

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2014-15 STAFF BUDGET BRIEFING

DEPARTMENT MILITARY AND VETERANS AFFAIRS

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

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DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Department Overview

The Department of Military and Veterans Affairs is responsible for training and maintaining Colorado's State militia forces to protect the safety and health of Colorado's residents, and serve as a reserve force for the U.S. Armed Forces. Associated duties are carried out by four divisions, major responsibilities are outlined below:

Executive Director's Office

- Provides general administrative support to Department divisions including: human resources, budgeting, accounting, and administrative support;
- Provides safekeeping of public arms, military records, and relics and banners of the State;
- Administers the National Guard Tuition Assistance Program; and
- The Adjutant General, as the commander of the State's military forces, provides day-to-day command and control, guidance, policies and procedures, administrative support, and logistics support to the Army National Guard, the Air National Guard, and the Civil Air Patrol.

Army & Air National Guard

- Maintains a reserve of trained forces for the U.S. Armed Forces which are called to active duty by the President;
- Protects life and property during natural disasters and civil emergencies when activated by the Governor; and
- Maintains all military equipment for the State's military forces.

Civil Air Patrol

- Operates as a civilian auxiliary of the United States Air Force;
- Provides volunteers for search and rescue missions, and assists federal and state organizations in disaster or emergency efforts; and
- Operates a Civil Air Patrol cadet program, and provides aerospace education.

Division of Veterans Affairs

- Provides assistance to veterans seeking benefits by acting as a power of attorney for veterans and acting as a liaison between counties and the federal government;
- Provides training and reimbursement to County Veterans Service Officers;
- Administers the Western Slope Veterans' Cemetery and its associated fund; and
- Through the Colorado Board of Veterans Affairs, disperses the Colorado State Veterans Trust Fund to provide grants for veterans' programs throughout Colorado.

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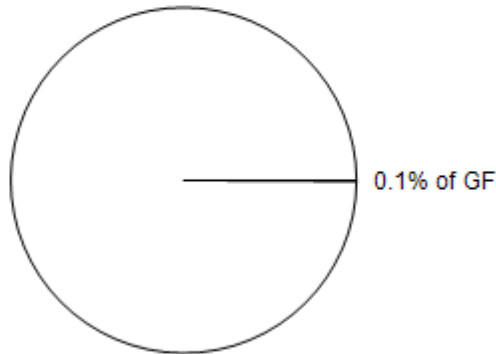
Department Budget: Recent Appropriations

Funding Source	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15 *
General Fund	\$5,429,298	\$6,692,607	\$7,378,715	\$7,862,092
Cash Funds	1,209,140	1,332,993	1,239,695	1,246,093
Reappropriated Funds	803,509	803,662	800,000	800,000
Federal Funds	<u>213,775,024</u>	<u>214,128,024</u>	<u>214,439,842</u>	<u>214,711,152</u>
Total Funds	\$221,216,971	\$222,957,286	\$223,858,252	\$224,619,337
Full Time Equiv. Staff	1,384.9	1,384.9	1,389.6	1,390.8

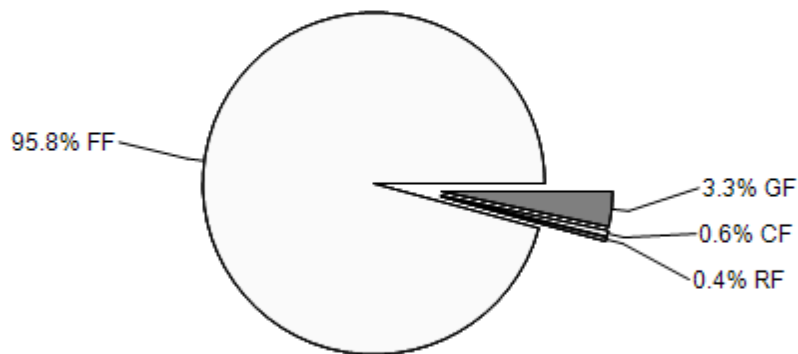
*Requested appropriation.

