

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2010-11 STAFF FIGURE SETTING

**DEPARTMENT OF MILITARY
AND VETERANS AFFAIRS**

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

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FY 2008-09 Staff Figure Setting
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

TABLE OF CONTENTS		
Long Bill Sections	Page References	
	Figures	Narrative
Summary of Recommendations in this Packet	1	1
Executive Director and Army National Guard	2-5	10-22
Division of Veterans Affairs	5-6	22-28
Air National Guard	7	28-32
Federal Funded Programs	7-8	33-34
Civil Air Patrol	8-9	34
Department Totals	9	n/a
Footnote Recommendation	N/A	35

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
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Summary of Recommendations Included in this Packet

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

Summary of Recommendations Included in this Packet						
Description	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Compensation Update	77,166	1,838	576	0	74,752	0.0
Reduce Operating Expenses in EDO/Army National Guard*	(277,199)	(277,199)	0	0	0	0.0
PERA Contribution Shift	(155,057)	(58,135)	(2,247)	0	(94,675)	0.0
Reduce Repair & Maintenance Expenses at Buckley AFB*	(81,167)	(81,167)	0	0	0	0.0
Statewide Consolidation of IT	(19,915)	(19,915)	0	0	0	(2.0)
Refinance General Fund in Division of Veterans Affairs*	0	(50,000)	50,000	0	0	0.0
Restructure Civil Air Patrol Line Items	0	0	0	0	0	0.0
Restructure Federal Funded Line Items	0	0	0	0	0	0.0
Other (Includes common policies and statewide pending decision items)	<u>85,983</u>	<u>74,832</u>	<u>0</u>	<u>0</u>	<u>11,151</u>	<u>0.0</u>
Total	(\$370,189)	(\$409,746)	\$48,329	\$0	(\$8,772)	(2.0)

* These actions were taken as part of the Governor's August 25, 2009 budget reductions and incorporated into the regular supplemental bills that have been introduced in the House. The annualized totals shown here indicated the ongoing nature of these reductions.

**Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting
Department of Military and Veterans Affairs**

	FY 2007-08	FY 08-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Staff Recomm.	Requests
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS						
Major General H. Michael Edwards, Adjutant General and Executive Director						
(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 source is the Colorado Commission on Higher Education financial assistance program.						
Personal Services	1,810,915	2,130,962	2,169,137	2,111,373	2,064,596	
FTE	<u>28.6</u>	<u>34.0</u>	<u>34.3</u>	<u>33.3</u>	<u>33.3</u>	
General Fund	1,680,424	1,882,446	1,940,761	1,876,566	1,837,491	DI #1, OSPB DI
Cash Funds	0	0	3,786	3,786	3,786	
Federal Funds	130,491	248,516	224,590	231,021	223,319	
Health, Life and Dental	<u>126,962</u>	<u>191,992</u>	<u>533,727</u>	<u>520,184</u>	<u>Pending</u>	
General Fund	126,962	191,992	185,560	177,358		
Cash Funds	0	0	458	451		
Federal Funds	0	0	347,709	342,375		
Short-term Disability	<u>3,633</u>	<u>3,423</u>	<u>8,945</u>	<u>9,414</u>	<u>9,912</u>	
General Fund	3,633	3,423	3,213	3,211	3,555	
Cash Funds	0	0	92	101	104	
Federal Funds	0	0	5,640	6,102	6,253	
S.B. 04-257 Amortization Equalization Disbursement	<u>33,276</u>	<u>41,236</u>	<u>119,077</u>	<u>145,749</u>	<u>152,605</u>	
General Fund	33,276	41,236	42,197	48,977	53,996	
Cash Funds	0	0	1,244	1,593	1,623	
Federal Funds	0	0	75,636	95,179	96,986	

**Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting
Department of Military and Veterans Affairs**

	FY 2007-08	FY 08-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Appropriation	Request	Staff Recomm.	
S.B. 06-235 Supplemental Amortization Equalization						
Disbursement	<u>5,942</u>	<u>18,645</u>	<u>73,141</u>	<u>106,278</u>	<u>110,831</u>	
General Fund	5,942	18,645	25,310	34,819	38,307	
Cash Funds	0	0	770	1,170	1,187	
Federal Funds	0	0	47,061	70,289	71,337	
Salary Survey and Senior Executive Service	<u>82,000</u>	<u>86,388</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	82,000	86,388	0	0	0	
Cash Funds	0	0	0	0	0	
Federal Funds	0	0	0	0	0	
Performance-based Pay Awards	<u>37,299</u>	<u>38,360</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	37,299	38,360	0	0	0	
Cash Funds	0	0	0	0	0	
Federal Funds	0	0	0	0	0	
Shift Differential - Federal funds	22,286	24,052	17,829	19,242	Pending	
Workers' Compensation	<u>61,602</u>	<u>78,566</u>	<u>71,565</u>	<u>79,130</u>	Pending	OSPB DI
General Fund	21,295	26,711	24,322	26,937	0	
Federal Funds	40,307	51,855	47,243	52,193	0	
Operating Expenses	<u>1,010,410</u>	<u>2,290,613</u>	<u>2,056,730</u>	<u>2,057,507</u>	<u>2,056,770</u>	
General Fund	762,041	1,425,222	1,181,158	1,181,935	1,181,198	BR, OSPB DI
Cash Funds	0	161	46,000	46,000	46,000	
Cash Funds Exempt	3,895	0	0	0	0	
Federal Funds	244,474	865,230	829,572	829,572	829,572	
Information Technology Asset Maintenance - GF	26,013	22,372	22,372	22,372	22,372	
Legal Services for 110 Hours - General Fund	1,082	7,715	8,292	8,292	Pending	OSPB DI

**Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting
Department of Military and Veterans Affairs**

	FY 2007-08	FY 08-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Appropriation	Request	Staff Recomm.	
Purchase of Services from Computer Center - GF	543	10,581	10,222	135,799	Pending	OSPBI DI
Multiuse Network Payments	<u>403,389</u>	<u>11,235</u>	<u>11,235</u>	<u>23,187</u>	Pending	
General Fund	172,389	11,235	11,235	23,187	0	
Federal Funds	231,000	0	0	0	0	
Management and Administration of OIT - GF	0	14,977	13,490	60,774	Pending	OSPBI DI
Payment to Risk Management and Property Funds - GF	97,727	153,342	129,081	19,156	Pending	OSPBI DI
Vehicle Lease Payments - General Fund	24,294	25,300	45,875	54,054	Pending	OSPBI DI
Leased Space - General Fund	37,765	38,930	44,978	44,978	44,978	
Capitol Complex Leased Space (Camp George West)	<u>68,472</u>	<u>81,972</u>	<u>96,360</u>	<u>89,200</u>	Pending	OSPBI DI
General Fund	42,126	60,347	76,608	64,660	0	
Federal Funds	26,346	21,625	19,752	24,540	0	
Communications Services Payments - General Fund	10,754	11,233	11,233	12,331	Pending	
Utilities	<u>1,142,106</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	607,899	0	0	0	0	
Federal Funds	534,207	0	0	0	0	
Civil Air Patrol Operations - General Fund	0	0	0	0	58,638	
Local Armory Incentive Plan - Cash Funds	11,947	2,096	46,610	46,610	46,610	
Distance Learning - Cash Funds	0	0	3,000	3,000	3,000	

**Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting
Department of Military and Veterans Affairs**

	FY 2007-08	FY 08-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Appropriation	Request	Staff Recomm.	Requests
Colorado National Guard Tuition Fund	<u>825,803</u>	<u>814,164</u>	<u>1,046,157</u>	<u>1,046,157</u>	<u>1,046,157</u>	
General Fund	175,803	164,164	246,157	246,157	246,157	
Cash Funds Exempt/Reappropriated Funds	650,000	650,000	800,000	800,000	800,000	
Army National Guard Cooperative Agreement - Federal Funds						
a/	3,916,046	4,371,738	3,504,314	3,546,684	3,505,244	
FTE	<u>51.5</u>	<u>51.5</u>	<u>51.5</u>	<u>51.5</u>	<u>51.5</u>	
Administrative Services	296,127	0	0	0	0	
FTE	<u>5.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
General Fund	112,411	0	0	0	0	
Federal Funds	183,716	0	0	0	0	
						<i>Recomm. v. Appropriation</i>
SUBTOTAL - (1) EXECUTIVE DIRECTOR AND ARMY						
NATIONAL GUARD	10,056,393	10,469,892	10,043,370	10,161,471	9,063,075	-9.8%
FTE	<u>85.2</u>	<u>85.5</u>	<u>85.8</u>	<u>84.8</u>	<u>84.8</u>	<u>-1.2%</u>
General Fund	4,061,678	4,234,619	4,022,064	4,041,563	3,428,054	-14.8%
Cash Funds	11,947	2,257	101,960	102,711	102,310	0.3%
Cash Funds Exempt/Reappropriated Funds	653,895	650,000	800,000	800,000	800,000	0.0%
Federal Funds	5,328,873	5,583,016	5,119,346	5,217,197	4,732,711	-7.6%

a/ Pursuant to Section 23-3.3-202, C.R.S., these funds are reappropriated from the Department of Higher Education to the National Guard Tuition Assistance Program

(2) DIVISION OF VETERANS AFFAIRS

Represents veterans in claims for federal benefits, supports county veterans service officers, administers the Colorado State Veterans Trust Fund, and maintains the Western Slope Military Veterans Cemetery. Cash funds sources are the Colorado State Veterans Trust Fund and the Western Slope Military Veterans Cemetery Fund. Reappropriated funds source is the Colorado State Veterans Trust Fund.

**Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting
Department of Military and Veterans Affairs**

	FY 2007-08	FY 08-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Appropriation	Request	Staff Recomm.	
Veterans Service Operations	546,495	486,835	597,752	560,200	600,526	
FTE	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>	
General Fund	544,581	483,326	544,243	556,691	547,017	BR
Cash Funds	0	0	50,000	0	50,000	
Cash Funds Exempt/Reappropriated Funds	1,914	3,509	3,509	3,509	3,509	
County Veterans Service Officer Payments - GF	71,200	160,856	190,654	190,654	190,654	
Colorado State Veterans Trust Fund Expenditures	<u>643,904</u>	<u>643,336</u>	<u>1,028,911</u>	<u>1,114,988</u>	<u>1,079,275</u>	
Cash Funds	67,784	643,336	1,028,911	1,114,988	1,079,275	
Cash Funds Exempt	576,120	0	0	0	0	
Western Slope Veterans Cemetery	271,885	218,508	410,259	415,683	410,430	
FTE	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	
General Fund	133,479	167,185	132,190	135,369	132,363	
Cash Funds	0	51,323	227,069	229,314	227,067	
Cash Funds Exempt	76,065	0	0	0	0	
Federal Funds	62,341	0	51,000	51,000	51,000	
						<i>Request v. Appropriation</i>
SUBTOTAL - (2) DIVISION OF VETERAN AFFAIRS	1,533,484	1,509,535	2,227,576	2,281,525	2,280,885	2.4%
FTE	<u>12.5</u>	<u>12.5</u>	<u>12.5</u>	<u>12.5</u>	<u>12.5</u>	0.0%
General Fund	749,260	811,367	867,087	882,714	870,034	0.3%
Cash Funds	67,784	694,659	1,305,980	1,344,302	1,356,342	3.9%
Cash Funds Exempt/Reappropriated Funds	654,099	3,509	3,509	3,509	3,509	0.0%
Federal Funds	62,341	0	51,000	51,000	51,000	0.0%

**Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting
Department of Military and Veterans Affairs**

	FY 2007-08 Actual	FY 08-09 Actual	FY 2009-10 Appropriation	FY 2010-11		Change Requests
				Request	Staff Recomm.	
(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 civil emergencies in Colorado						
Operations and Maintenance Agreement for Buckley/Greeley	1,454,779	1,285,742	1,998,701	2,033,406	2,014,314	
FTE	<u>26.1</u>	<u>26.1</u>	<u>26.1</u>	<u>26.1</u>	<u>26.1</u>	
General Fund (M)	448,095	342,236	390,758 (M)	384,714	381,408	BR
Federal Funds	1,006,684	943,506	1,607,943	1,648,692	1,632,906	
Buckley Cooperative Agreement - Federal Funds	1,316,155	1,627,832	1,027,331	1,027,331	1,002,078	
FTE	15.0	20.5	17.5	17.5	17.5	
Security for Space Command Facility at Greeley - FF	177,486	238,500	224,382	224,382	219,888	
FTE	5.0	5.0	5.0	5.0	5.0	
						<i>Request v. Appropriation</i>
SUBTOTAL - (3) AIR NATIONAL GUARD	2,948,420	3,152,074	3,250,414	3,285,119	3,236,280	-0.4%
FTE	<u>46.1</u>	<u>51.6</u>	<u>48.6</u>	<u>48.6</u>	<u>48.6</u>	<u>0.0%</u>
General Fund	448,095	342,236	390,758	384,714	381,408	-2.4%
Federal Funds	2,500,325	2,809,838	2,859,656	2,900,405	2,854,872	-0.2%

(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 appropriation by the General 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 fiscal year beginning July 1.

Personal Services - Federal Funds	86,102,647	88,685,726	91,345,949	0	0	DI #1
FTE	1,239.0	1,239.0	1,239.0	0.0	0.0	
Operating and Maintenance - Federal Funds	57,419,961	59,142,560	60,916,837	0	0	DI #1

**Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting
Department of Military and Veterans Affairs**

	FY 2007-08	FY 08-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Appropriation	Request	Staff Recomm.	
Construction - Federal Funds	13,100,000	13,100,000	34,600,000	0	0	DI #1
Special Programs - Federal Funds	128,933	715,700	715,700	0	0	DI #1
Federal Funded Programs Operations - Federal Funds	0	0	0	205,646,369	205,646,369	DI #1
FTE	0.0	0.0	0.0	1,239.0	1,239.0	<i>Request v. Appropriation</i>
SUBTOTAL - (4) FEDERAL FUNDED PROGRAMS -						
Federal Funds	156,751,541	161,643,986	187,578,486	205,646,369	205,646,369	9.6%
FTE	1,239.0	1,239.0	1,239.0	1,239.0	1,239.0	0.0%

(5) CIVIL AIR PATROL

The Division supports the U.S. Civil Air Patrol, Colorado Wing, a non-profit organization which is a civilian auxiliary of the United States Air Force. Its primary mission is search and rescue. It is also chartered with promoting aerospace education and operating a cadet program. The State supports the Wing with 1.0 FTE and provides operating costs and minor maintenance.

