

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2016-17 STAFF FIGURE SETTING
DEPARTMENT OF LOCAL AFFAIRS**

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

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How to Use this Document

The Department Overview contains a table summarizing the staff recommended incremental changes followed by brief explanations of each incremental change. A similar overview table is provided for each division, but the description of incremental changes is not repeated, since it is available under the Department Overview. More details about the incremental changes are provided in the sections following the Department Overview and the division summary tables.

Decision items, both department-requested items and staff-initiated items, are discussed either in the Decision Items Affecting Multiple Divisions or at the beginning of the most relevant division. Within a section, decision items are listed in the requested priority order, if applicable.

Department Overview

The Department of Local Affairs (DOLA) is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. While current law creates a number of divisions¹, the Department's section of the Long Bill currently consists of the following:

- The *Executive Director's Office* provides the comprehensive departmental management and administration, including strategic planning, policy management, budget, accounting, purchasing, and human resources administration and public information.
- The *Division of Property Taxation* and the Property Tax Administrator, under the supervision and control of the *State Board of Equalization*, have three primary responsibilities: (1) administering property tax laws, including issuing appraisal standards and training county assessors; (2) granting exemptions from taxation for charities, religious organizations, and other eligible entities; and (3) valuing multi-county companies doing business in Colorado, including railroads, pipelines, and other public utilities.
- The *Division of Housing* administers state and federal low-income housing programs, and regulates the manufacture of factory-built residential and commercial buildings.
- The *Division of Local Governments* provides technical assistance to local government officials. This division also administers several state and federal programs to assist local governments in capital construction and community services, including: administering the federal Community Services Block Grant and the Community Development Block Grant; making state grants to communities negatively impacted by mineral extraction and limited gaming activities; distributing Conservation Trust Fund moneys (derived from lottery proceeds) for parks, recreation, and open space; and allocating the state contribution for volunteer firefighter pension plans.

¹ Divisions, offices, and boards created in Sections 24-1-125, 39-2-101, 39-9-101, and 39-2-123, and Article 32 of Title 24, C.R.S., include: the Division of Local Governments; the Division of Planning; the Division of Commerce and Development; the Division of Housing; the Office of Rural Development; the Office of the Colorado Youth Conservation and Service Corps; the Office of Smart Growth; the Division of Property Taxation; the State Board of Equalization; and the Board of Assessment Appeals.

SUMMARY OF STAFF RECOMMENDATIONS

Department of Local Affairs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$319,746,653	\$23,257,038	\$209,158,832	\$10,454,738	\$76,876,045	169.7
Other legislation	<u>1,555,029</u>	<u>1,369,186</u>	<u>153,474</u>	<u>32,369</u>	<u>0</u>	<u>2.8</u>
TOTAL	\$321,301,682	\$24,626,224	\$209,312,306	\$10,487,107	\$76,876,045	172.5
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$321,301,682	\$24,626,224	\$209,312,306	\$10,487,107	\$76,876,045	172.5
Fort Lyon Residential Community*	0	0	0	0	0	0.0
BA1 Community Choice Transition Housing Vouchers	1,300,125	1,300,125	0	0	0	0.0
Local Government Permanent Fund	1,100,000	0	1,100,000	0	0	0.0
Centrally appropriated line items	353,206	23,180	28,364	155,357	146,305	0.0
Indirect cost adjustment	178,955	(112,049)	34,456	291,613	(35,065)	0.0
BA NP2 Marijuana data coordination	73,975	0	73,975	0	0	0.0
NP2 OIT Secure Colorado	5,640	0	0	5,640	0	0.0
Board of Assessment Appeals Cash Fund	0	(71,339)	71,339	0	0	0.0
Reflect decline in severance tax and FML revenue	(25,000,000)	0	(25,000,000)	0	0	0.0
Adjust federal funds	(1,944,033)	0	0	0	(1,944,033)	0.0
Annualize prior year legislation	(328,396)	(1,304,232)	993,344	(17,508)	0	(0.2)
Unused cash spending authority	(107,444)	0	(107,444)	0	0	0.0
Other technical adjustments	(51,065)	(51,065)	0	0	0	(0.0)
Annualize FY 2015-16 merit pay	(7,336)	(1,884)	(903)	(2,981)	(1,568)	0.0
Annualize prior year budget actions	(693)	(693)	0	0	0	0.1
Annualize FY 2015-16 salary survey	<u>(2)</u>	<u>0</u>	<u>(1)</u>	<u>0</u>	<u>(1)</u>	<u>0.0</u>
TOTAL	\$296,874,614	\$24,408,267	\$186,505,436	\$10,919,228	\$75,041,683	172.4
Increase/(Decrease)	(\$24,427,068)	(\$217,957)	(\$22,806,870)	\$432,121	(\$1,834,362)	(0.1)
Percentage Change	(7.6%)	(0.9%)	(10.9%)	4.1%	(2.4%)	(0.1%)
FY 2016-17 Executive Request	\$322,659,186	\$24,672,579	\$210,341,394	\$10,624,189	\$77,021,024	172.4
Request Above/(Below) Recommendation	\$25,784,572	\$264,312	\$23,835,958	(\$295,039)	\$1,979,341	0.0

*The request includes \$1,765,786 from the Marijuana Tax Cash Fund and 1.0 FTE for the Fort Lyon Supportive Residential Community that is requested to be authorized in separate legislation. These funds are therefore not reflected in the table

Description of Incremental Changes

R1 Fort Lyon Residential Community: The Department of Local Affairs requests an additional \$1,765,786 from the Marijuana Tax Cash Fund (MTCF) and 1.0 FTE to support the operation of the Fort Lyon Supportive Residential Community, pending a federal decision on whether the program is eligible or ineligible for federal financial support. The Community is a 250-bed transitional housing program for chronically homeless people with substance abuse issues. It is located on the historic Fort Lyon campus in rural Bent County. The Department requests, and staff recommends, that the Committee sponsor legislation to authorize this use of the MTCF for this purpose if it wishes to use MTCF. Such new legislation would include the requested appropriation, so the amount is not reflected in the table above.

BA1 Community Choice Transition Housing Vouchers: The recommendation includes an increase of \$1.3 million General Fund for 150 new community choice transition (CCT) vouchers for individuals seeking to leave or avoid institutional placement and for increased costs for vouchers for those already enrolled in the Medicaid CCT program. The Department of Health Care Policy and Financing's FY 2016-17 budget assumes savings associated with de-institutionalizing some Medicaid clients under the CCT program. These savings are dependent in part on making subsidized housing available for these clients.

Local Government Permanent Fund: The recommendation adds an appropriation of \$1.1 million from the Local Government Permanent Fund, based on the projection that federal mineral lease revenue to the Local Government Mineral Impact Fund will decline by more than 10.0 percent from FY 2014-15 to FY 2015-16. These moneys would be distributed in the same manner and proportions as other direct distributions of FML revenue to local governments. The \$1.1 million shown represents the current estimate of funds available in the Permanent Fund.

Centrally appropriated line items: The request and recommendation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; workers' compensation; legal services; payment to risk management and property funds; Capitol complex leased space; payments to OIT; and CORE operations. The amount shown reflects a combination of recommended items (for common policy items on which the JBC has taken action) and requested items (for common policy items that are still pending).

Indirect cost adjustment: The recommendation includes adjustments to various line items based on the Department's indirect cost collection plan as well as amounts available in the Indirect Cost Excess Recoveries Cash Fund for the Department. Recommended adjustments will reduce the General Fund required by the Department by \$112,049.

BA NP2 Marijuana data collection: The request includes the Department's share of a request in the Governor's Office of Information Technology to create a data platform to identify, combine, store, and present marijuana-related information. This item is pending figure setting for the Governor's Office of Information Technology.

NP2 OIT Secure Colorado: The request seeks an increase of \$5,640 reappropriated funds for FY 2016-17 to cover the Department's share of the Office of Information Technology's implementation of advanced information security event analytics capabilities. This item is pending figure setting for the Governor's Office of Information Technology.

Board of Assessment Appeals Cash Fund: The recommendation increases appropriations from the Board of Assessment Appeals (BAA) Cash Fund and decreases General Fund appropriations from this source based on revenue available in the Fund.

Reflect decline in severance tax and FML revenue: The recommendation decreases the line item for Local Government Mineral and Energy Impact Grants and Disbursements based on recent trends in severance tax and federal mineral lease (FML) revenue available for distribution to local governments. This line item is shown for informational purposes only in the Long Bill.

Adjust federal funds: The recommendation decreases federal funds shown for informational purposes by \$1.9 million. This includes various adjustments in the Divisions of Housing and Local Government.

Annualize prior year legislation: The recommendation includes adjustments related to prior year legislation. This includes a reduction of \$1,000,000 General Fund and an increase of \$993,344 cash funds to annualize H.B. 15-1367 (Retail Marijuana Taxes), a reduction of \$299,961 General Fund to eliminate one-time amounts for H.B. 15-033 (Strategic Planning Group on Aging), a reduction of \$17,508 reappropriated funds and 0.2 FTE for H.B. 15-1225 (Federal Land Coordination), and a reduction of \$4,271 General Fund for S.B. 15-029 (Volunteer Firefighter Pension Plan Study).

Unused cash spending authority: The recommendation reduces the amount shown for Other Local Government Grants, based on the balance of funds anticipated to be available in the Colorado Heritage Communities Grant Fund. It also decreases spending authority from the Moffat Tunnel Cash Fund in light of the recent level of expenditures.

Other technical adjustments: The request includes an adjustment to align an informational General Fund appropriation for volunteer firefighter pensions and benefits with the OSPB General Fund revenue forecast. These items are pending. Staff recommends that they be adjusted to align with whichever March 2016 General Fund forecast the JBC adopts.

Annualize FY 2015-16 merit pay: The recommendation moves FY 2015-16 merit pay appropriations from the Executive Director's Office into personal services and program line items throughout the Department. Funding for individuals at the top of the salary range was provided on a one-time basis only, resulting in a small annualization adjustment for FY 2016-17.

Annualize prior year budget actions: The recommendation annualizes the impact of a FY 2015-16 decision item to add 1.0 FTE in the Division of Local Government.

Annualize FY 2015-16 salary survey: The recommendation moves FY 2015-16 salary survey appropriations from the Executive Director's Office into personal services and program line items throughout the Department.

Major Differences from the Request

The recommendation includes an appropriation from the Local Government Permanent Fund (not requested) and modest differences from the request to offset General Fund with additional cash funds available. Other differences between the request and recommendation are primarily to amounts shown for informational purposes only.

Decision Items Affecting Multiple Divisions

➔ Indirect Cost Adjustments

The staff recommendation includes adjustments to indirect cost assessment line items in each division and to line items in the Executive Director's Office that are offset with indirect cost collections. The staff recommendation is largely based on a plan submitted by the Department at the end of January 2016. However, staff has applied a larger General Fund offset than the Department plan, based on greater use of funds in the Indirect Cost Excess Recoveries Fund. For additional detail on the staff recommendation, see the Indirect Cost section at the back of this packet.

(1) Executive Director's Office

This section of the Long Bill includes funding for administrative functions and all centrally-appropriated funds. It also includes several miscellaneous functions statutorily assigned to the Department, including administration of the Moffat Tunnel Improvement District.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$7,113,554	\$1,635,544	\$659,430	\$3,749,620	\$1,068,960	14.2
Other legislation	<u>27,376</u>	<u>848</u>	<u>26,528</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$7,140,930	\$1,636,392	\$685,958	\$3,749,620	\$1,068,960	14.2
FY 2016-17 Recommended Appropriation*						
FY 2015-16 Appropriation	\$7,140,930	\$1,636,392	\$685,958	\$3,749,620	\$1,068,960	14.2
Centrally appropriated line items	353,206	23,180	28,364	155,357	146,305	0.0
BA NP2 Marijuana data coordination	73,975	0	73,975	0	0	0.0
NP2 OIT Secure Colorado	5,640	0	0	5,640	0	0.0
Annualize prior year legislation	1,902	(848)	2,750	0	0	0.0
Indirect cost adjustment	0	(112,049)	0	112,049	0	0.0
Other technical adjustments	0	0	0	0	0	0.0
Annualize FY 2015-16 salary survey	(110,437)	(26,613)	(18,601)	(41,323)	(23,900)	0.0
Annualize FY 2015-16 merit pay	(105,342)	(23,130)	(17,705)	(40,875)	(23,632)	0.0
Unused cash spending authority	<u>(37,444)</u>	<u>0</u>	<u>(37,444)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$7,322,430	\$1,496,932	\$717,297	\$3,940,468	\$1,167,733	14.2
Increase/(Decrease)	\$181,500	(\$139,460)	\$31,339	\$190,848	\$98,773	0.0
Percentage Change	2.5%	(8.5%)	4.6%	5.1%	9.2%	0.0%
FY 2016-17 Executive Request:						
Request Above/(Below) Recommendation	\$37,445	\$124,098	\$37,445	(\$124,098)	\$0	0.0

*For items where a common policy decision is pending, the request amount is included.

DECISION ITEMS - EXECUTIVE DIRECTOR'S OFFICE

➔ Non-prioritized Statewide Indirect Cost Adjustment

Request: The Department requested a decrease of \$12,049 for statewide indirect cost collections and a General Fund increase of the same amount in the Health, Life, Dental line item.

Recommendation: The staff recommendation:

- Makes an adjustment of \$12,049, but in the opposite direction from the Department's. The FY 2015-16 statewide indirect figure for the Department was \$315,868. The FY 2016-17 amount is \$327,917. The difference of \$12,049 represents the additional amounts to be collected from cash, reappropriated, and federal sources to offset General Fund otherwise required.

In addition, staff makes the adjustments in different line item. Specific adjustments:

- Executive Director's Office, Personal Services: Decrease departmental indirect cost collections by \$12,049 and increase statewide indirect cost collections by the same amount.
- Payments to OIT: Decrease General Fund by \$12,049 and increase departmental indirect cost collections by the same amount.

➔ Staff Recommendation - Moffat Tunnel Improvement District

DOLA has custodial authority over the Moffat Tunnel Improvement District authorized in Sections 32-8-101 through 126, C.R.S. Cash funds are received from annual lease revenues from Union Pacific Railroad (UP) and Century Link (formerly Qwest). The leases require UP pay the District \$12,000 per year and Century Link to pay \$14,659 per year.

An annual appropriation (currently \$137,444) provides spending authority from reserves in the Moffat Tunnel Cash Fund in case moneys are needed to protect the right-of-way from legal challenges. However, for each of the last five years, spending has been \$36 or less per year. As of June 30, 2015, the Department reported a fund balance of \$187,403.

Staff recommends reducing the appropriation to \$100,000 cash funds spending authority, in light of recent spending history. It seems prudent to retain the Department's ability to respond to legal challenges if needed; however, funds should probably not accumulate in this cash fund indefinitely.

If the Committee plans to run a cash funds transfer bill, it could consider transferring some funds from this cash fund balance to the General Fund. Given the relatively small amount of funds, staff would only recommend this as part of a more comprehensive transfer bill. Alternatively, the Committee may wish to consider a statutory change to routinely transfer the cash fund balances in this Fund that exceed a specified amount--or a multiple of the annual

appropriation such as 120 percent--into the General Fund. Moneys were previously transferred from this Fund to the General Fund in 2009.

LINE ITEM DETAIL — EXECUTIVE DIRECTOR’S OFFICE

Personal Services

This line item funds the 14.2 FTE in the Executive Director's Office, including the Executive Director, accounting, budget, purchasing, human resources, and general support staff. The source of reappropriated funds is indirect cost assessments collected from several cash and federally-funded programs administered by the Department. The workload for staff supported by this line item is driven by both the number of Department employees and the number and complexity of grants and contracts administered.

Statutory Authority: Article 32 of Title 24, C.R.S.

Request: The Department requests \$1,381,026 in reappropriated funds and 14.2 FTE for FY 2016-17. The budget request annualizes (builds into the base) FY 2015-16 centrally-appropriated increases for salary survey and merit pay.

Recommendation: Staff recommends approving the Department request, which is calculated consistent with JBC common policy. Reappropriated funds are from departmental and statewide indirect cost recoveries.

Executive Director's Office, Personal Services	Total Funds	General Fund	Reappropriated Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	1,352,635	0	1,352,635	14.2
TOTAL	\$1,352,635	\$0	\$1,352,635	14.2
FY 2016-17 Recommended Appropriation				
FY 2015-16 Appropriation	\$1,352,635	\$0	\$1,352,635	14.2
Annualize FY 2015-16 salary survey	14,810	0	14,810	0.0
Annualize FY 2015-16 merit pay	13,581	0	13,581	0.0
Other technical adjustments	0	0	0	0.0
TOTAL	\$1,381,026		\$1,381,026	14.2
Increase/(Decrease)	\$28,391	\$0	\$28,391	0.0
Percentage Change	2.1%	0.0%	2.1%	0.0%
FY 2016-17 Executive Request:	\$1,381,026	\$0	\$1,381,026	14.2
Request Above/(Below) Recommendation	\$0		\$0	0.0

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.

JBC Staff Figure Setting: FY 2016-17
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Statutory Authority: Sections 24-50-611 and 24-50-603 (9), C.R.S.

Request: The Department requests \$1,429,520 total funds, including \$308,802 General Fund, for FY 2016-17. The Department’s request included an adjustment to statewide indirect cost assessments in this line item.

Recommendation: Staff has applied Committee common policy and applied statewide indirect cost fund split adjustments in other line items (Personal Services and Payments to OIT) so that the funding splits differ from the request.

Executive Director's Office, Health, Life, and Dental	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	1,549,935	355,607	263,718	603,918	326,692
TOTAL	\$1,549,935	\$355,607	\$263,718	\$603,918	\$326,692
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$1,549,935	\$355,607	\$263,718	\$603,918	\$326,692
Other technical adjustments	0	0	0	0	0
Centrally appropriated line items	(120,415)	(58,854)	(1,162)	(58,672)	(1,727)
TOTAL	\$1,429,520	\$296,753	\$262,556	\$545,246	\$324,965
Increase/(Decrease)	(\$120,415)	(\$58,854)	(\$1,162)	(\$58,672)	(\$1,727)
Percentage Change	(7.8%)	(16.6%)	(0.4%)	(9.7%)	(0.5%)
FY 2016-17 Executive Request:	\$1,429,520	\$308,802	\$262,556	\$533,197	\$324,965
Request Above/(Below) Recommendation	\$0	\$12,049	\$0	(\$12,049)	\$0

Short-term Disability

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

Statutory Authority: Sections 24-50-611, C.R.S., and 24-50-603 (13), C.R.S.

Request: The Department requests \$21,653 total funds (including \$4,014 General Fund) for FY 2016-17.

Recommendation: The staff recommendation, calculated based on Committee common policy, is reflected in the table below.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Executive Director's Office, Short-term Disability	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	24,391	4,967	3,716	10,933	4,775
TOTAL	\$24,391	\$4,967	\$3,716	\$10,933	\$4,775
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$24,391	\$4,967	\$3,716	\$10,933	\$4,775
Other technical adjustments	0	0	0	0	0
Centrally appropriated line items	(2,738)	(953)	(338)	(1,418)	(29)
TOTAL	\$21,653	\$4,014	\$3,378	\$9,515	\$4,746
Increase/(Decrease)	(\$2,738)	(\$953)	(\$338)	(\$1,418)	(\$29)
Percentage Change	(11.2%)	(19.2%)	(9.1%)	(13.0%)	(0.6%)
FY 2016-17 Executive Request:	\$21,653	\$4,014	\$3,378	\$9,515	\$4,746
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0

S.B. 04-257 Amortization Equalization Disbursement

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

Statutory Authority: Section 24-51-411, C.R.S.

Request: The Department requests \$560,808 total funds (including \$101,702 General Fund) for FY 2016-17.

Recommendation: The staff recommendation, calculated based on Committee common policy, is reflected in the table below.

Executive Director's Office, S.B. 04-257 Amortization Equalization Disbursement	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	490,915	99,965	74,766	220,084	96,100
TOTAL	\$490,915	\$99,965	\$74,766	\$220,084	\$96,100
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$490,915	\$99,965	\$74,766	\$220,084	\$96,100
Centrally appropriated line items	69,893	3,981	12,867	26,231	26,814
Other technical adjustments	0	0	0	0	0
TOTAL	\$560,808	\$103,946	\$87,633	\$246,315	\$122,914

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Executive Director's Office, S.B. 04-257 Amortization Equalization Disbursement					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
Increase/(Decrease)	\$69,893	\$3,981	\$12,867	\$26,231	\$26,814
Percentage Change	14.2%	4.0%	17.2%	11.9%	27.9%
FY 2016-17 Executive Request:	\$560,808	\$103,946	\$87,633	\$246,315	\$122,914
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0

S.B. 06-235 Supplemental Amortization Equalization Disbursement

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

Statutory Authority: Section 24-51-411, C.R.S.

Request: The Department requests \$554,966 total funds (including \$102,863 General Fund) for FY 2016-17.

Recommendation: The staff recommendation, calculated based on Committee common policy, is reflected in the table below.

Executive Director's Office, S.B. 06-235 Supplemental Amortization Equalization Disbursement					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	474,179	96,557	72,217	212,581	92,824
TOTAL	\$474,179	\$96,557	\$72,217	\$212,581	\$92,824
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$474,179	\$96,557	\$72,217	\$212,581	\$92,824
Centrally appropriated line items	80,787	6,306	14,503	31,168	28,810
Other technical adjustments	0	0	0	0	0
TOTAL	\$554,966	\$102,863	\$86,720	\$243,749	\$121,634
Increase/(Decrease)	\$80,787	\$6,306	\$14,503	\$31,168	\$28,810
Percentage Change	17.0%	6.5%	20.1%	14.7%	31.0%
FY 2016-17 Executive Request:	\$554,966	\$102,863	\$86,720	\$243,749	\$121,634
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0

Salary Survey

The Department uses this line item to pay for annual increases for salary survey and senior executive service positions.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Statutory Authority: Section 24-50-104, C.R.S.

Request: The Department requests \$9,579 total funds for FY 2016-17.

Recommendation: The staff recommendation, calculated based on Committee common policy, is reflected in the table below.

Executive Director's Office, Salary Survey					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	125,247	26,613	18,601	56,133	23,900
TOTAL	\$125,247	\$26,613	\$18,601	\$56,133	\$23,900
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$125,247	\$26,613	\$18,601	\$56,133	\$23,900
Centrally appropriated line items	9,579	1,261	4,909	1,266	2,143
Annualize FY 2015-16 salary survey	(125,247)	(26,613)	(18,601)	(56,133)	(23,900)
TOTAL	\$9,579	\$1,261	\$4,909	\$1,266	\$2,143
Increase/(Decrease)	(\$115,668)	(\$25,352)	(\$13,692)	(\$54,867)	(\$21,757)
Percentage Change	(92.4%)	(95.3%)	(73.6%)	(97.7%)	(91.0%)
FY 2016-17 Executive Request:	\$9,579	\$1,261	\$4,909	\$1,266	\$2,143
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0

Merit Pay

This line item funds pay increases relating to employee performance evaluations.

Statutory Authority: Pursuant to Section 24-50-104 (1) (c), C.R.S.

Request: The Department requests no merit pay funding for FY 2016-17.

Recommendation: Consistent with Committee common policy, the staff recommendation reflects no merit pay increase.

Executive Director's Office, Merit Pay					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	118,923	23,130	17,705	54,456	23,632
TOTAL	\$118,923	\$23,130	\$17,705	\$54,456	\$23,632
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$118,923	\$23,130	\$17,705	\$54,456	\$23,632

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Executive Director's Office, Merit Pay	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
Annualize FY 2015-16 merit pay	(118,923)	(23,130)	(17,705)	(54,456)	(23,632)
TOTAL	\$0	\$0	\$0	\$0	\$0
Increase/(Decrease)	(\$118,923)	(\$23,130)	(\$17,705)	(\$54,456)	(\$23,632)
Percentage Change	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)
FY 2016-17 Executive Request:	\$0	\$0	\$0	\$0	\$0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0

Workers' Compensation

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

Statutory Authority: Section 24-30-1510.7, C.R.S.

Request: The Department requests \$115,190 total funds (including \$106,478 General Fund) for FY 2016-17.

Recommendation: The staff recommendation is **pending** the Committee common policy decision for this line item.

Operating Expenses

This line item includes funding for operating expenses for the Executive Director's Office as well as funding for capital outlay, motor-pool, and software maintenance agreements.

Statutory Authority: Article 32 of Title 24, C.R.S.

Request: The Department requests continuation funding of \$132,888 total funds.

Recommendation: Staff recommends the requested continuation of \$132,888 total funds. The fund source is indirect cost recoveries.

Legal Services

This line item provides funding for the Department to purchase legal services from the Department of Law. Most of the appropriation funds legal services to the Board of Assessment Appeals and to the Property Tax Administrator. The balance of the legal services hours provides staffing for rule and regulation review, contract processing, and other miscellaneous legal needs.

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

Request: The Department requests \$176,916 total funds (including \$156,459 General Fund) to purchase **1,870** hours of legal services from the Department of Law in FY 2016-17. This includes the original FY 2015-16 Long Bill authorization for 1,790 hours and an additional 80

hours related to implementation of H.B. 15-1367 (Marijuana Tax Cash Fund) in FY 2015-16 and FY 2016-17.

Recommendation: Staff recommends the Committee authorize 1,780 hours of legal services from the Department of Law in FY 2016-17. The recommendation reduces the base hours, in light of the Department's use of legal services in recent years. Over the last five years, the average utilization has been 1,560 hours, with a high of 1,657. Staff therefore assumes utilization of no more than 1,700 hours before implementation of H.B. 15-1367 and adds 80 hours related to H.B. 15-1367 (Marijuana Tax Cash Fund). **The dollar amount of staff's recommendation is pending the determination of the hourly rate for legal services by the Committee.** Staff requests permission to adjust the line item after the Committee has determined the rate.

Payment to Risk Management and Property Funds

The Department's share of liability and property insurance carried by the Department of Personnel and Administration is appropriated through this line item. The State's liability program is used to pay liability claims and expenses brought against the State.

Statutory Authority: Section 24-30-1510 and 24-30-1510.5, C.R.S.

Request: The Department requests \$47,515 total funds (including \$44,229 General Fund) for this purpose for FY 2016-17.

Recommendation: The staff recommendation is **pending** the Committee common policy decision for this line item.

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.

Statutory Authority: Section 24-30-1104 (2), C.R.S.

Request: The Department requests \$98,771 total funds (including \$88,827 General Fund) for FY 2016-17. The request includes three replacement vehicles, including two CNG vehicles, for FY 2016-17.

Recommendation: The staff recommendation is **pending** the Committee common policy decision for this line item.

Information Technology Asset Maintenance

This line item funds routine replacement of technology to keep it current and minimize work interruptions.

Statutory Authority: Article 32 of Title 24, C.R.S.

Request: The Department requests continuation funding of \$80,469 total funds (including \$29,913 General Fund) for this purpose for FY 2016-17.

Recommendation: Staff recommends continuation of \$80,469 total funds, including \$29,913 General Fund.

Leased Space

This line item funds leased space needs for the Department. Each office is strategically located throughout the State to maximize the impact of DOLA's field staff. The Department currently leases space at the following locations:

Summary of Leased Space			
City	Address	FY 2015-16 Lease Payments	Space (sq ft)
Alamosa	610 State Street	\$6,240	291
Frisco	602 Galena Street	3,237	294
Loveland	150 East 29th Street	12,415	955
Pueblo	132 West B Street	13,968	900
Sterling	109 North Front Street	5,834	500
Durango	1000 Rim Drive	14,551	355
Glenwood Springs	818 Colorado Avenue	<u>6,588</u>	<u>336</u>
Total		\$62,833	3,631

The space leased in the locations above has not changed since FY 2013-14, although there have been modest adjustments to rates at some locations. The Department anticipates rate increases at three locations in FY 2016-17, which it projects will increase overall expenditures in this line item to \$63,368 in FY 2016-17.

Statutory Authority: Article 32 of Title 24, C.R.S.

Request: The Department requests continuation funding of \$65,000 in total funds (including \$22,376 in General Fund) for this purpose in FY 2016-17.

Recommendation: Staff recommends continuation level funding of \$65,000 total funds (including \$22,376 General Fund) for FY 2016-17.

Capitol Complex Leased Space

This line item is used to pay the Department of Personnel and Administration for the costs of maintaining State buildings that are part of the Capitol Complex. The Department currently leases space in the Complex at 1313 Sherman and in Grand Junction at 2228 6th St.

At both locations, DOLA provides financial support to local communities and professional and technical services to community leaders in the areas of governance, housing, and property tax administration.

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

Request: The Department requests \$555,112 total funds, including \$192,096 General Fund, for FY 2016-17.

The Department proposes to use slightly less space at both the Denver and Grand Junction locations in FY 2016-17. Anticipated square footage is shown below.

Capitol Complex Lease Space	
Location	Space (sq ft)
Denver – 1313 Sherman Street	31,331
Grand Junction – 222 S. 6 th Street	3,783

Recommendation: Staff recommends the requested space allotment. The cost for this space is **pending** the Committee common policy decision for capitol complex leased space.

CORE Operations (formerly COFRS Modernization)

This line item funds operation of the Colorado Operations Resource Engine (CORE), the new accounting system which was launched in July 2014.

Statutory Authority: Section 24-30-209, C.R.S.

Request: The Department requests \$476,562 in total funds (including \$205,893 General Fund) for FY 2016-17.

Recommendation: The staff recommendation is **pending** the Committee common policy decision for this line item.

