

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2014-15 STAFF FIGURE SETTING

DEPARTMENT OF LAW

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

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DEPARTMENT OF LAW

Department Overview

The Attorney General is one of five independently elected constitutional officers of the State. As the chief executive officer of the Department of Law, the Attorney General represents and defends the legal interests of the people of the State of Colorado and serves as the legal counsel and advisor to state agencies. The Department's FY 2013-14 appropriation represents 0.3 percent of statewide operating appropriations and 0.2 percent of statewide General Fund appropriations.

DEPARTMENT REQUEST AND RECOMMENDATION SUMMARY

Executive Request

The Department's request reflects an increase of \$718,453 total funds (1.0 percent) compared to the adjusted FY 2013-14 appropriation, including a \$884,983 (7.2 percent) increase in General Fund appropriations. The requested increase in total funds is primarily related to increases in employee salaries and the state contribution for employee benefits. The requested increase in General Fund is also impacted by three of the Department's decision item requests (R1, R4, and R6).

Staff Recommendation

The staff recommendation is \$94,809 higher than the Department's request. This difference is largely a result of adjustments to employee salary and benefits based on the Committee's common policies and staff recommended reductions to requests R2 and R4. The staff recommendation is summarized in the table below, followed by a brief description of each incremental change.

Department of Law						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$66,991,115	\$13,473,403	\$10,800,781	\$40,946,567	\$1,770,364	443.6
Other legislation	572,957	(1,304,689)	1,529,351	348,295	0	2.9
HB 14-1240 (Supplemental)	<u>1,435,826</u>	<u>0</u>	<u>503,049</u>	<u>932,777</u>	<u>0</u>	<u>6.0</u>
TOTAL	\$68,999,898	\$12,168,714	\$12,833,181	\$42,227,639	\$1,770,364	452.5
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$68,999,898	\$12,168,714	\$12,833,181	\$42,227,639	\$1,770,364	452.5
R1 Asset maintenance	116,484	162,097	(107,493)	43,591	18,289	0.0

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Department of Law						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
R2 Consumer protection complaint intake	46,615	0	46,615	0	0	1.0
R3 Database administrator	100,357	0	0	100,357	0	1.0
R4 Appellate administrative assistant	38,111	38,111	0	0	0	0.9
R5 Lowry Range litigation	(727,169)	0	(727,169)	0	0	0.0
R6 Attorney registration and CLE	27,088	8,755	1,698	17,535	(900)	0.0
NP1 Legal services for DNR R2 BA NP1 Governor's Office legal services	327,888 (593,552)	0 0	0 0	327,888 (593,552)	0 0	2.0 (3.6)
BANP3 CERCLA contracts reduction	(325,000)	0	0	(325,000)	0	0.0
Centrally appropriated line item adjustments	1,816,000	416,871	343,854	1,087,549	(32,274)	0.0
Indirect cost assessment adjustments	78,753	0	9,398	67,047	2,308	0.0
Non-prioritized requested changes	70,555	723	406	68,995	431	0.0
Annualize prior year legislation	28,974	(3,703)	0	32,677	0	0.0
Statewide IT common policy adjustments	23,618	237	133	23,107	141	0.0
Change in anticipated grant funding	22,743	0	0	22,743	0	0.0
Fund source adjustments	0	317,256	0	(317,256)	0	0.0
Annualize prior year budget actions	<u>(238,203)</u>	<u>(25,716)</u>	<u>(5,344)</u>	<u>(206,971)</u>	<u>(172)</u>	<u>(0.6)</u>
TOTAL	\$69,813,160	\$13,083,345	\$12,395,279	\$42,576,349	\$1,758,187	453.2
Increase/(Decrease)	\$813,262	\$914,631	(\$437,902)	\$348,710	(\$12,177)	0.7
Percentage Change	1.2%	7.5%	(3.4%)	0.8%	(0.7%)	0.2%
FY 2014-15 Executive Request	\$69,718,351	\$13,053,697	\$12,363,711	\$42,554,422	\$1,746,521	453.2
Request Above/(Below) Recommendation	(\$94,809)	(\$29,648)	(\$31,568)	(\$21,927)	(\$11,666)	(0.0)

Description of Incremental Changes

R1 Asset maintenance: The recommendation includes a net increase of \$116,484 total funds (including an increase of \$162,097 General Fund) to provide additional resources to support the Department's planned replacement schedule for IT infrastructure. As requested, the recommendation: (1) provides additional resources for the planned replacement of IT infrastructure; (2) consolidates the budget for IT resources within a single line item; and (3) adjusts the fund sources for IT infrastructure costs to better reflect the Department's need by fund source based on the distribution of FTE.

R2 Consumer protection complaint intake: The recommendation includes \$46,615 cash funds (from custodial funds collected by the Department) and 1.0 FTE for FY 2014-15 to add a complaint intake general professional II to support the Consumer Fraud Unit and the Antitrust, Tobacco, and Consumer Protection Unit.

R3 Database administrator: The recommendation includes an increase of \$100,357 reappropriated funds (from departmental indirect cost recoveries) and 1.0 FTE to allow the Department to hire an additional database administrator in response to increasing database-related workload.

R4 Appellate administrative assistant: The recommendation includes an increase of \$38,111 General Fund and 0.9 FTE to support an additional administrative assistant for the Appellate Unit in response to administrative support needs associated with the addition of 6.0 new attorney FTE to the Appellate Unit in FY 2013-14.

R5 Lowry Range litigation: The recommendation includes \$392,400 cash funds (from the State Land Board's Investment and Development Fund) to support trial preparation and litigation expenses related to the Lowry Range. The recommendation is shown as a reduction from the FY 2013-14 adjusted appropriation.

R6 Attorney registration and CLE: The recommendation includes an increase of \$27,088 total funds (including \$8,755 General Fund) to pay for increased attorney registration fees in FY 2014-15. The Judicial Department is increasing the annual attorney registration fee by \$100 per attorney (from \$225 to \$325) in FY 2014-15.

NP1 Legal services for DNR R2: The recommendation shown includes a \$327,888 increase in reappropriated funds to support additional legal services requested by the Department of Natural Resources in FY 2014-15 (DNR request R2). *This request item will be addressed in a separate staff figure setting presentation concerning the Department of Natural Resources scheduled for Wednesday, February 26, 2014. The staff recommendation is pending committee action.*

Non-prioritized requested changes: The recommendation shown includes the annual fleet vehicle change from the Department of Personnel, and the following changes from the Office of Information Technology: secure Colorado phase II, Capitol Complex network resiliency, and DTRS operations increase. *The staff recommendation is pending committee action on those items.*

Centrally appropriated line item adjustments: The recommendation shown includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; workers' compensation; administrative law judges; payment to risk management and property funds; and Ralph L. Carr Judicial Center leased space. *The staff recommendation is pending committee action.*

Indirect cost assessment adjustments: The recommendation includes a net increase in the Department's indirect cost assessments.

Annualize prior year legislation: The recommendation includes an increase of \$28,974 total funds to reflect the FY 2014-15 impact of legislation that was passed in 2013, including the

following acts: S.B. 13-014; S.B. 13-026; S.B. 13-039; S.B. 13-083; S.B. 13-151; S.B. 13-162; S.B. 13-172; S.B. 13-180; S.B. 13-219; S.B. 13-221; H.B. 13-1111; H.B. 13-1230; and H.B. 13-1317.

Statewide IT common policy adjustments: The request includes adjustments to line items appropriated for: purchase of services from the computer center; Colorado state network; communication services payments; information technology security; and COFRS modernization. *This request item will be addressed in a separate staff figure setting presentation for the Governor’s Office scheduled for Thursday, March 13, 2014. The staff recommendation is pending committee action.*

Change in anticipated grant funding: The recommendation reflects an anticipated increase of \$22,743 in grant funds from the Department of Public Safety, including \$19,335 for efforts to investigate and prosecute multi-jurisdictional auto theft and \$3,408 for victims assistance efforts supported by a grant from the Victims Assistance and Law Enforcement Fund. Grant funds are continuously appropriated to the Department of Law through FY 2014-15 and therefore do not require a decision item for increased spending authority. Staff recommends reflecting the increase for informational purposes.

Fund source adjustments: The recommendation includes an increase in General Fund offset by a decrease in reappropriated funds.

Annualize prior year budget actions: The recommendation includes adjustments related to prior year budget actions.

INITIATIVES AFFECTING MULTIPLE LINE ITEMS

Request R1: Asset Maintenance

- The Department requests an increase of \$116,484 total funds (including an increase of \$162,097 General Fund) to support the Department’s planned replacement schedule for information technology (IT) infrastructure, consolidate related expenditures in a single line item, and align the fund sources supporting IT infrastructure replacement with the fund sources supporting the Department’s staff.

- Staff recommends approving the request.

Request: The Department requests an increase of \$116,484 total funds (including an increase of \$162,097 General Fund) to support the Department’s planned replacement schedule for information technology (IT) infrastructure. The request seeks to: (1) provide additional resources for the planned replacement of IT infrastructure; (2) consolidate the budget for IT

resources within a single line item; and (3) adjust the fund sources for IT infrastructure replacement to better reflect the allocation of FTE by fund source.

Recommendation: **Staff recommends approving the request.** The increase in funding is necessary to align the annual appropriation for IT infrastructure replacement with the Department’s current number of FTE requiring IT infrastructure. As requested, the recommendation: (1) provides additional resources for the planned replacement of IT infrastructure; (2) consolidates the budget for IT resources within the Information Technology Asset Maintenance; and (3) aligns the fund sources for IT infrastructure replacement costs with the fund sources supporting the Department’s staff. The following table details the impact of the request and staff recommendation on both of the affected line items.

R1 - Asset Maintenance Department Request and Staff Recommendation					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
<u>Administration: Information Technology Asset Maintenance</u>					
FY 2013-14 Appropriation	\$445,807	\$21,754	\$63,299	\$359,373	\$1,381
R1 - Asset Maintenance	<u>241,484</u>	<u>162,097</u>	<u>17,507</u>	<u>43,591</u>	<u>18,289</u>
Total /Recommendation	\$687,291	\$183,851	\$80,806	\$402,964	\$19,670
<u>Special Purpose: Litigation, Management, and Technology</u>					
FY 2013-14 Appropriation	\$325,000	\$0	\$325,000	\$0	\$0
R1 - Asset Maintenance	<u>(125,000)</u>	<u>0</u>	<u>(125,000)</u>	<u>0</u>	<u>0</u>
Total Recommendation	\$200,000	\$0	\$200,000	\$0	\$0

Analysis: The request includes three major components: (1) an increase of \$116,484 total funds for annual information technology replacement needs; (2) consolidation of information technology replacement funding in a single line item; and (3) realignment of the fund sources supporting information technology expenditures to reflect the fund sources supporting the Department’s FTE. Staff discusses each component below.

Funding Amounts and Consolidation

The request and recommendation include an increase of \$116,484 total funds to support annual IT replacement costs. According to the Department, insufficient funding to keep pace with IT maintenance and replacement needs is putting the Department’s IT infrastructure at risk.

The Department reports that two major factors are driving the need for increased funding: (1) growth in FTE; and (2) increasing information technology demands.

1. **FTE Growth:** The General Assembly last increased funding for IT replacement in FY 2008-09. Since then, the Department has grown by 60.1 appropriated FTE (15.3 percent), from 392.4 appropriated FTE in FY 2008-09 to 452.5 in FY 2013-14 (as adjusted by the supplemental bill). By common policy, the General Assembly generally provides funding to purchase a computer, software licensing, and related equipment when

adding new FTE. However, the common policy does not address necessary increases in IT replacement funding or ongoing funding for annual software licenses. The Department must maintain annual software licensing and has worked to minimize expenses. However, the Department has been unable to keep pace with replacement requirements. For example, the Department has a goal of replacing desktop computers at least every four years but reports that 46 percent of the Departments desktop computers are more than four years old.

2. *System Demands:* The Department is currently implementing a case and document management system, originally funded through a FY 2012-13 decision item. System implementation requires a stable IT infrastructure, and the Department is concerned that current funding places that infrastructure at risk.

The Department’s current budget includes \$570,807 total funds for IT costs, split between two line items: Information Technology asset Maintenance (\$445,807 total funds in FY 2013-14) and Litigation, Management, and Technology (\$125,000 of the line item’s \$325,000 cash funds appropriation in FY 2013-14). The Department’s analysis of equipment life cycle costs indicates a need for \$687,291 annually (an increase of \$116,484). The request would consolidate all IT replacement funding into the Information Technology Asset Maintenance line item and provide a total of \$687,291.

Staff recommends providing the additional funding and consolidating the appropriations in the Information Technology Asset Maintenance line item.

Fund Source Alignment

The Department is requesting adjustments to align the fund sources supporting IT asset maintenance with the fund sources supporting FTE. Staff agrees that the fund sources are out of alignment. As shown in the following table, General Fund supports 26.6 of the Department’s FTE in FY 2013-14 but only provides 3.8 percent of the budget for IT asset maintenance. In the current budget, because of the use of \$225,000 cash funds from the Litigation, Management, and Technology line item, cash funds make up 33.0 percent of IT asset maintenance funding but only support 11.5 percent of the Department’s staff.

IT Asset Maintenance Fund Source Comparison					
	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds
FY 2013-14 Appropriation					
IT Asset Maintenance Line Item	\$445,807	\$21,754	\$63,299	\$359,373	\$1,381
Litigation, Management, and Technology	<u>125,000</u>	<u>0</u>	<u>125,000</u>	<u>0</u>	<u>0</u>
Total Funds	\$570,807	\$21,754	\$188,299	\$359,373	\$1,381
<i>Percent of Total Funding</i>		<i>3.8%</i>	<i>33.0%</i>	<i>63.0%</i>	<i>0.2%</i>
FTE by Fund Source	451.4	119.9	51.7	267.0	12.8
<i>Percent of Total FTE</i>		<i>26.6%</i>	<i>11.5%</i>	<i>59.1%</i>	<i>2.8%</i>
FY 2014-15 Request					
IT Asset Maintenance Line Item	\$687,291	\$183,851	\$80,806	\$402,964	\$19,670
<i>Percent of Total Funding</i>		<i>26.8%</i>	<i>11.8%</i>	<i>58.6%</i>	<i>2.9%</i>

Staff recommends approving the requested adjustments to align the fund sources supporting IT asset maintenance expenditures with the fund sources supporting the Department’s staff.

(1) Administration

The Administration section of the Long Bill includes central appropriations for the entire Department, including funding for employee benefits, facilities, vehicles, and information technology. This section also includes funding for the following Department sections:

- *Office of the Attorney General* - includes the Attorney General, the Chief Deputy Attorney General, the Solicitor General, the Director of Legal Policy and Federal-State Issues, and associated administrative staff;
- *Human Resources* - hires new employees, manages employee benefits, and consults with employees and managers regarding applicable state and federal personnel laws and regulations;
- *Financial Services/ Budgeting* - includes accounting, financial reporting, payroll, and budgeting functions;
- *Information Technology Services* - handles the Department's computer needs including maintenance, computer training, and operation of the Attorney General's website; and
- *Legal Support Services* - produces a significant number of the Department's documents including legal briefs and other court-related manuscripts, distributes mail, oversees the Department's vehicle fleet, files materials with courts, and manages general office documents.

The above sections are supported by General Fund and by indirect cost assessments that are collected from the Department's various sections and transferred as reappropriated funds to this section. The central appropriations that relate to the entire department reflect the same funding sources that support each section within the Department.

The following table details the types of employees that are supported by this line item.

Staffing Summary - Administration Division				
	FY 12-13 Actual	FY 13-14 Approp.	FY 14-15 Request	FY 14-15 Recommend.
Office of the Attorney General	9.0	9.0	9.0	9.0
Human Resources	3.5	3.5	3.5	3.5
Fiscal and Accounting	7.3	7.5	7.5	7.5

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Staffing Summary - Administration Division				
	FY 12-13 Actual	FY 13-14 Approp.	FY 14-15 Request	FY 14-15 Recommend.
Information Technology Services	15.2	16.7	16.7	16.7
Business Operations and Litigation Support	<u>4.4</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>
Total	39.4	42.7	42.7	42.7

Personal Services

This line item provides funding to support personal services expenditures in the Administration section. Like all subsequent personal services appropriations in this document, this appropriation funds salaries of regular employees, as well as the associated state contribution to the Public Employees Retirement Association (PERA) and the state share of federal Medicare taxes. Also included are wages of temporary employees, payments for contracted services, and termination/retirement payouts for accumulated vacation and sick leave.

Request: The Department requests \$3,408,314 reappropriated funds and 43.7 FTE for FY 2014-15. The request includes an increase of \$93,744 reappropriated fund (from departmental indirect cost recoveries) and 1.0 FTE associated with request R3 (Database Administrator, discussed below).

Recommendation: Staff recommends approving the request, including the increase associated with request R3 (Database Administrator, discussed below). The following table details the change from the FY 2013-14 appropriation.

Administration, Personal Services					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	<u>\$3,139,121</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,139,121</u>	<u>42.7</u>
TOTAL	\$3,139,121	\$0	\$0	\$3,139,121	42.7
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$3,139,121	\$0	\$0	\$3,139,121	42.7
Annualize salary survey and merit pay	175,449	0	0	175,449	0.0
R3 Database administrator	<u>93,744</u>	<u>0</u>	<u>0</u>	<u>93,744</u>	<u>1.0</u>
TOTAL	\$3,408,314	\$0	\$0	\$3,408,314	43.7
Increase/(Decrease)	\$269,193	\$0	\$0	\$269,193	1.0
Percentage Change	8.6%	0.0%	0.0%	8.6%	2.3%
FY 2014-15 Executive Request:	\$3,408,314	\$0	\$0	\$3,408,314	43.7
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

➔ Request R3: Database Administrator

- The Department requests an increase of \$105,651 reappropriated funds (from departmental indirect cost recoveries) and 1.0 FTE to allow the Department to hire an additional database administrator in response to increasing database-related workload.

- Staff recommends an increase of \$100,357 reappropriated funds and 1.0 FTE.

Request: The Department requests an increase of \$105,651 reappropriated funds (from departmental indirect cost recoveries) and 1.0 FTE to allow the Department to hire an additional database administrator. The request includes: \$93,744 and 1.0 FTE for personal services and \$11,907 for operating expenses associated with the requested position. The Department is requesting the new position to focus on an increasing database-related workload associated with the new CORE system (COFRS replacement), the Department’s new case management system (approved through a FY 2012-13 decision item), and other database projects.

Recommendation: Staff recommends approving an increase of \$100,357 reappropriated funds and 1.0 FTE. The recommendation is \$5,294 below the Department’s request because staff is using the Committee’s common policy amount for office equipment and furniture while the Department is requesting additional funds to provide the same furniture as in similar offices in the Carr building. The following table compares the request and staff recommendation and shows the FY 2015-16 impact of the staff recommendation.

Request R3 - Database Administrator						
	FY 2014-15 Request		FY 2014-15 Staff Rec.		FY 2015-16 Impact	
	CF	FTE	CF	FTE	CF	FTE
Administration, Personal Services						
Salary/Personal Services	\$84,000	1.0	\$84,000	1.0	\$84,000	1.0
PERA (10.15%)	8,526		8,526		8,526	
Medicare (1.45%)	<u>1,218</u>		<u>1,218</u>		1,218	
Subtotal, Personal Services	\$93,744	1.0	\$93,744	1.0	\$93,744	1.0
Administration, Operating Expenses						
Office Equipment (Furniture, etc.)	\$8,767		\$3,473		\$0	
Computer (\$900)	900		900		0	
Cell Phone (\$80/month)	960		960		960	
Supplies (\$500)	500		500		500	
Standard Office Suite Software (\$330)	330		330		0	
Telephone (\$450/FTE)	<u>450</u>		<u>450</u>		<u>450</u>	
Subtotal, Operating Expenses	\$11,907		\$6,613		\$1,910	
Total, Request R3	\$105,651	1.0	\$100,357	1.0	\$95,654	1.0

Analysis: The Department is requesting an additional database administrator in response to increasing database-related workload. The Department reports four major drivers of the increase in workload and the increased need for database expertise:

- The Department is transitioning from a largely manual timekeeping system to an electronic (database) system, requiring additional expertise to both migrate data into the system and maintain the integrity of the system going forward.
- The statewide transition to CORE (replacing COFRS as the State's financial system) requires the Department to establish and maintain linkages between CORE and the Department's case management system, particularly for billing purposes. According to the Department, this will require daily data monitoring and management.
- The Department is initiating the use of Share Point software to allow staff to query and report from various departmental data sources. The Department reports that maintaining the necessary linkages going forward requires additional expertise.
- The Department is implementing a case management system (ProLaw), approved through an FY 2012-13 decision item. The system will warehouse all case data, including billing information, case contacts, calendaring, and related documents. The FY 2012-13 decision item included 1.0 FTE that the Department is using for implementation and training of end users but the Department indicates that it does not currently have the necessary expertise to maintain linkages in the system, ensure disaster recoverability, and optimize the system.

Staff agrees that the additional database workload warrants an additional FTE and recommends approving the necessary funding.

Salary Request Above Range Minimum

The Department is requesting an annual salary of \$84,000 for the position, \$33,600 above the range minimum for an IT Professional classification (\$50,400). The Department argues that the increased salary is necessary to successfully hire someone with the expertise necessary for this position. The Department provides two major justifications for the requested salary.