Personal Services - General Fund	65,419	68,703	69,340	0	0	DI #1
FTE	1.0	1.0	1.0	0.0	0.0	
Operating Expenses - General Fund	13,309	13,324	13,324	0	0	DI #1
Aircraft Maintenance - General Fund	45,277	45,287	45,314	0	0	DI #1

**Fiscal Year 2010-11 Joint Budget Committee Staff Figure Setting
Department of Military and Veterans Affairs**

	FY 2007-08	FY 08-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Appropriation	Request	Staff Recomm.	
Civil Air Patrol Operations - General Fund	0	0	0	58,638	0	DI#1 <i>Request v. Appropriation</i>
SUBTOTAL - (5) CIVIL AIR PATROL - General Fund	124,005	127,314	127,978	58,638	0	-100.0%
FTE	1.0	1.0	1.0	0.0	0.0	-100.0%
						<i>Request v. Appropriation</i>
TOTAL - DEPARTMENT OF MILITARY AND VETERANS AFFAIRS	171,413,843	176,902,801	203,227,824	221,433,122	220,226,609	8.4%
FTE	<u>1,383.8</u>	<u>1,389.6</u>	<u>1,386.9</u>	<u>1,384.9</u>	<u>1,384.9</u>	<u>-0.1%</u>
General Fund	5,383,038	5,515,536	5,407,887	5,367,629	4,679,496	-13.5%
Cash Funds	79,731	696,916	1,407,940	1,447,013	1,458,652	3.6%
Cash Funds Exempt/Reappropriated Funds	1,307,994	653,509	803,509	803,509	803,509	0.0%
Federal Funds	164,643,080	170,036,840	195,608,488	213,814,971	213,284,952	9.0%

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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(1) EXECUTIVE DIRECTOR AND ARMY NATIONAL GUARD

The Executive Director and Army National Guard Office is responsible for the overall administration of the Department. It provides leadership to the Department by managing the general administrative functions, which include: Leadership and Policy Development; Human Resource Management; Accounting; Purchasing/Contracting; Budgeting; and Information Technology. Except for the Leadership and Policy Development, each of the functions has multiple operations within the Department representing different state and federal responsibilities of the Department. The Executive Director's office is also responsible for the legislative program of the Department at both the state and federal level.

The Army and Air National Guards are each separate entities, funded by the federal government and managed and staffed by Federal Civil Service employees. The federal government fully funds National Guard training and provides most of the funding for construction of armories and other military facilities. Under its cooperative agreements with the federal government, the Department provides 100 percent of maintenance and utilities costs at fifteen state owned armories, and 20 or 25 percent of these costs at four federal facilities.

Personal Services (Decision Item #1, Non Prioritized Decision Item)

The line item funds 33.3 FTE for administrative and professional staff in the Executive Director and Army National Guard office, and the labor trades and crafts employees who maintain and repair armories and other military facilities. The Department's request is for \$2,111,373 and 33.3 FTE, including \$1,876,566 General Fund, \$3,786 cash funds, and \$231,021 federal funds. The following table shows the staffing summary for the Executive Director and Army National Guard.

Executive Director and Army National Guard Staffing Summary				
	FY 2008-09 Actual	FY 2009-10 Approp.	FY 2010-11 Request	FY 2010-11 Recommend.
Adjutant General/ Deputy Director	4.0	4.0	4.1	4.1
Accounting	9.1	9.1	9.1	9.1
Human Resource Management	7.5	7.5	7.5	7.5
Information Technology	1.5	2.1	0.0	0.0
Planning/ Budgeting	3.1	3.1	3.1	3.1

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
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Executive Director and Army National Guard Staffing Summary				
	FY 2008-09 Actual	FY 2009-10 Approp.	FY 2010-11 Request	FY 2010-11 Recommend.
Clerical Support	4.5	4.5	5.5	5.5
Maintenance/Skilled Trades	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>
TOTAL	33.7	34.3	33.3	33.3

Decision Item # 1 - Restructuring of the Civil Air Patrol Long Bill groups

The Department has requested to combine the personal services line item in the Civil Air Patrol Division with the personal services line item in the Executive Director and Army National Guard Office.

The Civil Air Patrol, Personal Services, has an appropriation of \$71,526 General Fund and 1.0 FTE. With only 1.0 FTE it is difficult for the Department to manage vacancy savings to allow for unexpected payouts such as sick and annual leave. By merging the FTE into the Executive Director's Office and Army National Guard, the Department will have greater flexibility to manage this FTE.

This is a budget neutral request, as it will transfer \$71,526 General Fund and 1.0 FTE from the Civil Air Patrol to the EDO. **Staff recommends approval of the Department's request.**

Common Policy Requests

This line item incorporates a Statewide decision item, Information Technology Staff Consolidation. This will reduce the Personal Services line item by \$186,588 General Fund and 2.0 FTE. This decision item is pending committee action, and staff will incorporate the committee approved policy in the Long Bill.

In addition, the line is also affected by the legislative proposal to shift 2.5 percentage points of the state's Public Employees' Retirement Association (PERA) contribution to employees for the FY 2010-11 fiscal year. Staff's recommendation is based on this legislation becoming law. If the legislation is not enacted in time for setting the long bill, staffs recommendation will be adjusted by the amount of the PERA adjustment in the table below.

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
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The following table, which incorporates the Personal Service Calculation common policy approved by the Committee, summarizes the Department's request and staff's calculation of the FY 2010-11 personal services recommendation for the Executive Director and Army National Guard.

Executive Director's Office and Army National Guard Recommended Personal Services Budget					
	Total	General Fund	Cash Funds	Federal Funds	FTE
FY 2009-10 Long Bill Appropriation	\$2,185,881	\$1,955,272	\$3,717	\$226,892	34.3
Adjustment for FY 2009-10 Personal Services Reduction	<u>40,554</u>	<u>36,356</u>	<u>69</u>	<u>4,129</u>	<u>0.0</u>
Department's Base Request	2,226,435	1,991,628	3,786	231,021	34.3
<u>Decision Items</u>					
Restructure Civil Air Patrol	71,526	71,526	0	0	1.0
<u>Common Policy Requests</u>					
Statewide Information Technology Staff Consolidation	(186,588)	(186,588)	0	0	(2.0)
PERA Contribution Shift Adjustment	(49,851)	(42,149)	0	(7,702)	0.0
JBC Staff adjustment of OIT Consolidation and PERA Contribution Shift	<u>3,074</u>	<u>3,074</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Staff Recommendation for FY 2010-11	\$2,064,596	\$1,837,491	\$3,786	\$223,319	33.3

Staff recommends an appropriation of \$2,064,596 and 33.3 FTE, including \$1,837,491 General Fund. This includes the consolidation of Civil Air Patrol Personal Services into the Executive Director and Army National Guard Personal Services. The statewide decision items are pending committee action and/or legislation. If final Committee action on those items differ from those recommendations, staff will adjust the Long Bill to reflect Committee policy.

