

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2015-16 STAFF FIGURE SETTING  
DEPARTMENT OF LOCAL AFFAIRS**

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

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## **DEPARTMENT OF LOCAL AFFAIRS**

### **Department Overview**

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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 divisions<sup>1</sup>, 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.

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<sup>1</sup> 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.

## **DEPARTMENT REQUEST AND RECOMMENDATION SUMMARY**

### **Executive Request**

The Department requests \$315,778,385 total funds, including \$25,976,593 General Fund, for FY 2015-16 including four prioritized requests:

- R1 Building Regulation Fund structural deficit resolution - \$250,000 General Fund
- R2 Colorado Main Street Program - \$462,500 reappropriated funds (local government mineral impact funds)
- R3 Improve statutory compliance - \$49,721 General Fund and 0.9 FTE
- R4 Housing development grants - \$3,420,000 General Fund

### **Staff Recommendation**

Staff recommends \$321,509,022 total funds, including \$25,136,611 General Fund for this Department for FY 2015-16. The recommendation is summarized in the table below. The primary differences between the staff recommendation and the Executive Request include:

- The staff recommendation includes \$0 General Fund for the R1 Building Regulation Fund structural deficit resolution (\$250,000 General Fund less than the request) because S.B. 15-112 addresses the same issue by transferring \$300,000 General Fund to the Building Regulation Fund on April 1, 2015.
- The staff recommendation includes \$315,000 General Fund less than the Executive request for R4 Housing development grants, because staff anticipates that the portion of the request that funds rental vouchers will take several months to obligate.
- The staff recommendation includes adjustments to ensure that line items shown for informational purposes reflect reasonable estimates of actual expenditures. This includes, among other changes, a \$6.5 million increase in federal funds, a \$43,688 decrease in continuously appropriated General Fund, and a \$105,022 decrease in continuously appropriated cash funds.
- The staff recommendation adjusts indirect cost collection amounts consistent with an updated Department indirect cost recoveries plan.
- The staff recommendation applies Committee common policy in the Executive Director's Office, resulting in, overall, \$76,608 total funds and \$209,321 General Fund less than the request in the Executive Director's Office.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Department of Local Affairs</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	\$308,503,775	\$20,751,294	\$209,046,471	\$8,410,418	\$70,295,592	167.8
Other legislation	<u>2,245,226</u>	<u>1,192,807</u>	<u>(18)</u>	<u>1,002,161</u>	<u>50,276</u>	<u>0.6</u>
<b>TOTAL</b>	<b>\$310,749,001</b>	<b>\$21,944,101</b>	<b>\$209,046,453</b>	<b>\$9,412,579</b>	<b>\$70,345,868</b>	<b>168.4</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$310,749,001	\$21,944,101	\$209,046,453	\$9,412,579	\$70,345,868	168.4
Federal funds adjustments	6,478,756	0	0	0	6,478,756	0.0
R4 Housing development grants	3,105,000	3,105,000	0	0	0	0.0
Centrally appropriated line items	1,161,131	381,310	86,203	535,113	158,505	0.0
R2 Colorado Main Street Program	462,500	0	0	462,500	0	0.0
R3 Improve statutory compliance	49,721	49,721	0	0	0	0.9
Indirect cost adjustments	6,092	0	67,772	33,362	(95,042)	0.0
NP1 Annual fleet request	2,562	2,304	0	258	0	0.0
R1 Building Regulation Fund structural deficit resolution	0	0	0	0	0	0.0
Manufactured Building Program Break-out	0	0	0	0	0	0.0
Annualize prior year legislation and requests	(335,323)	(299,610)	69,414	(54,851)	(50,276)	0.4
Adjust continuously appropriated cash and General Fund estimates	(148,690)	(43,688)	(105,002)	0	0	0.0
Annualize FY 2014-15 merit pay	(12,073)	(2,527)	(5,499)	127	(4,174)	0.0
Annualize FY 2014-15 salary survey	<u>(9,656)</u>	<u>0</u>	<u>(1,320)</u>	<u>1</u>	<u>(8,337)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$321,509,021</b>	<b>\$25,136,611</b>	<b>\$209,158,021</b>	<b>\$10,389,089</b>	<b>\$76,825,300</b>	<b>169.7</b>
<b>Increase/(Decrease)</b>	\$10,760, 210	\$3,192,510	\$111,568	\$976,510	\$6,479,432	1.3
Percentage Change	3.5%	14.5%	0.1%	10.4%	9.2%	0.8%
<b>FY 2015-16 Executive Request</b>						
Request Above/(Below)	\$315,778,385	\$25,976,593	\$209,147,709	\$10,238,681	\$70,415,402	169.7
Recommendation	(\$5,730,636)	\$839,982	(\$10,312)	(\$150,408)	(\$6,409,898)	0.0

**Incremental Change Descriptions**

**Federal funds adjustments:** The recommendation adjusts federal funds reflected for informational purposes based on amounts estimated to be received. This primarily reflects increases in the Division of Housing for increases for the Shelter Plus Care program and in

amounts per Housing Choice Voucher (Section 8) rental vouchers due to rental cost increases. Increases are offset by declines related to phase out or reduction of programs that were temporarily created or expanded under the American Recovery and Reinvestment Act, including the Neighborhood Stabilization Program and the Community Development Block Grant (CDBG) program. Amounts shown do *not* include new CDBG disaster recovery funds awarded related to the September 2013 floods (over \$320 million, which will be spent over multiple years and is currently off-budget).

**R4 Housing development grants:** The Department requested an increase of \$3,420,000 General Fund for the Housing Development Grant and Loan Program. Staff recommends \$3,105,000 General Fund in FY 2015-16, annualizing to the requested \$3.42 million in FY 2016-17. The staff recommendation divides the total between a line item that supports rental subsidies (200 new vouchers funded) and a line item that supports affordable housing construction (state contribution for 300 new rent-restricted units), based on the requested use of the new funds.

**Centrally appropriated line items:** The recommendation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; workers' compensation; legal services; payment to risk management and property funds; and Capitol complex leased space.

**R2 Colorado Main Street Program:** The recommendation includes \$462,500 reappropriated funds from Local Government Severance and Mineral Impact Funds to expand the Main Street program in order to meet growing statewide demand and support the need for downtown revitalization.

**R3 Improve statutory compliance:** The recommendation adds \$61,150 General Fund and 0.9 FTE in FY 2015-16 for Local Government Services staff to handle increased workload caused by the growth in the number of local governments. This amount will annualize to \$61,164 General Fund and 1.0 FTE for FY 2016-17.

**Indirect cost adjustments:** The recommendation includes adjustments to anticipated indirect cost collections that offset General Fund otherwise required. The adjustments are consistent with the Department's agreement with the federal Department of Housing and Urban Development on such recoveries. Department-wide, the indirect cost plan reflects the use of \$2,216,351 in indirect cost recoveries in FY 2015-16, including \$175,592 anticipated to be from the Indirect Cost Excess Recoveries Fund.

**NP1 Annual fleet request:** The recommendation includes replacement of six vehicles and other adjustments to fleet costs consistent with common policy.

**R1 Building Regulation Fund structural deficit resolution:** The Department requested an appropriation of \$250,000 General Fund to address a shortfall in the Building Regulation Fund. The Committee has instead sponsored S.B. 15-112, which transfers \$300,000 General Fund to

the Building Regulation Fund effective April 1, 2015, so no new appropriation or related change to statutory authorization for the Manufactured Building Program is required.

**Annualize prior year legislation and requests:** The recommendation annualizes prior-year adjustments. The changes include: eliminating one-time supplemental funding provided for the CORE accounting system in FY 2014-15; increasing cash funds appropriations available as a result of S.B. 13-146 (Board of Assessment Appeals Cash Fund) and reducing General Fund by the same amount in the Division of Property Taxation; and annualizing the appropriation for S.B. 14-172 (Firefighter Heart and Circulatory Malfunction Benefit), among other adjustments.

**Adjust continuously appropriated cash and General Fund estimates:** The recommendation includes adjustments to anticipated spending for volunteer firefighter retirement benefits and limited gaming fund moneys that are continuously appropriated to the Department and shown for informational purposes only.

**Annualize FY 2014-15 merit pay:** The recommendation moves FY 2014-15 centrally appropriated amounts for merit pay to line items throughout the Department and eliminates increases for staff in the salary range fourth-quartile and above. (Merit pay awards for staff in these categories were one-time, pursuant to common policy).

**Annualize FY 2014-15 salary survey:** The recommendation moves FY 2014-15 centrally appropriated amounts for salary survey to line items throughout the Department and eliminates increases for staff above the salary range maximum who received one-time awards in FY 2014-15 pursuant to common policy.

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## **PENDING ISSUE – ROAN PLATEAU SETTLEMENT BILL DRAFT**

The JBC previously voted to authorize drafting of a bill to transfer approximately \$8.0 million General Fund per year to the Mineral Leasing Fund from FY 2015-16 through FY 2017-18. The bill is associated with a settlement between federal authorities and plaintiffs who sought to restrict natural gas drilling on the Roan Plateau and is intended to ensure that local governments are not negatively affected by the settlement which requires repayment of some federal mineral lease bonus revenue. Staff has not yet brought the bill draft to the Committee due to delays in final information on the timing and amount of bonus revenue to be repaid. The Department indicates that it will have the required information and specific bill proposal shortly. *Staff requests permission to work with the Department and Governor's Office staff over the next two weeks to finalize a bill draft for the Committee.*

## (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.

### DIVISION REQUEST AND RECOMMENDATION SUMMARY

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	\$6,188,973	\$1,304,962	\$640,241	\$3,277,276	\$966,494	14.2
Supplemental Appropriation	<u>491,083</u>	<u>288,662</u>	<u>334</u>	<u>151,811</u>	<u>50,276</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$6,680,056</b>	<b>\$1,593,624</b>	<b>\$640,575</b>	<b>\$3,429,087</b>	<b>\$1,016,770</b>	<b>14.2</b>
<b>FY 2015-16 Recommended Appropriation*</b>						
FY 2014-15 Appropriation	\$6,680,056	\$1,593,624	\$640,575	\$3,429,087	\$1,016,770	14.2
Centrally appropriated line items	1,161,131	381,310	86,203	535,113	158,505	0.0
NP1 Annual fleet request	2,562	2,304	0	258	0	0.0
Indirect cost adjustments	0	0	0	0	0	0.0
R3 Improve statutory compliance	0	0	0	0	0	0.0
Annualize prior year legislation and requests	(491,083)	(288,662)	(334)	(151,811)	(50,276)	0.0
Annualize FY 2014-15 salary survey	(246,632)	(57,596)	(46,268)	(92,349)	(50,419)	0.0
Annualize FY 2014-15 merit pay	(100,091)	(21,928)	(21,557)	(36,327)	(20,279)	0.0
Federal funds adjustments	<u>(36,086)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(36,086)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$6,969,857</b>	<b>\$1,609,052</b>	<b>\$658,619</b>	<b>\$3,683,971</b>	<b>\$1,018,215</b>	<b>14.2</b>
<b>Increase/(Decrease)</b>	\$289,801	\$15,428	\$18,044	\$254,884	\$1,445	0.0
Percentage Change	4.3%	1.0%	2.8%	7.4%	0.1%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$7,046,465</b>	<b>\$1,818,373</b>	<b>\$635,693</b>	<b>\$3,564,282</b>	<b>\$1,028,117</b>	<b>14.2</b>
Request Above/(Below) Recommendation	\$76,608	\$209,321	(\$22,926)	(\$119,689)	\$9,902	0.0

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

### Incremental Change Descriptions

**Centrally appropriated line items:** The recommendation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public



Employees' Retirement Association (PERA) pension fund; shift differential; workers' compensation; legal services; payment to risk management and property funds; and Capitol complex leased space.

**NP1 Annual fleet request:** The recommendation includes replacement of five vehicles and other adjustments to fleet costs consistent with common policy.

**Indirect cost adjustments:** The recommendation includes \$1,797,910 in this division in indirect cost collection amounts that offset General Fund otherwise required, representing an increase of \$121,815 from the prior year. Of the total, \$315,868 is from the department's share of recoveries for statewide indirect costs. Department-wide, the indirect cost plan reflects the use of \$2,216,351 in indirect cost recoveries in FY 2015-16, including \$175,592 anticipated to be from the Indirect Cost Excess Recoveries Fund.

**R3 Improve statutory compliance:** Consistent with common policy, the recommendation does not include centrally-appropriated amounts associated with a requested increase in staff.

**Annualize prior year legislation and requests:** The recommendation annualizes prior-year adjustments. The change primarily reflects eliminating one-time supplemental funding provided for the CORE accounting system in FY 2014-15.

**Annualize FY 2014-15 salary survey:** The recommendation moves FY 2014-15 centrally appropriated amounts for salary survey to line items throughout the Department, reducing the appropriation in this division. The FY 2015-16 appropriation for salary survey increases is included in the "centrally appropriated line items" amount above.

**Annualize FY 2014-15 merit pay:** The recommendation moves FY 2014-15 centrally appropriated amounts for merit pay to line items throughout the Department, reducing the appropriation in this division. The FY 2015-16 appropriation for merit pay increases is included in the "centrally appropriated line items" amount above.

**Federal funds adjustments:** The recommendation adjusts federal funds amounts shown in this division for informational purposes, based on anticipated expenditures.

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## **LINE ITEM DETAIL—EXECUTIVE DIRECTOR'S OFFICE**

### **Personal Services**

**Description:** 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

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

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by this line item is driven by both the number of Department employees and the number and complexity of grants and contracts administered.

**Request:** The Department requests \$1,352,635 in reappropriated funds and 14.2 FTE for FY 2015-16. The budget request annualizes (builds into the base) FY 2014-15 centrally-appropriated increases for salary survey and merit pay.

**Recommendation:** Staff recommends approving the Department request, which is calculated consistent with JBC common policy. The table below shows the incremental change to this line item.

<b>Executive Director's Office, Personal Services</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
HB 14-1336 (Long Bill)	1,310,153	0	1,310,153	14.2
<b>TOTAL</b>	<b>\$1,310,153</b>	<b>\$0</b>	<b>\$1,310,153</b>	<b>14.2</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$1,310,153	\$0	\$1,310,153	14.2
Annualize FY 2014-15 salary survey	31,665	0	31,665	0.0
Annualize FY 2014-15 merit pay	10,817	0	10,817	0.0
<b>TOTAL</b>	<b>\$1,352,635</b>	<b>\$0</b>	<b>\$1,352,635</b>	<b>14.2</b>
<b>Increase/(Decrease)</b>	\$42,482	\$0	\$42,482	0.0
Percentage Change	3.2%	0.0%	3.2%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$1,352,635</b>	<b>\$0</b>	<b>\$1,352,635</b>	<b>14.2</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Health, Life, and Dental**

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

**Request:** The Department requests \$1,518,163 total funds, including \$372,008 General Fund, for FY 2015-16. This includes \$7,927 General Fund for request R3 (Improve statutory Compliance)

**Recommendation:** Committee common policy is reflected in the table below. The staff recommendation does not include the requested General Fund increase for R3, consistent with common policy not to add centrally appropriated amounts for new FTE unless the increase in FTE is significant.

Staff has also moved the location of reappropriated funds from indirect cost collections from the Health, Life, Dental, AED, Salary Survey, and Merit Pay line items to the Payments to OIT line item, with associated adjustments to amounts reappropriated from mineral and energy impact

*JBC Staff Figure Setting – FY 2015-16*  
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funds. There is no net impact on the total appropriation from either fund source, but the change makes it easier to track indirect cost collection expenditures.

<b>Executive Director's Office, Health, Life, and Dental</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	1,131,931	214,400	238,318	425,281	253,932	0.0
<b>TOTAL</b>	<b>\$1,131,931</b>	<b>\$214,400</b>	<b>\$238,318</b>	<b>\$425,281</b>	<b>\$253,932</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$1,131,931	\$214,400	\$238,318	\$425,281	\$253,932	0.0
R3 Improve statutory compliance	0	0	0	0	0	0.0
Centrally appropriated line items	418,004	141,207	25,400	178,637	72,760	0.0
Indirect cost adjustments	0	0	0	0	0	0.0
<b>TOTAL</b>	<b>\$1,549,935</b>	<b>\$355,607</b>	<b>\$263,718</b>	<b>\$603,918</b>	<b>\$326,692</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$418,004	\$141,207	\$25,400	\$178,637	\$72,760	0.0
Percentage Change	36.9%	65.9%	10.7%	42.0%	28.7%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$1,518,163</b>	<b>\$372,008</b>	<b>\$252,445</b>	<b>\$579,931</b>	<b>\$313,779</b>	<b>0.0</b>
Request Above/(Below) Recommendation	(\$31,772)	\$16,401	(\$11,273)	(\$23,987)	(\$12,913)	0.0

**Short-term Disability**

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

**Request:** The Department requests \$24,478 total funds (including \$5,054 General Fund) for FY 2015-16. This includes \$87 General Fund for request R3 (Improve statutory Compliance).

**Recommendation:** Pursuant to Committee common policy, staff recommends \$24,391 total funds. As reflected in the table below, the staff recommendation does not include the requested General Fund increase for R3, consistent with common policy not to add centrally appropriated amounts for new FTE unless the increase in FTE is significant.

<b>Executive Director's Office, Short-term Disability</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	22,036	4,268	3,725	9,984	4,059	0.0
<b>TOTAL</b>	<b>\$22,036</b>	<b>\$4,268</b>	<b>\$3,725</b>	<b>\$9,984</b>	<b>\$4,059</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$22,036	\$4,268	\$3,725	\$9,984	\$4,059	0.0
R3 Improve statutory compliance	0	0	0	0	0	0.0
Centrally appropriated line items	2,355	699	(9)	949	716	0.0
<b>TOTAL</b>	<b>\$24,391</b>	<b>\$4,967</b>	<b>\$3,716</b>	<b>\$10,933</b>	<b>\$4,775</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$2,355	\$699	(\$9)	\$949	\$716	0.0
Percentage Change	10.7%	16.4%	(0.2%)	9.5%	17.6%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$24,478</b>	<b>\$5,054</b>	<b>\$3,716</b>	<b>\$10,933</b>	<b>\$4,775</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$87	\$87	\$0	\$0	\$0	0.0

**S.B. 04-257 Amortization Equalization Disbursement**

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

**Request:** The Department requests \$492,652 total funds (including \$101,702 General Fund) for FY 2015-16. This includes \$1,737 General Fund for request R3 (Improve statutory Compliance).

**Recommendation:** Pursuant to Committee common policy, staff recommends \$490,915 total funds for FY 2015-16. The staff recommendation does not include the requested General Fund increase for R3, consistent with common policy not to add centrally appropriated amounts for new FTE unless the increase in FTE is significant.

<b>Executive Director's Office, S.B. 04-257 Amortization Equalization Disbursement</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	406,376	78,859	68,766	183,715	75,036	0.0
<b>TOTAL</b>	<b>\$406,376</b>	<b>\$78,859</b>	<b>\$68,766</b>	<b>\$183,715</b>	<b>\$75,036</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$406,376	\$78,859	\$68,766	\$183,715	\$75,036	0.0
R3 Improve statutory compliance	0	0	0	0	0	0.0
Centrally appropriated line items	84,539	21,106	6,000	36,369	21,064	0.0
Indirect cost adjustments	0	0	0	0	0	0.0
<b>TOTAL</b>	<b>\$490,915</b>	<b>\$99,965</b>	<b>\$74,766</b>	<b>\$220,084</b>	<b>\$96,100</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	<b>\$84,539</b>	<b>\$21,106</b>	<b>\$6,000</b>	<b>\$36,369</b>	<b>\$21,064</b>	<b>0.0</b>
Percentage Change	20.8%	26.8%	8.7%	19.8%	28.1%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$492,652</b>	<b>\$101,702</b>	<b>\$74,766</b>	<b>\$220,084</b>	<b>\$96,100</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$1,737	\$1,737	\$0	\$0	\$0	0.0

**S.B. 06-235 Supplemental Amortization Equalization Disbursement**

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

**Request:** The Department requests \$475,857 total funds (including \$98,235 General Fund) for FY 2015-16. This includes \$1,678 General Fund for request R3 (Improve statutory Compliance).

**Recommendation:** Pursuant to Committee common policy, staff recommends \$474,179 total funds for FY 2015-16. The staff recommendation does not include the requested General Fund increase for R3, consistent with common policy not to add centrally appropriated amounts for new FTE unless the increase in FTE is significant.

*JBC Staff Figure Setting – FY 2015-16*  
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<b>Executive Director's Office, S.B. 06-235 Supplemental Amortization Equalization Disbursement</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	380,978	73,930	64,468	172,438	70,142	0.0
<b>TOTAL</b>	<b>\$380,978</b>	<b>\$73,930</b>	<b>\$64,468</b>	<b>\$172,438</b>	<b>\$70,142</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$380,978	\$73,930	\$64,468	\$172,438	\$70,142	0.0
R3 Improve statutory compliance	0	0	0	0	0	0.0
Centrally appropriated line items	93,201	22,627	7,749	40,143	22,682	0.0
<b>TOTAL</b>	<b>\$474,179</b>	<b>\$96,557</b>	<b>\$72,217</b>	<b>\$212,581</b>	<b>\$92,824</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$93,201	\$22,627	\$7,749	\$40,143	\$22,682	0.0
Percentage Change	24.5%	30.6%	12.0%	23.3%	32.3%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$475,857</b>	<b>\$98,235</b>	<b>\$72,217</b>	<b>\$212,581</b>	<b>\$92,824</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$1,678	\$1,678	\$0	\$0	\$0	0.0

**Salary Survey**

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

**Request:** The Department requests \$125,247 total funds (including \$26,613 General Fund) for FY 2015-16.

**Recommendation:** Pursuant to Committee common policy, staff recommends the request for \$125,247 total funds for FY 2015-16.

