

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2013-14 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.

### **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, the federal government;
- Provides training and reimbursement to County Veterans Service Officers;
- Administers the Western Slope Veterans Cemetery and its associated fund; and
- Disperses the Colorado State Veterans Trust Fund to provide grants for veterans' programs throughout Colorado.

### **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.

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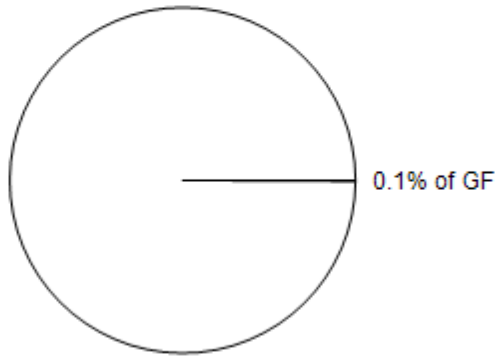
## Department Budget: Recent Appropriations

<b>Funding Source</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14 *</b>
General Fund	\$5,286,233	\$5,429,298	\$6,681,430	\$6,503,671
Cash Funds	1,408,881	1,209,140	1,332,993	1,351,377
Reappropriated Funds	803,509	803,509	803,662	803,662
Federal Funds	<u>213,758,894</u>	<u>213,775,024</u>	<u>214,128,024</u>	<u>214,986,098</u>
<b>Total Funds</b>	<b>\$221,257,517</b>	<b>\$221,216,971</b>	<b>\$222,946,109</b>	<b>\$223,644,808</b>
Full Time Equiv. Staff	1,384.9	1,384.9	1,384.9	1,387.6

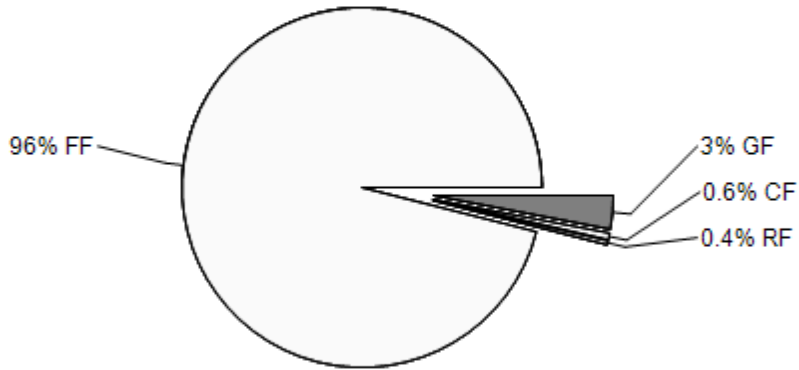
\*Requested appropriation.

## Department Budget: Graphic Overview

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

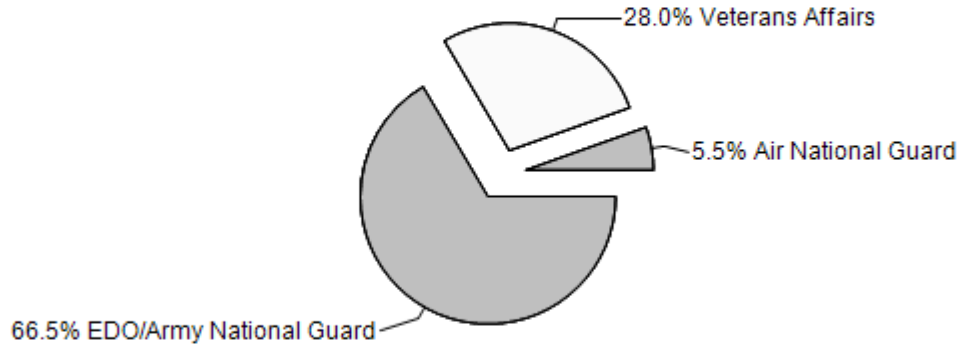


**Department Funding Sources**

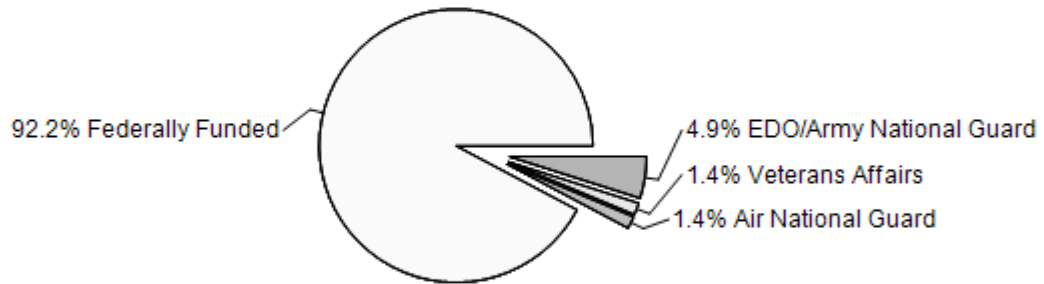


All charts are based on the FY 2012-13 appropriation.