HEALTH, LIFE AND DENTAL

This line provides funding for the employer's share of group benefit plans providing health, life and dental insurance for state employees. The Department requests \$520,184, including \$177,358 General Fund.

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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

Staff's recommendation is pending Committee common policy. Staff will reflect Committee common policy in the appropriation for this line item.

SHORT-TERM DISABILITY

This line provides funding for the employer's share of state employee's short-term disability insurance premiums. The Department requests \$9,414, including \$3,211 General Fund.

Pursuant to Committee common policy, staff recommends an appropriation of \$9,912, comprised of \$3,555 General Fund, \$104 cash funds, and \$6,253 federal funds.

S.B. 04-157 AMORTIZATION EQUALIZATION DISBURSEMENT

Pursuant to S.B. 04-157, the line provides additional funding to increase the state contribution for the Public Employees Retirement Association (PERA). The Department requests \$145,749, including \$48,977 General Fund.

Pursuant to Committee common policy, staff recommends an appropriation of \$152,605, comprised of \$53,996 General Fund, \$1,623 cash funds, and \$96,986 federal funds.

S.B. 06-235 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISBURSEMENT

Pursuant to S.B. 06-235, the line provides additional funding to increase the state contribution for the Public Employees Retirement Association (PERA). The Department requests \$106,278, including \$34,819 General Fund.

Pursuant to Committee common policy, staff recommends an appropriation of \$110,831, comprised of \$38,307 General Fund, \$1,187 cash funds, and \$71,337 federal funds.

SHIFT DIFFERENTIAL

This line item provides funding for shift premiums for personnel working other than a work week of 8 a.m. to 5 p.m., Monday through Friday. The Department requests \$19,242 federal funds.

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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

Staff's recommendation is pending Committee common policy. Staff will reflect Committee common policy in the appropriation for this line item.

WORKERS' COMPENSATION

This line item provides funding to pay the Department's estimated share for inclusion in the State's workers' compensation program for state employees. This program is administered by the Department of Personal and Administration. The Department requests \$79,130, including \$26,937 General Fund and \$52,193 federal funds.

Staff's recommendation is pending Committee common policy. Staff will reflect Committee common policy in the appropriation for this line item.

OPERATING EXPENSES

This line item provides funding to pay the Department's expenses for supplies, telephone, training, minor armory repair and maintenance, utility expenses, travel and the general operational expenses for the Department. In 2008, the General Assembly approved consolidation of the Utilities line into Operating Expenses, which was the reason for the large increase from FY 2007-08 to FY 2008-09. The supplemental bill for the Department included a reduction of \$277,199 General Fund, which would be accomplished by reducing repair and maintenance to those that influence health, life, and safety. This request is to make that a base reduction, reducing the line item by that amount.

The supplemental bill also included a common policy reduction in funding for a mail equipment upgrade, which was annualized by staff to \$0 change, and this year's request includes an increase of \$80 General Fund for that upgrade.

The line item is detailed in the following table:

	Operating Expenses Line Item Detail			
	Total	General Fund	Cash Funds	Federal Funds
FY 2009-10 Long Bill Appropriation	\$2,334,706	\$1,459,134	\$46,000	\$829,572
Supplemental Appropriations	(277,199)	(277,199)	0	0

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING
 JBC Working Document: Decision Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Operating Expenses Line Item Detail				
	Total	General Fund	Cash Funds	Federal Funds
Reduce Repair and Maintenance Expenditures				
Mail Equipment Upgrade	(777)	(777)	0	0
Revised Appropriation	2,056,730	1,181,158	46,000	829,572
Annualization of Mail Equipment Upgrade	(40)	(40)	0	0
<u>OSPB Decision Item</u>				
Mail Equipment Upgrade	<u>80</u>	<u>80</u>	<u>0</u>	<u>0</u>
JBC Staff Recommendation	\$2,056,770	\$1,181,198	\$46,000	\$829,572

Staff recommends an appropriation of \$2,056,770, including \$1,181,198 General Fund. This includes the base reduction for repair and maintenance reduction and the common policy decision item. If Committee action on the common policy decision item differs from the recommendation, staff will incorporate the Committee's policy in the Long Bill.

INFORMATION TECHNOLOGY ASSET MAINTENANCE

This line item provides funding for the upkeep and maintenance of the Department's information technology infrastructure. The Department requests a continuation appropriation of \$22,372 General Fund..

Staff recommends an appropriation of \$22,372 General Fund.

LEGAL SERVICES FOR 110 HOURS

This line items funds the provision of legal services from the Attorney General's office. The Department requests a continuation appropriation of \$7,923 General Fund, and 110 hours of legal services for lawsuits, workers' compensation cases, and contract review.

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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

Staff recommends a continuation of 110 hours of legal services. Staff recommendation for the appropriation is pending Committee common policy. Staff will reflect Committee policy in the appropriation for this line item.

PURCHASE OF SERVICES FROM COMPUTER CENTER

This line item provides funding for the Department's use of the centralized computer system maintained by the Office of Information Technology (OIT).

The Department has requested an increased appropriation as a result of the statewide decision item to consolidate Information Technology staff. The Department's request appropriation for Personal Services is reduced by \$186,588 General Fund and 2.0 FTE, as those personnel are transferred to the OIT. The Department's request for this line is an increase of \$126,434 to fund services purchased from OIT. There are also several common policy changes that affect this line. The request and staff recommendation are broken out in the table below.

Executive Director and Army National Guard Purchase of Services from Computer Center Detail of Request	
Description	General Fund
FY 2009-10 Long Bill Appropriation	\$10,581
August 25, 2009 Budget Reduction	(359)
Statewide Common Policy Adjustment	(857)
Department's Base Request	\$9,365
Statewide Decision Item - Information Technology Staff Consolidation	<u>126,434</u>
Total Request	\$135,799

Staff's recommendation is pending Committee common policy. Staff will reflect Committee common policy in the appropriation for this line item.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING
 JBC Working Document: Decision Subject to Change
Staff Recommendation Does Not Represent Committee Decision

MULTIUSE NETWORK PAYMENTS

This line item provides funding for the Department's costs for inclusion in the State's network. The Department's request of \$23,187 General Fund includes a statewide common policy adjustment of \$11,952.

Staff's recommendation is pending Committee common policy. Staff will reflect Committee common policy in the appropriation for this line item.

MANAGEMENT AND ADMINISTRATION OF OIT

This line item provides funding for the Department's share of the operations of the Office of Information Technology in the Governor's Office.

The Department has requested an increased appropriation as a result of the statewide decision item to consolidate Information Technology staff. The Department's request appropriation for Personal Services is reduced by \$186,588 General Fund and 2.0 FTE, as those personnel are transferred to the OIT. The Department's request for this line is an increase of \$52,792 to fund services purchased from OIT. There are also several common policy changes that affect this line. The request and staff recommendation are broken out in the table below.