- First, as of July 1, 2013, the Department of Personnel collapsed what had been three separate job classifications (IT Professional I, II, and III) into a single IT Professional classification, with a pay range from \$50,400 per year to \$102,816. The Department believes that the requested position meets the description of the former IT Professional III classification and is requesting a salary at approximately the midpoint of the former classification. The Department argues that the range minimum for the collapsed classification is an unrealistic comparison for the requested position.
- Second, and more importantly for management purposes, the Department argues that the requested salary is necessary to recruit and hire someone with the necessary expertise for the requested position. The requested FTE will be responsible for establishing and maintaining the integrity of database systems housing data that is essential to the Department's operations

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(such as confidential case information and client agency billing data). Given the importance of the position, the Department argues that the ability to compete with the market is essential and that the requested salary is necessary to compete.

Given the responsibilities of the position and the specific expertise required, staff agrees that a salary above the range minimum is probably necessary. The Department does not currently have staff with the necessary expertise and thus cannot expect to hire and train relatively junior staff. Thus, staff recommends that the Committee deviate from common policy for this position and provide funding to support the requested salary.

Operating Expenses

The request includes \$11,907 for operating expenses associated with the new position in FY 2014-15. Staff’s recommendation is \$5,294 below the request because staff is using the Committee’s common policy amount for office furniture and equipment (\$3,473) while the Department is requesting \$8,767. The request seeks funding to furnish the office consistently with similar offices in Department’s space at the Carr building. Staff understands the desire for uniform furnishing but recommends providing the common policy amount. Given the relatively small amount of money involved and that the expenses are one-time in nature, staff believes the Department should be able to reprioritize other funds in FY 2014-15 if the additional cost is necessary.

Health, Life, and Dental

This line item provides funding for the employer's share of the cost of group benefit plans providing health, life, and dental insurance for state employees.

Request: The Department requests \$2,945,040 total funds for FY 2014-15.

Recommendation: Staff recommends appropriating \$2,878,006 for FY 2014-15, consistent with Committee policy with respect to employer contribution rates¹. The following table shows the change from the FY 2013-14 appropriation to the FY 2014-15 staff recommendation based on the Committee’s common policies.

Administration, Health, Life, and Dental						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$2,850,112	\$748,515	\$275,969	\$1,697,754	\$127,874	0.0
Other legislation	<u>0</u>	<u>(5,625)</u>	<u>5,625</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,850,112	\$742,890	\$281,594	\$1,697,754	\$127,874	0.0

¹ Employer contribution rates approved by the Committee include the following: \$434.10 (employee), \$762.60 (employee + spouse), \$795.66 (employee + children), and \$1,080.90 (employee + family) for health benefits; \$25.92 (employee), \$42.62 (employee + spouse), \$46.44 (employee + children), and \$62.22 (employee + family) for dental benefits; and \$8.76 for life benefits.

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Administration, Health, Life, and Dental						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$2,850,112	\$742,890	\$281,594	\$1,697,754	\$127,874	0.0
Centrally appropriated line item adjustments	<u>27,894</u>	<u>48,303</u>	<u>62,981</u>	<u>(55,374)</u>	<u>(28,016)</u>	<u>0.0</u>
TOTAL	\$2,878,006	\$791,193	\$344,575	\$1,642,380	\$99,858	0.0
Increase/(Decrease)	\$27,894	\$48,303	\$62,981	(\$55,374)	(\$28,016)	0.0
Percentage Change	1.0%	6.5%	22.4%	(3.3%)	(21.9%)	0.0%
FY 2014-15 Executive Request:	\$2,945,040	\$808,633	\$351,411	\$1,682,932	\$102,064	0.0
Request Above/(Below) Recommendation	\$67,034	\$17,440	\$6,836	\$40,552	\$2,206	0.0

Short-term Disability

This line item provides funding for the employer's share of state employees' short-term disability insurance premiums.

Request: The Department requests \$79,674 total funds for FY 2014-15.

Recommendation: Staff recommends an appropriation of \$80,019, consistent with the Committee's common policy to apply a rate of 0.22 percent of employee salaries. The following table shows the change from the FY 2013-14 appropriation to the FY 2014-15 staff recommendation based on the Committee's common policies.

Administration, Short-term Disability						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$62,042	\$15,088	\$5,852	\$38,675	\$2,427	0.0
Other legislation	<u>0</u>	<u>(171)</u>	<u>171</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$62,042	\$14,917	\$6,023	\$38,675	\$2,427	0.0
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$62,042	\$14,917	\$6,023	\$38,675	\$2,427	0.0
Centrally appropriated line item adjustments	<u>17,977</u>	<u>6,202</u>	<u>3,104</u>	<u>8,661</u>	<u>10</u>	<u>0.0</u>
TOTAL	\$80,019	\$21,119	\$9,127	\$47,336	\$2,437	0.0
Increase/(Decrease)	\$17,977	\$6,202	\$3,104	\$8,661	\$10	0.0
Percentage Change	29.0%	41.6%	51.5%	22.4%	0.4%	0.0%

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Administration, Short-term Disability						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Executive Request:	\$79,674	\$21,013	\$9,039	\$47,211	\$2,411	0.0
Request Above/(Below) Recommendation	(\$345)	(\$106)	(\$88)	(\$125)	(\$26)	0.0

S.B. 04-257 Amortization Equalization Disbursement (AED)

Pursuant to S.B. 04-257, this line item provides additional funding to increase the state contribution for Public Employees' Retirement Association (PERA).

Request: The Department requests \$1,448,638 total funds for FY 2014-15.

Recommendation: Staff recommends an appropriation of \$1,454,883 for FY 2014-15, based on the Committee's common policy to apply a contribution rate to 4.0 percent of base salaries (including salary survey and merit pay increases). The following table shows the change from the FY 2013-14 appropriation to the FY 2014-15 staff recommendation based on the Committee's common policies.

Administration, S.B. 04-257 Amortization Equalization Disbursement						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$1,243,606	\$301,564	\$116,950	\$776,652	\$48,440	0.0
Other legislation	<u>0</u>	<u>(3,244)</u>	<u>3,244</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,243,606	\$298,320	\$120,194	\$776,652	\$48,440	0.0
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$1,243,606	\$298,320	\$120,194	\$776,652	\$48,440	0.0
Centrally appropriated line item adjustments	<u>211,277</u>	<u>85,654</u>	<u>45,753</u>	<u>84,001</u>	<u>(4,131)</u>	<u>0.0</u>
TOTAL	\$1,454,883	\$383,974	\$165,947	\$860,653	\$44,309	0.0
Increase/(Decrease)	\$211,277	\$85,654	\$45,753	\$84,001	(\$4,131)	0.0
Percentage Change	17.0%	28.7%	38.1%	10.8%	(8.5%)	0.0%
FY 2014-15 Executive Request:	\$1,448,638	\$382,063	\$164,344	\$858,386	\$43,845	0.0
Request Above/(Below) Recommendation	(\$6,245)	(\$1,911)	(\$1,603)	(\$2,267)	(\$464)	0.0

S.B. 06-235 Supplemental Amortization Equalization Disbursement (SAED)

Pursuant to S.B. 06-235, this line item provides additional funding to increase the state contribution for PERA.

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Request: The Department requests \$1,358,099 total funds for FY 2014-15.

Recommendation: Staff recommends an appropriation of \$1,363,954 for FY 2014-15, based on the Committee's common policy to apply a contribution rate of 3.75 percent to base salaries (including salary survey and merit pay increases). The following table shows the change from the FY 2013-14 appropriation to the FY 2014-15 staff recommendation based on the Committee's common policies.

Administration, S.B. 06-235 Supplemental Amortization Equalization Disbursement						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$1,121,769	\$271,313	\$105,579	\$701,147	\$43,730	0.0
Other legislation	<u>0</u>	<u>(2,928)</u>	<u>2,928</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,121,769	\$268,385	\$108,507	\$701,147	\$43,730	0.0
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$1,121,769	\$268,385	\$108,507	\$701,147	\$43,730	0.0
Centrally appropriated line item adjustments	<u>242,185</u>	<u>91,591</u>	<u>47,069</u>	<u>105,715</u>	<u>(2,190)</u>	<u>0.0</u>
TOTAL	\$1,363,954	\$359,976	\$155,576	\$806,862	\$41,540	0.0
Increase/(Decrease)	\$242,185	\$91,591	\$47,069	\$105,715	(\$2,190)	0.0
Percentage Change	21.6%	34.1%	43.4%	15.1%	(5.0%)	0.0%
FY 2014-15 Executive Request:	\$1,358,099	\$358,184	\$154,073	\$804,737	\$41,105	0.0
Request Above/(Below) Recommendation	(\$5,855)	(\$1,792)	(\$1,503)	(\$2,125)	(\$435)	0.0

Background Information – Salaries for Classified and Exempt Employees. The Department of Law employs both classified and non-classified or "exempt" employees. Classified employees are governed by state personnel rules and procedures; exempt employees are not. The Department employs about 255 attorneys, who collectively make up about 57 percent of the Department's staff. These attorneys are all exempt employees, and the remaining 43 percent of the Department's staff are classified employees.

Salary Survey and Merit Pay for classified employees, when provided, are set by common policy. Thus, staff has calculated the following recommendations for Salary Survey and Merit Pay increases for classified employees in the same manner as all other classified employees.

The Department of Personnel's "Annual Compensation Survey Report" does not include compensation data related to attorneys. In order to evaluate the compensation for its attorneys, the Department annually contracts with an independent compensation research and consulting

firm to assess market compensation practices for attorneys in comparable positions in Colorado public sector attorney organizations. In some years, the Department has coordinated with the Office of the State Public Defender (OSPD) to contract with the same consultant for the salary survey although OSPD did not participate in the 2013 survey.

The latest survey, prepared by Fox Lawson & Associates (FLA), was published in October 2013. This study utilized data reported as of July 1, 2013 for a "primary market" that includes:

- Front Range City Attorney Offices (participants included the cities of: Arvada, Boulder, Denver, Lakewood, Littleton, Westminster, Broomfield, Colorado Springs, Greeley, and Longmont)
- Front Range County Attorney Offices (participants included the counties of: Adams, Arapahoe, Boulder, Douglas, El Paso, Jefferson, and Weld);
- Colorado Office of the Child's Representative;
- Colorado Office of Legislative Legal Services; and
- The U.S. Office of the Attorney General.

This study also utilized data as of March 2013 (which was then "aged" to July 2013) for a "supplementary market" that includes:

- Judicial Districts (participants included the following districts: 1st (Jefferson and Gilpin counties); 2nd (Denver); 4th (El Paso and Teller); 8th (Larimer and Jackson); 10th (Pueblo); 19th (Weld); 20th (Boulder); and 21st (Mesa); and
- The Office of the State Public Defender.

The study compares the Department's actual attorney salaries and salary ranges as of July 2013 to the primary market data (which reflects survey participants' salary data as of July 1, 2013). Thus, to the extent that the study's primary market data is used to determine Department salaries as of July 2014, such salaries will lag the market by 12 months.

For FY 2013-14, the General Assembly appropriated \$4.1 million for salary survey increases for the Department's attorneys in an effort to improve parity with the market. The 2013 FLA survey study concludes that the Department's *average attorney salaries* are competitive with the market for the first time since 2009; for example, the 2012 survey had found that average attorney salaries at the Department were 16.8 percent below the market.

The FLA survey study also includes a comparison of *salary ranges* for each of the five attorney classifications. Overall, the midpoints of the Department's existing pay ranges are 4.9 percent above those of the primary market; these gaps in pay range midpoints range from 6.3 percent below the market for Attorney I positions (which the Department uses for new hires that have recently graduated from law school) to 12.0 percent above the primary market for Assistant Attorneys General.

The following table details these two types of salary comparisons, based on the 2013 FLA study for each attorney classification. Negative percentages indicate a position below the market,

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while the positive percentages in 2013 indicate that the Department's salaries are now slightly above the market, although the survey is comparing current year Department salaries to prior year market data.

2013 Fox Lawson & Associates Salary Survey Report for the Department of Law						
Benchmark Job Title	Average Actual Salaries			Salary Range Midpoints		
	Dept. Average	Primary Market Average	Percent Difference	Dept. Average	Primary Market Average	Percent Difference
Deputy Attorney General	\$154,244	\$146,546	5.0%	\$139,644	\$136,366	2.3%
1st Assistant Attorney General	123,732	116,498	5.8%	123,379	118,735	3.8%
Senior Attorney General	111,655	104,865	6.1%	106,600	102,478	3.9%
Assistant Attorney General	87,497	78,097	10.7%	82,162	83,398	-1.5%
Attorney I	66,000	70,464	-6.8%	61,200	73,461	-20.0%
Average Salary Difference			4.9%			-0.3%

The Department's FY 2014-15 budget request is based on the implementation of one of two options recommended in the FLA study. The request adjusts pay ranges for each classification to improve or maintain parity with the market.

In order to implement this recommendation, the Department has requested Salary Survey and Merit Pay increases. The request includes salary increases for staff attorneys ranging from 1.0 to 1.5 percent depending on the classification of attorney, based on the recommendations in the FLA study. In addition, the Department is requesting 1.5 percent merit pay increases for attorneys, in alignment with the Governor's request for classified positions. Although the request assumes a 1.5 percent increase to each attorney salary for merit pay, in practice the Department awards merit pay based on the performance of each attorney. Thus, some attorneys will receive a larger percentage in bonus pay and other attorneys will receive less.

The Department is requesting the following amounts for attorney salary increases in FY 2014-15:

- \$358,827 for salary survey increases based on the FLA study recommendations; and
- \$401,426 for 1.5 percent merit increases on adjusted salaries.

Salary Survey for Classified Employees

The Department uses this line item to pay for salary increases for *classified* employees.

Request: The Department requests \$178,579 for FY 2014-15. The request includes a 1.5 percent across-the-board salary survey increase.

Recommendation: Staff recommends an appropriation of \$353,213 for FY 2014-15. This amount is different than the Department's request because, pursuant to the Committee's common

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policy it includes an additional 1.5 percent across-the-board increase on base salaries (for a total increase of 3.0 percent).

Administration, Salary Survey for Classified Employees						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$339,441	\$73,571	\$70,627	\$167,876	\$27,367	0.0
TOTAL	\$339,441	\$73,571	\$70,627	\$167,876	\$27,367	0.0
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$339,441	\$73,571	\$70,627	\$167,876	\$27,367	0.0
Centrally appropriated line item adjustments	<u>13,772</u>	<u>35,196</u>	<u>19,336</u>	<u>(39,960)</u>	<u>(800)</u>	<u>0.0</u>
TOTAL	\$353,213	\$108,767	\$89,963	\$127,916	\$26,567	0.0
Increase/(Decrease)	\$13,772	\$35,196	\$19,336	(\$39,960)	(\$800)	0.0
Percentage Change	4.1%	47.8%	27.4%	(23.8%)	(2.9%)	0.0%
FY 2014-15 Executive Request:	\$178,579	\$55,515	\$45,002	\$64,549	\$13,513	0.0
Request Above/(Below) Recommendation	(\$174,634)	(\$53,252)	(\$44,961)	(\$63,367)	(\$13,054)	0.0

Salary Survey for Exempt Employees

The Department uses this line item to pay for salary increases for employees who are *exempt from the state personnel system (attorneys)*.

Request: The Department requests \$358,827 for FY 2014-15, in alignment with the discussion of the attorney salary survey above. As discussed above, the request seeks to maintain parity with the market achieved through the FY 2013-14 salary survey increase.

Recommendation: Staff recommends approving the request. This recommendation varies from the Committee’s common policy to provide a 3.0 percent across-the-board increase for salary survey. Staff recommends deviating from the common policy because: (1) the General Assembly provided additional salary survey funding (above the common policy for classified employees) in FY 2013-14 to align the Department’s attorney salaries with the market; and (2) the request and recommendation would continue to align with the market.

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Administration, Salary Survey for Exempt Employees						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$4,115,142	\$888,600	\$117,733	\$3,057,736	\$51,073	0.0
Other legislation	<u>0</u>	<u>(7,842)</u>	<u>7,842</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$4,115,142	\$880,758	\$125,575	\$3,057,736	\$51,073	0.0
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$4,115,142	\$880,758	\$125,575	\$3,057,736	\$51,073	0.0
Centrally appropriated line item adjustments	<u>(3,756,315)</u>	<u>(797,172)</u>	<u>(106,378)</u>	<u>(2,805,254)</u>	<u>(47,511)</u>	<u>0.0</u>
TOTAL	\$358,827	\$83,586	\$19,197	\$252,482	\$3,562	0.0
Increase/(Decrease)	(\$3,756,315)	(\$797,172)	(\$106,378)	(\$2,805,254)	(\$47,511)	0.0
Percentage Change	(91.3%)	(90.5%)	(84.7%)	(91.7%)	(93.0%)	0.0%
FY 2014-15 Executive Request:	\$358,827	\$83,586	\$19,198	\$252,481	\$3,562	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$1	(\$1)	\$0	0.0

Merit Pay for Classified Employees

This line item funds pay increases relating to employee performance evaluations for *classified* employees.

Request: The Department requests \$168,086 for FY 2014-15.

Recommendation: Staff recommends an appropriation of \$167,711 for FY 2014-15 based on the Committee’s common policy for merit pay for classified employees.

Administration, Merit Pay for Classified Employees						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$153,103	\$47,536	\$27,435	\$65,178	\$12,954	0.0
TOTAL	\$153,103	\$47,536	\$27,435	\$65,178	\$12,954	0.0
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$153,103	\$47,536	\$27,435	\$65,178	\$12,954	0.0
Centrally appropriated line item adjustments	<u>14,608</u>	<u>12,847</u>	<u>4,832</u>	<u>(2,679)</u>	<u>(392)</u>	<u>0.0</u>
TOTAL	\$167,711	\$60,383	\$32,267	\$62,499	\$12,562	0.0

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Administration, Merit Pay for Classified Employees						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$14,608	\$12,847	\$4,832	(\$2,679)	(\$392)	0.0
Percentage Change	9.5%	27.0%	17.6%	(4.1%)	(3.0%)	0.0%
FY 2014-15 Executive Request:	\$168,086	\$60,297	\$32,509	\$62,611	\$12,669	0.0
Request Above/(Below)						
Recommendation	\$375	(\$86)	\$242	\$112	\$107	0.0

Merit Pay for Exempt Employees

This line item funds pay increases relating to employee performance evaluations for employees who are *exempt from the state personnel system*.

Request: The Department requests \$401,426 for FY 2014-15.

Recommendation: Staff recommends approving the request.

Administration, Merit Pay for Exempt Employees						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$388,765	\$92,519	\$9,388	\$282,623	\$4,235	0.0
Other legislation	<u>0</u>	<u>(1,584)</u>	<u>1,584</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$388,765	\$90,935	\$10,972	\$282,623	\$4,235	0.0
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$388,765	\$90,935	\$10,972	\$282,623	\$4,235	0.0
Centrally appropriated line item adjustments	<u>12,661</u>	<u>4,794</u>	<u>6,196</u>	<u>1,501</u>	<u>170</u>	<u>0.0</u>
TOTAL	\$401,426	\$95,729	\$17,168	\$284,124	\$4,405	0.0
Increase/(Decrease)	\$12,661	\$4,794	\$6,196	\$1,501	\$170	0.0
Percentage Change	3.3%	5.3%	56.5%	0.5%	4.0%	0.0%
FY 2014-15 Executive Request:	\$401,426	\$95,729	\$17,168	\$284,124	\$4,405	0.0
Request Above/(Below)						
Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Workers' Compensation

This line item supports 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 Personnel and Administration.

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Request: The Department requests \$107,187 for FY 2014-15.

Recommendation: Staff’s recommendation for this line item is pending. Staff will ultimately reflect the amount approved by the Committee when the common policy for Workers’ Compensation is established.

Attorney Registration and Continuing Legal Education

This line item provides funding for the Department to cover the annual registration fee for each attorney (\$225) and to provide some funding for required continuing legal education expenses (\$150 per attorney). This line item was established in FY 2008-09 in response to a request from the Department, and it is designed to make the salary and benefit package offered by the Department more competitive with other public sector law firms.

Request: The Department requests \$126,351 for FY 2014-15. The request includes an increase of \$27,088 total funds (including \$8,755 General Fund) associated with decision item R6 (Attorney Registration and Continuing Legal Education, discussed below).

Recommendation: Staff recommends approving the request for \$126,351 for FY 2014-15, including the requested increase for R6. The following table details the change from the FY 2013-14 appropriation.

Administration, Attorney Registration and Continuing Legal Education						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$99,263	\$22,144	\$2,625	\$72,525	\$1,969	0.0
Other legislation	<u>0</u>	<u>(375)</u>	<u>375</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$99,263	\$21,769	\$3,000	\$72,525	\$1,969	0.0
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$99,263	\$21,769	\$3,000	\$72,525	\$1,969	0.0
R6 Attorney registration and CLE	<u>27,088</u>	<u>8,755</u>	<u>1,698</u>	<u>17,535</u>	<u>(900)</u>	<u>0.0</u>
TOTAL	\$126,351	\$30,524	\$4,698	\$90,060	\$1,069	0.0
Increase/(Decrease)	\$27,088	\$8,755	\$1,698	\$17,535	(\$900)	0.0
Percentage Change	27.3%	40.2%	56.6%	24.2%	(45.7%)	0.0%
FY 2014-15 Executive Request:	\$126,351	\$30,524	\$4,698	\$90,060	\$1,069	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0



Request R6: Attorney Registration and Continuing Legal Education

- The Department requests an increase of \$27,088 total funds (including \$8,755 General Fund) to pay for increased attorney registration fees in FY 2014-15. The Judicial Department is increasing the annual attorney registration fee by \$100 per attorney (from \$225 to \$325).

