

The following file contains two documents:

- ❑ A memorandum to the Joint Budget Committee members dated March 17, 2011 representing "staff comebacks" concerning a 1% personal services General Fund reduction and funding for the Colorado Affordable Housing Construction Grants and Loans program.
- ❑ Staff's figure setting presentation for the Department of Local Affairs, dated February 8, 2011.

M E M O R A N D U M

TO: Joint Budget Committee Members

FROM: Kevin Neimond, Joint Budget Committee Staff, 303-866-4958

SUBJECT: Staff Comebacks, Department of Local Affairs

DATE: March 17, 2011

- ❑ After the Committee completed figure setting the Department of Local Affairs, staff received a budget amendment as part of the Governor's budget balancing proposal. The amendment seeks a 1.0 percent personal services General Fund reduction totaling \$27,463 for FY 2011-12. **Staff recommends the Committee adopt the Governor's proposal to reduce the General Fund appropriation to the Department by \$27,463 for FY 2011-12.** Staff's calculations are found in the table below.

Property Taxation, Division of Property Taxation						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2010-11 Long Bill	\$2,664,455	\$1,277,072	\$690,877	\$696,506	\$0	36.7
H.B. 10-1386	0	(169,742)	169,742	0	0	0.0
Supplemental adjustments (S.B. 11-145)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: FY 2010-11 Appropriation	\$2,664,455	\$1,107,330	\$860,619	\$696,506	0	36.7
Reinstate FY 10-11 State PERA Contribution	55,929	17,883	13,890	24,156	0.0	0.0
FY 11-12 State PERA Contribution Reduction	(62,552)	(23,137)	(13,850)	(25,565)	0.0	0.0
1.5 Percent Personal Services Base Reduction	(37,330)	(14,408)	(12,705)	(10,217)	0	0.0
Figure Setting FY 2011-12 Appropriation	\$2,620,502	\$1,087,668	\$847,954	\$684,880	0	36.7
<i>FY 11-12 1% Personal Services General Fund Reduction</i>	<i>(27,463)</i>	<i>(27,463)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0</i>
Recommended FY 2011-12 Appropriation	\$2,593,039	\$1,060,205	\$847,954	\$684,880	0	36.7

- ❑ The Committee "flagged" staff's recommended FY 2011-12 appropriation of \$2,250,000 General Fund for the Colorado Affordable Housing Construction Grants and Loans line item. This line item provides State funding for grants and loans for the rehabilitation, acquisition, and maintenance of affordable, safe, sanitary housing for low-income households at or below 30 percent of area median income (AMI). The Department has statutory authority to operate the

Colorado Affordable Housing Construction Grants and Loans Program through Section 24-32-705 1 (a), C.R.S., to encourage private enterprise and all public and private agencies engaged in planning, construction, and acquisition of adequate housing or the rehabilitation of existing housing in Colorado.

The Department requests continuation level funding of \$2,250,000 General Fund. The Division uses the General Fund appropriation in part to match federal moneys available through the Federal Affordable Housing Grants and Loans line item, as well as to leverage other public and private funds. This includes the leveraging of tax exempt private activity bond allocations, federal Low Income Housing Tax Credits, and private loans. In this capacity, the Division requires a dollar match for every dollar granted out of this line item. Pursuant to H.B. 09-1213 (Gagliardi/Schwartz), moneys appropriated for this purpose in the Long Bill are transferred to the Colorado Affordable Housing Construction Grants and Loan Fund. Moneys in this fund are continuously appropriated to the Division. Not more than \$250,000 may be appropriated from the General Fund in any one State fiscal year for any uses not related to construction grants or loans.

Based on the assessment of factors contributing to the need for affordable housing, and the indicators that low-income earning households face a scarcity of affordable housing, **staff recommended during figure setting that the Committee approve the Department's request for an appropriation of \$2,225,000 million General Fund for FY 2011-12.** Staff's February recommendation was based on the fact that Colorado is currently experiencing rental conditions in which there are more low-income renter households than available housing units.

Income Level	Affordable Monthly Payment*	Renter Households	Available Housing Units	Households Per Housing Unit
\$10,000	\$250	83,384	44,401	1.9
\$15,000	\$375	140,530	60,173	2.3
\$20,000	\$499	190,877	94,224	2.0
\$25,000	\$624	247,849	166,774	1.5
\$30,000	\$750	296,781	254,078	1.2
\$35,000	\$875	344,543	327,290	1.1

*Based on housing expense as 30% of income

As the table above illustrates, there are currently more households living at an income level of \$10,000 to \$15,000 than there are available housing units within the affordable monthly payment for housing range of 30 percent of income. When a household spends more than 30 percent of its income on housing, it is considered to be a "rent burdened household." According to the Department's April 2010 publication, 278,154 households in Colorado are paying more than 30 percent of their income toward housing. The number of rent burdened households in

the state represents 15.5 percent of all households. In general, spending more than 30 percent of income on housing negatively impacts a household's spending on food, clothing, transportation, daycare, and medical insurance.

Staff has included brief descriptions for several FY 2010-11 developments conducted with the assistance of funds appropriated to this line item to provide the Committee with background information on projects:

- ❑ Catholic Charities and Community Services of the Archdiocese of Denver, Inc. was awarded a grant of \$600,000 for the Guadalupe Community Assistance Center to be located at 1442 North 11th Avenue in Greeley, Weld County, Colorado. The project consists of a newly constructed 11,000 sq. ft. building, with 8,800 sq. ft. dedicated to providing 56 beds of emergency/temporary shelter to homeless men, women and families. Catholic Charities will own the shelter and provide case management services for the residents. Additional office space will be available for use by other agencies, such as the Veterans Administration.
- ❑ The Jefferson Center for Mental Health (JCMH) was awarded \$134,250 to rehabilitate Jefferson Apartments, which they purchased in October 2009. It has 11 units – 9 one bedroom apartments and 2 two bedrooms. These apartments will be available to people who receive services at JCMH, and who have demonstrated their readiness for independent living. JCMH property management will provide building supervision, and JCMH case managers will support their consumers to ensure their success in this environment. Rehabilitation work will include replacing a 39-year old boiler, bringing the boiler room up to code, replacing single-pane windows and exterior doors, replacing two exterior staircases, repairing concrete and decks, and replacing the roof, gutters, and downspouts.
- ❑ Mercy Housing Mountain Plains was awarded \$712,005 for the construction of Bluff Lake Apartments in Denver. The development includes 92 units of mixed income, permanent supportive housing development for women and families. The property will be a mix of one, two, and three bedroom units serving households at 30, 40 and 50 percent of average median income. Forty-six of the units will be designated to serve formerly homeless families.