Moffat Tunnel Improvement District

This line item funds the Department's administration of the Moffat Tunnel Improvement District. DOLA is provided custodial authority by statute. Cash funds are received from annual lease revenues. There are currently two lessees, Union Pacific Railroad (UP) and Century Link (formerly Qwest).

The leases require UP pay the District \$12,000 per year and Century Link to pay \$14,659 per year. The UP lease term ends in 2025 with a right to renew and the Century Link lease term ends 2091 with right to renew. The appropriation provides spending authority from reserves in the Moffat Tunnel Cash Fund in case moneys are needed to protect the right-of-way from legal challenges.

Statutory Authority: Sections 32-8-101 through 126, C.R.S.

Request: The Department requests continuation funding of \$137,444 in total funds (all of which is cash funds) for FY 2016-17.

Recommendation: Staff recommends an appropriation of \$100,000 cash funds spending authority. In each of the last five actual years (FY 2010-11 through FY 2014-15) the Department has spent between \$0 and \$36 in this line item. It seems prudent to retain the Department's ability to respond to legal challenges if needed. As of June 30, 2015, the Department reported a fund balance of \$187,403.

If the Committee plans to run a cash funds transfer bill, it could consider transferring some funds from this cash fund balance to the General Fund. Given the relatively small amount of funds, staff would only recommend this as part of a more comprehensive transfer bill. Alternatively, the Committee may wish to consider a statutory change to routinely transfer the cash fund balances in this Fund that exceed a specified amount--or a multiple of the annual appropriation such as 120 percent--into the General Fund. Moneys were previously transferred from this Fund to the General Fund in 2009.

Payments to OIT

This line item reflects the request from the Governor's Office of Information Technology (OIT) to consolidate Department appropriations for information technology services from five IT common policy line items: Management and Administration of OIT, Purchase of Services from Computer Center, Multiuse Network Payments, Communication Services Payments, and Information Technology Security.

Statutory Authority: Section 24-37.5-104, C.R.S.

Request: The Department requests \$1,516,456 total funds, including \$241,824 General Fund. This includes:

- An increase of \$1,902 for adjustments related to annualizing H.B. 15-1367 (Marijuana Tax Cash Funds) and S.B. 15-029 (Volunteer Firefighter Pension Plan Study)
- An increase of \$273,055 related to allocation of OIT costs
- An Increase of \$73,975 for BA NP2 (Marijuana data coordination) and \$5,640 for NP1 (Secure Colorado)

Recommendation: The staff recommendation is **pending** the Committee common policy decision for this line item.

Purchase of Services from Computer Center

This item provided funding for the Department's share of statewide computer services provided by the Governor's Office of Information Technology (OIT). Funding previously included in this line item has now been consolidated in the "Payments to OIT" line item.

Request: The Department has not requested, and staff does not recommend, funding for this line item.

Multiuse Network Payments

This line item paid the Department's share of the statewide multiuse network (MNT). Funding previously included in this line item has now been consolidated in the "Payments to OIT" line item.

Request: The Department has not requested, and staff does not recommend, funding for this line item.

Management and Administration of OIT

Senate Bill 08-155 (Cadman/Kerr, A.) required that billing methodologies be developed to allocate costs for central OIT administrative services, including a "back office" business services staff for financial and human resource services to the consolidated office. Funding previously included in this line item has now been consolidated in the "Payments to OIT" line item.

Request: The Department has not requested, and staff does not recommend, funding for this line item.

Information Technology Security

This line item paid for information technology security improvements in FY 2013-14. Most OIT payments have now been consolidated in the "Payments to OIT" line item.

Request: The Department has not requested, and staff does not recommend, funding for this line item in FY 2015-16.

(2) Property Taxation

This section provides funding for the Division of Property Taxation, which: issues appraisal standards and provides training and technical assistance to county assessors; values multi-county companies; and grants taxation exemptions. This section also provides funding for the State Board of Equalization, which supervises the administration of property tax laws by local county assessors, as well as the Board of Assessment Appeals, which hears petitions for appeal on valuation, abatements, exemptions, and valuation of state-assessed properties.

Property Taxation					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	<u>\$3,773,920</u>	<u>\$1,380,281</u>	<u>\$1,264,404</u>	<u>\$1,129,235</u>	<u>49.9</u>
TOTAL	\$3,773,920	\$1,380,281	\$1,264,404	\$1,129,235	49.9
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$3,773,920	\$1,380,281	\$1,264,404	\$1,129,235	49.9
Annualize FY 2015-16 salary survey	32,122	15,718	7,982	8,422	0.0
Indirect cost adjustment	32,054	0	17,119	14,935	0.0
Annualize FY 2015-16 merit pay	27,480	12,547	7,210	7,723	0.0
Other technical adjustments	<u>0</u>	<u>(71,339)</u>	<u>71,339</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,865,576	\$1,337,207	\$1,368,054	\$1,160,315	49.9
Increase/(Decrease)	\$91,656	(\$43,074)	\$103,650	\$31,080	0.0
Percentage Change	2.4%	(3.1%)	8.2%	2.8%	0.0%
FY 2016-17 Executive Request:	\$3,836,344	\$1,477,421	\$1,211,847	\$1,147,076	49.9
Request Above/(Below) Recommendation	(\$29,232)	\$140,214	(\$156,207)	(\$13,239)	0.0

DECISION ITEMS – PROPERTY TAXATION

The Executive Branch did not submit any decision items for this division. However, it did include a **technical adjustment to a fund split** that is discussed below.

➔ Technical Adjustment: Board of Assessment Appeals Non-Assessment Year

Background: The Board of Assessment Appeals (BAA) hears appeals from property owners on the valuation of their property for tax purposes. S.B. 13-146 established the Board of Assessment Appeals Cash Fund (BAA Cash Fund), which offsets General Fund otherwise

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required for operations of the BAA. The BAA Cash Fund only partially supports the BAA. Prior to this bill, fees collected by the BAA for appeals heard by the BAA were deposited to the General Fund, and the BAA was supported exclusively from the General Fund.

BAA cash fund revenue fluctuates on a two-year cycle depending upon whether the given fiscal year is a year in which properties are assessed. Property is assessed in odd-numbered years, which drives heightened BAA activity in even-numbered state fiscal years. The JBC took action in FY 2014-15 to lower anticipated funding from the cash fund and to again increase it in FY 2015-16 based on the revenue swings.

Request: The Department requests a \$68,875 reduction in cash fund appropriations from the BAA Cash Fund and a matching increase in General Fund for FY 2016-17 based on the anticipated decline in BAA Cash Fund revenue in an odd-numbered (non-assessment) year. The request is not prioritized and reflects BAA cash fund revenue anticipated to be available.

Recommendation: Staff does **not** recommend the requested reduction in cash funds and increase in General Fund, based on recently-received data on the flow of revenue into the BAA cash fund this year. **Instead, staff recommends increasing funding from the BAA cash fund for FY 2016-17 based on revenue received thus far in FY 2015-16 and reducing General Fund accordingly.**

Receipts through December 31, 2015 were approximately \$215,000, which exceeds the original projection of \$148,200 for the entire FY 2015-16 fiscal year. While the Department believes this reflects some unusual circumstances, even if revenue for the remainder of the year is no higher than the original projection, the Department will end the year with a significant balance in the BAA cash fund.

Analysis: The Department requests a \$68,875 reduction in cash fund appropriations from the BAA Cash Fund and a matching increase in General Fund for FY 2016-17. **Staff instead recommends increasing appropriations from the BAA Cash Fund by \$71,339 and decreasing General Fund by the same amount.**

The staff calculation assumes that total FY 2015-16 revenue will be just shy of \$290,000 instead of the \$148,200 originally anticipated, based on \$215,000 received through December plus an assumed \$74,787 for the balance of FY 2015-16 (50 percent of the original projection). The additional revenue received in FY 2015-16 may be used to offset General Fund in FY 2016-17.

Board of Assess. Appeals CF	FY 2014	FY 2015	FY 2016	FY 2017
Beginning fund balance	\$0	\$69,720	\$82,908	\$204,695
Revenue - DOLA projection	225,993	114,841	149,573	114,481
Revenue adjustment - JBC staff			140,214	
Expenditures - DOLA projection/base	156,273	101,652	168,000	168,000
Requested expenditure adjustment DOLA				

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Board of Assess. Appeals CF	FY 2014	FY 2015	FY 2016	FY 2017
				(68,875)
Expenditure adjustment over request - JBC staff				140,214
Ending fund balance	69,720	82,909	204,695	79,837

Requested DOLA adjustment for FY 2016-17	(\$68,875)
Staff recommended adjustment above DOLA request	<u>140,214</u>
Difference – recommended change from FY 2015-16 base appropriation – increased appropriation from BAA cash fund matched by GF reduction	\$71,339

LINE ITEM DETAIL — PROPERTY TAXATION

Division of Property Taxation

The Property Tax Administrator is a constitutionally created position, responsible for administering property tax laws under the supervision and control of the State Board of Equalization (see Section 15 (2) of Article X of the Colorado Constitution). Pursuant to Section 39-2-101, C.R.S., the Property Tax Administrator is head of the Division of Property Taxation (DPT). The key statutory responsibilities that drive the Division's workload are carried out by four subdivisions:

- **Appraisal Standards Section:** ensures property tax equity by issuing appraisal standards and training county assessors.
- **Administrative Resources Section:** prepares and publishes administrative manuals, procedures, and instructions for assessors' offices.
- **Exemptions Section:** grants exemptions from taxation for charities, churches, and other eligible entities to assure a standardization of exemptions.
- **State Assessed Section:** performs original valuations of multi-county companies in Colorado, including railroads, pipelines, and other utilities.

The Division is supported by General Fund, fees for approving property tax exemptions, and mineral and energy impact funds.

Since FY 2010-11, filing fees for applications for exemptions from taxation have been \$175 per exemption application, \$75 for timely filed exempt property reports, and \$250 for exempt property reports filed after the April 15 deadline.

Statutory Authority: Section 15 of Article X of the Colorado Constitution and Article 2 of Title 39, C.R.S.

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Request: The Department requests \$2,820,045 in total funds and 36.7 FTE for this program line, including \$990,902 General Fund, including annualization of FY 2015-16 common policy personal services increases.

Recommendation: Staff recommends the request which is calculated consistent with Committee common policy.

Property Taxation, Division of Property Taxation	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	2,773,709	973,045	913,318	887,346	36.7
TOTAL	\$2,773,709	\$973,045	\$913,318	\$887,346	36.7
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$2,773,709	\$973,045	\$913,318	\$887,346	36.7
Annualize FY 2015-16 salary survey	24,837	9,930	7,122	7,785	0.0
Annualize FY 2015-16 merit pay	21,499	7,927	6,433	7,139	0.0
TOTAL	\$2,820,045	\$990,902	\$926,873	\$902,270	36.7
Increase/(Decrease)	\$46,336	\$17,857	\$13,555	\$14,924	0.0
Percentage Change	1.7%	1.8%	1.5%	1.7%	0.0%
FY 2016-17 Executive Request:	\$2,820,045	\$990,902	\$926,873	\$902,270	36.7
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

State Board of Equalization

Description: The State Board of Equalization ("State Board"), created in Section 15 of Article X of the Colorado Constitution, consists of five members:

- The Governor (or his or her designee).
- The Speaker of the House of Representatives (or his or her designee).
- The President of the Senate (or his or her designee).
- Two members appointed by the Governor with the consent of the Senate.

The State Board supervises the administration of property taxation laws by local county assessors. In this regard, the State Board meets at least once annually to review real and personal property valuations, hear complaints concerning valuation (including petitions by tax-levying authorities), redirect assessments, and set the residential assessment ratio. The Board also approves training manuals, appraisal standards, and written instructions issued by the Property Tax Administrator.

During each property tax year, an assessment study is conducted to determine whether or not county assessors have complied with property tax provisions in the State Constitution and in State statutes. The State Board is responsible for ordering a reappraisal of affected classes of

property which were not properly assessed in accordance with the State Constitution and with State statutes. Finally, the State Board appoints the Property Tax Administrator.

The Constitution requires the General Assembly to provide by statute for the compensation of State Board members. Pursuant to Section 39-9-101 (2), C.R.S., State Board members receive \$50 per day for each day spent attending State Board meetings or hearings, as well as reimbursement for actual and necessary expenses incurred in performing State Board duties. This line item funds the Board's direct operating expenses, including \$50 per diem payments and expense reimbursements.

Statutory Authority: Section 39-9-101, C.R.S.

Request: The Department requests continuation level funding of \$12,856 General Fund.

Recommendation: Staff recommends the Department's request for a continuation level of \$12,856 General Fund.

Board of Assessment Appeals

The Board of Assessment Appeals (BAA) is a quasi-judicial body that operates as a "type 1" agency within the Department (see Section 39-2-123, C.R.S.). The Board hears appeals by individual taxpayers who disagree with county boards of equalization, county boards of commissioners, and the Property Tax Administrator on the valuation of real and personal property, property tax abatements (reductions), and property tax exemptions. State assessed properties and exemptions are first appealed to the property tax administrator. These cases may then be appealed to the BAA. Appeals to the BAA must be made in writing within 30 days of the decision that is being appealed. After the appeal is docketed, a receipt of appeal is sent to the Petitioner. A notice of hearing is mailed to all parties at least 30 days prior to the scheduled hearing. The Board's decision is transmitted in a written order and mailed to all parties. Board decisions are also posted on the Board's website. Board decisions may be appealed to the Colorado Court of Appeals.

Pursuant to statute, Board members must be registered, certified, or licensed as an appraiser. The Board must consist of at least three members, and an additional six members may be appointed based on workload. There are currently eight members. All Board members are employees of the State who are appointed by the Governor, with the consent of the Senate, and serve at the pleasure of the Governor. As employees of the State they are entitled to benefits such as health, life and dental, short-term disability, and PERA. Compensation is based on a statutory rate of \$150 per day. Board members often have private sector employment in addition to their duties on the Board. This line item supports 13.2 FTE, including the eight board members and 5.2 board staff members.

In recent years, the BAA has heard from 1,300 to almost 4,000 cases per year, depending upon whether it is an assessment or non-assessment year. In FY 2014-15, the BAA received 1,074 appeals, while 2,626 were docketed in the first half of FY 2015-16. A 2011 audit by the State Auditor's Office highlighted significant delays in resolving cases (only 37 percent were resolved

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within a year in FY 2008-09). These issues appear to have been addressed. For appeals resolved in FY 2014-15, 94 percent of cases were resolved within one year.

The BAA Cash Fund was created in Senate Bill 13-146, which credited all filing fees paid to the BAA to the Cash Fund. Filing fees are established in statute at Section 39-2-125 (h), C.R.S. Fees are \$101.25 per property for a person who is represented; for a person representing him/herself, filing is free for the first two filings per year and \$33.75 thereafter.

The Fund does not fully support the BAA but offsets General Fund otherwise required. Reappropriated funds reflect statewide indirect cost recoveries.

Statutory Authority: Section 39-2-123, C.R.S.

Request: The Department requests \$619,580, including \$473,663 General Fund. This includes annualization of prior year salary survey and anniversary awards and the request to reduce funding from the BAA Cash Fund and increase General Fund in odd-numbered years.

Recommendation: The staff recommendation is for \$619,580 total funds, consistent with the request, but funding splits have been adjusted based on amounts available in the BAA Cash Fund.

Property Taxation, Board of Assessment Appeals					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
Personal Services					
FY 2015-16 Appropriation	\$553,107	\$368,619	\$150,000	\$34,488	13.2
Annualize FY 2015-16 salary survey	7,285	5,788	860	637	0.0
Annualize FY 2015-16 merit pay	5,981	4,620	777	584	0.0
Other technical adjustments	0	(71,339)	71,339	0	0.0
Subtotal - Personal Services	\$566,373	\$307,688	\$222,976	\$35,709	13.2
Operating Expenses					
FY 2015-16 Appropriation	\$53,207	\$25,761	\$0	\$27,446	0.0
Subtotal - Operating Expenses	\$53,207	\$25,761	\$0	\$27,446	0.0
Total Recommended FY 2016-17 Appropriation	\$619,580	\$333,449	\$222,976	\$63,155	13.2
FY 2016-17 Executive Request	\$619,580	\$473,663	\$82,762	\$63,155	13.2
Request Above/(Below) Recommendation	\$0	\$140,214	(\$140,214)	\$0	(0.0)

Indirect Cost Assessment

This line reflects the amount of indirect cost assessments made against cash and reappropriated funds funding sources within the Division (including federal mineral leasing and severance tax revenues that are appropriated to support a portion of this division's activities). The funds collected through this line item are used to offset General Fund that would otherwise be required

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in the Executive Director's Office, Personal Services, and Operating line items and the Board of Assessment Appeals.

Request: The Department requests \$383,863 total funds for FY 2016-17 for the collection rate applied to the Division for indirect cost recoveries.

Recommendation: Staff recommends \$413,095 based on an updated indirect cost recoveries plan submitted by the Department. This division is assessed at a 21.6 percent collection rate, based on the overall plan negotiated between the Department and the federal Department of Housing and Urban Development.

Property Taxation, Indirect Cost Assessment	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	381,041	0	201,086	179,955	0.0
TOTAL	\$381,041	\$0	\$201,086	\$179,955	0.0
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$381,041	\$0	\$201,086	\$179,955	0.0
Indirect cost adjustment	32,054	0	17,119	14,935	0.0
Other technical adjustments	0	0	0	0	0.0
TOTAL	\$413,095		\$218,205	\$194,890	0.0
Increase/(Decrease)	\$32,054	\$0	\$17,119	\$14,935	0.0
Percentage Change	8.4%	0.0%	8.5%	8.3%	0.0%
FY 2016-17 Executive Request:	\$383,863	\$0	\$202,212	\$181,651	0.0
Request Above/(Below) Recommendation	(\$29,232)		(\$15,993)	(\$13,239)	0.0

(3) Division of Housing

The Division of Housing (DOH) provides financial and technical assistance designed to increase the availability of housing to low income, elderly, and disabled individuals. Financial assistance programs include State and federal grants, loans, loan guarantees, equity investments, and subordinated debt for construction or rehabilitation of affordable housing. DOH provides technical assistance to local communities, including assisting communities to identify housing needs and to apply for and secure available private and public financing for housing projects. DOH develops and updates various studies on the availability and affordability of housing in Colorado. Finally, DOH works with local governments to reform local development and building regulations in ways which lower housing production costs.

Beginning with the FY 2014-15 Long Bill, the Committee approved a Department-requested reorganization of this division into three subdivisions:

Community and Non-Profit Services describes centrally located staff who provide services for administering the Division and services directly supported in the community. The community programs are partnerships with community service and non-profit agencies throughout the state.

Field Services reflects the Division’s outreach and technical assistance activities throughout the state. These staff, who are stationed at various locations statewide, assist local communities in developing affordable housing, oversee private activity bond incentives, and conduct inspections and regulation of the manufactured building industry.

Indirect Cost Assessment includes the Department’s assessment of indirect cost recoveries from cash, reappropriated, and federal fund sources used in this division.

Division of Housing						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$75,635,729	\$13,456,241	\$1,144,256	\$452,504	\$60,582,728	52.8
TOTAL	\$75,635,729	\$13,456,241	\$1,144,256	\$452,504	\$60,582,728	52.8
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$75,635,729	\$13,456,241	\$1,144,256	\$452,504	\$60,582,728	52.8
Fort Lyon Residential Community*	0	0	0	0	0	0.0
Adjust federal funds	1,347,885	0	0	0	1,347,885	0.0
BA1 Community Choice Transition Housing Vouchers	1,300,125	1,300,125	0	0	0	0.0
Annualize FY 2015-16 salary survey	35,793	7,311	5,580	3,942	18,960	0.0
Annualize FY 2015-16 merit pay	31,997	5,837	5,041	3,615	17,504	0.0

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Division of Housing						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Indirect cost adjustment	812	0	10,590	(10,736)	958	0.0
Other technical adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$78,352,341	\$14,769,514	\$1,165,467	\$449,325	\$61,968,035	52.8
Increase/(Decrease)	\$2,716,612	\$1,313,273	\$21,211	(\$3,179)	\$1,385,307	0.0
Percentage Change	3.6%	9.8%	1.9%	(0.7%)	2.3%	0.0%
FY 2016-17 Executive Request:	\$77,005,645	\$14,769,514	\$1,156,088	\$460,671	\$60,619,372	52.8
Request Above/(Below) Recommendation	(\$1,346,696)	\$0	(\$9,379)	\$11,346	(\$1,348,663)	0.0

*The request includes \$1,765,786 from the Marijuana Tax Cash Fund and 1.0 FTE for the Fort Lyon Supportive Residential Community that is requested to be authorized in separate legislation. These funds are therefore not reflected in the table

DECISION ITEMS – DIVISION OF HOUSING

The Department request includes one decision item and one budget amendment for this division. In addition, staff has recommended some technical adjustments to federal funds shown for informational purposes.

R1 Fort Lyon Residential Community

Request: The Department of Local Affairs requests an additional \$1,765,786 from the Marijuana Tax Cash Fund (MTCF) and 1.0 FTE to support the operation of the Fort Lyon Supportive Residential Community, pending a federal decision on whether the program is eligible or ineligible for federal financial support. The Community is a 250-bed transitional housing program for chronically homeless people with substance abuse issues and is located on the historic Fort Lyon campus in rural Bent County. The Department requests that the Committee sponsor legislation to authorize this use of the MTCF.

The cost to operate Fort Lyon is projected to be \$4,989,637 in FY 2016-17, which is similar to the approximately \$5.0 million required in FY 2014-15 and FY 2015-16. For the first three years, FY 2013-14, FY 2014-15 and FY 2015-16, the State supported the facility with a combination of annual General Fund appropriations (\$3.2 million in FY 2014-15 and FY 2015-16) and \$5.0 million from the 2012 Mortgage Servicing Settlement. As the \$5.0 million set aside from the Mortgage Settlement will be exhausted at the end of FY 2015-16, the Department requires another source of funds.

The Department requests that, for FY 2016-17, the General Assembly both continue the base General Fund support of \$3,223,851 and authorize an additional \$1,765,786 in Marijuana Tax Cash Fund (MTCF) funds and 1.0 FTE to cover the entire budget of the project. Further, the

Department requests the General Assembly adopt a bill to specifically authorize use of MTCF moneys for this purpose. Under current law, Section 39-28.8-501 (2) (b) (C) authorizes use of the Marijuana tax cash fund (MTCF): “To treat people with any type of substance-abuse disorder, especially those with co-occurring disorders;” however, the Department would not be using the funds to pay for “treatment” per se and thus wishes more explicit statutory authorization to use the funds for residential services at Fort Lyon.

The request indicates that 100 percent state funding is necessary while it waits for the Center for Medicare and Medicaid Services (CMS) to determine whether or not Ft. Lyon is an “Institution for Mental Disease” or IMD (discussed below). If Fort Lyon is determined not to be an IMD, as the Department expects, then the Department hopes to access Medicaid, Housing and Urban Development (HUD) program funding, veteran’s administration assistance, and food assistance (Supplemental Nutrition Assistance Program/SNAP/”food stamps”). The Department has also expressed intent to begin charging some residents as they progress through the program and have earnings.

If the Department is unable to secure additional funds from either state or federal sources, it indicates that it could serve only 79 clients, at which point the program might not be viable and it would need to consider closing the facility.

Recommendation: Staff recommends the Committee sponsor legislation concerning Fort Lyon to:

1. Authorize use of MTCF for Fort Lyon to address concern that funding is not strictly for “substance abuse treatment”.
2. Require external evaluation of the Fort Lyon program that includes a cost-benefit analysis. The contract would be held by the state auditor, but the contract requirements would be developed in consultation with the Department of Local Affairs and the program evaluation team in the Governor’s Office. [The Committee previously authorized staff to proceed with drafting a bill for this purpose]
3. Require that the Department immediately inform the JBC and legislative leadership of any decision from the federal Center for Medicare and Medicaid Services that Fort Lyon is or is not an “institution for mental disease” (IMD) and require it to submit a plan within two months of such notification regarding its proposed response.

Fund Source Note:

- If the JBC chooses to authorize use of Marijuana Tax Cash Funds (MTCF) for Fort Lyon through new legislation, **the JBC could choose to fund the program entirely with MTCF instead of the proposed General Fund/MTCF mix.**
- Alternatively, **if the JBC does not wish to run a bill authorizing use of MTCF for this purpose, it could choose to fund the program entirely with General Fund.**
- If the JBC wished to fund Fort Lyon entirely with General Fund, the \$1.8 million increase in **General Fund that would be required above the Executive Request could be offset by refinancing appropriations in the Department of Human Services for alcohol and drug**

abuse treatment (trading General Fund for MTCF). As long as the MTCF moneys are used for substance abuse treatment, no new legislation is required.

Analysis: The basis for the staff recommendation is as follows:

- **It is not clear whether outcomes data from the Fort Lyon Supportive Residential Community reflect good or poor results.** The program is clearly transformative for some participants, but large percentages leave without housing and for reasons such as noncompliance. The long-term impact of the program on the majority of participants is unclear. Operating costs are somewhat higher than for many other “housing first” programs, due to the costs of maintaining the Fort Lyon property. The General Assembly may decide that this premium is worthwhile based on the benefits to Bent County, and the unique niche the program serves by physically removing people from their troubled previous environment. However, there’s been no serious effort thus far to conduct a cost-benefit analysis or to explore the program’s long-term impact on participants.
- Staff believes **the Fort Lyon experiment is worth continuing for a few more years IF:**
 - **The program is not deemed an “institution for mental disease” (IMD)** by federal authorities;
 - **The State takes the job of assessing the project’s costs and benefits seriously.** There appears to be sufficient funding outlined in the program’s contingency budget that some of the total dollars identified could be directed to an evaluation.
- Although the Department has presented this requested as a temporary measure pending additional federal support, **staff does not believe that there are significant new sources of federal support that the Department can access. Instead, the issue is whether facility residents will lose existing federal Medicaid support if the program is an IMD.** If it approves funding as requested, the Committee should be prepared for ongoing costs at approximately this level.
- **Fort Lyon appears *in spirit* to be an appropriate use of the Marijuana Tax Cash Funds** as outlined at Section 39-28.8-501, C.R.S., which specifies that the fund may be used “to treat people with any type of substance-abuse disorder, especially those with co-occurring disorders”. However, **staff agrees that the costs proposed to be covered may not, strictly speaking, be “treatment costs” and that a statutory change is therefore appropriate if the Committee wishes to use MTCF for this project.** The Office of Legislative Legal Services indicates that it would rely on how the Department characterizes the program (i.e., not treatment) when assessing whether the program fits under the existing MTCF statute.

General Background

The Fort Lyon program was authorized and funded by S.B. 13-210 (Concerning Employment Conditions for Correctional Officers; codified at 24-32-724, C.R.S.) despite objections voiced by members of the JBC. The Fort Lyon Supportive Residential Community was conceived as a way to respond to two goals: ongoing preservation and use of the Fort Lyon property, where a state prison operated until 2011, and chronic homelessness statewide. Joint Budget Committee Staff noted at the time that the Department’s cost-benefit analysis was thin and that there had been no analysis of alternatives that might provide more cost-effective responses to the statewide problem of homelessness.

Program Description

For FY 2016-17, the program is expected to serve 250 chronically homeless individuals who may stay for up to two years.

Among those served in FY 2014-15:

- All had alcohol or drug abuse issues
- 91 percent had been homeless 12 months or more prior to entering the program
- 56 percent entered with 3 or more health conditions including, for the majority, mental illness
- 26 percent were veterans
- 20 percent were women

For the 363 residents who left in between September 1, 2014 and August 31, 2015, the average length of stay was 7.5 months (228 days). About 20 percent stayed less than 60 days and 20 percent stayed over one year.

The program offers housing and food and requires that participants remain drug and alcohol free. Clients are required to set personal goals, such as sobriety (required for all) and education/training and employment. However, the facility does not offer clinical treatment and activities are based on individual choices. Clients typically participate in “AA” meetings and, at their discretion, in various educational, employment, and arts activities. The program describes itself as a peer-support model.

Program Costs

The overall program budget is summarized below. A more detailed operating budget is included in the description of the Fort Lyon line item.

*JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision*

	Calculations/subtotals	FY 2016-17 Budget
Department of Local Affairs budget request (R1 Request)		
Coalition for the Homeless Contract for Program Services	2,586,733	
Bent County Facility Maintenance Contract, including energy improvements	2,110,512	
DOLA program oversight, program contingency	<u>292,392</u>	
		\$4,989,637
Facility maintenance costs (DOLA RFI #2 Response)		
5 year controlled maintenance plan	3,935,000	
amortized over 5 years; not yet requested		787,000
Asbestos mitigation - anticipated to be addressed by federal EPA		
	973,575	
		not included*
Subtotal Estimated Annual Expense to Excluding Health Care Costs		
Cost per person @ 250 average daily placements		5,776,637
Requested Funding splits		\$23,107
State General Fund - Ft. Lyon Operating FY 2016-17	\$3,223,851	55.8%
Marijuana Tax Cash Fund FY 2016-17	1,765,786	30.6%
Bent County (assumed \$500K contribution for boiler, amortized over 5 years)	100,000	1.7%
State General Fund for Controlled/property maintenance (assumed future year requests)	687,000	11.9%
Medicaid health care costs (HCPF/Report on IMD; DOLA placement data)		
Health care costs, per HCPF		
Total costs for clients served: 9-3-13 to 6-15-15. Total of 381 client IDs (A)	2,038,307	
Estimated total Ft. Lyon person-days served over this period (653 days * ADP 144.2) (B)	94,171	
Avg. Medicaid Medical costs per Ft. Lyon person-day [(A)/(B)=(C)]	\$21.64	
Average annual costs per ADP at Ft. Lyon [C x 365 days=(D)]	7,900	
Estimated annual medical costs for ADP of 250 [D x 250]		1,975,083
		\$7,900
Estimated/Requested Funding splits		
State General Fund	316,013	16.0%
Federal funds	1,659,069	84.0%
Estimated Annual Ft. Lyon Cost		
Cost per person @ 250 average daily placements		7,751,720
		\$31,007

* 11 buildings are proposed for use/abatement and 15 for demolition. Since the program is able to accommodate 250 clients at present, these buildings/the space could be used for this program or for an alternative use. The Department and Bent County anticipate that federal EPA funds will cover the abatement costs.