- Staff recommends approving the request.

Request: The request includes an increase of \$27,088 total funds (including \$8,755 General Fund) to pay for increased attorney registration fees in FY 2014-15. Using the Attorney Registration and Continuing Legal Education line item, the Department: (1) pays annual attorney registration fees for all of the Department’s attorneys and (2) provides an average of \$150 per attorney for Continuing Legal Education (CLE) credits. The Judicial Department is increasing the annual attorney registration fee by \$100 per attorney (from \$225 to \$325) in FY 2014-15. The Department is requesting the additional funds to cover the fee increase and to allow the Department to continue to both pay the registration fees and provide \$150 per attorney for CLE costs.

Recommendation: Staff recommends approving the request. Given the Judicial Department’s increased registration fee in FY 2014-15, the Department will be unable to cover the registration fees and continue to provide the funding for CLE credits without additional funding. Staff assumes that the General Assembly intends to continue to both pay the registration fees and provide the additional funding for CLE credits.

Analysis: All practicing attorneys in Colorado must: (1) pay an annual registration fee to the Judicial Branch and (2) earn at least forty-five CLE credits over a compliance period of three years (for all attorneys admitted to the Bar after January 1, 1979). Since FY 2008-09 (in response to a Department of Law decision item), the Department’s Long Bill has included funding specifically to pay Department attorneys’ annual registration fees and provide an average of \$150 per attorney to supplement CLE credit fees.

With the Judicial Branch increasing the annual registration fee by \$100 in FY 2014-15 (from \$225 to \$325), the Department is requesting additional funding to pay the increased registration fee and still allow the Department to provide the supplemental funds for CLE credits. As discussed throughout the Committee’s hearing process for FY 2014-15, the State pays annual registration fees for practicing attorneys in a variety of State agencies (e.g., the Office of the State Public Defender). The Department believes that covering the annual registration fee aids recruitment of qualified attorneys.

Staff assumes that the General Assembly intends to continue to pay the annual registration fee and provide funding to supplement attorney CLE credits. The Department’s request seeks the necessary funding based on the fund sources supporting each attorney FTE. Thus, staff recommends approving the request.

Operating Expenses

This line item provides funding for operating expenses of the Administration section.

Request: The Department requests \$202,536 reappropriated funds for FY 2014-15. The request includes \$11,907 associated with request R3 (Database Administrator, discussed above).

Recommendation: Staff recommends \$197,242 reappropriated funds, including an increase of \$6,613 associated with request R3 (Database Administrator). As discussed above, the recommendation is \$5,294 below the request because staff is using the Committee’s common policy amount for office equipment and furniture. The following table details the change from the FY 2013-14 appropriation.

Administration, Operating Expenses					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	\$190,629	\$0	\$0	\$190,629	0.0
TOTAL	\$190,629	\$0	\$0	\$190,629	0.0
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$190,629	\$0	\$0	\$190,629	0.0
R3 Database administrator	<u>6,613</u>	<u>0</u>	<u>0</u>	<u>6,613</u>	<u>0.0</u>
TOTAL	\$197,242	\$0	\$0	\$197,242	0.0
Increase/(Decrease)	\$6,613	\$0	\$0	\$6,613	0.0
Percentage Change	3.5%	0.0%	0.0%	3.5%	0.0%
FY 2014-15 Executive Request:	\$202,536	\$0	\$0	\$202,536	0.0
Request Above/(Below)					
Recommendation	\$5,294	\$0	\$0	\$5,294	0.0

Administrative Law Judge Services

This line item provides funding for the Department to purchase Administrative Law Judge services from the Department of Personnel and Administration.

Request: The Department requests \$28,500 cash funds for FY 2014-15.

Recommendation: Staff’s recommendation for this line item is pending. Staff will ultimately reflect the amount approved by the Committee when the common policy for Administrative Law Judge Services is established.

Purchase of Services from Computer Center

This line item provides funding for the Department's share of statewide computer services provided by the Governor’s Office of Information Technology.

Request: The Department requests \$25,348 reappropriated funds for FY 2014-15.

Recommendation: Staff's recommendation for this line item is pending. Staff will ultimately reflect the amount approved by the Committee when the common policy for this service is established.

Colorado State Network

This line item provides funding for the Department's share of the costs of the State's data, voice, video, text, and graphics communication services.

Request: The Department requests \$216,084 reappropriated funds for FY 2014-15. The request includes an increase of \$9,532 associated with decision item NP2 (Network Resiliency).

Recommendation: Staff's recommendation for this line item is pending. Staff will ultimately reflect the amount approved by the Committee when the common policy for these payments is established, including the common policy with respect to NP2.

Payment to Risk Management and Property Funds

This line item provides funding for the Department's share of the statewide costs for two programs operated by the Department of Personnel and Administration: (1) the liability program, and (2) the property program. The state's liability program is used to pay liability claims and expenses brought against the State. The property program provides insurance coverage for state buildings and their contents.

Request: The Department requests \$151,505 reappropriated funds for FY 2014-15.

Recommendation: Staff's recommendation for this line item is pending. Staff will ultimately reflect the amount approved by the Committee when the common policy for Risk Management and Property Funds is established.

Vehicle Lease Payments

This line item provides funding for annual payments to the Department of Personnel and Administration for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles [see Section 24-30-1117, C.R.S.]. The current appropriation covers costs associated with a total of 30 vehicles, including 14 that are used by the Criminal Justice and Appellate Division, nine that are used by the Legal Services for State Agencies Division, six that are used by the Consumer Protection Division, and one that is used by the Attorney General.

Request: The Department requests \$55,970 for FY 2014-15, which represents a decrease of \$6,049 relative to the FY 2013-14 appropriation.

Recommendation: Staff's overall recommendation for this line item is pending. Staff will ultimately reflect the amount approved by the Committee when the common policy for Vehicle Lease Payments is established.

ADP Capital Outlay

The ADP Capital Outlay line item funds one-time expenditures for personal computers, office equipment, and other items that are needed when new staff positions are authorized. The appropriations on this line are one-time expenditures.

Request: The Department is not requesting any funding for this line item in FY 2014-15. The Department received \$154,370 in one-time funding in FY 2012-13 to purchase a case management system but did not receive any funding in FY 2013-14.

Recommendation: Staff recommends approving the request.

IT Asset Maintenance

This appropriation funds the maintenance and replacement of computer equipment as well as software maintenance and licensing agreements. The requested amount provides for the replacement of the Department's information technology according to a regular schedule in accord with guidelines established by the Governor's Office of Information Technology. New computer purchases are included on the ADP Capital Outlay line.

Request: The Department requests \$687,291 total funds in FY 2014-15. The request includes an increase of \$241,484 total funds (including \$162,097 General Fund) associated with decision item R1 (Asset Maintenance, discussed above).

Recommendation: Staff recommends approving the request, including the increase for R1 (discussed above). The following table details the changes from the FY 2013-14 appropriation.

Administration, Information Technology Asset Maintenance						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$445,807	\$22,803	\$62,250	\$359,373	\$1,381	0.0
Other legislation	<u>0</u>	<u>(1,049)</u>	<u>1,049</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$445,807	\$21,754	\$63,299	\$359,373	\$1,381	0.0
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$445,807	\$21,754	\$63,299	\$359,373	\$1,381	0.0
R1 Asset maintenance	<u>241,484</u>	<u>162,097</u>	<u>17,507</u>	<u>43,591</u>	<u>18,289</u>	<u>0.0</u>
TOTAL	\$687,291	\$183,851	\$80,806	\$402,964	\$19,670	0.0
Increase/(Decrease)	\$241,484	\$162,097	\$17,507	\$43,591	\$18,289	0.0
Percentage Change	54.2%	745.1%	27.7%	12.1%	1,324.3%	0.0%
FY 2014-15 Executive Request:	\$687,291	\$183,851	\$80,806	\$402,964	\$19,670	0.0

JBC Staff Figure Setting: FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Administration, Information Technology Asset Maintenance						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Leased Space

This appropriation previously paid for 3,286 square feet of off-site document storage space.

Request: The Department is not requesting any funding for this line item in FY 2014-15. The additional leased space is no longer necessary because of the Department’s relocation to the Carr Center.

Recommendation: Staff recommends approving the request.

Capitol Complex Leased Space

Prior to FY 2013-14, this line item supported the Department’s lease payments for Capitol Complex space in the State Services Building at 1525 Sherman Street. On January 22, 2013, all Department staff moved to the Ralph L. Carr Colorado Judicial Center, and the Capitol Complex Leased Space appropriation is no longer necessary.

Request: The Department is not requesting any funding for this line item in FY 2014-15, as the appropriation is no longer needed.

Recommendation: Staff recommends approving the request.

Ralph L. Carr Colorado Judicial Center Leased Space

This line item supports the Department’s lease payments for space in the Carr Center. The Department now occupies 200,161 square feet in the Carr Center, and this line item was created (replacing the Capitol Complex Leased Space line item) in FY 2013-14 to reflect the relocation. The Department began making lease payments for the space in the Carr Center on July 1, 2013. This line item also supports the Department’s share of State Patrol security services at the Carr Center.

Request: The Department requests \$2,981,376 total funds for this, reflecting the anticipated lease payment in FY 2014-15. The request represents an increase of \$54,899 above the FY 2013-14 appropriation based on revised estimates from the Judicial Branch.

Recommendation: Staff’s recommendation for the dollar amount of this appropriation is pending. Staff will ultimately reflect the amounts approved by the Committee when it considers the Judicial Branch budget request related to the Carr Center and the Department of Public Safety’s budget request for State Patrol Services.

Security for State Services Building

Prior to FY 2013-14, this line item paid for State Patrol security at the State Services Building, the Capital Complex facility that previously housed the Department of Law. The FY 2013-14

Long Bill consolidated the Department's share of State Patrol security costs into the Ralph L. Carr Colorado Judicial Center Leased Space line item, discussed above.

Request: The Department is not requesting any funding for this line item for FY 2014-15.

Recommendation: Staff recommends approving the request.

Communications Services Payments

This line item provides funding to pay the Governor's Office of Information Technology for the Department's share of the costs associated with operating the public safety communications infrastructure.

Request: The Department requests \$11,385 for this line item for FY 2014-15. The request includes an increase of \$1,806 associated with decision item NP4 (DTRS Operations Increase).

Recommendation: Staff's recommendation for this line item is pending. Staff will ultimately reflect the amount approved by the Committee when the common policy for these payments is established, including the common policy regarding NP4.

COFRS Modernization

This line item provides the Department's share of funding for replacement of the statewide accounting system (COFRS) used by the Office of the State Controller to record all state revenues and expenditures.

Request: The Department requests a continuation appropriation of \$46,431 for this purpose for FY 2014-15.

Recommendation: Staff's recommendation for this line item is pending. Staff will ultimately reflect the amount approved by the Committee when the common policy for this project is established.

Attorney General Discretionary Fund

Section 24-9-105 (1) (c), C.R.S., authorizes the General Assembly to appropriate \$5,000 of discretionary funds to the Attorney General to use for official business purposes.

Request: The Department requests continuation of the \$5,000 General Fund appropriation.

Recommendation: Staff recommends approving the request.

(2) Legal Services to State Agencies

The Legal Services to State Agencies (LSSA) section of the Long Bill provides appropriations to the Department to allow it to spend moneys received from other state agencies for the provision of legal services as required by Section 24-31-101, C.R.S. Since 1973, the General Assembly

has appropriated moneys for legal services to the various state agencies, which in turn purchase services from the Department of Law at hourly rates. The Department of Law collects payments from these agencies when it provides legal services. In order to spend the money it receives to pay salaries and related expenses, the Department of Law also requires an appropriation. Thus, whenever the General Assembly makes an appropriation to a state agency for legal services, an equal appropriation must be made to the Department of Law so it can spend the money it receives. For example, for FY 2013-14, the General Assembly has authorized the Department of Law to spend up to \$35.1 million providing legal services to state agencies (including associated central appropriations).

In most cases, the appropriation to the Department of Law is classified as reappropriated funds because a duplicate appropriation for the purchase of legal services appears in the client agency's budget. In some instances, however, the Department receives payments from state agencies that are not duplicated in appropriations elsewhere in the budget (*e.g.*, payments from PERA). When received, these payments are classified as cash funds.

Please note that FTE that are funded through this section of the Long Bill have been organized into seven sections based on subject matter expertise and the need to separate staff where ethical conflicts of interest exist. Seven Deputy Attorneys General oversee each of these sections. Five of the seven Deputy Attorneys General are funded through this Long Bill section; the remaining two are funded through the Criminal Justice and Appellate, and Consumer Protection sections of the Long Bill.

LINE ITEM DETAIL

Personal Services

The appropriation in the Long Bill for personal services in the LSSA section is a reflection of the State's need for legal services. The LSSA section has two types of employees who bill client agencies: attorneys and legal assistants. Each "billing" attorney and legal assistant provides 1,800 hours of legal services annually². All attorneys bill at a uniform hourly attorney rate, and all legal assistants bill at a uniform hourly legal assistant rate. The "blended" legal rate is a weighted average of these two rates, which is used to compute the appropriations to other state agencies for the purchase of legal services.

The following table summarizes the estimated change in the demand for legal services from FY 2013-14 to FY 2014-15.

² When annual leave and state holidays are taken into account, an individual needs to bill 7.5 hours/day to bill a total of 1,800 hours per year. The Department's personnel evaluations are based, in part, on the number of hours billed. The Department indicates that most attorneys work more than eight hours per day or periodically work on weekends or holidays to achieve this billing objective.

JBC Staff Figure Setting: FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Estimated Change in Demand for Legal Services Hours	Legal Hours
Legal services appropriations specifically designated in the FY 2013-14 Long Bill, plus additional hours of legal services anticipated to be purchased by other agencies (primarily higher education institutions)	381,587
FY 2013-14 legal services appropriations in legislation other than Long Bill (including H.B. 14-1240, the supplemental bill for the Department of Law)	<u>15,029</u>
Total legal services for FY 2013-14	396,886
Estimated number of hours for specifically designated line items the FY 2014-15 Long Bill (including out-year impacts of prior legislation and decision items), plus additional hours of legal services anticipated to be purchased by other agencies	383,784
Change from FY 2013-14 to FY 2014-15	(13,102)

Once the Committee has acted on all state agencies' requests for legal services hours for FY 2014-15, staff will present a memorandum that describes the calculation of the hourly rates applicable for FY 2014-15. Staff will ask the Committee at that time to approve a blended hourly rate that will then be used to calculate Long Bill appropriations for the purchase of legal services for FY 2014-15. Based on the Department of Law's budget request and the common policies adopted by the Committee to date concerning increases for employee salaries and in the state contributions for insurance and retirement benefits, the blended hourly rate is projected to increase to \$99.55 (9.3 percent). This increase is primarily driven by employee-related common policies and staff's recommendation (presented at the FY 2014-15 Joint Budget Committee Staff Budget Briefing) to account for compensated absence fund balance requirements associated with the Legal Services Cash Fund.

Request: The Department requests \$25,426,350 and 249.3 FTE for FY 2014-15. The request is impacted by annualization of funding provided for FY 2013-14 as well as non-prioritized decision items and budget amendments in the Governor's Office and the Department of Natural Resources.

Recommendation: **Staff recommends approving the request.** The following table details the requested and recommended changes from the FY 2013-14 appropriation.

Legal Services to State Agencies, Personal Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	\$21,168,224	\$0	\$821,689	\$20,346,535	\$0	244.5
Other legislation	313,470	0	0	313,470	0	1.5
HB 14-1240 (Supplemental)	<u>884,500</u>	<u>0</u>	<u>0</u>	<u>884,500</u>	<u>0</u>	<u>6.0</u>
TOTAL	\$22,366,194	\$0	\$821,689	\$21,544,505	\$0	252.0

JBC Staff Figure Setting: FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Legal Services to State Agencies, Personal Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$22,366,194	\$0	\$821,689	\$21,544,505	\$0	252.0
Annualize FY 2013-14 salary survey and merit pay	3,436,070	0	0	3,436,070	0	0.0
NP1 Legal services for DNR R2	295,099	0	0	295,099	0	2.0
Annualize prior year legislation	29,409	0	0	29,409	0	0.0
Fund source adjustments	0	0	27,256	(27,256)	0	0.0
BA NP1 Governor’s Office legal services	(534,197)	0	0	(534,197)	0	(3.6)
Annualize FY 2013-14 CDPHE toxicology supplemental	<u>(166,225)</u>	<u>0</u>	<u>0</u>	<u>(166,225)</u>	<u>0</u>	<u>(1.1)</u>
TOTAL	\$25,426,350	\$0	\$848,945	\$24,577,405	\$0	249.3
Increase/(Decrease)	\$3,060,156	\$0	\$27,256	\$3,032,900	\$0	(2.7)
Percentage Change	13.7%	0.0%	3.3%	14.1%	0.0%	(1.1%)
FY 2014-15 Executive Request:	\$25,426,350	\$0	\$848,945	\$24,577,405	\$0	249.3
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Please note that staff will revise this recommendation, if necessary, once the demand for legal services for FY 2014-15 is finalized, including the Committee’s decisions regarding legal services requests for the Governor’s Office and the Department of Natural Resources. **Staff thus requests authorization to adjust this amount, if necessary, based on changes in the number of hours of legal services approved by the Committee.**

In addition, staff recommends that the Committee authorize staff to assume the following numbers of hours for certain state agencies that purchase legal services from the Department of Law. The Long Bill does not include specific appropriations to these agencies to purchase legal services. However, staff needs to make an assumption about the number of hours that will be required by these agencies for purposes of calculating the costs of the LSSA section and the corresponding hourly legal rate.

- *Higher Education Institutions: 10,900 hours* – Staff recommends maintaining the assumption that higher education institutions will utilize 10,900 hours in FY 2013-14.
- *PERA: 29 hours* – Staff recommends maintaining the assumption that PERA will need 29 hours of legal services in FY 2014-15.

Operating and Litigation

This line item supports operating and litigation expenses related to the provision of legal services to state agencies.

JBC Staff Figure Setting: FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Request: The Department requests \$1,788,002 for FY 2014-15. The request is impacted by annualization of funding provided for FY 2013-14 as well as non-prioritized decision items and budget amendments in the Governor’s Office and the Department of Natural Resources.

Recommendation: Staff recommends approving the request. The following table details staff’s overall recommendation for the line item. Please note that staff will revise this recommendation, if necessary, once the demand for legal services for FY 2014-15 is finalized, including the Committee’s decisions regarding additional legal services requested by the Governor’s Office and the Department of Natural Resources. Staff thus requests authorization to adjust this amount, if necessary, based on changes in the number of hours of legal services approved by the Committee.

Legal Services to State Agencies, Operating and Litigation					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	\$1,696,667	\$0	\$27,256	\$1,669,411	0.0
Other legislation	34,825	0	0	34,825	0.0
HB 14-1240 (Supplemental)	<u>98,277</u>	<u>0</u>	<u>0</u>	<u>98,277</u>	<u>0.0</u>
TOTAL	\$1,829,769	\$0	\$27,256	\$1,802,513	0.0
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$1,829,769	\$0	\$27,256	\$1,802,513	0.0
NP1 Legal services for DNR R2	32,789	0	0	32,789	0.0
Annualize prior year legislation	3,268	0	0	3,268	0.0
Fund source adjustments	0	0	(27,256)	27,256	0.0
BA NP1 Governor’s Office legal services	(59,355)	0	0	(59,355)	0.0
Annualize FY 2013-14 CDPHE toxicology supplemental	<u>(18,469)</u>	<u>0</u>	<u>0</u>	<u>(18,469)</u>	<u>0.0</u>
TOTAL	\$1,788,002	\$0	\$0	\$1,788,002	0.0
Increase/(Decrease)	(\$41,767)	\$0	(\$27,256)	(\$14,511)	0.0
Percentage Change	(2.3%)	0.0%	(100.0%)	(0.8%)	0.0%
FY 2014-15 Executive Request:	\$1,788,002	\$0	\$0	\$1,788,002	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

Indirect Cost Assessment

Indirect cost assessments are charged to cash and federally-funded programs for departmental and statewide overhead costs. The indirect assessments for this department are based upon the number of cash and federally funded FTE who work in each division. The source of funds for

this line item is revenue collected from other State agencies for legal services provided by the Department of Law.

Request: The Department requests an appropriation of \$3,329,231 reappropriated funds for FY 2014-15.

Recommendation: Staff recommends approving the request. However, staff requests permission to adjust these amounts as necessary once the Committee has finalized all common policies and determined the demand for legal services for FY 2014-15. Staff will utilize the indirect cost assessment methodology that was described in detail in Appendix D of the FY 2014-15 Staff Budget Briefing, dated November 12, 2013.

(3) Criminal Justice and Appellate

This section provides funding for department staff who:

- investigate and prosecute certain complex and multi-jurisdictional cases, environmental crimes, election fraud, tax fraud, and foreign fugitives;
- investigate and prosecute Medicaid provider fraud and patient abuse;
- investigate and prosecute securities, insurance, and workers' compensation fraud;
- provide investigative and prosecutorial support to local District Attorneys in complex homicides, cold cases, human trafficking cases, and large-scale drug conspiracies;
- represent the State in criminal appeal cases in state and federal courts; and
- assure that the constitutional and statutory rights of victims are preserved in criminal cases being prosecuted or defended by the Department.