The Department has indicated to staff that the Division of Housing has received funding requests for housing development grants for FY 2011-12 in the amount of \$27.8 million. The requests are leveraged by \$430.0 million, and represent the construction, rehabilitation, and/or acquisition of 3,577 units. If the Committee were to reduce the appropriation of funds to this line item, the number of projects able to be funded in FY 2011-12 would decrease, as well.

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2011-12 STAFF FIGURE SETTING

DEPARTMENT OF LOCAL AFFAIRS

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

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February 8, 2011**

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**FY 2011-12 FIGURE SETTING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:**

DEPARTMENT OF LOCAL AFFAIRS

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**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Local Affairs**

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	FY 2011-12 Changes
DEPARTMENT OF LOCAL AFFAIRS						
Executive Director: Reeves Brown						
(1) EXECUTIVE DIRECTOR'S OFFICE						
Personal Services	1,120,483	1,032,703	1,245,439	1,238,557	1,219,481	NP
FTE	<u>12.7</u>	<u>11.5</u>	<u>13.7</u>	<u>13.7</u>	<u>13.7</u>	
General Fund	39,785	0	0	0	0	
FTE	0.5	0.0	0.0	0.0	0.0	
Cash Funds	0	0	0	0	0	
Reappropriated Funds	1,080,698	1,032,703	1,245,439	1,238,557	1,219,481	
FTE	12.2	11.5	13.7	13.7	13.7	
Federal Funds	0	0	0	0	0	
Health, Life and Dental	<u>1,075,731</u>	<u>1,023,585</u>	<u>897,953</u>	<u>1,025,108</u>	<u>1,025,108</u>	
General Fund	562,973	442,756	401,921	398,414	398,414	
Cash Funds	139,277	132,526	110,384	133,968	133,968	
Reappropriated Funds	172,119	256,703	195,263	311,683	311,683	
Federal Funds	201,362	191,600	190,385	181,043	181,043	
Short-term Disability	<u>15,738</u>	<u>18,032</u>	<u>16,785</u>	<u>18,608</u>	<u>16,198</u>	
General Fund	5,241	5,902	5,052	4,409	3,684	
Cash Funds	2,129	2,857	2,757	2,601	2,655	
Reappropriated Funds	4,238	5,287	5,310	7,324	6,299	
Federal Funds	4,130	3,986	3,666	4,274	3,560	
S.B. 04-257 Amoritization Equalization Disbursements	<u>193,694</u>	<u>243,456</u>	<u>259,884</u>	<u>294,368</u>	<u>255,553</u>	
General Fund	64,510	80,307	78,218	69,751	57,604	
Cash Funds	26,498	38,341	42,692	41,148	41,992	
Reappropriated Funds	51,858	70,289	82,208	115,862	99,646	
Federal Funds	50,828	54,519	56,766	67,607	56,311	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	FY 2011-12 Changes
S.B. 06-235 Supplemental Amortization Equalization						
Disbursements	<u>90,794</u>	<u>152,115</u>	<u>189,500</u>	<u>236,546</u>	<u>205,046</u>	
General Fund	30,239	50,147	57,034	56,050	45,979	
Cash Funds	11,663	23,963	31,130	33,065	33,744	
Reappropriated Funds	25,066	43,931	59,944	93,104	80,073	
Federal Funds	23,826	34,074	41,392	54,327	45,250	
Salary Survey and Senior Executive Service	<u>458,469</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	161,726	0	0	0	0	
Cash Funds	68,068	0	0	0	0	
Reappropriated Funds	94,235	0	0	0	0	
Federal Funds	134,440	0	0	0	0	
Performance-based Pay	<u>184,590</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	92,714	0	0	0	0	
Cash Funds	18,125	0	0	0	0	
Reappropriated Funds	26,488	0	0	0	0	
Federal Funds	47,263	0	0	0	0	
Workers' Compensation	<u>34,064</u>	<u>48,462</u>	<u>49,163</u>	<u>55,557</u>	<u>Pending</u>	
General Fund	31,674	45,061	45,713	51,658		
Cash Funds	1,073	1,527	1,484	1,677		
Reappropriated Funds	1,317	1,874	1,966	2,222		
Operating Expenses	<u>144,625</u>	<u>218,537</u>	<u>144,175</u>	<u>144,835</u>	<u>144,175</u>	NP
General Fund	34,493	0	0	0	0	
Reappropriated Funds	97,525	126,959	132,413	133,073	132,413	
Federal Funds	12,607	91,578	11,762	11,762	11,762	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Local Affairs**

NUMBERS PAGES

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2011-12	FY 2011-12
	Actual	Actual	Appropriation	Request	Recommendation	Changes
Legal Services	<u>74,871</u>	<u>123,862</u>	<u>131,331</u>	<u>131,331</u>	<u>Pending</u>	
General Fund	74,740	122,425	119,160	119,160		
Cash Funds	131	165	6,167	6,167		
Reappropriated Funds	0	1,272	1,238	1,238		
Federal Funds	0	0	4,766	4,766		
<i>Hours</i>	<i>993.2</i>	<i>1,643.2</i>	<i>1,790.0</i>	<i>1,790.0</i>		
Purchase of Services from Computer Center	<u>40,303</u>	<u>38,639</u>	<u>669,800</u>	<u>756,016</u>	<u>Pending</u>	
General Fund	40,303	38,639	200,536	226,349		
Reappropriated Funds	0	0	153,436	173,186		
Federal Funds	0	0	315,828	356,481		
Multi-use Network Payments	<u>67,409</u>	<u>67,409</u>	<u>119,545</u>	<u>181,005</u>	<u>Pending</u>	
General Fund	37,835	37,835	15,066	22,811		
Cash Funds	3,241	3,241	1,291	1,955		
Reappropriated Funds	4,777	4,777	1,902	2,880		
Federal Funds	21,556	21,556	101,286	153,359		
Management and Administration of OIT	<u>13,682</u>	<u>3,527</u>	<u>72,123</u>	<u>73,634</u>	<u>Pending</u>	
General Fund	5,671	3,527	5,804	5,926		
Reappropriated Funds	0	0	56,372	57,553		
Federal Funds	8,011	0	9,947	10,155		
Payment to Risk Management and Property Funds	<u>17,928</u>	<u>17,730</u>	<u>5,411</u>	<u>17,426</u>	<u>Pending</u>	
General Fund	16,673	16,489	5,032	16,205		
Cash Funds	1,122	1,110	258	831		
Reappropriated Funds	133	131	121	390		
Vehicle Lease Payments	<u>89,085</u>	<u>105,761</u>	<u>132,945</u>	<u>132,684</u>	<u>Pending</u>	
General Fund	77,430	90,483	102,349	100,460		
Reappropriated Funds	11,655	15,278	30,596	32,224		
Federal Funds	0	0	0	0		