**Distribution of General Fund by Division**



**Distribution of Total Funds by Division**



All charts are based on the FY 2012-13 appropriation.

## General Factors Driving the Budget

### Federal Funds and Federal Force Structure

More than 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 into and through the Department.

The following table details the current combined strength of the Department's two Guard components, the Army National Guard which accounts for 72.7 percent of members and the Air National Guard which account for 27.3 percent of members:

<b>Colorado National Guard Authorized Strength and Membership</b>				
<b>Total Authorized Strength</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
Army National Guard	4,009	3,878	4,016	3,987
Air National Guard	1,531	1,531	1,537	1,519
<b>Total National Guard Members</b>				
Army National Guard	3,629	3,776	4,024	3,988
Air National Guard	<u>1,435</u>	<u>1,498</u>	<u>1,471</u>	<u>1,500</u>
<b>Total</b>	<b>5,064</b>	<b>5,274</b>	<b>5,495</b>	<b>5,488</b>
<b>Percentage of Slots Filled</b>	<b>91.4%</b>	<b>97.5%</b>	<b>99.0%</b>	<b>99.7%</b>

The Air National Guard has seen increased responsibilities since the attacks of September 11, 2001, and now has responsibilities related to homeland security, counter-terrorism and counter-narcotics operations.

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 since September 2001:

<b>Colorado National Guard Deployments since September 2001</b>			
<b>Fiscal Year</b>	<b>Army National Guard</b>	<b>Air National Guard</b>	<b>Total</b>
2001-02	353	1,010	1,363
2002-03	1,076	569	1,645
2003-04	1,077	569	1,646
2004-05	302	338	640
2005-06	504	160	664
2006-07	850	272	1,122
2007-08	1,150	243	1,393

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Colorado National Guard Deployments since September 2001			
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

Increased deployments may also result in increased use of the veterans' assistance services. For example, workload for the Division of Veterans Affairs has increased approximately 60.0 percent since FY 2008-09.

Guard units can also be activated for state missions 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.

### **Cash Funds Program Support**

The Department of Military and Veterans Affairs utilizes three main cash fund sources: The Colorado State Veterans Trust Fund, the Western Slope Military Veterans' Cash Fund, and the Real Estate Proceeds Cash 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 for the statutory purposes of the fund, with the remaining 10.0 percent retained in the fund.

Cash fund expenditures from the Western Slope Military Veterans' Cemetery Fund support operations of the Western Slope Veterans' Cemetery in Grand Junction. Finally, a small amount of cash funds from armory rentals and proceeds from real estate sales are deposited in the Real Estate Proceeds Cash Fund, and are used to pay general operating expenses of the Department.

### **Federal Sequestration**

A report published by the federal Office of Management and Budget (OMB) in September 2012 indicated that federal defense spending will be cut by \$54.7 billion in FFY 2013, and each year following, through FFY 2017. To realize these budget savings, defense programs would be reduced by 9.4 percent for defense function discretionary appropriations; and 10.0 percent for defense function direct/mandatory spending. Military base closures as a result of sequestration are specifically prohibited, and accounts related to military personnel are exempt, so that uniformed personnel would not lose jobs. In contrast, DOD civilian employees may be reduced, and military contractors could also be affected by sequestration.



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A report by the Center for Strategic and Budgetary Assessments indicates if sequestration provisions are enacted, the national defense budget will fall from 4.0 percent of GDP in FFY 2013 to 3.0 percent of GDP by FFY 2017. The average defense budget post-World War II has been 6.4 percent of GDP. The report also argues that the uniform cuts would be specific to budget authority, which can span multiple years, so sequestration would result in an actual reduction closer to a 4.5 percent for FFY 2013.

The Department reports that they do not anticipate a reduction in federal resources for FY 2012-13 or FY 2013-14. If sequestration cuts are realized over this timeframe, the Department indicates it would be impossible to estimate and prepare for cuts.