Executive Director and Army National Guard Management and Administration of Office of Information Technology Detail of Request	
Description	General Fund
FY 2009-10 Long Bill Appropriation	\$15,718
August 25, 2009 Budget Reduction	(2,228)
Statewide Common Policy Adjustment	(7,736)
Restore One-time Budget Reduction	2,228
Department's FY 2010-11 Base Request	\$7,982
Statewide Decision Item - Information Technology Staff Consolidation	<u>52,792</u>
Total Request	\$60,774

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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

Staff's recommendation is pending Committee common policy. Staff will reflect Committee common policy in the appropriation for this line item.

PAYMENT TO RISK MANAGEMENT AND PROPERTY FUNDS

This line item funds the Department's costs of the State's self-insurance program for risk management and property. This line is decreased by a Statewide common policy adjustment and annualization of the August, 2009 budget reduction. The Department requests an appropriation of \$19,156 General Fund, a decrease of \$120,345 from the FY 2009-10 Long Bill appropriation.

Staff's recommendation is pending Committee common policy. Staff will reflect Committee common policy in the appropriation for this line item.

VEHICLE LEASE PAYMENTS

This line item provides funding for the leasing costs of the Department's vehicle fleet. The Department requests an appropriation of \$54,054 General Fund.

Staff's recommendation is pending Committee common policy. Staff will reflect Committee common policy in the appropriation for this line item.

LEASED SPACE

This line item funds the lease for the Division of Veterans Affairs offices located at 7465 E. First Avenue in Denver. The Department requests a continuation appropriation of \$44,978 General Fund.

Staff recommends approval of the Department's request for a continuation appropriation of \$44,978 General Fund.

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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

CAPITOL COMPLEX LEASED SPACE

This line item provides funding for buildings at Camp George West occupied by the Colorado National Guard. The Department requests an appropriation of \$89,200, comprised of \$64,660 General Fund and \$24,540 federal funds.

Staff's recommendation is pending Committee common policy. Staff will reflect Committee common policy in the appropriation for this line item.

COMMUNICATIONS SERVICES PAYMENTS

This line item funds the Department's costs for network and telephone communications services and the digital trunked radio network. The Department requests \$12,331 General Fund.

Staff's recommendation is pending Committee common policy. Staff will reflect Committee common policy in the appropriation for this line item.

CIVIL AIR PATROL OPERATIONS - NEW LINE ITEM (DECISION ITEM #1)

This is new line item in the Executive Director's and Army National Guard Division, being a transfer of existing budgetary authority from the Civil Air Patrol Division (CAP). Decision Item #1 is a restructuring of the Federal Funded Program Division and the Civil Air Patrol Division. In this line item, staff will deal with the CAP restructuring portion of the Department's request.

The Department has requested to restructure the CAP line items, consolidating personal services in the CAP with personal services line in the Executive Director and Army National Guard Division. Staff discussed this in Personal Services above. The second component of this request was to consolidate the remaining two lines in the CAP Division into one line item titled "Civil Air Patrol Operations". These remaining two lines are discussed in this section.

The Civil Air Patrol, Colorado Wing, is a federally chartered non-profit corporation, created in Title 10 of the U.S. Code (10 U.S.C. 9441), as an auxiliary to the United States Air Force. It is funded primarily by the Air Force, user fees, and contributions. The CAP has five statutory purposes, encouraging citizens to contribute to developing aviation and maintaining air supremacy; providing aviation education and training, and foster civil aviation in local communities. The Colorado

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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

Division of the Civil Air Patrol supports and facilitates the operations of the CAP, Colorado Wing with 1.0 FTE and some funding for operating expenses and minor maintenance.

Currently, the Department has two operating lines in the CAP titled "Operating Expenses and Aircraft Maintenance. The Department's request is to consolidate these lines into one line item, called "Civil Air Patrol Operations". The Department's request would leave the Civil Air Patrol Division as a stand alone division, though the FTE assigned to the division would be located in Personal Services in the Executive Director's Office.

Staff recommends approval of the Department's request to consolidate the two line items into one line item. These are two relatively small lines that combine for \$58,638 General Fund, and merging the two lines would provide the Department with more flexibility to manage the program. Staff recommends, however, that instead of the Civil Air Patrol FTE being located in the Executive Director's Office and the Operating Expenses in the Civil Air Patrol Division, that the Line Item "Civil Air Patrol Operations" be transferred to the Executive Director and Army National Guard Division and that the Civil Air Patrol Division be discontinued. Staff can not see the justification to have a separate division with one small line item while the largest line item that supports that division is in a separate division.

The Department's request is budget neutral, the existing spending authority in the existing two lines is transferred to the new line. The Department requests \$58,638 General Fund for the new line item. **Staff recommends approval of the Department's request to merge the two lines, and recommends approval of the requested appropriation, \$58,638 General Fund, but to transfer the line to the Executive Director and Army National Guard Division and discontinue the Civil Air Patrol Division.**

LOCAL ARMORY INCENTIVE PROGRAM

The Department has statutory authority to expend armory rental proceeds for the costs of operating armories outside of normal hours. The spending authority is needed for the costs of the use of the armories for extended hours. The Department requests a continuation appropriation of \$46,610 cash funds from armory rental proceeds. **Staff recommends an appropriation of \$46,610 cash funds from armory rental proceeds.**

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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

DISTANCE LEARNING

This line item provides spending authority for revenues received from the use of the Department's distance learning facilities. The Department requests \$3,000 cash funds from fees on distance learning facilities and equipment. **Staff recommends an appropriation of \$3,000 cash funds from fees on distance learning facilities and equipment.**

COLORADO NATIONAL GUARD TUITION FUND

This line item provides funding for tuition assistance for members of the Colorado National Guard who are attending state universities and colleges. Because of increased use of tuition assistance by National Guard members, in the 2009 session, the General Assembly approved a decision item to increase funding for this line by \$70,354 General Fund, and approved H.B. 09-1290 to increase funding by \$150,000 reappropriated funds from the Colorado Commission on Higher Education. The Department is requesting a continuation appropriation of \$1,046,157, comprised of \$246,157 General Fund and \$800,000 reappropriated funds. **Staff recommends an appropriation of \$1,046,157, including \$246,157 General Fund.**

ARMY NATIONAL GUARD COOPERATIVE AGREEMENT

This line item funds programs that are 100 percent federally funded under the Department's cooperative agreements with the U.S. National Guard Bureau, which includes funding for 51.5 federally funded FTE, and the operations and maintenance of the Colorado Army National Guard program. The line contains both personal services and operating expenses. The Department requests an appropriation of \$3,546,684 federal funds, of which \$2,488,355 is for personal services and \$1,058,329 is for operating expenses. The request is adjusted for the PERA Contribution shift, a reduction of \$41,440. **Staff recommends an appropriation of \$3,505,244 federal funds.** This is comprised of \$2,446,915 for personal services and \$1,058,329 for operating expenses.

DIVISION TOTALS INCLUDING COMMON POLICIES

To assist the Committee with the full picture of the appropriation for the Executive Director and Army National Guard, staff has prepared the following table to show what staff has recommended

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING
 JBC Working Document: Decision Subject to Change
Staff Recommendation Does Not Represent Committee Decision

for the Department and the common policy line items that are pending Committee action. The common policy lines are shown with the Department's request.