<b>Executive Director's Office, Salary Survey</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	278,297	57,596	46,268	124,014	50,419	0.0
<b>TOTAL</b>	<b>\$278,297</b>	<b>\$57,596</b>	<b>\$46,268</b>	<b>\$124,014</b>	<b>\$50,419</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$278,297	\$57,596	\$46,268	\$124,014	\$50,419	0.0
Annualize FY 2014-15 salary survey	(278,297)	(57,596)	(46,268)	(124,014)	(50,419)	0.0
Centrally appropriated line items	125,247	26,613	18,601	56,133	23,900	0.0
Indirect cost adjustments	0	0	0	0	0	0.0
<b>TOTAL</b>	<b>\$125,247</b>	<b>\$26,613</b>	<b>\$18,601</b>	<b>\$56,133</b>	<b>\$23,900</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$153,050)	(\$30,983)	(\$27,667)	(\$67,881)	(\$26,519)	0.0
Percentage Change	(55.0%)	(53.8%)	(59.8%)	(54.7%)	(52.6%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$125,247</b>	<b>\$26,613</b>	<b>\$18,601</b>	<b>\$56,133</b>	<b>\$23,900</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

**Merit Pay**

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

**Request:** The Department requests \$118,923 total funds (including \$23,130 General Fund) for FY 2015-16.

*JBC Staff Figure Setting – FY 2015-16*  
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**Recommendation:** Pursuant to Committee common policy, staff recommends the request for \$118,923 total funds for FY 2015-16. Of this amount, \$7,338, including \$1,880 General Fund, is estimated to be one-time (not base building), based on Committee policy for employees whose current salary falls within quartile four and above.

<b>Executive Director's Office, Merit Pay</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	110,908	21,928	21,557	47,144	20,279	0.0
<b>TOTAL</b>	<b>\$110,908</b>	<b>\$21,928</b>	<b>\$21,557</b>	<b>\$47,144</b>	<b>\$20,279</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$110,908	\$21,928	\$21,557	\$47,144	\$20,279	0.0
Annualize FY 2014-15 merit pay	(110,908)	(21,928)	(21,557)	(47,144)	(20,279)	0.0
Centrally appropriated line items	118,923	23,130	17,705	54,456	23,632	0.0
Indirect cost adjustments	0	0	0	0	0	0.0
<b>TOTAL</b>	<b>\$118,923</b>	<b>\$23,130</b>	<b>\$17,705</b>	<b>\$54,456</b>	<b>\$23,632</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$8,015	\$1,202	(\$3,852)	\$7,312	\$3,353	0.0
Percentage Change	7.2%	5.5%	(17.9%)	15.5%	16.5%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$118,923</b>	<b>\$23,130</b>	<b>\$17,705</b>	<b>\$54,456</b>	<b>\$23,632</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

**Workers' Compensation**

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

**Request:** The Department requests \$87,172 total funds (including \$80,579 General Fund) for FY 2015-16.

**Recommendation:** Pursuant to Committee common policy, staff recommends \$88,191, with fund-splits as reflected in the table below.

<b>Executive Director's Office, Workers' Compensation</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>		<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	94,854	87,680	3,215	3,959		0.0
<b>TOTAL</b>	<b>\$94,854</b>	<b>\$87,680</b>	<b>\$3,215</b>	<b>\$3,959</b>		<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$94,854	\$87,680	\$3,215	\$3,959		0.0
Centrally appropriated line items	(6,663)	(6,159)	(226)	(278)		0.0
<b>TOTAL</b>	<b>\$88,191</b>	<b>\$81,521</b>	<b>\$2,989</b>	<b>\$3,681</b>		<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$6,663)	(\$6,159)	(\$226)	(\$278)		0.0
Percentage Change	(7.0%)	(7.0%)	(7.0%)	(7.0%)		0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$87,172</b>	<b>\$80,579</b>	<b>\$2,954</b>	<b>\$3,639</b>		<b>0.0</b>
Request Above/(Below) Recommendation	(\$1,019)	(\$942)	(\$35)	(\$42)		0.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

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**Operating Expenses**

**Description:** 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.

**Request:** The Department requests continuation funding of \$144,650 total funds.

**Recommendation:** Staff recommends \$132,888 total funds for FY 2015-16 from mineral and energy impact funds. The staff recommendation eliminates federal funds from this line item as the Department has not spent federal funds in this line item in recent years and does not expect to do so in FY 2015-16. The recommendation also reflects supporting this line item with indirect cost collections in FY 2015-16 instead of mineral and energy impact funds. See the indirect cost collections appendix for further information.

<b>Executive Director's Office, Operating Expenses</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
HB 14-1336 (Long Bill)	144,650	0	132,888	11,762	0.0
<b>TOTAL</b>	<b>\$144,650</b>	<b>\$0</b>	<b>\$132,888</b>	<b>\$11,762</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$144,650	\$0	\$132,888	\$11,762	0.0
Indirect cost adjustments	0	0	0	0	0.0
Federal funds adjustments	(11,762)	0	0	(11,762)	0.0
<b>TOTAL</b>	<b>\$132,888</b>		<b>\$132,888</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$11,762)	\$0	\$0	(\$11,762)	0.0
Percentage Change	(8.1%)	0.0%	0.0%	(100.0%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$144,650</b>	<b>\$0</b>	<b>\$132,888</b>	<b>\$11,762</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$11,762	0	\$0	\$11,762	0.0

**Legal Services**

**Description:** 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.

**Request:** The Department requests \$169,172 total funds (including \$153,752 General Fund) to purchase 1,790 hours of legal services from the Department of Law in FY 2015-16.

**Recommendation:** Staff recommends the Committee approve the Department's request to purchase 1,790 hours of legal services from the Department of Law in FY 2015-16. The requested number of hours is consistent with annual appropriations since FY 2003-04. The number of hours purchased by the Department over the last five years has ranged from 1,493 to 1,917, with a five-year average of 1,654. **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.

**Purchase of Services from Computer Center**

**Description:** 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**

**Description:** 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**

**Description:** 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.

**Payment to Risk Management and Property Funds**

**Description:** 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.

**Request:** The Department requests \$25,676 total funds (including \$23,909 General Fund) for this purpose for FY 2015-16.

**Recommendation:** Pursuant to Committee common policy, staff recommends \$33,952 total funds, with fund-splits as reflected in the table below.



*JBC Staff Figure Setting – FY 2015-16*  
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<b>Executive Director's Office, Payment to Risk Management and Property Funds</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
HB 14-1336 (Long Bill)	30,090	28,009	1,858	223	0.0
<b>TOTAL</b>	<b>\$30,090</b>	<b>\$28,009</b>	<b>\$1,858</b>	<b>\$223</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$30,090	\$28,009	\$1,858	\$223	0.0
Centrally appropriated line items	3,862	3,595	238	29	0.0
<b>TOTAL</b>	<b>\$33,952</b>	<b>\$31,604</b>	<b>\$2,096</b>	<b>\$252</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$3,862	\$3,595	\$238	\$29	0.0
Percentage Change	12.8%	12.8%	12.8%	13.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$25,676</b>	<b>\$23,909</b>	<b>\$1,635</b>	<b>\$132</b>	<b>0.0</b>
Request Above/(Below) Recommendation	(\$8,276)	(\$7,695)	(\$461)	(\$120)	0.0

**Vehicle Lease Payments**

**Description:** 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.

**Request:** The Department requests \$90,680 total funds (including \$81,547 General Fund) for FY 2015-16. The request includes six replacement vehicles for FY 2015-16.

**Recommendation:** In its common policy decisions for fleet, the Committee approved the Department's six requested replacement vehicles, including one CNG vehicle. The approved common policy adjustment, with staff-recommended fund splits, is reflected below.

<b>Executive Director's Office, Vehicle Lease Payments</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
HB 14-1336 (Long Bill)	79,365	71,363	8,002	0	0.0
Other legislation	0	0	0	0	0.0
<b>TOTAL</b>	<b>\$79,365</b>	<b>\$71,363</b>	<b>\$8,002</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$79,365	\$71,363	\$8,002	\$0	0.0
NP1 Annual fleet request	2,562	2,304	258	0	0.0
<b>TOTAL</b>	<b>\$81,927</b>	<b>\$73,667</b>	<b>\$8,260</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$2,562	\$2,304	\$258	\$0	0.0
Percentage Change	3.2%	3.2%	3.2%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$90,680</b>	<b>\$81,547</b>	<b>\$9,133</b>	<b>\$0</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$8,753	\$7,880	\$873	\$0	0.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Information Technology Asset Maintenance**

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

**Request:** The Department requests continuation funding of \$104,793 total funds (including \$29,913 General Fund) for this purpose for FY 2015-16.

**Recommendation:** Staff recommends \$80,469 total funds, including \$29,913 General Fund. The staff recommendation eliminates federal funds from this line item as the Department has not spent federal funds in this line item in recent years and does not expect to do so in FY 2015-16.

<b>Executive Director's Office, Information Technology Asset Maintenance</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	104,793	29,913	13,049	37,507	24,324	0.0
<b>TOTAL</b>	<b>\$104,793</b>	<b>\$29,913</b>	<b>\$13,049</b>	<b>\$37,507</b>	<b>\$24,324</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$104,793	\$29,913	\$13,049	\$37,507	\$24,324	0.0
Federal funds adjustments	(24,324)	0	0	0	(24,324)	0.0
<b>TOTAL</b>	<b>\$80,469</b>	<b>\$29,913</b>	<b>\$13,049</b>	<b>\$37,507</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$24,324)	\$0	\$0	\$0	(\$24,324)	0.0
Percentage Change	(23.2%)	0.0%	0.0%	0.0%	(100.0%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$104,793</b>	<b>\$29,913</b>	<b>\$13,049</b>	<b>\$37,507</b>	<b>\$24,324</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$24,324	\$0	\$0	\$0	\$24,324	0.0

**Leased Space**

**Description:** 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:

<b>Summary of Leased Space</b>			
<b>FY 2014-15</b>			
<b>City</b>	<b>Address</b>	<b>Lease Payments</b>	<b>Space (sq ft)</b>
Alamosa	610 State Street	\$6,240	291
Frisco	602 Galena Street	3,173	294
Loveland	150 East 29th Street	12,062	955
Pueblo	132 West B Street	13,968	900
Sterling	109 North Front Street	5,556	500
Durango	1000 Rim Drive	14,551	355
Glenwood Springs	818 Colorado Avenue	<u>6,588</u>	<u>336</u>
<b>Total</b>		\$62,138	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 currently anticipates

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further rate increases at two locations in FY 2015-16, which it projects will increase overall expenditures in this line item to \$62,769 in FY 2015-16.

**Request:** The Department requests continuation funding of \$65,000 in total funds (including \$22,376 in General Fund) for this purpose in FY 2015-16.

**Recommendation:** Staff recommends continuation level funding of \$65,000 total funds (including \$22,376 General Fund) for FY 2015-16.

**Capitol Complex Leased Space**

**Description:** 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 the following locations:

<b>Capitol Complex Lease Space</b>	
Location	Space (sq ft)
Denver – 1313 Sherman Street	35,654
Grand Junction – 222 S. 6 <sup>th</sup> Street	3,968

This includes an increase of 400 square feet from the Department’s previously-reported space in Grand Junction. 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.

**Request:** The Department requests \$717,870 total funds, including \$414,600 General Fund, for FY 2015-16.

**Recommendation:** Pursuant to Committee common policy, staff recommends \$648,536 total funds, with fund-splits as reflected in the table below, based on the historic fund-splits used for this line item.

<b>Executive Director's Office, Capitol Complex Leased Space</b>						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	463,750	160,480	28,001	241,965	33,304	0.0
Other legislation	0	0	0	0	0	0.0
<b>TOTAL</b>	<b>\$463,750</b>	<b>\$160,480</b>	<b>\$28,001</b>	<b>\$241,965</b>	<b>\$33,304</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$463,750	\$160,480	\$28,001	\$241,965	\$33,304	0.0
Centrally appropriated line items	184,786	63,945	11,157	96,413	13,271	0.0
<b>TOTAL</b>	<b>\$648,536</b>	<b>\$224,425</b>	<b>\$39,158</b>	<b>\$338,378</b>	<b>\$46,575</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$184,786	\$63,945	\$11,157	\$96,413	\$13,271	0.0
Percentage Change	39.8%	39.8%	39.8%	39.8%	39.8%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$717,870</b>	<b>\$414,600</b>	<b>\$28,001</b>	<b>\$241,965</b>	<b>\$33,304</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$69,334	\$190,175	(\$11,157)	(\$96,413)	(\$13,271)	0.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

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*Note regarding the Department’s increase in space in Grand Junction:* The analyst for the Department of Personnel reports that an increase in space used by a department is typically either matched with a reduction in space used by another department or reflects improvements allowing for better utilization of space already owned by the State. This usually enables the Department of Personnel to spread existing Capitol Complex operating costs across more space, allowing for a reduction in per-square-foot charges across all departments.

**CORE Operations (formerly COFRS Modernization)**

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

**Request:** The Department requests \$339,621 in total funds (including \$205,893 General Fund) for FY 2015-16.

**Recommendation:** Pursuant to Committee common policy, staff recommends the request, as reflected in the table below. This includes annualizing (eliminating) one-time supplemental adjustments.

<b>Executive Director's Office, CORE Operations</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
HB 14-1336 (Long Bill)	202,725	104,883	52,620	45,222	0.0
Other legislation	488,298	286,852	151,811	49,635	0.0
<b>TOTAL</b>	<b>\$691,023</b>	<b>\$391,735</b>	<b>\$204,431</b>	<b>\$94,857</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$691,023	\$391,735	\$204,431	\$94,857	0.0
Centrally appropriated line items	196,896	101,010	96,891	(1,005)	0.0
Annualize prior year legislation and requests	(488,298)	(286,852)	(151,811)	(49,635)	0.0
Indirect cost adjustments	0	0	0	0	0.0
<b>TOTAL</b>	<b>\$399,621</b>	<b>\$205,893</b>	<b>\$149,511</b>	<b>\$44,217</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	<b>(\$291,402)</b>	<b>(\$185,842)</b>	<b>(\$54,920)</b>	<b>(\$50,640)</b>	<b>0.0</b>
Percentage Change	(42.2%)	(47.4%)	(26.9%)	(53.4%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$399,621</b>	<b>\$205,893</b>	<b>\$149,511</b>	<b>\$44,217</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	0.0

**Information Technology Security**

**Request:** 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.

**Moffat Tunnel Improvement District**

**Description:** This line item funds the Department's administration of the Moffat Tunnel Improvement District. DOLA is provided custodial authority pursuant to Section 32-8-124.7 (3), C.R.S. 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. As of June 30, 2014, the Department reported a fund balance of \$159,039.

**Request:** The Department requests continuation funding of \$137,444 in total funds (all of which is cash funds) for FY 2015-16.

**Recommendation:** Staff recommends approving the Department request.

**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.

**Request:** The Department requests \$996,432 total funds, including \$179,062 General Fund.

**Recommendation:** Staff's recommendation is pending the approval of the Common Policy by the Committee. Staff requests permission to adjust the line item after the Committee has determined the Common Policy.

Staff also recommends adjusting reappropriated funds sources to increase amounts from indirect cost collections in this line item by \$312,387, reducing funds from energy impact funds by the same amount. This adjustment compensates for an adjustment to reduce indirect cost collection amounts by \$312,387 from personal services "pots" line items (Health, Life, Dental; AED; Salary Survey; and Merit Pay line items). This change is expected to ease accounting for indirect cost expenditures.

## (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.

### DIVISION REQUEST AND RECOMMENDATION SUMMARY

Property Taxation						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	<u>\$3,653,774</u>	<u>\$1,409,210</u>	<u>\$1,151,418</u>	<u>\$1,093,146</u>	<u>\$0</u>	<u>49.9</u>
<b>TOTAL</b>	<b>\$3,653,774</b>	<b>\$1,409,210</b>	<b>\$1,151,418</b>	<b>\$1,093,146</b>	<b>\$0</b>	<b>49.9</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$3,653,774	\$1,409,210	\$1,151,418	\$1,093,146	\$0	49.9
Annualize FY 2014-15 salary survey	68,331	29,954	24,554	13,823	0	0.0
Annualize FY 2014-15 merit pay	28,018	10,865	7,226	9,927	0	0.0
Indirect cost adjustments	23,797	0	11,458	12,339	0	0.0
Annualize prior year legislation and requests	0	(69,748)	69,748	0	0	0.0
Net \$0 technical adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,773,920</b>	<b>\$1,380,281</b>	<b>\$1,264,404</b>	<b>\$1,129,235</b>	<b>\$0</b>	<b>49.9</b>
<b>Increase/(Decrease)</b>	\$120,146	(\$28,929)	\$112,986	\$36,089	\$0	0.0
Percentage Change	3.3%	(2.1%)	9.8%	3.3%	0.0%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$3,750,123</b>	<b>\$1,402,254</b>	<b>\$1,228,330</b>	<b>\$1,119,539</b>	<b>\$0</b>	<b>49.9</b>
Request Above/(Below) Recommendation	(\$23,797)	\$21,973	(\$36,074)	(\$9,696)	\$0	0.0

### Issue Descriptions

**Annualize FY 2014-15 salary survey:** The recommendation moves FY 2014-15 centrally appropriated amounts for salary survey to line items throughout the Department.

**Annualize FY 2014-15 merit pay:** The recommendation moves FY 2014-15 centrally appropriated amounts for merit pay to line items throughout the Department.

**Indirect cost adjustment:** The recommendation includes an increase in the amount of indirect cost recoveries collected in this division that are applied to offset the need for General Fund in the Executive Director’s office.

**Annualize prior year legislation and requests:** The recommendation increases cash funds appropriations available as a result of S.B. 13-146 (Board of Assessment Appeals Cash Fund), reducing General Fund otherwise required.

**Net \$0 technical adjustments:** The recommendation includes adjustments in the CLIMBS system to more accurately reflect spending categories. These changes have no net fiscal impact on any line item.

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## **LINE ITEM DETAIL—DIVISION OF PROPERTY TAXATION**

**Description:** 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.

**Request:** The Department requests \$2,773,709 in total funds and 36.7 FTE for this program line, including \$978,270 General Fund, including annualization of FY 2014-15 common policy personal services increases.

**Recommendation:** Staff recommends the request for total dollars, calculated consistent with Committee common policy; however staff has slightly modified fund splits from request amounts. Specifically:

- Staff has included small adjustments to the fund splits for annualization of FY 2014-15 salary survey and merit pay so that department annualization totals more closely align with the FY 2014-15 “pots” appropriations.

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- Staff had also considered a one-time adjustment to increase cash funds spending authority by \$100,000 and decrease General Fund by the same amount, based on projected growth in reserves in the Property Tax Exemption Fund. The Department concurs that the funds are sufficient but feels that it does not have sufficient expenditures that are appropriate for use of this cash funds source, and it does not wish to use fee revenue for purposes other than those for which the fees are designated. *Staff has therefore not included in the adjustment at this time. However, staff will consult further with the Office of Legislative Legal Services and the Department and will inform the Committee in a “comeback” if an adjustment seems appropriate.*

<b>Property Taxation, Division of Property Taxation</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>Personal Services</b>					
FY 2014-15 Appropriation	\$2,474,935	\$878,544	\$812,715	\$783,676	36.7
Annualize FY 2014-15 salary survey	50,381	16,762	22,329	11,290	0.0
Annualize FY 2014-15 merit pay	19,199	6,791	6,263	6,145	0.0
Fund split adjustment	0	0	0	0	0.0
<b>Subtotal - Personal Services</b>	<b>\$2,544,515</b>	<b>\$902,097</b>	<b>\$841,307</b>	<b>\$801,111</b>	<b>36.7</b>
<b>Operating Expenses</b>					
FY 2014-15 Appropriation	\$160,520	\$67,437	\$40,810	\$52,273	0.0
<b>Subtotal - Operating Expenses</b>	<b>\$160,520</b>	<b>\$67,437</b>	<b>\$40,810</b>	<b>\$52,273</b>	<b>0.0</b>
<b>Other</b>					
FY 2014-15 Appropriation	\$68,674	\$3,511	\$31,201	\$33,962	0.0
<b>Subtotal - Other</b>	<b>\$68,674</b>	<b>\$3,511</b>	<b>\$31,201</b>	<b>\$33,962</b>	<b>0.0</b>
<b>Total Recommended FY 2015-16 Appropriation</b>	<b>\$2,773,709</b>	<b>\$973,045</b>	<b>\$913,318</b>	<b>\$887,346</b>	<b>36.7</b>
<b>FY 2015-16 Executive Request</b>	<b>\$2,773,709</b>	<b>\$978,270</b>	<b>\$905,450</b>	<b>\$889,989</b>	<b>36.7</b>
Request Above/(Below) Recommendation	\$0	\$5,225	(\$7,868)	\$2,643	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.

