaced in FY 2008-09. The amount of funds necessary to replace the eight vehicles will be determined by a JBC common policy.

Information Technology Asset Maintenance

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

Request: The Department requests continuation level funding.

Recommendation: **Staff recommends continuation level funding.** The Department's technology refreshment plan was approved by the IMC. Pursuant to a 1997 Memorandum of Understanding between the JBC, CDC, OSPB, and 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

Description: This line pays for the space used by the Department in the Capitol Complex.

Request: The request is based on estimated costs per the OSPB budget instructions.

Recommendation: **The staff recommendation is to follow the JBC's common policy, which was**

**DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

pending at the time this document was prepared. The staff recommendation is based on 53,770 square feet.

Leased Space

Description: This line item funds leased space needs for the Department.

Request: The Department requests an overall 1.9 percent increase due to negotiated increases in various leases.

Recommendation: **Staff recommends the requested amount.**

Communication Services Payments

Description: This line item funds the Department's share of costs for statewide communications services.

Request: The request is based on estimated costs per the OSPB budget instructions.

Recommendation: **The staff recommendation is to follow the JBC's common policy, which was pending at the time this document was prepared.**

Moffat Tunnel Improvement District

Description: This line item funds the Department of Local Affairs' costs for administration of the Moffat Tunnel Improvement District. Cash funds are from annual lease revenues. The cash funds exempt is spending authority from the fund balance in case it is needed to protect the right-of-way from legal challenges. Most years, the Department does not use the cash funds exempt spending authority and rolls the reserve forward.

Request: The Department's request reflects expected revenue from long-term lease payments by Union Pacific Railroad and Qwest Communications.

Recommendation: **Staff recommends the requested amount, based on the lease agreements in place.**

**Workforce Development Council;
Workforce Improvement Grants**

Description: Under H.B. 00-1083, the State Workforce Development Council was created in the Department of Local Affairs for statewide planning and coordination in the delivery of federal

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

workforce development programs and associated federal block grant moneys received pursuant to the federal Workforce Investment Act. In this regard, the Council is required to develop and submit to the U.S. Department of Labor a statewide plan for workforce development that coordinates federal, state, and local workforce development programs. Finally, the Council makes recommendations to the Governor related to funding allocations.

Request: The Department's request reflects projected transfers for administrative costs from the various federal workforce programs that the Council oversees, and projected federal and private funds for grants.

Recommendation: **Staff recommends the requested amount for both line items.** Some of the federal funds that are transferred to the Department include TANF moneys that are subject to appropriation by the General Assembly. In FY 2006-07 the share from TANF was \$76,813.

(2) PROPERTY TAXATION

This section is responsible for ensuring that property tax laws are implemented in a fair and equitable manner across all political subdivisions.

Board of Assessment Appeals

Description: 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. Not only is the Board a lower-cost alternative to the courts, the Board members have expertise in property valuation. Pursuant to statute, Board members must be registered, certified, or licensed as an assessor. Current statutes require that there be at least three members on the Board, and provide that the General Assembly may appropriate funds for up to six additional members based on workload. The FY 2006-07 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 hour. All of the current members have private sector employment in addition to their duties on the Board.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Position	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 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	2.0	2.0	2.0	2.0
Admin/Clerical	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
TOTAL	15.0	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. At the end of FY 2005-06 the Board carried 1,683 appeals forward into FY 2006-07, which is fairly typical in an assessment year. The Board schedules approximately 20 hearing days per year in Grand Junction to improve appellant accessibility. Of the Board decisions appealed to the courts in 2006, none were overturned by the courts, 14 percent were affirmed, another 14 percent were dismissed, and 72 percent were still pending. The source of cash funds exempt is indirect cost recoveries.

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

Recommendation: **In total, staff recommends continuation level funding per the JBC's common policies. Staff recommends adjusting the source of funds based on available indirect cost recoveries to offset the need for General Fund.** 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 assessors. 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.