As shown, direct operating costs managed by the Department of Local Affairs for the project are just under \$5.0 million. This includes \$2.6 million for a contract with the Colorado Coalition for the Homeless to operate the supportive residential community, \$2.1 million allocated to Bent County for maintenance costs for the facility, and \$300,000 for Department oversight and unspecified contingencies.

In addition:

- Fort Lyon clients typically access Medicaid benefits (which they could do whether or not they were in the program).

- Bent County takes responsibility for some costs related to the property. This includes \$500,000 set aside for new boilers and \$103,000 per year for a Fort Lyon transportation project which provides bus service 5-7 times per day from Fort Lyon to La Junta and Las Animas. (The Department's budget line item covers transportation to/from Fort Lyon from other parts of the state, including a Front Range route running at least 3 times per week.)
- There are asbestos mitigation costs which are anticipated to be borne by the federal Environmental Protection Agency.
 - There are 11 buildings proposed for future use and proposed asbestos abatement by the EPA (at an estimated cost of \$723,100) and an additional 15 buildings being considered for demolition (asbestos abatement costs estimated at \$250,475). Cost estimates are from the EPA's brownfields assessment of the site in 2015 and the Department anticipates that the EPA will ultimately pay for cleanup based on these assessments. The Department/Bent County have already submitted requests for EPA abatement for \$465,000 of the total.
 - There are currently 35 buildings in use that have been abated of friable asbestos through previous projects by the federal Veterans Administration, the Colorado Department of Corrections, and the Governor's Energy Office. Ten homes (officer's quarters) were abated in 2014 for \$108,750, with 95 percent of funding from the Governor's Energy Office and the balance from the Fort Lyon budget.
- Costs of maintaining the Fort Lyon property are expected to drive costs to the State as well as Bent county over the long term. The Department has estimated controlled maintenance costs of \$19.0 million to bring the 87 structures on campus that are 50 years or older to the state's desired "85% facility condition index".

Comparison to Other Program Costs

In response to Committee questions, the Department noted that Fort Lyon costs may be compared to various other models, but that none of these is an exact comparison. Some examples are provided below.

Program	Costs	Notes
Fort Lyon Supportive Residential Community	\$23,107 per year for housing only; \$31,007 per year including medical costs	See table above.
Permanent Supportive Housing	\$19,037 per year for housing costs in 2013 (excludes medical); \$7,854 per year for the average permanent supportive housing voucher in FY 2014-15 (other funding sources, including resident income, cover the balance of costs).	Housing only. \$19,037 is the average of 2013 costs at several locations previously identified by the Department.

CIRCLE program at CMHIP (24-bed 3 month treatment program for people with dual diagnosis)	\$30,250 for 3-months of residential treatment	Residential substance abuse and mental health treatment for dually-diagnosed people - 3 month program. Costs are from FY 2014-15.
Homelessness	<p>\$13,661 median per year for chronically homeless in Santa Clara County – medical/criminal justice costs</p> <p>\$45,993 median per year (all government fund sources) for those in the top ten percent of service users according to Santa Clara County. The Denver Crime Control and Prevention Commission has also calculated costs of about \$39,000 per year to the city for its top 300 chronically homeless service users.</p>	Primarily emergency medical, mental health, and criminal justice system costs.

Program Benefits

One benefit of the program, from the State’s perspective, is simply *using* the historic Fort Lyon property. This may be of inherent value to legislators. However, setting this aside, **legislators have routinely asked whether the Fort Lyon Supportive Residential Community is more or less beneficial or cost-effective than other programs for this population. There is no clear answer to this question.** Data available to-date, including from the recent Colorado Coalition for the Homeless (CCH) Annual Report on the program for FY 2014-15 are summarized below.

From staff’s perspective, **the data show mixed results**, e.g., **41 percent of people leave without any kind of housing and 65 percent of residents leave for “non-positive” reasons (e.g., due to program noncompliance).** On the other hand, **it is impossible to tell whether these represent good or poor results given the specific population served. Participants see significant improvements in health and mental health and report a high level of satisfaction with the program. For some clients, the program is clearly transformative and enables them to move on to sobriety, stable housing, and employment.** Without additional data about participant costs before and after leaving the program and the costs and benefits of alternative programs, it is difficult to know whether this represents a cost-effective alternative for serving this population.

- **Met Self-identified Goals.** The program categorizes residents’ program outcomes upon exist as successful or unsuccessful depending upon whether or not the resident met self-identified goals. By this measure, of the 363 who left the program in its second year of operation (Sept 1, 2014-Aug 31, 2015), 201 (**55.3 percent**) **were successful** and 162 (44.6 percent) were unsuccessful.

- **Reasons for Leaving.** The recent Coalition for the Homeless FY 2014-15 annual report indicates that 35 percent of residents completed the program or left for a housing opportunity, but *the majority of residents departed due to reasons such as non-compliance or their needs could not be met.*
- **Housing.** One measure of the program’s success is whether residents who completed the program were “housed” afterwards. The recent Coalition for the Homeless FY 2014-15 annual report indicates that just 59 percent of those exit leave for housing.
 - 1 in 3 existing residents existed to a permanent destination (e.g., subsidized or unsubsidized apartment)
 - 1 in 4 existing residents exited to a transitional destination (such as to stay temporarily with family or friends)
 - The remainder left for locations such as a place not meant for habitation, emergency shelter, or a motel (the “unhoused” classification below).

Exit Outcome and Length of Stay						
Length of Residency	Less than 90 days		90 Days or More		Total	
	#	%	#	%	#	%
Housed	30	52%	65	63%	95	59%
Unhoused	28	48%	38	37%	66	41%
Total	58	100%	103	100%	161	100%

- **Employment.** Of the 364 residents served in FY 2014-15, 43 (11.8 percent) obtained employment while in residence.
- **Education and Training.** In FY 2014-15, 219 residents (60 percent) participated in job training opportunities, 105 residents (29 percent) were enrolled in higher education and 30 residents (8 percent) engaged in GED preparation.
- **Income and Benefits.** While residing at Fort Lyon, residents are often able to gain access to public and private benefits that did not previously receive. Forty percent of residents had one or more cash income sources at entry, while 74 percent had one or more sources at exit. This primarily reflects benefits such as Supplemental Security Income or Veterans Administration disability payments.
- **Resident mental health, quality of life and satisfaction.** The program uses three validated tools to assess residents’ depression, anxiety, and quality of life. Residents reported significant improvements on all three after six months in residence, continuing a month after exit. Scores for anxiety and depression fell by over 50 percent, moving from average scores reflecting moderate depression and anxiety to mild depression/minimal anxiety. Scores for quality of life likewise improved by over 50 percent to a level only slightly below that of the

general population. The vast majority of clients reflected a high level of satisfaction with the program.

Comparisons to Other Programs

- When the Fort Lyon program was originally presented to the General Assembly in 2013, it was compared to Harvest Farm, a Fort Collins Rescue Mission property that serves 73 men on a working farm in Wellington, Colorado. Harvest Farm’s results are reported as:
 - 2010: Successfully housed 73 percent after six months and 62 percent after one year
 - 2011: Successfully housed 82 percent after six months and 76 percent after one year
 - 2014 Successfully housed 86 percent after six months.
- **Based on the experience thus far Fort Lyon is not achieving results at the level of Harvest Farm (59 percent housed at exit at Ft. Lyon versus 86 percent housed six months after exiting Harvest Farm).** However, Harvest Farm does not accept individuals who are dually diagnosed with mental illness, while many Fort Lyon residents are dually diagnosed. Harvest Farm also follows a faith-based model and is male only. CCH reports that Fort Lyon retention is better than at least one comparable program for dually-diagnosed homeless men (42.6 percent of clients remain at Fort Lyon more than six months, compared to 34 percent at the other program).¹
- Denver's new Social Impact Bonds will repay investors if at least 83 percent of all participants remain stably housed for at least one year. If this defines success in serving chronically homeless people with mental health and substance abuse challenges, Fort Lyon's results thus far seem far from the mark.

Costs versus Benefits Unknown

- **The Coalition for the Homeless’ FY 2014-15 annual report does not include any kind of cost-benefit analysis or, indeed, any information on costs and cost-implications of the results described.** Further, there is as yet no data provided on people’s status six months or a year after exit, presumably because the program began mid-FY 2013-14.
- It seems unlikely that the program will provide net savings to the State government.² Research suggests that providing housing can be a net cost saver for government for a narrow

¹ CCH Annual Report on Fort Lyon cites Mierlak, et. al., Modified Therapeutic Community Treatment for Homeless Dually Diagnosed Men, Journal of Substance Abuse Treatment, 1998, vol 15, issue 2, pp. 117-121.
[http://www.journalofsubstanceabusetreatment.com/article/S0740-5472\(97\)00136-0/abstract](http://www.journalofsubstanceabusetreatment.com/article/S0740-5472(97)00136-0/abstract)

² The Washington State Institute for Public Policy has found that the costs of “housing first” programs are likely to substantially outweigh monetary benefits based on a meta-analysis of existing studies.
<http://www.wsipp.wa.gov/BenefitCost/ProgramPdf/284/Supported-housing-for-chronically-homeless-adults>

subset of the homeless population: those with the very highest medical needs.³ This may or may not describe the Fort Lyon population. Further, the state government is responsible for only a limited portion of costs associated with homelessness. **Nonetheless, it may be worth supporting this program over the long term if its benefits and costs are comparable to the benefits and costs of other programs serving this population. However, this has yet to be determined.**

Study of the Program's Impact

In response to staff and Committee questions, the Department developed a draft proposal for assessing the program's impact. The draft proposal includes:

Study Objectives

- Defining and quantifying the costs and benefits of the program on both the individual and statewide level.
- Defining and quantifying the impact on outcomes in relationship to program components such as length of stay, substance status and mental health.
- Recommending program adjustments to improve efficacy.
- Establishing an ongoing evaluation plan.

Analysis Components

- Analysis of up to two years of programmatic data, up to two years of post-program data, and up to two years of historic data.
- Compare Fort Lyon participants with a matched group (rather than attempting a random assignment/control group model)
- Draw on multiple data sets, including, staff anticipates, data from the Departments of Health Care Policy and Financing and Corrections, as well as the federal Homeless Management Information System.
- Ideally, the study would also include well-being/sobriety survey data, though this would add to the cost.

Study Cost

- The Department anticipates that the study would take two years (4,220 hours of an evaluator's time, with an additional 260 hours if a survey is desired) and would cost \$448,000 to \$896,000.
- **The Department suggests allocating \$550,000 toward the effort.**

Staff Observations/Recommendations on Proposed Study

- As directed by the Committee, staff is working with the Office of Legislative Legal Services on a draft bill directing the Department to pursue this study.

³ For example, in Silicon Valley, public costs only exceed the cost of providing housing for the top 5 percent of homeless service users. Daniel Flaming, Halil Toros, and Patrick Burns, *Home Not Found: the Cost of Homelessness in Silicon Valley*, Economic Roundtable, 2015.

http://destinationhomescc.org/wp-content/uploads/2015/05/er_homenotfound_report_6.pdf

- **Staff is concerned about the proposed cost of the evaluation, given the annual budget for Fort Lyon, i.e., \$225,000 per year would represent 4.5 percent of the program's budget per year for two years. Staff anticipates that a more narrowly-focused study could likely be conducted for \$200,000 to \$300,000 total (spread over two years). Additional direction from the Committee regarding the study budget would be helpful.**
- Staff notes that the Department's proposed budget currently includes \$191,124 per year in contingency funding; there is also funding embedded in the contract with CCH for an outcomes specialist, and the CCH contract includes various data collection and analysis requirements including collection of survey data up to 12 months after program-departure. **Staff suggests redirecting some of the budget currently proposed for Fort Lyon for FY 2016-17 for purposes of conducting a more comprehensive external evaluation.**
- **Staff also recommends that the State Auditor's Office be the primary contractor for the study to reduce questions about bias in the study results.** Both the OSA and the Department would support a model in which the auditor contracts for the project with input from the Department and the Governor's Office on the scope of work.

BA1 Colorado Choice Transitions Rental Vouchers

Request: The Department requests \$1,300,125 General Fund for FY 2016-17 to fund 150 additional housing vouchers that will be used to transition clients currently living in institutions or nursing facilities back into the community or to avoid such placements, pursuant to the Colorado Choice Transitions (CCT) program.

Funding for the CCT program was first approved as part of a Department of Health Care Policy and Financing (HCPF) decision item in FY 2014-15. At that time, 75 vouchers were funded in the Department of Local Affairs at a rate of \$6,005 per voucher. This level of funding was continued in FY 2015-16.

The FY 2014-15 request indicated that the program required annualization in subsequent years to ramp up additional vouchers, i.e., the decision item was for 75 vouchers in FY 2014-15, 150 in FY 2015-16 and 225 in FY 2016-17. Although the decision item was approved with these assumptions, the Department of Local Affairs failed to include annualization of \$468,375 for an additional 75 vouchers in its FY 2015-16 request, so this amount was not included. **The current request does not add additional FY 2015-16 vouchers but adds sufficient vouchers in FY 2016-17 to align with the original FY 2014-15 budget request, bringing the total number to 225 in FY 2016-17.**

The FY 2016-17 request includes three components:

- An increase in the cost for the original 75 vouchers from \$6,005 to \$7,780, based on the increase in the cost of rental housing. (\$133,125)

- The additional 75 vouchers and related costs inadvertently omitted from the FY 2015-16 budget at the new increased rate of \$7,780. (\$583,800)
- A further 75 vouchers for FY 2016-17 at the new rate of \$7,780. (\$583,800)

The request indicates that clients who want to return to the community after receiving care in institutions face a number of barriers, including scarce affordable housing options. This can lead individuals to remain in more expensive institutional placements. The request notes that individuals who are exiting institutional setting often have only Supplemental Security Income (SSI) or Social Security Disability Income (SSDI) with which to live.

The request compares the median local housing market costs for one-bedroom rental units with monthly SSI benefits, noting that median one-bedroom rents in much of the state—including the Denver metro area and the mountain resort communities—are typically 120 to 140 percent of an individual's entire SSI benefit.

Recommendation: Staff recommends the request for an increase of \$1,300,125 General Fund for FY 2016-17 for 150 additional CCT vouchers and additional costs for the base vouchers. *Staff notes, however, that utilization will still need to be closely tracked due to the initial difficulties in launching this program.*

Analysis:

Background: The FY 2014-15 and FY 2015-16 budget includes 75 vouchers at a rate of \$6,005 for people with disabilities. The vouchers are used for people who either (a) successfully find new homes and move out of institutions; or (b) are prevented from entering an institution.

The vouchers were first approved in FY 2014-15, based on an analysis arguing that the vouchers would be cost effective.

- The cost of providing community living waivers for services plus a housing subsidy and food stamps is reported to be \$25,170.
- The cost of providing skilled nursing care in 2013 was \$56,297.
- Thus, providing a housing subsidy to help people move out of institutions is expected to result in an average cost savings of \$31,127 per person per year.

In November 2015, the Governor submitted this item as a “conditional” budget request in the event there were additional resources to support the budget. **JBC Staff noted in the Department of Local Affairs briefing presentation that the Department of Health Care Policy and Financing indicated that not funding the requested additional placements would result in a net costs. The Department of Local Affairs has now changed the conditional request to a regular budget amendment request, noting that the HCPF budget already assumes savings associated with this request.**

Staff requested additional information from the Department of Health Care Policy and Financing about the program’s impact. Consistent with its original request for CCT, HCPF assumes:

- 75 percent of all individuals who access CCT will require housing vouchers in order to leave their institutional setting.
- All 75 vouchers originally funded in FY 2014-15 for the program will be committed and will therefore not be available to help transition additional clients in FY 2016-17.
- Therefore, the program will only serve 25 percent of those originally intended if the additional vouchers are not funded in FY 2016-17.

The table below reflects the projected impact on the HCPF budget in FY 2016-17. As shown, HCPF assumes increased costs of \$11.8 million in FY 2016-17 without the additional waivers. The Department would also forgo a federal bonus (the “rebalancing fund” amounts) provided for each person deinstitutionalized.

The program seeks to serve 100 clients each year who may receive the special CCT services for one year. In the subsequent years, clients are assumed to continue to receive both “regular” community waiver services and, for 75 percent, supportive housing services.

Challenges/Delays Implementing the Program: Even after becoming aware of the error in annualizing vouchers for FY 2015-16, **the Department of Local Affairs did not request additional vouchers for FY 2015-16 due to technical challenges in implementing the CCT program which slowed the voucher up-take.** The Department reverted over \$100,000 General Fund in FY 2014-15 due to placement delays. Further, there are presently only 35 of the CCT vouchers in use. While the balance of the vouchers have been allocated, recipients have not yet found placements or have faced other barriers to moving to a non-institutional placement.

The Departments of Local Affairs and Health Care Policy and Financing both indicate that they have recently implemented changes to the program that they expect will result in more rapid up-take in vouchers. Most notably, **the vouchers are now being offered to individuals "at risk" of institutionalization and not solely those who are already institutionalized.**

Estimated Cost-savings Associated with the Program: The table below shows HCPF's estimated savings associated with the CCT program for FY 2016-17. As shown, total savings in HCPF only (total funds) are estimated at \$11.9 million.

*JBC Staff Figure Setting: FY 2016-17
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FY 2017-18 Colorado Choice Transitions Budget Impact			
COLORADO CHOICE TRANSITIONS	Original	Without Vouchers	Difference
Estimated Average Monthly Enrollment	151	38	(113)
Estimated Demonstration Service Total Cost	\$949,466	\$238,941	(\$710,525)
Estimated Qualified Service Total Cost	\$3,190,428	\$792,650	(\$2,397,778)
Estimated Long-Term Home Health Total Cost	\$988,959	\$248,877	(\$740,082)
Estimated Total Expenditures For CCT	\$5,128,853	\$1,280,468	(\$3,848,385)
<i>Estimated Rebalancing Fund Total</i>	<i>\$1,034,974</i>	<i>\$257,898</i>	<i>(\$777,076)</i>
Estimated Number of Completed Transitions ⁽¹⁾	263	103	(160)
Estimated Non CCT HCBS Service Costs Total (MSP)	\$3,122,308	\$1,218,462	(\$1,903,846)
Estimated Non CCT HCBS Service Costs Total (DIDD)	\$4,187,299	\$1,660,481	(\$2,526,818)
Estimated Nursing Facility Total Cost Avoided	(\$26,289,530)	(\$8,942,475)	\$17,347,055
Estimated ICF-IID Total Cost Avoided	(\$4,265,318)	(\$1,483,589)	\$2,781,729
Total Cost (Avoidance)/Increase	(\$30,554,848)	(\$10,426,064)	\$20,128,784
Estimated Total Budget Impact	(\$18,116,388)	(\$6,266,653)	\$11,849,735
<i>Estimated Rebalancing Fund Balance</i>	<i>\$1,034,974</i>	<i>\$257,898</i>	<i>(\$777,076)</i>

As the HCPF amounts do not take the requested costs of the new housing placements into account or address the federal versus state share of costs, the calculations below reflect an estimate of the net additional General Fund cost associated with adding or not adding 150 additional housing vouchers in FY 2016-17. **Based on the Department's figures, staff estimates a net additional cost of \$4.8 million General Fund for FY 2016-17 in HCPF if additional vouchers are not funded.**

FY 2016-17		
Assumed additional cost in HCPF budget if do not fund additional DOLA vouchers		\$11,849,735
Estimated General Fund portion of net HCPF impact		5,924,868
Offset: cost of additional 150 General Fund vouchers that must be funded in DOLA*		(1,167,600)
Net additional General Fund cost if do not add DOLA housing vouchers		4,757,268

Additional notes:

- In response to JBC questions, the Department acknowledges that federal housing vouchers may also be used to help support deinstitutionalization, but it emphasizes the severe stress on resources. The Division's federal voucher budget for CY 2015 is \$36.1 million, which is used to serve 5,900 families monthly. Over 80 percent of the Division's federal housing vouchers serve people with disabilities, and there is a preference in its voucher program to individuals existing institutional settings. However, vouchers are only available through client turnover and the Department has frozen issuance of new vouchers due to increases in

rents and the need to manage within its budget. There are over 6,000 families on the waiting list for the state-managed vouchers.

- The ongoing savings for clients enrolled in the CCT program should be cumulative over time if the individual is able to stay out of institutional care. Costs for initial CCT services that assist with deinstitutionalization are eliminated as are nursing home costs, while Medicaid waiver and housing assistance costs continue. The table above shows only one-year costs and savings.
- Actual savings realized could be reduced by the decision to serve individuals who are at risk of institutionalization rather than solely those already in institutions. However, given the cost of institutional placement, net savings from the program are still likely to be significant.

➔ Technical Adjustment: Federal Funds

Federal funds adjustments have been reflected in line items throughout this section. Amounts represent custodial funds shown for informational purposes only. The adjustments shown are based on updated information provided by the Department. Department estimates are generally based on prior year actuals inflated by 1.0 percent but in some cases are adjusted based on changes in the total federal grant award.

The net federal funds change in this division is an increase of \$1,692,515. The primary changes include:

- A \$3.0 million grant from the National Housing Trust Fund. Funded by Fannie Mae and Freddie Mac receipts, the Fund first received revenue in 2015. The Fund is targeted toward rental housing development for low- and very-low income households and is allocated nationally on a formula basis.
- Other adjustments that largely reflect a change in methodology from last year (when actuals were inflated 5.0 percent instead of 1.0 percent) and the "bumpiness" of local project spending.

LINE ITEM DETAIL—DIVISION OF HOUSING

(A) Community and Non-Profit Services

This subdivision encompasses activities headquartered at the main Division of Housing office in Denver. This includes the administration of the Division and oversight of services that are managed in the community through partnerships with community service and non-profit agencies. Some example programs included in this subdivision include housing vouchers for veterans, low income and disabled persons, and community-based homeless prevention programs. This section is also responsible for coordinating the allocation of Private Activity Bonds (tax exempt bonds) through the work of the Private Activity Bond Allocation Committee.

(i) Administration

Personal Services

This line item provides funding for overall division administration, including division management, budget, research and accounting staff, and centrally-located department staff who oversee homeless prevention rental subsidy programs. Cash funds sources include the Homeless Prevention Activities Program Fund created in Section 39-22-13.1 (1), C.R.S. and the Private Activity Bond Allocations Fund. Reappropriated sources are from the Local Government Mineral and Energy Impact Grants and Disbursements line item and originate as Local Government Severance and Mineral Impact funds. Federal funds are comprised primarily of administrative allocations for the “Section 8” rental subsidy program.

The line item supports:

- 6.0 FTE administrative staff;
- 18.3 FTE who oversee low-income rental subsidies; and
- 1.3 FTE who oversee homeless prevention programs.

Statutory Authority: Section 24-32-705, C.R.S.

Request: The Department requests \$2,387,844 total funds and 25.6 FTE including \$348,495 General Fund.

Recommendation: The staff recommendation, reflected in the table below, includes adjustments to more closely align federal amounts with anticipated spending, based on recent year actuals and estimated grants. The federal funds in this line item are comprised primarily of Section 8 funds (\$982,000) and moneys from the Shelter + Care program (\$246,000), but other federal grants are also used to support expenditures.

Division of Housing, Community and Non-Profit Services, Personal Services	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	2,355,340	341,264	16,107	96,590	1,901,379	25.6
TOTAL	\$2,355,340	\$341,264	\$16,107	\$96,590	\$1,901,379	25.6
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$2,355,340	\$341,264	\$16,107	\$96,590	\$1,901,379	25.6
Annualize FY 2015-16 salary survey	17,175	4,021	558	2,168	10,428	0.0
Annualize FY 2015-16 merit pay	15,329	3,210	504	1,988	9,627	0.0
Adjust federal funds	(172,315)	0	0	0	(172,315)	0.0
TOTAL	\$2,215,529	\$348,495	\$17,169	\$100,746	\$1,749,119	25.6
Increase/(Decrease)	(\$139,811)	\$7,231	\$1,062	\$4,156	(\$152,260)	0.0
Percentage Change	(5.9%)	2.1%	6.6%	4.3%	(8.0%)	0.0%

JBC Staff Figure Setting: FY 2016-17
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Division of Housing, Community and Non-Profit Services, Personal Services	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2016-17 Executive Request:	\$2,387,844	\$348,495	\$17,169	\$100,746	\$1,921,434	25.6
Request Above/(Below) Recommendation	\$172,315	\$0	\$0	\$0	\$172,315	0.0

Operating Expenses

Description: This line item funds the operating expenses of the Division. Common operating expenses for the Division include postage, equipment maintenance, and in-state travel. The majority of funds are federal administrative allocations for the “Section 8” rental subsidy program.

Statutory Authority: Section 24-32-705, C.R.S.

Request: The Department requests continuation funding of \$375,437 total funds including \$36,278 General Fund.

Recommendation: The staff recommendation is reflected in the table below. It includes a small adjustment to federal amounts based on updated data from the Department.

Division of Housing, Community and Non-Profit Services, Operating Expenses	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	375,437	36,278	2,500	0	336,659	0.0
TOTAL	\$375,437	\$36,278	\$2,500	\$0	\$336,659	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$375,437	\$36,278	\$2,500	\$0	\$336,659	0.0
Adjust federal funds	3,436	0	0	0	3,436	0.0
TOTAL	\$378,873	\$36,278	\$2,500	\$0	\$340,095	0.0
Increase/(Decrease)	\$3,436	\$0	\$0	\$0	\$3,436	0.0
Percentage Change	0.9%	0.0%	0.0%	0.0%	1.0%	0.0%
FY 2016-17 Executive Request:	\$375,437	\$36,278	\$2,500	\$0	\$336,659	0.0
Request Above/(Below) Recommendation	(\$3,436)	\$0	\$0	\$0	(\$3,436)	0.0

Private Activity Bond

This line item was eliminated in the FY 2014-15 reorganization of the Department. The Department has not requested, and staff does not recommend, an appropriation for this line item for FY 2016-17.

(ii) Community Services

Low Income Rental Subsidies

This line item funds the housing vouchers made available to low income and disabled persons. Pursuant to H.B. 11-1230 (Consolidate housing assistance in Department of Local Affairs), the Department took responsibility for federal housing assistance vouchers previously located in the Department of Human Services for special populations such as persons with substance abuse problems and disabilities.

Amounts in this line item include both amounts paid in rental subsidies and grants to local agencies that provide local administration of the voucher programs.

The table below shows the Department’s count of currently active vouchers. As shown, the majority of vouchers in this line item are from federal sources. The State manages about 20 percent of the approximately 32,000 federal rental vouchers allocated in Colorado. (The majority of federal vouchers are managed at the local level and are not reflected in the State Budget.) The State also directly funds housing vouchers for some special populations, including individuals who have moved from state- and Medicaid-funded institutional settings.

Program	Federally Funded	State Funded	Monthly Leased Vouchers	Vouchers Issued and Searching	Avg. voucher amount/year
Housing Choice Voucher Program (Section 8)	X		5,569	329	\$6,516
Veterans Affairs Supportive Housing (VA)	X		591	72	\$6,192
State Housing Voucher (Community Living Colorado)		X	35	82	\$6,464
Permanent Supportive Housing	X		590	47	\$6,340
State Housing Voucher (Mental Health)		X	<u>144</u>	<u>55</u>	\$6,356
Totals	6,750	179	6,929	585	

The range for subsidies varies greatly and is affected by jurisdiction, family size, family income, and bedroom size. The amount of each subsidy can range from as low as \$1 to as high as \$2,000 per month for larger families with lower incomes.

Most vouchers require the resident to pay 30 percent of their monthly adjusted income in rent. The voucher amount is based on the amount needed to rent a moderately-priced unit in the local housing market, less the family’s share.

Vouchers are typically only available for people earning less than 50 percent of their area median income, with most subsidies directed at those earning less than 30 percent of their area median

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income and having special circumstances such as a disability. Permanent supportive housing vouchers (formerly known as “Shelter plus care” vouchers), in particular, are targeted to hard-to-serve homeless individuals with disabilities. This program includes supportive services in addition to rental assistance.

Statutory Authority: Section 24-32-705 (1) (t), C.R.S.

Request: The Department requests continuation level funding of \$50,692,760 total funds, including \$2,660,938 General Fund for this line item in FY 2016-17, with the balance from federal funds.

Recommendation: The staff recommendation is reflected in the table below. This amount includes:

- \$1,300,125 General Fund increase for BA1 to fund 150 additional rental vouchers at an average rate of \$7,780 per person per year.
- A \$2.7 million federal funds reduction, shown for informational purposes, based on a revised estimate of federal funds available. This represents a technical correction based on a change in assumptions: actual expenditures were inflated 1.0 percent instead of last year's 5.0 percent. Federal funding for rental subsidies has generally been increasing, rather than decreasing.