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**Summary: FY 2012-13 Appropriation & FY 2013-14 Request**

<b>Department of Military and Veterans Affairs</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2012-13 Appropriation:</b>						
HB 12-1335 (Long Bill)	\$222,946,109	\$6,681,430	\$1,332,993	\$803,662	\$214,128,024	1,384.9
<b>TOTAL</b>	<b>\$222,946,109</b>	<b>\$6,681,430</b>	<b>\$1,332,993</b>	<b>\$803,662</b>	<b>\$214,128,024</b>	<b>1,384.9</b>
<b>FY 2013-14 Requested Appropriation:</b>						
FY 2012-13 Appropriation	222,946,109	6,681,430	1,332,993	803,662	214,128,024	1,384.9
R-1 Veterans Affairs Personal Services	103,013	103,013	0	0	0	1.8
R-2 Colorado National Guard Tuition Fund	250,000	250,000	0	0	0	0.0
R-3 Human Resources Personal Services	53,198	53,198	0	0	0	0.9
NPI-1 Employee Engagement Survey Adjustment	896	896	0	0	0	0.0
NPI-2 Capitol Complex Building Upgrades	3,625	2,284	0	0	1,341	0.0
NPI-3 OIT Enterprise Management	2,345	2,345	0	0	0	0.0
Centrally Appropriated Line Item Adjustments	1,177,836	368,619	18,384	0	790,833	0.0
Federal Funds Adjustment	65,900		0	0	65,900	0.0
Statewide IT Common Policy Adjustments	41,886	41,886	0	0	0	0.0
Annualize Veterans Grant Appropriation	(1,000,000)	(1,000,000)	0	0	0	0.0
<b>TOTAL</b>	<b>\$223,644,808</b>	<b>\$6,503,671</b>	<b>\$1,351,377</b>	<b>\$803,662</b>	<b>\$214,986,098</b>	<b>1,387.6</b>
<b>Increase/(Decrease)</b>	\$698,699	(\$177,759)	\$18,384	\$0	\$858,074	2.7
Percentage Change	0.3%	(2.7%)	1.4%	0.0%	0.4%	0.2%

**R-1 Veterans Affairs Personal Services:** The request includes an increase of \$103,013 General Fund and 1.8 FTE for FY 2013-14 to address the growing caseload of the Division of Veterans Affairs. This request annualizes to 2.0 FTE and \$103,516 General Fund for FY 2014-15.

**R-2 Colorado National Guard Tuition Fund:** The request includes an increase of \$250,000 General Fund to fund tuition assistance for Colorado National Guard members at 100.0 percent. *This decision item is discussed in staff's briefing National Guard Tuition Assistance Program.*

**R-3 Human Resources Personal Services:** The request includes an increase of \$53,198 General Fund to add 0.9 FTE (Program Assistant II) in FY 2013-14 for the Executive Director's Office for Human Resources. This request annualizes to 1.0 FTE and \$53,651 General Fund for FY 2014-15.

**NPI-1 Employee Engagement Survey Adjustment:** The request includes an increase of total funds for FY 2013-14 to fund the Department's share of a survey to gauge employees' attitudes towards their work, their work environment, overall satisfaction, and trends developing within the workforce. *This request item will be addressed in a separate staff briefing for the Department of Personnel and Administration scheduled for December 10, 2012.*

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**NPI-2 Capitol Complex Building Upgrades:** The request includes an increase of total funds for FY 2013-14 to fund the Department's share of building maintenance and upgrades in the State's Capitol Complex. *This request item will be addressed in a separate staff briefing for the Department of Personnel and Administration scheduled for December 10, 2012.*

**NPI-3 OIT Enterprise Management:** The request includes an increase of total funds for FY 2013-14 to fund the Department's share of an executive branch information technology asset management program and corresponding data system. *This request item will be addressed in a separate staff briefing for the Governor's Office of Information Technology scheduled for December 10, 2012.*

**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; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; vehicle lease payments; workers' compensation; 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.*

**Federal Funds Adjustment:** The request includes an increase of \$65,900 federal funds which are shown for informational purposes only.

**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); 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 10, 2012.*

**Annualize Veterans Grant Appropriation:** The request includes the annualization of a General Fund appropriation for \$1.0 million. The Department has not requested an appropriation for this purpose in FY 2013-14.

## **Issue: National Guard Tuition Assistance Program**

This issue brief provides a history of the National Guard Tuition Assistance Program including appropriations, tuition trends, and Colorado National Guard member benefits.

### **SUMMARY:**

- The Colorado National Guard Tuition Assistance Program is used as a tool to recruit and retain Colorado National Guard members;
- Colorado pays between 50.0 and 100.0 percent of tuition for Guard members, up to \$3,500 per semester; and
- Limited resources and increasing tuition rates have resulted in a reduction in tuition benefits for Colorado National Guard members.

### **DISCUSSION:**

#### ***Background Information***

The National Guard Tuition Assistance Program (TA Program) started in 1979, pursuant to Section 23-5-111.4, C.R.S., and is used as a recruiting and retention tool for the Colorado National Guard (Guard).