The components of the staff recommendation are summarized in the table below:

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING
 JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Board of Assessment Appeals				
Item	Total	General Fund	Indirect CFE	FTE
FY 2006-07 Long Bill	\$630,459	\$369,858	\$260,601	15.0
Salary survey	10,822	10,822		
-0.5 Percent base personal services reduction	(3,002)	(3,002)		
Fewer indirect recoveries to offset General Fund	0	232,982	(232,982)	
TOTAL	\$638,279	\$610,660	\$27,619	15.0

Property Taxation

Description: The office of Property Tax Administrator is a constitutionally created position responsible for administering property tax laws. The Property Tax Administrator acts as the functional arm of the State Board of Equalization. Key statutory responsibilities that drive the budget include: (1) valuing multi-county companies in Colorado, including railroads, pipelines, and other utilities; (2) granting 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.

Position	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recom.
Administrator	1.0	1.0	1.0	1.0
Tax Exemptions	8.1	9.0	9.0	9.0
Appraisal Standards	7.4	8.0	8.0	8.0
Assessment Administration	7.5	8.0	8.0	8.0
State Assessed (utilities)	4.5	4.5	4.5	4.5
IT Support	2.2	2.0	2.0	2.0
Admin/Clerical	<u>5.9</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>
TOTAL	36.6	38.5	38.5	38.5

The Department's budget request identifies three key objectives for the Division, and attempts to provide quantifiable performance measures for whether the Division is achieving these objectives. Staff has not included all of the measures provided by the Department, but rather a few measures that seem most relevant.

1. Achieve statewide equalization of property valuations through guidelines, instruction and technical assistance for assessors, their staff, and assessment community professionals;

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING
 JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

	FY 2004-05	FY 2005-06
Number of counties receiving reappraisal orders from the State Board of Equalization	1	1
Successful abatement petitions over \$1,000 as a percent of property tax revenue	0.30%	0.25%

2. Provide timely and uniform valuation of state assessed company operations;

	FY 2004-05	FY 2005-06
Number of companies valued	569	564
Number of valuations protested	40 (7.0%)	83 (14.7%)
Number of valuations adjusted	34	49

3. Maintain compliance with statutes governing property tax exemptions by conducting thorough and timely reviews of initial applications and annual qualification materials.

	FY 2004-05	FY 2005-06
Percent of applications pending at end of year	35%	37%
Review of eligibility for currently exempt properties	127	115
Review of annual reports	10,153	10,250

The source of cash funds is fees charged for approving property tax exemptions and the source of cash funds exempt is mineral and energy impact funds.

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

Recommendation: **Staff recommends continuation level funding per the JBC's common policies.** Given high turnover rates among county assessors and their staff (due to term limits and more lucrative private sector opportunities), staff is concerned that significant reductions in the services provided by the Property Tax Administrator could result in property tax inequities across the state.

The components of the staff recommendation are summarized in the table below.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Property Taxation					
Item	TOTAL	General Fund	Cash Funds	Cash Funds Exempt	FTE
FY 2006-07 Long Bill	\$2,613,108	\$1,250,433	\$644,588	\$718,087	38.5
Salary survey	57,480	24,209	13,418	19,853	
- 0.5 Percent base personal services reduction	(12,747)	(6,007)	(3,250)	(3,490)	
TOTAL	\$2,657,841	\$1,268,635	\$654,756	\$734,450	38.5

State Board of Equalization

Description: The State Board of Equalization supervises the administration of property taxation laws by local county assessors. In this regard, the board meets to review valuations, hear complaints, redirect assessments, and set the residential assessment ratio. The Board also approves training manuals, appraisal standards, and written instructions issued by the Property Tax Administrator. During each property tax year, an assessment study is conducted to determine whether or not county assessors have complied with property tax provisions in the State Constitution and in state statutes. The State Board of Equalization 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. This line item funds the Board's direct operating expenses, including a \$50 per diem awarded to Committee members pursuant to Section 39-9-101 (2), C.R.S.

Request: The Department requests continuation level funding calculated per the OSPB budget instructions.

Recommendation: **Staff recommends continuation level funding.**

Indirect Cost Assessment

Description: This line reflects the amount of indirect cost assessments made against cash and cash funds exempt funding sources within the division. The funds collected here are used to offset General Fund that would otherwise be required in the Executive Director's Office.

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 \$210,977.

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING
 JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

(3) DIVISION OF HOUSING

(A) Administration

Personal Services

Description: The Division of Housing (DOH) provides financial and technical assistance designed to increase the availability of housing to low income, elderly and disabled people. 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.

