

JOINT BUDGET COMMITTEE



STAFF FIGURE SETTING FY 2022-23

LEGISLATIVE DEPARTMENT (LONG BILL APPROPRIATIONS ONLY)

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

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DEPARTMENT OVERVIEW

The Legislative Branch includes the elected members of the House of Representatives and the Senate, and the necessary staff to support legislators in their duties and responsibilities. The staff include those assigned to the House and the Senate, and those employed by the following legislative service agencies:

- Office of the State Auditor;
- Joint Budget Committee (JBC);
- Legislative Council; and
- Committee on Legal Services.

The legislative service agency staff are full-time nonpartisan professionals. The House and the Senate employ both partisan and nonpartisan staff, and many of these staff serve only when the General Assembly is in session.

GENERAL NOTES ABOUT THIS PACKET

While the majority of appropriations for the Legislative Department are included in a separate bill (e.g., S.B. 21-196), some line item appropriations for the Department are included in the Long Bill. These Long Bill appropriations provide funding for:

- studies and analyses that are required by statute or the State Constitution; and
- statewide common policies that relate to services provided by the Executive Branch agencies (e.g. workers' compensation).

This document only includes staff recommendations for Long Bill appropriations.

Unlike Executive and Judicial Branch departments, the Legislative Department does not submit a budget request to the Joint Budget Committee. Instead, each legislative agency Director makes a recommendation to their respective oversight committee, and the budget approved by the oversight committee is submitted to the Executive Committee. The Executive Committee is responsible for proposing the Legislative Branch budget to the General Assembly.

At this point in the legislative budget process, JBC staff does not yet have information about each agency's budget request for FY 2022-23. Absent this information, the "Numbers Pages" appendix that is typically included in a JBC staff figure setting document is of limited value. Thus, staff has elected to exclude this appendix from this document.

→ STAFF RECOMMENDATION FOR PLACEHOLDER

Staff recommends that the JBC approve a General Fund place holder as part of its FY 2022-23 budget proposal to cover the appropriations that are included in the 2022 Legislative Appropriation Bill. Staff also requests permission to adjust this placeholder if necessary based on any amendments to the Legislative Appropriation Bill.

Staff currently anticipates that the Executive Committee will take final action on the legislative budget bill on Friday, March 4. Staff will prepare a memo for the JBC at that time identifying the required General Fund place holder.

LEGISLATIVE DEPARTMENT: LONG BILL APPROPRIATIONS

(1) LEGISLATIVE COUNCIL

PROPERTY TAX STUDY PURSUANT TO SECTION 39-1-104 (16), C.R.S.

This line item provides funding for Legislative Council Staff to annually contract for a statutorily required “valuation for assessment” study. The objective of this study is to determine whether county assessors are correctly and consistently applying constitutional and statutory provisions to arrive at the actual value of properties.

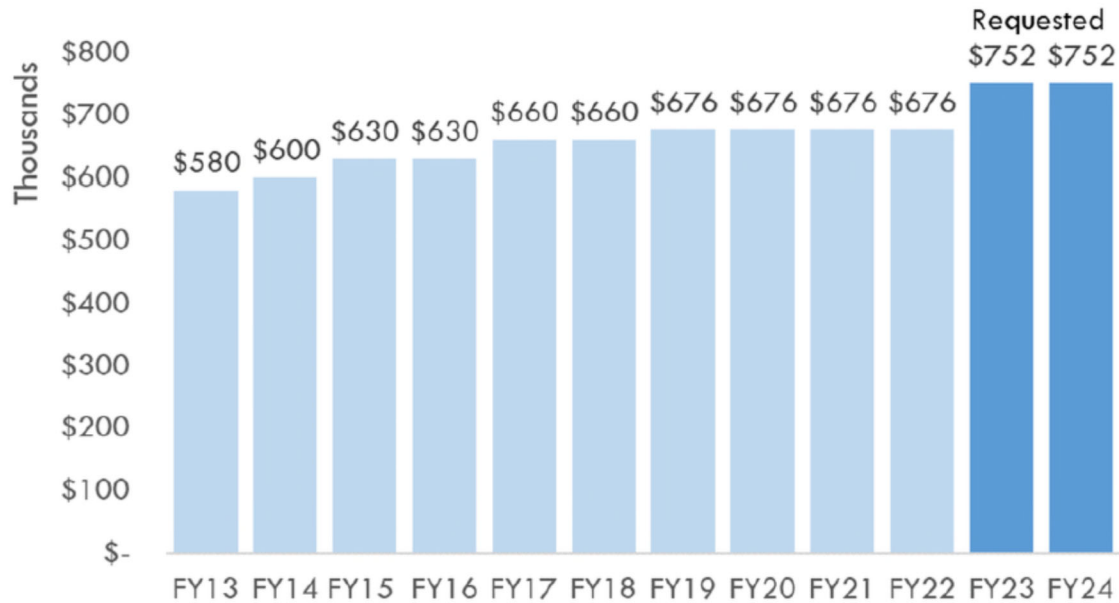
The audit of county assessor valuations follows a two year cycle, with odd numbered fiscal years involving the bulk of the data gathering, field work, and analysis as new levels of value are being established through reappraisals updating the "base year" levels of value. Even-numbered years tend to focus more on directives of the State Board of Equalization, maintaining the audit database, and monitoring the actions of the counties, but also include a detailed abstract of properties used by legislative staff in analyzing proposals to change the state's property tax system.