This section also provides funding to support the Peace Officers Standards and Training (P.O.S.T.) Board and the Safe2Tell program.

Cash fund sources include moneys paid by insurance companies for the investigation and prosecution of insurance fraud, fees paid by peace officers for P.O.S.T. Board certification, and a statewide vehicle registration fee to support training for peace officers. Reappropriated fund sources include departmental indirect cost recoveries, moneys transferred from the Department of Public Safety from the Colorado Auto Theft Prevention Cash Fund and from the Victims Assistance and Law Enforcement (VALE) Fund, and moneys transferred from the Department of Regulatory Agencies from fees paid by regulated entities for the investigation and prosecution of securities fraud. Federal moneys help support the Medicaid Fraud Control Unit.

Please note that organizationally, the Deputy Attorney General who oversees the Criminal Justice section oversees the activities of the staff who are funded through this Long Bill section, as well as those who are funded through the Legal Services to State Agencies (LSSA) Long Bill section and provide legal services to the Department of Public Safety. The funding that supports this Deputy is appropriated in the Special Prosecutions Unit line item in this section of the Long Bill.

LINE ITEM DETAIL

Special Prosecutions Unit

This unit investigates and prosecutes crimes in a number of areas, under the general authorization of Section 24-31-105, C.R.S., and other specific provisions of statute. This unit prosecutes cases through direct filings as well as the use of the statewide grand jury. This line item is supported by General Fund, cash funds, and reappropriated funds.

General Fund supports the investigation and prosecution of a wide range of crimes and activities, described below.

- *Complex Crimes and Multi-jurisdictional Cases* – These cases would be difficult or impossible for local law enforcement personnel to pursue because local units lack the authority to investigate and prosecute crimes that occur outside of their jurisdiction. This includes a wide variety of criminal activity including: racketeering; domestic terrorism; identity theft; large check and credit card fraud schemes; methamphetamine rings; auto theft rings; mortgage and bank fraud; tax fraud; and human trafficking cases.
- *Criminal Activity by Gangs* – These are cases brought under the Colorado Organized Crime Control Act (which is similar to federal racketeering laws).
- *Environmental Crimes* – These cases involve environmental crimes related to hazardous waste, hazardous substances, water, and air.
- *Foreign Prosecutions* – A foreign national who commits murder or other crimes in Colorado and subsequently flees to Mexico may be prosecuted, convicted, and sentenced to prison in Mexico. These prosecutions require specialized knowledge and resources that are usually lacking in the offices of local District Attorneys. This unit also assists in returning victims and witnesses from Mexico to Colorado to testify in court.

General Fund also supports the *Homicide Assistance Team*, which provides investigative and prosecutorial support to local District Attorneys for active, cold-case, and death penalty-eligible homicides. The assistance must be requested by a local District Attorney and approved by the Attorney General. Requests for assistance generally exceed the Department's available resources, and cases are prioritized based on complexity and the unique expertise that the Department may provide. The team also handles appeals of death penalty convictions in both state and federal appellate courts, and provides training concerning complex homicide prosecutions and cold cases for prosecutors and investigators.

Cash funds provide exclusive support for the investigation and prosecution of *insurance and workers' compensation fraud*. Funding for the program comes from the Insurance Fraud Cash Fund. Reappropriated funds transferred from the Department of Regulatory Agencies' Division of Securities support the investigation and prosecution of *securities fraud*.

JBC Staff Figure Setting: FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

The following table details the types of employees that are supported by this line item.

Staffing Summary - Special Prosecutions Unit				
	FY 12-13 Actual	FY 13-14 Approp.	FY 14-15 Request	FY 14-15 Recommend.
Attorneys	12.6	15.0	15.0	15.0
Criminal Investigators	11.6	12.8	12.8	12.8
Legal Assistants	3.8	5.0	5.0	5.0
Auditor	1.0	1.0	1.0	1.0
Administrative Staff	<u>1.2</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total	30.2	35.8	35.8	35.8

Request: The Department requests a continuation appropriation of \$3,659,196 and 35.8 FTE for FY 2014-15 (annualizing FY 2013-14 salary survey and merit pay as well as an FY 2013-14 decision item).

Recommendation: Staff recommends the requested continuation appropriation, which is consistent with Committee policy. The following table details the changes from the FY 2013-14 appropriation.

Criminal Justice and Appellate, Special Prosecutions Unit					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	\$3,233,334	\$1,546,447	\$1,090,426	\$596,461	34.4
Other legislation	<u>128,662</u>	<u>128,662</u>	<u>0</u>	<u>0</u>	<u>1.4</u>
TOTAL	\$3,361,996	\$1,675,109	\$1,090,426	\$596,461	35.8
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$3,361,996	\$1,675,109	\$1,090,426	\$596,461	35.8
Annualize salary survey and merit pay	309,589	165,050	74,629	69,910	0.0
Annualize FY 2013-14 R2	(8,686)	(4,102)	(2,292)	(2,292)	0.0
Annualize prior year legislation	<u>(3,703)</u>	<u>(3,703)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,659,196	\$1,832,354	\$1,162,763	\$664,079	35.8
Increase/(Decrease)	\$297,200	\$157,245	\$72,337	\$67,618	0.0
Percentage Change	8.8%	9.4%	6.6%	11.3%	0.0%
FY 2014-15 Executive Request:	\$3,659,196	\$1,832,354	\$1,162,763	\$664,079	35.8

JBC Staff Figure Setting: FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Criminal Justice and Appellate, Special Prosecutions Unit					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
Request Above/(Below)					
Recommendation	\$0	\$0	\$0	\$0	0.0

Auto Theft Prevention Grant

This informational appropriation reflects the Department’s anticipated expenditures from a multi-year auto theft prevention grant that was awarded by the Colorado Automobile Theft Prevention Authority. Current law (Section 24-31-108 (1) (b) (I), C.R.S.) continuously appropriates the grant funds to the Department of Law through FY 2014-15.³ Thus, the appropriation is included in the Long Bill for informational purposes only. The Authority's grants are supported by a \$1 annual fee on Colorado auto insurance policies. The Authority awards grants to a number of entities, including police and sheriff’s offices for the creation of auto-theft task forces. Moneys available to the Authority are appropriated to the Department of Public Safety (e.g., \$6,213,420 and 3.0 FTE for FY 2013-14). Therefore, the Department of Law’s budget reflects this grant as reappropriated funds.

This grant supports a full time prosecutor and an investigator who are involved in several theft-prevention endeavors, including a multi-jurisdictional investigation and prosecution effort that combats auto theft. The Department's auto theft unit also helps increase public awareness of auto theft and provides auto theft training and assistance to local law enforcement investigators and deputy district attorneys.

Request: The Department requests an informational appropriation of \$301,569 reappropriated funds and 2.5 FTE for FY 2014-15.

Recommendation: Staff recommends approving the request. The following table details the recommended changes from the FY 2013-14 appropriation.

Criminal Justice and Appellate, Auto Theft Prevention Grant				
	Total Funds	General Fund	Reappropriated Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$282,234</u>	<u>\$0</u>	<u>\$282,234</u>	<u>2.5</u>
TOTAL	\$282,234	\$0	\$282,234	2.5
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$282,234	\$0	\$282,234	2.5
Change in anticipated grant funding	<u>19,335</u>	<u>0</u>	<u>19,335</u>	<u>0.0</u>

³ Please note that, if enacted, S.B. 14-107 (a JBC bill) would extend the continuous appropriation of gifts, grants, and donations to the Department of Law indefinitely.

Criminal Justice and Appellate, Auto Theft Prevention Grant				
	Total Funds	General Fund	Reappropriated Funds	FTE
TOTAL	\$301,569	\$0	\$301,569	2.5
Increase/(Decrease)	\$19,335	\$0	\$19,335	0.0
Percentage Change	6.9%	0.0%	6.9%	0.0%
FY 2014-15 Executive Request:	\$301,569	\$0	\$301,569	2.5
Request Above/(Below)				
Recommendation	\$0	\$0	\$0	0.0

Appellate Unit

This unit handles *criminal appeals* for the Department, representing the prosecution when a defendant challenges his/her felony conviction before the state appellate court or the federal courts⁴. Most of the cases handled by this unit are in the Colorado Court of Appeals, with the remainder in the Colorado Supreme Court and the federal courts. This unit also prepares a weekly digest summarizing published cases to ensure that Appellate Unit attorneys and prosecutors throughout the state are informed about developments in criminal law and procedure. This portion of the Appellate Unit is funded by General Fund and indirect cost recoveries. In FY 2012-13, the 28 attorneys in this unit filed 885 briefs, and argued 110 cases before the appellate court.

Pursuant to Section 24-31-106, C.R.S., the Appellate Unit also employs a *Victims' Services Coordinator*, who assures compliance with Article II, Section 16a of the State Constitution, which states that crime victims have the "right to be heard when relevant, informed, and present at all critical stages of the criminal justice process." When the Department of Law is involved in a trial court prosecution or a criminal appeal, the Coordinator keeps victims informed about their cases, helps them understand the legal process, and sometimes accompanies them to court. The Coordinator position is supported by General Fund and the Victims Assistance and Law Enforcement (VALE) Fund⁵, which is administered by the Department of Public Safety's Division of Criminal Justice⁶. Currently, this position is supported by \$76,059 in VALE funds and \$14,225 General Fund.

The following table details the types of employees that are supported by this line item.

⁴ See Sections 16-12-101 and 24-31-101 (1) (a), C.R.S.

⁵ See Section 24-33.5-506 (1), C.R.S.

⁶ In addition to this state-level fund, each judicial district also has its own local VALE fund, which receives revenues from surcharges on fines imposed for felonies, misdemeanors, juvenile offenses, class 1 and 2 traffic offenses, and certain traffic infractions within the district. Pursuant to Section 24-4.2-105 (1), C.R.S., 13 percent of each district's surcharge revenue is transferred to the state-level VALE Fund. Section 24-33.5-506 (1) (c), C.R.S., mandates that a portion of the moneys in the state-level VALE fund be allocated to the Department of Law to pay for its Victims' Services Coordinator. The remainder of the fine-surcharge revenue collected by each judicial district is used by the district's local VALE Board to make grants to the local district attorney, local law enforcement, and local agencies for victim-service work within the district. The remainder of the revenue collected by the State VALE fund is used for administrative costs of the Division of Criminal Justice and to make statewide VALE grants.

JBC Staff Figure Setting: FY 2014-15
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Staffing Summary - Appellate Unit				
	FY 12-13 Actual	FY 13-14 Approp.	FY 14-15 Request	FY 14-15 Recommend.
Attorneys	27.3	33.5	34.0	34.0
Victims' Services Coordinator	1.0	1.0	1.0	1.0
Administrative Staff	<u>3.0</u>	<u>3.0</u>	<u>3.9</u>	<u>3.9</u>
Total	31.3	37.5	38.9	38.9

Request: The Department requests \$3,707,520 and 38.9 FTE for FY 2013-14. The request includes \$48,170 General Fund associated with request R4 (Appellate Administrative FTE, discussed below).

Recommendation: Staff's recommends \$3,697,461 total funds and 38.9 FTE, including \$38,111 General Fund associated with request R4 (discussed below). The following table details the recommended changes from the FY 2013-14 appropriation. Please note that the recommendation also includes an indirect cost assessment adjustment based on the Department's estimate of the amount of indirect cost recoveries that will be available to offset General Fund expenditures. **Staff requests permission to modify this indirect cost assessment adjustment as necessary once indirect cost assessments and Administration appropriations are finalized.**

Criminal Justice and Appellate, Appellate Unit				
	Total Funds	General Fund	Reappropriated Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$3,240,771</u>	<u>\$2,603,174</u>	<u>\$637,597</u>	<u>37.5</u>
TOTAL	\$3,240,771	\$2,603,174	\$637,597	37.5
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$3,240,771	\$2,603,174	\$637,597	37.5
Annualize salary survey and merit pay	432,205	432,205	0	0.0
R4 Appellate administrative assistant	38,111	38,111	0	0.9
Change in anticipated grant funding	3,408	0	3,408	0.0
Fund source adjustments	0	317,256	(317,256)	0.0
Annualize FY 2013-14 R1	<u>(17,034)</u>	<u>(17,034)</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$3,697,461	\$3,373,712	\$323,749	38.9
Increase/(Decrease)	\$456,690	\$770,538	(\$313,848)	1.4
Percentage Change	14.1%	29.6%	(49.2%)	3.7%
FY 2014-15 Executive Request:	\$3,707,520	\$3,383,771	\$323,749	38.9

Criminal Justice and Appellate, Appellate Unit				
	Total Funds	General Fund	Reappropriated Funds	FTE
Request Above/(Below)				
Recommendation	\$10,059	\$10,059	\$0	0.0

➔ Request R4: Appellate Administrative FTE

- The Department requests \$48,170 General Fund and 0.9 FTE to support an additional administrative assistant for the Appellate Unit in FY 2014-15. The request responds to administrative support needs associated with the addition of 6.0 new attorney FTE to the Appellate Unit in FY 2013-14.

- Staff recommends approving an increase of \$38,111 General Fund and 0.9 FTE.

Request: The Department requests \$48,170 General Fund and 0.9 FTE for FY 2014-15 to add an administrative assistant to the Appellate Unit in response to increasing administrative workload associated with the addition of 6.0 additional attorney FTE in FY 2013-14. The General Assembly appropriated \$531,436 General Fund and 5.5 attorney FTE in FY 2013-14 (annualizing to 6.0 in FY 2014-15). The Department did not request administrative support associated with the new attorneys. The Department reports that the additional workload has strained existing administrative resources and is diverting attorneys’ attention from legal work.

Recommendation: **Staff recommends an increase of \$38,111 General Fund and 0.9 FTE for the Appellate Unit in FY 2014-15.** The recommendation is \$10,059 below the request because: (1) staff recommends providing the range minimum salary for an Administrative Assistant II (the Department requested a mid-range salary to provide pay similar to the existing administrative staff); and (2) staff is using the Committee’s common policy amount for office furniture and equipment rather than the increased amount requested by the Department. The following table details the components of the request and staff recommendation.

Request R4 - Appellate Administrative FTE						
	FY 2014-15 Request		FY 2014-15 Staff Rec.		FY 2015-16 Impact	
	CF	FTE	CF	FTE	CF	FTE
Personal Services Costs						
Salary	\$33,000	0.9	\$29,084	0.9	\$31,728	1.0
PERA (10.15%)	3,350		2,952		3,220	
Medicare (1.45%)	479		422		460	
Subtotal, Personal Services	\$36,828	0.9	\$32,458	0.9	\$35,408	1.0
Operating Expenses						
Office Equipment (furniture, etc.)	\$8,767		\$3,473		\$0	
Computer (\$900)	1,230		900		0	

JBC Staff Figure Setting: FY 2014-15
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Request R4 - Appellate Administrative FTE						
	FY 2014-15 Request		FY 2014-15 Staff Rec.		FY 2015-16 Impact	
	CF	FTE	CF	FTE	CF	FTE
Supplies (\$500)	500		500		500	
Standard Office Suite Software (\$330)	395		330		0	
Telephone (\$450/FTE)	<u>450</u>		<u>450</u>		<u>450</u>	
Subtotal, Operating Expenses	\$11,342		\$5,653		\$950	
Total, Request R4	\$48,170	0.9	\$38,111	0.9	\$36,358	1.0

Analysis: In an effort to reduce a growing backlog of appellate cases, the General Assembly approved 6.0 additional attorney FTE for the Appellate Unit in FY 2013-14. With the additional 6.0 attorney FTE, the Appellate Unit now includes a total of 37.0 FTE, including 34.0 attorney FTE (actually 32 full-time and 4 half-time attorneys) and 3.0 support FTE.

However, the Department did not request and the General Assembly did not provide funding for additional administrative staff in FY 2013-14. As a result, the Appellate Unit now has the highest ratio of attorneys to support staff of any office in the Department. As shown in the following table, the Appellate Unit currently has 11.3 attorney FTE per support FTE, while Special Prosecutions is the next highest with 7.5. Even with the requested support FTE, Appellate would retain the highest ratio with 8.5 attorneys per support FTE.

Attorney to Support Staff Ratios			
Line Item	FY 2013-14 Attorney FTE	Support FTE	Ratio
Appellate Unit (FY 2013-14)	34.0	3.0	11.3 to 1
Appellate Unit (FY 2014-15 Proposal)	34.0	4.0	8.5 to 1
Legal Services to State Agencies	183.6	28.4	6.4 to 1
Special Prosecutions	15.0	2.0	7.5 to 1
Medicaid Fraud	3.0	1.0	3.0 to 1
Consumer Protection and Anti-trust	12.0	2.0	6.0 to 1

In FY 2012-13 (prior to adding the 6.0 additional attorney FTE), Appellate Unit attorneys filed a total of 885 briefs. The Appellate Unit’s existing support staff perform a variety of activities for the attorneys such as: entering and maintaining accurate court filings and documentation into the case management system; coding briefs; filing various documents prepared by the attorneys through the electronic filing system; creating and maintaining case files; and creating and editing various legal documents.

The Department expects the Unit to file an additional 200 briefs per year with the 6.0 FTE added in FY 2013-14, and the Department reports that the additional workload is already straining administrative resources. For example, limited administrative support is forcing Appellate attorneys to complete a variety of tasks that would be more efficiently performed by administrative staff, reducing the attorneys’ time for legal work.

Given that the General Assembly approved the 6.0 additional FTE in FY 2013-14 specifically to reduce the backlog of Appellate cases, staff recommends that the Committee provide resources to hire an additional administrative FTE to improve the utilization of the additional attorneys and maximize the reduction in the backlog.

Changes from the Request

Staff's recommendation includes two changes from the request:

- *Personal Services/ Starting Salary:* The Department is requesting a salary of \$36,000 per year (\$33,000 in FY 2014-15 because the pay-date shift requires only 11 months of salary), mid-range for the Administrative Assistant II classification. The Department indicates that the request aligns with the existing support staff salaries. Staff does not see a compelling enough reason to deviate from the Committee's common policies and provide an increased salary. Thus, staff's recommendation provides funding at the range minimum salary of \$31,728 per year (\$29,084 in FY 2014-15). The recommendation also changes the amounts necessary for PERA and Medicare.
- *Operating Expenses:* As with the Database Administrator Position discussed above, the Department is requesting \$8,767 in one-time funding for office furniture and equipment. The request seeks to provide furnishings consistent with existing similar positions in the Carr building. Staff's recommendation includes the Committee's common policy amount of \$3,473 for office furniture and equipment. The recommendation also includes minor adjustments to align funding for computers and software with the Committee's common policies.

Medicaid Fraud Control Unit

The Medicaid Fraud Control Unit, operational in Colorado since 1978, is mandated by federal law to assist in maintaining the financial integrity of the State's Medicaid program and the safety of patients in Medicaid-funded facilities. By federal law and Executive Order D1787, the Unit has statewide authority to *criminally* investigate and prosecute Medicaid provider fraud, as well as physical and financial abuse of residents in federally-funded long-term care facilities⁷. The Colorado False Claims Act, adopted in May 2010, expanded the Unit's authority by allowing it to pursue *civil* recoveries and damages against providers for incidents of fraud and over billing.

Federal and state laws require that a state's fraud program be independent of the Department of Health Care Policy and Financing (HCPF), the "single state agency" that administers Colorado's Medicaid program. Federal rules also mandate that this program be kept separate from all other units at the Department of Law. The Unit cooperates and coordinates with several entities, including District Attorneys, HCPF, the Department of Public Health and Environment, the Department of Regulatory Agencies, and numerous federal agencies. In addition to recovering improperly received Medicaid funds, remedies include suspension, sometimes permanently, from the Medicaid program.

⁷ Fraud committed by Medicaid clients is investigated by county departments of human services.

JBC Staff Figure Setting: FY 2014-15
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This program qualifies for an enhanced Medicaid matching rate; the federal government pays 75 percent of the Unit's operating costs and the State provides the remaining 25 percent. In FY 2012-13, the Unit's operating costs totaled \$1,738,002; the State paid 25 percent (\$424,643) of this amount.

Although the federal government pays 75 percent of the Unit's operating costs, the State retains at least 50 percent of the recovered funds⁸. Recovered funds reduce the General Fund appropriation supporting the Medicaid program in HCPF's Medical Services Premiums Division. During FY 2011-12, the Unit returned \$15,710,650 in restitution and recoveries, including \$15,555,349 in civil damages and penalties and \$155,301 in criminal recoveries.

The following table details the types of employees that are supported by this line item.

Staffing Summary - Medicaid Fraud Control Unit				
	FY 12-13 Actual	FY 13-14 Approp.	FY 14-15 Request	FY 14-15 Recommend.
Attorneys	3.0	3.0	3.0	3.0
Criminal Investigators	9.4	10.0	10.0	10.0
Auditor	1.0	1.0	1.0	1.0
Health Professional	1.0	1.0	1.0	1.0
Legal Assistants/ Administrative Staff	<u>1.8</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total	16.2	17.0	17.0	17.0

Request: The Department requests \$1,648,189 and 17.0 FTE for FY 2014-15.

Recommendation: Staff recommends approving the request, which is a continuation level of funding (annualizing FY 2013-14 salary survey and merit pay) and is consistent with the Committee's common policy. The following table details the recommended changes from the FY 2013-14 appropriation.