Department Budget: Graphic Overview

**Department's Share of Statewide
General Fund**

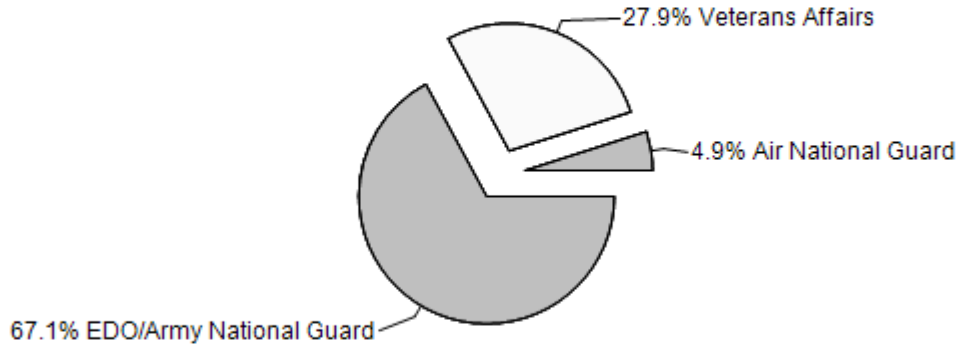


Department Funding Sources

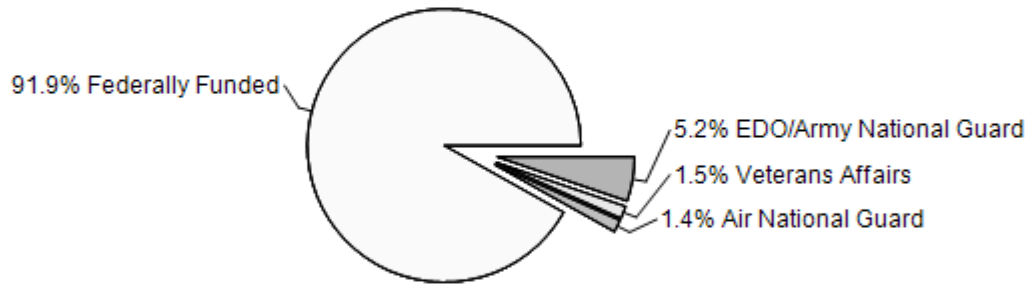


All charts are based on the FY 2013-14 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2013-14 appropriation.

General Factors Driving the Budget

Federal Funds and Federal Force Structure

Approximately 96.0 percent of Department's budget is federal funds, primarily for training and operations of the Colorado National Guard (Guard) units. The federal government also provides the majority of the funding for construction and maintenance of armories, and other military buildings in the State. The primary driver of federal funds is the "federal force structure" or number of Guard members authorized by the U.S. National Guard Bureau, and the degree which the force structure is filled. These factors determine the amount of federal funds flowing through the Department.

The Army National Guard accounts for 72.3 percent of total members and the Air National Guard accounts for 27.7 percent of total members in FY 2013-14. The following table details the current combined strength of the Department's two Guard components:

Colorado National Guard Authorized Strength and Membership				
Total Authorized Strength	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Army National Guard	3,878	4,016	3,987	3,999
Air National Guard	1,531	1,537	1,519	1,553
Total National Guard Members				
Army National Guard	3,776	4,024	3,988	4,002
Air National Guard	1,498	1,471	1,500	1,533
Total	5,274	5,495	5,488	5,535
Percentage of Slots Filled	97.5%	99.0%	99.7%	99.7%

Under federal rule, when Colorado National Guard units are activated for federal service they are deployed by the Army or the Air Force. All costs for activation are paid by the Army or Air Force; and do not appear in the Long Bill. The table below shows the number of National Guard members activated for federal duty since September 2006:

Colorado National Guard Deployments since September 2006			
Fiscal Year	Army National Guard	Air National Guard	Total
2006-07	850	272	1,122
2007-08	1,150	243	1,393
2008-09	600	450	1,050
2009-10	529	230	759
2010-11	612	500	1,112
2011-12	596	85	681
2012-13	960	261	1,221
2013-14	525	481	1,006

Guard units can also be activated for state active duty to protect life and property during natural disasters and civil emergencies. When the units are activated by the Governor, the State must pay the costs of Guard activation. The Governor may also activate Guard troops for missions in other states. When this happens, the state requesting support must pay for the unit costs. Over

the last five years, Guard members have been sent to Nebraska and Montana. During FY 2011-12, 652 Guard members were used in State active duty missions including 453 for wildfire related missions.

National Guard Flood Response

A total of 1,162 Guard members have been activated for flood response missions. The total cost of activating these members was \$1.3 million as of October 21, 2013. Although these Guard members are being paid with state funds, it is likely that all of these expenditures will be reimbursed from the federal government. The Office of Emergency Management is processing all reimbursement requests. The following list provides a summary of flood response activities completed by Guard members:

- A total of 3,233 people and an estimated 1,300 pets were evacuated by either military aircraft or military vehicles;
- At the peak of flood evacuation operations, more than 750 troops, along with 21 helicopters, 200 military vehicles, 20 ground search-and-rescue teams, and 67 traffic-control points operated in support of lifesaving and protection efforts;
- Helicopters and crews evacuated a total of 2,526 people – 83 by hoist – and 1,047 pets who were in immediate danger or cut off because of impassable roads in Boulder County, Larimer County and Weld County;
- Aviators transported 48.3 tons of cargo, including critical food, water and clothing; as well as transportation and engineering supplies;
- Colorado National Guardsmen evacuated a cumulative 707 people and an estimated 300 pets by ground search-and-rescue efforts;
- Colorado National Guardsmen filled, moved and stacked more than 12,000 sandbags in Jefferson County to help civil authorities mitigate flooding in affected areas; and
- More than 590 Soldiers and Airmen worked side-by-side with local authorities at traffic-control points and roving patrols in affected areas.