The State provides between 50.0 and 100.0 percent of tuition for Guard members, subject to available appropriations, up to a maximum of \$3,500 per semester. For the purpose of this briefing issue 100.0 percent of tuition would equal the maximum benefit amount of \$3,500 per semester. Tuition assistance can be used for an associate's degree, bachelor's degree, postgraduate degree, or a certificate of completion. Tuition assistance benefits are paid directly to the institution a Guard member is attending.

To qualify for the TA Program an individual must have completed 6 months of service in the Colorado National Guard, maintain satisfactory performance in Guard training, and maintain grade point average of at least 2.0. Prior to S.B. 05-053 (Taylor/Coleman) members accepting tuition assistance were obligated for one year of service after the last semester of tuition assistance was received. Senate Bill 05-053 removed the additional service requirement.

In addition to basic eligibility requirements, members must apply for federal tuition assistance programs. If a student is receiving financial aid from federal aid or another source, other aid must be exhausted before Colorado National Guard Tuition Assistance dollars are applied to a member's institution account.

In some cases, Guard members can qualify for federal tuition assistance programs. The most commonly used federal tuition assistance program is administered by the Department of Defense

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and allows for a maximum benefit of \$4,500 per year. Members who take advantage of this program are obligated for two to four years of additional service, after the last tuition assistance payment is received. Generally, Guard members must serve in active duty status to qualify for federal tuition assistance programs.

***Appropriations and Tuition Trends***

The TA Program has received varying levels of appropriations to meet different statutory requirements. In 1985, the tuition reimbursement funding requirement was set in statute at 75.0 percent of tuition, that requirement was changed in 1991 to pay up to 75.0 percent, and amended again to the current requirement, between 50.0 percent and 100.0 percent of the cost of tuition.

Over the last ten years, annual appropriations for the TA Program have ranged from a low of \$253,000 to a high of \$1.1 million. A large portion of this appropriation is reappropriated General Fund from the Department of Higher Education. House Bill 04-1347 (Witwer/Jones) set the contribution from the Department of Higher Education at a maximum of \$650,000 a year. Subsequently, H.B. 09-1290 (Nikkel/Harvey) increased the appropriation to a maximum of \$800,000 a year. The difference between the amount of reappropriated funds from the Department of Higher Education and the total appropriation for the fiscal years listed below is General Fund appropriated to the Department of Military and Veterans Affairs. The following table depicts the appropriation level from FY 2006-07 to FY 2012-13:

<b>TA Program Appropriations FY 2006-07 to FY 2012-13</b>		
<b>Fiscal Year</b>	<b>Appropriation</b>	<b>Percent Increase</b>
2006-07	\$606,000	3.4%
2007-08	825,803	36.2%
2008-09	825,803	0.0%
2009-10	896,157	8.5%
2010-11	1,046,157	16.7%
2011-12	1,046,157	0.0%
2012-13	<u>1,046,157</u>	<u>0.0%</u>
<b>Average</b>	<b>\$898,891</b>	<b>9.2%</b>
<b>Total Change</b> (FY 2006-07 to FY 2012-13)	<b>\$440,157</b>	<b>72.6%</b>

According to the Department of Higher Education, tuition rates, excluding mandatory fees, for public institutions in Colorado have raised an average of 44.4 percent from FY 2007-08 through FY 2011-12. Due to increased tuition rates, the Department has had to modify the percent of benefit support provided to members between 50.0 percent and 75.0 percent, of a member's maximum benefit amount.

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***Members Served***

The Tuition Assistance program receives over 700 applications for benefits each year, and is able to serve over 600 members. The table below provides data on annual appropriations, applications for tuition assistance, and benefits provided to Guard members:

<b>Tuition Assistance Funding and Members Served</b>				
<b>Fiscal Year</b>	<b>Appropriation</b>	<b>Applications</b>	<b>Members Served</b>	<b>Average % Funded</b>
2007-08	\$825,803	978	625	93.3%
2008-09	\$825,803	838	636	100.0%
2009-10	\$1,046,157	828	618	100.0%
2010-11	\$1,046,157	724	614	58.3%
2011-12	\$1,046,157	741	565	75.0%/a

/a Estimate based on FY 2012-13 funding for fall semester.

As evidenced by this table, TA Program benefits to Guard members have decreased from FY 2009-10 to FY 2011-12 which resulted in lower assistance payments for Guard members.

***Option to Fund***

The Department has requested an increase of \$250,000 General Fund for FY 2013-14 to fund tuition assistance between 90.0 and 100.0 percent for Guard members. The current level of assistance for fall 2012 is set at 75.0 percent. The last increase to the Department's appropriation for this line item, \$70,354, occurred in FY 2009-10. The JBC will act on this decision item during figure setting for the Department.

**RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:**

Performance measures related to this issue brief were not provided in the Department's FY 2013-14 Strategic Plan.

## **Issue: Armory Construction Update**

This issue brief provides an update on construction projects for armories and appropriations related to the award of a new soldier infantry battalion for the Department of Veterans and Military Affairs.

### **SUMMARY:**

- In 2007, the Federal National Guard Bureau awarded Colorado a new 800 soldier infantry battalion;
- The new battalion required the construction of five new armories over five years, with total construction costs of more than \$80 million, of which approximately 77.0 percent was federal funds; and
- Once all armories are occupied, armories will require State moneys for maintenance and utility costs of approximately \$200,000 per year.

### **RECOMMENDATION:**

Staff recommends the JBC request the Department provide an estimate of maintenance and utility costs for the five new armories from FY 2012-13 to FY 2015-16, and explain how these costs are being managed within existing appropriations.

### **DISCUSSION:**

#### ***Background***

In October 2007, the Federal National Guard Bureau awarded a new 800 soldier infantry battalion to Colorado, which generates approximately \$8.2 million in annual payroll. The battalion award mandated the construction of five new armories. Three of the armories are now complete, and two are under construction. The final armory in Alamosa received an appropriation in the FY 2012-13 Long Bill of \$2.7 million in capital construction funding to begin construction.

The federal government pays 75.0 percent of the construction costs of the four armories built on state land (Grand Junction, Ft. Lupton, Alamosa, and Windsor) and 100.0 percent of construction costs for centers built on federal land (North Colorado Springs). The following table details the status of these projects and related appropriations for construction costs:

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Readiness Center Construction				
Location	Completion Date	State Funds	Federal Funds	Total
Fort Lupton	Complete	\$5,297,596	\$9,080,908	\$14,378,504
Grand Junction	Complete	3,560,703	8,177,532	11,738,236
North Colorado Springs	June 2013	0	24,908,163	24,908,163
Windsor	Complete	5,488,461	9,037,440	14,525,901
Alamosa	October 2013	3,581,576	7,730,975	11,312,551
<b>Total</b>		<b>\$18,926,004</b>	<b>\$62,611,025</b>	<b>\$81,537,029</b>

State moneys appropriated to armory construction include: Capital Construction Cash Funds, real estate proceeds from the sale of surplus armories, and Veterans Trust Fund appropriations. House Bill 10-1140 (Nikkel/Shaffer) permitted temporary use of the moneys from the Veterans Trust Fund to be used for the construction of armories.

***Operating and Maintenance Expenses***

The State must pay a share of the maintenance and utility costs associated with the operation of armories. For armories on State land the Department pays 50.0 percent of costs, if the armory is on federal land the state pays 25.0 percent of maintenance and utility costs. The State's share for FY 2013-14 is estimated at \$200,000. The Department did not request an increase in appropriations for FY 2013-14 for this purpose, and reverted approximately \$97,000 General Fund from the line item supporting these costs in FY 2011-12. Staff recommends the JBC request the Department provide an estimate of maintenance and utility costs for the five new armories from FY 2012-13 to FY 2015-16, and explain how these costs are being managed within existing appropriations.

**RELEVANCE OF BRIEFING ISSUE TO THE DEPARTMENT'S STRATEGIC PLAN:**

Performance measures related to this issue brief were not provided in the Department's FY 2013-14 Strategic Plan.



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**Appendix A: Number Pages**

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 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 and civil emergencies in Colorado. Starting in FY 2010-11, the State's support for the Civil Air Patrol is shown in this Division. The cash funds sources are armory rental fees, the Western Slope Military Veterans' Cemetery Fund; real estate proceeds; and the Distance Learning Cash Fund. The reappropriated funds source is the Colorado Commission on Higher Education financial assistance program.

Personal Services	<u>2,191,724</u>	<u>2,001,431</u>	<u>2,045,223</u>	<u>2,085,793</u> *
FTE	31.8	30.2	33.3	34.2
General Fund	274,075	1,781,039	1,816,789	1,857,359
Cash Funds	0	0	3,729	3,729
Federal Funds	1,917,649	220,392	224,705	224,705
Health, Life, and Dental	<u>164,499</u>	<u>142,998</u>	<u>807,243</u>	<u>1,568,114</u> *
General Fund	164,270	129,116	196,640	476,602
Cash Funds	229	13,882	18,290	30,898
Federal Funds	0	0	592,313	1,060,614
Short-term Disability	<u>3,655</u>	<u>3,705</u>	<u>11,424</u>	<u>13,368</u> *
General Fund	3,555	3,379	3,998	4,733
Cash Funds	100	129	126	139
Federal Funds	0	197	7,300	8,496
S.B. 04-257 Amortization Equalization Disbursement	<u>55,559</u>	<u>57,909</u>	<u>218,926</u>	<u>266,393</u> *
General Fund	53,996	52,820	71,536	94,101
Cash Funds	1,563	1,970	2,288	2,779
Federal Funds	0	3,119	145,102	169,513

\*This line item includes a decision item.

