

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**INTERIM SUPPLEMENTAL REQUESTS
FOR FY 2015-16**

DEPARTMENT OF REGULATORY AGENCIES

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

**Prepared By:
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TABLE OF CONTENTS

	Narrative Page	Numbers Page
Prioritized Interim Supplementals in Department-Assigned Order		
Supplemental #1 – Technical Adjustment for S.B. 15-202 Appropriation	1	4
Total for All Interim Supplementals	N.A.	5

Prioritized Interim Supplemental Requests

INTERIM SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #1 TECHNICAL ADJUSTMENT FOR S.B. 15-202 APPROPRIATION

	Request	Recommendation
Total	<u>\$134,644</u>	<u>\$0</u>
FTE	1.9	0
Cash Funds	134,644	0

<p>Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.? [The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.]</p>	NO
<p>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]</p>	YES
<p>JBC staff disagrees with the Department that this request meets the interim supplemental criteria of Section 24-75-11, C.R.S., because Department sufficient appropriated spending authority to prevent an overexpenditure prior to the normal supplemental process. JBC staff and the Department agree that the request meets the JBC's supplemental criteria. This request is a result of a technical error in calculating the original appropriation due to data that was not available when the initial Fiscal Note was drafted.</p>	

Department Request: The Department requests a technical adjustment to appropriate \$134,644 cash funds and 1.9 FTE to for FY 2015-16 pursuant to S.B. 15-202 (Exclude Water Conditioning Appliance from Plumbing).

Staff Recommendation: Staff recommends that the Committee deny the Department's interim supplemental request and instead address this request through the normal supplemental process.

The rules governing interim supplementals in Section 24-75-111 (5), C.R.S., require the Committee to introduce all interim supplementals that it approves.

Staff Analysis: The interim supplemental request represents less than 1.0 percent of the Department of Regulatory Agencies' FY 2015-16 appropriations for each affected line item. The Department has the statutory and spending authority to begin implementation of the provisions of S.B. 15-202 and there is a slim likelihood that the Department will overexpend its current appropriation prior to completion of the normal supplemental process. The table below details the relative impact of the supplemental request by line item.

Department of Regulatory Agencies’ Interim Supplemental Request as a Percent of FY 2015-16 Appropriations			
Division, Line Item	FY 2015-16 Appropriation	FY 2015-16 Interim Supplemental Request	Request as a Percent of FY 15-16 Approp.
EDO, Legal Services	\$10,458,308	\$6,651	0.1
Professions & Occupations, Personal Services	13,916,975	116,782	0.8
Professions & Occupations, Operating Expenses	\$1,475,649	\$11,211	0.8

Assuming the Committee follows Staff’s recommendation, the Department would have a couple options to address the current appropriation shortfall. The start-up and implementation of the program could be delayed until the necessary appropriations are secured. This option would result in ramp-up activities not being undertaken until January or February 2016. Alternatively, the Department could cover the costs of program start-up and implementation by a reduction in the spending of the other Division of Professions and Occupations (DPO) programs. This option could adversely impact those programs ability to provide industry support. Ultimately, a delay in program funding impacts the DPO’s ability to meet the statutory deadline of April 1, 2016 for the implementation of the provisions of S.B. 15-202.

Fiscal Impact Analysis

JBC Staff, Legislative Council Staff, and the Department agree that the Revised Fiscal Impact (May 6, 2015) accurately reflects the fiscal impact of the bill. The DPO will need an additional appropriation of \$116,782 cash funds for personal services and \$11,211 cash funds for operating expenses. The Executive Director’s Office will need an additional appropriation of \$6,651 cash funds for the purchase of legal services from the Department of Law. These cash funds will be from the Division of Professions and Occupations Cash Fund created in Section 24-34-105 (2) (b) (I), C.R.S.

Personal services costs for the additional 1.9 FTE are the main factor driving the estimated state expenditures. The DPO will need to add 1.6 FTE for inspections and 0.3 FTE for program administration tasks. The inspections component of the FTE was calculated by estimating the number of permit applications submitted to the State Plumbing Board for plumbing installation. An increase in the number of permit applications is anticipated as a result of the enactment of S.B. 15-202. The DPO estimates an increase of 3,000 inspections conducted per year based on the assumption that 50 contractors will submit 5 permits per month annually. It is estimated that an inspector will conduct 1,800 inspections per year, resulting in the 1.6 FTE figure (3,000/1,800 = 1.6).

Background

The General Assembly inadvertently enacted S.B. 15-202 (Exclude Water Conditioning Appliance from Plumbing) without the necessary appropriation clause to match the Legislative Council Staff State Revised Fiscal Impact dated May 6, 2015. The original bill and its accompanying fiscal note had omitted water conditioning professionals from registration requirements. On second reading in the House Committee on Local Government, the bill was amended by a strike-below that created three registration categories for water conditioning

professionals. The committee then routed the bill to the House Committee of the Whole pursuant to the fiscal impact of the original fiscal note. When the bill reached the Senate for consideration of the House amendments, the bill was not sent to the Conference Committee for the attachment of an appropriations clause. Instead the Senate passed a Concurrence with House Amendments motion, resulting in the current situation.

	FY 2014-15	FY 2015-16	Fiscal Year 2015-16 Interim Supplemental		
	Appropriation	Appropriation	Requested Change	Recommended Change	New Total with Recommendation

DEPARTMENT OF REGULATORY AGENCIES
Executive Director - Barbara Kelly

Interim Supplemental #1 - S.B. 15-202 Technical Appropriation

(1) Executive Director's Office

Legal Services	10,992,928	10,458,308	6,651	6,651	10,464,959
FTE	0.0	0.0	0.0	0.0	0.0
General Fund	216,752	206,764	0	0	206,764
Cash Funds	10,481,271	9,967,042	6,651	6,651	9,973,693
Reappropriated Funds	106,439	103,547	0	0	103,547
Federal Funds	188,466	180,955	0	0	180,955

(2) Division of Professions and Occupations

Personal Services	13,777,859	13,916,975	116,782	116,782	14,033,757
FTE	200.4	196.9	1.9	1.9	198.8
Cash Funds	13,182,077	13,323,524	116,782	116,782	13,440,306
Reappropriated Funds	595,782	593,451	0	0	593,451

Operating Expenses - CF	1,490,542	1,475,649	11,211	11,211	1,486,860
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Total for Supplemental	<u>26,261,329</u>	<u>25,850,932</u>	<u>134,644</u>	<u>134,644</u>	<u>25,985,576</u>
FTE	200.4	196.9	1.9	1.9	198.8
General Fund	216,752	206,764	0	0	206,764
Cash Funds	25,153,890	24,766,215	134,644	134,644	24,900,859
Reappropriated Funds	702,221	696,998	0	0	696,998
Federal Funds	188,466	180,955	0	0	180,955

	FY 2014-15	FY 2015-16	Fiscal Year 2015-16 Interim Supplemental		
	Appropriation	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Totals					
DEPARTMENT OF REGULATORY AGENCIES					
TOTALS for ALL Departmental line items	86,743,142	88,577,567	134,644	134,644	88,712,211
FTE	<u>587.6</u>	<u>583.6</u>	<u>1.9</u>	<u>1.9</u>	<u>585.5</u>
General Fund	1,884,591	1,923,405	0	0	1,923,405
Cash Funds	78,741,802	80,292,863	134,644	134,644	80,427,507
Reappropriated Funds	4,725,487	4,875,289	0	0	4,875,289
Federal Funds	1,391,262	1,486,010	0	0	1,486,010

Key:

"N.A." = Not Applicable or Not Available