Cash Funds Program Support

The Department of Military and Veterans Affairs primarily utilizes two cash fund sources: the Colorado State Veterans Trust Fund, the Western Slope Military Veterans' Fund.

The Colorado State Veterans Trust Fund receives 1.0 percent of the proceeds, up to \$1 million, from the tobacco settlement agreement with tobacco manufacturers. The majority of the appropriation to the Department provides grants for veterans' organizations to provide services to veterans around the State. Under current law, 90.0 percent of the tobacco settlement moneys transferred to the Fund plus interest are available for appropriation, with the remaining 10.0 percent retained in the fund. Senate Bill 13-235 repaid \$3.9 million to the Colorado State Veterans Trust Fund, which will result in more interest earnings beginning in FY 2014-15 due to the higher principal balance of the fund.

Cash fund expenditures from the Western Slope Military Veterans' Cemetery Fund support operations of the Western Slope Veterans' Cemetery in Grand Junction and pay for some administrative costs in the Executive Director and Army National Guard Division.

Federal Sequestration

The Department reports that they have not received any information related to a reduction in federal resources for FY 2013-14 or FY 2014-15.

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Summary: FY 2013-14 Appropriation & FY 2014-15 Request

Department of Military and Veterans Affairs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
S.B. 13-230 (Long Bill)	<u>\$223,858,252</u>	<u>\$7,378,715</u>	<u>\$1,239,695</u>	<u>\$800,000</u>	<u>\$214,439,842</u>	<u>1,389.6</u>
TOTAL	\$223,858,252	\$7,378,715	\$1,239,695	\$800,000	\$214,439,842	1,389.6
FY 2014-15 Requested Appropriation						
FY 2013-14 Appropriation	\$223,858,252	7,378,715	\$1,239,695	\$800,000	\$214,439,842	1,389.6
R1 Veterans cemetery growth	45,547	45,547	0	0	0	0.9
R2 Operations and maintenance growth	277,000	277,000	0	0	0	0.0
NP1 Camp george west utilities transfer	0	0	0	0	0	0.0
Non-prioritized requested changes	51,604	51,604	0	0	0	0.0
Centrally appropriated line item adjustments	480,594	202,886	6,398	0	271,310	0.0
Statewide IT common policy adjustments	(92,721)	(92,721)	0	0	0	0.0
Annualize prior year budget actions	(939)	(939)	0	0	0	0.3
TOTAL	\$224,619,337	\$7,862,092	\$1,246,093	\$800,000	\$214,711,152	1,390.8
Increase/(Decrease)	\$761,085	\$483,377	\$6,398	\$0	\$271,310	1.2
Percentage Change	0.3%	6.6%	0.5%	0.0%	0.1%	0.1%

Description of Requested Changes

R1 Veterans cemetery growth: The decision item includes an increase of \$45,547 General Fund and 0.9 FTE to fund an additional groundskeeper to support facility maintenance and repair at the Western Slope Veterans' Cemetery in Grand Junction, CO.

R2 Operations and maintenance growth: The decision item includes an increase of \$277,000 General Fund in the Utilities Line Item for increased utilities costs at newly opened armory facilities, and to support controlled maintenance projects costs.

NP1 Camp george west utilities transfer: The request includes a budget neutral adjustment from Capitol Complex Leased Space to Operating Expenses/Utilities for the Department of Personnel's request for direct billing to agencies of utilities for Camp George West.

Non-prioritized requested changes: The request includes the annual fleet vehicle change from the Department of Personnel, and the following changes from the Office of Information Technology: secure Colorado phase II, eliminate redundant applications, Capitol Complex

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network resiliency, IT service management ecosystem, DTRS operations increase, and IT technical development.

Centrally appropriated line item adjustments: The request includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; workers' compensation; shift differential; legal services; payment to risk management and property funds; and Capitol complex leased space. *This request item will be addressed in separate staff briefings for the Department of Personnel and Administration.*

Statewide IT common policy adjustments: The request includes adjustments to line items appropriated for: purchase of services from the computer center; multiuse network payments; management and administration of the Governor's Office of Information Technology (OIT); information technology security; and communication services payments. *This request item will be addressed in a separate staff briefing for the Governor's Office of Information Technology scheduled for December 18, 2013.*

Annualize prior year budget actions: The request includes adjustments related to prior year legislation and budget actions.

Issue: Western Slope Veterans' Cemetery

This issue brief addresses long-term funding challenges of the Western Slope Veterans' Cemetery (Cemetery) and summarizes the Department's R1 Veterans Cemetery Growth budget request related to the Western Slope Veterans' Cemetery.

SUMMARY:

- A number of legislative changes related to securing a long-term funding source to operate the Cemetery have been made since the Cemetery was opened in 2003;
- Current cash fund revenue streams may be insufficient to support Cemetery operations and maintenance costs in the near future; and
- The Department has submitted a request to add 1.0 FTE to support ground maintenance and operations for the Cemetery.