Division of Housing, Community and Non-Profit Services, Low Income Rental Subsidies	Total Funds	General Fund	Federal Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	49,392,635	1,360,813	48,031,822	0.0
TOTAL	\$49,392,635	\$1,360,813	\$48,031,822	0.0
FY 2016-17 Recommended Appropriation				
FY 2015-16 Appropriation	\$49,392,635	\$1,360,813	\$48,031,822	0.0
BA1 Community Choice Transition Housing Vouchers	1,300,125	1,300,125	0	0.0
Adjust federal funds	(2,668,348)	0	(2,668,348)	0.0
TOTAL	\$48,024,412	\$2,660,938	\$45,363,474	0.0
Increase/(Decrease)	(\$1,368,223)	\$1,300,125	(\$2,668,348)	0.0
Percentage Change	(2.8%)	95.5%	(5.6%)	0.0%
FY 2016-17 Executive Request:	\$50,692,760	\$2,660,938	\$48,031,822	0.0
Request Above/(Below) Recommendation	\$2,668,348	\$0	\$2,668,348	0.0

Homeless Prevention Programs

This line includes funding for homeless prevention activities and includes funding from the federal Emergency Shelter Grant and the state Homeless Prevention Activities Program Fund created in Section 39-22-1302 (1), C.R.S. This fund is credited with the state income tax “check-off” for homeless prevention activities. Federal funds in this line item are from the Emergency Solutions Grant program.

Statutory Authority: Section 24-32-705 (1) (i) and 39-22-1302, C.R.S.

Request: The Department requests continuation funding of \$1,688,618, including \$110,000 cash funds and the balance from federal funds.

Recommendation: The staff recommendation is reflected in the table below and includes adjustments to federal funds amounts based on revised estimates. Staff has maintained cash funds at the requested level as it seems likely this level of expenditure can be supported by the Fund.

Division of Housing, Community and Non-Profit Services, Homeless Prevention Programs	Total Funds	General Fund	Cash Funds	Federal Funds	FTE
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	1,688,618	0	110,000	1,578,618	0.0
TOTAL	\$1,688,618	\$0	\$110,000	\$1,578,618	0.0
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$1,688,618	\$0	\$110,000	\$1,578,618	0.0
Adjust federal funds	(53,382)	0	0	(53,382)	0.0
TOTAL	\$1,635,236		\$110,000	\$1,525,236	0.0
Increase/(Decrease)	(\$53,382)	\$0	\$0	(\$53,382)	0.0
Percentage Change	(3.2%)	0.0%	0.0%	(3.4%)	0.0%
FY 2016-17 Executive Request:	\$1,688,618	\$0	\$110,000	\$1,578,618	0.0
Request Above/(Below) Recommendation	\$53,382	n/a	\$0	\$53,382	n/a

Emergency Shelter Program

This line item was eliminated in the reorganization of the Division, with funds consolidated into other line items in this subdivision.

(iii) Fort Lyon Supportive Housing Program

Program Cost

This program, initially authorized and funded in S.B. 13-210, provides housing, supportive services, and vocational training necessary to stabilize homeless individuals and help reintegrate them into society. This line item funds facility operating costs and program service costs for an

estimated 250 homeless individuals at the historic Fort Lyon property in Bent County. Program services are provided through a contract with the Colorado Coalition for the Homeless. Facility operations are provided through a contract with Bent County. The line item also supports 1.0 FTE for contract oversight by the Department of Local Affairs.

The Department's request for FY 2016-17 for this line item includes request R-1. Additional detail about the program and the request are covered in the write-up for R-1 at the beginning of this division. **The Department previously covered the costs of this program through a combination of General Fund appropriated in the Department of Local Affairs and custodial mortgage settlement funds (off-budget). It is now requesting that program operations be fully funded through state appropriations.** The following table reflects the program actual and requested expenditures for the line item in more detail.

JBC Staff Figure Setting: FY 2016-17
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Actual and Projected State Expenditures for Fort Lyon Supportive Residential Community					
	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Budget	FY 2016-17 Budget	FY 2017-18 Budget
Colorado Coalition for the Homeless (CCH)					
Wage & Fringe	\$1,089,706	\$1,849,340	\$1,843,229	\$1,843,229	\$1,843,229
Travel	\$18,023	\$47,842	\$6,648	\$6,648	\$6,648
Equipment	\$84,445	\$50,063	\$7,977	\$7,977	\$7,977
Maint & Ops	\$658,532	\$779,926	\$540,698	\$540,698	\$540,698
Indirect Costs	\$105,638	\$204,073	\$188,181	\$188,181	\$188,181
TOTAL - CCH	\$1,956,344	\$2,931,244	\$2,586,733	\$2,586,733	\$2,586,733
Bent County (Maintenance & Operations)					
Wage & Fringe	\$542,197	\$835,295	\$675,000	\$750,155	\$750,155
Travel	\$318	\$0	\$1,350	\$2,520	\$2,520
Equipment	\$60,377	\$11,931	\$31,500	\$0	\$0
Supplies	\$272	\$2,368	\$2,700	\$0	\$0
Vehicles	\$12,887	\$0	\$1,170	\$0	\$0
Maint & Ops	\$550,589	\$390,273	\$436,547	\$470,747	\$470,747
Security	\$5,700	\$0	\$0	\$0	\$0
Utilities	\$648,551	\$728,406	\$765,000	\$765,000	\$765,000
Energy Improvements	\$0	\$0	\$0	\$122,090	\$122,090
TOTAL - Bent County	\$1,820,890	\$1,968,273	\$1,913,267	\$2,110,512	\$2,110,512
Other Fort Lyon Expenditures					
Colorado DOC	\$135,750	n/a	n/a	n/a	n/a
Referral Networks	\$110,409	\$116,043	\$10,000	\$0	\$0
Energy Audit	\$0	\$103,858	\$0	\$0	\$0
Remaining Contract Authority (Bent Co.)	\$0	\$0	\$294,587	\$0	\$0
DOLA Program Oversight (1.0 FTE)	\$39,188	\$98,234	\$101,268	\$101,268	\$101,268
Program Contingency	\$0	\$0	\$50,465	\$191,124	\$191,124
DPA Emergency Funds					
Elevator Repair	\$0	\$93,096	\$0	\$0	\$0
Fire Smoke Detection and Alarm System	\$0	\$6,835	\$0	\$0	\$0
Water Treatment System	\$0	\$0	\$40,037	\$0	\$0
Bent County Expenditures	\$112,974	\$94,406	\$25,789*	n/a	n/a
Subtotal - Other Expenditures	\$398,321	\$512,472	\$522,146	\$292,392	\$292,392
TOTAL PROGRAM EXPENSES	\$4,175,555	\$5,411,989	\$5,022,146	\$4,989,637	\$4,989,637
FUNDING SOURCES BREAKDOWN					
DPA Emergency Funds	\$0	\$99,931	\$40,037	\$0	\$0
General Fund	\$2,788,851	\$3,223,851	\$3,223,851	\$3,223,851	\$3,223,851
Mortgage Settlement Funds	\$1,273,730	\$1,993,801	\$1,732,469	\$0	\$0
Proposed Decision Item Request (MTCF)	\$0	\$0	\$0	\$1,765,786	\$1,765,786
Bent County Expenditures	\$112,974	\$94,406	\$25,789	\$0	\$0
TOTAL FUNDS	\$4,175,555	\$5,411,989	\$5,022,146	\$4,989,637	\$4,989,637

*This figure reflects actual spending by Bent County between July and November 2015, whereas the remainder of the numbers in this column reflect estimated spending.

Statutory Authority: Section 24-32-724 (2), C.R.S.

Request: The Department requests \$4,989,637 for FY 2016-17, including \$3,223,851 General Fund (continuation) and \$1,765,786 Marijuana Tax Cash Funds requested in R-1.

Recommendation: The staff recommendation is reviewed at the beginning of this division for request R-1. Staff recommends the request for \$4,989,637, which could comprise any mix the Committee desires of MCTF and/or General Fund. Staff also recommends that a portion of the budget be redirected from program contingency and possibly the CCH contract to support an outside evaluation of the program.

(B) Field Services

Affordable Housing Program Costs

Description: This line item funds the affordable housing program which focuses on providing outreach and technical assistance throughout the state. The FTE included in this subdivision are strategically located across the state and perform work related to awarding and oversight of housing development grants and loans that is location-specific. They also support private activity bond incentives.

The FTE in this line item include:

- 8.9 FTE for overall management, budget, research and data-base management, and clerical support;
- 8.0 FTE for staff located throughout the State who assist local governments in development and management of affordable housing projects;
- 2.0 FTE to oversee the home modification benefit for people in Medicaid HCBS programs; and
- 1.0 FTE for oversight of the private activity bond program

Statutory Authority: Section 24-32-705 (1), C.R.S.

Request: The Department requests \$1,535,007 and 19.9 FTE, including \$299,952 General Fund for this program in FY 2016-17.

Recommendation: The staff recommendation is reflected in the table below. The recommendation is calculated consistent with Committee common policy but also includes an adjustment to federal amounts shown for informational purposes based on revised Department estimates.

JBC Staff Figure Setting: FY 2016-17
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Division of Housing, Field Services, Affordable Housing Program Costs	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	1,509,280	294,035	75,361	291,185	848,699	19.9
TOTAL	\$1,509,280	\$294,035	\$75,361	\$291,185	\$848,699	19.9
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$1,509,280	\$294,035	\$75,361	\$291,185	\$848,699	19.9
Annualize FY 2015-16 salary survey	13,596	3,290	0	1,774	8,532	0.0
Annualize FY 2015-16 merit pay	12,131	2,627	0	1,627	7,877	0.0
Adjust federal funds	(317,666)	0	0	0	(317,666)	0.0
TOTAL	\$1,217,341	\$299,952	\$75,361	\$294,586	\$547,442	19.9
Increase/(Decrease)	(\$291,939)	\$5,917	\$0	\$3,401	(\$301,257)	0.0
Percentage Change	(19.3%)	2.0%	0.0%	1.2%	(35.5%)	0.0%
FY 2016-17 Executive Request:	\$1,535,007	\$299,952	\$75,361	\$294,586	\$865,108	19.9
Request Above/(Below) Recommendation	\$317,666	\$0	\$0	\$0	\$317,666	0.0

Affordable Housing CONSTRUCTION Grants and Loans

This line reflects federal and state funds used to promote development of affordable housing through grant and loan programs administered by the Department of Local Affairs. Affordable housing in Colorado is generally developed and administered by local authorities, rather than by the State, and the majority of federal funds for affordable housing are distributed directly to local housing authorities. However, the State is a partner in affordable housing development initiatives throughout the state that are consistent with state housing priorities.

Affordable Housing Needs and Supply

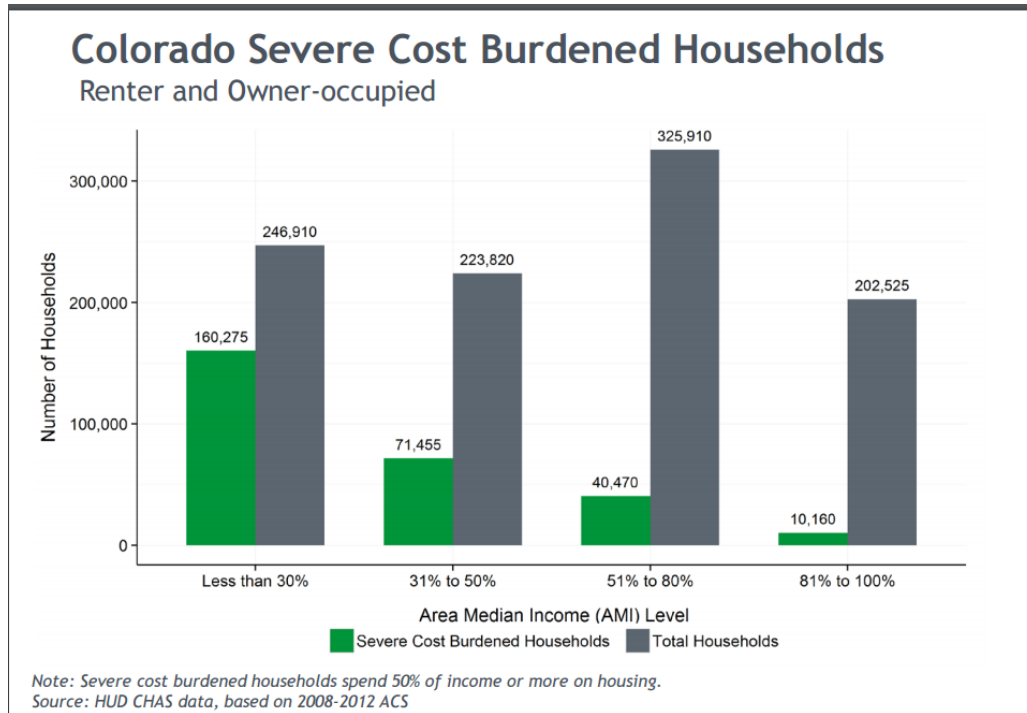
The need for affordable housing for low income populations is vast, both in Colorado and the U.S. as a whole. The federal Department of Housing and Urban Development allocates over \$50 million per year to Colorado state and local government entities in funds that may be used for housing, as well as local economic development activities. Federal Low-income Housing Tax Credits (\$13 million in 2016 for competitive 9% credits), 4% federal credits, and Private Activity Bonds (tax-exempt bonds) also support the development of affordable housing. State and local governments also contribute funds for affordable housing.

Based on a preliminary analysis by Piton Foundation staff, there appear to be just under 100,000 income-restricted rental units in Colorado, and there are about 32,550 rental vouchers available. Yet this is insufficient.

The Department estimates that there are over 160,000 low-income, severely cost-burdened households (those paying over 50 percent of income for housing) in the State with a household income less than 30 percent of area median income (30% AMI=\$16,800 for 1 person or \$24,250

for 4 persons in Denver in 2015). The majority of these households are comprised of elderly or disabled individuals or low-income families with children.

In FY 2014-15, the Department helped support the development of 3,081 units, including 967 which used state funds. (The remainder were supported with federal dollars.)



Key: Area Median Income = \$79,900 for family of four in Denver 2015

State Affordable Housing Construction Funds

The following are the major state-funding initiatives and funding sources designed to promote affordable housing. *Only the last of these—appropriations to the Housing Development Grant Fund appropriated in this line item—is “on budget”.*

Colorado Housing Investment Fund. This is a revolving loan fund with continuous appropriations authority. Originally created to meet federal matching funds requirements, the fund is administered by the DOH and consists of monies made available by the state or federal government for the purpose of making loans, and the principal repayment and interest on those loans. The fund provides money for development, redevelopment, or rehabilitation of low- or moderate-income housing. Up to 20 percent of annual appropriations to the Colorado Housing Development Fund may be transferred to this Fund. The Department reports \$2.4 million in assets in this Fund originating as state moneys. It is separately accounting for custodial funds Colorado and other states received from a settlement with the five largest mortgage servicing companies. The balance of mortgage settlement fund moneys is \$27.0 million in January 2016.

Low-Income Housing Income Tax Credit. H.B. 14-1017 (Expand Availability of Affordable Housing) authorized the Colorado Housing and Finance Authority (CHFA; a statutory public entity) to issue \$30 million of state income tax credit for owners of qualified low-income housing developments in 2015 and 2016. Unused credits may be carried forward for use in future years. These tax credits reduce construction costs and thus make construction or rehabilitation that rent below market rate more feasible. The credits are issued for developments subject to a restrictive covenant requiring the building be operated for qualified purposes for at least 15 years.

Housing Development Grant Fund. The Housing Development Grant Fund consists of monies appropriated by the General Assembly in this line item. The purpose of the fund is to provide moneys for acquisition, rehabilitation, and new construction through a competitive application process to improve, preserve, or expand the supply of affordable housing, and to fund the acquisition of housing and economic data necessary to advise the State Housing Board on local housing conditions. Up to 20 percent of annual appropriations may be transferred to the Housing Investment Fund.

FY 2014-15 State Affordable Housing Construction Grant Impacts

For FY 2014-15, \$8.2 million in Housing Development Grants (HDG) and \$2.3 million in revolving loan funds from the Housing Investment Trust Fund were awarded through a competitive grant process. These funds provided gap financing for projects to build or rehabilitate 967 affordable units in locations throughout the State, leveraging \$163.9 million in other public and private funds.

Line Item Recommendation

Statutory Authority: Sections 24-32-705, 24-32-717, and 24-32-721, C.R.S..

Request: The Department requests \$15,672,633 total funds, including continuation of \$8,200,000 General Fund and \$7,472,633 federal funds.

Recommendation: The staff recommendation is reflected in the table below. It adjusts the federal funds amount shown for informational purposes, based on Department estimates.

Staff also recommends that the name of this line item be updated for clarity.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Division of Housing, Field Services, Affordable Housing Grants and Loans	Total Funds	General Fund	Federal Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	15,672,633	8,200,000	7,472,633	0.0
TOTAL	\$15,672,633	\$8,200,000	\$7,472,633	0.0
FY 2016-17 Recommended Appropriation				
FY 2015-16 Appropriation	\$15,672,633	\$8,200,000	\$7,472,633	0.0
Adjust federal funds	4,556,160	0	4,556,160	0.0
TOTAL	\$20,228,793	\$8,200,000	\$12,028,793	0.0
Increase/(Decrease)	\$4,556,160	\$0	\$4,556,160	0.0
Percentage Change	29.1%	0.0%	61.0%	0.0%
FY 2016-17 Executive Request:	\$15,672,633	\$8,200,000	\$7,472,633	0.0
Request Above/(Below) Recommendation	(\$4,556,160)	\$0	(\$4,556,160)	0.0

Staff also recommends continuing a Long Bill footnote that reflects the General Assembly’s intent to prioritize projects that are likely to result in offsetting state savings. Studies have indicated that for certain population segments, providing housing may be cheaper than the costs associated with homelessness. In addition, housing support is consistently cheaper than institutional placements such as beds in nursing homes, mental health institutes, or prisons. *Staff hopes that the Department will continue to work with the Governor’s Office and other interested entities to develop better estimate the state savings that are likely to be associated with various types of affordable housing projects.*

Manufactured Buildings Program

This line item supports the Department’s Housing Technology and Standards section. This section supports, licenses and regulates the residential and non-residential factory-built industry in Colorado. This includes the registration and certification of manufacturers, dealers, and installation professionals. The section also administers the manufactured housing consumer complaint process. Section 24-32-3309, C.R.S. requires that fees, deposited to the Building Regulation Fund, be designed to pay all direct and indirect costs incurred by the Division. This line item was combined with the Affordable Housing Program Costs line item for one year (FY 2014-15) but was reinstated as a separate line item in FY 2015-16.

Due to shortfalls in the Building Regulation Fund, the JBC sponsored legislation (S.B. 15-112) to repay earlier transfers from the Fund to the General Fund. This included a transfer of \$300,000 from the General Fund to the Building Regulation Fund in FY 2014-15 and \$200,000 on July 1, 2016.

The Program is in the final stages of the rulemaking process to increase fees and update code references. The fee increases are consistent with figures provided last year to the Committee and are expected to bring in approximately \$100,000 per year in additional revenue. Due to the

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

State's current TABOR refund position, this will drive additional General Fund refunds. However, staff nonetheless believes this program should be fee-based, given the services provided and the fluctuating demand for the program.

Statutory Authority: Sections 24-32-3301 to 3327, C.R.S.

Request: The Department requests \$733,697 cash funds and 7.3 FTE for this line item.

Recommendation:

Division of Housing, Field Services, Manufactured Buildings Program	Total Funds	General Fund	Cash Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	724,138	0	724,138	7.3
TOTAL	\$724,138	\$0	\$724,138	7.3
FY 2016-17 Recommended Appropriation				
FY 2015-16 Appropriation	\$724,138	\$0	\$724,138	7.3
Annualize FY 2015-16 salary survey	5,022	0	5,022	0.0
Annualize FY 2015-16 merit pay	4,537	0	4,537	0.0
TOTAL	\$733,697		\$733,697	7.3
Increase/(Decrease)	\$9,559	\$0	\$9,559	0.0
Percentage Change	1.3%	0.0%	1.3%	0.0%
FY 2016-17 Executive Request:	\$733,697	\$0	\$733,697	7.3
Request Above/(Below) Recommendation	\$0		\$0	0.0

Colorado Affordable Housing Construction Grants and Loans

This line item was consolidated in the Affordable Housing Grants and Loans line item in FY 2014-15.

Request/Recommendation: The Department has not requested, and staff does not recommend, an appropriation in this line item in FY 2016-17

Federal Affordable Housing Construction Grants and Loans

This line item was consolidated in the Affordable Housing Grants and Loans line item in FY 2014-15.

Request/Recommendation: The Department has not requested, and staff does not recommend, an appropriation in this line item in FY 2016-17.

(C) Indirect Cost Assessments

Indirect Cost Assessments

This line reflects the amount of indirect cost assessments within this division. The funds are used to offset General Fund in the Executive Director's Office, Personal Services and Operating line items, and the Board of Assessment Appeals.

Request: The Department requests continuation funding of \$695,798 for FY 2016-17.

Recommendation: The staff recommendation updates the indirect cost collections for this division, based on the Department's most recent indirect plan. This division is assessed at a rate of 30.1 percent.

Division of Housing, Indirect Cost Assessments, Indirect Cost Assessments	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	693,797	0	216,150	64,729	412,918	0.0
TOTAL	\$693,797	\$0	\$216,150	\$64,729	\$412,918	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$693,797	\$0	\$216,150	\$64,729	\$412,918	0.0
Indirect cost adjustment	812	0	10,590	(10,736)	958	0.0
Other technical adjustments	0	0	0	0	0	0.0
TOTAL	\$694,609	\$0	\$226,740	\$53,993	\$413,876	0.0
Increase/(Decrease)	\$812	\$0	\$10,590	(\$10,736)	\$958	0.0
Percentage Change	0.1%	0.0%	4.9%	(16.6%)	0.2%	0.0%
FY 2016-17 Executive Request:	\$695,798	\$0	\$217,361	\$65,339	\$413,098	0.0
Request Above/(Below) Recommendation	\$1,189		(\$9,379)	\$11,346	(\$778)	0.0

(4) Division of Local Government

This Division provides information and training for local governments in budget development, purchasing, demographics, land use planning, and regulatory issues. It also manages federal and state funding programs to support infrastructure and local services development. To provide this assistance to local governments, the Division operates eight field offices. Significant cash fund sources include: (1) severance tax revenues; (2) federal mineral lease revenues; (3) net lottery proceeds; and (4) gaming revenues. Reappropriated funds are primarily from severance tax revenues and federal mineral lease revenues transferred within this Division from the Local Government Mineral and Energy Impact Grants and Disbursements line item. Federal funds include the Community Development Block Grant and the Community Services Block Grant.

Division of Local Government						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$233,223,450	\$6,784,972	\$206,090,742	\$5,123,379	\$15,224,357	52.8
Other legislation	<u>1,527,653</u>	<u>1,368,338</u>	<u>126,946</u>	<u>32,369</u>	<u>0</u>	<u>2.8</u>
TOTAL	\$234,751,103	\$8,153,310	\$206,217,688	\$5,155,748	\$15,224,357	55.6
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$234,751,103	\$8,153,310	\$206,217,688	\$5,155,748	\$15,224,357	55.6
Local Government Permanent Fund	1,100,000	0	1,100,000	0	0	0.0
Indirect cost adjustment	146,089	0	6,747	175,365	(36,023)	0.0
Annualize FY 2015-16 salary survey	42,520	3,584	5,038	28,959	4,939	0.0
Annualize FY 2015-16 merit pay	38,529	2,862	4,551	26,556	4,560	0.0
Reflect decline in severance tax and FML revenue	(25,000,000)	0	(25,000,000)	0	0	0.0
Adjust federal funds	(3,291,918)	0	0	0	(3,291,918)	0.0
Annualize prior year legislation	(330,298)	(1,303,384)	990,594	(17,508)	0	(0.2)
Unused cash spending authority	(70,000)	0	(70,000)	0	0	0.0
Other technical adjustments	(51,065)	(51,065)	0	0	0	(0.0)
Annualize prior year budget actions	<u>(693)</u>	<u>(693)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.1</u>
TOTAL	\$207,334,267	\$6,804,614	\$183,254,618	\$5,369,120	\$11,905,915	55.5
Increase/(Decrease)	(\$27,416,836)	(\$1,348,696)	(\$22,963,070)	\$213,372	(\$3,318,442)	(0.1)
Percentage Change	(11.7%)	(16.5%)	(11.1%)	4.1%	(21.8%)	(0.2%)
FY 2016-17 Executive Request:	\$234,457,322	\$6,804,614	\$207,218,717	\$5,200,072	\$15,233,919	55.5
Request Above/(Below) Recommendation	\$27,123,055	\$0	\$23,964,099	(\$169,048)	\$3,328,004	0.0

DECISION ITEMS – DIVISION OF LOCAL GOVERNMENT

There are no Executive decision items for this division this year. However, staff has included various adjustments, most of which are technical. These are described below.

➔ Staff Recommendation: Local Government Permanent Fund

Fifty percent of the state's share of all bonus payments from federal mineral leases is deposited to the Local Government Permanent Fund. Moneys appropriated from this Fund may be used to enhance the direct distributions to localities federal mineral leasing funds in years in which the Legislative Council Staff December projection reflects a decline of greater than 10.0 percent in revenue to the Mineral Leasing Fund.

The LCS forecast for FML revenue for FY 2015-16 reflects a decline greater than 10.0 percent from the FY 2014-15 amount. In light of this, staff recommends an appropriation from the Local Government Permanent Fund of \$1,100,000 based on information currently available about the balance in the fund. Staff requests permission to adjust this number based on any updated information about funds available.

➔ Technical Adjustments: Reflect Decline in Severance Tax and FML

The staff recommendation includes reducing the amount shown for Local Government Mineral and Energy Impact Grants and Disbursements by \$25.0 million: from \$150.0 million to \$125 million. This amount is shown in the Long Bill for informational purposes only and is only adjusted based on what appear to be significant, potentially ongoing adjustments to available funds. In light recent declines in the energy prices and the Department's projected direct distributions for FY 2016-17, staff has included an adjustment to this line item. Additional information is included in the line item description.

➔ Technical Adjustments: Federal Funds

The staff recommendation includes adjustments to federal funds shown in this section for informational purposes based on updated information from the Department. Declines in federal funding in this division reflect federal reductions to the Community Development Block Grant and the spend-down of larger amounts that were previously authorized under the American Recovery and Reinvestment Act.

➔ Technical Adjustments: Volunteer Firefighter Retirement and Insurance

The Volunteer Firefighter Retirement Plans line item reflects the State's contribution to local volunteer firefighter retirement plans, as authorized by Section 31-30-1112 (2), C.R.S. Pursuant to Section 10-3-209, C.R.S., it is funded with revenues from a two percent tax on the gross amount of all insurance premiums collected during the previous calendar year. These moneys

are not subject to the annual statutory limit on General Fund appropriations and are shown for informational purposes.

The Department requests a reduction of \$51,065 General Fund in the Volunteer Firefighter Retirement Plans line item that reflects, for informational purposes, estimated General Fund expenditures for this purpose. This would set the line item at \$4,618,935 General Fund. *Staff recommends that the JBC set the estimated expenditure amount for this line item and the Volunteer Firefighter Death and Disability Insurance Line Item using whichever March 2016 General Fund revenue forecast the JBC chooses to adopt. Staff will contact Legislative Council Staff to help ensure that, if the JBC uses the Legislative Staff forecast, the estimates in the forecast are in line with recent-year expenditures.*

The table below shows actuals for the last four actual years:

FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
\$4,358,691	\$4,175,447	\$4,096,705	\$4,170,673

Based on actual data, and the Department's report that figures are not expected to increase, staff believes the line item could be safely dropped to \$4,500,000 or less. Similarly, expenditures for the Volunteer Firefighters Death and Disability Insurance line item have been \$21,065 for the last five years (below the \$30,000 estimated) and the Department reports that the premium is expected to remain unchanged.

Background: When setting figures for FY 2015-16, staff noted that actual expenditures in the two volunteer firefighter benefit line items were below the estimates included in the Long Bill and in Legislative Council Staff budget forecasts. Staff therefore initially recommended lower figures. However, the figures were subsequently adjusted upward to match the Legislative Council Staff March revenue forecast figure due to the administrative challenges/complexity this introduced in the JBC's budget balancing process.

Technical Adjustments: Line Item Organization

Strategic Planning Group on Aging: The Department requested that ongoing costs of \$64,954 General Fund and 0.3 FTE associated with the Strategic Planning Group on Aging created in H.B. 15-1033 be included in the Administration and Personal Services line items for Local Government and Community Services. Staff instead recommends reflecting these funds in a separate line item as this is a time-limited group.

Local Government Marijuana Impact Grant Program: The Department's request reflects placing administration amounts in the Program Costs line item. The staff recommendation consolidates all amounts related to the program in a line item for the program.



Technical Adjustments: Eliminate Unused Spending Authority

Staff recommends eliminating spending authority in line items where there is no revenue to support the spending authority. This includes moving \$4,000 reappropriated funds to the Field Services Program Costs line item from the Other Local Government Grants line item, and reducing the spending authority for Other Local Government Grants by \$70,000 to a total of \$30,000. This represents the amount remaining in the Colorado Heritage Communities Cash Fund.