Position	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recom.
Director	1.0	1.0	1.0	1.0
Program Staff	1.0	1.0	1.0	1.0
State Revolving Loan Fund	1.0	1.0	1.0	1.0
IT Support	1.0	1.0	1.0	1.0
Support/Clerical	2.3	2.3	2.3	2.3
Private Activity Bond Program	0.9	0.9	0.9	0.9
Federal Programs	<u>16.6</u>	<u>14.9</u>	<u>14.9</u>	<u>14.9</u>
TOTAL	23.8	22.1	22.1	22.1

The source of cash funds is private activity bond fees and the source of cash funds exempt is mineral and energy impact funds.

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

Recommendation: **Staff recommends continuation level funding according to the JBC's common policies.** A reduction in General Fund FTE for this division would impede the Department's ability to meet matching and maintenance of effort requirements for federal housing funds. The

**DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Department's estimate of federal fund revenues is lower than the JBC's common policy would normally allow. Staff used the Department's estimate of federal funds.

The components of the staff recommendation are summarized in the table below.

DOH, Personal Services						
Item	TOTAL Dollars	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	ETE
FY 2006-07 Long Bill	\$1,414,221	\$299,150	\$78,084	\$121,706	\$915,281	22.1
Salary Survey	76,383	16,213	0	18,650	41,520	
-0.5 Percent personal services reduction	(7,453)	(1,577)	(390)	(702)	(4,784)	
Dept lower estimate of federal funds	(32,064)				(32,064)	
TOTAL	\$1,451,087	\$313,786	\$77,694	\$139,654	\$919,953	22.1

Operating

Description: This line item funds the operating expenses of the Division.

Request: The Department's request includes an expected \$112,318 increase in federal funds to administer HUD programs

Recommendation: **Staff recommends the requested increase in federal funds spending authority.** The recommendation for General Fund is for continuation level funding. The operating expenses in this line item are driven primarily by the number of employees.

Indirect Cost Assessment

Description: This line reflects the amount of indirect cost assessments made against cash and federal funding sources within the DOH. The funds collected here are used to offset General Fund that would otherwise be required in the Executive Director's Office.

Request: The Department request for continuation level funding was submitted as 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 \$210,977.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

(B) Manufactured Buildings Inspection

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 source of cash funds is fees charged for inspections and plan reviews that are deposited in the Building Regulation Fund.

Position	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recom.
Director	1.0	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	0.0	1.0	1.0	1.0
Support/Clerical	<u>1.7</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
TOTAL	8.7	10.0	10.0	10.0

The Department's performance and workload data reports that in FY 2005-06 one percent of completed manufactured units had safety defects found in sampling inspections, customer complaints were submitted on one percent of installed units, all complainants were contacted within 24 hours, and 98 percent of complaints were resolved within 45 days.

House Bill 06-1385 provided the Department with the authority to provide education and make grants related to manufactured housing from the Building Regulation Fund and appropriated another \$308,724 from the fund balance for this purpose. According to the Department, it is using the money for the following in FY 2006-07:

- 1,000 smoke detectors that are being distributed to residents of older manufactures homes that didn't include smoke detectors in the bedrooms;
- five training seminars for building inspectors and 100 grants for inspectors to attend;
- planned educational presentations for appraisors, mortgage brokers, and realtors; and
- a planned training session on installing and inspecting internet connectivity.

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

Recommendation: **Staff recommends a reduction of \$5,805 for one-time costs associated with the implementation of H.B. 06-1385.** The fiscal note for H.B. 06-1085 anticipated that the Department would need this amount in FY 2006-07 for capital outlay and other initial expenses to implement the bill, but that the funding would not be required in future years. The staff calculation

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING
 JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

for the line item is detailed in the table below:

DOH, Manufactured Buildings Program		
Item	Cash Funds	FTE
FY 2006-07 Long Bill	723,239	8.9
H.B. 06-1385	<u>308,724</u>	
FY 2006-07 Base appropriation	1,031,963	8.9
Remove one-time costs for H.B. 06-1085	(5,805)	
Salary survey	10,759	
-0.5 Percent base personal services reduction	(3,480)	
TOTAL	\$1,033,437	8.9

Staff believes that the Department needs to include performance measures for the grant/education program in next year's budget request to assist the Committee in determining whether the grant/education program should continue in future years.