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>39,450</u>	<u>46,248</u>	<u>187,845</u>	<u>240,494</u>	*
General Fund	38,307	42,159	61,182	84,952	
Cash Funds	1,143	1,583	1,966	2,509	
Federal Funds	0	2,506	124,697	153,033	
Salary Survey	<u>0</u>	<u>0</u>	<u>0</u>	<u>276,480</u>	
General Fund	0	0	0	94,863	
Cash Funds	0	0	0	3,242	
Federal Funds	0	0	0	178,375	
Merit Pay	<u>0</u>	<u>0</u>	<u>0</u>	<u>123,648</u>	
General Fund	0	0	0	41,660	
Cash Funds	0	0	0	1,487	
Federal Funds	0	0	0	80,501	
Shift Differential	<u>25,209</u>	<u>23,433</u>	<u>22,056</u>	<u>20,922</u>	
Federal Funds	25,209	23,433	22,056	20,922	
Workers' Compensation	<u>0</u>	<u>58,445</u>	<u>67,511</u>	<u>77,242</u>	
General Fund	0	19,870	22,954	26,263	
Federal Funds	0	38,575	44,557	50,979	
Operating Expenses	<u>2,589,390</u>	<u>2,226,955</u>	<u>2,056,770</u>	<u>2,062,423</u>	*
General Fund	1,172,977	1,084,744	1,181,198	1,186,851	
Cash Funds	0	0	46,000	46,000	
Federal Funds	1,416,413	1,142,211	829,572	829,572	

\*This line item includes a decision item.

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	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
Information Technology Asset Maintenance General Fund	<u>21,413</u> 21,413	<u>20,608</u> 20,608	<u>22,372</u> 22,372	<u>22,372</u> 22,372	
Legal Services General Fund	<u>8,071</u> 8,071	<u>1,753</u> 1,753	<u>8,498</u> 8,498	<u>8,498</u> 8,498	
Purchase of Services from Computer Center General Fund	<u>134,000</u> 134,000	<u>178,812</u> 178,812	<u>343,150</u> 343,150	<u>426,053</u> *	
Multiuse Network Payments General Fund	<u>23,160</u> 23,160	<u>59,906</u> 59,906	<u>92,051</u> 92,051	<u>61,446</u> 61,446	
Management and Administration of OIT General Fund	<u>59,990</u> 59,990	<u>60,776</u> 60,776	<u>0</u> 0	<u>0</u> 0	
Payment to Risk Management and Property Funds General Fund	<u>38,724</u> 38,724	<u>110,330</u> 110,330	<u>149,905</u> 149,905	<u>65,666</u> *	
Vehicle Lease Payments General Fund	<u>33,755</u> 33,755	<u>33,262</u> 33,262	<u>47,549</u> 47,549	<u>47,549</u> 47,549	
Leased Space General Fund	<u>41,260</u> 41,260	<u>43,212</u> 43,212	<u>44,978</u> 44,978	<u>44,978</u> 44,978	
Capitol Complex Leased Space General Fund	<u>89,200</u> 64,660	<u>79,532</u> 52,733	<u>76,894</u> 48,589	<u>92,558</u> *	
Federal Funds	24,540	26,799	28,305	34,071	

\*This line item includes a decision item.

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
Communication Services Payments	<u>12,163</u>	<u>13,001</u>	<u>26,235</u>	<u>18,168</u>	
General Fund	12,163	13,001	26,235	18,168	
COFRS Modernization	<u>0</u>	<u>0</u>	<u>42,198</u>	<u>42,198</u>	
General Fund	0	0	1,034	1,034	
Cash Funds	0	0	231	231	
Reappropriated Funds	0	0	153	153	
Federal Funds	0	0	40,780	40,780	
Civil Air Patrol Operations	<u>51,518</u>	<u>41,565</u>	<u>58,638</u>	<u>58,638</u>	
General Fund	51,518	41,565	58,638	58,638	
Local Armory Incentive Plan	<u>16,252</u>	<u>18,873</u>	<u>46,610</u>	<u>46,610</u>	
Cash Funds	16,252	18,873	46,610	46,610	
Distance Learning	<u>0</u>	<u>0</u>	<u>3,000</u>	<u>3,000</u>	
Cash Funds	0	0	3,000	3,000	
Colorado National Guard Tuition fund	<u>1,046,157</u>	<u>842,082</u>	<u>1,046,157</u>	<u>1,296,157</u> *	
General Fund	246,157	246,157	246,157	496,157	
Reappropriated Funds	800,000	595,925	800,000	800,000	
Army National Guard Cooperative Agreement	<u>6,620,136</u>	<u>7,084,872</u>	<u>3,509,359</u>	<u>3,509,359</u>	
FTE	51.5	56.4	51.5	51.5	
Federal Funds	6,620,136	7,084,872	3,509,359	3,509,359	

\*This line item includes a decision item.