Criminal Justice and Appellate, Medicaid Fraud Control Unit				
	Total Funds	General Fund	Federal Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$1,579,511</u>	<u>\$394,876</u>	<u>\$1,184,635</u>	<u>17.0</u>
TOTAL	\$1,579,511	\$394,876	\$1,184,635	17.0

⁸ Under federal law, if a state's False Claims Act is approved by the federal Department of Health and Human Services' Office of the Inspector General as being compliant with the federal Deficit Reduction Act, that state is entitled to retain more than 50 percent of its civil Medicaid recoveries. The Department of Law indicates that Colorado's Act was not approved, so Colorado is entitled to 50 percent of its civil Medicaid recoveries.

*JBC Staff Figure Setting: FY 2014-15
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Criminal Justice and Appellate, Medicaid Fraud Control Unit				
	Total Funds	General Fund	Federal Funds	FTE
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$1,579,511	\$394,876	\$1,184,635	17.0
Annualize salary survey and merit pay	<u>68,678</u>	<u>17,169</u>	<u>51,509</u>	<u>0.0</u>
TOTAL	\$1,648,189	\$412,045	\$1,236,144	17.0
Increase/(Decrease)	\$68,678	\$17,169	\$51,509	0.0
Percentage Change	4.3%	4.3%	4.3%	0.0%
FY 2014-15 Executive Request:	\$1,648,189	\$412,045	\$1,236,144	17.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Peace Officers Standards and Training (P.O.S.T.) Board

The P.O.S.T. Board was established as a result of the enactment of federal legislation requiring equal protection by jurisdictions that receive federal funding [Title VII of the Rehabilitation Act of 1973]. The P.O.S.T. Board consists of 20 appointed members, including the Attorney General, the Executive Director of the Colorado Department of Public Safety, the Special Agent in charge of the Denver Division of the Federal Bureau of Investigation, as well as representatives of local government, sheriffs, chiefs of police, peace officers, and the general public.

The P.O.S.T. Board is responsible for ensuring statewide consistency in the qualifications and training for peace officers. The Board thus certifies peace officers appointed by state and local law enforcement agencies, regulates peace officer training academies, and facilitates on-going training for all state peace officers by disbursing grants and providing training sessions specifically developed by P.O.S.T. board and staff [see Section 24-31-301 *et seq.*, C.R.S.]. The P.O.S.T. Board is supported by the P.O.S.T. Board Cash Fund, which consists of fees paid by applicants seeking certification as well as a \$0.60 vehicle registration fee, which provides funding for peace officer training programs.

Request: The Department requests \$3,073,274 and 7.0 FTE for FY 2014-15.

Recommendation: Staff recommends approving the request, which is a continuation level of funding (annualizing FY 2013-14 salary survey and merit pay) and is consistent with the Committee’s common policy. The following table details the recommended change from the FY 2013-14 appropriation.

JBC Staff Figure Setting: FY 2014-15
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Criminal Justice and Appellate, Peace Officers Standards and Training Board Support				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	\$2,966,320	\$0	\$2,966,320	7.0
Other legislation	<u>96,000</u>	<u>0</u>	<u>96,000</u>	<u>0.0</u>
TOTAL	\$3,062,320	\$0	\$3,062,320	7.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$3,062,320	\$0	\$3,062,320	7.0
Annualize salary survey and merit pay	<u>10,954</u>	<u>0</u>	<u>10,954</u>	<u>0.0</u>
TOTAL	\$3,073,274	\$0	\$3,073,274	7.0
Increase/(Decrease)	\$10,954	\$0	\$10,954	0.0
Percentage Change	0.4%	0.0%	0.4%	0.0%
FY 2014-15 Executive Request:	\$3,073,274	\$0	\$3,073,274	7.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Safe2Tell

The Safe2Tell program provides students and the community with a means to anonymously report information concerning unsafe, potentially harmful, dangerous, violent, or criminal activities – or the threat of these activities – to appropriate law enforcement and public safety agencies and school officials. The Safe2Tell hotline is operated by the Colorado State Patrol Denver Communications Center. Tips received through the hotline are relayed to the appropriate authority via fax or e-mail. Safe2Tell also makes presentations to youngsters around the state to educate youth about the dangers of the "Code of Silence" which often keeps kids from telling authorities of potential dangers.

Safe2Tell, which is based in Colorado Springs, is a 501(c)(3) not-for-profit organization. Safe2Tell was exclusively supported by private grants until FY 2008-09, when the General Assembly approved a request from the Department of Public Safety for \$97,186 General Fund and 1.0 FTE Program Director. Safe2Tell has a volunteer board and employs three other full time employees who are not state employees. In FY 2009-10, the General Assembly approved a request to transfer the program to the Department of Law. The Program Director manages the hotline and responses to Safe2Tell tips, provides training for students and teachers, speaks to community groups, and seeks support from state and local law enforcement and education officials.

Request: The Department requests \$107,471 and 1.0 FTE for FY 2014-15.

Recommendation: Staff recommends approving the request, which is a continuation level of funding (annualizing FY 2013-14 salary survey and merit pay) and is consistent with the Committee's common policy.

Criminal Justice and Appellate, Safe2Tell			
	Total Funds	General Fund	FTE
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	<u>\$100,686</u>	<u>\$100,686</u>	<u>1.0</u>
TOTAL	\$100,686	\$100,686	1.0
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$100,686	\$100,686	1.0
Annualize salary survey and merit pay	<u>6,785</u>	<u>6,785</u>	<u>0.0</u>
TOTAL	\$107,471	\$107,471	1.0
Increase/(Decrease)	\$6,785	\$6,785	0.0
Percentage Change	6.7%	6.7%	0.0%
FY 2014-15 Executive Request:	\$107,471	\$107,471	1.0
Request Above/(Below) Recommendation	\$0	\$0	0.0

Indirect Cost Assessment

Indirect cost assessments are charged to cash and federally-funded programs for departmental and statewide overhead costs. The indirect assessments for this department are based upon the number of cash and federally funded FTE who work in each division. The sources of funds for this line item include: fees paid by insurance companies for insurance fraud investigation and prosecution activities; the P.O.S.T. Board Cash fund; fees collected by the Division of Securities within the Department of Regulatory Agencies; and the federal Medicaid Fraud Control Program.

Request: The Department requests an appropriation of \$522,391 for FY 2014-15.

Recommendation: Staff recommends approving the request. However, staff requests permission to adjust these amounts as necessary once the Committee has finalized all common policies for FY 2014-15. Staff will utilize the indirect cost assessment methodology that was described in detail in Appendix D of the FY 2014-15 Staff Budget Briefing, dated November 12, 2013. The following table details the recommended changes from the FY 2013-14 appropriation.

JBC Staff Figure Setting: FY 2014-15
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Criminal Justice and Appellate, Indirect Cost Assessment						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	<u>\$515,376</u>	<u>\$0</u>	<u>\$263,029</u>	<u>\$82,780</u>	<u>\$169,567</u>	<u>0.0</u>
TOTAL	\$515,376	\$0	\$263,029	\$82,780	\$169,567	0.0
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$515,376	\$0	\$263,029	\$82,780	\$169,567	0.0
Indirect cost assessment adjustments	<u>7,015</u>	<u>0</u>	<u>3,580</u>	<u>1,127</u>	<u>2,308</u>	<u>0.0</u>
TOTAL	\$522,391	\$0	\$266,609	\$83,907	\$171,875	0.0
Increase/(Decrease)	\$7,015	\$0	\$3,580	\$1,127	\$2,308	0.0
Percentage Change	1.4%	0.0%	1.4%	1.4%	1.4%	0.0%
FY 2014-15 Executive Request:	\$522,391	\$0	\$266,609	\$83,907	\$171,875	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

(4) Water and Natural Resources

This section provides funding for department staff who protect and defend the interests of the State and its citizens in all areas of natural resources law and environmental law, including:

- the use of surface and ground water;
- oil and gas development;
- mining and minerals;
- wildlife;
- the clean-up of contaminated sites (pursuant to the federal Comprehensive Environmental Response, Compensation and Liability Act or "CERCLA");
- the proper storage or disposal of hazardous waste; and
- protection of the state's air and water.

This section also advocates on behalf of the Colorado Natural Resource Trustees⁹ to recover damages for injuries to natural resources and to restore, replace, and acquire the equivalent of the natural resources injured.

⁹ The State Natural Resource Trustees were initially designated by Governor Roy Romer in 1990 pursuant to CERCLA. The Trustees include: the Attorney General, the Executive Director of the Department of Natural Resources, and the Executive Director of the Department of Public Health and Environment.

Cash fund sources include the Colorado Water Conservation Board's Litigation Fund and moneys received by the Attorney General as an award of attorney fees or costs. Reappropriated funds are transferred from the Department of Public Health and Environment from the Hazardous Substance Response Fund.

Please note that organizationally, the Deputy Attorney General for Natural Resources and Environment oversees the activities of the staff who are funded through this Long Bill section, as well as those who are funded through the Legal Services to State Agencies (LSSA) Long Bill section and provide legal services to most program areas within the Department of Natural Resources, the environment-related programs within Department of Public Health and Environment, and any other state agency or official with a natural resource, water right, or environmental issue. The funding that supports this Deputy is appropriated in the LSSA section of the Long Bill.

LINE ITEM DETAIL

Federal and Interstate Water Unit

This unit protects the state's interests in the waters of interstate rivers, with respect to both interstate water allocation and federal environmental requirements, including, among others, the National Environmental Policy Act, the Endangered Species Act, and the Wild and Scenic Rivers Act. The major litigation currently within the unit involves the Rio Grande Compact, the Arkansas Compact, and the Republican River Compact. This unit also works with state water users to protect the state's interests in the timely and reasonable resolution of federal claims for water rights, including reserved water rights and claims for in-stream flows.

This line item supports 4.5 FTE attorneys and 1.0 FTE Legal Assistant.

Request: The Department requests a continuation appropriation of \$576,724 General Fund and 5.5 FTE for FY 2014-15 (annualizing FY 2013-14 salary survey and merit pay).

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policy. The following table details the recommended change from the FY 2013-14 appropriation.

Water and Natural Resources, Federal and Interstate Water Unit			
	Total Funds	General Fund	FTE
FY 2013-14 Appropriation			
SB 13-230 (Long Bill)	<u>\$513,883</u>	<u>\$513,883</u>	<u>5.5</u>
TOTAL	\$513,883	\$513,883	5.5
FY 2014-15 Recommended Appropriation			
FY 2013-14 Appropriation	\$513,883	\$513,883	5.5

Water and Natural Resources, Federal and Interstate Water Unit			
	Total Funds	General Fund	FTE
Annualize salary survey and merit pay	62,841	62,841	0.0
TOTAL	\$576,724	\$576,724	5.5
Increase/(Decrease)	\$62,841	\$62,841	0.0
Percentage Change	12.2%	12.2%	0.0%
FY 2014-15 Executive Request:	\$576,724	\$576,724	5.5
Request Above/(Below) Recommendation	\$0	\$0	0.0

Defense of the Colorado River Basin Compact

The Department uses this appropriation to defend Colorado's interests in the 1922 Colorado River Compact [see Section 37-61-101, C.R.S.], which apportioned Colorado River water between Upper and Lower Basin states, and the 1948 Upper Colorado River Compact [see Section 37-62-101, C.R.S.], which apportioned upper basin water among Colorado, Utah, Wyoming, and New Mexico. The staff who are supported by this line item provide legal counsel and representation to the Department of Natural Resources, the Colorado Water Conservation Board, the State Engineer, and the Colorado Commissioner to the Upper Colorado River Commission on issues pertaining to the Colorado River and the related Compacts. The cash funds supporting this line item are from the Colorado Water Conservation Board's Litigation Fund.

The unit's major tasks include the following:

- Providing real-time counsel during interstate negotiations concerning reservoir operations including Glen Canyon and Hoover Dams, application of the 1944 Water Treaty with Mexico, and compliance with federal environmental laws ;
- Researching issues relevant to potential litigation;
- Preparing a litigation database of the voluminous documents relevant to the Colorado River;
- Assisting the State Engineer in preparing rules for any in-state curtailment of water rights resulting from a Colorado River Compact call.

This line item supports 2.0 FTE attorneys and 1.0 FTE Legal Assistant.

Request: The Department requests a continuation appropriation of \$352,289 cash funds and 3.0 FTE for FY 2014-15 (annualizing FY 2013-14 salary survey and merit pay).

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policy. The fund source is the Colorado Water Conservation Board's Litigation Fund, or payments received from New Mexico, Wyoming, and Utah. The following table details the recommended change from the FY 2013-14 appropriation.

JBC Staff Figure Setting: FY 2014-15
Staff Working Document – Does Not Represent Committee Decision

Water and Natural Resources, Defense of the Colorado River Basin Compact				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$335,198</u>	<u>\$0</u>	<u>\$335,198</u>	<u>3.0</u>
TOTAL	\$335,198	\$0	\$335,198	3.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$335,198	\$0	\$335,198	3.0
Annualize salary survey and merit pay	<u>17,091</u>	<u>0</u>	<u>17,091</u>	<u>0.0</u>
TOTAL	\$352,289	\$0	\$352,289	3.0
Increase/(Decrease)	\$17,091	\$0	\$17,091	0.0
Percentage Change	5.1%	0.0%	5.1%	0.0%
FY 2014-15 Executive Request:	\$352,289	\$0	\$352,289	3.0
Request Above/(Below)				
Recommendation	\$0	\$0	\$0	0.0

The Colorado Water Conservation Board was established to aid in the protection and development of state waters for the benefit of Colorado's present and future citizens. The Board's budget is located in the Department of Natural Resources. The Colorado Water Conservation Board's Litigation Fund [Section 37-60-121 (2.5) (a) (III), C.R.S.] was created to support the State in water-related litigation involving the federal government or other states. The fund derives from periodic appropriations and transfers by the General Assembly to the Fund. Moneys in the Litigation Fund are continuously appropriated to the Board and all expenditures from the Fund must be approved by the Board. The Attorney General may request moneys from the Litigation Fund to defend and protect Colorado's allocations of water in interstate streams and rivers with respect to specifically identified lawsuits.

The Department has indicated that it probably will be necessary to provide General Fund support for this line item at some point in the future.

Defense of the Republican River Compact

The Republican River Compact between Colorado, Kansas, and Nebraska governs the use of water in the Republican River Basin, which lies in northeastern Colorado, southwestern Nebraska and northwestern Kansas [see Section 37-67-101, C.R.S.]. In 1998, Kansas sued Nebraska and Colorado, alleging overuse of river water. In 2003, the three states entered into a settlement decree to resolve the dispute, but in 2007 Kansas began legal action against Nebraska, claiming that state was not doing enough to comply.

Request: The Department requests a continuation level of funding (\$110,000 cash funds) for FY 2014-15.

Recommendation: Staff recommends approving the request. This line item is supported by the Colorado Water Conservation Board's Litigation Fund.

Consultant Expenses

This line item provides funding for private counsel that represents Colorado in litigation with Kansas concerning the Arkansas River Compact.

In 1985 Kansas filed a complaint with the U.S. Supreme Court, which had original jurisdiction, asserting that Colorado was violating the 1948 Arkansas River Compact by consuming too much river water. In 1994, a Supreme Court appointed Special Master concluded that Colorado had violated the Compact by pumping too much water from wells near the River. The Supreme Court agreed with the Special Master's findings, and in 2005 Colorado paid Kansas \$34 million in damages for violations dating back to the 1950's. In 2006 Colorado paid another \$1.1 million for Kansas' legal costs, an amount that the Supreme Court upheld in 2009 following a Kansas challenge. In the wake of the Supreme Court's 1994 ruling, Kansas and Colorado worked jointly with the Special Master to develop a decree, finalized in 2009, that implemented the Supreme Court's decision. The decree includes a complex Hydrologic-Institute Model which is used to determine compact compliance.

Since the beginning of the dispute, Colorado has relied on outside counsel for legal work. The most difficult parts of the case have now been resolved and the Department has been shifting the work in-house. However, outside counsel is still required when complex issues arise.

Request: The Department requests a continuation level of funding (\$400,000 cash funds) for FY 2014-15.

Recommendation: Staff recommends approving the request. This line item is supported by \$350,000 from the Colorado Water Conservation Board's Litigation Fund and \$50,000 from the Attorney Fees and Costs Account.

Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)

This line item provides funding for the Department's CERCLA Litigation Unit, which handles the legal work for sites that have been seriously contaminated by hazardous substances (known as "Superfund" sites), most of which are being cleaned up under consent decrees by those who contaminated them. Most CERCLA cases can be divided into two phases that are handled in separate legal proceedings. The first phase focuses on remediation -- the disposal and treatment of hazardous substances at a pollution site. The second phase focuses on compensation for the environmental degradation that remains after remediation.

During the first phase of a CERCLA case, this unit works closely with the Colorado Department of Public Health and Environment (CDPHE), providing legal advice helping CDPHE to induce the responsible party, via negotiation or litigation, to undertake appropriate cleanup measures. In some cases this unit is also able to recover costs that the State incurred while dealing with the polluted site and the polluter.

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During the second phase of a CERCLA case, the Department tries to win compensation from the polluter for natural resource damages ("NRDs") – the environmental degradation that remains after remediation – on behalf of the State's Natural Resource Trustees. Under CERCLA rules, any recovery that the State receives must be spent on the restoration, replacement, or acquisition of equivalent natural resources. This unit serves the Trustees by negotiating or litigating to recover NRDs, and assisting the Trustees in determining how to allocate the NRDs to restore or replace the injured natural resources such as ground water, wildlife habitat, and fish populations.

The following table details the types of employees that are supported by this line item.

Staffing Summary - CERCLA				
	FY 12-13 Actual	FY 13-14 Approp.	FY 14-15 Request	FY 14-15 Recommend.
Attorneys	2.6	2.9	2.9	2.9
Administrative Staff	<u>0.6</u>	<u>0.6</u>	<u>0.6</u>	<u>0.6</u>
Total	3.2	3.5	3.5	3.5

Request: The Department requests a continuation appropriation of \$484,300 reappropriated funds and 3.5 FTE for FY 2014-15 (annualizing the FY 2013-14 salary survey and merit pay).

Recommendation: Staff recommends approving the request, which is consistent with the Committee's common policy. This appropriation is supported by a transfer from DPHE from the Hazardous Substance Response Fund. The following table details the recommended change from the FY 2013-14 appropriation.

Water and Natural Resources, Comprehensive Environmental Response, Compensation and Liability Act				
	Total Funds	General Fund	Reappropriated Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$460,629</u>	<u>\$0</u>	<u>\$460,629</u>	<u>3.5</u>
TOTAL	\$460,629	\$0	\$460,629	3.5
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$460,629	\$0	\$460,629	3.5
Annualize salary survey and merit pay	<u>23,671</u>	<u>0</u>	<u>23,671</u>	<u>0.0</u>
TOTAL	\$484,300	\$0	\$484,300	3.5
Increase/(Decrease)	\$23,671	\$0	\$23,671	0.0
Percentage Change	5.1%	0.0%	5.1%	0.0%

Water and Natural Resources, Comprehensive Environmental Response, Compensation and Liability Act				
	Total Funds	General Fund	Reappropriated Funds	FTE
FY 2014-15 Executive Request:	\$484,300	\$0	\$484,300	3.5
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

CERCLA Contracts

This line item provides funding for contractors who support the work of the CERCLA Litigation Unit. These contractors include expert witnesses, scientists knowledgeable about hazardous waste, hydrologists knowledgeable about the movement of polluted ground water, and economists knowledgeable about the value to be placed on natural resource damages.

Request: The Department requests an appropriation of \$100,000 reappropriated funds for FY 2014-15, a reduction of \$325,000 from the FY 2013-14 appropriation. The requested reduction is a prioritized budget amendment in the Department of Public Health and Environment and a non-prioritized budget amendment in the Department of Law. That budget amendment will be presented during figure setting for the Department of Public Health and Environment.

Recommendation: Staff’s recommendation for this line item is pending the Committee’s decision regarding the Department of Public Health and Environment budget amendment. Staff will reflect the Committee’s decision in the appropriation for the Department of Law. As with the previous line item, this appropriation is supported by a transfer from the DPHE from the Hazardous Substance Response Fund.

Natural Resource Damage Claims at Rocky Mountain Arsenal

In 2008 the Department of Law and the State Natural Resource Trustees settled their natural resource damage case against Shell Oil Company and the U.S. Army over pollution at the Rocky Mountain Arsenal. The Trustees are now expending the \$27.4 million settlement on projects to restore, rehabilitate or replace natural resources damaged by the release of hazardous substances from the Arsenal. The appropriation for this line item pays an outside contractor who helps the Trustee staff evaluate proposed projects, ensure compliance with statutory requirements, and maximize the natural resource benefits from the settlement moneys.

Request: The Department requests a continuation level of funding (\$50,000 reappropriated funds) for FY 2014-15.

Recommendation: Staff recommends approving the request. As with the previous line item, this appropriation is supported by a transfer from the DPHE from the Hazardous Substance Response Fund.

Indirect Cost Assessment

Indirect cost assessments are charged to cash and federally-funded programs for departmental and statewide overhead costs. The indirect assessments for this department are based upon the number of cash and federally funded FTE who work in each division. The source of funds for

this line item is moneys in the Hazardous Substance Response Fund that are transferred from the Department of Public Health and Environment.

Please note that the Department has not historically charged an indirect cost assessment to the Colorado Water Conservation Board's Litigation Fund. This fund supports the appropriations for the Defense of the Republican River Compact and the Defense of the Colorado River Compact. Staff recommends that this practice continue for two reasons: (1) the Water Conservation Board allocated these moneys believing that they would not be charged overhead; and (2) the Department of Law has never charged overhead to special litigation line items.