STATUTORY AUTHORITY: Section 39-1-104 (16)(a), C.R.S.

REQUEST: The Legislative Council Staff requests \$752,000 General Fund for the audit of county assessor values. This represents an 11.2 percent increase in the current appropriation of \$676,000. This appropriation has remained at this level for four fiscal years. The requested increase adjusts for inflation from 2018 to 2022 (using the December 2021 Legislative Council Staff projection for inflation in 2022).

The following graphic, prepared by Legislative Council Staff, illustrates recent appropriations for this line item and the requested amount.

Property Tax Audit Appropriation



RECOMMENDATION: Staff recommends approving the request. This requested amount was approved by the Executive Committee on February 7.

COST OF LIVING ANALYSIS PURSUANT TO SECTION 22-54-104 (5)(C)(III)(A), C.R.S.

This line item provides funding for Legislative Council Staff to contract for a cost of living analysis to certify the cost of living factor for each school district. The cost of living factor is included in the statutory school finance formula to allocate State funds among school districts. These factors must be certified by April 15 every other year, and the factors are effective for the following two state fiscal years.

The costs of this study are supported by a transfer from the appropriation to the Department of Education for the State Share of Districts’ Total Program Funding. A footnote specifies the maximum amount of the transfer to fund the biennial cost of living analysis.

The cost-of-living study conducted during the 2021 interim will determine school district cost-of-living factors for FY 2022-23 and FY 2023-24. The next cost of living study will be conducted during the 2023 interim, so this appropriation is not needed again until FY 2023-24.

STATUTORY AUTHORITY: Section 22-54-104 (5)(C)(III)(A) and (B), C.R.S.;

REQUEST: The Legislative Council Staff requests \$0 reappropriated funds for the cost-of-living analysis of school districts.

RECOMMENDATION: Staff recommends approving the request.

BALLOT ANALYSIS

This line item provides funding for the printing, mailing, and analysis of statewide ballot measures. Sections 1 (7.3) and (7.5) of Article V of the State Constitution requires the nonpartisan staff of the General Assembly to:

- cause to be published in each county the text and title of every statewide initiated or referred measure; and
- prepare and distribute to active registered voters statewide a ballot information booklet that includes the text and title of each statewide measure along with a fair and impartial analysis of each measure.

This provision also requires the General Assembly to provide sufficient appropriations for the preparation and distribution of the ballot information booklet at no charge to recipients.

The expenditures related to these requirements can vary significantly from year to year. Generally, expenses are higher in even election years (e.g., the appropriations for FY 2016-17, FY 2018-19, and FY 2020-21). Generally, the annual appropriation is intended to fund one-half of the estimated costs over a two year period, thus allowing the General Assembly to maintain a similar appropriation from year to year.

The annual General Fund appropriation in this line item is credited to the Ballot Information Publication and Distribution Revolving Fund. Money in this fund is continuously appropriated to the Legislative Council to pay the costs of publishing the text and title of each measure and the costs of distributing the ballot information booklet.

CONSTITUTIONAL AND STATUTORY AUTHORITY: Sections 1 (7.3) and (7.5) of Article V of the State Constitution; Section 1-40-144.5, C.R.S.

REQUEST: The Legislative Council Staff requests \$2,500,000 General Fund for printing, mailing, and associated costs for ballot analysis, which is an increase of \$900,000 from the existing \$1,600,000 appropriation. The following table and graphic, prepared by Legislative Council Staff, provide and illustrate recent expenses for printing, postage, and newspaper publication, and projected expenses for the next two fiscal years.