(C) Affordable Housing Development

Colorado Affordable Housing Construction Grants and Loans

Description: This line item provides spending authority for the Department to make 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 the requested continuation level funding.** In FY 2006-07 the General Assembly increased the appropriation by \$1.0 million General Fund. The Department estimated that more than 120,000 low-income families (earning less than 60 percent of the median family income) are rent burdened, meaning they pay more than 30 percent of their monthly income for housing. The Department projected that the additional \$1.0 million General Fund would leverage private and federal dollars to provide for the production of another 159 units per year that are affordable to these low-income families. The Department is on-track to accomplish that production goal. The program appears to be operating as intended by the General Assembly, and so staff has no reason to believe that the General Assembly wants to change its policy about the level of funding for the program.

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

It may be possible to make a case for a higher level of funding based on the number of rent burdened low-income households. The Department indicates that it has approximately \$16.0 million in requests for state funds for affordable housing projects. There are families that could benefit from a larger supply of affordable housing, and there are developers interested in producing more affordable housing if they could receive a state grant. The Department could make more grants than it does currently if more funds were provided. In FY 2001-02 the General Assembly provided \$4,570,000 for affordable housing grants, but that was the zenith. For several years prior to that the baseline provided by the General Assembly was \$2.6 million annually. Subsidizing the construction of housing is one of many possible strategies for improving the economic conditions of low-income families. Other possible strategies might include energy tax credits, higher education financial aid, and health benefits. The executive branch did not prioritize housing funds for an increase in FY 2007-08, but the JBC did receive requests utilizing some of these other strategies to improve the economic conditions of low-income families.

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 the Community Development Block Grant funding, the majority of this funding requires matching money from state, local or private financing sources.

Request: The Department's request projects a \$321,825 increase in federal funds that the state will receive.

Recommendation: **Staff recommends the Department's request, based on projected revenues.**

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 monies that are granted on a formula basis directly to the cities of Denver and Colorado Springs.

Request: The Department's request projects an \$81,220 increase in federal funds that the state will receive.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Recommendation: **Staff recommends the requested amount, based on projected revenues.**

Private Activity Bond Allocation Committee

Description: This line item provides statutory funding to reimburse travel expenses associated with the Bond Allocation Advisory Committee, which 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 has nine members. Committee activities are currently coordinated in the Division of Housing. 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.** Statutes require that travel costs for the Private Activity Bond Allocation Committee be reimbursed.

(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 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 spending authority based on projected federal revenues.

Recommendation: **Staff recommends the requested amount based on projected federal revenues.**

**DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

(4) DIVISION OF LOCAL GOVERNMENT

(A) Local Government and Community Services

(1) Administration

Personal Services

Description: This line item funds salaries, medicare, PERA, and contractual services for approximately half of the technical assistance and grants management FTE in the Division (the remaining half are in the Field Services, Program Costs line item). The table below shows five groupings of staff, each of which is described below. The source of cash funds exempt is mineral and energy impact funds.

Position	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recom.
Director & Section Head	0.7	0.5	0.5	0.5
IT Support	0.2	0.7	0.7	0.7
Support/Clerical	1.8	2.2	2.2	2.2
Special District Compliance (Section 32-1-101 et. sec., C.R.S.)	2.0	1.2	1.2	1.2
Enforcement 5.5% Limit on Levies (Sections 29-1-301 and 302, C.R.S.)	2.0	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	4.1	4.1	4.1	4.1
Cartography	2.0	2.0	2.0	2.0
IT Support	0.5	1.9	1.9	1.9
Community Services Block Grant Admin. - FF	<u>1.6</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
TOTAL	18.6	20.4	20.4	20.4

- (1) *Administration* - This includes a portion of the salary for a director (the remainder of the salary is paid from the Field Services line item), and general IT and clerical support for the whole division.
- (2) *Regulation of Local Government Finances* - The Division has statutory responsibilities

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

related to special districts, local tax levy limitations, and local government financial data reporting.

With regard to special districts, 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 Divisions' 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 its original intended purpose.

With regard to levies, local governments -- except school districts -- are subject to a 5.5 percent growth limitation, but 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 limit, the Division is responsible for ordering a reduction in revenue for the next fiscal year. 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.

Finally, 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 the Legislature (for fiscal notes).

- (3) *Demography and Cartography* - To implement numerous statutory and constitutional provisions of the state and federal government (e.g. calculating TABOR, establishing election districts, distributing CDBG funds) requires knowledge of the state's demography and cartography.
- (4) *Community Services Block Grant Administration* - Federal funds support staff to administer the Community Services Block Grant (CSBG) program.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Request: The Department requests continuation level funding calculated according to the OSPB budget instructions.