LINE ITEM DETAIL—DIVISION OF LOCAL GOVERNMENT

(A) Local Government and Community Services

(i) Administration

Personal Services

This line item funds salaries and associated Medicare and PERA contributions, as well as contractual services, for approximately half of the technical assistance and grants management FTE in the Division of Local Government (the remaining half are in the Field Services, Program Costs line item). Staff funded in this line item are centrally located. The line item includes:

- 3.6 FTE for management and administrative support
- 5.4 FTE for local government services
- 4.3 FTE for the state demography office
- 2.8 FTE for the Energy Impact Grant Program
- 2.6 FTE for administration of the federal Community Services Block Grant

Local Government Services: This section provides administrative, financial, and other assistance to local officials, staff and citizens in the operation of a local government. This includes assistance on budgeting, finance, general government administration, special district administration and elections, and enterprise management. It also assists with the preparation, processing and publication of various required local government filings received by the Department from over 3,500 local governments statewide, including over 2,000 special districts. The General Assembly authorized a 1.0 FTE increase for this section in FY 2015-16 due to the growth in the number of local districts and declining compliance with filing requirements.

The State Demography Office: Provides population and demographic data and analysis for the State. This includes providing support to other state agencies, federal partners, local governments, and the public about demographic trends at the state, regional, county, and municipal levels.

Energy Impact Grant Program: This section provides central management support for the Energy Impact Program, including direct distributions and grants. The program is also supported at the regional level by staff in the Field Services Program Costs line item.

Community Services Block Grant: The federal Community Services Block Grant (from the federal Department of Health and Human Services) provides funds to alleviate the causes and conditions of poverty in communities. The Governor has designated DOLA as the lead agency for the grant.

Statutory Authority: Section 24-32-104, C.R.S.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Request: The Department requests \$1,539,267 in total funds (including \$348,046 General Fund) and 19.0 FTE for this line item for FY 2016-17. This amount includes:

- Annualize FY 2015-16 R3 Improve statutory compliance (increase \$4,010 General Fund and 0.1 FTE)
- Annualize S.B. 15-029 Volunteer Firefighter Pension Plan Study (reduce \$3,423 General Fund)
- Annualize H.B. 15-1033 Strategic Planning Group on Aging (increase \$14,669 General Fund and 0.3 FTE)
- Annualize prior year salary survey (increase \$15,449 including \$3,584 General Fund)
- Annualize prior year merit pay (increase \$13,753 including \$2,862 General Fund)

Recommendation: The staff recommendation is reflected in the table below.

- Staff concurs with the Department’s annualization calculations, which are consistent with prior year fiscal notes and decision items for total dollars.
- However, the Department’s request reflects moving the ongoing costs for the Strategic Planning Group on Aging (\$64,954 General Fund and 0.3 FTE) into personal services (\$14,669) and operating costs (\$50,285, primarily for member travel) line items in this section. The staff recommendation instead keeps this amount in a separate line item.

Division of Local Government, Local Government and Community Services, Personal Services					
	Total Funds	General Fund	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	1,491,386	322,921	1,024,434	144,031	18.6
Other legislation	3,423	3,423	0	0	0.0
TOTAL	\$1,494,809	\$326,344	\$1,024,434	\$144,031	18.6
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$1,494,809	\$326,344	\$1,024,434	\$144,031	18.6
Annualize FY 2015-16 salary survey	15,449	3,584	10,136	1,729	0.0
Annualize FY 2015-16 merit pay	13,753	2,862	9,295	1,596	0.0
Annualize prior year budget actions	4,010	4,010	0	0	0.1
Other technical adjustments	0	0	0	0	0.0
Annualize prior year legislation	(3,423)	(3,423)	0	0	0.0
TOTAL	\$1,524,598	\$333,377	\$1,043,865	\$147,356	18.7
Increase/(Decrease)	\$29,789	\$7,033	\$19,431	\$3,325	0.1
Percentage Change	2.0%	2.2%	1.9%	2.3%	0.5%
FY 2016-17 Executive Request:	\$1,539,267	\$348,046	\$1,043,865	\$147,356	19.0
Request Above/(Below) Recommendation	\$14,669	\$14,669	\$0	\$0	0.3

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Operating Expenses

This line item funds the operating expenses of the Division of Local Government's administration. Common operating expenses include advertising, in-state travel, printing, postage, and various other cost items.

Statutory Authority: Section 24-32-104, C.R.S.

Request: The Department requests \$182,586, including \$93,413 General Fund. This includes:

- Annualize FY 2015-16 R3 Improve statutory compliance (reduce \$4,703 General Fund)
- Annualize H.B. 15-1033 Strategic Planning Group on Aging (add \$50,285).

Recommendation: The staff recommendation is reflected in the table below.

- Staff concurs with the Department's annualization calculations, which are consistent with prior year fiscal notes and decision items for total dollars.
- However, as discussed above, staff recommends retaining the \$50,285 operating funds for the Strategic Planning Group on Aging in a separate program line item for that program.

Division of Local Government, Local Government and Community Services, Operating Expenses	Total Funds	General Fund	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	137,004	47,831	25,146	64,027	0.0
TOTAL	\$137,004	\$47,831	\$25,146	\$64,027	0.0
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$137,004	\$47,831	\$25,146	\$64,027	0.0
Other technical adjustments	0	0	0	0	0.0
Annualize prior year budget actions	(4,703)	(4,703)	0	0	0.0
TOTAL	\$132,301	\$43,128	\$25,146	\$64,027	0.0
Increase/(Decrease)	(\$4,703)	(\$4,703)	\$0	\$0	0.0
Percentage Change	(3.4%)	(9.8%)	0.0%	0.0%	0.0%
FY 2016-17 Executive Request:	\$182,586	\$93,413	\$25,146	\$64,027	0.0
Request Above/(Below) Recommendation	\$50,285	\$50,285	\$0	\$0	0.0

Strategic Planning Group on Coloradans Age 50 and Over

House Bill 15-1033 (Primavera/Crowder) created the strategic planning group on aging within the Department of Local Affairs. The group consists of 23 voting members appointed by the Governor. By November 1, 2016, the group must present to the Governor and the General Assembly comprehensive data and recommendations to develop an action plan on aging in Colorado through the year 2030. Updates to the plan will be provided in 2018 and 2020, if sufficient funding is available. The group is repealed September 1, 2022.

The bill included an appropriation of \$364,915 General Fund and 0.3 FTE for FY 2015-16, largely to cover contractual research. This amount annualizes in FY 2016-17 to cover costs for 0.3 FTE for staff support and \$50,000 for travel expenses for members of the planning group.

Statutory Authority: Section 24-32-3401 through 3408, C.R.S.

Request: The Department requested ongoing funding of \$64,954 but in the Personal Services and operating line items.

Recommendation: Staff recommends an appropriation of \$64,954 General Fund and 0.3 FTE in this line item.

Division of Local Government, Local Government and Community Services, Strategic Planning Group on Coloradans Age 50 and Over			
	Total Funds	General Fund	FTE
FY 2015-16 Appropriation			
Other legislation	364,915	364,915	0.3
TOTAL	\$364,915	\$364,915	0.3
FY 2016-17 Recommended Appropriation			
FY 2015-16 Appropriation	\$364,915	\$364,915	0.3
Annualize prior year legislation	(299,961)	(299,961)	0.0
TOTAL	\$64,954	\$64,954	0.3
Increase/(Decrease)	(\$299,961)	(\$299,961)	0.0
Percentage Change	(82.2%)	(82.2%)	0.0%
Request Above/(Below) Recommendation	(\$64,954)	(\$64,954)	(0.3)

(ii) Local Government Services

Local Utility Management Assistance

This program provides assistance to the Water Resources and Power Development Authority in implementing drinking water and waste water treatment loans. DOLA advises local governments about the mechanics of the loans and their potential eligibility. DOLA reviews about 50 loan applications per year and analyzes their economic feasibility. The Department provides support because it already has information about the finances of local governments and has financial/economic analysis expertise. The Authority pays the Department for portions of the salaries of several employees who work on the loans (2.0 FTE total).

Statutory Authority: Sections 37-95-107.6 (3) and 107.8 (3), C.R.S.

Request: The Department requests \$171,762 cash funds and 2.0 FTE, including annualization of FY 2015-16 salary survey and anniversary awards.

Recommendation: Staff recommends the request, which is calculated consistent with JBC common policy.

Division of Local Government, Local Government and Community Services, Local Utility Management Assistance	Total Funds	General Fund	Cash Funds	FTE
Personal Services				
FY 2015-16 Appropriation	\$152,982	\$0	\$152,982	2.0
Annualize prior year budget actions	9,589	0	9,589	0.0
Subtotal - Personal Services	\$162,571	\$0	\$162,571	2.0
Operating Expenses				
FY 2015-16 Appropriation	\$6,704	\$0	\$6,704	0.0
Annualize prior year budget actions	0	0	0	0.0
Subtotal - Operating Expenses	\$6,704	\$0	\$6,704	0.0
Other				
FY 2015-16 Appropriation	\$2,487	\$0	\$2,487	0.0
Annualize prior year budget actions	0	0	0	0.0
Subtotal - Other	\$2,487	\$0	\$2,487	0.0
Total Recommended FY 2016-17 Appropriation	\$171,762	\$0	\$171,762	2.0
FY 2016-17 Executive Request	\$171,762	\$0	\$171,762	2.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Conservation Trust Fund Disbursements

This line item represents the lottery proceeds anticipated to be transferred to the Conservation Trust Fund each fiscal year. Lottery proceeds (after payment of lottery-related administrative expenses, prizes, and operating reserves) are distributed among three State agencies as follows:

- Department of Local Affairs: 40 percent is transferred from the Lottery Fund to the Conservation Trust Fund "for distribution to municipalities and counties and other eligible entities for parks, recreation, and open space purposes" (Section 3 (1) (b) (I) of Article XXVII of the Colorado Constitution; Section 33-60-104 (1) (a), C.R.S.);
- Department of Natural Resources: 10 percent is distributed from the Lottery Fund to the Division of Parks and Outdoor Recreation for the "acquisition, development, and improvement of new and existing state parks, recreation areas, and recreational trails" (Section 3 (1) (b) (II) of Article XXVII of the Colorado Constitution; Section 33-60-104 (1) (b), C.R.S.); up to \$35.0 million of the remaining net lottery proceeds (adjusted annually based on the Denver metro CPI) is distributed to the Great Outdoors Colorado (GOCO) Trust Fund Board (Section 3 (1) (b) (III) of Article XXVII of the Colorado Constitution; Section 33-60-104 (1) (c), C.R.S.); and
- Department of Education: Net lottery proceeds in excess of the above-described GOCO cap are transferred to the Public School Capital Construction Assistance Fund, pursuant to H.B. 08-1335, to fund direct and indirect administrative costs of the division of Public School Capital Construction Assistance and the Public School Capital Construction Board. Any remainder funds are continuously appropriated to the Board for public school capital construction.

Pursuant to Section 24-77-102 (17) (b) (IX), C.R.S., moneys in the Conservation Trust Fund are not subject to TABOR. In addition, Section 3 (1) of Article XXVII of the Colorado Constitution specifies that net lottery proceeds are "set aside, allocated, allotted, and continuously appropriated" for purposes of the distributions specified above.

Pursuant to Section 29-21-101 (2), C.R.S., moneys in the Conservation Trust Fund are primarily distributed based on population. Moneys may be used for acquiring and developing land and/or water for parks, open space, historic, recreation, scenic, aesthetic, or similar purposes. Moneys may also be used for maintenance of recreational facilities. In addition, pursuant to Section 29-21-101 (3), C.R.S., the Division of Local Government may utilize the Conservation Trust Fund to recover its direct and indirect costs related to distributing moneys in the Trust Fund. This line item appropriation is included in the annual Long Bill for informational purposes only.

Statutory Authority: Section 3 (1) (b) (I) of Article XXVII of the Colorado Constitution, Section 33-60-104 (1) (a), C.R.S., and Section 29-21-101 (3), C.R.S.

Request: The Department requests continuation of \$50,000,000 in cash funds and 2.0 FTE for FY 2016-17.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Recommendation: Staff recommends the requested amount as a reasonable estimate of lottery revenue. In the most recent actual year (FY 2014-15), the Department received \$51,166,726 in lottery proceeds to cover formula distributions to local governments as well as its direct and indirect costs for the program.

Division of Local Government, Local Government and Community Services, Conservation Trust Fund Disbursements	Total Funds	General Fund	Cash Funds	FTE
Personal Services				
FY 2015-16 Appropriation	\$152,829	\$0	\$152,829	2.0
Subtotal - Personal Services	\$152,829	\$0	\$152,829	2.0
Operating Expenses				
FY 2015-16 Appropriation	\$53,222	\$0	\$53,222	0.0
Subtotal - Operating Expenses	\$53,222	\$0	\$53,222	0.0
Other				
FY 2015-16 Appropriation	\$49,793,949	\$0	\$49,793,949	0.0
Subtotal - Other	\$49,793,949	\$0	\$49,793,949	0.0
Total Recommended FY 2016-17 Appropriation	\$50,000,000	\$0	\$50,000,000	2.0
FY 2016-17 Executive Request	\$50,000,000	\$0	\$50,000,000	2.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Volunteer Firefighter Retirement Plans

This line item reports the State's contribution to local volunteer firefighter retirement plans, as authorized by Section 31-30-1112 (2), C.R.S. Pursuant to Section 10-3-209, C.R.S., it is funded with revenues from a two percent tax on the gross amount of all insurance premiums collected during the previous calendar year. These moneys are not subject to the annual statutory limit on General Fund appropriations. The General Assembly has identified at least a portion of this appropriation as coming from the General Fund Exempt account in all but one year since FY 2005-06. *The line item is continuously funded and is included in the Long Bill for informational purposes only.* Eligible entities include:

- Municipalities with a population under 100,000 that maintain a regularly organized volunteer fire department and that offer fire protection services;
- Fire protection districts having volunteers and offering fire protection services;
- County improvement districts having volunteer fire department members and offering fire protection services; and
- Counties contributing to a volunteer pension fund at one of the above.

Eligible entities must have active, pension-eligible volunteer firefighters and have contributed tax revenue to the pension fund in the year previous to the year in which the distribution is made.

Municipalities with populations of less than 100,000 may levy a tax of not more than one mill (one percent) on the taxable property in the municipality, county, or district to fund their individual volunteer firefighter pension funds.

Pursuant to Section 31-30-1112 (2), C.R.S., the State payment to any municipality or district that is contributing an amount necessary to pay volunteer firefighter pension plans of \$300 or less per month must equal 90 percent of all amounts contributed by the locality in the previous year. The State payment to localities that contribute an amount necessary to pay pensions in excess of \$300 per month also must equal 90 percent of all amounts contributed by the locality in the previous year, as long as that 90 percent is less than the greater of (1) the contribution actuarially required to pay a pension of \$300 per month or (2) the highest actual contribution received by the municipality during the calendar years 1998, 1999, 2000, or 2001. The State has to contribute an amount equal to the greater of these two categories if such amount is less than 90 percent of municipal or special district contributions in the previous year. In each case, the State contribution cannot exceed an amount that is equal to a tax of one-half mill (.05 percent) on the total taxable property in the municipality or special district.

The Department conducts an application process in which volunteer firefighting agencies submit an actuarial review of their plans "soundness" over the next 20 years. DOLA uses these studies to determine how much assistance each locality receives. Critically, because of the "greater of" language currently included in statute, any locality which submits a request will be funded at some level, regardless of whether its pension plan requires such funding to meet the \$300 per month pension. In recent years, DOLA has distributed moneys to 227 qualified pension plans, 91 of which distribute more than \$300 per month to eligible retirees.

Statutory Authority: Section 31-30-1112 (2), C.R.S.

Request: The Department requests \$4,618,935, including a reduction of \$51,065, to align the request with the OSPB September General Fund forecast.

Recommendation: This figure is pending. **Staff requests permission to use the amount included in whichever March 2016 General Fund revenue forecast the JBC chooses to adopt.** Actual expenditures were \$4,096,705 in FY 2013-14 and \$4,170,673 in FY 2014-15.

Volunteer Firefighter Death and Disability Insurance

This line item reports the State's contribution to local volunteer firefighter death and disability insurance, as authorized by Section 31-30-1112 (2), C.R.S. This amount is not subject to the limit on General Fund appropriations. It is included in the Long Bill for informational purposes.

Statutory Authority: Section 31-30-1112 (2), C.R.S.

Request: The Department's request reflects continuing the FY 2015-16 estimate of \$30,000 General Fund for disability insurance for FY 2016-17.

Recommendation: This figure is pending. **Staff requests permission to use the amount included in whichever March 2016 General Fund revenue forecast the JBC chooses to adopt.** Actual expenditures have been \$21,065 for the last five years.

Firefighter Heart and Circulatory Malfunction Benefits

Senate Bill 14-172 (Tochtrop and Newell/Kraft-Tharp) requires any municipality, special district, fire authority, or county improvement district employing one or more firefighters to provide benefits for heart and circulatory malfunctions for full-time firefighters, as long as the state provides sufficient funding to cover the cost. The employer may purchase accident insurance, self-insure, or participate in a self-insurance pool, or multi-employer health trust. The bill specifies minimum and maximum benefits that must be provided, ranging from a lump sum payment of \$4,000 if an exam reveals a firefighter has a heart and circulatory malfunction to \$250,000 maximum.

In order to receive benefits a firefighter must:

- have had a recent medical examination that found no heart or circulatory malfunction present;
- be employed for at least five continuous years as a firefighter, except for a volunteer firefighter that must have five years of continuous service with the same employer; and
- have experienced the heart and circulatory malfunction within 48 hours of a stressful or strenuous work event.

The bill does not prohibit a firefighter from receiving other benefits; however, benefits for heart and circulatory malfunction must be offset by other benefits received.

The bill also creates the Firefighter Benefits Cash Fund, into which General Fund appropriations for the program for the benefit are deposited. Pursuant to the bill, this Fund is established solely for the purpose of benefits and not for the Department's costs in running the program and thus the total amount in this line item includes a double-count for benefits.

The fiscal note for the bill assumed that employers would maintain insurance for **5,669** full-time firefighters, at an average annual cost of **\$150** per firefighter. The Department began accepting reimbursement applications for benefits effective July 1, 2014. Actual expenditures for FY 2014-15 were \$797,640. The FY 2015-16 appropriation of \$939,053 for the benefit is based on the bill's original fiscal note.

The bill specifies that “if, at any time, the funding provided for the benefit required by this section is insufficient to cover the cost of the benefit, then the requirements of this section to maintain the benefit shall become optional pursuant to section 29-1-304.5.” If appropriations are insufficient, staff assumes the General Assembly will need to decide whether it wishes to provide additional funding or whether it wishes to make the benefit optional. There does not appear to be a sunset on the program, but the General Assembly could choose to eliminate the program at any time through defunding, in light of the above provision.

Statutory Authority: Section 29-5-302, C.R.S.

Request: The Department requests continuation of \$964,220 General Fund, \$939,053 reappropriated funds from the new Firefighters Benefits Cash Fund, and 0.5 FTE for this program.

Recommendation: Staff recommends the requested continuation of \$964,220 General Fund, 0.5 FTE, and \$939,053 reappropriated funds (representing the portion of the total to be deposited to the Firefighters Benefits Cash Fund for payment of benefits). However, as previously noted,

The Department provided the following data in response to staff questions.

	FY 2014-15	FY 2015-16 as of 1/21/2016
Firefighters	4,125	4,117
Amount/firefighter	\$180.97	\$180.22
Total Benefit Premium	\$746,512	\$741,985

- Actual spending was below the FY 2014-15 appropriation and is also expected to be below the \$964,220 appropriation for FY 2015-16. The Department anticipates that actual FY 2015-16 spending will only increase slightly above the amount shown.
- **Given that the program was first authorized in FY 2014-15, the Department has requested that the Committee not change the appropriation for now.** However, the Committee could consider dropping the appropriation by \$100,000 for FY 2016-17. Alternatively, it could allow the program to run for another year before making an adjustment (the staff recommendation at present).
- **Staff believes that the appropriation structure should be modified, which will require a statutory change.** Specifically, it does not appear that the structure that "reappropriates" amounts for the benefit payments into a separate fund serves any purpose other than to clarify the portion of the funding that may be used for administration. Staff believes the administrative portion of the appropriation could be restricted without creating a budget double-count. **The Department has requested that the Committee hold off on changes until next year.**

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Division of Local Government, Local Government and Community Services, Firefighter Heart and Circulatory Malfunction Benefits				
	Total Funds	General Fund	Reappropriated Funds	FTE
Personal Services				
FY 2015-16 Appropriation	\$24,692	\$24,692	\$0	0.5
Subtotal - Personal Services	\$24,692	\$24,692	\$0	0.5
Operating Expenses				
FY 2015-16 Appropriation	\$475	\$475	\$0	0.0
Subtotal - Operating Expenses	\$475	\$475	\$0	0.0
Other				
FY 2015-16 Appropriation	\$1,878,106	\$939,053	\$939,053	0.0
Subtotal - Other	\$1,878,106	\$939,053	\$939,053	0.0
Total Recommended FY 2016-17 Appropriation	\$1,903,273	\$964,220	\$939,053	0.5
FY 2016-17 Executive Request	\$1,903,273	\$964,220	\$939,053	0.5
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Environmental Protection Agency Water/Sewer File Project

This is a federally funded project to determine eligibility and credit worthiness of local governments for EPA water and sewer loans.

Statutory Authority: Section 24-32-106 (1) (d), C.R.S.

Request: The Department requests reflecting continuation of \$54,636 federal funds and 0.5 FTE in this line item.

Recommendation: Staff has adjusted the federal funds amount based on updated information from the Department. Actual expenditures in FY 2014-15 were \$58,156 and 0.5 FTE.

Division of Local Government, Local Government and Community Services, Environmental Protection Agency Water/Sewer File Project				
	Total Funds	General Fund	Federal Funds	FTE
Personal Services				
FY 2015-16 Appropriation	\$52,494	\$0	\$52,494	0.5
Adjust federal funds	8,082	0	8,082	0.0
Subtotal - Personal Services	\$60,576	\$0	\$60,576	0.5
Operating Expenses				
FY 2015-16 Appropriation	\$2,142	\$0	\$2,142	0.0

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Division of Local Government, Local Government and Community Services, Environmental Protection Agency Water/Sewer File Project	Total Funds	General Fund	Federal Funds	FTE
Subtotal - Operating Expenses	\$2,142	\$0	\$2,142	0.0
Total Recommended FY 2016-17 Appropriation	\$62,718	\$0	\$62,718	0.5
FY 2016-17 Executive Request	\$54,636	\$0	\$54,636	0.5
Request Above/(Below) Recommendation	(\$8,082)	\$0	(\$8,082)	0.0

(iii) Community Services

Community Services Block Grant

The federal Community Services Block Grant (CSBG), distributed by the federal Department of Health and Human Services, provides funding to local communities for services that address the causes of poverty, including employment assistance, education, affordable housing, emergency services, nutrition, counseling, health, transportation, elderly projects, summer youth recreation, and community development. Recipients must be at or below 125 percent of federal poverty guidelines. Colorado has 44 eligible entities that receive CSBG funds annually, which are distributed on a formula basis. Eligible entities include qualified locally-based nonprofit anti-poverty agencies which provide services to low income individuals and families. Ninety percent of the funds are allocated to grantees, five percent is for administration, and five percent is reserved for the Governor's discretion.

In order for the State to be eligible to receive federal moneys under the CSBG program, it is required to hold at least one legislative hearing every three years in conjunction with the development of the approved state plan. Historically, the JBC has served as the legislative committee holding the required hearing.

Statutory Authority: Section 24-32-106 (1) (d), C.R.S.

Request: The Department's request reflects continuing the \$6,000,000 in federal funding that was reflected for informational purposes in FY 2015-16.

Recommendation: Staff recommends approving the Department's request to reflect \$6,000,000. Over the last three years, actual expenditures have ranged from \$4.8 million to \$6.4 million in this line item. The current estimate appears to be consistent with current federal allocations.

(B) Field Services

Program Costs

This line funds salaries and associated Medicare and PERA contributions, as well as contractual services, for half of the technical assistance and grants management FTE in the Division (the remaining half are in the Administration, Personal Services line item). It also includes associated operating expenses. The line supports 28.2 FTE. This includes the following:

- 6.0 FTE for administration;
- 17.1 FTE for field representatives, who also administer energy impact program grants; and
- 4.1 FTE for administration of the federal Community Development Block Grant for non-entitlement areas
- 1.0 FTE for local government limited gaming grant administration.

Responsibilities are described below.

- Field staff provide education and customized assistance for local governments on issues such as budget review, property tax limitations, TABOR, water and sewer financing, election rules, land use planning, and application for federal and state grant funds. Staff is responsible for working with the local governments in their region. Field staff have typically worked as city and county managers prior to employment with the Department and are thus well positioned to advise local governments.
- Field Service staff review grant applications for the Mineral Impact Program, authorize smaller grants, and manage grant disbursements.
- The Community Development Office, which operates in this section, is comprised of 4.0 FTE who focus on providing technical assistance to local governments in land-use planning, economic development, and sustainable and resilient community development. The Office is responsible advising the Governor, the General Assembly, and local governments on growth issues, and providing technical assistance to communities dealing with economic and population growth and decline.

The Community Development Office is also responsible for a local economic development initiative known as the Main Street Program. The Main Street Program supports downtown revitalization through asset-based economic development and historic preservation. The overall program budget of \$791,758 for FY 2016-17 is from energy impact reappropriated funds and includes:

- \$150,000 for scholarships and non-competitive mini-grants to Main Street communities;
- \$462,500 for contractors, including \$16,000 for operating funds
- \$179,258 and 2.0 FTE for personal services and operating costs including travel, training, and supplies.

Of the total, \$462,500 from Local Government Severance Tax funds was added in FY 2015-16 for consulting services to local communities. The program served 14 communities in FY 2014-15 and hoped to build to 35 by 2020.

- Statutory responsibilities administered in this section also include:
 - coordinating mediation of disputes between local governments using professionals from a list of qualified mediators; and
 - administering the Colorado Heritage Grants program. However, no new funding has been made available for this grant program since FY 2008-09 and the Department expects existing funds will be expended by the end of FY 2015-16.

Energy and mineral impact funds and limited gaming funds pay salaries for staff to administer the associated grant programs. Energy and mineral impact funds also support field service activities more broadly, including the general assistance for local governments on budget review, project financing, planning for growth, and the Main Street Program.

Federal funds are used to support staff who manage the federal Community Development Block Grant program. A State match is required for administrative costs, but some of the activities of the Field Staff qualify as a "soft match" of the federal administrative funds.

Statutory Authority: Sections 24-32-303, 24-32-803, 24-32-104 and 106, C.R.S.

Request: The Department requests \$2,943,757 total funds and 28.2 FTE for this line in FY 2016-17.

The request includes:

- An increase of \$22,033 to annualize prior year salary survey;
- An increase of \$20,225 to annualize prior year merit base pay; and
- A reduction of \$17,508 reappropriated funds and 0.2 FTE to annualize H.B. 15-1225 (Federal Land Coordination)

Recommendation: The staff recommendation is reflected below.

- Staff concurs with the Department's annualization calculations, which are consistent with the H.B. 15-1225 fiscal note.
- Staff recommends moving \$4,000 reappropriated funds previously included in the Other Local Government Grants line item into this line item, as there are no longer other funds in the Other Local Government Grants line item. The reappropriated funds were added in FY 2014-15 and support collaboration between the Department, OEDIT and the non-profit Downtown Colorado, Inc. (DCI) on the Community Assessment Program. This appropriation enables local communities to submit consolidated purchase orders through the Department for assistance from both the Department and the Governor's Office for downtown assessments.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Division of Local Government, Field Services, Program Costs	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	2,886,638	0	109,027	2,460,457	317,154	27.9
Other legislation	32,369	0	0	32,369	0	0.5
TOTAL	\$2,919,007	\$0	\$109,027	\$2,492,826	\$317,154	28.4
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$2,919,007	\$0	\$109,027	\$2,492,826	\$317,154	28.4
Annualize FY 2015-16 salary survey	22,033	0	0	18,823	3,210	0.0
Annualize FY 2015-16 merit pay	20,225	0	0	17,261	2,964	0.0
Unused cash spending authority	4,000	0	0	4,000	0	0.0
Annualize prior year legislation	(17,508)	0	0	(17,508)	0	(0.2)
TOTAL	\$2,947,757		\$109,027	\$2,515,402	\$323,328	28.2
Increase/(Decrease)	\$28,750	\$0	\$0	\$22,576	\$6,174	(0.2)
Percentage Change	1.0%	0.0%	0.0%	0.9%	1.9%	(0.7%)
FY 2016-17 Executive Request:	\$3,061,297	\$0	\$226,567	\$2,511,402	\$323,328	30.2
Request Above/(Below) Recommendation	\$113,540		\$117,540	(\$4,000)	\$0	2.0

Community Development Block Grant

Description: The federal Community Development Block Grant (CDBG) provides funding to local communities for housing, public facility, and business assistance projects that benefit primarily low to moderate income individuals through community development efforts. These funds are provided by HUD. The federal agency distributes funds to each state based on a statutory formula that takes into account total population, poverty, incidence of overcrowded housing, and age of housing.

DOLA administers the funds for smaller, "non-entitlement" communities. Non-entitlement areas are cities with populations of less than 50,000, and counties with populations of less than 200,000. Large metro areas and counties receive their funding directly on an entitlement basis. DOLA divides CDBG funds in equal thirds for the following purposes:

- To make discretionary loans to local businesses to promote rural development. Administration of the business development program is coordinated between Department field staff and the Governor's Office of Economic Development and International Trade.
- To provide discretionary grants to local governments for local infrastructure development such as roads, water treatment facilities, and public buildings.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

- To provide discretionary grants for affordable housing development. This portion of CDBG funds is shown as part of the Affordable Housing Grants and Loans line item in the Division of Housing section of the Long Bill.