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	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
<b>TOTAL - (1) Executive Director and Army National Guard</b>	13,265,285	13,149,708	10,934,592	12,478,127	14.1%
<i>FTE</i>	<u>83.3</u>	<u>86.6</u>	<u>84.8</u>	<u>85.7</u>	<u>1.1%</u>
General Fund	2,442,051	3,975,242	4,443,453	5,176,430	16.5%
Cash Funds	19,287	36,437	122,240	140,624	15.0%
Reappropriated Funds	800,000	595,925	800,153	800,153	0.0%
Federal Funds	10,003,947	8,542,104	5,568,746	6,360,920	14.2%

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 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>569,671</u>	<u>565,194</u>	<u>602,600</u>	<u>691,864</u> *
FTE	8.0	8.4	8.0	9.8
General Fund	543,055	532,612	549,091	638,355
Cash Funds	26,616	32,582	50,000	50,000
Reappropriated Funds	0	0	3,509	3,509
County Veterans Service Officer Payments	<u>196,554</u>	<u>172,654</u>	<u>190,654</u>	<u>190,654</u>
General Fund	196,554	172,654	190,654	190,654
Colorado State Veterans Trust Fund Expenditures	<u>950,073</u>	<u>767,841</u>	<u>932,957</u>	<u>932,957</u>
Cash Funds	950,073	767,841	932,957	932,957
Mental Health, Employment, Housing and Other				
Veterans Services	<u>0</u>	<u>0</u>	<u>1,000,000</u>	<u>0</u>
General Fund	0	0	1,000,000	0
Western Slope Veterans Cemetery	<u>408,788</u>	<u>276,888</u>	<u>412,134</u>	<u>478,034</u>
FTE	0.0	4.5	4.5	4.5
General Fund	0	130,754	133,338	133,338
Cash Funds	408,788	43,134	227,796	227,796
Federal Funds	0	103,000	51,000	116,900

\*This line item includes a decision item.

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	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Actual</b>	<b>FY 2012-13 Appropriation</b>	<b>FY 2013-14 Request</b>	<b>Request vs. Appropriation</b>
<b>TOTAL - (2) Division of Veterans Affairs</b>	2,125,086	1,782,577	3,138,345	2,293,509	(26.9%)
<i>FTE</i>	<u>8.0</u>	<u>12.9</u>	<u>12.5</u>	<u>14.3</u>	<u>14.4%</u>
General Fund	739,609	836,020	1,873,083	962,347	(48.6%)
Cash Funds	1,385,477	843,557	1,210,753	1,210,753	0.0%
Reappropriated Funds	0	0	3,509	3,509	0.0%
Federal Funds	0	103,000	51,000	116,900	129.2%

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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 Request	Request vs. Appropriation
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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>1,276,507</u>	<u>1,307,275</u>	<u>1,992,171</u>	<u>1,992,171</u>
FTE	24.7	0.0	26.1	26.1
General Fund	333,998	345,650	364,894	364,894
Federal Funds	942,509	961,625	1,627,277	1,627,277

Buckley Cooperative Agreement

FTE	<u>1,578,739</u>	<u>1,616,874</u>	<u>1,013,550</u>	<u>1,013,550</u>
Federal Funds	17.7	21.3	17.5	17.5
	1,578,739	1,616,874	1,013,550	1,013,550

Security for Space Command Facility at Greeley

FTE	<u>377,671</u>	<u>360,853</u>	<u>221,082</u>	<u>221,082</u>
Federal Funds	7.0	7.0	5.0	5.0
	377,671	360,853	221,082	221,082

<b>TOTAL - (3) Air National Guard</b>	3,232,917	3,285,002	3,226,803	3,226,803	0.0%
FTE	<u>49.4</u>	<u>28.3</u>	<u>48.6</u>	<u>48.6</u>	0.0%
General Fund	333,998	345,650	364,894	364,894	0.0%
Federal Funds	2,898,919	2,939,352	2,861,909	2,861,909	0.0%



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	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Appropriation	FY 2013-14 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	
Federal Funds	205,646,369	205,646,369	205,646,369	205,646,369	
<b>TOTAL - (4) Federal Funded Programs</b>	205,646,369	205,646,369	205,646,369	205,646,369	0.0%
FTE	<u>1,239.0</u>	<u>1,239.0</u>	<u>1,239.0</u>	<u>1,239.0</u>	<u>0.0%</u>
Federal Funds	205,646,369	205,646,369	205,646,369	205,646,369	0.0%