Executive Director and Army National Guard Division Totals Including Common Policy Line Items					
	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds
FY 2008-09 Actual	10,305,397	4,070,124	2,257	650,000	5,583,016
FY 2009-10 Appropriation	10,043,370	4,022,064	101,960	800,000	5,119,346
FY 2009-10 JBC Staff Recommendations	9,063,075	3,428,054	102,310	800,000	4,732,711
Pending Common Policy Requests (Department Request)	<u>1,021,348</u>	<u>582,548</u>	<u>450</u>	<u>0</u>	<u>438,350</u>
JBC Staff Recommendations and pending Common Policies	\$10,084,423	\$4,010,602	\$102,760	\$800,000	\$5,171,061

(2) DIVISION OF VETERANS AFFAIRS

The Division represents veterans in federal benefits claims, provides information and training to county veterans service officers, and operates and maintains the Western Slope Military Veterans Cemetery in Grand Junction. The State Board of Veterans Affairs advises the Division on matters pertaining to veterans, makes grants from the Colorado Veterans Trust Fund for: capital improvements and amenities at state veterans nursing homes, costs of state veterans cemeteries; costs of the Division, and for veterans programs operated by non-profit veterans organizations. The Trust Fund is funded from a transfer of one percent, up to \$1 million, of the proceeds from the Master Tobacco Settlement.

VETERANS SERVICE OPERATIONS

This line item provides funding for salaries and employer contributions to PERA for employees who are responsible for assisting veterans in obtaining benefits from the U.S. Department of Veterans Affairs. These employees also assist county veterans service officers with their duties and training

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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

for those officers. This line also provides funding for the operating and administrative expenses of the program. The program has 8.0 FTE, whose staff functions are broken out in the table below.

Veterans Service Operations Staffing Summary				
	FY 2008-09 Actual	FY 2009-10 Approp.	FY 2010-11 Request	FY 2010-11 Recommend.
Veterans Service Officer	5.0	5.0	5.0	5.0
Administrative Staff	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
Total	8.0	8.0	8.0	8.0

The Department requests an appropriation of \$560,200, including \$556,691 General Fund and \$3,509 cash funds from the Colorado Veterans Trust Fund. The line combines personal services and operating expenses. The Department requested a supplemental for FY 2009-10 to reduce expenses by \$50,000. The following table details the Department's request and staff recommendation.

Veterans Service Operations Line Detail					
	Total	General Fund	Cash Funds	Reapprop. Funds	FTE
FY 2009-10 Long Bill appropriation (S.B. 09-259)					
Personal Services	\$507,453	\$507,453	\$0	\$0	8.0
Operating Expenses	102,747	99,238	0	3,509	0.0
Supplemental Appropriations					
Personal Services (Statewide furlough impact)	(12,448)	(12,448)	0	0	0.0
Operating Expenses	<u>0</u>	<u>(50,000)</u>	<u>50,000</u>	<u>0</u>	<u>0.0</u>
Final Appropriation	597,752	544,243	50,000	3,509	8.0
Annualize Supplemental Appropriation	(37,552)	12,448	(50,000)	0	0.0
Department's Request					
Personal Services	507,453	507,453	0	0	8.0

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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

Veterans Service Operations Line Detail					
	Total	General Fund	Cash Funds	Reapprop. Funds	FTE
Operating Expenses	52,747	49,238	0	3,509	0.0
PERA Contribution Shift Adjustment	(9,674)	(9,674)	0	0	0.0
Department FY 2010-11 Request	550,526	547,017	0	3,509	8.0
Staff Recommended Change	<u>50,000</u>	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>0.0</u>
Staff Recommendation	\$600,526	\$547,017	\$50,000	\$3,509	8.0

Staff Recommended Change

The Department requested a supplemental reducing the appropriation by \$50,000 General Fund, which would have been accomplished by eliminating one of two annual conferences for County Veterans Service Officers, and reductions in training courses, certifications, and reference materials. The reductions would not hit personal services, which have seen an increase in claims handled from 1,273 in 2004 to 5,406 in FY 2008-09, without an increase in FTE in that period.

The proposed reductions would come at the expense of better trained veterans service officers, both those employed by the state, and the county officers. These officers would have less training, and fewer reference materials with which to perform their duties. It should be pointed out that while the major metropolitan counties *may* have the funding to compensate for this reduction, many of the other counties have part-time or volunteer veterans service officers for whom the lack of training and other resources may hinder them in the performance of their jobs.

Staff recommends an alternative approach, which would be to use funding from the Colorado State Veterans Trust Fund to keep funding for this program at the previous levels. This would require an appropriation of \$50,000 cash funds from the Trust Fund. Section 28-5-709 (1) (b) (III), C.R.S. allows for moneys in the Trust Fund to be used (among other uses) for the "costs incurred by the division." The Joint Budget Committee approved this plan in the FY 2009-10 supplemental for the Department.

The history of the actual expenditures and appropriations from the Trust fund is detailed in the following table.

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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

Colorado State Veterans Trust Fund Expenditure and Appropriation History	
Fiscal Year (Actual through FY 2008-09)	Expenditures
2003-04	\$552,176
2004-05	598,353
2005-06	611,917
2006-07	547,827
2007-08	643,904
2008-09	643,336
2009-10 (Appropriated)	1,078,911
2010-11 (Requested)	1,114,988

In the 2009 session, the General Assembly changed the statute governing the use of the Master Tobacco Settlement moneys that were transferred into the Trust Fund, increasing the amount of those moneys that can be used for the purposes outlined in statute to 90 percent of the transfer. This results in a large increase in the appropriation from the fund, which primarily is used for grants to veterans service organizations to provide services to veterans.

After the proposed budget cuts were announced, the Colorado State Board of Veterans Affairs, which administers the Trust Fund, approved a \$40,000 grant from the Trust Fund to the Department. These moneys would be used to fund the same programs that were cut from the Department's budget. Staff is concerned about this use of a grant from a state funding source to replace budget cuts. Staff's recommendation is to make the appropriation from the Trust Fund directly and not go through the Board of Veterans Affairs. **Staff's recommendation is to refinance the \$50,000 General Fund budget reduction with a \$50,000 cash funds appropriation from the Colorado State Veterans Trust Fund.**

Staff recommends an appropriation of \$600,256, comprised of \$547,017 General Fund, \$50,000 cash funds from the Colorado State Veterans Trust Fund, and \$3,509 reappropriated funds from the Colorado State Veterans Trust Fund.

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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

COUNTY VETERANS SERVICE OFFICER PAYMENTS

This line item funds payments to counties for administrative support of county veterans service officers. The Department requests a continuation appropriation of \$190,564 General Fund.

The State requires each county to have a County Veterans Service Officer (CVSO). Some counties have one or more full-time CVSO, others have a part-time or volunteer CVSO, while at least two counties share a CVSO with another county. The state reimburses the counties at the rate of \$200 per month for a part-time officer and \$400 per month for a full-time officer. The appropriation for this program is \$88,800, while counties report that they spent more than \$1.2 million in support of the program.