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Local Affairs**

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	FY 2011-12 Changes
Information Technology Asset Maintenance	<u>127,913</u>	<u>103,286</u>	<u>104,793</u>	<u>104,793</u>	<u>104,793</u>	
General Fund	29,913	29,913	29,913	29,913	29,913	
Cash Funds	13,049	13,049	13,049	13,049	13,049	
Reappropriated Funds	37,507	29,416	37,507	37,507	37,507	
Federal Funds	47,444	30,908	24,324	24,324	24,324	
Leased Space	<u>79,685</u>	<u>89,617</u>	<u>105,801</u>	<u>105,801</u>	<u>105,801</u>	
General Fund	16,692	22,376	22,376	22,376	22,376	
Reappropriated Funds	11,127	2,682	18,866	18,866	18,866	
Federal Funds	51,866	64,559	64,559	64,559	64,559	
Capitol Complex Leased Space	<u>473,484</u>	<u>477,888</u>	<u>470,185</u>	<u>496,573</u>	<u>Pending</u>	
General Fund	346,132	168,970	160,064	171,539		
Cash Funds	24,391	24,673	24,279	25,405		
Reappropriated Funds	55,408	236,638	236,366	251,246		
Federal Funds	47,553	47,607	49,476	48,383		
Communication Services Payments	<u>27,788</u>	<u>27,788</u>	<u>26,314</u>	<u>26,827</u>	<u>Pending</u>	
General Fund	6,947	6,947	6,290	6,418		
Federal Funds	20,841	20,841	20,024	20,409		
Moffat Tunnel Improvement District - CF	0	0	137,444	137,444	137,444	
(1) SUBTOTAL - EXECUTIVE DIRECTOR'S OFFICE	4,330,336	3,792,397	4,778,591	5,177,113	3,213,599	
FTE	<u>12.7</u>	<u>11.5</u>	<u>13.7</u>	<u>13.7</u>	<u>13.7</u>	
General Fund	1,675,691	1,161,777	1,254,528	1,301,439	557,970	
FTE	0.5	0.0	0.0	0.0	0.0	
Cash Funds	308,767	241,452	370,935	397,310	362,852	
Reappropriated Funds	1,674,151	1,827,940	2,258,947	2,476,915	1,905,968	
FTE	12.2	11.5	13.7	13.7	13.7	
Federal Funds	671,727	561,228	894,181	1,001,449	386,809	
FTE	0.0	0.0	0.0	0.0	0.0	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Local Affairs**

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	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2011-12	FY 2011-12
	Actual	Actual	Appropriation	Request	Recommendation	Changes
(2) PROPERTY TAXATION						
Division of Property Taxation	2,604,356	2,430,660	2,664,455	2,657,832	2,620,502	NP
FTE	<u>36.0</u>	<u>31.4</u>	<u>36.7</u>	<u>36.7</u>	<u>36.7</u>	
General Fund	1,303,831	1,324,537	1,107,330	1,102,076	1,087,668	
FTE	15.7	15.7	14.9	14.9	14.9	
Cash Funds	598,843	617,129	860,619	860,659	847,954	
FTE	11.1	11.1	11.1	11.1	11.1	
Reappropriated Funds	701,682	488,994	696,506	695,097	684,880	
FTE	9.2	4.6	10.7	10.7	10.7	
State Board of Equalization - GF	12,856	12,856	12,856	12,856	12,856	
Board of Assessment Appeals	657,059	656,919	543,416	541,665	534,194	NP
FTE	<u>14.8</u>	<u>15.1</u>	<u>13.2</u>	<u>13.2</u>	<u>13.2</u>	
General Fund	657,059	304,656	188,864	188,864	185,929	
FTE	14.8	7.0	7.0	7.0	7.0	
Reappropriated Funds	0	352,263	354,552	352,801	348,265	
FTE	0.0	8.1	6.2	6.2	6.2	
Indirect Cost Assessment	<u>66,718</u>	<u>102,526</u>	<u>259,339</u>	<u>259,339</u>	<u>263,636</u>	
Cash Funds	0	0	131,331	131,331	136,979	
Reappropriated Funds	66,718	102,526	128,008	128,008	126,657	
(2) SUBTOTAL - PROPERTY TAXATION	3,340,989	3,202,961	3,480,066	3,471,692	3,431,188	
FTE	<u>50.8</u>	<u>46.5</u>	<u>49.9</u>	<u>49.9</u>	<u>49.9</u>	
General Fund	1,973,746	1,642,049	1,309,050	1,303,796	1,286,453	
FTE	30.5	22.7	21.9	21.9	21.9	
Cash Funds	598,843	617,129	991,950	991,990	984,933	
FTE	11.1	11.1	11.1	11.1	11.1	
Reappropriated Funds	768,400	943,783	1,179,066	1,175,906	1,159,802	
FTE	9.2	12.7	16.9	16.9	16.9	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Local Affairs**