Statutory Authority: Section 24-32-106 (1) (d), C.R.S.

Request: The Department's request reflects continuation of \$8,500,000 for FY 2016-17.

Recommendation: Staff recommends reflecting \$5,200,000. Recent actuals were \$8,547,606 in FY 2013-14 and \$14,030,415 in FY 2014-15. However, \$3.2 million of the FY 2014-15 amount was for the Neighborhood Stabilization Program and relates to housing development. Much of the spending in this line item relates to moneys allocated to local governments in prior years.

In general, federal support for the “regular” CDBG program has been declining. The most recent award received by the State (FFY 2015) for the CDBG was \$8,114,075, of which about \$350,000 was applied to administration and one-third was spent in the Affordable Housing Grants and Loans line item. This left only \$5.2 million in new funds available to award for local government infrastructure and economic development efforts from the FFY 2015 award.

Division of Local Government, Field Services, Community Development Block Grant	Total Funds	General Fund	Federal Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	8,500,000	0	8,500,000	0.0
TOTAL	\$8,500,000	\$0	\$8,500,000	0.0
FY 2016-17 Recommended Appropriation				
FY 2015-16 Appropriation	\$8,500,000	\$0	\$8,500,000	0.0
Adjust federal funds	(3,300,000)	0	(3,300,000)	0.0
TOTAL	\$5,200,000		\$5,200,000	0.0
Increase/(Decrease)	(3,300,000)	\$0	(3,300,000)	0.0
Percentage Change	(38.8%)	0.0%	(38.8%)	0.0%
FY 2016-17 Executive Request:	\$8,500,000	\$0	\$8,500,000	0.0
Request Above/(Below) Recommendation	\$3,300,000		\$3,300,000	0.0

Local Government Mineral and Energy Impact Grants and Disbursements

Description: This grant program is intended to assist communities that are impacted by the growth and decline of the mineral and energy industries. The Local Government Severance Tax Fund and the Local Government Mineral Impact Fund serve as revenue sources for the program.

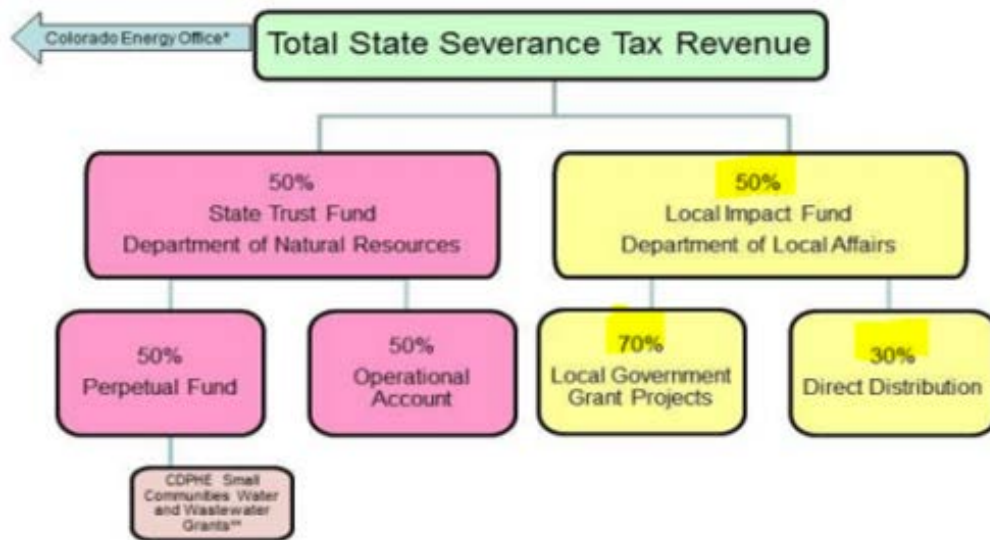
- Fifty percent of total gross receipts realized from the state severance taxes imposed on five types of extracted minerals and mineral fuels, including oil and natural gas, coal, metallic minerals, molybdenum ore, and oil shale, are deposited in the Local Government Severance

Tax Fund on a monthly basis. The tax applies for resources that are removed from both privately and publicly owned lands; however, the severance tax is not paid when resources are removed from Tribal lands.

- Forty percent of the State's share (49 percent) of private sector payments to the federal government for mineral and mineral fuel production on federal lands is deposited to the Local Government Mineral Impact Fund on a quarterly basis.

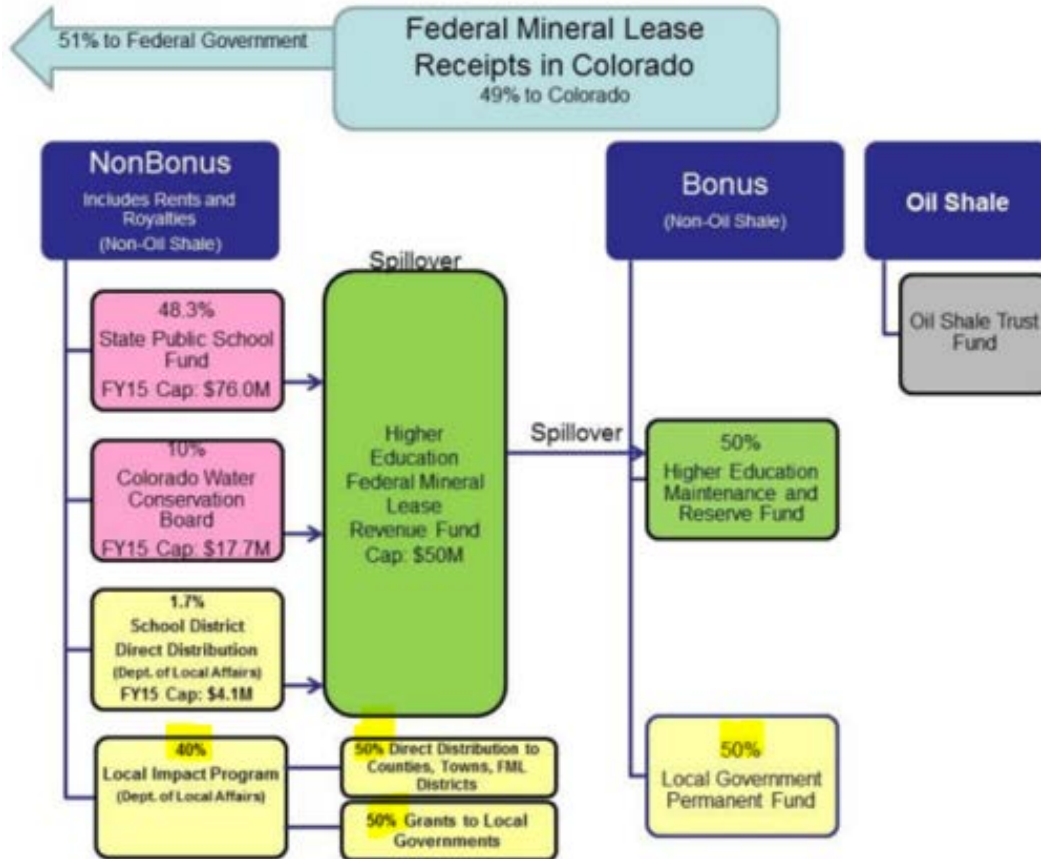
Allocation of State Severance Tax Revenue

(Section 39-29-108, C.R.S.)



*Annual \$1.5 million from total gross receipts to Innovative Energy Fund through July 2016.
 ** Up to \$10 million after \$50 million to Perpetual Fund (CRS 39-29-109(2)(a)(iii)).

**Allocation of Federal Mineral Lease Receipts
 (Section 34-63-102, C.R.S.)**



By statute, a portion of each program's funding is **distributed directly** back to the local jurisdictions on the basis of the reported residence of mineral production employees, mining and well permits, and mineral production:

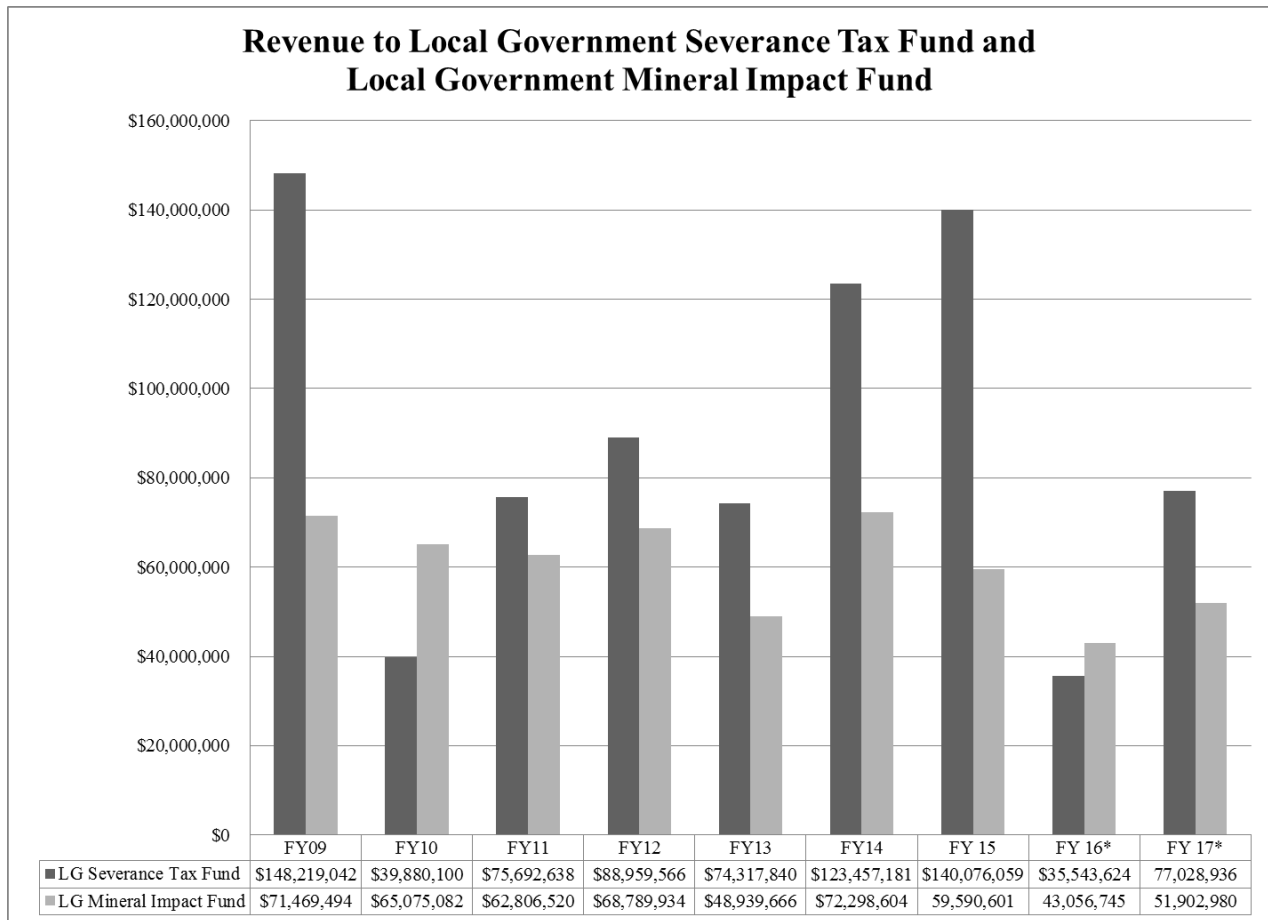
- 30 percent of severance tax revenues; and
- 50 percent of federal mineral lease revenues.

The remaining portion of these funds is distributed through **discretionary grants** to local jurisdictions.

In administering the grant program, the Department is assisted by the nine-member Energy and Mineral Impact Assistance Advisory Committee. Final funding decisions are made by the Executive Director of the Department. Entities eligible to receive grants and loans include municipalities, counties, school districts, special districts and other political subdivisions, and state agencies for the planning, construction, and maintenance of public facilities and public services. Priority is given to schools and local governments socially or economically impacted by the mineral extraction industry on federal lands.

The interpretation by the executive branch is that these funds are *continuously appropriated*. The statutory language governing the funds predates the standardized usage by the General Assembly of the term "continuously appropriated." However, there is language saying that the moneys "shall be distributed" by the Department. The General Assembly has never challenged the interpretation.

Recent History: Revenue from severance tax and FML funds is extremely variable due primarily to the volatility of oil and gas prices. This volatility is exacerbated in the case of Severance Taxes by the ad valorem property tax credit, which drives severance tax peaks higher and valleys lower than they would otherwise be. The chart below shows recent-year receipts to local government severance and mineral impact funds and projected revenue based on the Legislative Council Staff December 2015 forecast.

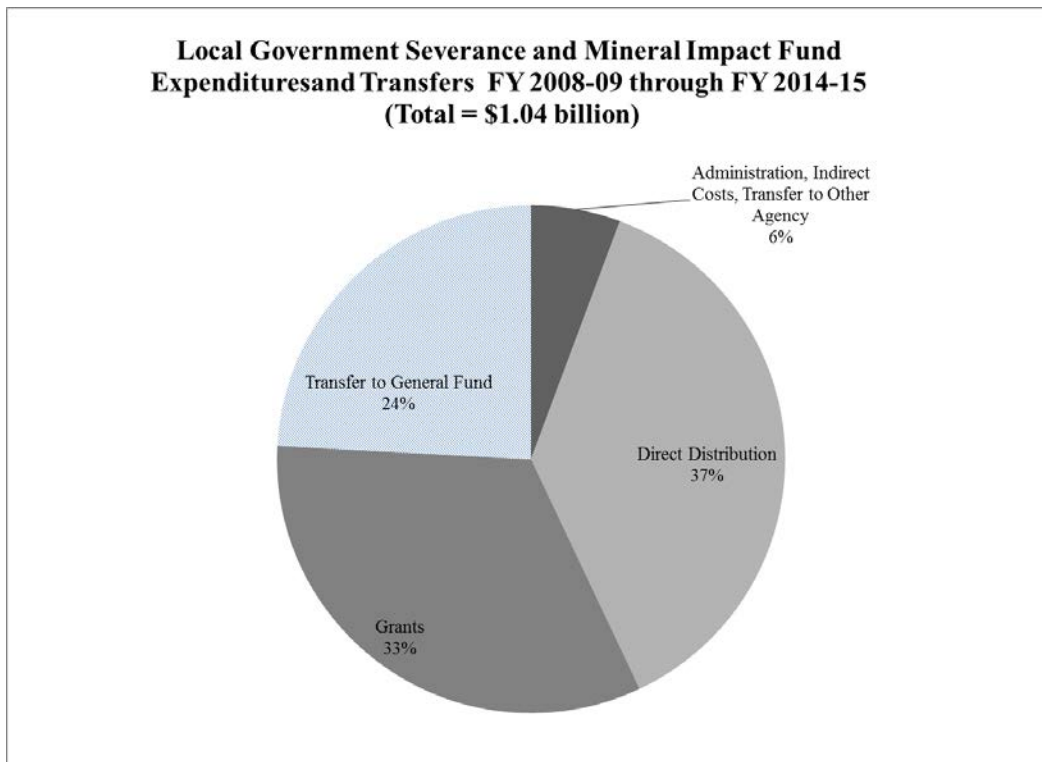


*LCS December 2015 forecast

Not all of the funds shown above were actually distributed to local governments. From FY2008-09 through FY 2011-12, the General Assembly transferred Local Government Severance and Mineral Impact funds to the General Fund. Associated with this, from FY 2008-09 through FY 2010-11, the Department stopped providing any new grants. **New grants were again authorized starting in December 2012.**

Local Government Severance and Mineral Impact Fund Transfers to the General Fund				
	From Local Government Severance Tax Fund	From Local Government Mineral Impact Fund	From Local Government Permanent Fund	Total Transfers to General Fund
FY 2008-09	\$ (7,500,000)	(15,248,358)	0	\$ (22,748,358)
FY 2009-10	(50,327,796)	(22,600,000)	(14,305,697)	\$ (87,233,493)
FY 2010-11	(70,000,000)	(15,000,000)	(4,800,000)	\$ (89,800,000)
FY 2011-12	(41,000,000)	(30,000,000)	0	\$ (71,000,000)
Total	\$(168,827,796)	\$ (82,848,358)	\$ (19,105,697)	\$ (270,781,851)

In addition to the transfers shown above, for FY 2014-15, the General Assembly adopted legislation to transfer to the General Fund an additional \$20.0 million in Severance Tax. This included \$10.0 million that *would have gone* to the Local Government Severance Tax fund if not for the bill. Because of the way the bill was drafted, only \$16.4 million (\$8.2 million for the Local Government Severance Tax Fund) actually transferred to the General Fund. The chart below shows how Local Government Severance and Mineral Impact Funds were used from FY 2008-09 through FY 2014-15.



There are three ways to look at Mineral and Energy Impact funding:

View #1: Fund amounts and allocations based on the fiscal year received, based on statutory requirements.

View #2: Fund amounts and allocations, based on the fiscal year in which they are distributed (for direct distributions) or newly awarded (for grants). This should parallel amounts described in #1 above, but on a partially-delayed cycle. Specifically, direct distributions are distributed in the August of the year following receipt. New grant awards are made three times a year in August, December and April. Moneys are allocated throughout the year but only after they are received. Thus, August grants are based on prior fiscal year receipts, while December and April grants are based on current fiscal year receipts.

View #3: Fiscal year expenditures. For direct distributions, this reflects the prior year revenue. Grant amounts, however, are spent down over multiple years for infrastructure projects. Thus, the expenditure pattern lags years behind the pattern for new grants awarded.

How Energy Impact Funds May be Shown for Revenues Received in Year 1 (Total Funds the Same for Option 1, 2, 3)							
	Year 1		Year 2		Year 3	Year 4	Year 5
View 1 – Amount shown in year received							
View 2 – Amount shown in year in which new money is distributed for direct distributions or <u>allocated</u> for new grants							
View 3 – Amount shown spread across years in which it is actually spent.							

The tables below, provided by the Department, are **based on the "View 2" approach**, i.e., they reflect the *anticipated amounts that will be distributed through direct distributions or awarded as new grants in the fiscal year shown*.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Local Government Severance and Mineral Impact Fund Program	FY 2015-16	FY 2016-17
Projected Revenue (New Tax + Interest Income)		
Local Government Severance Tax Fund (50.0 percent severance tax revenue)	\$39,802,476	\$67,534,997
Local Government Mineral Impact Fund (40.0 percent state share of FML revenue)	42,309,233	48,528,601
Total	\$82,111,709	\$116,063,598
Projected Use of Funds		
Administration	7,145,220	7,145,220
Indirect costs and transfers to CDOT	3,612,552	362,552
Direct Distributions (in August; prior year payable)	-	-
Severance Tax Direct Distribution	42,047,432	11,940,743
Mineral Impact Direct Distribution	31,237,224	21,741,631
Grants	-	-
Grants	87,696,794	70,265,528
Special Grants - Executive Initiatives	24,939,863	12,969,931
Severance Tax transfer to General Fund (proposed)	1,886,634	-
Total	\$198,565,719	\$124,425,605

*Note: Projected revenue in the Department's table reflects the OSPB December 2015 revenue projection for the fiscal year shown.

The summary table above combines the estimates from the two tables below, which show the same information broken down by fund source (Local Government Severance Tax Fund and Local Government Mineral Impact Fund from federal mineral lease (FML) revenue).

Local Government Severance and Mineral Impact Fund Program	FY 2015-16	FY 2016-17
Projected Expenditures - Severance	114,084,675	68,814,422
Administration	4,287,132	4,287,132
Indirect costs and transfers to CDOT	297,071	297,071
Direct Distributions (in August; prior year payable)		
Severance Tax Direct Distribution	42,047,432	11,940,743
Mineral Impact Direct Distribution		
Grants		
Grants	47,412,546	43,212,546
Special Grants - Executive Initiatives	18,153,860	9,076,930
Severance Tax transfer to General Fund (proposed)	1,886,634	
Projected Expenditures - FML	84,481,044	55,611,183
Administration	2,858,088	2,858,088
Indirect costs and transfers to CDOT	3,315,481	65,481
Direct Distributions (in August; prior year payable)		
Severance Tax Direct Distribution		
Mineral Impact Direct Distribution	31,237,224	21,741,631
Grants		
Grants	40,284,248	27,052,982
Special Grants - Executive Initiatives	6,786,003	3,893,001
Severance Tax transfer to General Fund (proposed)		

- The table shows a large decline in projected outlays from FY 2015-16 to FY 2016-17, but this largely reflects the revenue decline from FY 2014-15 to FY 2015-16. Combined revenue to the Local Government Severance Tax Fund and Local Government Mineral Impact Fund was \$195.8 million in FY 2013-14 and \$199.4 million in FY 2014-15. **Combined revenue is projected to fall by nearly 60 percent in FY 2015-16 to \$82.1 million/\$78.6 million (OSPBLCS). However, local governments will not feel the full impact of this until FY 2016-17.** This is due to the lag in distributing funds: (1) direct distribution amounts are based on actual revenues in the prior year; and (2) grant funds are based on a combination of prior year and current year revenue.
- The Department awarded \$35 million in grants in its August and December 2015 grant cycles. The Energy Impact Advisory Committee will review projections and determine adjustments for the April 2016 grant cycle and FY 2016-17 cycle at their meeting. **Award cycles will likely fall to \$20.0 to \$25.0 million per cycle in FY 2016-17.**
- Additional Note: The Executive Request currently reflects a \$1.8 million Severance Tax transfer to the General Fund from the Local Government Severance Tax Fund to make up for the difference between the \$10.0 million originally anticipated to be transferred at the end of FY 2014-15 from this source and the amount that was ultimately available as the law was written. *The JBC has indicated that it will not sponsor this bill. It is unclear if it will be introduced by another member.*

Statutory Authority: Sections 39-29-108, 39-29-110, 34-63-102, C.R.S.

Request: The Department requests continuation funding of \$150 million cash funds for FY 2016-17 shown in this line item for informational purposes.

Recommendation: Staff recommends reducing the amount shown to \$125 million. This will approximately match the Department's current projection for amounts to be spent for direct distributions or newly awarded as grants in FY 2016-17. This amount is shown for informational purposes only.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Division of Local Government, Field Services, Local Government Mineral and Energy Impact Grants and Disbursements	Total Funds	General Fund	Cash Funds	FTE
FY 2015-16 Appropriation				
SB 15-234 (Long Bill)	150,000,000	0	150,000,000	0.0
TOTAL	\$150,000,000	\$0	\$150,000,000	0.0
FY 2016-17 Recommended Appropriation				
FY 2015-16 Appropriation	\$150,000,000	\$0	\$150,000,000	0.0
Reflect decline in severance tax and FML revenue	(25,000,000)	0	(25,000,000)	0.0
TOTAL	\$125,000,000		\$125,000,000	0.0
Increase/(Decrease)	(\$25,000,000)	\$0	(\$25,000,000)	0.0
Percentage Change	(16.7%)	0.0%	(16.7%)	0.0%
FY 2016-17 Executive Request:	\$150,000,000	\$0	\$150,000,000	0.0
Request Above/(Below) Recommendation	\$25,000,000		\$25,000,000	0.0

- **Staff only recommends adjusting this line item when revenue trends are particularly marked.**

Broadly speaking, for FY 2016-17, the Department anticipates that spending for this program will include:

- Three **grant cycles** of \$20-\$25 million each (\$60-\$75 million total for the year) for grants up to \$2.0 million each (tiers 1 and 2) for local government infrastructure projects.
 - **Direct distributions** to local governments of approximately \$30 million total. These amounts are distributed at year-end based on actual severance and federal mineral lease revenues.
 - Depending upon moneys available, spending for **special Governor’s initiatives**, such as flood relief or initiatives to promote alternative fuels or broadband on a regional basis.
 - Funds to support **personal services and operating expenses throughout the Department** (reappropriated funds). The Department’s FY 2015-16 budget request reflects \$7.1 million used for this purpose, representing over a quarter of department-wide administrative costs (personal services, operating expenses, and centrally-appropriated funds).
- **Based on past experience, projections included in the Long Bill for this line item have been so far from actuals that it only seems reasonable to adjust the line item on rare occasions to reflect significant revenue trends. This appears to be one of those times.**

Long Bill Projections v. Actuals - Mineral and Energy Impact Grants and Disbursements		
Fiscal Year	Long Bill Estimate	Actual
2002	\$59,269,242	\$31,047,996
2003	62,848,376	36,674,567
2004	59,000,000	46,178,655
2005	59,000,000	64,962,478
2006	59,300,000	99,340,403
2007	63,300,000	101,477,804
2008	63,300,000	140,619,011
2009	125,900,000	211,857,880
2010	192,000,000	232,269,508
2011	129,000,000	205,213,806
2012	166,400,000	86,789,460
2013	150,000,000	68,608,798
2014	150,000,000	115,191,372
2015	150,000,000	130,466,720

Local Government Limited Gaming Impact Grants

Description: As modified by S.B. 13-133, pursuant to Section 12-47.1-701, C.R.S., the Local Government Limited Gaming Impact Fund receives \$5,000,000 of the 50 percent “state share” of Limited Gaming revenue. Pursuant to Section 12-47.1-1601, C.R.S., two percent of the funds are set aside for gambling addiction counseling under the authority of the Department of Human Services and the remaining 98 percent is used to provide financial assistance to localities for documented gaming impacts. These moneys are distributed under the authority of the Executive Director of the Department of Local Affairs to eligible local governmental entities upon their application for grants to finance planning, construction, and maintenance of public facilities and the provision of public services related to the documented gaming impacts. Statute specifies that, at the end of any fiscal year, all unexpended and unencumbered moneys in the Limited Gaming Impact Account remain available for expenditure without further appropriation by the General Assembly.

Statutory Authority: Sections 12-47.1-701 and 12-47.1-1601 and 1602, C.R.S.

Request: The Department requests continuation funding of \$4,900,000 from the Local Government Limited Gaming Impact Fund. This represents the portion of the \$5.0 million that is allocated through local government limited gaming impact grants and excludes the portion allocated to the Department of Human Services.

Recommendation: Staff recommends \$4,900,000, which reflects the 98 percent of moneys in the Local Government Limited Gaming Impact Account that is distributed under the authority of the Executive Director of the Department of Local Affairs. Actual expenditures may be higher if the Department spends down reserves from prior years.

Local Government Permanent Fund

Fifty percent of the state's share of all bonus payments from federal mineral leases is deposited to the Local Government Permanent Fund. Section 34-63-102 (5.3) (a) (I) (B), C.R.S., states that "If, based on the revenue estimate prepared by the staff of the legislative council in December of any fiscal year, it is anticipated that the total amount of moneys that will be deposited into the mineral leasing fund...during the fiscal year will be at least ten percent less than the amount of moneys so deposited during the immediately preceding fiscal year, the general assembly may appropriate moneys from the local government permanent fund to the department of local affairs for the current or next fiscal year." Moneys appropriated from this Fund are used to enhance the direct distributions to localities federal mineral leasing funds.

Statutory Authority: Section 34-63-102 (5.3) (a) (I) (B), C.R.S.

Request: The Department did not request an appropriation from the Local Government Permanent Fund.

Recommendation: The LCS forecast for FML revenue for FY 2015-16 reflects a decline greater than 10.0 percent from the FY 2014-15 amount. This will have a significant impact on direct distributions to local governments in August 2016. In light of this, it seems appropriate to provide an appropriation from the Local Government Permanent Fund.

LCS 2015 December Forecast	FY 2014-15	FY 2015-16	Decline
FML local government Mineral Impact Fund	\$59,590,601	\$43,056,745	-28%

Based on information presently available regarding the balance in the Fund, staff recommends an appropriation of \$1,100,000 cash funds. Staff requests permission to adjust this amount if updated information indicates that there is more money available for appropriation from this source.

Local Government Geothermal Energy Impact Grants

Senate Bill 10-174 created the Geothermal Resource Leasing Fund in response to 2007 Department of the Interior regulations that were designed to promote geothermal energy development on public lands.

Pursuant to federal regulations, geothermal lease revenue from sales, bonuses, royalties, leases, and rentals is distributed 50.0 percent to the states and 25.0 percent to local counties. Counties in which there are geothermal leases receive a direct federal distribution for their share of revenue. The State's share is transferred to the State Treasurer's Office for deposit to the Geothermal Resource Leasing Fund, pursuant to Section 34-63-105, C.R.S. The Fund is available for appropriation to the Department of Local Affairs for grants to state agencies, school districts, and

political subdivisions of the state affected by the development and production of geothermal resources.

To date, there have been two competitive geothermal lease sales held by the Bureau of Land Management in Colorado resulting in three parcels being leased. These sales enabled the Fund balance to grow the \$47,142 by the end of FY 2013-14. The Department does not know whether or when the three parcels will be developed for geothermal energy. It currently assumes annual revenue of \$12,280 from geothermal leases.

In FY 2014-15, the General Assembly approved a request for spending authority from the Geothermal Resource Leasing Fund for grants to local authorities for planning or providing facilities and services necessitated by geothermal resource development. The Department indicated it would use policies and procedures like those used for the existing Impact Assistance Grant Program to make awards.

Statutory Authority: Section 34-63-105, C.R.S.

Request: The Department requests a continuing appropriation of \$50,000 cash funds from the Geothermal Resource Leasing fund.

Recommendation: Staff recommends an appropriation of \$50,000 cash funds spending authority from the Geothermal Resource Leasing Fund, pending additional information on new leases or revenue to be received. There have been no expenditures thus far in this line item.