Recommendation: **Staff recommends continuation level funding, calculated pursuant to the JBC's common policies.** 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 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.

The Department's estimate of federal revenues is \$1,937 less than the JBC's common policies allow, and so staff recommends using the Department's estimate of federal funds. The Department reported transferring cash funds spending authority for salary survey increases to this line item, but the Department did not earn cash funds to support salary survey increases, and so staff omitted this from the calculation. All of the components of the staff recommendation are summarized in the table below.

Division of Local Government, Personal Services					
Item	Dollars	General Fund	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Long Bill	1,465,896	821,162	471,791	172,943	20.4
Salary Survey	47,693	29,696	12,297	5,700	
-0.5 Percent base personal services reduction	(7,567)	(4,254)	(2,420)	(893)	
Decrease in federal funds	(1,937)			(1,937)	
TOTAL	\$1,504,085	\$846,604	\$481,668	\$175,813	20.4

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Operating Expenses

Description: 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.

Request: The Department's request includes a \$12,027 increase in federal funds based on projected revenues.

Recommendation: **Staff recommends the requested amount.** Operating expenses in this line item are driven primarily by the number of Administration FTE and the office space they occupy.

(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 parts of the salaries of several employees who work on the loans, adding in total to 2.0 FTE.

Request: The Department requests continuation level according to the OSPB common policies.

Recommendation: **Staff recommends continuation level funding, calculated according to the JBC's common policies.** 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. Given the passage of Referendum C, the benefit of minimizing cash revenues to the state is diminished.

Conservation Trust Fund Disbursements

Description: This program is responsible for allocating moneys from lottery sales distributions to over 400 eligible local entities pursuant to the formula distribution established in statute (Section 29-21-101, C.R.S.). By law, 50% of net lottery proceeds are deposited into the Great Outdoors Colorado (GOCO) Trust Fund, 40% are deposited into the Conservation Trust Fund, and 10% go to the Division of State Parks and Outdoor Recreation. The formula for Conservation Trust Fund

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

distributions is primarily 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. The line item illustrates the amount of conservation trust fund moneys anticipated to be received from lottery sales. These funds are received and distributed quarterly by the Department. Lottery proceeds are exempt from TABOR because the initiative re-authorizing the lottery passed in the same year as TABOR. Pursuant to S.B. 04-176, C.R.S., the Conservation Trust Fund may pay for the administrative costs associated with the program.

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

Recommendation: **Staff recommends the requested amount based on projected revenues and expenditures.** There are two FTE that administer the program. Staff recommends continuation of the two FTE.

Volunteer Firefighter Retirement Plans;
Volunteer Firefighter Death and Disability Insurance

Description: These 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. Because these are transfers rather than appropriations, and because they were treated as exempt from the six percent limit on General Fund appropriations prior to the passage of TABOR, they are not included in the calculation of 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.

In FY 2005-06 and FY 2006-07 the General Assembly applied a portion of the General Fund Exempt to these two line items.

Prior to FY 2004-05, the State Treasurer transferred these funds to the Fire and Police Pension Association, and so the funds were reflected under the appropriation for the Department of Treasury. With the passage of S.B. 04-198 (Taylor/Coleman), the funds are now distributed by the Department of Local Affairs.

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

Recommendation: **Staff recommends the requested amount based on the projected state statutory obligation.** The numbers pages reflect the same amount from the General Fund Exempt

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

as in FY 2006-07, but this amount will be discussed with the Committee and adjusted after the March Legislative Council Staff revenue forecast.

Federal Disability Program Navigator Project

Description: This is a federal grant program that provides enhanced employment and training services to people with disabilities.

Request: The Department submitted a budget amendment withdrawing their request for funding for this program. The Department of Human Services is now requesting the spending authority.

Recommendation: **Staff recommends no spending authority consistent with the request.**

EPA Water/Sewer File Project

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

Request: The Department requests \$50,000 and 0.5 FTE based on projected revenues.

Recommendation: **Staff recommends the requested funds based on expected federal revenues.**

(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 aimed at counteracting 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 an anticipated \$60,888 decrease in revenues from the federal government.