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	FY 2011-12 Changes
(3) DIVISION OF HOUSING						
Personal Services	1,600,553	1,631,789	1,301,344	1,297,887	1,277,903	NP
FTE	<u>22.2</u>	<u>22.2</u>	<u>21.4</u>	<u>21.4</u>	<u>21.4</u>	
General Fund	341,403	363,615	367,276	367,276	361,674	
FTE	4.6	4.6	4.6	4.6	4.6	
Cash Funds	75,915	43,176	76,884	76,884	75,722	
FTE	0.9	0.9	0.9	0.9	0.9	
Reappropriated Funds	144,997	149,322	150,166	150,166	147,859	
FTE	1.7	1.5	1.7	1.7	1.7	
Federal Funds	1,038,238	1,075,676	707,018	703,561	692,648	
FTE	15.0	15.2	14.2	14.2	14.2	
Operating Expenses	<u>331,089</u>	<u>281,435</u>	<u>322,845</u>	<u>322,845</u>	<u>322,845</u>	
General Fund	25,903	25,903	24,608	24,608	24,608	
Federal Funds	305,186	255,532	298,237	298,237	298,237	
Manufactured Buildings Program - CF	844,115	462,116	1,183,372	1,059,912	845,901	BRI
FTE	10.8	7.3	11.7	9.7	8.5	
Colorado Affordable Housing Construction Grants & Loans - GF	2,225,000	2,225,000	2,225,000	2,225,000	2,225,000	
Federal Affordable Housing Construction Grants & Loans - FF	9,655,524	11,349,564	45,000,000	45,000,000	45,000,000	
Homeless Prevention and Rapid Re-Housing Program	<u>0</u>	<u>5,718,277</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Reappropriated Funds	0	3,915,055	0	0	0	
Federal Funds	0	1,803,222	0	0	0	
Emergency Shelter Program - FF	906,070	854,136	965,000	965,000	965,000	
Private Activity Bond Allocation Committee - CF	1,460	570	2,500	2,500	2,500	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Local Affairs**

NUMBERS PAGES

	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	FY 2011-12 Changes
Low Income Rental Subsidies - FF	18,349,217	17,987,631	18,000,000	18,000,000	18,000,000	
Foreclosure Prevention Grant Fund - GF	100,000	0	0	0	0	
Foreclosure Prevention Grants - RF	0	0	0	0	0	
Indirect Cost Assessment	<u>354,611</u>	<u>470,811</u>	<u>252,579</u>	<u>252,579</u>	<u>250,170</u>	
Cash Funds	134,113	117,808	47,498	47,498	56,195	
Reappropriated Funds	23,542	17,769	61,462	61,462	39,473	
Federal Funds	196,956	335,234	143,619	143,619	154,502	
(3) SUBTOTAL - DIVISION OF HOUSING	34,367,639	40,981,329	69,252,640	69,125,723	68,889,319	
FTE	<u>33.0</u>	<u>29.5</u>	<u>33.1</u>	<u>31.1</u>	<u>29.9</u>	
General Fund	2,692,306	2,614,518	2,616,884	2,616,884	2,611,282	
FTE	4.6	4.6	4.6	4.6	4.6	
Cash Funds	1,055,603	623,670	1,310,254	1,186,794	980,318	
FTE	11.7	8.2	12.6	10.6	9.4	
Reappropriated Funds	168,539	4,082,146	211,628	211,628	187,332	
FTE	1.7	1.5	1.7	1.7	1.7	
Federal Funds	30,451,191	33,660,995	65,113,874	65,110,417	65,110,387	
FTE	15.0	15.2	14.2	14.2	14.2	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Local Affairs**