Rural Economic Development Initiative Grants

This program helps eligible rural communities develop plans and undertake projects to create jobs, drive capital investment, and increase wages to create more resilient and diverse local economies. The program was created in FY 2013-14, when the General Assembly added \$3.0 million for this program through the Long Bill in response to threatened prison closures in rural areas. Although no prisons closed, the funds were still used to promote local economic resiliency.

Rural communities (population under 20,000) are eligible if they house a corrections facility or a closed corrections facility or where there is evidence of over dependence on a single large/dominant industry. The program provides grants for community asset analysis and planning and for community infrastructure, business facilities, and job training. In the first round of grants, the Department of Local Affairs took the lead on infrastructure projects for government entities, while the Governor's Office of Economic Development and International Trade (OEDIT) took the lead on grant awards for private entities (about half the total funds).

Funding of \$750,000 was again added by the General Assembly in FY 2015-16 through a Long Bill amendment. The Department reports that in this "2.0" version of the program, it is taking the lead on all grants through consulting with OEDIT as needed. There is no separate statutory authorization for the program, although it is consistent with the Department of Local Affairs' general statutory authority to promote rural economic development.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Statutory Authority: Sections 24-32-303 (1) (d) and (2), 24-32-104 and 106, and 24-32-803, C.R.S.

Request: The Department requests a continuation level of \$750,000 General Fund for this line item.

Recommendation: Staff recommends the request for \$750,000 General Fund but also recommends that the Committee ask the Department to report on how the program is structured in its "2.0" version and its assessment of the program's efficacy.

Search and Rescue Program

The Search and Rescue Program reimburses political subdivisions for the costs incurred in search and rescue operations, and provides partial funding for search and rescue equipment. The cash fund that supports the program is financed by a statutory \$0.25 surcharge on hunting and fishing licenses, boat registrations, snowmobile registrations, and off-highway vehicle registrations, pursuant to Section 33-1-112.5, C.R.S. The program also receives funding from other outdoor recreational users, such as hikers, bikers, cross country skiers, and climbers who voluntarily purchase a Colorado Outdoor Recreation Search and Rescue Card for \$3 for one year or \$12 for five years.

Statutory Authority: Section 33-1-112.5, C.R.S.

Request: The Department requests \$618,420 cash funds and 1.3 FTE for FY 2015-16.

Recommendation: **Staff recommends the request for \$618,420 and 1.3 FTE but notes that there is considerable unused spending authority in this line item.** In response to staff questions, the Department has emphasized its efforts to expand the program and requested that the line item not be cut. Actual revenue and expenditures in this line item have been less than \$430,000 in the last four actual years. If there is no marked increase in use of the line item, staff will recommend a reduction in FY 2017-18.

Division of Local Government, Field Services, Search and Rescue Program	Total Funds	General Fund	Cash Funds	FTE
Personal Services				
FY 2015-16 Appropriation	\$85,539	\$0	\$85,539	1.3
Subtotal - Personal Services	\$85,539	\$0	\$85,539	1.3
Operating Expenses				
FY 2015-16 Appropriation	\$20,540	\$0	\$20,540	0.0
Subtotal - Operating Expenses	\$20,540	\$0	\$20,540	0.0
Other				
FY 2015-16 Appropriation	\$512,341	\$0	\$512,341	0.0
Subtotal - Other	\$512,341	\$0	\$512,341	0.0
Total Recommended FY 2016-17	\$618,420	\$0	\$618,420	1.3

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Appropriation				
FY 2016-17 Executive Request	\$618,420	\$0	\$618,420	1.3
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Local Government Marijuana Impact Grant Program

This program, created in H.B. 15-1367 and fully funded based on passage of Proposition BB in November 2015, awards grants to eligible local governments for documented marijuana impacts. The program benefits governments that do not have sales of retail marijuana within their borders or benefit from related taxes, other than general sales taxes, but that may be negatively affected by retail marijuana sales in contiguous areas. Eligible local governments include: (1) counties that do not have retail marijuana sales in unincorporated areas but that either: (a) have a city of town within the county that has such sales; or (b) border a county with retail marijuana sales; and (2) cities and towns that do not have retail marijuana sales within their boundaries but that are within a county with such sales or within a county contiguous with another county with such sales.

In awarding the grants, the division is required to give priority to eligible local governments that intend to use the money: to apply for additional law enforcement activities related to retail marijuana, to fund youth services, especially those that prevent use of marijuana, and/or to mitigate other impacts that the cultivation, testing, sale, consumption or regulation of retail marijuana has on services provided by an eligible local government.

The General Assembly may annually appropriate moneys from the Marijuana Tax Cash Fund or the Proposition AA Refund account for these grants. Any unexpended and unencumbered moneys from an appropriation remain available in the following year without further appropriation.

The Department is required provide an update on the effectiveness of the program to applicable committees of reference by November 1, 2018 and each subsequent year.

The Department has indicated that it expects to award the FY 2015-16 \$1.0 million for the program between March and April 2016.

Statutory Authority: Section 24-32-117, C.R.S.

Request: The Department’s request reflected including administrative cost amounts for this program in the Field Services Program Costs line item and including the \$1.0 million in grant funds in the “Other Local Government Grants” line item.

Recommendation: Staff recommends the request amounts in total which are consistent with the H.B. 13-1367 fiscal note and staff’s records related to the bill. However, the staff recommendation includes all amounts associated with this program (administration and grants) in this line item.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Division of Local Government, Field Services, Local Government Marijuana Impact Grant Program				
	Total Funds	General Fund	Cash Funds	FTE
Personal Services				
FY 2015-16 Appropriation	\$111,890	\$0	\$111,890	2.0
Annualize prior year legislation	0	0	0	0.0
Subtotal - Personal Services	\$111,890	\$0	\$111,890	2.0
Operating Expenses				
FY 2015-16 Appropriation	\$15,056	\$0	\$15,056	0.0
Annualize prior year legislation	(9,406)	0	(9,406)	0.0
Subtotal - Operating Expenses	\$5,650	\$0	\$5,650	0.0
Other				
FY 2015-16 Appropriation	\$1,000,000	\$1,000,000	\$0	0.0
Annualize prior year legislation	0	(1,000,000)	1,000,000	0.0
Subtotal - Other	\$1,000,000	\$0	\$1,000,000	0.0
Total Recommended FY 2016-17 Appropriation	\$1,117,540	\$0	\$1,117,540	2.0
FY 2016-17 Executive Request	\$1,000,000	\$0	\$1,000,000	0.0
Request Above/(Below) Recommendation	(\$117,540)	\$0	(\$117,540)	(2.0)

Other Local Government Grants

In FY 2015-16, this line item included \$100,000 cash funds from the Colorado Heritage Communities Grant Fund created in Section 24-32-3207, C.R.S., and \$4,000 reappropriated funds from the Governor’s Office of Economic Development and International Trade (OEDIT).

The Heritage Communities Grant Fund was an initiative under the Office of Smart Growth to promote effective local planning, pursuant to H.B. 00-1427. In FY 2009-10, General Fund dollars for this program were eliminated. As a result, the program has been operating on the remaining balance of the Colorado Heritage Communities Fund as a cash fund source. The program requires a 50.0 percent local match to receive a grant and, in part as a result, spend-down of the cash fund has been slow. The Department had anticipated that the Fund would be fully expended by the end of FY 2015-16 but now expects that \$30,000 will remain to be spent down during FY 2016-17.

The \$4,000 reappropriated funds in this line item were added in FY 2014-15 and support collaboration between the Department, OEDIT and the non-profit Downtown Colorado, Inc. (DCI) on the Community Assessment Program. This appropriation enables local communities to submit consolidated purchase orders through the Department for assistance from both the Department and the Governor’s Office for downtown assessments.

This line item also includes a one-time \$95,000 General Fund appropriation for an economic development study in El Paso County. This was authorized through supplemental action in FY 2014-15

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Request: The Department requests a continuation level of \$104,000 total funds in this line item.

Recommendation: **Staff recommends reducing this line item to \$30,000 cash funds**, and moving the \$4,000 reappropriated funds transferred from the Office of Economic Development and International Trade to the Field Services, Program Costs line item. As described above, the Department expects all funds remaining in the Heritage Communities Grant Fund to be exhausted by the end of FY 2016-17, and staff anticipates that the line item will be eliminated for FY 2017-18.

Division of Local Government, Field Services, Other Local Government Grants	Total Funds	General Fund	Cash Funds	Reappropriated Funds	FTE
FY 2015-16 Appropriation					
SB 15-234 (Long Bill)	104,000	0	100,000	4,000	0.0
TOTAL	\$104,000	\$0	\$100,000	\$4,000	0.0
FY 2016-17 Recommended Appropriation					
FY 2015-16 Appropriation	\$104,000	\$0	\$100,000	\$4,000	0.0
Unused cash spending authority	(74,000)	0	(70,000)	(4,000)	0.0
TOTAL	\$30,000	\$0	\$30,000	\$0	0.0
Increase/(Decrease)	(\$74,000)	\$0	(\$70,000)	(\$4,000)	0.0
Percentage Change	(71.2%)	0.0%	(70.0%)	(100.0%)	0.0%
FY 2016-17 Executive Request:	\$104,000	\$0	\$100,000	\$4,000	0.0
Request Above/(Below) Recommendation	\$74,000	\$0	\$70,000	\$4,000	0.0

(C) Indirect Cost Assessments

This line item currently reflects the amount of indirect cost assessments made against cash, reappropriated funds, and federal funding sources within the Division of Local Government (including local utility management, search and rescue, gaming, lottery proceeds, federal mineral leasing and severance tax revenues that are appropriated to support a portion of this Division's activities, as well as the federal Community Development and Community Services Block Grants). The funds collected through this line item are used to offset General Fund that would otherwise be required in the Executive Director's Office, Personal Services, and Operating line items and the Board of Assessment Appeals.

Request: The Department requests continuation funding of \$965,920 total funds.

Recommendation: The staff recommendation is based on the Department's updated indirect cost assessment plan and this division's assessment rate of 28.4 percent for the year.

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Division of Local Government, Indirect Cost Assessments, Indirect Cost Assessments	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	965,920	0	151,122	670,289	144,509	0.0
TOTAL	\$965,920	\$0	\$151,122	\$670,289	\$144,509	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$965,920	\$0	\$151,122	\$670,289	\$144,509	0.0
Indirect cost adjustment	146,089	0	6,747	175,365	(36,023)	0.0
Other technical adjustments	0	0	0	0	0	0.0
TOTAL	\$1,112,009		\$157,869	\$845,654	\$108,486	0.0
Increase/(Decrease)	\$146,089	\$0	\$6,747	\$175,365	(\$36,023)	0.0
Percentage Change	15.1%	0.0%	4.5%	26.2%	(24.9%)	0.0%
FY 2016-17 Executive Request:	\$973,146	\$0	\$151,968	\$676,606	\$144,572	0.0
Request Above/(Below) Recommendation	(\$138,863)	n/a	(\$5,901)	(\$169,048)	\$36,086	0.0

(5) Emergency Management

This Division assisted local, state, and private organizations in disaster preparedness, response, recovery, and impact mitigation. The Division was responsible for preparing and maintaining a state disaster plan, as well as taking part in the development and revision of local and inter-jurisdictional disaster plans. House Bill 12-1283 transferred the functions, personnel, and resources of DEM to the Department of Public Safety (DPS).

The Department is the fiscal recipient of a large federal grant related to recovery from the September 2013 flooding disaster: the Community Development Block Grant – Disaster Relief. As of December 2014, the State had been awarded \$320.3 million in federal funds from this source. This represents a significant portion of the estimated \$1.6 billion total funds, including \$1.4 billion in federal funds, allocated for flood recovery efforts. While the overall flood recovery effort, including the CDBG-DR funds, is being coordinated through Colorado United in the Governor’s Office, the Department of Local Affairs has significant responsibilities related to assisting local government recovery efforts. Note, however, that *associated federal funds amounts have not been included in the budget* as they reflect a temporary funding source over which the General Assembly has no appropriations authority.

Long Bill Footnotes and Requests for Information

LONG BILL FOOTNOTES

Staff recommends **continuing** the following footnote:

- 57 Department of Local Affairs, Division of Housing -- It is the intent of the General Assembly that the Department target state General Fund appropriations for affordable housing to projects and clients that can be reasonably expected to reduce other state costs.

Comment: This footnote expresses legislative intent. The Department has indicated that for many kinds of projects it may not be able to identify related state savings. Nonetheless, the footnote provides some direction to the Department on the kinds of projects the General Assembly hopes it will prioritize, given that some kinds of housing (e.g., for individuals at risk of institutional placement) are more likely to provide savings to the State.

REQUESTS FOR INFORMATION

Staff recommends the following **new** request for information:

- N Department of Local Affairs, Division of Local Government – The Department of Local Affairs is requested to submit a report by November 1, 2016 on the Rural Economic Development Initiative program. The report should explain the goals of the "2.0" version of the program first funded in FY 2015-16, what entities are eligible to participate, the administrative structure for the program, and any recommendations for program changes, including any recommendations for creating the program in statute. The Department is also requested to submit a list of grants awarded for FY 2015-16.

Comment: The Rural Economic Development Initiative (REDI) program was created in FY 2013-14, when the General Assembly added \$3.0 million for this program through the Long Bill in response to threatened prison closures in rural areas. Although no prisons closed, the funds were still used to promote local economic resiliency. Rural communities are eligible for various grants if there is evidence of over dependence on a single large/dominant industry. Funding of \$750,000 was added by the General Assembly in FY 2015-16 through a Long Bill amendment. Because the program is not created in statute and there was no executive request associated with the additional funding, staff recommends the Committee request a formal report on the "2.0" version of the program.

Staff recommends continuing and **continuing and modifying** the following request for information:

1. Department of Local Affairs, Division of Housing – The Department of Local Affairs is requested to submit a report by November 1, ~~2015~~ 2016 on its affordable housing programs. The report should specifically address:

- ~~• The State's priorities for affordable housing construction and rental assistance programs.~~
- ~~• How the projects approved by the State for funding align with these priorities.~~
- ~~The per-unit costs of these projects identifying specifically (1) state funds; and (2) other funds.~~
- ~~To the extent feasible, the resulting financial benefits to the State from the types of units funded. The Department is requested to particularly focus this analysis on reductions in state outlays for services: e.g., Medicaid-funded hospitalizations for chronically homeless or disabled individuals.~~
- The projects funded with the affordable housing construction moneys provided;
- The per-unit costs of these projects identifying specifically (1) state funds; and (2) other funds.
- How the projects funded align with the goals outlined in the Department's FY 2014-15 budget request (when funding was almost doubled) to: (1) "end homelessness for veterans and chronically homeless"; and (2) "ensure sufficient affordable housing for persons with the lowest incomes".
- What progress the State has made in achieving each of these goals.

Comment: The Department responded to this request November 1, 2015. It was able to provide information on the units funded, leveraged funds, and various economic benefits based on economic multipliers. It also provided some data on cost savings to the State related to some rental voucher programs. However, in response to staff questions it has indicated that it does not feel that it is able to provide information on the state savings associated with many types of affordable housing construction projects. Such savings have not been quantified for many kinds of housing. Further, while some kinds of housing support are likely to yield savings to the state, this probably cannot be demonstrated for all of the affordable housing construction projects supported by the Department. For example, it may not be possible to identify state savings associated with building housing for low-income elderly individuals.

While staff understands the data limitations, staff also notes that a major justification for increasing funding in this line item was the goal to "end homelessness" and the recognition that homelessness drives other governmental costs. In light of this, staff believes it is important to continue to track the extent to which resources appropriated by the General Assembly continue to focus on this goal.

Staff recommends **discontinuing** the following requests for information:

2. Department of Local Affairs, Division of Housing, Community and Non-Profit Services, Fort Lyon Supportive Housing Program – The Department is requested to submit a report by November 1, 2015 on the Fort Lyon Supportive Housing program. The report should specifically address:
 - The overall effectiveness of the program, including an analysis of whether individuals discharged from Ft. Lyon are able to obtain and maintain stable housing and jobs, to remain

sober, to avoid involvement in the criminal justice system, and any other measures the Department deems appropriate for evaluating the program's impacts.

- Costs of maintaining the property over the long term, including costs that must be addressed within a 15-year window and additional investments anticipated to be required beyond that time-frame, including, but not limited to, the costs of demolishing empty buildings and any related asbestos abatement on the site.
- Whether Department and community housing resources are sufficient to successfully transition Ft. Lyon residents back to their local communities now and in the future. The report should particularly address whether the Department has been able to obtain new rental housing vouchers or has had sufficient turnover in its existing housing voucher resources to assist individuals who complete the program at Fort Lyon in obtaining community-based housing.

Comment: Staff has recommended that the Committee sponsor a bill to evaluate the costs and benefits of the Fort Lyon program. The first interim report would be due October 1, 2017. If the Committee chooses to move forward with legislation, this request may be redundant.

3. Department of Local Affairs, Division of Local Government – The Department is requested to submit a report by November 1, 2015 on the Main Street program. The report should specifically address the rationale for the program, what grant requests have been received and acted upon, whether they support impacted communities, and why use of Local Government Severance and Mineral Impact Funds to support the program does not violate federal law or state statute.

Comment: The Department submitted its response as requested by November 1, 2015. Staff expects to track the ongoing progress of this program and to provide updates to the Committee. However, staff does not believe another formal request for information will yield significant new information for 2016.

Indirect Cost Assessments

Description of Indirect Cost Assessment Methodology

The Department of Local Affairs' indirect cost assessment methodology is calculated based on three components: an “Indirect Cost Pool”, an “Indirect Cost Base”, and an “Indirect Cost Rate”. The Department’s plan is negotiated with the federal Department of Housing and Urban Development, which oversees most of the Department’s federal grants.

Indirect Cost Pool

The Indirect Cost Pool is comprised of approved division level costs, including statewide indirect costs, which are used to provide support either to the entire department through the Executive Director’s Office (EDO) or to individual divisions through program and personal services lines. The pool costs are based on the most recent fiscal year actual costs, a two year lag time. The FY 2016-17 pool costs, for example, are based on FY 2014-15 actuals. DOLA is also allocated statewide indirect costs for inclusion into its indirect cost rate proposal. Finally, fixed asset depreciation, leave costs, and indirect cost carry-forward adjustments are also included.

Indirect Cost Base

The Department uses eligible personal services costs to calculate the Indirect Cost Base, which is used in determining the proportional allocation of the Total Recoverable Indirect Cost Pool to divisions.

Indirect Cost Rate

The Indirect Cost Rate is then calculated for each division by dividing the Indirect Cost Pool by the Indirect Cost Base. The Indirect Cost Rate is multiplied by the projected salary and fringe benefits by funding source to determine the estimated indirect cost assessment for each of the divisions. Table 1 shows the FY 2016-17 Department estimated indirect cost assessment for each division by fund source.

Table 1: Department of Local Affairs Indirect Cost Assessment Request for FY 2016-17

Indirect Cost Assessment Recommendations for FY 2016-17				
Description	Total Funds	Cash Fund Sources	Reappropriated Fund Sources	Federal Fund Sources
Division of Property Taxation	<u>\$413,095</u>	<u>\$218,205</u>	<u>\$194,890</u>	<u>\$0</u>
Local Government Severance Tax Fund	105,240	0	105,240	0
Local Gov't Mineral Impact Fund	89,650	0	89,650	0
Property Tax Exemption Fund	200,205	200,205	0	0
BAA Cash Fund	18,000	18,000	0	0
Division of Housing	<u>\$694,609</u>	<u>\$226,740</u>	<u>\$53,993</u>	<u>\$413,876</u>
Local Government Severance Tax Fund	29,156	0	29,156	0
Local Gov't Mineral Impact Fund	24,837	0	24,837	0
Building Regulation Fund	202,645	202,645	0	0

JBC Staff Figure Setting: FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Indirect Cost Assessment Recommendations for FY 2016-17				
Description	Total Funds	Cash Fund Sources	Reappropriated Fund Sources	Federal Fund Sources
Private Activity Bond Fund	24,095	24,095	0	0
Homeless Prevention Activities Program Fund	0	0	0	0
Federal grants	413,876	0	0	413,876
Division of Local Governments	<u>\$1,112,009</u>	<u>\$157,869</u>	<u>\$845,654</u>	<u>\$108,486</u>
Local Government Severance Tax Fund	456,654	0	456,654	0
Local Gov't Mineral Impact Fund	389,000	0	389,000	0
Colorado Water Resource & Power Development Authority, Water Pollution Control Revolving Fund	48,780	48,780	0	0
Conservation Trust Fund	52,955	52,955	0	0
Local Government Limited Gaming Impact Fund	34,080	34,080	0	0
Search and Rescue Fund	22,054	22,054	0	0
Community Development Block Grant	51,120	0	0	51,120
Community Services Block Grant & Other FF	57,366	0	0	57,366
Total Indirect Cost Assessments	\$2,219,713	\$602,814	\$1,094,537	\$522,362

Use of Indirect Cost Collections to Offset General Fund Otherwise Required

Indirect cost collections are applied in the following line items to offset General Fund otherwise required in FY 2016-17. For FY 2016-17, the Department will also use the balance in the Indirect Cost Excess Recoveries Fund to offset General Fund appropriations.

The staff recommendation includes:

- Applying indirect cost collections to the Payments to OIT line item in FY 2016-17, instead of in “pots” for health, life, dental, AED, salary survey, and merit line items, to simplify accounting.
- Spending somewhat more from the Indirect Cost Excess Recoveries Fund than was reflected in the Department plan, in light of growing balances in the Fund

Indirect Cost Collections+Excess Recoveries Fund Used to Offset Department General Fund in FY 2016-17	
FY 2016-17 Indirect Assessments (from above)	\$2,219,713
Indirect Costs Excess Recoveries Fund	152,426
Total IC Cost Collections Used	\$2,372,139

JBC Staff Figure Setting: FY 2016-17
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Use of IC Cost Collections and Excess Recoveries Fund in FY 2016-17 by Line Item	
Executive Director's Office	
Personal Services	\$1,381,026
Operating Expenses	132,888
Payments to OIT	438,563
Property Taxation	
Board of Assessment Appeals	63,155
Division of Local Government	
Local Gov't & Community Services, Personal Services	356,507
Total IC Cost Collections Used	\$2,372,139

JBC Staff Staff Figure Setting - FY 2016-17
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Appendix A: Number Pages

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
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<p>DEPARTMENT OF LOCAL AFFAIRS Irv Halter, Executive Director</p>
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(1) EXECUTIVE DIRECTOR'S OFFICE

This division is responsible for the management and administration of the Department, including accounting, budgeting, human resources, as well as other miscellaneous functions statutorily assigned to the Department, including administration of the Moffat Tunnel Improvement District.

Personal Services	<u>1,269,251</u>	<u>1,294,248</u>	<u>1,352,635</u>	<u>1,381,026</u>	<u>1,381,026</u>
FTE	14.2	15.0	14.2	14.2	14.2
Reappropriated Funds	1,269,251	1,294,248	1,352,635	1,381,026	1,381,026
Health, Life, and Dental	<u>1,078,804</u>	<u>1,131,931</u>	<u>1,549,935</u>	<u>1,429,520</u>	<u>1,429,520</u>
General Fund	0	214,400	355,607	308,802	296,753
Cash Funds	175,120	238,318	263,718	262,556	262,556
Reappropriated Funds	686,938	425,281	603,918	533,197	545,246
Federal Funds	216,746	253,932	326,692	324,965	324,965
Short-term Disability	<u>18,241</u>	<u>19,552</u>	<u>24,391</u>	<u>21,653</u>	<u>21,653</u>
General Fund	4,790	4,268	4,967	4,014	4,014
Cash Funds	2,937	1,241	3,716	3,378	3,378
Reappropriated Funds	7,096	9,984	10,933	9,515	9,515
Federal Funds	3,418	4,059	4,775	4,746	4,746
S.B. 04-257 Amortization Equalization					
Disbursement	<u>338,143</u>	<u>396,523</u>	<u>490,915</u>	<u>560,808</u>	<u>560,808</u>
General Fund	49,034	78,859	99,965	103,946	103,946
Cash Funds	55,388	58,913	74,766	87,633	87,633
Reappropriated Funds	173,898	183,715	220,084	246,315	246,315
Federal Funds	59,823	75,036	96,100	122,914	122,914

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>305,324</u>	<u>379,315</u>	<u>474,179</u>	<u>554,966</u>	<u>554,966</u>
General Fund	80,937	73,930	96,557	102,863	102,863
Cash Funds	50,003	62,805	72,217	86,720	86,720
Reappropriated Funds	121,457	172,438	212,581	243,749	243,749
Federal Funds	52,927	70,142	92,824	121,634	121,634
Salary Survey	<u>258,966</u>	<u>278,297</u>	<u>125,247</u>	<u>9,579</u>	<u>9,579</u>
General Fund	0	57,596	26,613	1,261	1,261
Cash Funds	37,333	46,268	18,601	4,909	4,909
Reappropriated Funds	166,672	124,014	56,133	1,266	1,266
Federal Funds	54,961	50,419	23,900	2,143	2,143
Merit Pay	<u>157,336</u>	<u>110,908</u>	<u>118,923</u>	<u>0</u>	<u>0</u>
General Fund	0	21,928	23,130	0	0
Cash Funds	22,235	21,557	17,705	0	0
Reappropriated Funds	102,593	47,144	54,456	0	0
Federal Funds	32,508	20,279	23,632	0	0
Workers' Compensation	<u>92,873</u>	<u>94,854</u>	<u>88,191</u>	<u>115,190</u>	<u>115,190</u>
General Fund	85,849	87,680	81,521	106,478	106,478
Cash Funds	3,148	3,215	2,989	3,904	3,904
Reappropriated Funds	3,876	3,959	3,681	4,808	4,808
Operating Expenses	<u>132,888</u>	<u>132,888</u>	<u>132,888</u>	<u>132,888</u>	<u>132,888</u>
Reappropriated Funds	132,888	132,888	132,888	132,888	132,888
Federal Funds	0	0	0	0	0

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Legal Services	<u>150,379</u>	<u>153,830</u>	<u>174,793</u>	<u>176,916</u>	<u>176,915</u>
General Fund	148,246	153,830	154,583	156,459	156,459
Cash Funds	165	0	12,557	12,711	12,710
Reappropriated Funds	1,968	0	2,142	2,167	2,167
Federal Funds	0	0	5,511	5,579	5,579
Payment to Risk Management and Property Funds	<u>37,588</u>	<u>30,090</u>	<u>33,952</u>	<u>47,515</u>	<u>47,515</u> *
General Fund	34,989	28,009	31,604	44,229	44,229
Cash Funds	2,321	1,858	2,096	2,889	2,889
Reappropriated Funds	278	223	252	397	397
Vehicle Lease Payments	<u>76,981</u>	<u>79,365</u>	<u>81,927</u>	<u>98,771</u>	<u>98,771</u>
General Fund	72,369	71,363	73,667	88,827	88,827
Reappropriated Funds	4,612	8,002	8,260	9,944	9,944
Federal Funds	0	0	0	0	0
Information Technology Asset Maintenance	<u>69,666</u>	<u>80,469</u>	<u>80,469</u>	<u>80,469</u>	<u>80,469</u>
General Fund	29,913	29,913	29,913	29,913	29,913
Cash Funds	2,246	13,049	13,049	13,049	13,049
Reappropriated Funds	37,507	37,507	37,507	37,507	37,507
Federal Funds	0	0	0	0	0
Leased Space	<u>55,245</u>	<u>55,456</u>	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>
General Fund	22,376	22,376	22,376	22,376	22,376
Reappropriated Funds	32,869	33,080	42,624	42,624	42,624

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Capitol Complex Leased Space	<u>543,948</u>	<u>463,750</u>	<u>648,536</u>	<u>555,112</u>	<u>555,112</u>
General Fund	201,822	160,480	224,425	192,096	192,096
Cash Funds	33,089	28,001	39,158	33,517	33,517
Reappropriated Funds	309,037	241,965	338,378	289,633	289,633
Federal Funds	0	33,304	46,575	39,866	39,866
CORE Operations	<u>157,503</u>	<u>691,023</u>	<u>399,621</u>	<u>476,562</u>	<u>476,562</u>
General Fund	104,883	391,735	205,893	205,893	205,893
Reappropriated Funds	52,620	204,431	149,511	226,452	226,452
Federal Funds	0	94,857	44,217	44,217	44,217
Moffat Tunnel Improvement District	<u>27</u>	<u>36</u>	<u>137,444</u>	<u>137,444</u>	<u>100,000</u>
Cash Funds	27	36	137,444	137,444	100,000
Payments to OIT	<u>0</u>	<u>1,046,932</u>	<u>1,161,884</u>	<u>1,516,456</u>	<u>1,516,456</u> *
General Fund	0	189,934	205,571	253,873	141,824
Cash Funds	0	5,712	27,942	106,032	106,032
Reappropriated Funds	0	478,370	523,637	654,882	766,931
Federal Funds	0	372,916	404,734	501,669	501,669
Purchase of Services from Computer Center	<u>565,158</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	70,185	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	494,973	0	0	0	0
Federal Funds	0	0	0	0	0

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Multiuse Network Payments	<u>104,480</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	56,217	0	0	0	0
Cash Funds	6,816	0	0	0	0
Reappropriated Funds	41,447	0	0	0	0
Federal Funds	0	0	0	0	0
Management and Administration of OIT	<u>43,277</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	30,364	0	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	12,913	0	0	0	0
Information Technology Security	<u>7,425</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	1,584	0	0	0	0
Cash Funds	74	0	0	0	0
Reappropriated Funds	5,767	0	0	0	0
Federal Funds	0	0	0	0	0
TOTAL - (1) Executive Director's Office	5,463,503	6,439,467	7,140,930	7,359,875	7,322,430
FTE	<u>14.2</u>	<u>15.0</u>	<u>14.2</u>	<u>14.2</u>	<u>14.2</u>
General Fund	993,558	1,586,301	1,636,392	1,621,030	1,496,932
Cash Funds	390,902	480,973	685,958	754,742	717,297
Reappropriated Funds	3,658,660	3,397,249	3,749,620	3,816,370	3,940,468
Federal Funds	420,383	974,944	1,068,960	1,167,733	1,167,733

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
(2) PROPERTY TAXATION					
This section provides funding for the Division of Property Taxation, the State Board of Equalization, and the Board of Assessment Appeals.					
Division of Property Taxation	<u>2,635,454</u>	<u>2,685,668</u>	<u>2,773,709</u>	<u>2,820,045</u>	<u>2,820,045</u>
FTE	30.2	31.9	36.7	36.7	36.7
General Fund	945,981	949,492	973,045	990,902	990,902
Cash Funds	853,525	866,265	913,318	926,873	926,873
Reappropriated Funds	835,948	869,911	887,346	902,270	902,270
State Board of Equalization	<u>12,856</u>	<u>9,971</u>	<u>12,856</u>	<u>12,856</u>	<u>12,856</u>
General Fund	12,856	9,971	12,856	12,856	12,856
Board of Assessment Appeals	<u>555,028</u>	<u>574,302</u>	<u>606,314</u>	<u>619,580</u>	<u>619,580</u> *
FTE	13.0	13.4	13.2	13.2	13.2
General Fund	350,212	446,862	394,380	473,663	333,449
Cash Funds	149,197	75,247	150,000	82,762	222,976
Reappropriated Funds	55,619	52,193	61,934	63,155	63,155
Indirect Cost Assessment	<u>337,883</u>	<u>357,244</u>	<u>381,041</u>	<u>383,863</u>	<u>413,095</u> *
Cash Funds	169,766	189,628	201,086	202,212	218,205
Reappropriated Funds	168,117	167,616	179,955	181,651	194,890
TOTAL - (2) Property Taxation	3,541,221	3,627,185	3,773,920	3,836,344	3,865,576
FTE	<u>43.2</u>	<u>45.3</u>	<u>49.9</u>	<u>49.9</u>	<u>49.9</u>
General Fund	1,309,049	1,406,325	1,380,281	1,477,421	1,337,207
Cash Funds	1,172,488	1,131,140	1,264,404	1,211,847	1,368,054
Reappropriated Funds	1,059,684	1,089,720	1,129,235	1,147,076	1,160,315

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
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(3) DIVISION OF HOUSING

The Division provides financial and technical assistance to help communities provide affordable housing, it administers state and federal affordable housing programs, and it regulates the manufacture of factory-built residential and commercial buildings. Cash fund include certification and registration fees paid by the producers and installers of manufactured homes, among other sources. Reappropriated funds are from severance tax and federal mineral lease tax revenues transferred from the Division of Local Government.