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

**Recommendation:** Staff recommends the Department's request.

#### **Board of Assessment Appeals**

**Description:** 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. 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 Board members (7.4 of the total FTE in FY 2013-14).

The BAA Cash Fund was created in Senate Bill 13-146, which credited all filing fees paid to the BAA to the Cash Fund. The Fund does not fully support the BAA but offsets General Fund otherwise required. Reappropriated funds reflect statewide indirect cost recoveries.

*JBC Staff Figure Setting – FY 2015-16*  
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**Request:** The Department requests \$606,314, including \$411,128 General Fund. This includes annualization of prior year salary survey and anniversary awards and annualization of S.B. 13-146 to reflect increased funding from the BAA cash fund (\$53,000) and a further General Fund offset of the same amount.

**Recommendation:** The staff recommendation is for \$606,314 total funds, consistent with the request. However, staff has adjusted the requested annualization associated with S.B. 13-146 (BAA Cash Fund), increasing total funding from the cash fund to \$150,000, which offsets General Fund otherwise required. This is consistent with the projection in the S.B. 13-146 fiscal note. Based on receipts to-date, the Department anticipates that there will be sufficient revenue to the Fund in FY 2015-16 (an assessment year) to support this level of cash appropriation.

The recommendation also includes a technical adjustment to correctly classify amounts in the JBC CLIMBS database as personal services. This has a net \$0 impact on the total line item.

<b>Property Taxation, Board of Assessment Appeals</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>Personal Services</b>						
FY 2014-15 Appropriation	\$502,624	\$135,123	\$150,000	\$217,501	\$0	13.2
Annualize FY 2014-15 salary survey	17,950	13,192	2,225	2,533	0	0.0
Annualize FY 2014-15 merit pay	8,819	4,074	963	3,782	0	0.0
Annualize prior year legislation and requests	0	(69,748)	69,748	0	0	0.0
Net \$0 technical adjustments	23,714	285,978	(72,936)	(189,328)	0	0.0
<b>Subtotal - Personal Services</b>	<b>\$553,107</b>	<b>\$368,619</b>	<b>\$150,000</b>	<b>\$34,488</b>	<b>\$0</b>	<b>13.2</b>
<b>Operating Expenses</b>						
FY 2014-15 Appropriation	\$53,207	\$25,761	\$0	\$27,446	\$0	0.0
<b>Subtotal - Operating Expenses</b>	<b>\$53,207</b>	<b>\$25,761</b>	<b>\$0</b>	<b>\$27,446</b>	<b>\$0</b>	<b>0.0</b>
<b>Other</b>						
FY 2014-15 Appropriation	\$23,714	\$285,978	(\$72,936)	(\$189,328)	\$0	0.0
Net \$0 technical adjustments	(23,714)	(285,978)	72,936	189,328	0	0.0
<b>Subtotal - Other</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>Total Recommended FY 2015-16 Appropriation</b>	<b>\$606,314</b>	<b>\$394,380</b>	<b>\$150,000</b>	<b>\$61,934</b>	<b>\$0</b>	<b>13.2</b>
<b>FY 2015-16 Executive Request</b>	<b>\$606,314</b>	<b>\$411,128</b>	<b>\$133,252</b>	<b>\$61,934</b>	<b>\$0</b>	<b>13.2</b>
Request Above/(Below) Recommendation	\$0	\$16,748	(\$16,748)	\$0	\$0	(0.0)

**Indirect Cost Assessment**

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

**Request:** The Department requests \$357,244 total funds for FY 2015-16 for the collection rate applied to the Division for indirect cost recoveries.

**Recommendation:** Staff recommends \$381,041 based on an updated indirect cost recoveries plan submitted by the Department. This division is assessed at a 21.6 percent collection rate,

*JBC Staff Figure Setting – FY 2015-16*  
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based on the overall plan negotiated between the Department and the federal Department of Housing and Urban Development.

<b>Property Taxation, Indirect Cost Assessment</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
HB 14-1336 (Long Bill)	357,244	0	189,628	167,616	0.0
<b>TOTAL</b>	<b>\$357,244</b>	<b>\$0</b>	<b>\$189,628</b>	<b>\$167,616</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$357,244	\$0	\$189,628	\$167,616	0.0
Indirect cost adjustments	23,797	0	11,458	12,339	0.0
<b>TOTAL</b>	<b>\$381,041</b>		<b>\$201,086</b>	<b>\$179,955</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$23,797	\$0	\$11,458	\$12,339	0.0
Percentage Change	6.7%	0.0%	6.0%	7.4%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$357,244</b>	<b>\$0</b>	<b>\$189,628</b>	<b>\$167,616</b>	<b>0.0</b>
Request Above/(Below) Recommendation	(\$23,797)	\$0	(\$11,458)	(\$12,339)	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.

For 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 employees are located throughout the state, and are engaged in activities that include private activity bond incentives, inspections, and regulation of the manufactured building industry and mobile home parks, and work associated with the Housing Development Grants and Loans.

***Indirect Cost Assessment*** includes the Department’s assessments of indirect cost recoveries from the Local Government Mineral and Energy Impacts Grants and Disbursements line item, which includes moneys in the Local Government Severance Tax Fund created in Section 39-23-110 (1) (a) (I), C.R.S., and moneys in the Local Government Mineral Impact Fund created in Section 24-32-3309 (1) (a), C.R.S.

### **DIVISION REQUEST AND RECOMMENDATION SUMMARY**

	<b>Division of Housing</b>					<b>FTE</b>
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	<u>\$67,828,180</u>	<u>\$13,432,850</u>	<u>\$1,066,720</u>	<u>\$393,083</u>	<u>\$52,935,527</u>	<u>52.3</u>
<b>TOTAL</b>	<b>\$67,828,180</b>	<b>\$13,432,850</b>	<b>\$1,066,720</b>	<b>\$393,083</b>	<b>\$52,935,527</b>	<b>52.3</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$67,828,180	\$13,432,850	\$1,066,720	\$393,083	\$52,935,527	52.3

*JBC Staff Figure Setting – FY 2015-16  
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<b>Division of Housing</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Federal funds adjustments	7,711,842	0	0	0	7,711,842	0.0
R4 Housing development grants	3,105,000	3,105,000	0	0	0	0.0
Annualize FY 2014-15 salary survey	78,361	18,846	11,495	13,933	34,087	0.0
Annualize FY 2014-15 merit pay	26,261	5,820	4,978	2,418	13,045	0.0
Annualize prior year legislation and requests	6,982	(1,275)	0	8,257	0	0.5
R1 Building Regulation Fund structural deficit resolution	0	0	0	0	0	0.0
Manufactured Building Program break-out	0	0	0	0	0	0.0
Net \$0 technical adjustments	0	0	0	0	0	0.0
Indirect cost adjustments	<u>(15,897)</u>	<u>0</u>	<u>61,063</u>	<u>34,813</u>	<u>(111,773)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$78,740,729</b>	<b>\$16,561,241</b>	<b>\$1,144,256</b>	<b>\$452,504</b>	<b>\$60,582,728</b>	<b>52.8</b>
<b>Increase/(Decrease)</b>	\$10,912,549	\$3,128,391	\$77,536	\$59,421	\$7,647,201	0.5
Percentage Change	16.1%	23.3%	7.3%	15.1%	14.4%	1.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$71,609,784</b>	<b>\$17,126,241</b>	<b>\$1,083,193</b>	<b>\$417,691</b>	<b>\$52,982,659</b>	<b>52.8</b>
Request Above/(Below)						
Recommendation	(\$7,130,945)	\$565,000	(\$61,063)	(\$34,813)	(\$7,600,069)	0.0

### Issue Descriptions

**Federal funds adjustments:** The recommendation adjusts federal funds reflected for informational purposes in this division based on amounts estimated to be received. The net increase primarily reflects increases for the Shelter + Care program and increases in amounts per Housing Choice Voucher (Section 8) rental vouchers due to rental cost increases, offset by declines related to the phase-out of the Neighborhood Stabilization Program (a \$52 million, multi-year grant program authorized in the American Reinvestment and Recovery Act).

**R4 Housing development grants:** The Department requested an increase of \$3,420,000 General Fund for the Housing Development Grant and Loan Program. Staff recommends \$3,105,000 General Fund in FY 2015-16, annualizing to the requested \$3.42 million in FY 2016-17. The staff recommendation divides the total between a line item that supports rental subsidies and a line item that supports affordable housing construction, based on the requested use of the new funds.

**Annualize FY 2014-15 salary survey:** The recommendation moves FY 2014-15 centrally appropriated amounts for salary survey to line items throughout the Department.

**Annualize FY 2014-15 merit pay:** The recommendation moves FY 2014-15 centrally appropriated amounts for merit pay to line items throughout the Department.

**Annualize prior year legislation and requests:** The recommendation annualizes two FY 2014-15 decision items, consistent with the original FY 2014-15 requests.

**R1 Building Regulation Fund structural deficit resolution:** The Department requested an appropriation of \$250,000 General Fund to address a shortfall in the Building Regulation Fund. The Committee has instead sponsored S.B. 15-112, which transfers \$300,000 General Fund to the Building Regulation Fund effective April 1, 2015, so no new appropriation or related change to statutory authorization for the Manufactured Building Program is required.

**Manufactured Building Program break-out:** The recommendation includes a budget neutral adjustment to the Long Bill structure adopted in FY 2014-15. The change again breaks out the Manufactured Building Program line item, as this program is statutorily required to be self-supporting.

**Net \$0 technical adjustments:** The recommendation includes various technical corrections to correctly identify appropriations in the JBC CLIMBS budget system. These adjustments have no impact on the total appropriation in any line item in this division.

**Indirect cost adjustments:** The recommendation adjusts indirect cost collection amounts in this division based on the Department's most recent indirect cost plan.

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## REQUESTS AFFECTING MULTIPLE LINE ITEMS

### R4 Housing Development Grant Program

**Request:** For FY 2015-16, the Department has submitted request R-4, which would increase the Affordable Housing Grants and Loans line item by \$3,420,000, providing a total General Fund appropriation of \$11,620,000 for the line item, and bringing total funding in the line item (including federal funds) to \$18.8 million.

The Department requests an additional \$3.42 million General Fund annually in the Housing Development Grant Fund for:

- Development of an estimated 300 additional affordable rental housing units; and
- 200 rental vouchers

According to the Department, funds would be used in two ways:

- to provide rental subsidies to leverage private and public funding for housing for seniors and people with disabilities; and

- to build housing with supportive services for homeless families with school-aged children, high risk offenders with co-occurring substance abuse and mental illness; and at-risk homeless persons with disabilities.

The Department anticipates that, with the addition of this new funding plus base funding, it could construct 4,120 of the 5,754 units currently in the Division’s “pipeline”. The “pipeline” represents the list of projects housing developers anticipate that they could achieve with adequate subsidy resources. Funding sources would include the approximately \$19 million in state and federal funds proposed in the Affordable Housing Grants and Loans line item and a range of other sources, including the Colorado Housing Investment Trust Fund and the Low Income Housing Tax Credit program administered by the Colorado Housing Finance Authority.

- The approximately 300 new units to be constructed would be targeted at individuals with particularly high needs and low incomes. The Division reports that constructing units for this part of the population typically requires higher subsidies of approximately \$7,500 per unit. (In the absence of subsidies, the cost of construction, land and operations typically drive a rent of about \$1,050 to break even.) The Department anticipates directing much of this new construction funding to projects targeted at seniors, given the rapid growth in this population.
- The proposed 200 housing vouchers would provide for supportive services required by the most vulnerable populations—the above-cited homeless families with younger children, high risk-offenders with co-occurring substance abuse and mental illness, and at-risk very low income homeless people with disabilities. Supportive housing is coupled with services such as job training, alcohol and drug abuse programs, and case management, for populations in need of assistance. The Department reports that supportive housing has shown an 84 percent housing stability rate, as opposed to only 35 percent housing stability for this type of population without supportive services. Providing stable housing is expected to provide cost-savings in other areas, including medical costs and, for offenders, reduced recidivism.

In its request and in response to Committee questions, the Department has indicated that some of the benefits of this housing investment include:

*Short- and long-term economic stimulus:* A December 2014 study released by a coalition of housing and community development partners, analyzed the role of home construction, including rent subsidized units, on the Colorado economy.<sup>1</sup> The analysis examined the state and local economic impacts of building 823 rent-subsidized homes and rehabilitating 485 rent-subsidized homes. With specific regard to the subsidized units, the report found the construction phase alone generated over \$88,000 per rent-subsidized unit constructed in local income and between \$8,000 and \$12,000 per unit in taxes and fees. (For the 823 units, impacts totaled \$113.1 million in income for residents, \$20.9 million in government taxes and revenue, and 1,658 jobs.). The

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<sup>1</sup> *Driving a Vibrant Economy: Housing’s Role In Colorado’s Economic Success*, December 2014, Metro Denver Home Builders Association, Housing Colorado, Metro Denver Economic Development Corporation, MileHighConnects, Colorado State University, Piton Foundation, Colorado Municipal League [http://c.ycmdn.com/sites/www.housingcolorado.org/resource/resmgr/Advocacy/Driving\\_a\\_Vibrant\\_Economy.pdf](http://c.ycmdn.com/sites/www.housingcolorado.org/resource/resmgr/Advocacy/Driving_a_Vibrant_Economy.pdf)

annually recurring impact of the 823 rent restricted units was \$20.6 million in income for Colorado residents (over \$25,000 per unit per year), \$4.4 million in taxes and other government revenue, and 282 jobs for Colorado residents.

*Funds leveraging:* The state's housing construction dollars serve as gap financing. The Department provided data regarding the FY 2013-14 state funding (\$4.2 million) that reflected leveraging of 3:1 to 23:1 for every dollar invested by the State. In total, the state's \$4.2 million leveraged \$57.8 million in other private and public investments--a 14:1 ratio.

*Reduced social services costs:* The request referenced various studies suggesting savings associated with providing housing, ranging from significant reductions in acute medical costs for elderly and disabled individuals to reduced recidivism associated with providing housing to people with severe mental illness who are released from the criminal justice system. These are described further below.

**Recommendation:** Staff recommends \$3,105,000 General Fund for this request for FY 2015-16, including:

- \$945,000 General Fund added to the Community and Non-Profit Services, Low Income Rental Subsidies line item. This amount would annualize to \$1,260,000 General Fund in FY 2016-17.
- \$2,160,000 General Fund in the Field Services, Affordable Housing Construction Grants and Loans line item.

In response to staff questions, the Department indicated that the portion of the request associated with rental vouchers would represent \$1,260,000 of the total: a subsidy of \$525 per person per month (\$6,300 per year) for people on SSDI. Staff recommends that this amount be added to the Low Income Rental Subsidies line item and prorated for nine months for the first year only, as the Department indicates that some time will be required to roll-out appropriate rental contracts.

Staff also recommends the addition of the following footnotes and requests for information:

Footnote:

N 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.

Request for Information:

N Department of Local Affairs, Division of Housing – The Department is requested to submit a report by November 2015 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.

**Analysis:** As reviewed at greater length in the staff briefing packet:

- The need for affordable housing for low income populations is vast, both in Colorado and the U.S. as a whole. Based on a preliminary analysis by Piton Foundation staff, there appear to be just under 100,000 income-restricted rental units in Colorado and about 32,000 rental vouchers available. Yet this is insufficient. The Department estimates that there are over 160,000 low-income, severely rent-burdened households (those paying over 50 percent of income in rent) in the State, including about one-third are elderly or disabled and 27 percent families with children. The Department anticipates that its “gap financing” can help to address creation of about 4,120 units per year, *i.e.*, **it may be able to address less than 4 percent of the need in a year.** Another recent analysis also estimates that the demand for affordable housing among households with less than \$20,000 in income exceeds 110,000, a number that represents about 16% of the existing rental stock and that would take over 100 years to eliminate at the current rate of subsidized housing construction.<sup>2</sup>
- In light of the above, staff believes **state funding must be carefully targeted to achieve critical state goals**, starting with providing housing assistance where this is the most cost-effective way to reduce the need for other kinds of public support services. This is the Department’s orientation as well. The Department’s funding applications provide additional ranking points for projects targeted to people with very low income or special needs. The Department indicates that its current policy on use of housing funds is directed by its strategic plan which specifies, among its goals (FY 2014-15 plan, November 1, 2014):

**DOH Process #1: Creation of additional affordable housing options for renters and homeowners, especially households in greatest need**<sup>1,2</sup>

(DOLA tenet #1)

Includes but is not limited to:

- Additional homeless beds and resources for service agencies
- Establishing and applying funding priorities for developing housing for households with the lowest incomes
- Resources for additional special needs housing

Footnotes on inputs:

<sup>1</sup>This process also includes establishing funding priorities.

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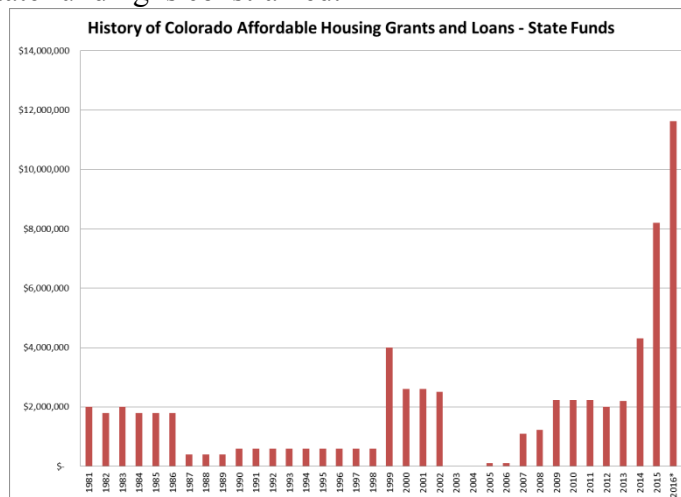
<sup>2</sup> *Driving a Vibrant Economy: Housing’s Role In Colorado’s Economic Success*, December 2014, Metro Denver Home Builders Association et. al.

The Division reported that the average annual income of the households served by the Division’s housing authority is \$11,378. Eighty-three percent with a voucher are disabled.

- In response to the Committee’s questions, the department provided some additional data on the cost-savings that can be achieved by funds targeted to certain client categories. It references a number of studies including:
  - 2006 study by the Colorado Coalition for the Homeless which found annual cost savings of \$31,545 per person for providing permanent housing to chronically homeless individuals.
  - 2013 study by the Denver Crime Prevention and Control Commission on the annual cost of homeless persons who are frequently incarcerated for misdemeanors. It found the average cost of criminal justice and health care for these individuals was \$37,846 per person and temporary shelter costs increased this to \$58,195. This compares with an average annual cost for permanent supportive housing of \$13,574.
  - A Los Angeles study that concluded that for every \$1 spent on permanent supportive housing, \$2 of public expenditures was saved in the first year and \$6 was saved in subsequent years.

Notably, the annual point in time study indicates that the number of homeless individuals is far smaller: 9,358 based on the January 2014 point in time study, including 1,471 chronically homeless. Providing sufficient resources to address the needs of this population thus appears to be more financially manageable than addressing broader statewide housing affordability issues (though adequate financial resources may provide only part of the solution).

- **Most housing support provided by the State should be viewed as a one-time use of funds** to assist local communities in assisting their most vulnerable populations. The Department’s request is for ongoing annual support. However, as is evident from this history of housing funding in Colorado, this is a portion of the budget has almost always been subject to large budget cuts when state funding is constrained.



**The Department’s submission on November 1 indicates that the request would support 200 housing vouchers,** in addition to funding for “gap financing” construction projects such as those done in the last few years. From staff’s perspective, *this is a less flexible funding commitment,* as it would be difficult to retract a voucher from someone who relies on it for shelter. Thus, *staff recommends placing any associated funding in the Low Income Rental Subsidies line item, where the more permanent nature of these funds would be reflected.*

**➔ R1 Building Regulation Fund Deficit**

**Request:** The Department of Local Affairs requests \$250,000 General Fund in FY 2015-16 (and requested \$64,000 General Fund in FY 2014-15) to address a structural deficit in the Building Regulation Fund (Fund). This Fund supports the Department’s inspection and certification of factory-built residential and commercial structures. Since statute requires that the Fund cover the program’s direct and indirect costs, a statutory change would be required.

**Recommendation:** This issue was reviewed in depth in the staff budget briefing document and the staff supplemental presentation on this issue. *In lieu of the requested approach, the Committee has voted to sponsor a bill to restore \$500,000 to the Building Regulation Fund that was previously transferred from the Fund to the General Fund, including a transfer of \$300,000 April 1, 2015 and a transfer of \$200,000 July 1, 2016.* (In 2009, \$1.1 million was transferred from the Fund to the General Fund.) In light of this, staff recommends:

- The Committee reject the proposed \$250,000 General Fund increase for the program for FY 2015-16; staff anticipates that the Department will operate the program using the existing cash funds spending authority for the program and will use the General Fund transferred to the cash fund to support the program as necessary during FY 2015-16. Staff also anticipates that the Department will modify the program if necessary to operate within the existing cash funds spending authority, adjusted consistent with common policy.
- The Committee again break-out funding for this program into a separate Manufactured Buildings Program line item. Funding for this program was consolidated into the Affordable Housing Program Costs line item in FY 2014-15, as part of Department-requested reorganization. However, statute requires that the direct and indirect cost of the program be supported by program fees, so staff believes it is appropriate to track program appropriations in a separate line item.