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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	FY 2011-12 Changes
(4) DIVISION OF LOCAL GOVERNMENTS						
(A) Local Government and Community Services						
(1) Administration						
Personal Services	1,430,470	1,577,282	1,288,148	1,254,920	1,263,180	NP
FTE	<u>18.7</u>	<u>19.4</u>	<u>17.7</u>	<u>17.7</u>	<u>17.7</u>	
General Fund	851,354	736,914	598,005	567,459	586,296	
FTE	10.3	8.3	7.0	7.0	7.0	
Reappropriated Funds	470,718	556,627	560,305	558,649	550,054	
FTE	7.0	7.2	8.1	8.1	8.1	
Federal Funds	108,398	283,741	129,838	128,812	126,830	
FTE	1.4	3.9	2.6	2.6	2.6	
Operating Expenses	<u>94,010</u>	<u>111,528</u>	<u>129,242</u>	<u>129,242</u>	<u>129,242</u>	
General Fund	42,178	42,178	40,069	40,069	40,069	
Reappropriated Funds	25,146	25,146	25,146	25,146	25,146	
Federal Funds	26,686	44,204	64,027	64,027		
(2) Local Government Services						
Local Utility Management Assistance - CF	151,817	154,018	154,709	154,709	152,438	NP
FTE	2.0	1.8	2.0	2.0	2.0	
Conservation Trust Fund Disbursements - CF	47,790,781	45,149,838	51,400,000	49,996,557	49,994,354	NP
FTE	1.9	1.8	2.0	2.0	2.0	
Volunteer Firefighter Retirement Plans - GF	4,009,590	4,222,528	4,114,363	4,264,753	4,264,753	
Volunteer Firefighter Death and Disability Insurance -	25,500	24,225	30,000	30,000	30,000	
Environmental Protection Agency Water/Sewer File Project - FF	50,000	49,118	49,890	49,890	49,315	NP
FTE	0.4	0.3	0.5	0.5	0.5	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
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	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2011-12	FY 2011-12
	Actual	Actual	Appropriation	Request	Recommendation	Changes
(3) Community Services						
Community Services Block Grant - FF	5,886,541	9,400,980	6,000,000	6,000,000	6,000,000	
(4) Waste Tire Fund						
Waste Tire Recycling, Reuse and Removal Grants	4,919,602	3,586,743	<i>Transferred to Department of Public Health and Environment pursuant to H.B. 10-1018</i>			
FTE	<u>0.4</u>	<u>0.5</u>				
Cash Funds	3,382,634	3,586,743				
FTE	0.4	0.5				
Reappropriated Funds	1,536,968	0				
Subtotal: (A) Local Government and Community Services						
Services	64,358,311	64,276,260	63,166,352	61,880,071	61,883,282	
FTE	<u>23.4</u>	<u>23.8</u>	<u>22.2</u>	<u>22.2</u>	<u>22.2</u>	
General Fund	4,928,622	5,025,845	4,782,437	4,902,281	4,921,118	
FTE	10.3	8.3	7.0	7.0	7.0	
Cash Funds	51,325,232	48,890,599	51,554,709	50,151,266	50,146,792	
FTE	4.3	4.1	4.0	4.0	4.0	
Reappropriated Funds	2,032,832	581,773	585,451	583,795	575,200	
FTE	7.0	7.2	8.1	8.1	8.1	
Federal Funds	6,071,625	9,778,043	6,243,755	6,242,729	6,240,172	
FTE	1.8	4.2	3.1	3.1	3.1	
(B) Field Services						
Program Costs	2,510,639	2,721,680	2,387,801	2,365,512	2,334,576	NP
FTE	<u>25.9</u>	<u>26.6</u>	<u>28.2</u>	<u>28.2</u>	<u>27.9</u>	
General Fund	461,436	0	26,927	0	0	
FTE	4.9	0.0	0.3	0.0	0.0	
Cash Funds	97,308	105,315	105,289	105,289	103,803	
FTE	1.0	1.0	1.0	1.3	1.0	
Reappropriated Funds	1,348,240	1,615,806	1,957,844	1,965,844	1,940,802	
FTE	15.3	16.5	22.6	22.6	22.6	
Federal Funds	603,655	1,000,559	297,741	294,379	289,971	
FTE	4.7	9.1	4.3	4.3	4.3	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
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	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Appropriation	FY 2011-12 Request	FY 2011-12 Recommendation	FY 2011-12 Changes
Community Development Block Grant (Business and Infrastructure Development) - FF	12,412,618	23,717,017	9,697,000	9,697,000	9,697,000	
Local Government Mineral and Energy Impact Grants and Disbursements	<u>211,857,880</u>	<u>232,269,508</u>	<u>137,900,000</u>	<u>153,000,000</u>	<u>166,400,000</u>	
Cash Funds	125,900,000	192,000,000	137,900,000	153,000,000	166,400,000	
Reappropriated Funds	85,957,880	40,269,508	0	0	0	
Local Government Limited Gaming Impact Grants -	5,855,103	6,170,412	6,000,000	6,000,000	6,300,000	
Search and Rescue Program	423,683	433,052	615,000	613,658	612,371	NP
FTE	<u>1.3</u>	<u>1.3</u>	<u>1.3</u>	<u>1.3</u>	<u>1.3</u>	
Cash Funds	423,683	433,052	615,000	613,658	612,371	
FTE	1.3	1.3	1.3	1.3	1.3	
Reappropriated Fundst	0	0	0	0	0	
Colorado Heritage Communities Grant Fund - GF	62,000	0	0	0	0	
Colorado Heritage Communities Grants	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>100,000</u>	
Cash Funds	0	0	0	0	100,000	
Reappropriated Funds	200,000	200,000	200,000	200,000	0	
Subtotal: (B) Field Services	233,321,923	265,511,669	156,799,801	156,777,512	156,943,947	
FTE	<u>27.2</u>	<u>27.9</u>	<u>29.5</u>	<u>29.5</u>	<u>29.2</u>	
General Fund	523,436	0	26,927	0	0	
FTE	4.9	0.0	0.3	0.3	0.0	
Cash Funds	132,276,094	198,708,779	144,620,289	144,620,289	145,016,174	
FTE	2.3	2.3	2.3	2.3	2.3	
Reappropriated Funds	87,506,120	42,085,314	2,157,844	2,165,844	1,940,802	
FTE	15.3	16.5	22.6	22.6	22.6	
Federal Funds	13,016,273	24,717,576	9,994,741	9,991,379	9,986,971	
FTE	4.7	9.1	4.3	4.3	4.3	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
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NUMBERS PAGES

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2011-12	FY 2011-12
	Actual	Actual	Appropriation	Request	Recommendation	Changes
(C) Indirect Cost Assessment	<u>690,293</u>	<u>1,032,048</u>	<u>1,033,715</u>	<u>1,033,715</u>	<u>1,060,491</u>	
Cash Funds	125,645	97,873	150,631	150,631	161,959	
Reappropriated Funds	432,143	641,998	769,750	769,750	721,137	
Federal Funds	132,505	292,177	113,334	113,334	177,395	
(4) SUBTOTAL - DIVISION OF LOCAL GOVERNMENT	298,370,527	330,819,977	220,999,868	219,691,298	219,887,720	
FTE	<u>50.6</u>	<u>51.7</u>	<u>51.7</u>	<u>51.7</u>	<u>51.4</u>	
General Fund	5,452,058	5,025,845	4,809,364	4,902,281	4,921,118	
FTE	15.2	8.3	7.3	7.3	7.0	
Cash Funds	183,726,971	247,697,251	196,325,629	194,922,186	195,324,925	
FTE	6.6	6.4	6.3	6.3	6.3	
Reappropriated Funds	89,971,095	43,309,085	3,513,045	3,519,389	3,237,139	
FTE	22.3	23.7	30.7	30.7	30.7	
Federal Funds	19,220,403	34,787,796	16,351,830	16,347,442	16,404,538	
FTE	6.5	13.3	7.4	7.4	7.4	
(5) DIVISION OF EMERGENCY MANAGEMENT						
Administration	2,637,283	3,429,147	2,599,828	2,596,656	2,563,531	NP
FTE	<u>23.6</u>	<u>26.7</u>	<u>27.9</u>	<u>27.9</u>	<u>27.9</u>	
General Fund	501,027	572,559	571,685	568,087	559,347	
FTE	7.2	8.1	8.2	8.2	8.2	
Reappropriated Funds	63,302	65,065	65,392	65,392	65,133	
FTE	0.1	1.0	1.0	1.0	1.0	
Federal Funds	2,072,954	2,791,523	1,962,751	1,963,177	1,939,051	
FTE	16.3	17.6	18.7	18.7	18.7	
Disaster Response and Recovery	<u>537,905</u>	<u>0</u>	<u>4,950,000</u>	<u>4,950,000</u>	<u>4,950,000</u>	
Cash Funds	448,750	0	4,500,000	4,500,000	4,500,000	
Federal Funds	89,155	0	450,000	450,000	450,000	