The Department also has a pilot program in five counties to reimburse counties for increasing their efforts to enroll veterans with the U.S. Department of Veterans Affairs. Enrolling additional veterans has the potential to bring additional federal dollars to the state in the form of veterans pensions, health care, vocational rehabilitation and employment, education and training, home loans, life insurance, and other benefits. The original appropriation for the program was \$124,264 General Fund, however, due to the General Fund revenue shortfall, the appropriation was cut by \$45,000 in FY 2008-09, and by \$22,500 in FY 2009-10. The FY 2010-11 budget request is a continuation of the FY 2009-10 appropriation. **Staff recommends an appropriation of \$190,654 General Fund.**

COLORADO STATE VETERANS TRUST FUND EXPENDITURES

The Colorado State Veterans Trust fund is funded by a transfer of one percent, up to \$1 million, of the moneys the State receives from the Master Tobacco Settlement. Under current statute (Section 28-5-709 (3) (c), C.R.S.), 90 percent of the moneys transferred, plus any accumulated interest, are subject to appropriation by the General Assembly for the purposes of: capital improvements and amenities at state veterans nursing homes, costs of state veterans cemeteries; costs of the Division, and for veterans programs operated by non-profit veterans organizations. The Department requests an appropriation of \$1,114,988 cash funds from the Veterans Trust Fund.

The Department's request is comprised a 90 percent of the transfer of moneys from the Master Tobacco Settlement, or \$900,000 and the interest earnings of the fund of \$214,988. The Department calculated its request on the basis of receiving the full \$1 million allowable from these Master Settlement Agreement. This years JBC staff estimate of the funding for the Tobacco Settlement is \$960,319. Current statute allows the expenditure of 90 percent of that number, or \$864,287, plus interest of \$214,988.

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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

The Staff recommended change in the Veterans Service Operations would refinance \$50,000 of General Fund operating expenses with \$50,000 cash funds from the Colorado State Veterans Trust Fund. Committee approval of this change reduces expenditures in this line item by \$50,000. **Staff recommends an appropriation of \$1,029,275 cash funds.**

WESTERN SLOPE MILITARY VETERANS CEMETERY

This line item provides funding for personal services costs for the employees who operate and maintain the Cemetery, as well as the operating costs (utilities, routine maintenance, minor construction and improvement, as well as administrative costs) for the Cemetery. The Department is requesting a continuation appropriation of \$410,430 and 4.5 FTE, comprised of \$132,363 General Fund, \$227,067 cash funds from the Western Slope Military Veterans Cemetery Fund, and \$51,000 federal funds from interment fees from the U.S. Department of Veterans Affairs. Personal Services functions are detailed in the following table.

Western Slope Military Veterans Cemetery Staffing Summary				
	FY 2008-09 Actual	FY 2009-10 Approp.	FY 2010-11 Request	FY 2010-11 Recommend.
General Professional	1.0	1.0	1.0	1.0
Administrative Assistant	1.5	1.5	1.5	1.5
Maintenance Mechanic/ Structural Trades	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total	4.5	4.5	4.5	4.5

The line is a program line that includes personal services and operating expenses in one line. The line is broken out in the following table.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING
 JBC Working Document: Decision Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Western Slope Military Veterans Cemetery					
Line Item Detail					
	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
Long Bill personal services appropriation	\$236,558	\$135,369	\$101,189	\$0	4.5
Long Bill operating expenses appropriation	179,125	0	128,125	51,000	0.0
Supplemental Appropriation - Personal Service (Furlough adjustment)	<u>(5,424)</u>	<u>(3,179)</u>	<u>(2,245)</u>	<u>0</u>	<u>0.0</u>
FY 2009-10 Final appropriation	410,259	132,190	227,069	51,000	4.5
Annualization of Supplemental Appropriation	5,424	3,179	2,245	0	0.0
PERA Contribution Shift Adjustment	<u>(5,253)</u>	<u>(3,006)</u>	<u>(2,247)</u>	<u>0</u>	<u>0.0</u>
Department Request/JBC Recommendation	\$410,430	\$132,363	\$227,067	\$51,000	4.5

Staff recommends an appropriation of \$410,430 and 4.5 FTE, comprised of \$132,363 General Fund, \$227,067 cash funds from the Western Slope Military Veterans Cemetery Fund, and \$51,000 federal funds from interment fees. The request includes \$231,305 for personal services and \$179,125 for operating expenses.

(3) AIR NATIONAL GUARD

The following table summarizes FTE for the Air National Guard Division.

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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

Air National Guard Staffing Summary				
	FY 2008-09 Actual	FY 2009-10 Approp.	FY 2010-11 Request	FY 2010-11 Recommend.
Administrative Support	3.0	3.0	3.0	3.0
Air Traffic Controllers	7.0	7.0	7.0	7.0
Physical Plant	33.6	33.6	33.6	33.6
Security	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
TOTAL	48.6	48.6	48.6	48.6

OPERATIONS AND MAINTENANCE AGREEMENT FOR BUCKLEY/GREELEY

This line item funds personal services, operating expenses, and utilities for the Buckley Air Force Base. The proportion of General Fund to federal funds is based on the annual cooperative agreement between the Department and the U.S. Department of Defense. The Department requests \$2,033,406 and 26.1 FTE, comprised of \$384,714 General Fund and \$1,648,692 federal funds.

Base Reduction Request

The Department has requested a base reduction of \$81,167 General Fund for FY 2010-11, which is the annualization of a supplemental request approved by the JBC for FY 2009-10. The request is to reduce maintenance and repair expenses at Buckley Air Force Base to maintenance and repair to those issues related to health, life, and safety.

The Department states that the quality and condition of facilities is an important part of recruiting and retaining National Guard members. Deterioration to facilities due to lack of maintenance will likely increase the costs of the ultimate repairs and shorten the life of the facilities. However, all decisions being made about the budget at this time have negative ramifications, so **Staff's recommendation is to approve the Department request for a base reduction of \$81,167 General Fund in FY 2010-11.** This is the annualization of the \$70,000 supplemental reduction in FY 2009-10.

The line's appropriation is detailed in the following table, broken down by personal services and operating expenses.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING
 JBC Working Document: Decision Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Operations and Maintenance Agreement for Buckley/Greeley				
Line Item Detail				
	Total	General Fund	Federal Funds	FTE
<u>Personal Services</u>				
FY 2009-10 Long Bill Appropriation	1,234,941	245,301	989,640	26.1
FY 2009-10 Supplemental Appropriation (Furlough impact)	(22,820)	(562)	(22,258)	0.0
Revised FY 2009-10 Appropriations	1,212,121	244,739	967,382	26.1
Adjustment for FY 2009-10 Personal Service Cut	23,052	4,561	18,491	0.0
Annualization of FY 2009-10 Supplemental Appropriation	22,820	562	22,258	0.0
FY 2010-11 Base Operating Request	1,257,993	249,862	1,008,131	26.1
PERA Contribution Shift Adjustment	(19,092)	(3,306)	(15,786)	0.0
Staff Recommendation - Personal Services	1,238,901	246,556	992,345	26.1
<u>Operating Expenses</u>				
FY 2009-10 Long Bill Appropriation	856,580	216,019	640,561	
FY 2009-10 Supplemental Appropriation (Reduce Repair and Maintenance)	(70,000)	(70,000)	0	
Revised FY 2009-10 Appropriations	786,580	146,019	640,561	
Annualization of FY 2009-10 Supplemental Appropriation	(11,167)	(11,167)	0	
FY 2010-11 Base Operating Request	775,413	134,852	640,561	
Staff Recommendation - Operating Expenses	<u>775,413</u>	<u>134,852</u>	<u>640,561</u>	
JBC Staff Recommendation	\$2,014,314	\$381,408	\$1,632,906	26.1

Staff recommends an appropriation of \$2,014,314, and 26.1 FTE comprised of \$381,408 General Fund and \$1,632,906 federal funds.