Request: The Department requests \$47,367 reappropriated funds for FY 2014-15.

Recommendation: Staff recommends approving the request. However, staff requests permission to adjust these amounts as necessary once the Committee has finalized all common policies for FY 2014-15. Staff will utilize the indirect cost assessment methodology that was described in detail in Appendix D of the FY 2014-15 Staff Budget Briefing, dated November 12, 2013. The following table details the recommended change from the FY 2013-14 appropriation.

Water and Natural Resources, Indirect Cost Assessment					
	Total Funds	General Fund	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	\$46,731	\$0	\$46,731	\$0	0.0
TOTAL	\$46,731	\$0	\$46,731	\$0	0.0
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$46,731	\$0	\$46,731	\$0	0.0
Indirect cost assessment adjustments	636	0	636	0	0.0
TOTAL	\$47,367	\$0	\$47,367	\$0	0.0
Increase/(Decrease)	\$636	\$0	\$636	\$0	0.0
Percentage Change	1.4%	0.0%	1.4%	0.0%	0.0%
FY 2014-15 Executive Request:	\$47,367	\$0	\$47,367	\$0	0.0
Request Above/(Below)					
Recommendation	\$0	\$0	\$0	\$0	0.0

(5) Consumer Protection

This Long Bill section provides funding for Department staff that protect Colorado consumers against fraud and maintain a competitive business environment by enforcing state and federal

laws regarding consumer protection, antitrust, consumer lending, mortgage fraud, predatory lending, debt collection, rent-to-own, and credit repair. This section also provides funding to support one attorney who is responsible for enforcing provisions of the tobacco Master Settlement Agreement.

Please note that organizationally, the Deputy Attorney General for Consumer Protection oversees the activities of the staff who are funded through this Long Bill section, as well as those who are funded through the Legal Services to State Agencies (LSSA) Long Bill section and provide legal services to the Office of the Consumer Counsel. The funding that supports this Deputy is appropriated in the Consumer Protection and Antitrust line item in this section of the Long Bill.

LINE ITEM DETAIL

Consumer Protection and Antitrust

This line item supports two units that enforce provisions of the Colorado Consumer Protection Act [Section 6-1-101, *et seq.*, C.R.S.]. The Consumer Fraud Unit investigates and prosecutes traditional consumer protection matters such as fraudulent trade, and false advertising practices in a variety of areas, such as automobile repossession, health clubs, and manufactured homes. This unit also brings cases under the Charitable Solicitations Act and the Motor Vehicle Repair Act. With respect to Colorado cases, the Attorney General shares enforcement responsibilities with locally elected District Attorneys. In addition, the staff in this unit also participate in national or multi-state enforcement activities with their counterparts in Attorney General offices in other states and with the Federal Trade Commission.

The Antitrust, Tobacco, and Consumer Protection Unit handles several specialized consumer protection provisions, including enforcement violations of the No-Call List Act [Section 6-1-901, *et seq.*, C.R.S.] and all of the consumer protection laws designed to address mortgage and foreclosure rescue fraud¹⁰. This unit is also responsible for exercising the Attorney General's exclusive jurisdiction to enforce civil and criminal provisions of the Colorado Antitrust Act [Article 4 of Title 6, C.R.S.]. This unit thus investigates and prosecutes price fixing, bid rigging, and mergers that would unreasonably restrain fair competition. This unit also participates in merger reviews in conjunction with the Federal Trade Commission where the industry at issue implicates statewide interests of concern to Colorado. Finally, pursuant to Section 24-31-402, C.R.S., this unit is responsible for enforcing the tobacco Master Settlement Agreement (MSA) and related tobacco laws [Section 39-28-201, *et seq.*, C.R.S.]. This unit thus monitors compliance with the numerous MSA injunctive terms and ensures that Colorado's interests are protected under the payment calculation provisions. This unit works with the Department of Revenue to enforce escrow payment obligations of non-participating tobacco manufacturers.

Finally, this line item currently supports the Deputy Attorney General for the Consumer Protection section.

The cash funds for this line item derive from:

¹⁰ The Department of Regulatory Agencies is responsible for handling licensing and disciplinary issues, while this Department handles false advertising and litigation issues.

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- various court-ordered awards that the Department has received as the result of its enforcement work;
- the Defense Account of the Tobacco Litigation Settlement Cash Fund for non-participating-tobacco manufacturer enforcement work;
- the Public Utilities Commission for work supporting Colorado's no call list; and
- the Building Regulation Fund for consumer protection work on mobile homes.

The reappropriated funds for this line item are transferred from Department of Regulatory Agencies' Division of Real Estate from the Mortgage Brokers Cash Fund; these funds support consumer protection activities related to mortgage brokers.

The following table details the types of employees that are supported by this line item.

Staffing Summary - Consumer Protection and Antitrust				
	FY 12-13 Actual	FY 13-14 Approp.	FY 14-15 Request	FY 14-15 Recommend.
Attorneys	9.7	12.0	12.0	12.0
Legal Assistants	3.5	3.0	3.0	3.0
Compliance and Criminal Investigators	4.6	5.0	5.0	5.0
Complaint Intake Staff	0.0	0.0	1.0	1.0
Administrative Staff	<u>5.8</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
Total	23.6	25.0	26.0	26.0

Request: The Department requests \$2,338,168 and 26.0 FTE for FY 2014-15. The request includes an increase of \$56,123 cash funds and 1.0 FTE associated with request R2 (Consumer Protection Complaint Intake, discussed below).

Recommendation: Staff recommends \$2,328,660 and 26.0 FTE. The recommendation is \$9,508 below the request because of the impact of staff's recommendation for request R2 (Consumer Protection Complaint Intake, discussed below). The following table details the calculation of the recommended funding.

Consumer Protection, Consumer Protection and Antitrust					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2013-14 Appropriation					
SB 13-230 (Long Bill)	\$2,046,520	\$1,084,818	\$720,221	\$241,481	25.0
Other legislation	<u>0</u>	<u>(153,795)</u>	<u>153,795</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,046,520	\$931,023	\$874,016	\$241,481	25.0

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Consumer Protection, Consumer Protection and Antitrust					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2014-15 Recommended Appropriation					
FY 2013-14 Appropriation	\$2,046,520	\$931,023	\$874,016	\$241,481	25.0
Annualize salary survey and merit pay	235,525	175,647	40,780	19,098	0.0
R2 Consumer protection complaint intake	<u>46,615</u>	<u>0</u>	<u>46,615</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$2,328,660	\$1,106,670	\$961,411	\$260,579	26.0
Increase/(Decrease)	\$282,140	\$175,647	\$87,395	\$19,098	1.0
Percentage Change	13.8%	18.9%	10.0%	7.9%	4.0%
FY 2014-15 Executive Request:	\$2,338,168	\$1,106,670	\$970,919	\$260,579	26.0
Request Above/(Below) Recommendation	\$9,508	\$0	\$9,508	\$0	0.0



Request R2: Consumer Protection Complaint Intake

- The Department requests an increase of \$56,123 cash funds (from custodial funds collected by the Department) and 1.0 FTE for FY 2014-15 to respond to increasing Consumer Protection Complaint Intake workload. The requested position would support the Consumer Fraud Unit and the Antitrust Tobacco and Consumer Protection Unit.

- Staff recommends approving an increase of \$46,615 cash funds (from custodial funds) and 1.0 FTE.

Request: The request includes an increase of \$56,123 cash funds (from custodial funds collected by the Department) and 1.0 FTE to add a consumer protection complaint intake general professional II FTE to support the Consumer Fraud Unit and the Antitrust, Tobacco, and Consumer Protection Unit. The request responds to increasing consumer complaint workload.

Recommendation: Staff recommends approving an increase of \$46,615 cash funds (from custodial funds) and 1.0 FTE. The recommendation is \$9,508 below the request because staff recommends funding the position at the range minimum for a general professional II (pursuant to the Committee’s common policy), while the Department is requesting funding at the midpoint of the salary range. Staff notes that custodial funds are continuously appropriated to the Department, and therefore any appropriation associated with this request would be shown in the Long Bill for informational purposes only.

The following table details the components of the request and staff recommendation for FY 2014-15 and the FY 2015-16 impact of staff’s recommendation.

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Request R2 - Consumer Protection Complaint Intake						
	FY 2014-15 Request		FY 2014-15 Staff Rec.		FY 2015-16 Impact	
	CF	FTE	CF	FTE	CF	FTE
Personal Services Costs						
Salary/Personal Services	\$48,336	1.0	\$39,816	1.0	\$39,816	1.0
PERA (10.15%)	4,906		4,041		4,041	
Medicare (1.45%)	<u>701</u>		<u>577</u>		<u>577</u>	
Subtotal, Personal Services	\$53,943	1.0	\$44,435	1.0	\$44,435	1.0
Operating Expenses						
Supplies (\$500)	\$500		\$500		\$500	
Computer (\$900)	900		900		0	
Standard Office Suite Software (\$330)	330		330		0	
Telephone (\$450/FTE)	<u>450</u>		<u>450</u>		<u>450</u>	
Subtotal, Operating Expenses	\$2,180		\$2,180		\$950	
Total, Request R2	\$56,123	1.0	\$46,615	1.0	\$45,385	1.0

Analysis: The Department is requesting authorization to hire an additional permanent complaint intake FTE to support the Consumer Fraud Unit and the Antitrust, Tobacco, and Consumer Protection Unit. The complaint intake program: (1) manages incoming complaints from consumers (via mail, phone, e mail, and the Department’s website); (2) reviews and responds to complaints, including detailed analysis of trends in complaint data to inform consumer protection management decisions; and (3) conducts a variety of outreach efforts to better inform consumers (including working with partner organizations, publishing and distributing information resources, etc.).

The request is responding to an increasing consumer protection workload. According to the Department, the Consumer Fraud Unit is experiencing an increasing workload and need for litigation as a result of increasing consumer complaints and deceptive business practices, while the Antitrust, Tobacco, and Consumer Protection Unit has a experienced a “dramatic” increase in complaints related to mortgage and foreclosure fraud. The following table shows the number of consumer protection complaints submitted to the Department each year since 2009.

Consumer Protection Complaints Submitted Annually					
	CY 2009	CY 2010	CY 2011	CY 2012	CY 2013
Number of Complaints	4,723	6,462	7,297	7,911	7,215
<i>Percent Change</i>		<i>36.8%</i>	<i>12.9%</i>	<i>8.4%</i>	<i>-8.8%</i>

The complaint intake program currently consists of three permanent FTE (a general professional IV, a program assistant I, and an administrative assistant II). During the FY 2012-13 budget process, the Department submitted, and the General Assembly approved, a decision item including an additional complaint intake FTE. However, in response to shifting workload

priorities (including pressing litigation needs related to magazine cases, for-profit college investigations, and other matters), the Department instead used that FTE to hire a legal assistant for the Consumer Fraud Unit. Rather than hiring another permanent complaint intake FTE, the Department has operated with temporary staff since November 2012 (adding one temporary employee in November 2012 and another in November 2013). With workload continuing to increase, the Department is again requesting authorization to hire a permanent complaint intake general professional II.

According to the Department, current staffing levels are unable to keep pace with the workload, creating bottlenecks in the receipt and processing of consumer complaints and delaying investigations and enforcement activities. The Department reports that bottlenecks can delay the Department's response to consumers and delay the investigation of complaints. Because of the volume of complaints, the staff's analysis of trends and prioritization of complaints informs consumer protection management decisions.

Staff agrees that the increasing consumer protection workload appears to warrant permanent staff. There is no indication of a likely decline in consumer complaints, and **staff recommends authorizing an additional permanent FTE and the associated funding.** Staff notes the following about the request.

- First, as discussed above, the custodial funds that would support the requested FTE are continuously appropriated to the Department. Thus, the General Assembly does not control the use of those funds. Staff appreciates the Department's intent to keep the Committee informed and to seek authorization to add the additional permanent FTE. However, the request is for an informational appropriation – and the use of the funds is entirely at the discretion of the Department.
- Second, the Department is requesting a mid-range salary for the requested general professional II position because of the complexity of the legal issues involved. Pursuant to Committee policy, staff recommends reflecting an appropriation at the range minimum for a general professional II position (a reduction of \$9,508 in FY 2014-15). Related to the first point, however, staff notes that the funds are entirely at the discretion of the Department.
- Finally, staff notes that the Committee has already approved an additional complaint intake FTE during the FY 2012-13 budget process. As discussed above, the Department reprioritized that position based on shifting workload. Staff would be more concerned if the requested funds were legislatively appropriated. However, given the custodial nature of the requested funds, any such reprioritization is at the Department's discretion.

Consumer Credit Unit

This appropriation supports the enforcement of eight state laws relating to consumer credit and debt collections. Pursuant to Section 5-6-103, C.R.S., the Attorney General designates an attorney to act as the Uniform Consumer Credit Code (UCCC) Administrator. Any legal action filed in court is brought in the Administrator's name, and she is the final adjudicator in any administrative disciplinary action initially assigned to the Office of Administrative Courts. Staff supported by this line item are organized into two functional groups.

With respect to *consumer credit*, this unit enforces the UCCC [Title 5, C.R.S.]. Important components of the UCCC include the following:

- the Deferred Deposit Loan Act [Article 3.1], which applies to payday lenders;
- the Consumer Equity Protection Act [Article 3.5], which restricts certain terms in high-cost loans; and
- the Rental Purchase Agreement Act [Article 10], which governs rent-to-own agreements.

This unit protects borrowers from abusive lender practices, such as interest rates that exceed legal limits, prepayment penalties, inadequate disclosure of the cost of credit, fraudulent rent-to-own schemes, abusive repossessions, and unreasonable collection costs.

Lenders who are subject to the UCCC are licensed by the Department and are known as "supervised lenders". In FY 2012-13, the Department supervised 735 licensed lenders consisting of: mortgage companies (49 percent); payday lenders (35 percent); finance companies (14 percent); and small installment/other lenders (2 percent). License fees, which are established by the Administrator pursuant to Sections 5-6-203 (5), 5-10-805 (3), and 12-14.5-205 (b) (1), C.R.S., and are deposited in the *Uniform Consumer Credit Code Cash Fund* established in Section 5-6-204 (1), C.R.S., cover the cost of operating the program. The Administrator adjusts these fees annually to cover the cost of operating the unit.

This unit also enforces the Credit Services Organization Act, which limits "credit repair" services, and the Uniform Debt Management Services Act, which regulates debt management services [see Article 14.5 of Title 12, C.R.S.].

With respect to *debt collection*, this unit enforces the Colorado Fair Debt Collection Practices Act [Article 14 of Title 12, C.R.S.] and the related Colorado Child Support Collection Consumer Protection Act [Article 14.1 of Title 12, C.R.S.]. These laws protect: (1) creditor firms that engage collection agencies to collect debts on their behalf; and (2) the debtor consumers who are the subject of the collection efforts of those agencies. The laws forbid a number of abusive debt collection practices and require collection agencies to obtain bonds that are designed to increase the likelihood that creditor firms will receive funds recovered on their behalf.

This unit regulates and supervises collection agencies and credit counseling/ debt settlement companies, including investigating complaints of unlawful activity, taking disciplinary action against agencies that violate the law, and providing consumers with self-help information about the law. In FY 2012-13, the Department supervised 805 licensed collection agencies and 48 credit counseling/ debt settlement companies. Collection agency license fees, which are deposited in the *Collection Agency Cash Fund* established in Section 12-14-136 (1) (a), C.R.S., cover the costs of operating the unit. These fees are set by the Administrator and are adjusted annually to cover costs, pursuant to Section 12-14-119 (3) and (4), C.R.S. Penalties assessed against licensees are typically split between the General Fund and the Collection Agency Board Custodial Fund.

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The following table details the types of employees that are supported by this line item.

Staffing Summary - Consumer Credit Unit				
	FY 12-13 Actual	FY 13-14 Approp.	FY 14-15 Request	FY 14-15 Recommend.
Administrator	0.8	1.0	1.0	1.0
Attorneys	2.5	3.0	3.0	3.0
Legal Assistants	1.7	2.0	2.0	2.0
Financial Credit Examiners	7.7	8.0	8.0	8.0
Compliance Investigators	2.0	2.0	2.0	2.0
Administrative Staff	<u>4.5</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>
Total	19.2	20.0	20.0	20.0

Request: The Department requests a continuation appropriation of \$1,616,183 cash funds and 20.0 FTE for FY 2014-15 (annualizing FY 2013-14 salary survey and merit pay).

Recommendation: Staff recommends approving the request, which is essentially a continuation level of funding and is consistent with the Committee's common policy. The following table details the calculation of the recommended funding and the change from the FY 2013-14 appropriation.

Consumer Protection, Consumer Credit Unit				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	<u>\$1,512,150</u>	<u>\$0</u>	<u>\$1,512,150</u>	<u>20.0</u>
TOTAL	\$1,512,150	\$0	\$1,512,150	20.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$1,512,150	\$0	\$1,512,150	20.0
Annualize salary survey and merit pay	<u>104,033</u>	<u>0</u>	<u>104,033</u>	<u>0.0</u>
TOTAL	\$1,616,183		\$1,616,183	20.0
Increase/(Decrease)	\$104,033	\$0	\$104,033	0.0
Percentage Change	6.9%	0.0%	6.9%	0.0%
FY 2014-15 Executive Request:	\$1,616,183	\$0	\$1,616,183	20.0
Request Above/(Below) Recommendation	\$0		\$0	0.0

Indirect Cost Assessment

Indirect cost assessments are charged to cash and federally-funded programs for departmental and statewide overhead costs. The indirect assessments for this department are based upon the number of cash and federally funded FTE who work in each division. The sources of funds for this line item include: the Uniform Credit Code Cash Fund; the Collection Agency Cash Fund; court-ordered awards; fees collected by the Department of Regulatory Agencies from mortgage companies and loan originators; and the Tobacco Settlement Defense Account.

Request: The Department requests \$473,671 for FY 2014-15.

Recommendation: Staff recommends approving the request. However, staff requests permission to adjust these amounts as necessary once the Committee has finalized all common policies for FY 2014-15. Staff will utilize the indirect cost assessment methodology that was described in detail in Appendix D of the FY 2014-15 Staff Budget Briefing, dated November 12, 2013. The following table details the recommended change from the FY 2013-14 appropriation.

Consumer Protection, Indirect Cost Assessment						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2013-14 Appropriation						
SB 13-230 (Long Bill)	<u>\$467,308</u>	<u>\$0</u>	<u>\$427,253</u>	<u>\$40,055</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$467,308	\$0	\$427,253	\$40,055	\$0	0.0
FY 2014-15 Recommended Appropriation						
FY 2013-14 Appropriation	\$467,308	\$0	\$427,253	\$40,055	\$0	0.0
Indirect cost assessment adjustments	<u>6,363</u>	<u>0</u>	<u>5,818</u>	<u>545</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$473,671	\$0	\$433,071	\$40,600	\$0	0.0
Increase/(Decrease)	\$6,363	\$0	\$5,818	\$545	\$0	0.0
Percentage Change	1.4%	0.0%	1.4%	1.4%	0.0%	0.0%
FY 2014-15 Executive Request:	\$473,671	\$0	\$433,071	\$40,600	\$0	0.0
Request Above/(Below) Recommendation	\$0		\$0	\$0	\$0	0.0

(6) Special Purpose

The section includes funding to cover 80 percent of the statutory minimum salary for Colorado's twenty-two district attorneys, for unanticipated legal and technology expenses, and for litigation expenses associated with significant lawsuits. Cash fund sources include tobacco settlement moneys, moneys received from State Board of Land Commissioners from its Investment and

Development Fund, and moneys received by the Attorney General as an award of attorney fees or costs. Reappropriated funds are transferred from the Office of the Governor.

LINE ITEM DETAIL

District Attorneys' Salaries

Background Information – State Funding for DAs. Colorado's district attorneys' offices (DAs) are responsible for prosecuting all criminal and traffic cases filed in district and county courts. While DAs' budgets are primarily set and provided by boards of county commissioners within each respective judicial district, the State provides direct funding for DAs in the following four areas:

1. The Department of Law's budget includes an appropriation for "District Attorneys' Salaries" (\$2,676,960 for FY 2013-14). This line item is described below.
2. The Judicial Branch's budget includes an appropriation for "District Attorney Mandated Costs" (\$2,651,916 for FY 2013-14).
3. The Department of Corrections' budget includes an appropriation for "Payments to District Attorneys" for costs associated with prosecuting a crime alleged to have been committed by a person in the custody of the Department (\$1,224,693 for FY 2013-14, as adjusted by the FY 2013-14 supplemental appropriation).
4. The Department of Public Safety's budget includes an appropriation for "Witness Protection Fund Expenditures" to pay DAs for qualifying expenses related to security personnel, travel expenses, lodging, and other immediate needs (\$83,000 for FY 2013-14).

In addition, the General Assembly appropriates funds to the State Court Administrator's Office, the Office of the State Public Defender (OSPD), the Office of the Alternate Defense Counsel (OADC), and the Office of the Child's Representative to cover the costs of obtaining discoverable materials¹¹.