**Fiscal Year 2011-12 Joint Budget Committee Staff Figure Setting
Department of Local Affairs**

NUMBERS PAGES

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2011-12	FY 2011-12
	Actual	Actual	Appropriation	Request	Recommendation	Changes
Preparedness Grants and Training	<u>13,242,730</u>	<u>13,103,249</u>	<u>12,010,988</u>	<u>12,010,988</u>	<u>12,010,988</u>	
Cash Funds	0	0	10,988	10,988	10,988	
Federal Funds	13,242,730	13,103,249	12,000,000	12,000,000	12,000,000	
Indirect Cost Assessment	<u>192,931</u>	<u>465,252</u>	<u>220,182</u>	<u>220,182</u>	<u>332,798</u>	
Cash Funds	0	0	0	0	0	
Reappropriated Funds	6,421	13,383	15,399	15,399	8,076	
Federal Funds	186,510	451,869	204,783	204,783	324,722	
(5) SUBTOTAL - DIVISION OF EMERGENCY						
MANAGEMENT	16,610,849	16,997,648	19,780,998	19,777,826	19,857,317	
FTE	<u>23.6</u>	<u>26.7</u>	<u>27.9</u>	<u>27.9</u>	<u>27.9</u>	
General Fund	501,027	572,559	571,685	568,087	559,347	
FTE	7.2	8.1	8.2	8.2	8.2	
Cash Funds	448,750	0	4,510,988	4,510,988	4,510,988	
Reappropriated Funds	69,723	78,448	80,791	80,791	73,209	
FTE	0.1	1.0	1.0	1.0	1.0	
Federal Funds	15,591,349	16,346,641	14,617,534	14,617,960	14,713,773	
FTE	16.3	17.6	18.7	18.7	18.7	
TOTAL: DEPARTMENT OF LOCAL AFFAIRS	357,020,340	395,794,312	318,292,163	317,243,652	315,279,143	
FTE	<u>170.7</u>	<u>165.9</u>	<u>176.3</u>	<u>174.3</u>	<u>172.8</u>	
General Fund	12,294,828	11,016,748	10,561,511	10,692,487	9,936,170	
FTE	58.0	43.7	42.0	42.0	41.7	
Cash Funds	186,138,934	249,179,502	203,509,756	202,009,268	202,164,016	
FTE	29.4	25.7	30.0	28.0	26.8	
Reappropriated Funds	92,651,908	50,241,402	7,243,477	7,464,629	6,563,450	
FTE	45.5	50.4	64.0	64.0	64.0	
Federal Funds	65,934,670	85,356,660	96,977,419	97,077,268	96,615,507	
FTE	37.8	46.1	40.3	40.3	40.3	

FORMAT NOTES: Individual line items appear in **bold underlined** font, decision items appear in ***bold italic*** font, and summary descriptions of staff recommendations appear in **bold** font.

General Note Regarding a Statewide Change Request. This figure setting document assumes that an introduced bill which would modify contributions to and benefits paid from the Public Employees' Retirement Association (PERA) for all eligible employees will be enacted into law (S.B. 11-076). Thus, Staff has included reductions to all personal services line items affected by this bill. In the event that the bill changes, necessitating changes to the recommended adjustments included in this staff document, staff requests permission to make any an all changes necessary to accommodate this possibility.

(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.

Personal Services

Description: This line item funds the 13.7 FTE in the Executive Director's Office, including the Executive Director, accounting, budget, purchasing, human resources, and general support staff. The source of reappropriated funds is indirect cost assessments collected from several cash and federally-funded programs administered by the Department. The workload for staff supported by this line item is driven by both the number of Department employees and the number and complexity of grants and contracts administered. While the number and complexity of grants and contracts has increased in recent years, the Department has not requested additional resources in this area to address the increasing workload.

Position	FY 2009-10 Actuals	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
Executive	1.0	1.0	1.0	1.0
Deputy Director	1.0	1.0	1.0	1.0
Fiscal	6.8	8.0	8.0	8.0
Human Resources	1.7	2.0	2.0	2.0
Support/Clerical	<u>1.0</u>	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>
TOTAL	11.5	13.7	13.7	13.7

Request: The Department requests \$1,238,557 in reappropriated funds and 13.7 FTE for this line item for FY 2011-12. The budget request reflects a decrease of \$6,882 reappropriated funds, and includes a change related to the State's contribution to PERA.

Recommendation: **Staff recommends \$1,219,481 reappropriated funds and 13.7 FTE for FY 2011-12.** For FY 2011-12, total Department indirect cost recoveries are sufficient to offset all of the General Fund expenditures in this line item (as was the case in FY 2010-11 and FY 2009-10). The difference between the staff recommendation and the Department request is due to the Committee's approval of a base reduction of 1.5 percent for all personal services line items, regardless of the

number of FTE or fund sources. Staff's calculations are summarized in the table below. For more information on indirect cost assessments in the Department, see "Appendix C" at the end of this document.

Executive Director's Office, Personal Services						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2010-11 Long Bill	\$1,245,439	\$0	\$0	\$1,245,439	0	13.7
Supplemental adjustments (S.B. 11-145)	0	0	0	0	0	0.0
Subtotal: FY 2010-11 Appropriation	\$1,245,439	\$0	\$0	\$1,245,439	0	\$14
Reinstate FY 10-11 State PERA Contribution	26,307	0	0	26,307	0	0.0
1.5 Percent Personal Services Base Reduction	(19,076)	0	0	(19,076)	0	0.0
FY 11-12 State PERA Contribution Reduction	(33,189)	0	0	(33,189)	0	0.0
Recommended FY 2011-12 Appropriation	\$1,219,481	\$0	\$0	\$1,219,481	0	13.7

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 \$1,025,108 total funds (including \$398,414 General Fund) for FY 2011-12. The budget request reflects an increase of \$127,155 total funds (including a decrease of \$3,507 General Fund) over the prior year appropriation.

Recommendation: **Staff recommends the JBC approve \$1,025,108 (including \$398,414 General Fund) for FY 2011-12, pursuant to Committee common policy.**

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 \$18,608 total funds (including \$4,409 General Fund) for this purpose for FY 2011-12. The budget request reflects an increase of \$1,823 total funds (including a decrease of \$643 General Fund) over the prior year appropriation.

Recommendation: **Calculated pursuant to Committee policy staff recommends an appropriation of \$16,198 total funds (including \$3,685 General Fund) for FY 2011-12.**

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 a total of \$294,368 total funds (including \$69,751 General Fund) for FY 2011-12. The budget request reflects an increase of \$34,484 total funds (including a decrease of \$8,467 General Fund) over the prior year appropriation.