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## **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**

**Description:** 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:

- 8.1 FTE administrative staff; and
- 19.0 FTE who oversee low-income rental subsidies.

**Request:** The Department requests \$2,283,513 total funds and 25.6 FTE including \$341,264 General Fund.

**Recommendation:** The staff recommendation, reflected in the table below, includes adjustments to more closely align federal amounts with anticipated spending, based on FY 2013-14 actuals and anticipated grants. Federal funds adjustments throughout the Division of Housing are based on FY 2013-14 actual expenditures increased by 5.0 percent, with some additional changes related to new grants anticipated or those that are being phased out. The federal funds in this line item are comprised primarily of Section 8 funds (\$1.286 million) and moneys from the Shelter + Care program (\$246,000). The balance represents smaller amounts from nine other federal grants.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Division of Housing, Community and Non-Profit Services, Personal Services</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	2,233,586	327,476	15,376	85,039	1,805,695	25.6
<b>TOTAL</b>	<b>\$2,233,586</b>	<b>\$327,476</b>	<b>\$15,376</b>	<b>\$85,039</b>	<b>\$1,805,695</b>	<b>25.6</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$2,233,586	\$327,476	\$15,376	\$85,039	\$1,805,695	25.6
Annualize FY 2014-15 salary survey	37,181	9,423	371	10,133	17,254	0.0
Annualize FY 2014-15 merit pay	12,746	4,365	360	1,418	6,603	0.0
Federal funds adjustments	71,827	0	0	0	71,827	0.0
<b>TOTAL</b>	<b>\$2,355,340</b>	<b>\$341,264</b>	<b>\$16,107</b>	<b>\$96,590</b>	<b>\$1,901,379</b>	<b>25.6</b>
<b>Increase/(Decrease)</b>	\$121,754	\$13,788	\$731	\$11,551	\$95,684	0.0
Percentage Change	5.5%	4.2%	4.8%	13.6%	5.3%	0.0%
<b>FY 2015-16 Executive Request:</b>						
Request Above/(Below) Recommendation	(\$71,827)	\$0	\$0	\$0	(\$71,827)	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.

**Request:** The Department requests continuation funding of \$488,153 total funds including \$36,278 General Fund.

**Recommendation:** The staff recommendation, reflected in the table below, includes an adjustment to federal funds amounts shown for informational purposes, based on recent actual expenditures and anticipated grants.

<b>Division of Housing, Community and Non-Profit Services, Operating Expenses</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	488,153	36,278	2,500	0	449,375	0.0
<b>TOTAL</b>	<b>\$488,153</b>	<b>\$36,278</b>	<b>\$2,500</b>	<b>\$0</b>	<b>\$449,375</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$488,153	\$36,278	\$2,500	\$0	\$449,375	0.0
Federal funds adjustments	(112,716)	0	0	0	(112,716)	0.0
<b>TOTAL</b>	<b>\$375,437</b>	<b>\$36,278</b>	<b>\$2,500</b>	<b>\$0</b>	<b>\$336,659</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$112,716)	\$0	\$0	\$0	(\$112,716)	0.0
Percentage Change	(23.1%)	0.0%	0.0%	0.0%	(25.1%)	0.0%
<b>FY 2015-16 Executive Request:</b>						
Request Above/(Below) Recommendation	\$112,716	\$0	\$0	\$0	\$112,716	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 2015-16.

*(ii) Community Services*

**Low Income Rental Subsidies**

**Description:** 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. 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. State-managed vouchers represent about 20 percent of federal rental vouchers allocated in Colorado, with the majority of vouchers managed at the local level.

<b>Count of Active Tenants for All Voucher Programs</b>			
<b>Program</b>	<b>Federally Funded</b>	<b>State Funded</b>	<b>Monthly Vouchers</b>
Housing Choice Voucher Program (Section 8)	X		5,477
Veterans Affairs Supportive Housing (VA)	X		538
State Housing Voucher (Community Living Colorado)		X	14
Permanent Supportive Housing	X		580
State Housing Voucher (Mental Health)		X	135
Totals	6,595	149	6,744

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 for larger families with lower incomes. Currently, the average monthly subsidy across all programs is \$510 (\$6,120 per year) for the HCV (Housing Choice Voucher) programs.

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

**Request:** The Department requests continuation level funding of \$40,903,029 total funds, including \$1,360,813 General Fund for this line item in FY 2015-16, with the balance from federal funds.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Recommendation:** Staff recommends \$50,337,635, including \$2,305,813 General Fund and \$48,031,822 federal funds. This amount includes:

- \$945,000 General Fund increase for the portion of request R4 associated with providing 200 additional rental vouchers at an average rate of \$6,300 per person per year, pro-rated to nine months, as discussed above pursuant to the R4 request.
- \$8,489,606 federal funds increase, shown for informational purposes, based on the Department’s estimate of the total amount of federal funds anticipated to be expended. The increase in federal funding reflects increases in federal funding for the Shelter + Care program (for people with significant disabilities and mental illness) and some new federal grant funds that have been requested. It also reflects increases in the costs associated with existing vouchers, due to market rate increases.

<b>Division of Housing, Community and Non-Profit Services, Low Income Rental Subsidies</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
HB 14-1336 (Long Bill)	40,903,029	1,360,813	39,542,216	0.0
<b>TOTAL</b>	<b>\$40,903,029</b>	<b>\$1,360,813</b>	<b>\$39,542,216</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$40,903,029	\$1,360,813	\$39,542,216	0.0
R4 Housing development grants	945,000	945,000	0	0.0
Federal funds adjustments	8,489,606	0	8,489,606	0.0
<b>TOTAL</b>	<b>\$50,337,635</b>	<b>\$2,305,813</b>	<b>\$48,031,822</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$9,434,606	\$945,000	\$8,489,606	0.0
Percentage Change	23.1%	69.4%	21.5%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$40,903,029</b>	<b>\$1,360,813</b>	<b>\$39,542,216</b>	<b>0.0</b>
Request Above/(Below) Recommendation	(\$9,434,606)	(\$945,000)	(\$8,489,606)	0.0

**Homeless Prevention Programs**

**Description:** 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.

**Request:** The Department requests continuation funding of \$1,434,449, including \$110,000 cash funds and the balance from federal funds.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

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

<b>Division of Housing, Community and Non-Profit Services, Homeless Prevention Programs</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>					
HB 14-1336 (Long Bill)	1,434,449	0	110,000	1,324,449	0.0
<b>TOTAL</b>	<b>\$1,434,449</b>	<b>\$0</b>	<b>\$110,000</b>	<b>\$1,324,449</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>					
FY 2014-15 Appropriation	\$1,434,449	\$0	\$110,000	\$1,324,449	0.0
Federal funds adjustments	254,169	0	0	254,169	0.0
<b>TOTAL</b>	<b>\$1,688,618</b>		<b>\$110,000</b>	<b>\$1,578,618</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$254,169	\$0	\$0	\$254,169	0.0
Percentage Change	17.7%	0.0%	0.0%	19.2%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$1,434,449</b>	<b>\$0</b>	<b>\$110,000</b>	<b>\$1,324,449</b>	<b>0.0</b>
Request Above/(Below) Recommendation	(\$254,169)	\$0	\$0	(\$254,169)	0.0

**Emergency Shelter Program**

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

*(iii) Fort Lyon Supporting Housing Program*

**Program Cost**

**Description:** This program 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 serving chronically homeless individuals. The program was funded in S.B. 13-210. The fiscal note assumed the facility would serve 200 individuals in FY 2013-14 and 300 individuals in FY 2014-15 with costs reflected below. Of the FY 2013-14 costs, \$1.1 million were paid from custodial funds related to the mortgage settlement agreement and \$1.6 million is anticipated to be paid from this source in FY 2014-15, with the **balance paid through the current General Fund appropriation of \$3,223,851.**



*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

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<b>Cost Components</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>
Client Care Contract Personal Services	\$1,296,450	\$2,115,600
Client Care Contract Travel	32,800	20,000
Client Care Contract Capital and Operating Expenses	389,100	516,300
Maintenance and Operations Contract Personal Services	686,835	686,835
Maintenance and Operations Contract Operating Expenses	245,000	245,000
Pharmaceuticals	10,000	15,000
Risk management insurance premiums	48,000	48,000
Utilities	1,194,016	1,194,016
Overtime Payments From New Overtime Threshold (DOC)	173,333	173,333
Overtime Payments From Time-and-a-half Provision (DOC)	789,835	1,012,103
<b>TOTAL</b>	<b>\$4,865,369</b>	<b>\$6,026,187</b>

*Update on Ft. Lyon Program Implementation:* In response to JBC hearing questions, the Department reported that during the first year of operation (September 2013-September 2014):

- 248 people came to Fort Lyon for housing
- 193 currently reside
- 69 voluntarily left, 14 of whom returned to Ft. Lyon for housing and treatment

The Department reported total expenses from September 2013 to September 2014 from the National Mortgage Settlement Funds and the General Fund were \$5,503,779 and, dividing this figure by 248 served, identified a cost per person of \$22,193 for the first year of operations.

*The Department has most recently estimated average annual costs per resident (300 residents) over the next fifteen years of: (1) \$21,250 in 14 of the 15 years (\$19,985 + major maintenance of \$1,265); and (2) in one of the fifteen years, one-time additional cost related to demolishing ten homes on the property, asbestos abatement, and heating system replacement of \$2,832,795, which translates to an additional \$9,443 per resident for that one year.<sup>3</sup>*

Staff notes:

- Although the fiscal note anticipated that the Department would reach its target of 300 residents at the beginning of FY 2014-15, it has ramped-up more slowly. The Department now anticipates that census will reach 300 by the *end* of FY 2014-15.

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<sup>3</sup> The Department estimates that the total additional costs associated with demolishing 10 homes, including asbestos abatement, is \$116,796. The largest single one-time cost anticipated over the next fifteen years is \$1.8 million for heating system replacement.

- Starting in FY 2013-14, the Executive set aside \$5,000,000 in one-time custodial Mortgage Settlement funds for this program. According to the Department, these moneys were anticipated to be expended over approximately three years. The Department has requested a continuation level of General Fund support for FY 2015-16. However, staff notes that the Mortgage Settlement Funds are likely to be exhausted by the end of FY 2015-16, which could result in a request for additional funding in FY 2016-17. Staff assumes any such request will be addressed next year, at which point there will also be better data available about the program’s success at reintegrating participants into their local communities.

**Request:** The Department requests continuation level funding of \$3,223,851 General Fund to support this line in FY 2015-16.

**Recommendation:** Staff recommends the request. The initial program ramp-up appears to have gone relatively smoothly. The program is only now beginning to discharge residents back to the community, and staff believes it would be premature to change funding levels until the General Assembly is able to assess to whether residents can be successfully reintegrated into their local communities.

Staff anticipates that next year will be an important point for assessing the program’s success and expects to brief the Committee on it. *The Committee may wish to consider a formal RFI for November 2015 on this topic.* Staff will work with the Department to provide appropriate information either way.

## **(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 the following functions:

- Work related to awarding and oversight of housing development grants and loans that is location-specific;
- Inspect and regulate the manufactured building industry and mobile home parks; and
- Support private activity bond incentives;

The FTE in this line item include:

4.5 FTE for overall management, budget, research, and clerical support;

9.4 FTE for staff located throughout the State who assist local governments in development and management of affordable housing projects. This includes 3.0 FTE focused on disaster recovery.

7.3 FTE for the manufactured housing/building standards and technology section (which staff is recommending moving to a separate line item)

1.0 FTE for oversight of the private activity bond program

**Request:** The Department requests \$4,429,575 and 27.2 FTE, including \$544,035 General Fund for this program in FY 2015-16. The request includes \$250,000 General Fund for Request R1 (Building Regulation Fund structural deficit resolution), as well as annualization of two FY 2014-15 decision items.

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

- Does not include the additional \$250,000 General Fund for Request R1, as the JBC has already introduced a bill to address shortfalls in this program through a General Fund transfer.
- Removes cash funds for the Department section responsible for regulation of manufactured buildings and moves this to a separate line item, consistent with the structure prior to FY 2014-15.
- Adjusts federal funds amounts shown for informational purposes based on anticipated receipts and expenditures. The decline in federal funding in part reflects the final spend-down of the Neighborhood Stabilization Program (NSP). This five-year grant program, supported under the American Recovery and Reinvestment Act, was designed to stabilize neighborhood property values in response to the foreclosure crisis.
- Adjusts amounts within the CLIMBS budgeting system to more accurately reflect the classification of certain appropriations in the personal services, operating, and “other” category. These adjustments have a net \$0 impact on the overall line item appropriation.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Division of Housing, Field Services, Affordable Housing Program Costs</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>Personal Services</b>						
FY 2014-15 Appropriation	\$272,849	\$141,201	\$0	\$131,648	\$0	26.7
R1 Building Regulation Fund structural deficit resolution	0	0	0	0	0	0.0
Annualize FY 2014-15 salary survey	41,180	9,423	11,124	3,800	16,833	0.0
Annualize FY 2014-15 merit pay	13,515	1,455	4,618	1,000	6,442	0.0
Annualize prior year legislation and requests	8,257	0	0	8,257	0	0.5
Manufactured Building Program Break-out	(668,685)	0	(668,685)	0	0	(7.3)
Net \$0 technical adjustments	1,870,704	120,872	728,304	72,982	948,546	0.0
Federal funds adjustments	(123,122)	0	0	0	(123,122)	0.0
<b>Subtotal - Personal Services</b>	<b>\$1,414,698</b>	<b>\$272,951</b>	<b>\$75,361</b>	<b>\$217,687</b>	<b>\$848,699</b>	<b>19.9</b>
<b>Operating Expenses</b>						
FY 2014-15 Appropriation	\$95,857	\$22,359	\$0	\$73,498	\$0	0.0
R1 Building Regulation Fund structural deficit resolution	0	0	0	0	0	0.0
Annualize prior year legislation and requests	(1,275)	(1,275)	0	0	0	0.0
Manufactured Building Program Break-out	(55,453)	0	(55,453)	0	0	0.0
Net \$0 technical adjustments	555,453	0	55,453	0	500,000	0.0
Federal funds adjustments	(500,000)	0	0	0	(500,000)	0.0
<b>Subtotal - Operating Expenses</b>	<b>\$94,582</b>	<b>\$21,084</b>	<b>\$0</b>	<b>\$73,498</b>	<b>\$0</b>	<b>0.0</b>
<b>Other</b>						
FY 2014-15 Appropriation	\$3,749,374	\$120,872	\$783,757	\$72,982	\$2,771,763	0.0
R1 Building Regulation Fund structural deficit resolution	0	0	0	0	0	0.0
Manufactured Building Program Break-out	0	0	0	0	0	0.0
Net \$0 technical adjustments	(2,426,157)	(120,872)	(783,757)	(72,982)	(1,448,546)	0.0
Federal funds adjustments	(1,323,217)	0	0	0	(1,323,217)	0.0
<b>Subtotal - Other</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>Total Recommended FY 2015-16 Appropriation</b>	<b>\$1,509,280</b>	<b>\$294,035</b>	<b>\$75,361</b>	<b>\$291,185</b>	<b>\$848,699</b>	<b>19.9</b>
<b>FY 2015-16 Executive Request</b>	<b>\$4,429,757</b>	<b>\$544,035</b>	<b>\$799,499</b>	<b>\$291,185</b>	<b>\$2,795,038</b>	<b>27.2</b>
Request Above/(Below) Recommendation	\$2,920,477	\$250,000	\$724,138	\$0	\$1,946,339	7.3

**Affordable Housing CONSTRUCTION Grants and Loans [proposed modified line item name]**

**Description:** This line reflects federal and state funds used to promote development of affordable housing through grant and loan programs. 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.

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. The Fund received an infusion of \$13.2 million in February 2012, when Colorado and other states reached a settlement with the five largest mortgage servicing

companies. An additional \$23 million has been committed by the Attorney General from custodial funds. House Bill 14-1017 also allows up to 20 percent of annual appropriations to the Colorado Housing Development Fund (appropriations in this line item) to be transferred to this Fund.

***Low-Income Housing Income Tax Credit.*** H.B. 14-1017 (Expand Availability of Affordable Housing) authorized the Colorado Housing and Finance Authority (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, primarily 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.

**Request:** The Department requests \$18,137,338 total funds, including \$11,620,000 General Fund and \$6,517,338 federal funds. The request includes \$3,420,000 General fund for request R4 (Housing Development Grants).

**Recommendation:** The staff recommendation, reflected in the table below, includes \$10,360,000 General fund. The staff recommendation:

- Includes \$2,160,000 for the Department’s R4 Housing development grants decision item. Note that staff has reflected the balance of this decision item in a separate line item that supports rental subsidies.  
Although the Department requested that the entire request be funded in this line item, this does not appear to be consistent with what staff understands to be the line item’s historic function. Staff also recommends that the line item name be changed to **Affordable Housing CONSTRUCTION Grants and Loans** to clearly differentiate this line item from a separate line item that supports rental subsidies.
- Adjusts the federal funds amount shown for informational purposes, based on recent year actual expenditures.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Division of Housing, Field Services, Affordable Housing Grants and Loans</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
HB 14-1336 (Long Bill)	14,717,338	8,200,000	6,517,338	0.0
<b>TOTAL</b>	<b>\$14,717,338</b>	<b>\$8,200,000</b>	<b>\$6,517,338</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$14,717,338	\$8,200,000	\$6,517,338	0.0
R4 Housing development grants	2,160,000	2,160,000	0	0.0
Federal funds adjustments	955,295	0	955,295	0.0
<b>TOTAL</b>	<b>\$17,832,633</b>	<b>\$10,360,000</b>	<b>\$7,472,633</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	<b>\$3,115,295</b>	<b>\$2,160,000</b>	<b>\$955,295</b>	<b>0.0</b>
Percentage Change	21.2%	26.3%	14.7%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$18,137,338</b>	<b>\$11,620,000</b>	<b>\$6,517,338</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$304,705	\$1,260,000	(\$955,295)	0.0

**Manufactured Buildings Program**

**Request:** The Department requests no appropriation for this line item.

**Recommendation:** As discussed above, staff now recommends that this line item be reinstated and broken-out from the Affordable Housing Program Costs line item. Staff does *not* expect the Department to change the administration of the program, which is structurally integrated with other programs now funded in the Affordable Housing Program Costs line item; however, staff believes the break-out is appropriate since statute requires this program to be self-supporting. The Department calls this unit its “Housing Technology and Standards section”; however, for continuity, and as the program focuses on regulation of manufactured buildings rather than just housing, staff recommends simply returning to the line item name used in FY 2013-14 and previous years.

Amounts shown below include annualizing centrally-appropriated for FY 2014-15, which are built into the appropriation for FY 2015-16.