RECOMMENDATION:

Staff recommends the Committee discuss the long-term funding challenges of Cemetery operations with Department, including their response to the suggested funding alternatives:

Option 1: Continue to fund operating costs with the Western Slope Veterans' Cemetery Cash Fund, and provide General Fund for the ongoing personal services costs for the 2.0 FTE currently supported with cash funds.

Option 2: Sponsor a bill to provide an annual appropriation from the Colorado State Veterans Trust fund interest earnings or principal balance to support the Western Slope Veterans' Cemetery.

DISCUSSION:

Background

House Bill 99-1333 (Alexander/Epps) authorized the construction of the Western Slope Veterans' Cemetery in Grand Junction. The 22.5 acre Cemetery was completed in 2002, and has a capacity of 3,400 units for internment. The Cemetery was originally overseen by the Department of Human Services, yet H.B. 02-1413 (Sinclair/Nichol) transferred those duties to the Department of Military and Veterans Affairs.

The federal government contributed approximately \$6.0 million or 100.0 percent of construction costs for the Cemetery. By accepting these funds, the state is obligated to operate and maintain the cemetery for 20 years with state resources. Currently, General Fund appropriations support 2.5 FTE, and the remaining cash funds support 2.0 FTE and all operating costs associated with

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the Cemetery. Below is a table outlining appropriations for the Western Slope Veterans' Cemetery from FY 2010-11 through the FY 2014-15 request:

Western Slope Veterans' Cemetery Appropriations FY 2010-11 through FY 2014-15					
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
General Fund	\$135,369	\$132,363	\$133,338	\$133,338	\$133,338
Cash Funds	229,314	227,067	227,796	227,796	227,796
Federal Funds*	<u>51,000</u>	<u>51,000</u>	<u>51,000</u>	<u>51,000</u>	<u>116,900</u>
TOTAL	\$415,683	\$410,430	\$412,134	\$412,134	\$478,034

*Federal Funds shown in the long bill reflect anticipated reimbursements. These funds are accounted for as cash receivables and spent from the cash funds appropriation.

Funding Challenges

The Cemetery supports 2.0 FTE and all operations and maintenance costs with cash funds from the Western Slope Veterans' Cemetery Fund (Fund). In FY 2012-13, the Department spent \$147,000 on operating and maintenance expenditures. Revenue sources include donations from a state income tax check-off and from private sources. The Cemetery also receives federal funds reimbursements per burial. The federal funds reimbursement was increased in 2012 from \$300 to \$700 per burial, and is currently set at \$734. The table below outlines recent trends of the cash fund's revenues and expenditures, including federal reimbursements for burial:

Western Slope Veterans' Cemetery Fund FY 2010-11 through FY 2014-15					
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Balance	\$397,122	\$255,987	\$240,253	\$139,080	\$141,544
Revenue	101,200	148,469	172,787	183,801	188,813
Expenditures	<u>242,334</u>	<u>164,203</u>	<u>273,960</u>	<u>181,337</u>	<u>188,591</u>
Ending balance	255,987	240,253	139,080	141,544	141,766
Net change	n/a	-39.5%	-45.7%	-41.1%	1.9%

In recent years, Fund revenues have been declining and may no longer sufficient to cover the ongoing FTE and operating costs of the Cemetery. Some uncertainty of long-term funding is based on the fluctuations of donations from both the tax check-off and private sources. Since FY 2007-08, tax check-off revenues have fallen 35.0 percent from approximately \$52,000 to \$34,000 per fiscal year. Other gifts, grants, and donations have dropped 9.5 percent since FY 2008-09 and totaled \$9,000 in FY 2011-12. As shown by the table above, the balance of the fund has decreased by 64.4 percent from FY 2010-11 through FY 2012-13. Current projections anticipate cash funds expenditures to remain constant in future years, yet should the fund see a reduction in donations or burial reimbursements in a given year, there may not be a sufficient balance in the fund to cover expenditures.

Statutory Guidance

A number of statutory changes have been made relating to the funding of the Cemetery. Alternatives to the current funding structure include: the Colorado State Veterans Trust Fund, General Fund, or charging fees for non-qualified veterans burial services.

The Colorado State Veterans Trust Fund (Trust Fund) receives 1.0 percent of the proceeds, up to \$1 million, from the tobacco settlement agreement with tobacco manufacturers. The majority of the current appropriation, which consists of 90.0 percent of the tobacco settlement transfer plus any interest earned on the fund, allows the Colorado Board of Veterans Affairs to approve grants for veterans' organizations to provide services to veterans around the State. Section 28-5-709 (1)(b)(II), C.R.S., authorizes expenditures for state veterans' cemeteries from the Trust Fund. The Trust Fund has been awarded twice to support the Cemetery, awards include:

- \$100,000 in FY 2004-05 for operation and maintenance costs; and
- \$62,000 in FY 2011-12 for construction of columbaria.

Increasing General Fund appropriations to the Cemetery is another funding alternative. Section 25-5-708 (2)(b), C.R.S., provides the General Assembly with statutory authority to "...appropriate moneys from the general fund to the fund for the implementation of this section, including but not limited to the payment of costs associated with the operation and maintenance of the cemetery".