Recommendation: **Calculated pursuant to Committee policy, staff recommends an appropriation of \$255,553 total funds (including \$57,604 General Fund) for FY 2011-12.**

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 a total of \$236,546 total funds (including \$56,050 General Fund) for FY 2011-12. The budget request reflects an increase of \$47,046 total funds (including a decrease of \$984 General Fund) over the prior year appropriation.

Recommendation: **Calculated pursuant to Committee policy, staff recommends an appropriation of \$205,045 total funds (including \$45,979 General Fund) for FY 2011-12.**

Salary Survey and Senior Executive Service

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

Request: The Department requested no annual increase for this purpose.

Recommendation: **Consistent with Committee policy, staff recommends the Department's request.**

Performance-based Pay Awards

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

Request: The Department requested no annual increase for this purpose.

Recommendation: **Consistent with Committee policy, staff recommends the Department's request.**

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. This program is administered by the Department of Personnel and Administration.

Request: The Department requests a total of \$55,557 total funds (including \$51,658 General Fund) for FY 2011-12. The budget request reflects an increase of \$6,394 total funds (including \$5,945 General Fund) over the prior year appropriation.

Recommendation: **Staff's recommendation is pending the approval of the workers' compensation Common Policy by the Committee.**

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 data-processing services for the entire Department.

Request: The Department requests \$144,835 total funds. The budget request reflects an increase of \$660 total funds over the prior year appropriation related to a plan to transfer the printing of Statewide warrants and mainframe documents from the Governor's Office of Information Technology to the Department of Personnel and Administration.

Recommendation: **Staff recommends \$144,175 reappropriated funds for FY 2011-12.** Staff's recommendation differs from the Department's request due to the Committee's decision to reject the moneys associated with transferring the printing of Statewide warrants and mainframe documents. For FY 2011-12, the total Department indirect cost recoveries will be sufficient to offset all of the General Fund expenditures for this line item.

Legal Services

Description: This line item provides funding for the Department to purchase legal services from the Department of Law. While all of the various divisions within the Department may use legal services, 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 continuation funding of \$131,331 total funds (including \$119,160 General Fund) to purchase 1,790 hours of legal services from the Department of Law in FY 2011-12.

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 2011-12.** 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 provides funding for the Department's share of Statewide computer services provided by the Governor's Office of Information Technology (OIT). OIT plans, manages, operates, and delivers the computing infrastructure to customer entities, which include all State agencies and certain institutions of higher education. OIT is responsible for managing the operating system, transaction processing scheduling, and systems management software associated with these resources.

Request: The Department requests \$756,016 total funds (including \$226,349 General Fund) for this purpose for FY 2011-12. The budget request reflects an increase of \$86,216 total funds (including \$25,813 General Fund) over the prior year appropriation due to a budget-to-actual updates and the reversal of the FY 10-11 modified contributions to PERA.

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.

Multiuse Network Payments

Description: This line item is used to pay the Department's share of the Statewide multiuse network. The multiuse network (MNT) is a service providing secure, high-speed broadband access to State agencies, schools, colleges, libraries, hospitals, and local governments. The MNT is essentially the state's wide area network, providing network connectivity to every county in the state.

MNT payments represent the cost to the State for administering its share of the MNT build-out with the private consortium. Reimbursements for this functional area are expended for contracts with Qwest (and its consortium), and are based on anticipated billings, using a circuit inventory conducted department by department, for all agencies.

Request: The Department requests funding of \$181,005 total funds (including \$22,811 General Fund) for multi-use network payments for FY 2011-12. The budget request reflects an increase of \$61,460 total funds (including \$7,745 General Fund) over the prior year appropriation due to the Department's allocation including circuits for the Division of Emergency Management and Camp George West that were previously not captured.

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.

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. Beginning with FY 2008-09, allocation appropriations were made to executive branch agencies for this function.

Request: The Department requests funding of \$73,634 total funds (including \$5,926 General Fund) for multi-use network payments for FY 2011-12. The budget request reflects an increase of \$1,511 total funds (including \$122 General Fund) over the prior year appropriation due to the reversal of the FY 10-11 modified contributions to PERA.

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.

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 a total of \$17,426 total funds (including \$16,205 General Fund) for this purpose for FY 2011-12. The budget request reflects an increase of \$12,015 total funds (including \$11,173 General Fund) over the prior year appropriation.

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.

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 \$132,684 total funds (including \$100,460 General Fund) for FY 2011-12. The budget request reflects a decrease of \$261 total funds (including a decrease of \$1,889 General Fund) over the prior year appropriation.

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.

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 2011-12.

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

Leased Space

Description: This line item funds leased space needs for the Department. The Department currently leases space at the following locations:

- 218 State Street, Suite 1, Fort Morgan, CO 80701
- 150 E. 29th Street, Suite 215, Loveland, CO 80538
- 602 Galena Street, Frisco, CO 80443
- 132 West "B" St., Ste 260, Pueblo, CO 81003
- Ft. Lewis College, 1000 Rim Drive, Durango, CO 81301

Request: The Department requests continuation funding of \$105,801 (including \$22,376 General Fund) for this purpose in FY 2011-12.

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

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:

- Centennial Building – 1313 Sherman St. Denver, CO
- Camp George West – 15390 S. Golden Road, Lakewood, CO
- Grand Junction - 222 S. 6th St. Grand Junction, CO

Request: The Department requests a total of \$496,573 total funds (including \$171,539 General Fund) for FY 2011-12. The budget request reflects an increase of \$26,388 total funds (including \$11,475 General Fund) over the prior year appropriation.

Recommendation: **Staff recommends providing funding sufficient to cover the leased space costs for a total of 53,770 square feet**, including 33,228 square feet in the building located at 1313 Sherman Street in Denver, 17,084 square feet in Camp George West, and 3,458 square feet in Grand Junction. **Staff's funding 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.

Communication Services Payments

Description: This line item is used to pay the Department's share of the state's microwave radio infrastructure and the Digital Trunked Radio System (DTRS). DTRS provides interoperability between public safety agencies and emergency responders through 197 sites to 95 percent of the State's roadways. It is anticipated that the Department will be billed for the use of 109 radios in FY 2011-12.

Request: The Department requests funding of \$26,827 total funds (including \$6,418 General Fund) for this purpose for FY 2011-12. The budget request reflects an increase of \$513 total funds (including an increase of \$128 General Fund) over the prior year appropriation.

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.