(A) Community and Non-Profit Services

(i) Administration

Personal Services	<u>2,474,603</u>	<u>1,501,879</u>	<u>2,355,340</u>	<u>2,387,844</u>	<u>2,215,529</u>
FTE	36.9	23.7	25.6	25.6	25.6
General Fund	364,006	327,476	341,264	348,495	348,495
Cash Funds	90,478	15,375	16,107	17,169	17,169
Reappropriated Funds	149,909	0	96,590	100,746	100,746
Federal Funds	1,870,210	1,159,028	1,901,379	1,921,434	1,749,119
Operating Expenses	<u>25,903</u>	<u>325,908</u>	<u>375,437</u>	<u>375,437</u>	<u>378,873</u>
General Fund	25,903	36,278	36,278	36,278	36,278
Cash Funds	0	2,500	2,500	2,500	2,500
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	287,130	336,659	336,659	340,095
Private Activity Bond Allocation Committee	<u>2,078</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Cash Funds	2,078	0	0	0	0

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
SUBTOTAL - (i) Administration	2,502,584	1,827,787	2,730,777	2,763,281	2,594,402
<i>FTE</i>	<u>36.9</u>	<u>23.7</u>	<u>25.6</u>	<u>25.6</u>	<u>25.6</u>
General Fund	389,909	363,754	377,542	384,773	384,773
Cash Funds	92,556	17,875	18,607	19,669	19,669
Reappropriated Funds	149,909	0	96,590	100,746	100,746
Federal Funds	1,870,210	1,446,158	2,238,038	2,258,093	2,089,214
(ii) Community Services					
Low Income Rental Subsidies	<u>40,765,615</u>	<u>44,803,726</u>	<u>49,392,635</u>	<u>50,692,760</u>	<u>48,024,412</u> *
General Fund	444,861	1,248,287	1,360,813	2,660,938	2,660,938
Federal Funds	40,320,754	43,555,439	48,031,822	48,031,822	45,363,474
Homeless Prevention Programs	<u>0</u>	<u>1,641,208</u>	<u>1,688,618</u>	<u>1,688,618</u>	<u>1,635,236</u>
Cash Funds	0	109,197	110,000	110,000	110,000
Federal Funds	0	1,532,011	1,578,618	1,578,618	1,525,236
Emergency Shelter Program	<u>2,199,152</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Federal Funds	2,199,152	0	0	0	0
SUBTOTAL - (ii) Community Services	42,964,767	46,444,934	51,081,253	52,381,378	49,659,648
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	444,861	1,248,287	1,360,813	2,660,938	2,660,938
Cash Funds	0	109,197	110,000	110,000	110,000
Federal Funds	42,519,906	45,087,450	49,610,440	49,610,440	46,888,710
(iii) Fort Lyon Supportive Housing Program					
Program Costs	<u>2,788,851</u>	<u>3,223,851</u>	<u>3,223,851</u>	<u>3,223,851</u>	<u>3,223,851</u> *
General Fund	2,788,851	3,223,851	3,223,851	3,223,851	3,223,851

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
SUBTOTAL - (iii) Fort Lyon Supportive Housing Program	2,788,851	3,223,851	3,223,851	3,223,851	3,223,851
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	2,788,851	3,223,851	3,223,851	3,223,851	3,223,851

SUBTOTAL - (A) Community and Non-Profit Services	48,256,202	51,496,572	57,035,881	58,368,510	55,477,901
<i>FTE</i>	<u>36.9</u>	<u>23.7</u>	<u>25.6</u>	<u>25.6</u>	<u>25.6</u>
General Fund	3,623,621	4,835,892	4,962,206	6,269,562	6,269,562
Cash Funds	92,556	127,072	128,607	129,669	129,669
Reappropriated Funds	149,909	0	96,590	100,746	100,746
Federal Funds	44,390,116	46,533,608	51,848,478	51,868,533	48,977,924

(B) Field Services

Affordable Housing Program Costs	<u>0</u>	<u>1,605,950</u>	<u>1,509,280</u>	<u>1,535,007</u>	<u>1,217,341</u>
FTE	0.0	20.9	19.9	19.9	19.9
General Fund	0	284,432	294,035	299,952	299,952
Cash Funds	0	783,757	75,361	75,361	75,361
Reappropriated Funds	0	256,272	291,185	294,586	294,586
Federal Funds	0	281,489	848,699	865,108	547,442
 Affordable Housing Grants and Loans	 <u>0</u>	 <u>13,720,876</u>	 <u>15,672,633</u>	 <u>15,672,633</u>	 <u>20,228,793</u>
General Fund	0	8,200,000	8,200,000	8,200,000	8,200,000
Federal Funds	0	5,520,876	7,472,633	7,472,633	12,028,793

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Manufactured Buildings Program	<u>643,544</u>	<u>0</u>	<u>724,138</u>	<u>733,697</u>	<u>733,697</u>
FTE	7.3	0.0	7.3	7.3	7.3
General Fund	0	0	0	0	0
Cash Funds	643,544	0	724,138	733,697	733,697
Colorado Affordable Housing Construction Grants and Loans	<u>4,291,866</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	4,200,000	0	0	0	0
Cash Funds	91,866	0	0	0	0
Federal Affordable Housing Construction Grants and Loans	<u>8,130,816</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Federal Funds	8,130,816	0	0	0	0
SUBTOTAL - (B) Field Services	13,066,226	15,326,826	17,906,051	17,941,337	22,179,831
FTE	<u>7.3</u>	<u>20.9</u>	<u>27.2</u>	<u>27.2</u>	<u>27.2</u>
General Fund	4,200,000	8,484,432	8,494,035	8,499,952	8,499,952
Cash Funds	735,410	783,757	799,499	809,058	809,058
Reappropriated Funds	0	256,272	291,185	294,586	294,586
Federal Funds	8,130,816	5,802,365	8,321,332	8,337,741	12,576,235

(C) Indirect Cost Assessments

Indirect Cost Assessments	<u>581,550</u>	<u>212,096</u>	<u>693,797</u>	<u>695,798</u>	<u>694,609</u> *
Cash Funds	182,297	146,264	216,150	217,361	226,740
Reappropriated Funds	61,813	29,916	64,729	65,339	53,993
Federal Funds	337,440	35,916	412,918	413,098	413,876

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
SUBTOTAL - (C) Indirect Cost Assessments	581,550	212,096	693,797	695,798	694,609
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	182,297	146,264	216,150	217,361	226,740
Reappropriated Funds	61,813	29,916	64,729	65,339	53,993
Federal Funds	337,440	35,916	412,918	413,098	413,876
TOTAL - (3) Division of Housing	61,903,978	67,035,494	75,635,729	77,005,645	78,352,341
<i>FTE</i>	<u>44.2</u>	<u>44.6</u>	<u>52.8</u>	<u>52.8</u>	<u>52.8</u>
General Fund	7,823,621	13,320,324	13,456,241	14,769,514	14,769,514
Cash Funds	1,010,263	1,057,093	1,144,256	1,156,088	1,165,467
Reappropriated Funds	211,722	286,188	452,504	460,671	449,325
Federal Funds	52,858,372	52,371,889	60,582,728	60,619,372	61,968,035

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
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(4) DIVISION OF LOCAL GOVERNMENT

This division provides information and training for local governments in budget development, purchasing, demographics, land use planning, and regulatory issues; and it manages federal and state funding programs to support infrastructure and local services development. Cash funds are predominantly from the Local Government Severance Tax Fund, Local Government Mineral Impact Fund, and the State Lottery.

(A) Local Government and Community Services

(i) Administration

Personal Services	<u>1,160,054</u>	<u>1,374,427</u>	<u>1,494,809</u>	<u>1,539,267</u>	<u>1,524,598</u>
FTE	16.5	19.1	18.6	19.0	18.7
General Fund	245,057	436,959	326,344	348,046	333,377
Reappropriated Funds	914,997	937,468	1,024,434	1,043,865	1,043,865
Federal Funds	0	0	144,031	147,356	147,356
 Operating Expenses	 <u>67,242</u>	 <u>66,494</u>	 <u>137,004</u>	 <u>182,586</u>	 <u>132,301</u>
General Fund	42,178	42,178	47,831	93,413	43,128
Reappropriated Funds	25,064	24,316	25,146	25,146	25,146
Federal Funds	0	0	64,027	64,027	64,027
 Strategic Planning Group on Coloradans Age 50 and Over	 <u>0</u>	 <u>0</u>	 <u>364,915</u>	 <u>0</u>	 <u>64,954</u>
FTE	0.0	0.0	0.3	0.0	0.3
General Fund	0	0	364,915	0	64,954

SUBTOTAL - (i) Administration	1,227,296	1,440,921	1,996,728	1,721,853	1,721,853
FTE	<u>16.5</u>	<u>19.1</u>	<u>18.9</u>	<u>19.0</u>	<u>19.0</u>
General Fund	287,235	479,137	739,090	441,459	441,459
Reappropriated Funds	940,061	961,784	1,049,580	1,069,011	1,069,011
Federal Funds	0	0	208,058	211,383	211,383

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
(ii) Local Government Services					
Local Utility Management Assistance	<u>149,657</u>	<u>157,921</u>	<u>162,173</u>	<u>171,762</u>	<u>171,762</u>
FTE	1.9	2.0	2.0	2.0	2.0
Cash Funds	149,657	157,921	162,173	171,762	171,762
Conservation Trust Fund Disbursements	<u>51,928,606</u>	<u>51,166,726</u>	<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>
FTE	2.0	1.8	2.0	2.0	2.0
Cash Funds	51,928,606	51,166,726	50,000,000	50,000,000	50,000,000
Volunteer Firefighter Retirement Plans	<u>4,096,705</u>	<u>4,170,673</u>	<u>4,670,000</u>	<u>4,618,935</u>	<u>4,618,935</u> *
General Fund	0	0	440,000	440,000	440,000
General Fund Exempt	4,096,705	4,170,673	4,230,000	4,178,935	4,178,935
Volunteer Firefighter Death and Disability					
Insurance	<u>21,065</u>	<u>21,065</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
General Fund	0	0	8,935	8,935	8,935
General Fund Exempt	21,065	21,065	21,065	21,065	21,065
Firefighter Heart and Circulatory Malfunction					
Benefits	<u>0</u>	<u>797,640</u>	<u>1,903,273</u>	<u>1,903,273</u>	<u>1,903,273</u>
FTE	0.0	0.3	0.5	0.5	0.5
General Fund	0	51,128	964,220	964,220	964,220
Cash Funds	0	746,512	0	0	0
Reappropriated Funds	0	0	939,053	939,053	939,053
Environmental Protection Agency Water/Sewer					
File Project	<u>54,596</u>	<u>58,156</u>	<u>54,636</u>	<u>54,636</u>	<u>62,718</u>
FTE	0.4	0.5	0.5	0.5	0.5
Federal Funds	54,596	58,156	54,636	54,636	62,718

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
SUBTOTAL - (ii) Local Government Services	56,250,629	56,372,181	56,820,082	56,778,606	56,786,688
<i>FTE</i>	<u>4.3</u>	<u>4.6</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
General Fund	0	51,128	1,413,155	1,413,155	1,413,155
General Fund Exempt	4,117,770	4,191,738	4,251,065	4,200,000	4,200,000
Cash Funds	52,078,263	52,071,159	50,162,173	50,171,762	50,171,762
Reappropriated Funds	0	0	939,053	939,053	939,053
Federal Funds	54,596	58,156	54,636	54,636	62,718
(iii) Community Services					
Community Services Block Grant	<u>5,421,838</u>	<u>5,625,726</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Federal Funds	5,421,838	5,625,726	6,000,000	6,000,000	6,000,000
SUBTOTAL - (iii) Community Services	5,421,838	5,625,726	6,000,000	6,000,000	6,000,000
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Federal Funds	5,421,838	5,625,726	6,000,000	6,000,000	6,000,000
SUBTOTAL - (A) Local Government and Community Services	62,899,763	63,438,828	64,816,810	64,500,459	64,508,541
<i>FTE</i>	<u>20.8</u>	<u>23.7</u>	<u>23.9</u>	<u>24.0</u>	<u>24.0</u>
General Fund	287,235	530,265	2,152,245	1,854,614	1,854,614
General Fund Exempt	4,117,770	4,191,738	4,251,065	4,200,000	4,200,000
Cash Funds	52,078,263	52,071,159	50,162,173	50,171,762	50,171,762
Reappropriated Funds	940,061	961,784	1,988,633	2,008,064	2,008,064
Federal Funds	5,476,434	5,683,882	6,262,694	6,266,019	6,274,101

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
(B) Field Services					
Program Costs	<u>2,519,633</u>	<u>2,590,548</u>	<u>2,919,007</u>	<u>3,061,297</u>	<u>2,947,757</u>
FTE	28.0	25.5	28.4	30.2	28.2
General Fund	203,839	533,886	0	0	0
Cash Funds	104,796	103,982	109,027	226,567	109,027
Reappropriated Funds	1,945,825	1,952,680	2,492,826	2,511,402	2,515,402
Federal Funds	265,173	0	317,154	323,328	323,328
Community Development Block Grant	<u>8,547,606</u>	<u>14,030,415</u>	<u>8,500,000</u>	<u>8,500,000</u>	<u>5,200,000</u>
Federal Funds	8,547,606	14,030,415	8,500,000	8,500,000	5,200,000
Local Government Mineral and Energy Impact					
Grants and Disbursements	<u>115,191,372</u>	<u>130,466,720</u>	<u>150,000,000</u>	<u>150,000,000</u>	<u>125,000,000</u>
Cash Funds	115,191,372	130,466,720	150,000,000	150,000,000	125,000,000
Local Government Limited Gaming Impact Grants	<u>5,763,240</u>	<u>4,141,322</u>	<u>4,900,000</u>	<u>4,900,000</u>	<u>4,900,000</u>
Cash Funds	5,763,240	4,141,322	4,900,000	4,900,000	4,900,000
Local Government Permanent Fund	<u>4,304,072</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,100,000</u>
FTE	0.0	0.0	0.0	0.0	0.0
Cash Funds	4,304,072	0	0	0	1,100,000
Local Government Geothermal Energy Impact					
Grants	<u>0</u>	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Cash Funds	0	0	50,000	50,000	50,000
Rural Economic Development Initiative Grants	<u>0</u>	<u>0</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>
General Fund	0	0	750,000	750,000	750,000

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Search and Rescue Program	<u>404,736</u>	<u>430,778</u>	<u>618,420</u>	<u>618,420</u>	<u>618,420</u>
FTE	1.2	1.2	1.3	1.3	1.3
Cash Funds	404,736	430,778	618,420	618,420	618,420
Local Government Marijuana Impact Grant					
Program	<u>0</u>	<u>0</u>	<u>1,126,946</u>	<u>1,000,000</u>	<u>1,117,540</u>
FTE	0.0	0.0	2.0	0.0	2.0
General Fund	0	0	1,000,000	0	0
Cash Funds	0	0	126,946	1,000,000	1,117,540
Other Local Government Grants	<u>0</u>	<u>4,863</u>	<u>104,000</u>	<u>104,000</u>	<u>30,000</u>
General Fund	0	0	0	0	0
Cash Funds	0	1,053	100,000	100,000	30,000
Reappropriated Funds	0	3,810	4,000	4,000	0
Colorado Heritage Communities Grants	<u>7,954</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	7,954	0	0	0	0
SUBTOTAL - (B) Field Services	136,738,613	151,664,646	168,968,373	168,983,717	141,713,717
FTE	<u>29.2</u>	<u>26.7</u>	<u>31.7</u>	<u>31.5</u>	<u>31.5</u>
General Fund	203,839	533,886	1,750,000	750,000	750,000
Cash Funds	125,776,170	135,143,855	155,904,393	156,894,987	132,924,987
Reappropriated Funds	1,945,825	1,956,490	2,496,826	2,515,402	2,515,402
Federal Funds	8,812,779	14,030,415	8,817,154	8,823,328	5,523,328

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
(C) Indirect Cost Assessments					
Indirect Cost Assessments	943,316	832,535	965,920	973,146	1,112,009 *
Cash Funds	147,595	155,871	151,122	151,968	157,869
Reappropriated Funds	795,721	676,664	670,289	676,606	845,654
Federal Funds	0	0	144,509	144,572	108,486
SUBTOTAL - (C) Indirect Cost Assessments	943,316	832,535	965,920	973,146	1,112,009
<i>FTE</i>	0.0	0.0	0.0	0.0	0.0
Cash Funds	147,595	155,871	151,122	151,968	157,869
Reappropriated Funds	795,721	676,664	670,289	676,606	845,654
Federal Funds	0	0	144,509	144,572	108,486
TOTAL - (4) Division of Local Government	200,581,692	215,936,009	234,751,103	234,457,322	207,334,267
<i>FTE</i>	50.0	50.4	55.6	55.5	55.5
General Fund	491,074	1,064,151	3,902,245	2,604,614	2,604,614
General Fund Exempt	4,117,770	4,191,738	4,251,065	4,200,000	4,200,000
Cash Funds	178,002,028	187,370,885	206,217,688	207,218,717	183,254,618
Reappropriated Funds	3,681,607	3,594,938	5,155,748	5,200,072	5,369,120
Federal Funds	14,289,213	19,714,297	15,224,357	15,233,919	11,905,915
TOTAL - Department of Local Affairs	271,490,394	293,038,155	321,301,682	322,659,186	296,874,614
<i>FTE</i>	151.6	155.3	172.5	172.4	172.4
General Fund	10,617,302	17,377,101	20,375,159	20,472,579	20,208,267
General Fund Exempt	4,117,770	4,191,738	4,251,065	4,200,000	4,200,000
Cash Funds	180,575,681	190,040,091	209,312,306	210,341,394	186,505,436
Reappropriated Funds	8,611,673	8,368,095	10,487,107	10,624,189	10,919,228
Federal Funds	67,567,968	73,061,130	76,876,045	77,021,024	75,041,683

MEMORANDUM

TO: Joint Budget Committee

FROM: Amanda Bickel

SUBJECT: Possible Severance Tax/FML Bill

DATE: February 4, 2016

Summary: Staff recommends that the Committee sponsor legislation to more clearly authorize the use of the Local Government Severance Tax Fund and the Local Government Mineral Impact Fund for administrative activities of the Department of Local Affairs.

Background: The largest sources of state funding for the Department of Local Affairs are the Local Government Mineral Impact Fund and the Local Government Severance Tax Fund. In recent years, the Department has administered \$100 to \$200 million per year from these sources.

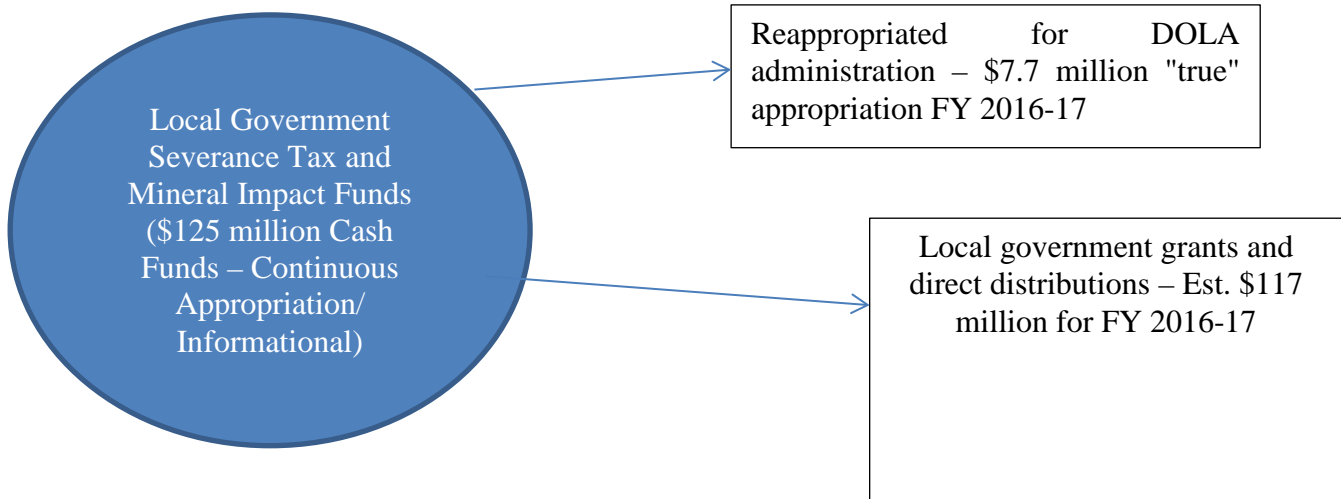
Most of these moneys are allocated to local governments through direct formula distributions or grants. However, the General Assembly uses a portion of the funding to support administrative activities of the Department of Local Affairs.

The Local Government Mineral and Energy Impact Grants and Disbursements line item is considered continuously appropriated to the Department of Local Affairs for the purposes outlined in statute (direct distributions and grants to local governments). While statute related to direct distributions is quite detailed, the statutory authority relating to grants merely specifies that fifty percent of moneys credited to the Local Government Mineral Impact Fund and seventy percent of moneys credited to the Local Government Severance Tax Fund "shall be distributed by the executive director of the department of local affairs" in accordance with the purposes and priorities described in statute [Sections 34-63-102 (5.4) (b) (I) and 39-20-100 (1) (a) (III), C.R.S.] Statute also requires the Energy Impact Advisory Committee to make "continuing specific recommendations regarding any discretionary distributions by the executive director."

Appropriations for Department administration, in contrast, have been treated as true appropriations, i.e., caps on the Department's allowable expenditures. To clarify legislative intent, the General Assembly has used the approach of "reappropriating" amounts that are initially reflected as cash funds in the Local Government Mineral and Energy Impact Grants and Disbursements line item. While amounts in the Local Government Mineral and Energy Impact Grants and Disbursements line item have an "(I)" notation, amounts reappropriated for Department administration do not.

The General Assembly has used the Local Government Mineral Impact and Severance Tax Funds to support Department administration for at least 25 years. Early on, this support was largely for direct and indirect costs of administering the local government energy impact program (local government grants and direct distributions). Beginning in FY 2003-04, however, the General Assembly expanded use of the funds to refinance some areas of the Department that had previously been supported with General Fund.

The staff recommendation for FY 2016-17 includes \$7,384,680 of "reappropriated" energy impact funds to support various Department administrative activities. This figure is very close to the amount requested by the Department. For comparison, the Department will allocate about \$125 million in energy impact grants and direct distributions during the year. Thus, Department administration is still a relatively small component of energy impact program expenses.



Through its actions over many years, the General Assembly has established that it believes it is appropriate to use severance and federal mineral lease moneys to support department operations. The Department generally agrees. In response to staff questions, the Department has noted that activities in the Division of Local Government "align" with utilizing and these funds, while noting there may be a "limited nexus" between some activities of the division of housing and severance and mineral impact support. It notes that at least some of the decisions to refinance General Fund in its budget have been driven by the General Assembly, rather than the Department.

The Problem: **Despite the longstanding *practice* of reappropriating energy impact funds for department administration, there is no plan language in statute which authorizes the use of Local Government Severance Tax or Mineral Impact funds for administration by the Department of Local Affairs.** Because the General Assembly has been doing this for so long, the authority could be considered implied. However, *JBC staff and Office of Legislative Legal Services staff believe it would be preferable to address this issue by clarifying statute.*

The following statutory sections provide the basis for the Department's use of these funds. Note that there is a provision for Local Government Mineral Impact Funds that requires that they be appropriated/reappropriated by separate legislative appropriation. There is no such requirement for Local Government Severance Tax moneys.

Local Government Mineral Impact Funds (Federal Mineral Lease Revenue):

Section 34-63-102 (5.4) ((b) (I), C.R.S., states that "fifty percent of the moneys [credited to the local government mineral impact fund] shall be distributed by the executive director of the department of local affairs in accordance with the purposes and priorities described in subsection (1) of this section..."

The referenced subsection (1) simply requires "in the appropriation and use of such moneys priority shall be given to those public schools and political subdivisions socially or economically impacted by the development, processing, or energy conversion of fuels and minerals leased under the federal mineral lands leasing act."

Section 34-63-102 (7) (a), C.R.S., specifies that "no state agency or office shall expend any moneys received from the local government mineral impact fund unless such expenditure is authorized by legislative appropriation separate from the provisions of this section...."

Local Government Severance Tax Fund:

Section 39-29-110 (1) (a) (III), C.R.S. states that the "the executive director of the department of local affairs shall distribute any moneys and make loans from [the local government severance tax fund] in accordance the purposes and priorities provided in paragraph (b) of subsection (1)".

The referenced subsection (1) of paragraph (b) states that "seventy percent of the funds from the local government severance tax fund shall be distributed to those political subdivisions socially or economically impacted by the development, processing or energy conversions of mineral fuels subject to taxation under this article [severance tax] and used for the planning, construction, and maintenance of public facilities and for the provision of public services...The executive director of the department of local affairs shall consider the economic needs of a political subdivision for purposes of making distributions pursuant to this subparagraph (I)."

Various specific uses of local government severance tax moneys are enumerated. However, Department of Local Affairs' administrative costs are not among them.

Recommendation: Staff recommends that the JBC sponsor legislation that would provide a legal foundation for the current appropriation structure.

- Specifically, staff recommends that both 34-63-102, C.R.S. and 39-29-110, C.R.S. be amended to authorize appropriation to the Department for administrative expenses that:

- directly and indirectly support the distribution of local government severance tax and mineral impact funds; and/or
 - Respond to the needs of political subdivisions socially or economically impacted by the development, processing, or energy conversion of fuels and minerals leased under the federal "Mineral Lands Leasing Act" or subject to taxation under article 29 of title 39, C.R.S.
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- Staff also recommends that the Local Government Severance Tax Fund statute be amended to add language similar to that for the Mineral Impact Fund, i.e., to specify that "no state agency or office shall expend any moneys received from the local government severance tax fund unless such expenditure is authorized by legislative appropriation separate from the provisions of this section...."

Staff believes that the above changes would likely provide adequate authorization for the current uses of severance tax and mineral impact moneys for Department administration. However, if the JBC wishes to move forward on the proposed bill, staff would request permission to work with the Department on the language to ensure this is the case. To the extent this language does not encompass current administrative activities, staff will bring back alternatives to the Committee that broaden the language and/or identify how much additional General Fund might be required to support Department administration within these parameters. (Staff believes that any General Fund impact would be modest; however, there are certain categories of expenditure that the proposed statutory language might not encompass, e.g., in the Division of Housing.)

Whether or not the JBC wishes to proceed with this bill, staff will continue to work with the Department of Local Affairs to develop a more clear methodology and justification for use of severance tax and mineral impact funds within department administration. The Department has begun work on this and has provided some background information which staff believes will be helpful in the ongoing conversation.