Currently, the Cemetery is reimbursed \$734 per burial by the federal government, and is not permitted to charge more for burial for qualifying veterans. Section 28-5-708, C.R.S., permits the internment of non-reimbursable veterans, such as spouses and dependents or non-residents, and collection of a reasonable fee. To date, no non-reimbursable veterans have been interred at the Cemetery.

Alternatives to Current Funding Structure

Option 1: Continue to fund operating costs with the Western Slope Veterans' Cemetery Cash Fund, and provide General Fund for the ongoing personal services costs for the 2.0 FTE currently supported with cash funds. This action would result in a General Fund increase of \$136,591 for this line item. This option could be completed with a direct appropriation of General Fund, or the increase could be offset with a decrease in General Fund appropriations to another line item in the Department budget.

Option 2: Sponsor a bill to provide an annual appropriation from the Colorado State Veterans Trust fund principal balance or interest earnings to support the Western Slope Veterans' Cemetery. Currently, the Colorado Board of Veterans Affairs approves all funding from this account. This would decrease the amount available for grants to veterans' service agencies, and remove some authority from the Colorado Board of Veterans Affairs.

R1 Veterans Cemetery Growth

The Department submitted two requests for funding in the FY 2014-15 budget request related to the Cemetery. The R1 request includes an increase of \$45,547 General Fund to hire a groundskeeper. This cost estimate for a monthly salary of \$2,748 is 22.7 percent lower than a

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comparable private position, as reported by the Mesa County Work Force Center. As evidenced by the table below, workload directly related to burial services has increased 28.0 percent since 2007, while FTE have not increased over that same period. In addition to workload related to burial services, maintenance and repairs tasks have increased over this same time period due to aging facilities and equipment.

Western Slope Veterans' Cemetery Workload and FTE		
Year	Burials	Grounds FTE
2007	210	2.5
2008	265	2.5
2009	239	2.5
2010	254	2.5
2011	240	2.5
2012	269	2.5
% Increase 2007-2012	28.0%	0.0%

The second request is for Capital Construction moneys of \$4.6 million to improve and expand Cemetery capacity by 672 columbarium niches and 2,635 total niches. The request also includes an addition of 1,827 square foot for the administration and equipment storage buildings. The Department indicates approval of the 1.0 FTE request will be sufficient to maintain the Cemetery if the related Capital Construction request is also approved. While approval of these requests will improve operations of the Cemetery this will not address the long-term funding challenges the Cemetery faces.

RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S PERFORMANCE PLAN:

The Department has submitted strategic policy initiative 2 – Expand Services Provided to Underserved Veterans through Planning. The request items presented in this issue brief relate to the long-term planning and service continuation for veterans.

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Appendix A: Number Pages

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

H. Michael Edwards, Adjutant General

(1) EXECUTIVE DIRECTOR AND ARMY NATIONAL GUARD

Provides trained and ready forces to the U.S. active armed services and provides trained and ready forces for the preservation of life and property during natural disasters and civil emergencies in Colorado. The cash funds sources are armory rental fees, the Western Slope Military Veterans Cemetery Fund; real estate proceeds; and the Distance Learning Cash Fund. Reappropriated funds are from the Department of Higher Education.

Personal Services	<u>2,001,431</u>	<u>2,013,630</u>	<u>2,076,235</u>	<u>2,179,514</u>	
FTE	30.2	30.2	34.2	34.3	
General Fund	1,781,039	1,795,942	1,847,801	1,938,443	
Cash Funds	0	0	3,729	3,907	
Federal Funds	220,392	217,688	224,705	237,164	
Health, Life, and Dental	<u>142,998</u>	<u>214,930</u>	<u>765,826</u>	<u>871,600</u>	*
General Fund	129,116	196,640	224,839	260,279	
Cash Funds	13,882	18,290	15,836	16,066	
Federal Funds	0	0	525,151	595,255	
Short-term Disability	<u>3,705</u>	<u>4,119</u>	<u>13,270</u>	<u>15,974</u>	*
General Fund	3,379	3,998	4,547	5,805	
Cash Funds	129	121	140	231	
Federal Funds	197	0	8,583	9,938	
S.B. 04-257 Amortization Equalization Disbursement	<u>57,909</u>	<u>73,739</u>	<u>262,764</u>	<u>307,974</u>	*
General Fund	52,820	71,536	89,488	111,479	
Cash Funds	1,970	2,203	2,792	4,423	
Federal Funds	3,119	0	170,484	192,072	