Recommendation: **Staff recommends the requested amount, based on projected federal funds.**

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

(4) Waste Tire Fund

Waste Tire Recycling, Reuse and Removal Grants

Waste Tire Fund - Allocations to CCHE

Description: Tires disposed of in Colorado have a \$0.75 fee and \$0.25 surcharge attached to them for a total assessment of \$1.00. The revenues are used to make grants to local governments to clean up dump sites or to use recycled tires in public projects. The revenues are also used to reimburse processors and end users to make recycling more economically viable. Finally, a portion of the revenues are used for grants to higher education institutions for advanced technology research, some of which is related to waste diversion and recycling strategies.

Request: The Department's request for these two line items is based on the projected revenue for this program.

Recommendation: **Staff recommends continuation level funding.** The Department's revenue estimate is lower than the FY 2006-07 appropriation, but it is within the range of annual variance in revenues. Therefore, staff sees no reason to change the estimated revenues from the FY 2006-07 appropriation. There are 0.5 FTE associated with this line item for the administration of the grant program. Staff recommends continuation of these FTE.

(B) Field Services

Program Costs

Description: This line item funds salaries, medicare, PERA, and 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 shows six groupings of staff, each of which is described below.

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING
 JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Position	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recom.
Director	0.3	0.5	0.5	0.5
Support/Clerical	1.5	1.2	1.2	1.2
IT Support	0.8	0.5	0.5	0.5
Field Staff	7.6	7.6	7.6	7.6
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 Admin.	5.0	5.3	5.3	5.3
Limited Gaming Grant Admin.	1.0	1.0	1.0	1.0
CDBG Admin. - GF (required to match FF)	1.6	1.9	1.9	1.9
CDBG Admin. - FF	<u>4.2</u>	<u>4.9</u>	<u>4.9</u>	<u>4.9</u>
TOTAL	23.4	24.3	24.3	24.3

- (1) *Administration* - This includes a portion of the salaries for a director, general IT support, and clerical support for the whole line item.
- (2) *Field Staff* - These FTE provide education and customized assistance for local governments on such issues 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.
- (3) *Office of Smart Growth* - The Office of Smart Growth was created by H.B. 00-1427 (Webster/Owen). It is responsible for administering the Colorado Heritage Grants program; for advising the Governor, the General Assembly, and local governments on growth issues; for providing technical assistance (particularly regarding cooperative planning) to communities dealing with growth; and for 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.
- (4) *Economic Development Commission Assistance* - General Fund transferred from the

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Governor's Office pays for assessing the economic impact of projects under consideration for funding by the Commission.

- (5) Cash Fund Grants Administration - Energy and Mineral Impact funds and Limited Gaming funds pay salaries for staff to administer these grant programs.
- (6) *Community Development Block Grant Administration* - The federal Community Development Block Grant program provides funding for FTE to manage the program, but it requires a state match of 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.

Mineral and energy impact funds and Limited Gaming funds pay for administration of their programs. Federal Funds support a portion of the Community Development Block Grant administration. The remainder of the activities in the line item are funded with a combination of General Fund and mineral and energy impact funds.

Request: The Department requests continuation level calculated according to the OSPB budget instructions.

Recommendation: **Staff recommends continuation level funding using the JBC's common policies.** The Department's estimate of federal revenues is \$23,004 less than the JBC's common policies would allow, and so staff used the Department's estimate for federal funds.

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.

All of the components of the staff recommendation are summarized in the table below.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Field Services					
Item	Dollars	General Fund	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Long Bill	\$2,032,365	\$465,704	\$1,256,214	\$310,447	24.3
Salary Survey	38,046	11,850	15,683	10,513	
- 0.5 Percent base personal services reduction	(9,471)	(2,150)	(5,716)	(1,605)	
Decrease in federal funds	(23,004)			(23,004)	
TOTAL	\$2,037,936	\$475,404	\$1,266,181	\$296,351	24.3

Community Development Block Grant

Description: The federal Community Development Block Grant provides funding to local communities for housing, public facility, and business assistance projects that benefit primarily low to moderate income people 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 Community Development Block Grant funds in equal thirds between affordable housing development, business development, and public facilities/infrastructure development. Public Facilities/Infrastructure funding is used to provide discretionary grants to local governments for local infrastructure development such as roads, water treatment facilities, and public buildings. Business Development funding is used primarily to make discretionary loans to local businesses to promote rural development. Administration of the Business Development program is coordinated between the Department of Local Affairs Field Staff and the Governor's Office of Economic Development. The third of the funds provided for affordable housing development is shown as part of the Federal Affordable Housing Grants and Loans line item in the Division of Housing section of the Long Bill. The remaining two-thirds is shown in this line item.