District Attorneys' Salaries line item. Pursuant to Section 20-1-306, C.R.S., the State contributes 80 percent of the statutory minimum salary for the state's 22 District Attorneys (including the associated costs of employer PERA contributions). In 2007 the General Assembly raised the statutory minimum salary for district attorneys from \$67,000 to \$130,000 over a four-year period. A judicial district may choose to pay a salary that exceeds the statutory minimum using local funds. Every four years, the House and Senate Judiciary Committees are required to review the compensation of elected District Attorneys and make recommendations, if

¹¹ Under Colorado Supreme Court Rule 16, the prosecuting attorney is required to make available to the defense certain material and information that is within his or her control and to provide duplicates upon request. The State pays the costs of duplicating discoverable material when legal representation is provided for an indigent defendant.

appropriate, to the General Assembly regarding such compensation. The next compensation review is scheduled to occur in 2016.¹²

The State’s contribution for District Attorneys’ salaries is provided through a General Fund appropriation to the Department of Law. This appropriation currently accounts for 22.0 percent of total General Fund appropriations to the Department.

Request: The Department requests \$2,697,656 General Fund for FY 2014-15. The request reflects a full 12 months of funding \$104,000 of the minimum \$130,000 salary for each district attorney, plus \$18,617 (17.9 percent) for each district attorney for the associated employer contributions for PERA, PERA amortization equalization disbursement (AED), and PERA supplemental amortization equalization disbursement (SAED). The request reflects an increase of \$20,696, based on the scheduled increase in AED and SAED rates.

Recommendation: Staff recommends approving the request, which is consistent with current law.

Litigation Management and Technology

This line item was added to the Long Bill in FY 1994-95 to pay for: (1) unanticipated legal costs that arise over the course of the fiscal year, especially when the General Assembly is out of session; and (2) technology costs that would otherwise require General Fund appropriations. This appropriation has reduced the need for supplemental requests related to the Legal Services to State Agencies (LSSA) program and other unanticipated litigation, and it has provided the Department with a source of funds to maintain information technology equipment (over and above the funding appropriated for the Information Technology Asset Maintenance line item).

Moneys for this appropriation come from two sources:

1. Excess revenues earned by the LSSA program during the previous fiscal year. This line item appropriation allows the Department to retain and roll forward a portion of any excess revenues to the next fiscal year. Moneys that have been rolled forward that are not spent in the following fiscal year revert to the General Fund. Please note that excess earnings fluctuate substantially from year to year and the amount is not known with certainty until after the close of the fiscal year. The excess earnings for FY 2013-14, for example, will not be known with certainty until July 2014, the first month of the fiscal year in which such earnings can be expended. The following table provides a history of excess LSSA revenues, and the portion that reverted to the General Fund.

Excess Legal Services to State Agencies (LSSA) Revenues					
Fiscal Year	Excess LSSA Revenues Earned	Excess Revenues as Percent of Total LSSA Revenues	Fiscal Year	Expenditures of Excess LSSA Revenues	Excess LSSA Revenues Credited to the General Fund
2005-06	\$532,673	2.8%	2006-07	(\$180,221)	\$352,452

¹² See Section 20-1-301, C.R.S.

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Excess Legal Services to State Agencies (LSSA) Revenues						
Fiscal Year	Excess LSSA Revenues Earned	Excess Revenues as Percent of Total LSSA Revenues		Fiscal Year	Expenditures of Excess LSSA Revenues	Excess LSSA Revenues Credited to the General Fund
		2006-07	362,515			
2007-08	267,456	1.2%	2008-09	(267,456)	0	
2008-09	496,834	2.0%	2009-10	(145,258)	351,576	
2009-10	367,965	1.5%	2010-11	(262,256)	105,709	
2010-11	491,912	1.9%	2011-12	(250,894)	241,018	
2011-12	93,489	0.3%	2012-13	93,489	0	
2012-13	0	0.0%	2013-14	n/a	n/a	

2. Various court awards that are deposited into the Attorneys Fees and Costs Account, which is established in Section 24-31-108 (2), C.R.S. This account consists of any moneys received by the Attorney General as an award of attorney fees or costs that are not considered custodial moneys. Moneys in the Account are subject to annual appropriation by the General Assembly for legal services provided by the Department. For purposes of this appropriation, this source of funding serves as a backup, filling in the remainder of the appropriation to the Litigation Management and Technology Fund appropriation when excess LSSA earnings come up short. The following table details revenues and expenditures for this account.

Attorney Fees and Costs Account				
Fiscal Year	Beginning Fund Balance	Revenues	Expenditures	Ending Fund Balance
2005-06	\$208,794	\$23,276	(\$100,477)	\$131,593
2006-07	131,593	244,420	(71,333)	304,680
2007-08	304,680	267,118	(142,251)	429,547
2008-09	429,547	105,671	(94,595)	440,623
2009-10	440,623	202,185	(54,021)	588,787
2010-11	588,787	123,861	(22,417)	690,231
2011-12	690,231	442,207	(7,426)	1,125,012
2012-13	1,125,012	438,169	(385,881)	1,177,299

Request: The Department requests a \$200,000 cash funds appropriation for FY 2014-15, a reduction of \$125,000 from the FY 2013-14 appropriation. As discussed above, request R1 (Asset Maintenance) reduces the appropriation to this line item by \$125,000 and consolidates information technology replacement costs in the Information Technology Asset Maintenance line item.

Recommendation: Staff recommends approving the Department's request, including the reduction to this line item associated with request R1. Please note that H.B. 12-1248 (which was sponsored by the Joint Budget Committee) requires the Department to credit all moneys received from state agencies as payment for legal services to the newly created Legal Services Cash Fund,

beginning in FY 2012-13. Moneys in the Fund are subject to annual appropriation to the Department for the direct and indirect costs associated with providing legal services to state agencies and for any of the Department's litigation expenses. Thus, for FY 2014-15, this line item will thus consist of two fund sources: the Legal Services Cash Fund and various court awards that are deposited into the Attorneys Fees and Costs Account. The following table details the recommended change from the FY 2013-14 appropriation.

Tobacco Litigation

This line item supports the costs of outside counsel (Hale, Westfall, LLP) and other arbitration-related expenses. Department attorneys helped develop and continue to assist the non-participating manufacturer (NPM) enforcement program that is operated by the Department of Revenue. The Department of Law's efforts are essentially "on trial" before the arbitrators; attorneys from the Department of Law are likely to be called to testify during the arbitration proceeding. Thus, the Department is required to utilize outside counsel.

Background Information. When the tobacco Master Settlement Agreement (MSA) was signed in 1998, participants recognized that the extra costs that the settlement imposed on participating manufacturers would place them at a competitive disadvantage when compared with manufacturers who have not joined the agreement. In an effort to level the playing field, the agreement required states to enact "qualifying statutes" that force NPMs to make payments into escrow accounts that are comparable to what they would have paid had they participated in the agreement. House Bill 99-1208 added the qualifying statute to Colorado law. The MSA requires states to "diligently enforce" their qualifying statutes. If certain preconditions are met, settlement payments to states that do not diligently enforce are reduced.

Since 2006, Colorado and the other states have been involved in a legal dispute with the participating manufacturers, who allege that the states are not diligently enforcing their NPM laws. Due to this dispute, some tobacco companies have withheld a portion of their settlement payments, placing them in escrow. When a diligent enforcement question arises, it is settled by a panel of arbitrators who must decide the issue in a unified national proceeding in which a separate decision will be made on the diligent enforcement efforts of each participating state. Thus the arbitrators might decide that one state should receive a reduced payment because it failed to diligently enforce, while another state diligently enforced and is entitled to its full payment.

Request: The Department requests a continuation appropriation of \$1,250,000 cash funds from the Tobacco Settlement Defense Account.

Recommendation: Staff recommends approving the request.

The Defense Account of the Tobacco Litigation Settlement Cash Fund was established out of MSA moneys received in compensation for attorney fees, and other costs that Colorado incurred in its legal action against tobacco manufacturers.

Lobato Litigation Expenses

This line item provided authority for the Department of Law to receive and spend General Fund moneys from the Governor's Office to cover litigation expenses associated with the *Anthony Lobato, et al. v. The State of Colorado, et al* case. The plaintiffs in this case alleged that the current system of funding public schools is unconstitutional, and asked the court to compel the State to design and implement a new system. The trial in Denver district court concluded in September 2011. The Colorado Supreme Court heard the case in March 2013 and issued a decision in favor of the State on May 28, 2013.

Request: Because the case is concluded, the Department is not requesting any funding for this line item in FY 2014-15.

Recommendation: Staff recommends approving the request. The line item is no longer necessary.

Lowry Range Litigation Expenses

This line item, established in FY 2012-13, provides authority for the Department of Law to receive and spend moneys from the State Land Board for its litigation needs related to the Lowry Range property. The source of funds is the State Board of Land Commissioners Investment and Development Fund. This line item covers expenses other than Department attorneys and staff, such as outside counsel, expert witnesses, and all discovery, deposition, and case preparation efforts.

Background Information – Lowry Range Lawsuit. The State Land Board entered into a water lease with Rangeview Metropolitan District (RMD) in 1986 for the right to use all the water on and under the Lowry Range. RMD retained Pure Cycle Corporation to act as service provider of water developed at the Lowry Range. With oil and gas development moving forward on the Lowry Range (discussed below), RMD asserts that it has exclusive right to provide water to all users at Lowry Range, including oil and gas lessees. The State Land Board disagrees with this assertion. Pure Cycle and RMD filed a lawsuit against the State Land Board alleging breach of contract, promissory estoppel, contract reformation, and unjust enrichment claims.

On March 2, 2012, the State Land Board approved leasing the Lowry Range to ConocoPhillips, with a one-time "bonus" payment for the lease totaling approximately \$137 million to be spread over four years. The approved lease also includes a 20 percent royalty payment on all production from the Lowry Range, which the State Land Board estimates could provide several hundred million dollars in royalty payments over the life of the wells. The State Land Board is concerned that the lawsuit could disrupt the development of the Lowry Range.

Initially, the State Land Board estimated that litigation efforts related to this lawsuit would take two years to proceed through trial; any potential appeal phase would follow. After a series of delays in the case, the Court has now scheduled a three week trial beginning in July 2014.

Background Information – State Board of Land Commissioners Investment and Development Fund. Up to \$5.0 million of royalties and other payments for the depletion or extraction of a natural resource on state trust lands are annually credited to the State Board of Land

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Commissioners Investment and Development Fund [see Sections 36-1-116 (1) (b) (II) (D) and 36-1-153, C.R.S.]. Moneys in the Fund are continuously appropriated to the State Board of Land Commissioners:

"...to hire staff, contract for services, make purchases, and take other actions as the state board deems appropriate to provide for the development of additional value-added benefit for the state's trust lands, including both portfolio enhancement and additional income. Such actions may include, but are not limited to, the rezoning, platting, master planning, or other development activities that increase the value of or rate of return from the state's trust lands."

Moneys in the Fund are continuously appropriated to the Board, and these moneys are not reflected in annual appropriations to the Department of Natural Resources. Thus, these moneys are reflected as cash funds in the Department of Law's budget.

Request: With request R5 (Lowry Range Litigation, discussed below), the Department requests \$392,400 cash funds for FY 2014-15. The request represents a reduction of \$727,169 from the FY 2013-14 appropriation (as adjusted by the FY 2013-14 supplemental bill).

Recommendation: Staff recommends approving the request. The trial is now scheduled for three weeks beginning in July 2014, and staff recommends providing the resources necessary to vigorously defend the case.

Special Purpose, Lowry Range Litigation Expenses				
	Total Funds	General Fund	Cash Funds	FTE
FY 2013-14 Appropriation				
SB 13-230 (Long Bill)	\$616,520	\$0	\$616,520	0.0
HB 14-1240 (Supplemental)	<u>503,049</u>	<u>0</u>	<u>503,049</u>	<u>0.0</u>
TOTAL	\$1,119,569	\$0	\$1,119,569	0.0
FY 2014-15 Recommended Appropriation				
FY 2013-14 Appropriation	\$1,119,569	\$0	\$1,119,569	0.0
R5 Lowry Range litigation	<u>(727,169)</u>	<u>0</u>	<u>(727,169)</u>	<u>0.0</u>
TOTAL	\$392,400	\$0	\$392,400	0.0
Increase/(Decrease)	(\$727,169)	\$0	(\$727,169)	0.0
Percentage Change	(65.0%)	0.0%	(65.0%)	0.0%
FY 2014-15 Executive Request:	\$392,400	\$0	\$392,400	0.0
Request Above/(Below)				
Recommendation	\$0	\$0	\$0	0.0



Request R5: Lowry Range Litigation

- The Department requests an appropriation of \$392,400 cash funds (from the State Land Board Investment and Development Fund) to support pretrial preparation and trial costs for the case. The trial is scheduled for three weeks beginning in July 2014.

- Staff recommends approving the request.

Request: The Department requests \$392,400 cash funds for FY 2014-15 to support trial preparation and trial costs. The funds in this line item will primarily support outside counsel and expert witness expenses.

Recommendation: Staff recommends approving the request. With the trial now scheduled for July 2014, staff recommends providing the resources necessary to litigate the case.

Analysis: The original appropriation for this line item in FY 2012-13 assumed that funding would be necessary for two years and would not be necessary in FY 2014-15. However, the Court has now set a three-week trial beginning July 7, 2014, requiring funding in FY 2014-15. The requested amount is based on current billings for outside counsel (the State Land Board and the Department have hired Hogan Lovells to assist in the litigation) and anticipated costs for trial preparation, trial costs, and expert witnesses.

The General Assembly appropriated \$638,870 for the Lowry Range litigation in FY 2012-13. However, as a result of delays in the case, the Department spent only \$238,007 of that funding and reverted \$400,863. With the FY 2013-14 supplemental bill, the Committee has approved a total appropriation of \$1,119,569 in FY 2013-14 for litigation efforts and trial preparation.

As discussed in the FY 2014-15 Joint Budget Committee Staff Briefing for the Department of Law, the Lowry Range case could have a significant financial impact on the State. The plaintiffs have stated that their damages may be \$128 million, although the Department has indicated that the plaintiffs' estimate appears inflated and improbable. Staff recommends that the Committee approve the request to provide the resources necessary to litigate the case.

Long Bill Footnotes and Requests for Information

LONG BILL FOOTNOTES

Staff recommends the following footnotes be continued as **modified**:

- 45 Department of Law, Legal Services to State Agencies** -- In making this appropriation, it is the intent of the General Assembly that hourly billing rates charged by the Department for legal services to state agencies not exceed ~~\$94.95~~ \$_____ per hour for attorneys and not exceed ~~\$70.86~~ \$_____ per hour for legal assistants, which equates to a blended rate of ~~91.08~~ \$_____ per hour.

Comment: The blended legal rate is used to compute the Long Bill appropriations for legal services for the various agencies of state government. The blended rate is also used to compute legal-service appropriations in other legislation. For example, the blended rate for FY 2014-15 will be used for fiscal notes for bills considered during the 2015 legislative session. This footnote contains a clear statement of legislative intent regarding the blended legal rate and the rates to be charged for the services provided by attorneys and legal assistants. **Staff will ultimately fill in the hourly rates that correspond to appropriations that are included in the FY 2014-15 Long Bill.**

- 46 Department of Law, Special Purpose, Litigation Management and Technology** -- It is the intent of the General Assembly to grant the Department of Law additional flexibility by allowing the Department to use moneys appropriated in this line item to address unanticipated state legal needs that arise during ~~FY 2013-14~~ FY 2014-15, ~~as well as information technology asset maintenance needs that would otherwise require General Fund appropriations during FY 2012-13~~ FY 2013-14. It is also the intent of the General Assembly that moneys spent from this line item shall not require the appropriation of additional FTE and will not be used for any type of salary increase, promotion, reclassification, or bonus related to any present or future FTE employed by the Department of Law. It is furthermore the intent of the General Assembly that moneys spent from this line item will not be used to offset present or future personal services deficits in any division in the Department. The Department is requested to include with its annual budget request information detailing the purpose of line item expenditures. Such information is also requested with any supplemental requests for additional legal services funding within or outside of the Legal Services to State Agencies program.

Comment: Since FY 1994-95 the Department's appropriations have included this line item, which allows the Department to pay for unanticipated legal costs that arise over the course of the fiscal year (especially when the General Assembly is not in session). The Department has also used this line item for technology costs that would otherwise require a General Fund appropriation. This appropriation has reduced the need for legal services supplemental requests related to the Legal Services to State Agencies program (LSSA) and other unanticipated litigation.

Historically, moneys for this appropriation came from two sources:

1. Excess revenues earned by the LSSA program during the previous fiscal year; and
2. Various court awards that are deposited into the Attorneys Fees and Costs Account.

The Department did not collect any excess LSSA revenues in FY 2012-13. As a result, there are no excess LSSA revenues available for this line item in FY 2013-14, and any FY 2013-14 expenditures will consist entirely of the various court awards that are deposited into the Attorneys Fees and Costs Account. Any excess legal services revenues that are earned in FY 2013-14 will be retained in the Legal Services Cash Fund. In order to provide the Department flexibility to spend those revenues, the FY 2014-15 Long Bill appropriation for this line item will consist of two fund sources: excess revenues credited to the Legal Services Cash Fund in FY 2013-14 and various court awards that are deposited into the Attorneys Fees and Costs Account.

REQUESTS FOR INFORMATION

Staff recommends that the following request for information be continued as **modified**:

- 1 **Department of Law, Criminal Justice and Appellate, Appellate Unit** -- The Department is requested to provide by November 1, ~~2013~~ 2014, a report concerning the Appellate Unit's progress in reducing its case backlog, including the following data for FY ~~2012-13~~ 2014-15: the number of opening briefs received; the number of answer briefs filed; the number of cases resolved through the expedited docket; the number of cases resolved through the experimental docket; and the case backlog as of June 30, ~~2013~~ 2014. In addition, the Department is requested to summarize the tasks completed by the inter-agency working group that was established to review the procedures, rules, and practices for handling post conviction appeals, along with any recommended procedural, regulatory, or statutory changes.

Staff recommends that the following request for information be **continued**:

- 2 **Department of Law, Criminal Justice and Appellate, Medicaid Fraud Control Unit** - Pursuant to Section 25.5-4-310, C.R.S., the Department of Law's Medicaid Fraud Control Unit is required to submit an annual report by January 15 concerning: actions filed under the "Colorado Medicaid False Claims Act", the amount recovered as a result of such actions, and the amount of related expenditures. The General Assembly requests that the Department also include in this annual report information about expenditures and recoveries related to the Unit's criminal investigations.

Comment: Section 25.5-4-310, C.R.S., requires the Attorney General to submit an annual report to the Health and Human Services Committees and to the Joint Budget Committee each January 15 concerning claims brought under the "Colorado Medicaid False Claims Act" during the previous fiscal year. The report is required to include:

- The number of actions filed by the Attorney General, the number which were completed, and the amount that was recovered through settlement or through a judgment and (if known) the amount recovered for damages, penalties, and litigation costs;
- The number of actions filed by a person other than the Attorney General, the number which were completed, the amount that was recovered through settlement or through a judgment and (if known) the amount recovered for damages, penalties, and litigation costs, and the amount recovered by the state and the person; and
- The amount expended by the state for investigation, litigation, and all other costs for claims related to the "Colorado Medicaid False Claims Act".

This request for information is designed to allow the Department to submit a single, comprehensive annual report concerning the expenditures and recoveries associated with the Medicaid Fraud Control Unit's efforts.

JBC Staff Staff Figure Setting - FY 2014-15
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Appendix A: Number Pages

	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
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DEPARTMENT OF LAW
John Suthers, Attorney General

(1) ADMINISTRATION

This section includes funding for the Attorney General, the Solicitor General, and other management staff, as well as the Department's human resources, accounting/budgeting, information technology, and legal support services units. These units are supported by General Fund and indirect cost recoveries. This section also includes central appropriations for the entire Department, including funding for employee benefits, facilities, vehicles, and information technology. Cash funds appropriations include moneys received by the Attorney General as an award of attorney fees or costs, and various other sources. Reappropriated funds derive from indirect cost recoveries and moneys transferred from a variety of other appropriations. For FY 2014-15, federal funds are from the Medicaid Fraud Control Program. Prior years included federal funding from the Colorado Justice Review Project.