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>46,248</u>	<u>63,075</u>	<u>236,934</u>	<u>288,726</u>	*
General Fund	42,159	61,182	80,504	104,512	
Cash Funds	1,583	1,893	2,520	4,146	
Federal Funds	2,506	0	153,910	180,068	
Salary Survey	<u>0</u>	<u>0</u>	<u>306,058</u>	<u>122,074</u>	
General Fund	0	0	99,159	43,347	
Cash Funds	0	0	3,649	1,805	
Federal Funds	0	0	203,250	76,922	
Merit Pay	<u>0</u>	<u>0</u>	<u>120,176</u>	<u>130,167</u>	
General Fund	0	0	38,188	42,303	
Cash Funds	0	0	1,488	1,229	
Federal Funds	0	0	80,500	86,635	
Shift Differential	<u>23,433</u>	<u>24,020</u>	<u>23,433</u>	<u>26,806</u>	
Federal Funds	23,433	24,020	23,433	26,806	
Workers' Compensation	<u>58,445</u>	<u>67,511</u>	<u>77,843</u>	<u>85,660</u>	
General Fund	19,870	22,954	26,864	29,561	
Federal Funds	38,575	44,557	50,979	56,099	
Operating Expenses	<u>2,226,955</u>	<u>2,204,153</u>	<u>2,062,423</u>	<u>2,367,685</u>	*
General Fund	1,084,744	1,161,474	1,186,851	1,479,980	
Cash Funds	0	0	46,000	46,000	
Federal Funds	1,142,211	1,042,679	829,572	841,705	

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Information Technology Asset Maintenance	<u>20,608</u>	<u>21,812</u>	<u>22,372</u>	<u>22,372</u>	
General Fund	20,608	21,812	22,372	22,372	
Legal Services	<u>1,753</u>	<u>4,065</u>	<u>10,019</u>	<u>10,019</u>	
General Fund	1,753	4,065	10,019	10,019	
Payments to OIT	<u>0</u>	<u>0</u>	<u>0</u>	<u>506,183</u>	*
General Fund	0	0	0	506,183	
Purchase of Services from Computer Center	<u>178,812</u>	<u>335,207</u>	<u>441,055</u>	<u>0</u>	*
General Fund	178,812	335,207	441,055	0	
Multiuse Network Payments	<u>59,906</u>	<u>92,051</u>	<u>86,378</u>	<u>0</u>	*
General Fund	59,906	92,051	86,378	0	
Management and Administration of OIT	<u>60,776</u>	<u>0</u>	<u>0</u>	<u>0</u>	*
General Fund	60,776	0	0	0	
Payment to Risk Management and Property Funds	<u>110,330</u>	<u>161,082</u>	<u>65,699</u>	<u>109,547</u>	
General Fund	110,330	161,082	65,699	109,547	
Vehicle Lease Payments	<u>33,262</u>	<u>33,964</u>	<u>41,309</u>	<u>47,036</u>	
General Fund	33,262	33,964	41,309	47,036	
Leased Space	<u>43,212</u>	<u>44,193</u>	<u>44,978</u>	<u>44,978</u>	
General Fund	43,212	44,193	44,978	44,978	

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Capitol Complex Leased Space	<u>79,532</u>	<u>75,101</u>	<u>94,354</u>	<u>55,813</u>	*
General Fund	52,733	46,391	59,616	35,271	
Federal Funds	26,799	28,710	34,738	20,542	
Communication Services Payments	<u>13,001</u>	<u>26,235</u>	<u>19,902</u>	<u>0</u>	*
General Fund	13,001	26,235	19,902	0	
COFRS Modernization	<u>0</u>	<u>0</u>	<u>1,418</u>	<u>1,418</u>	
General Fund	0	0	1,418	1,418	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Civil Air Patrol Operations	<u>41,565</u>	<u>56,153</u>	<u>58,638</u>	<u>58,638</u>	
General Fund	41,565	56,153	58,638	58,638	
Information Technology Security	<u>0</u>	<u>0</u>	<u>5,692</u>	<u>0</u>	*
General Fund	0	0	5,692	0	
Local Armory Incentive Plan	<u>18,873</u>	<u>16,434</u>	<u>46,610</u>	<u>46,610</u>	
Cash Funds	18,873	16,434	46,610	46,610	
Distance Learning	<u>0</u>	<u>0</u>	<u>3,000</u>	<u>3,000</u>	
General Fund	0	0	0	0	
Cash Funds	0	0	3,000	3,000	
Colorado National Guard Tuition fund	<u>842,082</u>	<u>993,818</u>	<u>1,296,157</u>	<u>1,296,157</u>	
General Fund	246,157	246,157	496,157	496,157	
Reappropriated Funds	595,925	747,661	800,000	800,000	

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
Army National Guard Cooperative Agreement	<u>7,084,872</u>	<u>5,773,803</u>	<u>3,509,359</u>	<u>3,647,331</u>	
FTE	56.4	55.8	51.5	51.5	
Federal Funds	7,084,872	5,773,803	3,509,359	3,647,331	
TOTAL - (1) Executive Director and Army National Guard	13,149,708	12,299,095	11,691,902	12,245,282	4.7%
FTE	<u>86.6</u>	<u>86.0</u>	<u>85.7</u>	<u>85.8</u>	<u>0.1%</u>
General Fund	3,975,242	4,381,036	4,951,474	5,347,328	8.0%
Cash Funds	36,437	38,941	125,764	127,417	1.3%
Reappropriated Funds	595,925	747,661	800,000	800,000	0.0%
Federal Funds	8,542,104	7,131,457	5,814,664	5,970,537	2.7%

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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(2) DIVISION OF VETERANS AFFAIRS

The Division represents veterans in federal benefits claims, provides information and training to county veterans service officers, and maintains the Western Slope Veterans' Cemetery in Grand Junction. The State Board of Veterans Affairs makes grants to veterans service organizations from the Veterans Trust Fund, which is derived from tobacco settlement proceeds.