<b>TOTAL - Department of Military and Veterans</b>					
<b>Affairs</b>	224,269,657	223,863,656	222,946,109	223,644,808	0.3%
FTE	<u>1,379.7</u>	<u>1,366.8</u>	<u>1,384.9</u>	<u>1,387.6</u>	<u>0.2%</u>
General Fund	3,515,658	5,156,912	6,681,430	6,503,671	(2.7%)
Cash Funds	1,404,764	879,994	1,332,993	1,351,377	1.4%
Reappropriated Funds	800,000	595,925	803,662	803,662	0.0%
Federal Funds	218,549,235	217,230,825	214,128,024	214,986,098	0.4%

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

### **2011 Session Bills**

**S.B. 11-037 (World War II License Plate):** Creates the "Veteran of World War II" special license plates to show that the vehicle owner is a veteran of World War II. The Legislative Council Staff Fiscal Note projects that revenue from sale of the plates will approximately balance the costs of production; sales will not raise revenue any group.

**S.B. 11-076 (PERA Contribution):** PERA Contribution Rates. For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employee Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount.

**S.B. 11-146 (Supplemental Appropriation):** Supplemental appropriation to the Department of Military and Veterans Affairs for FY 2010-11.

**S.B. 11-209 (Long Bill):** General appropriations act for FY 2011-12.

**H.B. 11-1037 (Military Family Check off Extension):** Extends the period of time for which State income tax forms will include a line for taxpayers to make a voluntary donation to the Military Family Relief Fund through income tax years commencing before January 1, 2016. The donation line first appeared on the 2005 income tax form and has received an average of \$218,596 in donations annually.

**H.B. 11-1237 (National Guard Quarters and Billeting Fund):** Creates the Chargeable Quarters and Billeting Cash Fund, which receives moneys charged for the use of National Guard facilities. Allows the fund to be used for the costs associated with the operation, repair and maintenance of those facilities. Moneys in the fund are continuously appropriated to the Department.

### **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.

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

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### **Long Bill Footnotes**

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

Comment: This information was submitted in the FY 2013-14 budget request.

- 40b **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. Up to two 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 2012-13 Long Bill dedicated to mental health, family counseling, job training, employment, housing or other services provided to Colorado's veterans population:

<b>Grantee Organization</b>	<b>Amount</b>
AM Legion Post 1	\$19,000
AM Legion Post 108	20,000
AM Legion Post 113	3,000
AM Legion Post 143	7,800
VFW Post 1	66,000
VFW Post 2461	10,000
VFW Post 4265	10,000
DAV Chapter 48	24,200
DAV Chapter 44	10,400
Veterans Helping Veterans	45,000
Providers Clearing House	26,900
Country VSO Training	16,000
Catholic Charities	64,500

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<b>Grantee Organization</b>	<b>Amount</b>
El Paso Homeless Coalition	8,000
Jeffco Center Mental Health	99,500
Alamosa County	20,600
Crawford House	113,200
Project Sanctuary	79,600
Park County Senior Coalition	15,800
Co Judicial Department	107,600
Pikes Peak Workforce Center	8,000
Denver Human Services	24,100
Sobriety House	25,000
Phoenix Multi-Sport	5,400
Denver Options	44,500
American Military Family	37,800
Freedom Service Dogs	25,000
Housing Solutions SW	<u>43,200</u>
<b>TOTAL</b>	<b>\$980,100</b>

**Requests for Information**

None.

## **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 2013-14 Indirect Cost Assessment Request**

For FY 2013-14 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 .06 percent of the FY 2012-13 appropriation and are primarily used for grant programs.

## Appendix E: Change Requests' Relationship to Performance 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.

<b>Change Requests' Relationship to Performance Measures</b>			
<b>R</b>	<b>Change Request Description</b>	<b>Goals / Objectives</b>	<b>Performance Measures</b>
R-1	R-1 Veterans Affairs Personal Services	The Department included a goal to increase the number of veterans served through the Division.	Performance measures provide a benchmark of 422 veterans served per month.
R-2	R-2 Colorado National Guard Tuition Fund	Relationship to objective not provided.	Performance measures are not provided.
R-3	R-3 Human Resources Personal Services	Relationship to objective not provided.	Performance measures are not provided.
NPI-1	Capitol Complex Building Upgrades	N/A	N/A
NPI-2	Employee Engagement Survey Adjustment	N/A	N/A
NPI-3	OIT Enterprise Management	N/A	N/A