<b>Division of Housing, Field Services, Manufactured Buildings Program</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>Personal Services</b>				
FY 2014-15 Appropriation	\$0	\$0	\$0	0.0
Manufactured Building Program Break-out	668,682	0	668,682	7.3
<b>Subtotal - Personal Services</b>	<b>\$668,682</b>	<b>\$0</b>	<b>\$668,682</b>	<b>7.3</b>
<b>Operating Expenses</b>				
FY 2014-15 Appropriation	\$0	\$0	\$0	0.0
Manufactured Building Program Break-out	55,456	0	55,456	0.0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

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<b>Division of Housing, Field Services, Manufactured Buildings Program</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>Subtotal - Operating Expenses</b>	<b>\$55,456</b>	<b>\$0</b>	<b>\$55,456</b>	<b>0.0</b>
<b>Other</b>				
FY 2014-15 Appropriation	\$0	\$0	\$0	0.0
Manufactured Building Program Break-out	0	0	0	0.0
<b>Subtotal - Other</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>Total Recommended FY 2015-16 Appropriation</b>	<b>\$724,138</b>	<b>\$0</b>	<b>\$724,138</b>	<b>7.3</b>
<b>FY 2015-16 Executive Request</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
Request Above/(Below) Recommendation	(\$724,138)	\$0	(\$724,138)	(7.3)

**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 2015-16

**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 2015-16

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

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**(C) Indirect Cost Assessments**

**Indirect Cost Assessments**

**Description:** 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 \$709,694 for FY 2015-16.

**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.

<b>Division of Housing, Indirect Cost Assessments, Indirect Cost Assessments</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	709,694	0	155,087	29,916	524,691	0.0
<b>TOTAL</b>	<b>\$709,694</b>	<b>\$0</b>	<b>\$155,087</b>	<b>\$29,916</b>	<b>\$524,691</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$709,694	\$0	\$155,087	\$29,916	\$524,691	0.0
Indirect cost adjustments	(15,897)	0	61,063	34,813	(111,773)	0.0
<b>TOTAL</b>	<b>\$693,797</b>	<b>\$0</b>	<b>\$216,150</b>	<b>\$64,729</b>	<b>\$412,918</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$15,897)	\$0	\$61,063	\$34,813	(\$111,773)	0.0
Percentage Change	(2.2%)	0.0%	39.4%	116.4%	(21.3%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$709,694</b>	<b>\$0</b>	<b>\$155,087</b>	<b>\$29,916</b>	<b>\$524,691</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$15,897	n/a	(\$61,063)	(\$34,813)	\$111,773	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 REQUEST AND RECOMMENDATION SUMMARY

Division of Local Government						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	\$230,832,848	\$4,604,272	\$206,188,092	\$3,646,913	\$16,393,571	51.4
Other legislation	<u>1,754,143</u>	<u>904,145</u>	<u>(352)</u>	<u>850,350</u>	<u>0</u>	<u>0.6</u>
<b>TOTAL</b>	<b>\$232,586,991</b>	<b>\$5,508,417</b>	<b>\$206,187,740</b>	<b>\$4,497,263</b>	<b>\$16,393,571</b>	<b>52.0</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$232,586,991	\$5,508,417	\$206,187,740	\$4,497,263	\$16,393,571	52.0
R2 Colorado Main Street Program	462,500	0	0	462,500	0	0.0
Annualize prior year legislation and requests	148,778	60,075	0	88,703	0	(0.1)
Annualize FY 2014-15 salary survey	90,284	8,796	8,899	64,594	7,995	0.0
Annualize FY 2014-15 merit pay	33,739	2,716	3,854	24,109	3,060	0.0
R3 Improve statutory compliance	49,721	49,721	0	0	0	0.9
Federal funds adjustments	(1,197,000)	0	0	0	(1,197,000)	0.0
Adjust continuously appropriated cash and General Fund estimates	(148,690)	(43,688)	(105,002)	0	0	0.0
Indirect cost adjustments	<u>(1,808)</u>	<u>0</u>	<u>(4,749)</u>	<u>(13,790)</u>	<u>16,731</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$232,024,515</b>	<b>\$5,586,037</b>	<b>\$206,090,742</b>	<b>\$5,123,379</b>	<b>\$15,224,357</b>	<b>52.8</b>
<b>Increase/(Decrease)</b>	(\$562,476)	\$77,620	(\$96,998)	\$626,116	(\$1,169,214)	0.8
Percentage Change	(0.2%)	1.4%	(0.0%)	13.9%	(7.1%)	1.5%
<b>FY 2015-16 Executive Request:</b>	<b>\$233,372,013</b>	<b>\$5,629,725</b>	<b>\$206,200,493</b>	<b>\$5,137,169</b>	<b>\$16,404,626</b>	<b>52.8</b>
Request Above/(Below) Recommendation	\$1,347,498	\$43,688	\$109,751	\$13,790	\$1,180,269	(0.0)

## **Issue Descriptions**

**R2 Colorado Main Street Program:** The recommendation includes \$462,500 reappropriated funds from Local Government Severance and Mineral Impact Funds to expand the Main Street program in order to meet growing statewide demand and support the need for downtown revitalization.

**Annualize prior year legislation and requests:** The recommendation annualizes the appropriation for S.B. 14-172 (Firefighter Heart and Circulatory Malfunction Benefit).

**Annualize FY 2014-15 salary survey:** The recommendation moves FY 2014-15 centrally appropriated amounts for salary survey to line items throughout the Department.

**Annualize FY 2014-15 merit pay:** The recommendation moves FY 2014-15 centrally appropriated amounts for merit pay to line items throughout the Department.

**R3 Improve statutory compliance:** The recommendation adds \$49,721 General Fund and 0.9 FTE in FY 2015-16 for Local Government Services staff to handle increased workload caused by the growth in the number of local governments. This amount will annualize to \$61,164 General Fund and 1.0 FTE for FY 2016-17.

**Federal funds adjustments:** The recommendation adjusts federal funds reflected for informational purposes in this division based on amounts estimated to be received. The net decrease primarily reflects reductions in projected spending from Community Development Block Grant allocations.

**Adjust continuously appropriated cash and General Fund estimates:** The recommendation includes adjustments to anticipated spending for volunteer firefighter retirement benefits and limited gaming fund moneys that are continuously appropriated to the Department and shown for informational purposes only.

**Indirect cost adjustments:** The recommendation adjusts indirect cost collection amounts in this division based on the Department's most recent indirect cost plan.

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## **REQUESTS AFFECTING MULTIPLE LINE ITEMS**

### **➔ R3 Improve Statutory Compliance**

**Request:** The Department requests \$61,150 General Fund and 0.9 FTE in FY 2015-16 for Local Government Services staff to handle increased workload caused by the growth in the number of

local governments. The request annualizes to \$61,164 General Fund and 1.0 FTE in FY 2016-17 and represents a 23 percent increase over the Division's current General Fund base.

The request is for a 1.0 FTE program assistant for a section that oversees various local government compliance requirements and ensures locals comply. The new position would help address the increasing volume of local government filings and enable the existing 6.0 FTE to focus on their core responsibilities of providing technical assistance to local governments.

The Division of Local Government, Local Government Services administers four major local government and special district compliance programs and provides technical assistance and research services to local officials, staff, and volunteer administrators in budgeting, finance, elections, property tax limitations, and general governance. It is also responsible for evaluating and maintaining as public records more than two dozen different local government filings from over 2,000 special districts. Key points include the following:

- There has been significant growth in the number of local governments in Colorado, due primarily to the growth in special districts. There are now over 3,500 local government entities in Colorado, of which more than 2,000 are special districts. This represents a net growth of over 41 percent (1,500) districts since 1994.
- As the number of local governments has increased, compliance rates have declined. The percentage of local governments receiving enforcement actions for failing to file their annual budget was 6.7%, 6.5%, and 8.1% for the last three years. Special districts failing to report board election results or proper cancellation of the election was 4%, 7%, and 8% for the 2008, 2010, and 2012 elections.
- Failure to comply with filing requirements place local governments at legal, financial, and contractual risk. If a local government fails to file an annual budget, property tax revenue may be withheld. If an entity fails to file an annual budget or the result of a biennial election of Directors, the Division may pursue administrative dissolution of the district. Either failure also results in a local government's ineligibility for DOLA grant awards.

**Recommendation:** Staff recommends the request, with the sole exception that *staff has not recommended increases to centrally-appropriated amounts in FY 2015-16, consistent with Committee common policy.*

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

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<b>JBC Staff Recommendation - R3</b>		
	<b>FY 2015-16</b>	<b>FY 2016-17</b>
<b>Personal Services</b>	<i>(inc. paydate shift)</i>	
FTE	0.9	1.0
Salary	\$39,487	\$43,080
PERA	4,008	4,373
Medicare	573	625
<b>Centrally Appropriated:</b>		
AED	-	2,068
SAED	-	2,046
Short-term disability	-	95
Health-life-dental	-	7,927
<i>Subtotal Personal Services</i>	<i>44,068</i>	<i>60,214</i>
<b>Operating Expenses</b>		
Regular FTE Operating	500	500
Telephone	450	450
PC, one-time	1,230	-
Furniture, one-time	3,473	-
<i>Subtotal Operating</i>	<i>5,653</i>	<i>950</i>
<b>TOTAL</b>	<b>\$49,721</b>	<b>\$61,164</b>

**Analysis:**

- The Department has provided extensive documentation on the current problem and the increased workload associated with the growth in special districts. The charts below, taken from the request, help to explain the Division’s predicament. As shown, overall workload has increased and compliance has declined with the proliferation of special districts.

Chart A: Number of Colorado Local Governments

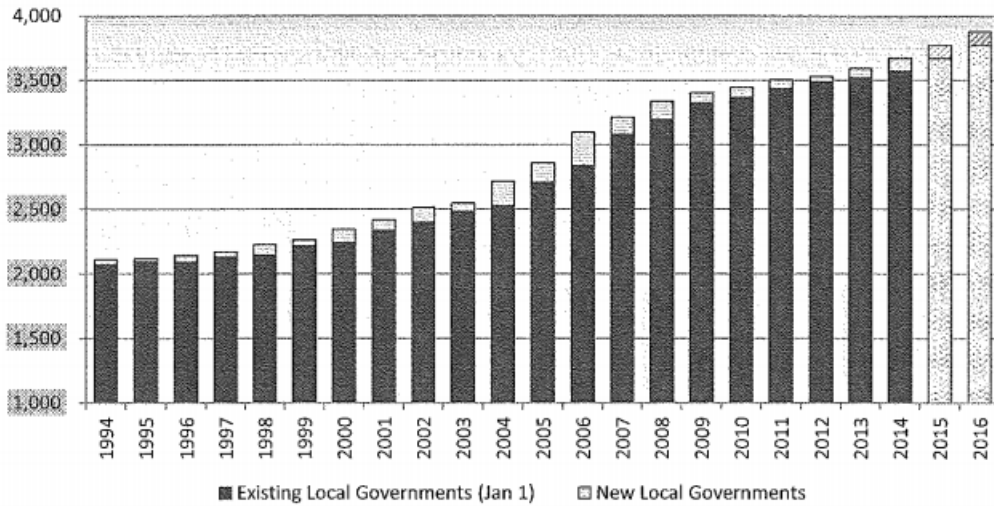


Table B: DLG Strategic Plan Compliance Measures

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Local Gov't Annual Budget Non-Compliance	4.97%	4.44%	5.29%	5.56%	4.33%	4.46%	4.07%	4.97%	6.66%*	6.53%*	8.11%*
Special District Biennial Election Non-Compliance	5.2%		1.2%		3.9%		7.4%*		8.3%*		15.6%*

\*Percentage non-compliant exceeding DLG Strategic Plan Goal of 95% Compliance (less than 5% non-compliant).

- The Department has taken steps to partially address the problem through automation and has incorporated the savings associated with automation into its request. E-filing encompassed just under 50 percent of FY 2013-14 submissions; the Division expects this to increase to 80 percent by FY 2015-16. The Department estimates that each new local government adds 3.2 hours of work and the number of local governments has increased by 1,044 since 2004. Staffing for this technical assistance section has been flat—at 6.0 FTE—since 2004.

	Hours	FTE
Impact from 1,044 new governments (2004-2014)	3,341	1.6
Electronic Filing Reduced Impact for 2014 (actual)	-832	-0.4
Electronic Filing Reduced Impact for 2016 (projected)	-512	-0.25
<b>Total Actual Unmet Impact (as of 1/1/2014)</b>	<b>1,998</b>	<b>0.95</b>
Potential new unmet impact for 2015 (forecast 98 new local governments)*	314	0.15
<b>Total forecast unmet impact possible for 2015*</b>	<b>2,312</b>	<b>1.11</b>

\*The forecasted impacts from growth for 2015 are based on historical averages and may not be fully realized. As of 9/22/2014 the Division has record of 20 new local governments formed in 2014.

- The request amount seems reasonable, as it is based on the range minimum for a Program Assistant I position. The request takes into account the pay-date shift, and, with the

exception of the centrally-appropriated amounts for FY 2015-16, the request amounts are consistent with JBC and fiscal note policies.

## LINE ITEM DETAIL—DIVISION OF LOCAL GOVERNMENT

### (A) Local Government and Community Services

#### (i) Administration

##### Personal Services

**Description:** 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). This expertise is needed because many of the political subdivisions that DOLA works with have little or no professional staff and rely on part-time citizen leadership. The potential for non-compliance with State statutory and constitutional mandates due to a lack of expertise at the local level is significant. The line item supported 17.7 FTE in FY 2014-15.

**Request:** The Department requests \$1,516,078 in total funds (including \$347,613 General Fund) and 19.1 FTE for this line item for FY 2015-16. This amount includes: (1) \$29,826 added in FY 2014-15 in S.B. 14-172 (Firefighter Heart and Circulatory Malfunction Benefit) and related annualization; (2) annualization of salary survey and anniversary amounts awarded in FY 2014-15; and (3) \$44,068 General Fund and 0.9 FTE for R3 (Improve Statutory Compliance).

**Recommendation:** The staff recommendation is reflected in the table below. The staff recommendation removes the requested funding associated with S.B. 14-172 (Firefighter Heart and Circulatory Malfunction Benefit) and instead shows this funding in the Local Government Services section. As discussed above, it includes the requested increase for R3 (Improve Statutory Compliance).

<b>Division of Local Government, Local Government and Community Services, Personal Services</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
FY 2014-15 appropriation	1,345,839	267,341	937,469	141,029	17.7
Annualize FY 2014-15 salary survey	74,229	8,796	63,329	2,104	0.0
Annualize FY 2014-15 merit pay	27,250	2,716	23,636	898	0.0
R3 Improve statutory compliance	44,068	44,068	0	0	0.9
<b>TOTAL</b>	<b>\$1,491,386</b>	<b>\$322,921</b>	<b>\$1,024,434</b>	<b>\$144,031</b>	<b>18.6</b>
<b>FY 2015-16 Executive Request:</b>	<b>\$1,516,078</b>	<b>\$347,613</b>	<b>\$1,024,434</b>	<b>\$144,031</b>	<b>19.1</b>
Request Above/(Below) Recommendation	\$24,692	\$24,692	\$0	\$0	0.5

**Operating Expenses**

**Description:** 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.

**Request:** The Department requests \$2,015,585, including \$987,359 General Fund. This includes base funding and annualization for S.B. 14-172 (Firefighter Heart and Circulatory Malfunction Benefit) and \$5,653 for R3 (Improve Statutory Compliance).

**Recommendation:** As discussed previously, staff recommends the requested increase for R3. However, staff has reflected funding for S.B. 14-172 in a separate line item in the Local Government Services subsection.

<b>Division of Local Government, Local Government and Community Services, Operating Expenses</b>					
	<b>Total Funds</b>	<b>General Fund</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
FY 2014-15 appropriation	131,351	42,178	25,146	64,027	0.0
R3 Improve statutory compliance	5,653	5,653	0	0	0.0
<b>TOTAL</b>	<b>\$137,004</b>	<b>\$47,831</b>	<b>\$25,146</b>	<b>\$64,027</b>	<b>0.0</b>
<b>FY 2015-16 Executive Request:</b>	<b>\$2,015,585</b>	<b>\$987,359</b>	<b>\$964,199</b>	<b>\$64,027</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$1,878,581	\$939,528	\$939,053	\$0	0.0

***(ii) Local Government Services***

**Local Utility Management Assistance**

**Description:** 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, adding in 2.0 FTE.

**Request:** The Department requests \$162,173 cash funds and 2.0 FTE, including annualization of FY 2014-15 salary survey and anniversary awards.

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

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<b>Division of Local Government, Local Government and Community Services, Local Utility Management Assistance</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>Personal Services</b>				
FY 2014-15 appropriation	148,730	0	148,730	2.0
Annualize FY 2014-15 salary survey	2,967	0	2,967	0.0
Annualize FY 2014-15 merit pay	1,285	0	1,285	0.0
<b>Subtotal - Personal Services</b>	<b>\$152,982</b>	<b>\$0</b>	<b>\$152,982</b>	<b>2.0</b>
<b>Operating Expenses</b>				
FY 2014-15 appropriation	6,704	0	6,704	0.0
<b>Subtotal - Operating Expenses</b>	<b>\$6,704</b>	<b>\$0</b>	<b>\$6,704</b>	<b>0.0</b>
<b>Other</b>				
FY 2014-15 appropriation	2,487	0	2,487	0.0
<b>Subtotal - Other</b>	<b>\$2,487</b>	<b>\$0</b>	<b>\$2,487</b>	<b>0.0</b>
<b>Total Recommended FY 2015-16 Appropriation</b>	<b>\$162,173</b>	<b>\$0</b>	<b>\$162,173</b>	<b>2.0</b>
<b>FY 2015-16 Executive Request</b>	<b>\$162,173</b>	<b>\$0</b>	<b>\$162,173</b>	<b>2.0</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**Conservation Trust Fund Disbursements**

**Description:** 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



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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.

**Request:** The Department requests \$50,005,002 in cash funds and 2.0 FTE for FY 2015-16, including annualization of FY 2014-15 salary survey and anniversary awards.

**Recommendation:** Staff recommends setting this line item at \$50,000,000 as a reasonable estimate of lottery revenue. In the most recent actual year (FY 2014-15), the Department received \$52,045,403 in lottery proceeds to cover formula distributions to local governments as well as its direct and indirect costs for the program. It reports that the most recent Colorado Lottery Office projection for FY 2014-15 is \$48,600,000. No projection is available for FY 2015-16.

<b>Division of Local Government, Local Government and Community Services, Conservation Trust Fund Disbursements</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>Personal Services</b>				
FY 2014-15 Appropriation	\$148,578	\$0	\$148,578	2.0
Annualize FY 2014-15 salary survey	2,966	0	2,966	0.0
Annualize FY 2014-15 merit pay	1,285	0	1,285	0.0
<b>Subtotal - Personal Services</b>	<b>\$152,829</b>	<b>\$0</b>	<b>\$152,829</b>	<b>2.0</b>
<b>Operating Expenses</b>				
FY 2014-15 Appropriation	\$53,222	\$0	\$53,222	0.0
<b>Subtotal - Operating Expenses</b>	<b>\$53,222</b>	<b>\$0</b>	<b>\$53,222</b>	<b>0.0</b>
<b>Other</b>				
FY 2014-15 Appropriation	\$49,798,951	\$0	\$49,798,951	0.0
Adjust continuously appropriated cash fund estimates	(5,002)	0	(5,002)	0.0
<b>Subtotal - Other</b>	<b>\$49,793,949</b>	<b>\$0</b>	<b>\$49,793,949</b>	<b>0.0</b>
<b>Total Recommended FY 2015-16 Appropriation</b>	<b>\$50,000,000</b>	<b>\$0</b>	<b>\$50,000,000</b>	<b>2.0</b>
<b>FY 2015-16 Executive Request</b>	<b>\$50,005,002</b>	<b>\$0</b>	<b>\$50,005,002</b>	<b>2.0</b>

<b>Division of Local Government, Local Government and Community Services, Conservation Trust Fund Disbursements</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
Request Above/(Below) Recommendation	\$5,002	\$0	\$5,002	0.0

**Volunteer Firefighter Retirement Plans**

**Description:** 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. In FY 2009-10, no portion was identified as coming from the General Fund Exempt account because General Fund revenues fell below the TABOR revenue limit. *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.

**Request:** The Department's request reflects a continuation of the FY 2014-15 amount of \$4,264,753 General Fund shown for informational purposes.

**Recommendation:** Staff recommends \$4,230,000 General Fund Exempt for this purpose in FY 2015-16 based on an average of the last four years of actual expenditures (the last two years have been on the lower end, at \$4,175,447 in FY 2012-13 and \$4,096,705 in FY 2013-14). Staff recommends a rounded figure since this represents an estimate shown for informational purposes. Staff has reflected the full amounts as coming from the General Fund Exempt account, based on recent history and the likelihood that revenues will be in excess of the TABOR revenue cap. Staff will adjust this classification after the March forecast if necessary.

#### **Volunteer Firefighter Death and Disability Insurance**

**Description:** 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.

**Request:** The Department's request is based on projected expenditures and reflects a continuation of the FY 2014-15 estimate of \$30,000 General Fund for disability insurance for FY 2015-16.

**Recommendation:** Staff recommends reflecting \$21,065, as this has been the actual amount expended for the last four years. Staff has reflected the full amounts as coming from General Fund Exempt account, based on recent history and the likelihood that revenues will be in excess of the TABOR revenue cap. Staff will adjust this classification after the March forecast if necessary.

#### **Firefighter Heart and Circulatory Malfunction Benefits**

**Description:** 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).

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 recently began accepting reimbursement applications for benefits effective July 1, 2014. The bill took effect January 1, 2015, but with an appropriation based on a full fiscal year of expenditures, so the executive has concluded that benefit reimbursement applies to the full FY 2014-15.

The Department reports that, as of Friday, February 6, 2015 the program has had the following activity:

Total Paid: \$476,507  
Number of Qualified Firefighters: 2,716  
Amount per firefighter: \$175.00  
Number of Employers: 39

As the cost per firefighter is greater than the estimate included in the fiscal note, *it is possible that fully funding FY 2014-15 or FY 2015-16 will require \$992,075 if reimbursement requests are submitted for 5,669 firefighters.* This would be \$141,725 General Fund more than the FY 2014-15 appropriation and \$53,022 General Fund more than the FY 2015-16 request and current recommendation. However, it is too early to know whether reimbursement requests will exceed the appropriation. **Staff currently assumes that if the appropriation is insufficient the Department will submit a supplemental request. This could include a request for an interim ("1331") supplemental for FY 2014-15 if necessary.**

*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*

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*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.

**Request:** The Department requests \$964,220 General Fund, \$939,053 reappropriated funds from the new Firefighters Benefits Cash Fund, and 0.5 FTE for continuation and annualization of this program. However, the funds were requested in personal services and operating line items in the Local Government and Community Services section.

**Recommendation:** Consistent with the request amounts, staff recommends \$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). These amounts are consistent with the bill’s fiscal note. However, to enable the program to be accurately tracked, the staff recommendation places all funding in a new line item.