Veterans Service Operations	<u>565,194</u>	<u>531,942</u>	<u>780,552</u>	<u>811,896</u>	
FTE	8.4	8.4	11.8	12.0	
General Fund	532,612	507,684	738,355	769,699	
Cash Funds	32,582	24,258	42,197	42,197	
Reappropriated Funds	0	0	0	0	
County Veterans Service Officer Payments	<u>172,654</u>	<u>178,854</u>	<u>190,654</u>	<u>190,654</u>	
General Fund	172,654	178,854	190,654	190,654	
Colorado State Veterans Trust Fund Expenditures	<u>767,841</u>	<u>871,330</u>	<u>843,938</u>	<u>843,938</u>	
Cash Funds	767,841	871,330	843,938	843,938	
Mental Health, Employment, Housing and Other					
Veterans Services	<u>0</u>	<u>963,336</u>	<u>1,000,000</u>	<u>1,000,000</u>	
General Fund	0	963,336	1,000,000	1,000,000	
Western Slope Veterans Cemetery	<u>276,888</u>	<u>379,901</u>	<u>478,034</u>	<u>527,767</u>	*
FTE	4.5	5.0	4.5	5.4	
General Fund	130,754	128,448	133,338	178,326	
Cash Funds	43,134	201,047	227,796	232,541	
Federal Funds	103,000	50,406	116,900	116,900	

*This line item includes a decision item.

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
TOTAL - (2) Division of Veterans Affairs	1,782,577	2,925,363	3,293,178	3,374,255	2.5%
<i>FTE</i>	<u>12.9</u>	<u>13.4</u>	<u>16.3</u>	<u>17.4</u>	<u>6.7%</u>
General Fund	836,020	1,778,322	2,062,347	2,138,679	3.7%
Cash Funds	843,557	1,096,635	1,113,931	1,118,676	0.4%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	103,000	50,406	116,900	116,900	0.0%

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(3) AIR NATIONAL GUARD

Provides ready forces to the U.S. active armed services and provides ready forces for the preservation of life and property during natural disasters and in Colorado.

Operations and Maintenance Agreement for Buckley/

Greeley	<u>1,307,275</u>	<u>1,341,494</u>	<u>1,992,171</u>	<u>2,056,610</u>
FTE	0.0	16.9	26.1	26.1
General Fund	345,650	354,247	364,894	376,085
Cash Funds	0	0	0	0
Reappropriated Funds	0	0	0	0
Federal Funds	961,625	987,247	1,627,277	1,680,525

Buckley Cooperative Agreement	<u>1,616,874</u>	<u>1,757,091</u>	<u>1,013,550</u>	<u>1,063,725</u>
FTE	21.3	21.9	17.5	17.5
Federal Funds	1,616,874	1,757,091	1,013,550	1,063,725

Security for Space Command Facility at Greeley	<u>360,853</u>	<u>360,355</u>	<u>221,082</u>	<u>233,096</u>
FTE	7.0	6.5	5.0	5.0
Federal Funds	360,853	360,355	221,082	233,096

TOTAL - (3) Air National Guard	3,285,002	3,458,940	3,226,803	3,353,431	3.9%
FTE	<u>28.3</u>	<u>45.3</u>	<u>48.6</u>	<u>48.6</u>	0.0%
General Fund	345,650	354,247	364,894	376,085	3.1%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	2,939,352	3,104,693	2,861,909	2,977,346	4.0%

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	Request vs. Appropriation
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(4) FEDERAL FUNDED PROGRAMS

Trains state military forces. Note: This section is included in the Long Bill for informational purposes only. These funds are not subject to Assembly and do not pass through the state accounting system. Totals are reported based on the federal fiscal year beginning October 1, not the State beginning July 1.

Federal Funded Programs Operations	<u>205,646,369</u>	<u>205,646,369</u>	<u>205,646,369</u>	<u>205,646,369</u>	
FTE	1,239.0	1,239.0	1,239.0	1,239.0	
General Fund	0	0	0	0	
Cash Funds	0	0	0	0	
Reappropriated Funds	0	0	0	0	
Federal Funds	205,646,369	205,646,369	205,646,369	205,646,369	

TOTAL - (4) Federal Funded Programs	205,646,369	205,646,369	205,646,369	205,646,369	0.0%
<i>FTE</i>	<u>1,239.0</u>	<u>1,239.0</u>	<u>1,239.0</u>	<u>1,239.0</u>	<u>0.0%</u>
General Fund	0	0	0	0	0.0%
Cash Funds	0	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%
Federal Funds	205,646,369	205,646,369	205,646,369	205,646,369	0.0%