History and Forecast of Blue Book Fund Balance

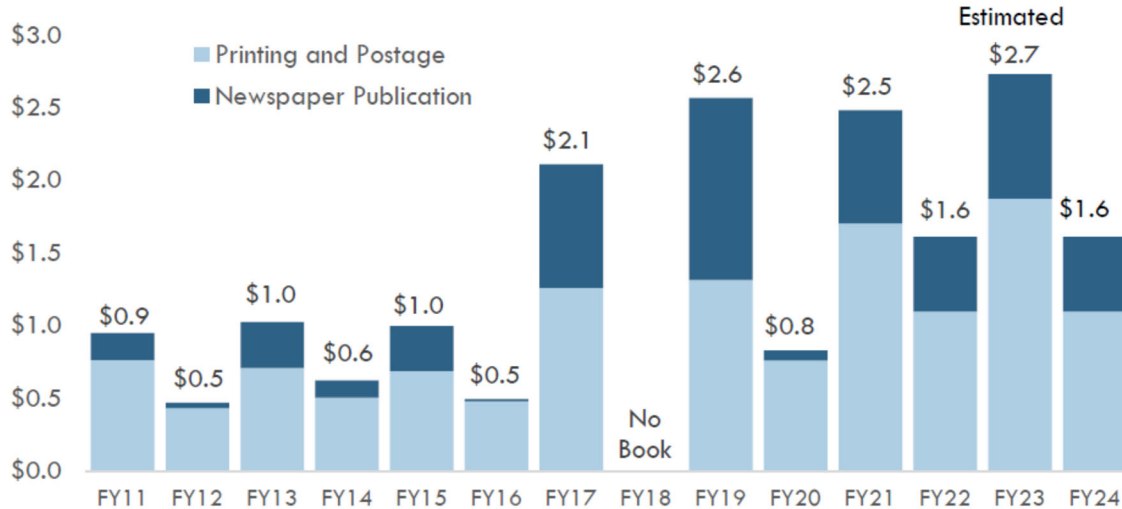
FY18 through FY24

Budget Year	Actual FY 2017-18 2017 Book	Actual FY 2018-19 2018 Book	Actual FY 2019-20 2019 Book	Actual FY 2020-21 2020 Book	Actual FY 2021-22 2021 Book	Estimated FY 2022-23 2022 Book	Estimated FY 2022-23 2023 Book
Begin Balance	\$1,109,434	\$2,693,958	\$1,504,101	\$2,100,863	1,251,202	1,257,213	1,041,808
Appropriation	\$1,544,170	\$1,300,000	\$1,400,000	\$1,600,000	\$1,600,000	\$2,500,000	\$1,600,000
Expenditures	\$0	\$2,566,649	\$829,666	\$2,467,576	\$1,611,990	\$2,730,323	\$1,611,990
Net Interest	\$40,354	\$76,791	\$26,429	\$17,915	\$18,001	\$14,917	* \$14,959
End Balance	\$2,693,958	\$1,504,101	\$2,100,863	\$1,251,202	1,257,213	1,041,808	* 1,044,777

*estimated figures are in blue

Blue Book Costs: History and Estimates

Millions of Dollars



The request is based on the following assumptions:

- a similar number of measures in the 2022 election as in 2020;
- historical increases in the cost of paper and postage between 2020 and 2022; and
- maintaining a fund balance of at least \$1.0 million.

RECOMMENDATION: Staff recommends approving the request. This requested amount was approved by the Executive Committee on February 7.

(2) GENERAL ASSEMBLY

PERA DIRECT DISTRIBUTION [NEW LINE ITEM FOR LONG BILL]

This line item was first included in the FY 2019-20 budget as a common policy allocation payment for the State portion of the annual PERA Direct Distribution (DD) payment established by S.B. 18-200. The State portion of the payment is used to pay down the unfunded liability for the State and Judicial PERA divisions.

The allocation of this State portion to each department is proportional to PERA Amortization Equalization Disbursement (AED) and the PERA Supplemental AED authorized by S.B. 04-257 and S.B. 06-235. A new line item appropriation to each department provides an appropriation of General Fund, cash funds, reappropriated funds, and federal funds based on a billing allocation for the State portion of the \$225.0 million annual PERA DD payment. The sources of funds for each department are based on the sources of funds that support employee salaries.

In addition to the appropriations to each department, the annual Long Bill includes a corresponding informational appropriation of \$225.0 million to the Department of the Treasury. This appropriation consists of reappropriated funds collected from all departments for the State and Judicial PERA

divisions (\$57.6 million for FY 2021-22), and a direct appropriation of General Fund for the School and Denver Public Schools PERA divisions (\$167.4 million for FY 2021-22).

For the last three fiscal years, the appropriation to the Legislative Department for the PERA DD payment was included in the annual legislative appropriation bill rather than the Long Bill. The State's \$225.0 million payment was suspended for FY 2020-21 through H.B. 20-1379.

STATUTORY AUTHORITY: Section 24-51-414 (2), C.R.S.

RECOMMENDATION: Staff recommends including the appropriation for the Legislative Department's share of the annual PERA Direct Distribution payment in the Long Bill starting in FY 2022-23. The Legislative Management Team supports this recommendation, and the Executive Committee is scheduled to act on this recommendation on Tuesday, February 22. **The staff recommendation for the amount and fund source for this appropriation is pending future action by the Committee.** Staff requests permission to ultimately reflect the amount and fund source approved by the Committee when the common policy for PERA DD is established. The Department of Personnel has requested an appropriation of \$745,375 General Fund for the Legislative Department for FY 2022-23.