Request: The Department's request reflects expected federal funds.

Recommendation: **Staff recommends the requested amount based on projected federal revenues.**

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

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

severance tax revenues (the other half goes to the Department of Natural Resources) as well as part of the state's share of royalties paid to the federal government for mineral and mineral fuel production on federal lands. By statute, a portion (approximately 15 percent) of each program's funding is distributed as transfer payments directly back to the local jurisdictions on the basis of the reported residence of mineral production employees. The remaining portion of these funds are distributed as 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 DOLA. Entities eligible to receive grants and loans include municipalities, counties, school districts, special districts, other political subdivisions, and state agencies. The kind of projects funded 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 the requested amount based on projected expenditures and encumbrances.** This line item is often confusing to legislators, because it does not necessarily relate to the number 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 FY 2007-08 and tracks closer to cash flow than the number of new grants that will be awarded.

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

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

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 and JBC members should be cognizant in describing this appropriation to colleagues that it does not necessarily relate to the new grants that will be awarded in FY 2007-08.

Local Government Limited Gaming Impact Grants

Description: The Local Government Limited Gaming Impact Program was created 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. Limited stakes gaming has been in existence in these communities since voter approval in 1990. The Program is financed with a portion of state taxes on limited gaming activities in these municipalities.

Grant funds are provided 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

The geographic eligibility area for the Program includes 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. Tribal gaming counties include: 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.

Request: The Department's request reflects expected revenues.

Recommendation: **Staff recommends using an estimate of available funds from the Department of Revenue.** 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 fit 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

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

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, since legislation changed the distribution formula last year, and so the amount is pending.

Search and Rescue Program

Description: The Search and Rescue Program is to reimburse political subdivisions for the costs incurred in search and rescue operations, as well as to assist in the purchase of search and rescue equipment. The cash funded portion of the program is financed by a statutory twenty-five cent 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 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.

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 the requested funds based on projected revenues.** There are 1.3 FTE associated with administering the program. Staff recommends continuing the authorization for these FTE.

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Colorado Heritage Community Grants

Description: House Bill 00-1427 (Webster/Owen) 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 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. Last year, the General Assembly provided \$200,000 General Fund for new grants.

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

Request: The Department requests continuation level funding.

Recommendation: **Staff recommends the requested continuation level funding.** When the General Assembly approved funding last year, the Department anticipated the increase would be sufficient to provide for 5 grants per year. The Department is on target to provide those grants. The program appears to be operating as intended by the General Assembly. 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.

The table below shows the grants in FY 2006-07.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Project Name	Partners	Project Description	Funding Amount
Montrose County Impact Fee Study	Montrose County and City of Montrose	Comprehensive impact fee study to examine fees for roads, infrastructure, law enforcement, capital facilities and services.	\$37,500
Steamboat Springs Green Building Code	Steamboat Springs and Routt County	Develop and adopt a model energy efficient building code and program.	\$25,250
Pueblo Urban Service Area Boundaries	City of Pueblo, Pueblo County, Pueblo West Metro District	The city, county and special districts will designate and adopt urban service areas and intergovernmental agreements to manage and serve new growth, including an agreement on development standards.	\$26,000
East Greeley Area Comprehensive Plan	City of Greeley and Weld County	Develop an area plan that will resolve infrastructure, procedural and policy concerns in the East Greeley area. Develop an intergovernmental agreement with the county and a "tool kit" to demonstrate how to do this type of planning in other communities.	\$16,250
Summit County Housing Demand Study	Summit County, Breckenridge, Dillon, Frisco and Silverthorne	Develop a specific regional housing needs assessment to determine where and how to target workforce housing projects.	\$20,000
West Elbert County Transportation Impact Mitigation Plan	Elbert County, Elizabeth, Kiowa	The county and municipalities will develop a transportation master plan to address the impacts to the regional transportation network brought on by rapid growth in the western part of the county.	\$75,000
		Total	\$200,000

(3) Division of Emergency Management

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.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Position	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Request	FY 2007-08 Recom.
Director	1.0	1.0	1.0	1.0
Support/Clerical	6.0	6.0	6.0	6.0
Preparedness/Disaster Staff	14.1	14.2	14.2	14.2
Homeland Security	<u>6.9</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>
TOTAL	28.0	28.2	28.2	28.2

Request: The Department requests continuation level funding calculated pursuant to the OSPB budget instructions.