<b>Division of Local Government, Local Government and Community Services, Firefighter Heart and Circulatory Malfunction Benefits</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Reappropriated Funds</b>	<b>FTE</b>
<b>Personal Services</b>				
FY 2014-15 Appropriation	\$29,826	\$29,826	\$0	0.6
Annualize prior year legislation and requests	(5,134)	(5,134)	0	(0.1)
<b>Subtotal - Personal Services</b>	<b>\$24,692</b>	<b>\$24,692</b>	<b>\$0</b>	<b>0.5</b>
<b>Operating Expenses</b>				
FY 2014-15 Appropriation	\$23,969	\$23,969	\$0	0.0
Annualize prior year legislation and requests	(23,494)	(23,494)	0	0.0
<b>Subtotal - Operating Expenses</b>	<b>\$475</b>	<b>\$475</b>	<b>\$0</b>	<b>0.0</b>
<b>Other</b>				
FY 2014-15 Appropriation	\$1,700,700	\$850,350	\$850,350	0.0
Annualize prior year legislation and requests	177,406	88,703	88,703	0.0
<b>Subtotal - Other</b>	<b>\$1,878,106</b>	<b>\$939,053</b>	<b>\$939,053</b>	<b>0.0</b>
<b>Total Recommended FY 2015-16 Appropriation</b>	<b>\$1,903,273</b>	<b>\$964,220</b>	<b>\$939,053</b>	<b>0.5</b>
<b>FY 2015-16 Executive Request</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
Request Above/(Below) Recommendation	(\$1,903,273)	(\$964,220)	(\$939,053)	(0.5)

**Environmental Protection Agency Water/Sewer File Project**

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

**Request:** The Department requests reflecting \$54,636 federal funds and 0.5 FTE, including annualizing FY 2014-15 salary survey and merit awards.

**Recommendation:** Staff recommends approving the Department request, as reflected in the table below.

<b>Division of Local Government, Local Government and Community Services, Environmental Protection Agency Water/Sewer File Project</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>Personal Services</b>				
FY 2014-15 Appropriation	\$47,283	\$0	\$47,283	0.5
Annualize FY 2014-15 salary survey	5,049	0	5,049	0.0
Annualize FY 2014-15 merit pay	162	0	162	0.0
<b>Subtotal - Personal Services</b>	<b>\$52,494</b>	<b>\$0</b>	<b>\$52,494</b>	<b>0.5</b>
<b>Operating Expenses</b>				
FY 2014-15 Appropriation	\$2,142	\$0	\$2,142	0.0
<b>Subtotal - Operating Expenses</b>	<b>\$2,142</b>	<b>\$0</b>	<b>\$2,142</b>	<b>0.0</b>
<b>Total Recommended FY 2015-16 Appropriation</b>	<b>\$54,636</b>	<b>\$0</b>	<b>\$54,636</b>	<b>0.5</b>
<b>FY 2015-16 Executive Request</b>	<b>\$54,636</b>	<b>\$0</b>	<b>\$54,636</b>	<b>0.5</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

*(iii) Community Services*

**Community Services Block Grant**

**Description:** 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 40 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.

**Request:** The Department's request reflects continuing the \$6,000,000 in federal funding that was reflected for informational purposes in FY 2014-15.

**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 quarterly allocations for the program (\$1,445,728 for the first quarter of FFY 2014-15).

**(B) Field Services**

**Program Costs**

**Description:** 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 27.9 FTE. The responsibilities and the duties performed by these staff 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.
- The Community Development Office, which operates in this section, focuses on providing technical assistance to local governments in land-use planning, economic development, and sustainable community development. This is consistent with the responsibilities of the Office of Smart Growth, created by H.B. 00-1427. Pursuant to statute, the Office is responsible advising the Governor, the General Assembly, and local governments on growth issues, providing technical assistance to communities dealing with growth.
- 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, and planning for growth.
- 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.

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**Request:** The Department requests \$2,886,638 total funds and 27.9 FTE for this line in FY 2015-16. The request includes \$462,000 reappropriated funds (energy and mineral impact funds) for request R2 Colorado Main Street Program.

**Recommendation:** Staff recommends \$2,886,638 total funds, with no General Fund, and 27.9 FTE, including the request for R2, discussed below.

<b>Division of Local Government, Field Services, Program Costs</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>Personal Services</b>						
FY 2014-15 Appropriation	\$1,956,050	\$0	\$97,808	\$1,603,929	\$254,313	27.9
Annualize FY 2014-15 salary survey	3,590	0	1,483	1,265	842	0.0
Annualize FY 2014-15 merit pay	3,115	0	642	473	2,000	0.0
<b>Subtotal - Personal Services</b>	<b>\$1,962,755</b>	<b>\$0</b>	<b>\$99,933</b>	<b>\$1,605,667</b>	<b>\$257,155</b>	<b>27.9</b>
<b>Operating Expenses</b>						
FY 2014-15 Appropriation	\$388,493	\$0	\$6,988	\$341,897	\$39,608	0.0
<b>Subtotal - Operating Expenses</b>	<b>\$388,493</b>	<b>\$0</b>	<b>\$6,988</b>	<b>\$341,897</b>	<b>\$39,608</b>	<b>0.0</b>
<b>Other</b>						
FY 2014-15 Appropriation	\$72,891	\$0	\$2,106	\$50,393	\$20,392	0.0
R2 Colorado Main Street Program	462,500	0	0	462,500	0	0.0
<b>Subtotal - Other</b>	<b>\$535,391</b>	<b>\$0</b>	<b>\$2,106</b>	<b>\$512,893</b>	<b>\$20,392</b>	<b>0.0</b>
<b>Total Recommended FY 2015-16 Appropriation</b>	<b>\$2,886,638</b>	<b>\$0</b>	<b>\$109,027</b>	<b>\$2,460,457</b>	<b>\$317,154</b>	<b>27.9</b>
<b>FY 2015-16 Executive Request</b>	<b>\$2,886,638</b>	<b>\$0</b>	<b>\$109,027</b>	<b>\$2,460,457</b>	<b>\$317,154</b>	<b>27.9</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

**➔ R2 Colorado Main Street Program**

*Request:* The Department requests \$462,500 reappropriated funds spending authority from Local Government Severance and Mineral Impact Funds to expand the Main Street Program. This program supports downtown revitalization through asset-based economic development and historic preservation. The Department reports that the program has been very effective and there are now more communities interested in the program than current resources can effectively support. The funds requested will fund consulting resources, enabling the program to expand to additional communities.

*Background – Main Street Program:* In 2011, the Division of Local Governments became Colorado’s coordinating agency for the National Main Street Center, a program to promote historic preservation-based downtown revitalization. The program uses what they call their “Four Point Approach”:

- **Organization:** Promotes partnerships among public and private groups and individuals interested in downtown revitalization and helps them to structure their collaboration through a volunteer governing board of directors and standing committees, and a paid program director.



- Design: Helps communities identify physical improvements needed to make their downtown areas inviting for shoppers, workers, and visitors.
- Promotion/marketing: Provides tools and techniques to help communities promote their downtown areas.
- Economic Development: Assists communities in retaining and expanding successful business to provide a balanced commercial mix, including helping businesses with merchandizing and attracting new businesses that the market can support. Many programs help communities creatively reuse historic properties.

The program uses an incremental approach, so that the impact of the program builds over multiple years. National averages from the National Main Street Center indicate that it takes approximately ten years to see significant growth in job and business creation, private investment and historic buildings revitalized.

*Current Colorado Program and Communities Served:*

- As of September 2014, the program had a budget of \$390,815, including \$129,708 to support 3.0 FTE, 2.0 of which were funded from mineral impact reappropriated funds in the Field Services line item and one funded from a State Historical Fund grant. The remaining \$261,107 provides scholarships, training, and grants to Main Street participants. (Staff note: the Department appears to have carved associated amounts out from within its base budget, as this is the first formal program request of which staff is aware.)
- In the 3.5 years since it was launched, the program has served 14 communities including three “graduates”, four “designated” and 7 “candidate” communities. Participating communities have been located across the State: Rifle, Steamboat Springs, Granby, Lyons, Brush, Lamar, Trinidad, Woodland Park, Victor, Westcliffe/Silver Cliff, Lake City, Ridgeway, and, Montrose.
- Through work with these 14 communities, 1,377 direct, indirect, and induced jobs have been created and 131 net new business have opened as a result of the program’s efforts. The Department thus considers this a successful rural economic development tool. The table below shows the outcome data tracked by the program.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

**Exhibit 1: Actual Calendar Year 2011 through 2014 Year-to-Date Main Street Reinvestment Statistics**

Annual Reinvestment Statistics	CY2011	CY2012	CY2013	CY2014 (mid-year)	2011-2013 Cumulative TOTAL	2011-YTD TOTAL
Communities reporting*	12	6	13	11		
New full time jobs, net	104	47	90	71	241	312
New part time jobs, net ( <i>counts for 0.5 of a full time job</i> )	89	26	55	29	170	199
indirect & induced jobs	28	11	22	15	61	76
Private investment	\$944,000	\$1,141,305	\$25,741,600	\$3,580,457	\$27,826,905	\$31,407,362
jobs created from private investment	8	9	209	29	226	255
indirect & induced jobs	4	5	106	15	115	130
Public investment	\$2,893,148	\$2,567,294	\$33,795,103	\$2,331,958	\$39,255,545	\$41,587,503
jobs created from public investment	23	21	274	19	318	337
indirect & induced jobs	8	10	139	10	157	167
<b>Total full time jobs created</b>	<b>220</b>	<b>116</b>	<b>868</b>	<b>174</b>	<b>1,203</b>	<b>1,377</b>
New businesses, net	38	15	52	26	105	131
Number of sponsored events	85	54	85	40	224	264
Number of attendees	65,134	69,167	73,135	5,763	207,436	213,199
Estimated value of revenue generated from events	\$1,660,917	\$1,763,758	\$1,864,942	\$146,956	\$5,289,618	\$5,436,575
Value of volunteer hours	\$214,124	\$221,346	\$162,972	\$233,054	\$598,442	\$831,496
Façade improvements	9		6	2	15	17
Building rehabs	25		20	24	45	69

\*As of September 2014 there are: 3 Graduates, 4 Designated and 7 Candidates. In 2020 the program anticipates 8 Graduates, 21 Designated, and 6 Candidates.

*Demand for the Program and Projected Benefits:*

- The Department reports that the program has had to turn away several communities because of insufficient resources. Over the last two year, five to six communities have applied to the program each year. The program has only been able to accept one or two per year.
- If the additional funds requested are approved, the Department projects it could accept four additional communities each year, doubling the program’s size in just three years.
- The Department anticipates that, with the additional resources, between CY 2015 and CY 2020 the program would build to 35 communities and drive the creation of 2,155 new jobs and 830 new businesses.

*Recommendation and Analysis:* **Staff recommends the requested increase of \$462,500 reappropriated funds spending authority from Local Government Severance and Mineral Impact Funds for the Main Street Program.** As reviewed in more detail below, staff believes there is adequate statutory authority for the program and for use of the proposed funding source. Further, based on the data provided, the program appears to be cost-effective and in demand from local communities.

*Statutory Authority for the Program:* In analyzing a budget request, staff typically looks first at the statutory direction and authority for the program. The Main Street program is not created in statute per se. However, it clearly falls within the Department's general statutory responsibilities. Pursuant to Section 24-32-303 (1) and (2), C.R.S., the Executive Director of the Department is responsible for:

- “Expenditure of state funds, within the appropriations, allocations, and directives of the general assembly or the governor, for the encouragement and stimulation of local planning, promotion, and development activities”; and
- “Stimulation and guidance of area redevelopment plans in those areas of the state with declining economies.”

Further, Section 24-32-801 et. seq. establishes an Office of Rural Development within the Department with express charges that include:

- “Cooperating with and providing technical assistance to local officials for the orderly development of rural Colorado”;
- “Encouraging and, when requested, assisting local governments to develop mutual and cooperative solutions to rural community development”; and
- “Serving as a clearinghouse for rural development information, including state and federal programs designed for rural development” (24-32-803, C.R.S.)

*Statutory Authority for Use of Mineral Impact Funds for this purpose:* Staff also looked at whether the proposed fund source is appropriate. In general, the *statutes are not very clear about the use of Mineral Impact Funds to support the operations of the Department of Local Affairs*, although these moneys are used extensively throughout the Department to support its operations, based on historic decisions of the General Assembly. *Nonetheless, staff believes there is sufficient statutory authority to support the use of the funds as requested:*

- Section 34-63-102 (7) (a), C.R.S., explicitly recognizes that local government mineral impact funds may be used in state operations by requiring that such moneys be separately appropriated: “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....”
- The request arguably spans the line between department administrative activity and local grant program. The moneys will be used to hire consultants who will directly serve local communities. Grants to local communities are one of the two primary uses of Local Government Severance Tax and Mineral Impact Funds outlined in statute. As outlined in 39-29-110 (1) (b)(I), C.R.S.:

“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 conversion of minerals and mineral fuels subject to taxation under this article 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).”

- Though statute explicitly requires that grant funds be used for “impacted communities”, as noted in a 2007 SAO audit of the Department’s Energy and Mineral Impact Grant program:

“The statutes are broadly constructed and provide flexibility in the allocation and use of the funds. For example, funds must go to socially and economically impacted areas; however, “socially and economically impacted” is not defined. Additionally, the statutes do not require that funds be used to mitigate these impacts.” (Energy and Mineral Impact Grants, Department of Local Affairs Performance Audit, October 2007)

- Statute for both the Local Government Severance Tax Fund and the Local Government Mineral Impact Fund place ultimate authority for decisions about use of funds under the authority of the Executive Director of the Department of Local Affairs who is required to consult with the Energy Impact Assistance Advisory Committee created in Section 34-63-102, C.R.S. *Staff understands that the Committee, as well as the Executive Director, has reviewed and approved this proposed use of funds.*

*Program Benefits:*

- The data provided by the Department about the program’s effectiveness appears to be strong. The Main Street Program is used extensively in communities across the country and the organization puts great emphasis on documenting impacts.
- From a state investment perspective, the program looks cost effective. Looking solely at the reported CY 2013 program impacts, and assuming base state program costs were \$390,815 for the year and were significant in driving the reported 868 full time jobs created by the project, the cost to the State per job created was about \$450 for the year. Using a similar calculation for 3.5 years of the program (as 2013 seems to have been an unusually good year), *the average cost to the State per job created was just under \$1,000.* While it is impossible to know what would have happened in the absence of this initiative, this level of state investment seems reasonable if it helps to generate the reported results in rural communities where economic development can be a challenge.

Calculations: The calculations for the request and recommendation are shown below:

<b>Consultant Fees</b>	<b>Base</b>	<b>Base + 30% contingency</b>	<b>+ Consultant Travel</b>	<b>=Annual Costs</b>
Designer	\$100,000	\$130,000	\$6,000	\$136,000
Promotions	\$75,000	\$97,500	\$6,000	\$103,500
Organization	\$75,000	\$97,500	\$6,000	\$103,500
Business Development	\$75,000	\$97,500	\$6,000	\$103,500
<b>Consultant Sub-Totals</b>	<b>\$325,000</b>	<b>\$422,500</b>	<b>\$24,000</b>	<b>\$446,500</b>
<b>DLG Operations</b>	<b>Training</b>	<b>Staff Travel</b>		<b>Total Operations</b>
	4 Trainings * \$1,500	Mileage (~12,500 * .50)	Per diem & hotel (25 visits * \$150)	
<b>DLG Operations Subtotal</b>	<b>\$6,000</b>	<b>\$6,250</b>	<b>\$3,750</b>	<b>\$16,000</b>
<b>Total Request</b>				<b>\$462,500</b>

**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.
- 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.

**Request:** The Department's request reflects \$9,697,000 for FY 2014-15 based on estimates of federal funds that will be available to the State.

**Recommendation:** Staff recommends reflecting \$8,500,000, based on the most recent year actual reported by the Division in this line item of \$8,547,606. The most recent award received by the State for the CDBG was \$8,292,594, of which about \$350,000 is applied to administration and one-third is spent in the Affordable Housing Grants and Loans line item, suggesting that only \$5,322,357 per year, based on the FY 2013-14 award, would be available for new grants spent in this line item. However, encumbered amounts may be spent by local governments over many years, and the Department reflected \$8.0 million in expenditures in FY 2012-13 and \$8.5 million in FY 2014-15.

<b>Division of Local Government, Field Services, Community Development Block Grant</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
HB 14-1336 (Long Bill)	9,697,000	0	9,697,000	0.0
<b>TOTAL</b>	<b>\$9,697,000</b>	<b>\$0</b>	<b>\$9,697,000</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>				

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

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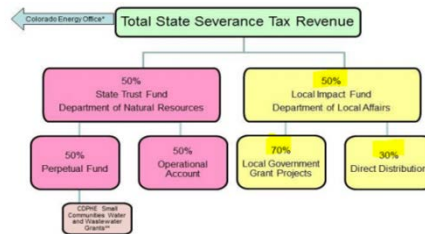
<b>Division of Local Government, Field Services, Community Development Block Grant</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>FTE</b>
FY 2014-15 Appropriation	\$9,697,000	\$0	\$9,697,000	0.0
Federal funds adjustments	(1,197,000)	0	(1,197,000)	0.0
<b>TOTAL</b>	<b>\$8,500,000</b>		<b>\$8,500,000</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$1,197,000)	\$0	(\$1,197,000)	0.0
Percentage Change	(12.3%)	0.0%	(12.3%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$9,697,000</b>	<b>\$0</b>	<b>\$9,697,000</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$1,197,000		\$1,197,000	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.

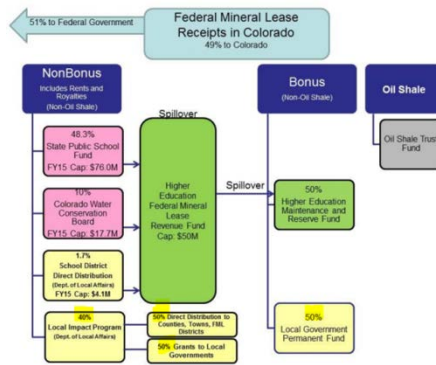
- Fifty percent of total gross receipts realized from the state severance taxes imposed on five types of extracted minerals and mineral fuels, including oil and natural gas, coal, metallic minerals, molybdenum ore, and oil shale, are deposited in the Local Government Severance Tax Fund on a monthly basis.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

**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.



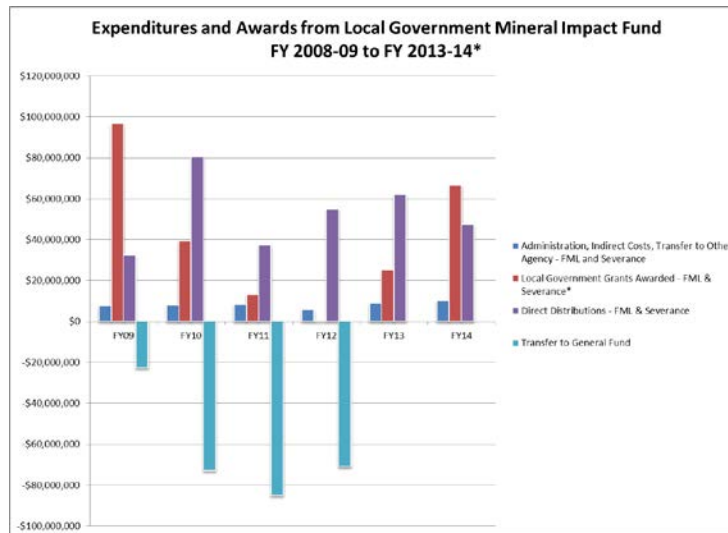
*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

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:* During the recession, a substantial amount of revenue typically spent in this lien item was transferred to the General Fund, as reflected below.

<b>Local Government Severance and Mineral Impact Fund Transfers to the General Fund</b>				
	<b>From Local Government Severance Tax Fund</b>	<b>From Local Government Mineral Impact Fund</b>	<b>From Local Government Permanent Fund</b>	<b>Total Transfers to General Fund</b>
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)
<b>Total</b>	<b>\$ (168,827,796)</b>	<b>\$ (82,848,358)</b>	<b>\$ (19,105,697)</b>	<b>\$ (270,781,851)</b>

As a result, the Department stopped awarding new grants. The grant program was re-started in December 2012. The chart below shows direct distribution expenditures, new grant awards and transfers to the General Fund between FY 2008-09 and FY 2013-14.



\*Chart represents expenditures as reported by the Department of Local Affairs with following adjustments: (1) Transfers to the General Fund have been shown as negative figures; (2) Local Government Grants Awarded represents new awards, rather than expenditures. Although these amounts were not expended in the years shown, the Department was able to encumber these amounts based on revenue available.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

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*Projections for FY 2014-15 and FY 2015-16 Use of New Revenue:* The tables below summarize the anticipated use of Local Government Severance and Mineral Impact funds in FY 2014-15. Important notes about these tables:

- They are based on the December OSPB revenue projections. Due to the volatility of Severance Tax revenue, revenue amounts, and thus both direct disbursements and new grants, are subject to change.
- The tables reflect the anticipated *use of revenue projected to be received in the year shown—not the actual expenditure of funds*. Grant funds are typically expended over five years, so new grants awarded will not correspond to actual expenditures in the same year. Direct distributions, in contrast, do reflect anticipated disbursements in the year shown.