This line item appropriation is currently included in the annual legislative appropriation bill, similar to the PERA Amortization Equalization Disbursement (AED) and the PERA Supplemental AED authorized by S.B. 04-257 and S.B. 06-235, respectively. Internally these three amounts are allocated to each legislative agency. When each agency submits its annual budget request, the AED and SAED amounts are recalculated based on any requested changes in employee salaries and the applicable statutory rates for AED and SAED. Once the Executive Committee approves appropriations for each agency, the sum of the amounts approved for AED and SAED are appropriated through a single line item.

Unlike AED and SAED, the Legislative Department's share of the PERA DD payment is not calculated based on appropriations for employee salaries for the next fiscal year. Thus, the internal process of allocating the Legislative Department's share of PERA DD to each legislative agency does not serve a useful purpose. Staff recommends eliminating the need for each agency to include a share of the PERA DD payment in their annual budget request. Instead, staff recommends that this appropriation be established through the JBC's annual figure setting process and included in the Long Bill with other centrally appropriated line items.

WORKERS' COMPENSATION

This line item is used to pay the Department of Personnel for the Legislature's share for inclusion in the State's workers' compensation program for state employees.

STATUTORY AUTHORITY: Section 24-30-1510.7, C.R.S.

RECOMMENDATION: Staff recommends an appropriation of \$62,902 General Fund, consistent with Committee action on Department of Personnel operating common policies. This amount represents an increase of \$19,887 (46.2 percent) compared to the existing \$43,015 appropriation.

LEGAL SERVICES

This line item appropriation is used to pay the Department of Law for the provision of legal services for the Legislature.

STATUTORY AUTHORITY: Sections 24-31-101 (1)(a), C.R.S., and 24-75-112 (1)(i), C.R.S.

RECOMMENDATION: **Staff recommendation is pending future action by the Committee.** Staff requests permission to ultimately reflect the amount approved by the Committee when the common policy for Legal Services is established. There is no appropriation for this purpose for FY 2021-22.

PAYMENT TO RISK MANAGEMENT AND PROPERTY FUNDS

This line item appropriation is used to pay the Department of Personnel for the Legislature's share of liability and property insurance. The State's liability program is used to pay liability claims and expenses brought against the State.

STATUTORY AUTHORITY: Section 24-30-1510 and 24-30-1510.5, C.R.S.

RECOMMENDATION: **Staff recommends an appropriation of \$153,974 General Fund, consistent with Committee action on Department of Personnel operating common policies.** This amount represents an increase of \$59,272 (62.6 percent) compared to the existing \$94,702 appropriation.

MAINTENANCE OF LEGISLATIVE SPACE

This line item appropriation is used to pay the Department of Personnel for the Legislature's share of the costs of maintaining State buildings that are part of the Capitol Complex. In addition to the Capitol, the Legislative Services Building, and legislative office space in the State Services Building at 1525 Sherman Street, this payment includes funding for parking and the equivalent of 26 days of use of the conference center at 1525 Sherman Street.

STATUTORY AUTHORITY: Section 24-30-1104 (4) and Part 1 of Article 82 of Title 24, C.R.S.

RECOMMENDATION: **Staff recommends an appropriation of \$3,051,626 General Fund, consistent with Committee action on Department of Personnel operating common policies.** This includes \$3,017,626 for the Capitol Complex leased space allocation, \$28,800 for parking spaces at 1525 Sherman Street, and \$5,200 for use of the conference center at 1525 Sherman Street. This amount represents an increase of \$223,742 (7.9 percent) compared to the existing \$2,827,884 appropriation.

PAYMENTS TO OIT

This line item appropriation is used to pay the Governor's Office of Information Technology for information technology services provided for the Legislature.

STATUTORY AUTHORITY: Section 24-37.5-104, C.R.S.

RECOMMENDATION: **The staff recommendation is pending future action by the Committee.** Staff requests permission to ultimately reflect the amount approved by the Committee when the common policy for the Payments to OIT is established. The current appropriation is \$54,442 General Fund.

CORE OPERATIONS

This line item appropriation is used to pay the Department of Personnel for the Legislature's share of the costs of the Colorado Operations Resource Engine (CORE) system. This is the accounting system that is used to record all State revenues and expenditures.

STATUTORY AUTHORITY: Section 24-30-209, C.R.S.

RECOMMENDATION: **Staff recommends an appropriation of \$37,302 General Fund, consistent with Committee action on Department of Personnel operating common policies.** This amount represents an increase of \$439 (1.1 percent) compared to the existing \$36,863 appropriation.