Recommendation: **Staff recommends continuation level funding calculated according to the JBC's common policies, except that for federal funds staff recommends using the Department's estimate of revenues.** 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. All of the components of the staff recommendation are summarized in the table below.

Administration					
Item	Dollars	General Fund	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Long Bill	2,579,811	478,230	62,497	2,039,084	28.2
Salary Survey	64,239	13,587	2,719	47,933	
-0.5 Percent base personal services reduction	(10,240)	(2,345)	(326)	(7,569)	
Increase in federal funds	21,655			21,655	
TOTAL	\$2,655,465	\$489,472	\$64,890	\$2,101,103	28.2

Disaster Response and Recovery

Description: This line item includes 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. Pursuant to Section 24-32-106, C.R.S., the Governor may transfer General Fund or other state funds into the Disaster Emergency Fund to address declared disasters.

Request: The Department projects a small decrease in expenditures from the Disaster Emergency Fund based on pending payments for disasters that occurred in prior years. However, the request for

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

funding from the Disaster Emergency Fund is largely just a place-holder, since the Department can not predict when a disaster might occur.

Recommendation: **Staff recommends the requested amount.** Section 24-32-2106, C.R.S. asserts the policy of the state that, "funds to meet disaster emergencies shall always be available." The statute allows the Governor, with the concurrence of the Disaster Emergency Council, to transfer and expend funds to address disasters. This appropriation is more for tracking past expenditures than for controlling future expenditures.

Preparedness Grants and Training

Description: The Department records federal grants for equipment, prevention efforts, and training to better prepare the state to respond to disasters in this line item. The line item also includes a small amount of cash funds from registration fees paid by participants in conferences and other events sponsored by DEM. The majority of federal funds are from the Homeland 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 the requested amount based on projected revenues.**

Indirect Cost Assessment

Description: This line reflects the amount of indirect cost assessments made against cash and federal funding sources within the Division of Local Government. The funds collected here are used to offset General Fund that would otherwise be required in the Executive Director's Office and for the administration of the Division.

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 \$210,977.

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Footnotes

Staff recommends continuation of the following footnote with modifications in struck type and all caps:

95 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, 2006,~~ 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.

Comment: *The Governor vetoed this footnote on the grounds that it interferes with the ability of the executive branch to administer the appropriation and it may constitute substantive legislation.* The Department did not initially submit a report, but it did provide a response for the hearing. Staff assumes that the General Assembly wants to continue collecting information in this area.

95a Department of Local Affairs, Division of Local Government, Division of Emergency Management, Preparedness Grants and Training -- ~~The Department is requested to submit a report by May 10, 2006, to the Local Government Committee of the House and of the Senate, detailing the resolution of the issues identified in the federal Homeland Security monitoring report dated January 10, 2006. The Department is further requested to submit reports by June 30, 2006, and A REPORT TO THE LOCAL GOVERNMENT COMMITTEE OF THE HOUSE AND OF THE SENATE BY January 30, 2007, detailing the grants awarded from federal homeland security funds.~~

Comment: *The Governor vetoed this footnote on the grounds that it violates the separation of powers, it may constitute substantive legislation, and it applies to federal funds.* The Department did not submit the requested reports to the Local Government Committee of the House and Senate on the resolution of issues in the Homeland Security monitoring report. However, at the JBC hearing, the Department indicated that the Governor authorized using interest earnings on federal funds Colorado received through the Jobs and Growth Tax Relief Reconciliation Act of 2003 to repay the federal Department of Homeland Security \$1,500,000 that was spent on a new facility for the Division of Emergency Management in violation of federal homeland security grant rules. Staff believes this was the primary issue

DEPARTMENT OF LOCAL AFFAIRS
FY 2007-08 FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

in the monitoring report that the General Assembly was concerned about. The second part of the footnote asked for reports on June 30, 2006 and January 30, 2007 on homeland security grants. The second date has not passed yet. Staff assumes that the House and Senate Local Government Committees still want this information.