<b>Summary of Local Government Severance &amp; Mineral Impact Expenditure/Award Projection</b>		
	<b>FY 2014-15</b>	<b>FY 2015-16</b>
<b>Revenue</b>	<b>\$ 213,959,374</b>	<b>\$ 168,535,907</b>
<b>Expenditure</b>		
Administration & Indirect Costs	6,233,289	6,698,289
Transfers for Wildfire and Firefighter Safety	3,315,841	3,317,816
Direct Distributions (in August - based on prior year revenue)	74,365,592	79,864,940
Grant Set-Asides for Executive Initiatives	58,829,491	20,000,000
Other New Grants to be Awarded	88,082,392	101,322,662
<b>Total</b>	<b>\$ 230,826,605</b>	<b>\$ 211,203,707</b>

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)

*JBC Staff Figure Setting – FY 2015-16*  
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	FY 2014-15	FY 2015-16
<b>Local Government Severance Tax Fund</b>		
<b>Projected Revenue (New Tax + Interest Income)</b>	<b>\$140,352,998</b>	<b>\$94,358,593</b>
<u>Projected Expenditures/Grants Awarded</u>		
Administration	2,743,332	2,999,082
Indirect costs and transfers	684,514	684,514
Direct Distribution (based on prior year payable)	37,037,154	42,105,899
Grants - Flood Initiative	8,829,491	-
Grants - Alternative Fuels Initiative	20,000,000	-
Grants - Broadband Initiative	20,000,000	-
Grants - TBD FY 2015-16 initiative	-	10,000,000
Other Grants	56,919,456	57,809,726
<b>Total Expenditure/New Encumbrances</b>	<b>146,213,947</b>	<b>113,599,221</b>
<b>Local Government Mineral Impact Fund (FML Revenue)</b>		
<b>Projected Revenue (New Non-bonus FML receipt)</b>	<b>73,606,376</b>	<b>74,177,314</b>
<u>Projected Expenditures/Grants Awarded</u>		
Administration	2,462,718	2,671,968
Indirect costs and transfers to CDOT	342,725	342,725
Transfers for Wildfire Prep & Firefighter Safety	3,315,841	3,317,816
Direct Distribution (based on prior year payable)	37,328,438	37,759,041
Grants - Flood Initiative	10,000,000	-
Grants - Alternative Fuels Initiative	-	-
Grants - Broadband Initiative	-	-
Grants - TBD FY 2015-16 initiative	-	10,000,000
Other Grants	31,162,936	43,512,936
<b>Total Expenditure/New Encumbrances</b>	<b>84,612,658</b>	<b>97,604,486</b>

**Request:** The Department requests continuation funding of \$150 million cash funds for FY 2015-16 shown in this line item for informational purposes.

**Recommendation:** Staff recommends the request for \$150 million.

- **The Department currently anticipates that expenditures will fall in the range of the \$150 million currently budgeted.**

Broadly speaking, for FY 2015-16, the Department anticipates that spending for this program will include:

- Three **grant cycles** of \$25-\$35 million each (\$75-\$105 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 \$60 to \$80 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. When revenues come in beyond the level assumed for “regular” grant cycles, these moneys may also be distributed for special initiatives or very large “tier 3” regional projects.
- Funds to support **personal services and operating expenses throughout the Department** (reappropriated funds). The Department’s FY 2015-16 budget request reflects \$6.6 million used for this purpose, representing over a quarter of department-wide administrative costs (personal services, operating expenses, and centrally-appropriated funds).
  - **Actual expenditures for FY 2014-15 and possibly FY 2015-16 are likely to be above \$150 million. However, it also seems likely that new grants will be flat or down based on updated revenue projections for severance tax. Thus, staff thinks it might be confusing to legislators to increase the line item at this point in time.**

Actual expenditures reported and reflected in this line item are based on the cash flow out during the year and do not correspond directly to new grants awarded, because grants are typically expended over a period of five years, with the largest expenditures in years two and three. New grants were suspended during the recession, when a substantial amount of severance and mineral revenue was transferred to the General Fund. Grants were again awarded beginning in December 2012. Because of the delay associated with spending grants, it took time for spending associated with old grants to ramp down during the recession and has taken time for spending associated with new grants to ramp up since FY 2012-13. *By FY 2015-16, the impact of re-starting the grant program will be fully realized. This drives an increase in expenditures that does not correspond with growth in new commitments.*

- **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 long-term revenue trends.**

<b>Long Bill Projections v. Actuals - Mineral and Energy Impact Grants and Disbursements</b>		
<b>Fiscal Year</b>	<b>Long Bill Estimate</b>	<b>Actual</b>
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

<b>Long Bill Projections v. Actuals - Mineral and Energy Impact Grants and Disbursements</b>		
<b>Fiscal Year</b>	<b>Long Bill Estimate</b>	<b>Actual</b>
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

**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.

**Request:** The Department requests continuation funding of \$5,000,000 from the Local Government Limited Gaming Impact Fund.

**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. (The remaining \$100,000 is distributed by the Department of Human Services.) Actual expenditures may be higher if the Department spends down reserves from prior years.

<b>Division of Local Government, Field Services, Local Government Limited Gaming Impact Grants</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>				
HB 14-1336 (Long Bill)	5,000,000	0	5,000,000	0.0
<b>TOTAL</b>	<b>\$5,000,000</b>	<b>\$0</b>	<b>\$5,000,000</b>	<b>0.0</b>

*JBC Staff Figure Setting – FY 2015-16  
Staff Working Document – Does Not Represent Committee Decision*

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<b>Division of Local Government, Field Services, Local Government Limited Gaming Impact Grants</b>				
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>FY 2015-16 Recommended Appropriation</b>				
FY 2014-15 Appropriation	\$5,000,000	\$0	\$5,000,000	0.0
Adjust continuously appropriated cash fund estimates	(100,000)	0	(100,000)	0.0
<b>TOTAL</b>	<b>\$4,900,000</b>	<b>\$0</b>	<b>\$4,900,000</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$100,000)	\$0	(\$100,000)	0.0
Percentage Change	(2.0%)	0.0%	(2.0%)	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$5,000,000</b>	<b>\$0</b>	<b>\$5,000,000</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$100,000	\$0	\$100,000	0.0

**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.

**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. Staff assumes that spending may be lower in the absence of additional revenue.

**Other Local Government Grants**

**Description:** In FY 2014-15, 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 fund balance is projected to be \$62,737 at the beginning of FY 2015-16 and the Department expects it to be fully exhausted by the end of the year.

The 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.

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

**Recommendation:** Staff recommends the request for a continuation level of \$104,000 total funds.

**Search and Rescue Program**

**Description:** 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.

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

**Recommendation:** Staff recommends approving the Department request for \$618,420 cash funds and 1.3 FTE, calculated consistent with common policy. Actual revenue and expenditures for this program have typically been lower: less than \$440,000 in the last two actual years. However, the Department indicates that it continues to seek to grow the program.

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Division of Local Government, Field Services, Search and Rescue Program</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>FTE</b>
<b>Personal Services</b>				
FY 2014-15 Appropriation	\$83,414	\$0	\$83,414	1.3
Annualize FY 2014-15 salary survey	1,483	0	1,483	0.0
Annualize FY 2014-15 merit pay	642	0	642	0.0
<b>Subtotal - Personal Services</b>	<b>\$85,539</b>	<b>\$0</b>	<b>\$85,539</b>	<b>1.3</b>
<b>Operating Expenses</b>				
FY 2014-15 Appropriation	\$20,540	\$0	\$20,540	0.0
<b>Subtotal - Operating Expenses</b>	<b>\$20,540</b>	<b>\$0</b>	<b>\$20,540</b>	<b>0.0</b>
<b>Other</b>				
FY 2014-15 Appropriation	\$512,341	\$0	\$512,341	0.0
<b>Subtotal - Other</b>	<b>\$512,341</b>	<b>\$0</b>	<b>\$512,341</b>	<b>0.0</b>
<b>Total Recommended FY 2015-16 Appropriation</b>	<b>\$618,420</b>	<b>\$0</b>	<b>\$618,420</b>	<b>1.3</b>
<b>FY 2015-16 Executive Request</b>	<b>\$618,420</b>	<b>\$0</b>	<b>\$618,420</b>	<b>1.3</b>
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

**(C) Indirect Cost Assessments**

**Description:** 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 \$967,728 total funds.

**Recommendation:** Staff recommends \$965,920 total funds for this purpose for FY 2015-16, 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 2015-16  
Staff Working Document – Does Not Represent Committee Decision*

<b>Division of Local Government, Indirect Cost Assessments, Indirect Cost Assessments</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2014-15 Appropriation</b>						
HB 14-1336 (Long Bill)	967,728	0	155,871	684,079	127,778	0.0
<b>TOTAL</b>	<b>\$967,728</b>	<b>\$0</b>	<b>\$155,871</b>	<b>\$684,079</b>	<b>\$127,778</b>	<b>0.0</b>
<b>FY 2015-16 Recommended Appropriation</b>						
FY 2014-15 Appropriation	\$967,728	\$0	\$155,871	\$684,079	\$127,778	0.0
Indirect cost adjustments	(1,808)	0	(4,749)	(13,790)	16,731	0.0
<b>TOTAL</b>	<b>\$965,920</b>	<b>\$0</b>	<b>\$151,122</b>	<b>\$670,289</b>	<b>\$144,509</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	<b>(\$1,808)</b>	<b>\$0</b>	<b>(\$4,749)</b>	<b>(\$13,790)</b>	<b>\$16,731</b>	<b>0.0</b>
Percentage Change	(0.2%)	0.0%	(3.0%)	(2.0%)	13.1%	0.0%
<b>FY 2015-16 Executive Request:</b>	<b>\$967,728</b>	<b>\$0</b>	<b>\$155,871</b>	<b>\$684,079</b>	<b>\$127,778</b>	<b>0.0</b>
Request Above/(Below) Recommendation	\$1,808		\$4,749	\$13,790	(\$16,731)	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 new 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**

The Department did not have any Long Bill footnotes in FY 2014-15.

As discussed above, staff recommends the following **new** footnote:

N 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.

### **REQUESTS FOR INFORMATION**

The Department did not have any Requests for Information in FY 2014-15.

As discussed above, staff recommends the following **new** request for information:

N Department of Local Affairs, Division of Housing – The Department is requested to submit a report by November 2015 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.

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

**Appendix A: Number Pages**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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**DEPARTMENT OF LOCAL AFFAIRS**  
**Reeves Brown, Executive Director**

**(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>1,356,064</u>	<u>1,269,251</u>	<u>1,310,153</u>	<u>1,352,635</u>	<u>1,352,635</u>
FTE	13.0	14.2	14.2	14.2	14.2
General Fund	0	0	0	0	0
Reappropriated Funds	1,356,064	1,269,251	1,310,153	1,352,635	1,352,635
Health, Life, and Dental	<u>1,042,048</u>	<u>1,078,804</u>	<u>1,131,931</u>	<u>1,518,163</u>	<u>1,549,935</u> *
General Fund	421,810	0	214,400	372,008	355,607
Cash Funds	159,264	175,120	238,318	252,445	263,718
Reappropriated Funds	189,812	686,938	425,281	579,931	603,918
Federal Funds	271,162	216,746	253,932	313,779	326,692
Short-term Disability	<u>15,380</u>	<u>18,241</u>	<u>22,036</u>	<u>24,478</u>	<u>24,391</u> *
General Fund	3,684	4,790	4,268	5,054	4,967
Cash Funds	2,517	2,937	3,725	3,716	3,716
Reappropriated Funds	5,730	7,096	9,984	10,933	10,933
Federal Funds	3,449	3,418	4,059	4,775	4,775

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
S.B. 04-257 Amortization Equalization					
Disbursement	<u>279,500</u>	<u>338,143</u>	<u>406,376</u>	<u>492,652</u>	<u>490,915</u> *
General Fund	98,201	49,034	78,859	101,702	99,965
Cash Funds	45,372	55,388	68,766	74,766	74,766
Reappropriated Funds	95,332	173,898	183,715	220,084	220,084
Federal Funds	40,595	59,823	75,036	96,100	96,100
S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>240,278</u>	<u>305,324</u>	<u>380,978</u>	<u>475,857</u>	<u>474,179</u> *
General Fund	83,988	80,937	73,930	98,235	96,557
Cash Funds	38,999	50,003	64,468	72,217	72,217
Reappropriated Funds	62,937	121,457	172,438	212,581	212,581
Federal Funds	54,354	52,927	70,142	92,824	92,824
Salary Survey					
General Fund	<u>258,966</u>	<u>258,966</u>	<u>278,297</u>	<u>125,247</u>	<u>125,247</u>
Cash Funds	0	0	57,596	26,613	26,613
Reappropriated Funds	37,333	37,333	46,268	18,601	18,601
Federal Funds	166,672	166,672	124,014	56,133	56,133
Federal Funds	54,961	54,961	50,419	23,900	23,900
Merit Pay					
General Fund	<u>157,336</u>	<u>157,336</u>	<u>110,908</u>	<u>118,923</u>	<u>118,923</u>
Cash Funds	0	0	21,928	23,130	23,130
Reappropriated Funds	22,235	22,235	21,557	17,705	17,705
Federal Funds	102,593	102,593	47,144	54,456	54,456
Federal Funds	32,508	32,508	20,279	23,632	23,632

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
Workers' Compensation	<u>49,393</u>	<u>92,873</u>	<u>94,854</u>	<u>87,172</u>	<u>88,191</u>
General Fund	46,963	85,849	87,680	80,579	81,521
Cash Funds	1,743	3,148	3,215	2,954	2,989
Reappropriated Funds	687	3,876	3,959	3,639	3,681
Operating Expenses	<u>123,099</u>	<u>132,888</u>	<u>144,650</u>	<u>144,650</u>	<u>132,888</u>
Reappropriated Funds	123,099	132,888	132,888	132,888	132,888
Federal Funds	0	0	11,762	11,762	0
Legal Services	<u>123,277</u>	<u>150,379</u>	<u>177,227</u>	<u>169,172</u>	<u>169,172</u>
General Fund	123,277	148,246	161,153	153,752	153,752
Cash Funds	0	165	8,194	7,790	7,790
Reappropriated Funds	0	1,968	2,140	2,130	2,130
Federal Funds	0	0	5,740	5,500	5,500
Purchase of Services from Computer Center	<u>428,515</u>	<u>565,158</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	242,858	70,185	0	0	0
Cash Funds	0	0	0	0	0
Reappropriated Funds	185,657	494,973	0	0	0
Federal Funds	0	0	0	0	0
Multiuse Network Payments	<u>26,343</u>	<u>104,480</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	21,737	56,217	0	0	0
Cash Funds	1,845	6,816	0	0	0
Reappropriated Funds	2,761	41,447	0	0	0
Federal Funds	0	0	0	0	0

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
Management and Administration of OIT	<u>7,357</u>	<u>43,277</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	5,162	30,364	0	0	0
Reappropriated Funds	2,195	12,913	0	0	0
Federal Funds	0	0	0	0	0
Payment to Risk Management and Property Funds	<u>19,347</u>	<u>37,588</u>	<u>30,090</u>	<u>25,676</u>	<u>33,952</u>
General Fund	18,322	34,989	28,009	23,909	31,604
Cash Funds	915	2,321	1,858	1,635	2,096
Reappropriated Funds	110	278	223	132	252
Vehicle Lease Payments	<u>79,713</u>	<u>76,981</u>	<u>79,365</u>	<u>90,680</u>	<u>81,927</u> *
General Fund	55,882	72,369	71,363	81,547	73,667
Reappropriated Funds	23,831	4,612	8,002	9,133	8,260
Federal Funds	0	0	0	0	0
Information Technology Asset Maintenance	<u>56,305</u>	<u>69,666</u>	<u>104,793</u>	<u>104,793</u>	<u>80,469</u>
General Fund	29,913	29,913	29,913	29,913	29,913
Cash Funds	0	2,246	13,049	13,049	13,049
Reappropriated Funds	21,889	37,507	37,507	37,507	37,507
Federal Funds	4,503	0	24,324	24,324	0
Leased Space	<u>37,794</u>	<u>55,245</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	15,418	32,869	42,624	42,624	42,624
Federal Funds	0	0	0	0	0

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>FY 2015-16 Recommendation</b>
Capitol Complex Leased Space	<u>416,744</u>	<u>543,948</u>	<u>463,750</u>	<u>717,870</u>	<u>648,536</u>
General Fund	160,000	201,822	160,480	414,600	224,425
Cash Funds	24,463	33,089	28,001	28,001	39,158
Reappropriated Funds	232,281	309,037	241,965	241,965	338,378
Federal Funds	0	0	33,304	33,304	46,575
Communication Services Payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
CORE Operations	<u>157,503</u>	<u>157,503</u>	<u>691,023</u>	<u>399,621</u>	<u>399,621</u> *
General Fund	104,883	104,883	391,735	205,893	205,893
Reappropriated Funds	52,620	52,620	204,431	149,511	149,511
Federal Funds	0	0	94,857	44,217	44,217
Information Technology Security	<u>0</u>	<u>7,425</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	0	1,584	0	0	0
Cash Funds	0	74	0	0	0
Reappropriated Funds	0	5,767	0	0	0
Federal Funds	0	0	0	0	0
Moffat Tunnel Improvement District	<u>20</u>	<u>27</u>	<u>137,444</u>	<u>137,444</u>	<u>137,444</u>
Cash Funds	20	27	137,444	137,444	137,444
Payments to OIT	<u>0</u>	<u>0</u>	<u>1,051,181</u>	<u>996,432</u>	<u>996,432</u>
General Fund	0	0	189,934	179,062	179,062
Cash Funds	0	0	5,712	5,370	5,370
Reappropriated Funds	0	0	482,619	458,000	458,000
Federal Funds	0	0	372,916	354,000	354,000

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>FY 2015-16 Recommendation</b>
<b>TOTAL - (1) Executive Director's Office</b>	4,874,982	5,463,503	6,680,056	7,046,465	6,969,857
<i>FTE</i>	<u>13.0</u>	<u>14.2</u>	<u>14.2</u>	<u>14.2</u>	<u>14.2</u>
General Fund	1,439,056	993,558	1,593,624	1,818,373	1,609,052
Cash Funds	334,706	390,902	640,575	635,693	658,619
Reappropriated Funds	2,639,688	3,658,660	3,429,087	3,564,282	3,683,971
Federal Funds	461,532	420,383	1,016,770	1,028,117	1,018,215



**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
<b>(2) PROPERTY TAXATION</b>					
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>2,542,807</u>	<u>2,635,454</u>	<u>2,704,129</u>	<u>2,773,709</u>	<u>2,773,709</u>
FTE	30.0	30.2	36.7	36.7	36.7
General Fund	945,981	945,981	949,492	978,270	973,045
Cash Funds	817,711	853,525	884,726	905,450	913,318
Reappropriated Funds	779,115	835,948	869,911	889,989	887,346
State Board of Equalization	<u>12,856</u>	<u>12,856</u>	<u>12,856</u>	<u>12,856</u>	<u>12,856</u>
General Fund	12,856	12,856	12,856	12,856	12,856
Board of Assessment Appeals	<u>570,627</u>	<u>555,028</u>	<u>579,545</u>	<u>606,314</u>	<u>606,314</u>
FTE	11.9	13.0	13.2	13.2	13.2
General Fund	331,341	350,212	446,862	411,128	394,380
Cash Funds	0	149,197	77,064	133,252	150,000
Reappropriated Funds	239,286	55,619	55,619	61,934	61,934
Federal Funds	0	0	0	0	0
Indirect Cost Assessment	<u>268,617</u>	<u>337,883</u>	<u>357,244</u>	<u>357,244</u>	<u>381,041</u>
Cash Funds	149,049	169,766	189,628	189,628	201,086
Reappropriated Funds	119,568	168,117	167,616	167,616	179,955
<b>TOTAL - (2) Property Taxation</b>	<b>3,394,907</b>	<b>3,541,221</b>	<b>3,653,774</b>	<b>3,750,123</b>	<b>3,773,920</b>
<b>FTE</b>	<b>41.9</b>	<b>43.2</b>	<b>49.9</b>	<b>49.9</b>	<b>49.9</b>
General Fund	1,290,178	1,309,049	1,409,210	1,402,254	1,380,281
Cash Funds	966,760	1,172,488	1,151,418	1,228,330	1,264,404
Reappropriated Funds	1,137,969	1,059,684	1,093,146	1,119,539	1,129,235
Federal Funds	0	0	0	0	0

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 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.