TOTAL - Department of Military and Veterans					
Affairs	223,863,656	224,329,767	223,858,252	224,619,337	0.3%
<i>FTE</i>	<u>1,366.8</u>	<u>1,383.7</u>	<u>1,389.6</u>	<u>1,390.8</u>	<u>0.1%</u>
General Fund	5,156,912	6,513,605	7,378,715	7,862,092	6.6%
Cash Funds	879,994	1,135,576	1,239,695	1,246,093	0.5%
Reappropriated Funds	595,925	747,661	800,000	800,000	0.0%
Federal Funds	217,230,825	215,932,925	214,439,842	214,711,152	0.1%

Appendix B: **Recent Legislation Affecting Department Budget**

2012 Session Bills

H.B. 12-1191 (Supplemental Appropriation): Supplemental appropriation to the Department of Military and Veterans Affairs for FY 2011-12.

H.B. 12-1335 (Long Bill): General appropriations act for FY 2012-13.

2013 Session Bills

S.B. 13-097 (Supplemental Appropriation): Supplemental appropriation to the Department of Military and Veterans Affairs for FY 2012-13.

S.B. 13-230 (Long Bill): General appropriations act for FY 2013-14.

S.B. 13-235 (Transfer to the Colorado State Veterans Trust Fund): Makes a General Fund transfer of \$3.9 million to the Colorado State Veterans Trust Fund to repay moneys borrowed to fund National Guard armory construction.

Appendix C: Update on Long Bill Footnotes & Requests for Information

Long Bill Footnotes

- 47 Department of Military and Veterans Affairs, Division of Veterans Affairs, Mental Health, Employment, Housing and Other Veterans Services** -- It is the intent of the General Assembly that these moneys be granted to non-profit or governmental entities that provide mental health, family counseling, job training, employment, housing, and other services to veterans and that the Colorado Board of Veterans Affairs assist the Division in developing grant-making criteria and selecting grant recipients. Funding for entities providing housing for homeless veterans will be given priority. Up to three percent of this appropriation may be used for related administrative expenses incurred by the department.

Comment: The following table outlines the organizations that received grants from the \$1.0 million General Fund Appropriation in the FY 2013-14 Long Bill dedicated to provide assistance for Colorado's veterans population:

Grantee Organization	Amount
Alamosa County	\$20,200
Sobriety House	50,000
Pikes Peak Work Center	20,000
CO VET (Crawford House)	164,505
DAV Chapter 48	45,375
Providers Clearing House	34,800
DAV Chapter 44	32,120
Am Legion Post 203	12,000
American Military Family	20,000
Denver Options	10,000
Comitis Crisis Center	48,500
Catholic Charities	76,850
Bo Matthews Center	200,000
La Puente Home, Inc.	9,450
Providence Bible Chc, Inc.	37,200
Governor's Office	150,000
Park County Sr. Coalition	29,000
Am Legion Post 143	10,000
TOTAL	\$970,000

Appendix D: Indirect Cost Assessment Methodology

Description of Indirect Cost Assessment Methodology

The Department of Military and Veterans Affairs does not collect departmental or statewide indirect costs per the Centralized Personnel Plan (CPP), as negotiated with the federal government. The National Guard Bureau, which reimburses the state with federal funding to run the Air National Guard and Army National Guard program prohibits indirect cost recoveries with the following criteria in the CPP:

“Congress has prohibited the expenditure of Army National Guard and Air National Guard appropriations for reimbursement of any indirect costs, except fringe benefits, of the States under NCB cooperative agreements.”

FY 2014-15 Indirect Cost Assessment Request

For FY 2014-15 the Department has requested 6.0 administrative staff to complete the following functions:

- 1.0 Purchasing/Contracting
- 1.0 Personnel
- 1.0 Accounts Payable
- 1.0 Payroll
- 2.0 Accountants

The 6.0 FTE, which would otherwise be paid by state funds, are paid for with federal moneys in order to eliminate the need for indirect cost recoveries for these functions. The 6.0 FTE are located in the Executive Director and Army National Guard Long Bill group.

Statewide indirect costs appear in the Department of Personnel and Administration’s plan, yet are not collected since there is no appropriate funding source. Cash funds account for .55 percent of the FY 2013-14 appropriation and are primarily used for grant programs.

Appendix E: Change Requests' Relationship to Measures

This appendix will show how the Department of Military and Veterans Affairs indicates each change request ranks in relation to the Department's top priorities and what performance measures the Department is using to measure success of the request.

Change Requests' Relationship to Measures			
R	Change Request Description	Goals / Objectives	Measures
R1	Veterans cemetery growth	Goal 2 Expand services provided to underserved veterans though planning.	Measures not provided.
R2	Operations and maintenance growth	Goals/Objectives not provided.	Measures not provided.
NP1	Camp george west utilities transfer	Goals/Objectives not provided.	Measures not provided.
NP	Non-prioritized requested changes	Goals/Objectives not provided.	Measures not provided.