Request to remove "(M)" headnote from this line item

An "(M)" headnote to a line item in the Long Bill requires that the General Fund appropriation be reduced by the amount of excess federal funds received. This becomes a problem when the Department receives additional federal funding. Under the Master Cooperative Agreement with the

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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

National Guard Bureau, the State is required to maintain its effort in order to receive the funding. However, with the "M" headnote on the line, the Department is required to reduce the General Fund appropriation by the amount of federal dollars received.

This can cause the Department to lose those federal dollars to another state that does not have such a restriction. While this has not been a problem in the last several years because federal funding has not been sufficient to fully fund the federal portion of this line item, in a future year, maintenance of the "M" headnote could cause the state to lose federal funding. Staff has checked with the State Office of Planning and Budgeting and they do not oppose this request.

Staff recommends removing the "M" headnote to this line item.

BUCKLEY COOPERATIVE AGREEMENT

This line item funds personal services, operating expenses, and utilities for the Air National Guard. These expenses are 100 percent federal funded. The Department requests \$1,027,331 federal funds and 17.5 FTE.

These employees are subject to PERA and therefore subject to the PERA contribution adjustment, which shifts 2.5 percent of the PERA contribution from the State to the employee for FY 2010-11. The line item is broken down in the following table.

Buckley Cooperative Agreement Line Item Detail		
	Federal Funds	FTE
<u>Personal Service</u>		
FY 2009-10 Long Bill Appropriation	\$918,710	17.5
PERA Contribution Shift Adjustment	(25,253)	0.0
Recommended appropriation - Personal Services	893,457	17.5
<u>Operating Expenses</u>		
FY 2009-10 Long Bill appropriation	108,621	

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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

Buckley Cooperative Agreement Line Item Detail		
	Federal Funds	FTE
Continuation appropriation - Operating Expenses	<u>108,621</u>	
JBC Staff Recommendation - Buckley Cooperative Agreement	\$1,002,078	17.5

Staff recommends an appropriation of \$1,002,078 federal funds and 17.5 FTE.

SECURITY FOR SPACE COMMAND FACILITY AT GREELEY

The federal government pays the State to employ five full-time security guards at the Greeley facility. The Department requests \$224,382 federal funds and 5.0 FTE.

These employees are subject to PERA and therefore subject to the PERA contribution adjustment, which shifts 2.5 percent of the PERA contribution from the State to the employee for FY 2010-11. The line item is broken down in the following table.

Security for Space Command Facility at Greeley Line Item Detail		
	Federal Funds	FTE
<u>Personal Service</u>		
FY 2009-10 Long Bill Appropriation	\$219,973	5.0
PERA Contribution Shift Adjustment	(4,494)	0.0
Recommended appropriation - Personal Services	215,479	5.0
<u>Operating Expenses</u>		
FY 2009-10 Long Bill appropriation	4,409	
Continuation appropriation - Operating Expenses	<u>4,409</u>	
JBC Staff Recommendation - Buckley Cooperative Agreement	\$219,888	5.0

**DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING**

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

Staff recommends an appropriation of \$219,988 federal funds and 5.0 FTE.

(4) FEDERAL FUNDED PROGRAMS

This section is included for information only. It describes funding that is managed by the Department but which is not subject to state appropriation and does not flow through the state accounting system. These programs provide training one weekend per month and two weeks per year for members of the Colorado National Guard. The requested level of federal funding reflects estimates of the federal appropriation for federal fiscal year 2011, which runs from October 1, 2010 through September 30, 2011.

Decision Item #1

The Department request is to consolidate this program into one line item from the present four lines. The request reduces the amount of time required by the Department to book the lines into the State accounting system, then restricting those funds, since the funds never flow into or through the State's accounting system. The request would eliminate the current four line items, Personal Services, Operations and Maintenance, Construction, and Special Programs into a new line Federal Funded Programs Operations. The proposal is budget neutral, although there will be small savings accomplished because of the reduction of staff time booking each line.

Staff recommends approval of the request to consolidate the current four lines into a new line, Federal Funded Programs Operations. **Staff further recommends reflecting the Department's request for the appropriation of \$205,646,369 federal funds and 1239.0 FTE.** These figures represent the expected federal expenditures for National Guard Training and Operations.

If the Committee does not approve the restructuring of the Federal Funded Programs line items, **Staff recommends reflecting the following appropriations:**

Personal Services: \$94,086,327 federal funds and 1,239.0 FTE.

Operations and Maintenance: \$62,744,342 federal funds.

Construction: \$48,100,000 federal funds.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING
JBC Working Document: Decision Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Special Programs: \$715,700 federal funds.

(5) CIVIL AIR PATROL

The Civil Air Patrol is a federally-chartered nonprofit corporation, created in Title 10 of the U.S. Code (10 U.S.C. 9441), as an auxiliary of the United States Air Force. It is funded primarily by the Air Force and by user fees. The organization has five statutory purposes, including: encouraging citizens to contribute to developing aviation; maintaining air supremacy; providing aviation education; providing aviation training; and fostering civil aviation in local communities.

The Colorado Civil Air Patrol was created to support the Civil Air Patrol, Colorado Wing. The mission of the Colorado Civil Air Patrol is provide support for and facilitate the operation of the Colorado Wing. The supports the organization by providing funding for 1.0 FTE, and some operating and maintenance expenses.

Decision Item #1

This decision item has been discussed with in the Executive Director and Army National Guard Division. Staff's recommendation is to do away with this Long Bill division entirely and merge the Civil Air Patrol into the EDO. The reasons are explained in that section of this document.

In the event that the Committee does not approve of the restructuring of the Civil Air Patrol lines, staff recommends a continuation appropriation for all three line items. These are:

PERSONAL SERVICES: Staff recommends a continuation appropriation of \$71,526 General Fund and 1.0 FTE.

OPERATING EXPENSES: Staff recommends a continuation appropriation of \$13,324 General Fund.

AIRCRAFT MAINTENANCE: Staff recommends a continuation appropriation of \$45,314 General Fund.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS
FY 2010-11 STAFF FIGURE SETTING
JBC Working Document: Decision Subject to Change
Staff Recommendation Does Not Represent Committee Decision

LONG BILL FOOTNOTES

Staff recommendations are provided below for Department footnotes in the FY 2010-11 Long Bill:

N **Department of Military and Veterans Affairs, Federal Funded Programs**—These federal funds are shown for informational purposes. These funds are not to be included in the spending authority for the Department because these funds do not flow through the accounting system of the state. It is the intent of the General Assembly that these programs, funding, and FTE are included to demonstrate the full scope of activities of the Department of Military Affairs.

Comment: Staff recommends continuing this footnote.