**(A) Community and Non-Profit Services**

**(i) Administration**

Personal Services	<u>2,848,666</u>	<u>2,474,603</u>	<u>2,233,586</u>	<u>2,283,513</u>	<u>2,355,340</u>
FTE	38.6	36.9	25.6	25.6	25.6
General Fund	599,256	364,006	327,476	341,264	341,264
Cash Funds	45,809	90,478	15,376	16,107	16,107
Reappropriated Funds	149,909	149,909	85,039	96,590	96,590
Federal Funds	2,053,692	1,870,210	1,805,695	1,829,552	1,901,379
Operating Expenses	<u>25,903</u>	<u>25,903</u>	<u>488,153</u>	<u>488,153</u>	<u>375,437</u>
General Fund	25,903	25,903	36,278	36,278	36,278
Cash Funds	0	0	2,500	2,500	2,500
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	449,375	449,375	336,659
Private Activity Bond Allocation Committee	<u>2,046</u>	<u>2,078</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	2,046	2,078	0	0	0

<b>SUBTOTAL - (i) Administration</b>	2,876,615	2,502,584	2,721,739	2,771,666	2,730,777
FTE	38.6	36.9	25.6	25.6	25.6
General Fund	625,159	389,909	363,754	377,542	377,542
Cash Funds	47,855	92,556	17,876	18,607	18,607
Reappropriated Funds	149,909	149,909	85,039	96,590	96,590
Federal Funds	2,053,692	1,870,210	2,255,070	2,278,927	2,238,038

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
<b>(ii) Community Services</b>					
Low Income Rental Subsidies	<u>45,205,976</u>	<u>40,765,615</u>	<u>40,903,029</u>	<u>40,903,029</u>	<u>50,337,635</u>
General Fund	0	444,861	1,360,813	1,360,813	2,305,813
Federal Funds	45,205,976	40,320,754	39,542,216	39,542,216	48,031,822
Homeless Prevention Programs	<u>0</u>	<u>0</u>	<u>1,434,449</u>	<u>1,434,449</u>	<u>1,688,618</u>
Cash Funds	0	0	110,000	110,000	110,000
Federal Funds	0	0	1,324,449	1,324,449	1,578,618
Emergency Shelter Program	<u>1,079,783</u>	<u>2,199,152</u>	<u>0</u>	<u>0</u>	<u>0</u>
Federal Funds	1,079,783	2,199,152	0	0	0
<b>SUBTOTAL - (ii) Community Services</b>	<b>46,285,759</b>	<b>42,964,767</b>	<b>42,337,478</b>	<b>42,337,478</b>	<b>52,026,253</b>
<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	0	444,861	1,360,813	1,360,813	2,305,813
Cash Funds	0	0	110,000	110,000	110,000
Federal Funds	46,285,759	42,519,906	40,866,665	40,866,665	49,610,440
<b>(iii) Fort Lyon Supportive Housing Program</b>					
Program Costs	<u>0</u>	<u>2,788,851</u>	<u>3,223,851</u>	<u>3,223,851</u>	<u>3,223,851</u>
General Fund	0	2,788,851	3,223,851	3,223,851	3,223,851
<b>SUBTOTAL - (iii) Fort Lyon Supportive Housing Program</b>	<b>0</b>	<b>2,788,851</b>	<b>3,223,851</b>	<b>3,223,851</b>	<b>3,223,851</b>
<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	0	2,788,851	3,223,851	3,223,851	3,223,851

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
<b>SUBTOTAL - (A) Community and Non-Profit</b>					
<b>Services</b>	49,162,374	48,256,202	48,283,068	48,332,995	57,980,881
<i>FTE</i>	<u>38.6</u>	<u>36.9</u>	<u>25.6</u>	<u>25.6</u>	<u>25.6</u>
General Fund	625,159	3,623,621	4,948,418	4,962,206	5,907,206
Cash Funds	47,855	92,556	127,876	128,607	128,607
Reappropriated Funds	149,909	149,909	85,039	96,590	96,590
Federal Funds	48,339,451	44,390,116	43,121,735	43,145,592	51,848,478

**(B) Field Services**

Affordable Housing Program Costs	<u>0</u>	<u>0</u>	<u>4,118,080</u>	<u>4,429,757</u>	<u>1,509,280</u> *
FTE	0.0	0.0	26.7	27.2	19.9
General Fund	0	0	284,432	544,035	294,035
Cash Funds	0	0	783,757	799,499	75,361
Reappropriated Funds	0	0	278,128	291,185	291,185
Federal Funds	0	0	2,771,763	2,795,038	848,699
Affordable Housing Grants and Loans	<u>0</u>	<u>0</u>	<u>14,717,338</u>	<u>18,137,338</u>	<u>17,832,633</u> *
General Fund	0	0	8,200,000	11,620,000	10,360,000
Federal Funds	0	0	6,517,338	6,517,338	7,472,633
Manufactured Buildings Program	<u>586,577</u>	<u>643,544</u>	<u>0</u>	<u>0</u>	<u>724,138</u>
FTE	7.2	7.3	0.0	0.0	7.3
Cash Funds	586,577	643,544	0	0	724,138
Colorado Affordable Housing Construction Grants and Loans	<u>2,200,000</u>	<u>4,291,866</u>	<u>0</u>	<u>0</u>	<u>0</u>
General Fund	2,200,000	4,200,000	0	0	0
Cash Funds	0	91,866	0	0	0

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
Federal Affordable Housing Construction Grants and Loans	<u>8,641,159</u>	<u>8,130,816</u>	<u>0</u>	<u>0</u>	<u>0</u>
Federal Funds	8,641,159	8,130,816	0	0	0
<b>SUBTOTAL - (B) Field Services</b>	11,427,736	13,066,226	18,835,418	22,567,095	20,066,051
<i>FTE</i>	<u>7.2</u>	<u>7.3</u>	<u>26.7</u>	<u>27.2</u>	<u>27.2</u>
General Fund	2,200,000	4,200,000	8,484,432	12,164,035	10,654,035
Cash Funds	586,577	735,410	783,757	799,499	799,499
Reappropriated Funds	0	0	278,128	291,185	291,185
Federal Funds	8,641,159	8,130,816	9,289,101	9,312,376	8,321,332
<b>(C) Indirect Cost Assessments</b>					
Indirect Cost Assessments	<u>477,793</u>	<u>581,550</u>	<u>709,694</u>	<u>709,694</u>	<u>693,797</u>
Cash Funds	125,194	182,297	155,087	155,087	216,150
Reappropriated Funds	56,993	61,813	29,916	29,916	64,729
Federal Funds	295,606	337,440	524,691	524,691	412,918
<b>SUBTOTAL - (C) Indirect Cost Assessments</b>	477,793	581,550	709,694	709,694	693,797
<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	125,194	182,297	155,087	155,087	216,150
Reappropriated Funds	56,993	61,813	29,916	29,916	64,729
Federal Funds	295,606	337,440	524,691	524,691	412,918
<b>TOTAL - (3) Division of Housing</b>	61,067,903	61,903,978	67,828,180	71,609,784	78,740,729
<i>FTE</i>	<u>45.8</u>	<u>44.2</u>	<u>52.3</u>	<u>52.8</u>	<u>52.8</u>
General Fund	2,825,159	7,823,621	13,432,850	17,126,241	16,561,241
Cash Funds	759,626	1,010,263	1,066,720	1,083,193	1,144,256
Reappropriated Funds	206,902	211,722	393,083	417,691	452,504
Federal Funds	57,276,216	52,858,372	52,935,527	52,982,659	60,582,728

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 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.

**(A) Local Government and Community Services**

**(i) Administration**

Personal Services	<u>1,186,590</u>	<u>1,160,054</u>	<u>1,345,839</u>	<u>1,516,078</u>	<u>1,491,386</u> *
FTE	15.9	16.5	17.7	19.1	18.6
General Fund	265,705	245,057	267,341	347,613	322,921
Reappropriated Funds	920,885	914,997	937,469	1,024,434	1,024,434
Federal Funds	0	0	141,029	144,031	144,031
Operating Expenses	<u>65,914</u>	<u>67,242</u>	<u>131,351</u>	<u>2,015,585</u>	<u>137,004</u> *
General Fund	42,178	42,178	42,178	987,359	47,831
Reappropriated Funds	23,736	25,064	25,146	964,199	25,146
Federal Funds	0	0	64,027	64,027	64,027

<b>SUBTOTAL - (i) Administration</b>	1,252,504	1,227,296	1,477,190	3,531,663	1,628,390
FTE	<u>15.9</u>	<u>16.5</u>	<u>17.7</u>	<u>19.1</u>	<u>18.6</u>
General Fund	307,883	287,235	309,519	1,334,972	370,752
Reappropriated Funds	944,621	940,061	962,615	1,988,633	1,049,580
Federal Funds	0	0	205,056	208,058	208,058

**(ii) Local Government Services**

Local Utility Management Assistance	<u>159,166</u>	<u>149,657</u>	<u>157,921</u>	<u>162,173</u>	<u>162,173</u>
FTE	1.9	1.9	2.0	2.0	2.0
Cash Funds	159,166	149,657	157,921	162,173	162,173

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>FY 2015-16 Recommendation</b>
Conservation Trust Fund Disbursements	<u>54,245,455</u>	<u>51,928,606</u>	<u>50,000,751</u>	<u>50,005,002</u>	<u>50,000,000</u>
FTE	2.0	2.0	2.0	2.0	2.0
Cash Funds	54,245,455	51,928,606	50,000,751	50,005,002	50,000,000
Volunteer Firefighter Retirement Plans	<u>4,175,447</u>	<u>4,096,705</u>	<u>4,264,753</u>	<u>4,264,753</u>	<u>4,230,000</u>
General Fund	0	0	0	0	0
General Fund Exempt	4,175,447	4,096,705	4,264,753	4,264,753	4,230,000
Volunteer Firefighter Death and Disability Insurance	<u>21,065</u>	<u>21,065</u>	<u>30,000</u>	<u>30,000</u>	<u>21,065</u>
General Fund Exempt	21,065	21,065	30,000	30,000	21,065
Firefighter Heart and Circulatory Malfunction Benefits	<u>0</u>	<u>0</u>	<u>1,754,495</u>	<u>0</u>	<u>1,903,273</u>
FTE	0.0	0.0	0.6	0.0	0.5
General Fund	0	0	904,145	0	964,220
Reappropriated Funds	0	0	850,350	0	939,053
Environmental Protection Agency Water/Sewer File Project	<u>46,169</u>	<u>54,596</u>	<u>49,425</u>	<u>54,636</u>	<u>54,636</u>
FTE	0.5	0.4	0.5	0.5	0.5
Federal Funds	46,169	54,596	49,425	54,636	54,636
<b>SUBTOTAL - (ii) Local Government Services</b>	<b>58,647,302</b>	<b>56,250,629</b>	<b>56,257,345</b>	<b>54,516,564</b>	<b>56,371,147</b>
<b>FTE</b>	<b>4.4</b>	<b>4.3</b>	<b>5.1</b>	<b>4.5</b>	<b>5.0</b>
General Fund	0	0	904,145	0	964,220
General Fund Exempt	4,196,512	4,117,770	4,294,753	4,294,753	4,251,065
Cash Funds	54,404,621	52,078,263	50,158,672	50,167,175	50,162,173
Reappropriated Funds	0	0	850,350	0	939,053
Federal Funds	46,169	54,596	49,425	54,636	54,636

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>FY 2015-16 Recommendation</b>
<b>(iii) Community Services</b>					
Community Services Block Grant	<u>6,408,868</u>	<u>5,421,838</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Federal Funds	6,408,868	5,421,838	6,000,000	6,000,000	6,000,000
<b>SUBTOTAL - (iii) Community Services</b>	6,408,868	5,421,838	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	6,408,868	5,421,838	6,000,000	6,000,000	6,000,000
<b>SUBTOTAL - (A) Local Government and Community Services</b>					
	66,308,674	62,899,763	63,734,535	64,048,227	63,999,537
<i>FTE</i>	<u>20.3</u>	<u>20.8</u>	<u>22.8</u>	<u>23.6</u>	<u>23.6</u>
General Fund	307,883	287,235	1,213,664	1,334,972	1,334,972
General Fund Exempt	4,196,512	4,117,770	4,294,753	4,294,753	4,251,065
Cash Funds	54,404,621	52,078,263	50,158,672	50,167,175	50,162,173
Reappropriated Funds	944,621	940,061	1,812,965	1,988,633	1,988,633
Federal Funds	6,455,037	5,476,434	6,254,481	6,262,694	6,262,694
<b>(B) Field Services</b>					
Program Costs	<u>2,271,628</u>	<u>2,519,633</u>	<u>2,417,433</u>	<u>2,886,638</u>	<u>2,886,638</u> *
FTE	19.8	28.0	27.9	27.9	27.9
General Fund	0	203,839	0	0	0
Cash Funds	104,796	104,796	106,902	109,027	109,027
Reappropriated Funds	2,170,009	1,945,825	1,996,219	2,460,457	2,460,457
Federal Funds	(3,177)	265,173	314,312	317,154	317,154
Community Development Block Grant	<u>7,978,500</u>	<u>8,547,606</u>	<u>9,697,000</u>	<u>9,697,000</u>	<u>8,500,000</u>
Federal Funds	7,978,500	8,547,606	9,697,000	9,697,000	8,500,000



**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>FY 2015-16 Recommendation</b>
Local Government Mineral and Energy Impact Grants and Disbursements	<u>68,608,798</u>	<u>115,191,372</u>	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>
Cash Funds	68,608,798	115,191,372	150,000,000	150,000,000	150,000,000
Local Government Limited Gaming Impact Grants	<u>4,482,164</u>	<u>5,763,240</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>4,900,000</u>
General Fund	1,000,000	0	0	0	0
Cash Funds	3,482,164	5,763,240	5,000,000	5,000,000	4,900,000
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
Other Local Government Grants	<u>0</u>	<u>0</u>	<u>104,000</u>	<u>104,000</u>	<u>104,000</u>
Cash Funds	0	0	100,000	100,000	100,000
Reappropriated Funds	0	0	4,000	4,000	4,000
Search and Rescue Program	<u>400,760</u>	<u>404,736</u>	<u>616,295</u>	<u>618,420</u>	<u>618,420</u>
FTE	0.7	1.2	1.3	1.3	1.3
Cash Funds	400,760	404,736	616,295	618,420	618,420
Colorado Heritage Communities Grants	<u>27,050</u>	<u>7,954</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	27,050	7,954	0	0	0
Colorado Heritage Communities Grant Fund	<u>0</u>	<u>4,304,072</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	4,304,072	0	0	0

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	<b>FY 2012-13 Actual</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Appropriation</b>	<b>FY 2015-16 Request</b>	<b>FY 2015-16 Recommendation</b>
<b>SUBTOTAL - (B) Field Services</b>	83,768,900	136,738,613	167,884,728	168,356,058	167,059,059
<i>FTE</i>	<u>20.5</u>	<u>29.2</u>	<u>29.2</u>	<u>29.2</u>	<u>29.2</u>
General Fund	1,000,000	203,839	0	0	0
Cash Funds	72,623,568	125,776,170	155,873,197	155,877,447	155,777,447
Reappropriated Funds	2,170,009	1,945,825	2,000,219	2,464,457	2,464,457
Federal Funds	7,975,323	8,812,779	10,011,312	10,014,154	8,817,155
<b>(C) Indirect Cost Assessments</b>					
Indirect Cost Assessments	<u>838,818</u>	<u>943,316</u>	<u>967,728</u>	<u>967,728</u>	<u>965,920</u>
Cash Funds	94,923	147,595	155,871	155,871	151,122
Reappropriated Funds	698,052	795,721	684,079	684,079	670,289
Federal Funds	45,843	0	127,778	127,778	144,509
<b>SUBTOTAL - (C) Indirect Cost Assessments</b>	838,818	943,316	967,728	967,728	965,920
<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	94,923	147,595	155,871	155,871	151,122
Reappropriated Funds	698,052	795,721	684,079	684,079	670,289
Federal Funds	45,843	0	127,778	127,778	144,509
<b>TOTAL - (4) Division of Local Government</b>	150,916,392	200,581,692	232,586,991	233,372,013	232,024,515
<i>FTE</i>	<u>40.8</u>	<u>50.0</u>	<u>52.0</u>	<u>52.8</u>	<u>52.8</u>
General Fund	1,307,883	491,074	1,213,664	1,334,972	1,334,972
General Fund Exempt	4,196,512	4,117,770	4,294,753	4,294,753	4,251,065
Cash Funds	127,123,112	178,002,028	206,187,740	206,200,493	206,090,742
Reappropriated Funds	3,812,682	3,681,607	4,497,263	5,137,169	5,123,379
Federal Funds	14,476,203	14,289,213	16,393,571	16,404,626	15,224,357

**JBC Staff Staff Figure Setting - FY 2015-16**  
**Staff Working Document - Does Not Represent Committee Decision**

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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**(5) DIVISION OF EMERGENCY MANAGEMENT**

This division assists local, state, and private organizations in disaster preparedness, response, recovery, and impact mitigation.

Disaster Response and Recovery	<u>0</u>
Cash Funds	0
Federal Funds	0
Preparedness Grants and Training	<u>0</u>
Cash Funds	0
Federal Funds	0
Indirect Cost Assessment	<u>0</u>
Reappropriated Funds	0
Federal Funds	0

<b>TOTAL - (5) Division of Emergency Management</b>	0
<i>FTE</i>	<u>0.0</u>
Cash Funds	0
Reappropriated Funds	0
Federal Funds	0

<b>TOTAL - Department of Local Affairs</b>	220,254,184	271,490,394	310,749,001	315,778,385	321,509,021
<i>FTE</i>	<u>141.5</u>	<u>151.6</u>	<u>168.4</u>	<u>169.7</u>	<u>169.7</u>
General Fund	6,862,276	10,617,302	17,649,348	21,681,840	20,885,546
General Fund Exempt	4,196,512	4,117,770	4,294,753	4,294,753	4,251,065
Cash Funds	129,184,204	180,575,681	209,046,453	209,147,709	209,158,021
Reappropriated Funds	7,797,241	8,611,673	9,412,579	10,238,681	10,389,089
Federal Funds	72,213,951	67,567,968	70,345,868	70,415,402	76,825,300

## APPENDIX B: 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 2015-16 pool costs, for example, are based on FY 2013-14 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 2015-16 Department estimated indirect cost assessment for each division by fund source.

**Table 1: Department of Local Affairs Indirect Cost Assessment Request for FY 2015-16**

<b>Indirect Cost Assessment Recommendations for FY 2015-16</b>				
Description	Total Funds	Cash Fund Sources	Reappropriated Fund Sources	Federal Fund Sources
<b>Division of Property Taxation</b>	<b><u>\$381,041</u></b>	<b><u>\$201,086</u></b>	<b><u>\$179,955</u></b>	<b><u>\$0</u></b>
Local Government Severance Tax Fund	98,975	0	98,975	0
Local Gov't Mineral Impact Fund	80,980	0	80,980	0
Property Tax Exemption Fund	183,086	183,086	0	0
BAA Cash Fund	18,000	18,000	0	0
<b>Division of Housing</b>	<b><u>\$693,798</u></b>	<b><u>\$216,151</u></b>	<b><u>\$64,729</u></b>	<b><u>\$412,918</u></b>
Local Government Severance Tax Fund	33,463	0	33,463	0
Local Gov't Mineral Impact Fund	31,266	0	31,266	0

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

<b>Indirect Cost Assessment Recommendations for FY 2015-16</b>				
Description	Total Funds	Cash Fund Sources	Reappropriated Fund Sources	Federal Fund Sources
Building Regulation Fund	188,583	188,583	0	0
Private Activity Bond Fund	23,805	23,805		
Homeless Prevention Activities Program Fund	3,763	3,763	0	0
Federal grants	412,918	0	0	412,918
<b>Division of Local Governments</b>	<b><u>\$965,920</u></b>	<b><u>\$151,122</u></b>	<b><u>\$670,289</u></b>	<b><u>\$144,509</u></b>
Local Government Severance Tax Fund	368,659	0	368,659	0
Local Gov't Mineral Impact Fund	301,630	0	301,630	0
Colorado Water Resource & Power Development Authority, Water Pollution Control Revolving Fund	44,729	44,729	0	0
Conservation Trust Fund	55,888	55,888	0	0
Local Government Limited Gaming Impact Fund	28,451	28,451	0	0
Search and Rescue Fund	22,054	22,054	0	0
Community Development Block Grant	90,072	0	0	90,072
Community Services Block Grant & Other FF	54,437	0	0	54,437
<b>Total Indirect Cost Assessments</b>	<b>\$2,040,759</b>	<b>\$568,359</b>	<b>\$914,973</b>	<b>\$557,427</b>

*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 2015-16. For FY 2015-16, the Department will also use the balance in the Indirect Cost Excess Recoveries Fund to offset General Fund appropriations. Note that the staff recommendation includes applying indirect cost collections to the Payments to OIT line item in FY 2015-16, instead of in “pots” for health, life, dental, AED, salary survey, and merit line items, to simplify accounting.

<b>Indirect Cost Collections+Excess Recoveries Fund Used to Offset Department General Fund in FY 2015-16</b>	
FY 2015-16 Indirect Assessments (from above)	\$2,040,759
Indirect Costs Excess Recoveries Fund	175,592
<b>Total IC Cost Collections Used</b>	<b>\$2,216,351</b>

*JBC Staff Figure Setting – FY 2015-16*  
*Staff Working Document – Does Not Represent Committee Decision*

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<b>Use of IC Cost Collections and Excess Recoveries Fund in FY 2015-16 by Line Item</b>	
<b>Executive Director's Office</b>	
Personal Services	\$1,352,635
Operating Expenses	132,888
Payments to OIT	312,387
<b>Property Taxation</b>	
Board of Assessment Appeals	61,934
<b>Division of Local Government</b>	
Local Gov't & Community Services, Personal Services	356,507
<b>Total IC Cost Collections Used</b>	<b>\$2,216,351</b>