Personal Services	<u>2,937,442</u>	<u>3,046,908</u>	<u>3,139,121</u>	<u>3,408,314</u>	<u>3,408,314</u> *
FTE	39.1	39.4	42.7	43.7	43.7
General Fund	0	14,072	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	2,937,442	3,032,836	3,139,121	3,408,314	3,408,314
Health, Life, and Dental	<u>2,261,494</u>	<u>2,597,664</u>	<u>2,850,112</u>	<u>2,945,040</u>	<u>2,878,006</u>
General Fund	577,900	712,358	742,890	808,633	791,193
Cash Funds	237,546	307,246	281,594	351,411	344,575
Reappropriated Funds	1,385,970	1,497,893	1,697,754	1,682,932	1,642,380
Federal Funds	60,078	80,167	127,874	102,064	99,858
Short-term Disability	<u>49,028</u>	<u>60,761</u>	<u>62,042</u>	<u>79,674</u>	<u>80,019</u>
General Fund	13,008	14,917	14,917	21,013	21,119
Cash Funds	4,457	6,023	6,023	9,039	9,127
Reappropriated Funds	30,127	38,675	38,675	47,211	47,336
Federal Funds	1,436	1,146	2,427	2,411	2,437

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
S.B. 04-257 Amortization Equalization					
Disbursement	<u>773,099</u>	<u>957,371</u>	<u>1,243,606</u>	<u>1,448,638</u>	<u>1,454,883</u>
General Fund	203,279	271,731	298,320	382,063	383,974
Cash Funds	70,505	93,597	120,194	164,344	165,947
Reappropriated Funds	476,591	559,668	776,652	858,386	860,653
Federal Funds	22,724	32,375	48,440	43,845	44,309
S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>620,125</u>	<u>821,620</u>	<u>1,121,769</u>	<u>1,358,099</u>	<u>1,363,954</u>
General Fund	162,234	232,402	268,385	358,184	359,976
Cash Funds	56,656	80,435	108,507	154,073	155,576
Reappropriated Funds	382,975	480,964	701,147	804,737	806,862
Federal Funds	18,260	27,819	43,730	41,105	41,540
Salary Survey for Classified Employees					
	<u>0</u>	<u>0</u>	<u>339,441</u>	<u>178,579</u>	<u>353,213</u>
General Fund	0	0	73,571	55,515	108,767
Cash Funds	0	0	70,627	45,002	89,963
Reappropriated Funds	0	0	167,876	64,549	127,916
Federal Funds	0	0	27,367	13,513	26,567
Salary Survey for Exempt Employees					
	<u>0</u>	<u>0</u>	<u>4,115,142</u>	<u>358,827</u>	<u>358,827</u>
General Fund	0	0	880,758	83,586	83,586
Cash Funds	0	0	125,575	19,198	19,197
Reappropriated Funds	0	0	3,057,736	252,481	252,482
Federal Funds	0	0	51,073	3,562	3,562

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
Merit Pay for Classified Employees	<u>0</u>	<u>0</u>	<u>153,103</u>	<u>168,086</u>	<u>167,711</u>
General Fund	0	0	47,536	60,297	60,383
Cash Funds	0	0	27,435	32,509	32,267
Reappropriated Funds	0	0	65,178	62,611	62,499
Federal Funds	0	0	12,954	12,669	12,562
Merit Pay for Exempt Employees	<u>0</u>	<u>0</u>	<u>388,765</u>	<u>401,426</u>	<u>401,426</u>
General Fund	0	0	90,935	95,729	95,729
Cash Funds	0	0	10,972	17,168	17,168
Reappropriated Funds	0	0	282,623	284,124	284,124
Federal Funds	0	0	4,235	4,405	4,405
Workers' Compensation	<u>66,843</u>	<u>73,256</u>	<u>74,945</u>	<u>107,187</u>	<u>107,187</u>
General Fund	18,378	19,388	20,002	28,911	28,911
Cash Funds	6,919	7,666	8,974	12,523	12,523
Reappropriated Funds	39,449	43,950	43,798	62,664	62,664
Federal Funds	2,097	2,252	2,171	3,089	3,089
Attorney Registration and Continuing Legal Education	<u>92,626</u>	<u>98,138</u>	<u>99,263</u>	<u>126,351</u>	<u>126,351</u> *
General Fund	22,238	21,769	21,769	30,524	30,524
Cash Funds	4,538	3,000	3,000	4,698	4,698
Reappropriated Funds	65,287	72,525	72,525	90,060	90,060
Federal Funds	563	844	1,969	1,069	1,069
Operating Expenses	<u>169,196</u>	<u>193,513</u>	<u>190,629</u>	<u>202,536</u>	<u>197,242</u> *
General Fund	0	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	169,196	193,513	190,629	202,536	197,242

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
Administrative Law Judge Services	<u>0</u>	<u>1,135</u>	<u>4,362</u>	<u>28,500</u>	<u>28,500</u>
Cash Funds	0	1,135	4,362	28,500	28,500
Purchase of Services from Computer Center	<u>73,188</u>	<u>107,588</u>	<u>55,762</u>	<u>25,348</u>	<u>25,348</u>
Reappropriated Funds	73,188	107,588	55,762	25,348	25,348
Colorado State Network	<u>0</u>	<u>0</u>	<u>166,319</u>	<u>216,084</u>	<u>216,084</u> *
Reappropriated Funds	0	0	166,319	216,084	216,084
Payment to Risk Management and Property Funds	<u>92,047</u>	<u>128,156</u>	<u>128,371</u>	<u>151,505</u>	<u>151,505</u>
General Fund	0	40,207	0	0	0
Reappropriated Funds	92,047	87,949	128,371	151,505	151,505
Vehicle Lease Payments	<u>65,989</u>	<u>70,285</u>	<u>62,019</u>	<u>55,970</u>	<u>55,970</u>
General Fund	18,277	19,980	18,377	15,012	15,012
Cash Funds	22,153	21,501	19,889	17,097	17,097
Reappropriated Funds	22,896	26,189	21,138	21,382	21,382
Federal Funds	2,663	2,615	2,615	2,479	2,479
ADP Capital Outlay	<u>0</u>	<u>154,370</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	154,370	0	0	0
Information Technology Asset Maintenance	<u>407,667</u>	<u>445,807</u>	<u>445,807</u>	<u>687,291</u>	<u>687,291</u> *
General Fund	15,291	21,754	21,754	183,851	183,851
Cash Funds	59,588	63,299	63,299	80,806	80,806
Reappropriated Funds	331,407	359,373	359,373	402,964	402,964
Federal Funds	1,381	1,381	1,381	19,670	19,670

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
Leased Space	<u>26,220</u>	<u>27,789</u>	<u>27,789</u>	<u>0</u>	<u>0</u>
General Fund	4,321	4,580	4,580	0	0
Cash Funds	2,880	3,052	3,052	0	0
Reappropriated Funds	18,857	19,985	19,985	0	0
Federal Funds	162	172	172	0	0
Capitol Complex Leased Space	<u>1,284,061</u>	<u>1,270,837</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	352,895	332,883	0	0	0
Cash Funds	132,910	132,620	0	0	0
Reappropriated Funds	757,812	766,375	0	0	0
Federal Funds	40,444	38,959	0	0	0
Ralph L. Carr Colorado Judicial Center Leased Space	<u>0</u>	<u>0</u>	<u>2,926,487</u>	<u>2,981,376</u>	<u>2,981,376</u>
General Fund	0	0	760,611	804,130	804,130
Cash Funds	0	0	359,753	348,332	348,332
Reappropriated Funds	0	0	1,718,514	1,743,010	1,743,010
Federal Funds	0	0	87,609	85,904	85,904
Security for State Services Building	<u>125,430</u>	<u>140,489</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	34,472	37,180	0	0	0
Cash Funds	12,983	14,704	0	0	0
Reappropriated Funds	74,024	84,287	0	0	0
Federal Funds	3,951	4,318	0	0	0

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
Communication Services Payments	<u>8,365</u>	<u>10,614</u>	<u>8,988</u>	<u>11,385</u>	<u>11,385</u> *
General Fund	2,946	3,765	3,598	4,558	4,558
Cash Funds	2,269	2,868	2,019	2,558	2,558
Reappropriated Funds	1,146	1,448	1,226	1,552	1,552
Federal Funds	2,004	2,533	2,145	2,717	2,717
COFRS Modernization	<u>0</u>	<u>46,428</u>	<u>46,431</u>	<u>46,431</u>	<u>46,431</u>
Reappropriated Funds	0	46,428	46,431	46,431	46,431
Information Technology Security	<u>0</u>	<u>0</u>	<u>2,328</u>	<u>74,753</u>	<u>74,753</u> *
Reappropriated Funds	0	0	2,328	74,753	74,753
Attorney General Discretionary Fund	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
General Fund	5,000	5,000	5,000	5,000	5,000
TOTAL - (1) Administration	9,057,820	10,257,729	17,657,601	15,066,400	15,180,776
<i>FTE</i>	<u>39.1</u>	<u>39.4</u>	<u>42.7</u>	<u>43.7</u>	<u>43.7</u>
General Fund	1,430,239	1,751,986	3,273,003	2,937,006	2,976,713
Cash Funds	613,404	891,516	1,215,275	1,287,258	1,328,334
Reappropriated Funds	6,858,414	7,419,646	12,753,161	10,503,634	10,525,561
Federal Funds	155,763	194,581	416,162	338,502	350,168

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
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(2) LEGAL SERVICES TO STATE AGENCIES

The Department provides legal services on a fee-for-service basis to state agencies and enterprises. This section includes appropriations for the attorneys, legal assistants, and support personnel who provide these services. In most cases, the appropriations in this section are reflected as reappropriated funds because a duplicate appropriation for the purchase of legal services appears in the client agency's budget. Cash funds reflect payments the Department receives from state agencies that are not duplicated in appropriations elsewhere in the budget.

Personal Services	<u>19,247,465</u>	<u>19,193,773</u>	<u>22,366,194</u>	<u>25,426,350</u>	<u>25,426,350</u> *
FTE	226.3	225.1	252.0	249.3	249.3
General Fund	0	0	0	0	0
Cash Funds	1,560,550	839,619	821,689	848,945	848,945
Reappropriated Funds	17,686,915	18,354,154	21,544,505	24,577,405	24,577,405
Federal Funds	0	0	0	0	0
Operating and Litigation	<u>1,533,916</u>	<u>598,506</u>	<u>1,829,769</u>	<u>1,788,002</u>	<u>1,788,002</u> *
General Fund	0	0	0	0	0
Cash Funds	0	0	27,256	0	0
Reappropriated Funds	1,533,916	598,506	1,802,513	1,788,002	1,788,002
Indirect Cost Assessment	<u>2,809,499</u>	<u>2,950,911</u>	<u>3,264,492</u>	<u>3,329,231</u>	<u>3,329,231</u>
Reappropriated Funds	2,809,499	2,950,911	3,264,492	3,329,231	3,329,231
TOTAL - (2) Legal Services to State Agencies	23,590,880	22,743,190	27,460,455	30,543,583	30,543,583
FTE	<u>226.3</u>	<u>225.1</u>	<u>252.0</u>	<u>249.3</u>	<u>249.3</u>
General Fund	0	0	0	0	0
Cash Funds	1,560,550	839,619	848,945	848,945	848,945
Reappropriated Funds	22,030,330	21,903,571	26,611,510	29,694,638	29,694,638
Federal Funds	0	0	0	0	0

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
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(3) CRIMINAL JUSTICE AND APPELLATE

This division investigates and prosecutes fraud involving insurance, securities, Medicaid, and workers' compensation. It also handles foreign prosecutions, certifies peace officers, provides support to district attorneys in certain cases, and represents the state in criminal appeals. When the Department is involved in criminal appeals or in trial court criminal prosecution, this division is responsible for keeping crime victims informed about the case. Cash fund sources include moneys paid by insurance companies for the investigation and prosecution of insurance fraud, fees paid by peace officers for P.O.S.T. Board certification, and a statewide vehicle registration fee to support training for peace officers. Reappropriated funds are transferred from the Department of Regulatory Agencies and the Department of Public Safety. Federal funds are from the U.S. Department of Health and Human Services' Medicaid Fraud Control Program.

Special Prosecutions Unit	<u>2,795,921</u>	<u>3,016,950</u>	<u>3,361,996</u>	<u>3,659,196</u>	<u>3,659,196</u>
FTE	29.6	30.2	35.8	35.8	35.8
General Fund	1,359,303	1,390,033	1,675,109	1,832,354	1,832,354
Cash Funds	883,377	1,072,152	1,090,426	1,162,763	1,162,763
Reappropriated Funds	553,241	554,765	596,461	664,079	664,079
Auto Theft Prevention Grant	<u>196,952</u>	<u>225,409</u>	<u>282,234</u>	<u>301,569</u>	<u>301,569</u>
FTE	2.0	2.3	2.5	2.5	2.5
Reappropriated Funds	196,952	225,409	282,234	301,569	301,569
Appellate Unit	<u>2,603,619</u>	<u>2,709,335</u>	<u>3,240,771</u>	<u>3,707,520</u>	<u>3,697,461</u>
FTE	30.9	31.3	37.5	38.9	38.9
General Fund	2,219,720	2,195,709	2,603,174	3,383,771	3,373,712
Reappropriated Funds	383,899	513,626	637,597	323,749	323,749
Medicaid Fraud Control Unit	<u>1,535,692</u>	<u>1,513,539</u>	<u>1,579,511</u>	<u>1,648,189</u>	<u>1,648,189</u>
FTE	16.6	16.2	17.0	17.0	17.0
General Fund	383,914	394,876	394,876	412,045	412,045
Federal Funds	1,151,778	1,118,663	1,184,635	1,236,144	1,236,144

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
Peace Officers Standards and Training Board					
Support	<u>2,529,852</u>	<u>2,488,373</u>	<u>3,062,320</u>	<u>3,073,274</u>	<u>3,073,274</u>
FTE	4.6	5.5	7.0	7.0	7.0
Cash Funds	2,529,852	2,488,373	3,062,320	3,073,274	3,073,274
Safe2Tell	<u>100,615</u>	<u>100,416</u>	<u>100,686</u>	<u>107,471</u>	<u>107,471</u>
FTE	1.0	1.0	1.0	1.0	1.0
General Fund	100,615	100,416	100,686	107,471	107,471
Indirect Cost Assessment	<u>440,209</u>	<u>443,705</u>	<u>515,376</u>	<u>522,391</u>	<u>522,391</u>
Cash Funds	222,031	215,830	263,029	266,609	266,609
Reappropriated Funds	71,943	73,184	82,780	83,907	83,907
Federal Funds	146,235	154,691	169,567	171,875	171,875
TOTAL - (3) Criminal Justice and Appellate	10,202,860	10,497,727	12,142,894	13,019,610	13,009,551
FTE	84.7	86.5	100.8	102.2	102.2
General Fund	4,063,552	4,081,034	4,773,845	5,735,641	5,725,582
Cash Funds	3,635,260	3,776,355	4,415,775	4,502,646	4,502,646
Reappropriated Funds	1,206,035	1,366,984	1,599,072	1,373,304	1,373,304
Federal Funds	1,298,013	1,273,354	1,354,202	1,408,019	1,408,019

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
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(4) WATER AND NATURAL RESOURCES

This section provides funding for department staff who protect and defend the interests of the State and its citizens in all areas of natural resources law and environmental law, including the use of surface and ground water, oil and gas development, mining and minerals, wildlife, the clean-up of contaminated sites, the proper storage or disposal of hazardous waste, and protection of the state's air and water. Cash fund sources include the Colorado Water Conservation Board's Litigation Fund and moneys received by the Attorney General as an award of attorney fees or costs. Reappropriated funds are transferred from the Department of Public Health and Environment from the Hazardous Substance Response Fund.

Federal and Interstate Water Unit	<u>486,995</u>	<u>540,225</u>	<u>513,883</u>	<u>576,724</u>	<u>576,724</u>
FTE	5.3	5.3	5.5	5.5	5.5
General Fund	486,995	540,225	513,883	576,724	576,724
Defense of the Colorado River Basin Compact	<u>300,355</u>	<u>245,723</u>	<u>335,198</u>	<u>352,289</u>	<u>352,289</u>
FTE	3.0	2.6	3.0	3.0	3.0
Cash Funds	300,355	245,723	335,198	352,289	352,289
Defense of the Republican River Compact	<u>64,156</u>	<u>196,138</u>	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>
Cash Funds	64,156	196,138	110,000	110,000	110,000
Consultant Expenses	<u>106,426</u>	<u>139,581</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Cash Funds	106,426	139,581	400,000	400,000	400,000
Comprehensive Environmental Response, Compensation and Liability Act	<u>348,625</u>	<u>350,705</u>	<u>460,629</u>	<u>484,300</u>	<u>484,300</u>
FTE	3.8	3.2	3.5	3.5	3.5
Reappropriated Funds	348,625	350,705	460,629	484,300	484,300
Comprehensive Environmental Response, Compensation and Liability Act Contracts	<u>300,440</u>	<u>207,991</u>	<u>425,000</u>	<u>100,000</u>	<u>100,000</u>
Reappropriated Funds	300,440	207,991	425,000	100,000	100,000

JBC Staff Staff Figure Setting - FY 2014-15
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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
Natural Resource Damage Claims at Rocky Mountain Arsenal	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Cash Funds	0	0	0	0	0
Reappropriated Funds	0	0	50,000	50,000	50,000
Indirect Cost Assessment	<u>43,414</u>	<u>43,414</u>	<u>46,731</u>	<u>47,367</u>	<u>47,367</u>
Reappropriated Funds	43,414	43,414	46,731	47,367	47,367
Federal Funds	0	0	0	0	0
TOTAL - (4) Water and Natural Resources	1,650,411	1,723,777	2,341,441	2,120,680	2,120,680
<i>FTE</i>	<u>12.1</u>	<u>11.1</u>	<u>12.0</u>	<u>12.0</u>	<u>12.0</u>
General Fund	486,995	540,225	513,883	576,724	576,724
Cash Funds	470,937	581,442	845,198	862,289	862,289
Reappropriated Funds	692,479	602,110	982,360	681,667	681,667
Federal Funds	0	0	0	0	0

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
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(5) CONSUMER PROTECTION

This section provides funding for department staff who protect Colorado consumers against fraud and enforce state and federal consumer protection, antitrust, charitable solicitation, consumer lending, and fair debt collection laws. This section also provides funding to support one attorney who is responsible for enforcing the tobacco master settlement agreements and protecting the State's interests under the settlement payment calculation provision. Cash fund sources include fees paid by regulated entities, custodial moneys awarded to the Attorney General in consumer protection lawsuits, and tobacco settlement moneys. Reappropriated funds are transferred from the Department of Regulatory Agencies for consumer protection activities related to mortgage brokers.

Consumer Protection and Antitrust	<u>1,691,441</u>	<u>2,133,117</u>	<u>2,046,520</u>	<u>2,338,168</u>	<u>2,328,660</u> *
FTE	19.3	23.6	25.0	26.0	26.0
General Fund	865,872	931,023	931,023	1,106,670	1,106,670
Cash Funds	586,642	960,613	874,016	970,919	961,411
Reappropriated Funds	238,927	241,481	241,481	260,579	260,579
Consumer Credit Unit	<u>1,320,369</u>	<u>1,518,093</u>	<u>1,512,150</u>	<u>1,616,183</u>	<u>1,616,183</u>
FTE	17.9	19.2	20.0	20.0	20.0
Cash Funds	1,320,369	1,518,093	1,512,150	1,616,183	1,616,183
Indirect Cost Assessment	<u>334,907</u>	<u>471,352</u>	<u>467,308</u>	<u>473,671</u>	<u>473,671</u>
Cash Funds	297,695	434,140	427,253	433,071	433,071
Reappropriated Funds	37,212	37,212	40,055	40,600	40,600
Federal Funds	0	0	0	0	0
TOTAL - (5) Consumer Protection	3,346,717	4,122,562	4,025,978	4,428,022	4,418,514
FTE	37.2	42.8	45.0	46.0	46.0
General Fund	865,872	931,023	931,023	1,106,670	1,106,670
Cash Funds	2,204,706	2,912,846	2,813,419	3,020,173	3,010,665
Reappropriated Funds	276,139	278,693	281,536	301,179	301,179
Federal Funds	0	0	0	0	0

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
(6) SPECIAL PURPOSE					
The section includes funding to cover 80 percent of the statutory minimum salary for Colorado's twenty-two district attorneys, for unanticipated legal and technology expenses, and for litigation expenses associated with significant lawsuits. Cash fund sources include tobacco settlement moneys, moneys received from State Board of Land Commissioners from its Investment and Development Fund, and moneys received by the Attorney General as an award of attorney fees or costs. Reappropriated funds are transferred from the Office of the Governor.					
District Attorneys' Salaries	<u>2,479,795</u>	<u>2,656,368</u>	<u>2,676,960</u>	<u>2,697,656</u>	<u>2,697,656</u>
General Fund	2,479,795	2,656,368	2,676,960	2,697,656	2,697,656
Federal Funds	0	0	0	0	0
Litigation Management and Technology	<u>250,894</u>	<u>325,000</u>	<u>325,000</u>	<u>200,000</u>	<u>200,000</u> *
Cash Funds	250,894	325,000	325,000	200,000	200,000
Tobacco Litigation	<u>745,624</u>	<u>1,239,856</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>
General Fund	0	0	0	0	0
Cash Funds	745,624	1,239,856	1,250,000	1,250,000	1,250,000
Lobato Litigation Expenses	<u>242,037</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Reappropriated Funds	242,037	0	0	0	0
Lowry Range Litigation Expenses	<u>0</u>	<u>238,007</u>	<u>1,119,569</u>	<u>392,400</u>	<u>392,400</u> *
Cash Funds	0	238,007	1,119,569	392,400	392,400
TOTAL - (6) Special Purpose	3,718,350	4,459,231	5,371,529	4,540,056	4,540,056
FTE	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	2,479,795	2,656,368	2,676,960	2,697,656	2,697,656
Cash Funds	996,518	1,802,863	2,694,569	1,842,400	1,842,400
Reappropriated Funds	242,037	0	0	0	0
Federal Funds	0	0	0	0	0

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	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Appropriation	FY 2014-15 Request	FY 2014-15 Recommendation
TOTAL - Department of Law	51,567,038	53,804,216	68,999,898	69,718,351	69,813,160
<i>FTE</i>	<u>399.4</u>	<u>404.9</u>	<u>452.5</u>	<u>453.2</u>	<u>453.2</u>
General Fund	9,326,453	9,960,636	12,168,714	13,053,697	13,083,345
Cash Funds	9,481,375	10,804,641	12,833,181	12,363,711	12,395,279
Reappropriated Funds	31,305,434	31,571,004	42,227,639	42,554,422	42,576,349
Federal Funds	1,453,776	1,467,935	1,770,364	1,746,521	1,758,187