Moffat Tunnel Improvement District

Description: This line item funds the Department's administration of the Moffat Tunnel Improvement District. The Department is provided custodial authority of the Moffat Tunnel Improvement District, pursuant to Section 32-8-124.7 (3), C.R.S. Cash funds are received from annual lease revenues. There are currently two leasers, Union Pacific Railroad and Qwest. The lease

requires Union Pacific Railroad to pay the District \$12,000 per year and Qwest to pay \$11,542 per year. The Union Pacific Railroad lease term ends 2025 with right to renew and the Qwest 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.

Request: The Department requests continuation funding of \$137,444 cash funds for this purpose for FY 2011-12.

Recommendation: **Staff recommends approving the Department's request.** Staff also notes that the Department has recommended transferring the operation of the Moffat Tunnel to another State agency that has more expertise in rights-of-way management. Transferring the responsibility of the tunnel would not impact the overall State budget, thus staff opted not to include a transfer plan as part of this document.

(2) PROPERTY TAXATION

The staff funded through this section are responsible for ensuring that property tax laws are implemented in a fair and equitable manner across all political subdivisions.

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). This position is exempt from the State personnel system. Pursuant to Section 39-2-101, C.R.S., the Property Tax Administrator is head of the Division of Property Taxation.

The key statutory responsibilities that drive the Division's workload are carried out by four subdivisions:

- Appraisal Standards Section - assures 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.

This line item currently supports 36.7 FTE, detailed in the following table. In addition to General Fund, the Division is supported by fees charged for approving property tax exemptions and mineral and energy impact funds.

Position	FY 2009-10 Actuals	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
Property Tax Administrator	1.0	1.0	1.0	1.0
Property Tax Exemptions	8.9	9.0	9.0	9.0
<u>Training and Technical Assistance:</u>				
Appraisal Standards	5.5	8.0	8.0	8.0
Administrative Responsibilities	5.0	8.0	8.0	8.0
State-assessed Property	4.0	4.5	4.5	4.5
IT Support	1.9	0.0	0.0	0.0
Administrative/Clerical	<u>5.1</u>	<u>6.2</u>	<u>6.2</u>	<u>6.2</u>
TOTAL	31.4	36.7	36.7	36.7

Request: The Department requests \$2,657,832 in total funds and 36.7 FTE for this program line, including \$1,102,076 General Fund. The budget request reflects a decrease of \$6,623 (including \$5,254 General Fund) over the prior year appropriation due to changes in the State's contribution to PERA.

Recommendation: **Staff recommends an appropriation of \$2,620,502 total funds (including \$1,087,668 General Fund) and 36.7 FTE for this purpose in FY 2011-12.** Staff's recommendation includes \$2,388,852 for personal services and \$231,649 for operating expenses. The difference between the staff recommendation and the Department request is due to the Committee's approval of a base reduction of 1.5 percent for all personal services line items, regardless of the number of FTE or fund sources. Cash funds shall be from the Property Tax Exemption Fund created in Section 39-2-117, C.R.S. Reappropriated funds shall be transferred from the Local Government Mineral Impact Grants and Disbursements line item. Staff's calculations are found in the table below.

Property Taxation, Division of Property Taxation						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2010-11 Long Bill	\$2,664,455	\$1,277,072	\$690,877	\$696,506	\$0	36.7
H.B. 10-1386	0	(169,742)	169,742	0	0	0.0
Supplemental adjustments (S.B. 11-145)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal: FY 2010-11 Appropriation	\$2,664,455	\$1,107,330	\$860,619	\$696,506	0	36.7
Reinstate FY 10-11 State PERA Contribution	55,929	17,883	13,890	24,156	0.0	0.0
FY 11-12 State PERA Contribution Reduction	(62,552)	(23,137)	(13,850)	(25,565)	0.0	0.0
1.5 Percent Personal Services Base Reduction	(37,330)	(14,408)	(12,705)	(10,217)	0	0.0
Recommended FY 2011-12 Appropriation	\$2,620,502	\$1,087,668	\$847,954	\$684,880	0	36.7

Section 39-2-106, C.R.S., states that compensation of the Property Tax Administrator and employees of the Division of Property Taxation shall be paid from annual appropriations made to the Division by the General Assembly¹.

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 is a quasi-judicial body that operates as a "type 1²" 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

¹ Please note, however, that any costs incurred in implementing assessment and levy procedures required by Section 39-5-132, C.R.S., shall be paid by the local taxing authorities.

² Pursuant to Section 24-1-105 (1), C.R.S., a type 1 agency exercises its prescribed powers and duties independently of the head of the department.

commissioners, and the Property Tax Administrator on the valuation of real and personal property, property tax abatements (reductions), and property tax exemptions. The Board offers a lower-cost alternative to the courts, and the Board members have expertise in property valuation. Pursuant to statute, Board members must be registered, certified, or licensed as an appraiser.

Under current law, the Board must consist of at least three members, and an additional six members may be appointed. Thus, the General Assembly may appropriate funds for up to six additional members 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, as detailed in the following table.

Position	FY 2009-10 Actuals	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
Board Members	7.0	7.0	7.0	7.0
Staff Director	1.0	1.0	1.0	1.0
Hearing Reporters	1.0	2.0	1.0	1.0
IT Support	2.0	0.0	0.0	0.0
Administrative/ Clerical	4.0	3.2	4.2	4.2
TOTAL	15.0	13.2	13.2	13.2

This line item currently provides funding based on 615 board-days per year (one board-day = one member for one day), assuming that at least two members will attend each hearing. In FY 2009-10, 2,680 petitions were resolved.

Request: The Department requests \$541,665 in total funds (including 188,864 General Fund) for this line item. The budget request reflects a decrease of \$1,751 reappropriated funds over the prior year appropriation due to changes in the State's contribution to PERA.

Recommendation: **Staff recommends \$534,194 (including \$185,929 General Fund) and 13.2 FTE for this purpose in FY 2011-12.** Staff's recommendation includes \$473,001 for personal services and \$61,192 for operating expenses. The difference between the staff recommendation and the Department request is due to the Committee's approval of a base reduction of 1.5 percent for all personal services line items, regardless of the number of FTE or fund sources.

Property Taxation, Board of Assessment Appeals						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2010-11 Long Bill	\$543,416	\$188,864	\$0	\$354,552	\$0	13.2
Supplemental adjustments (S.B. 11-145)	0	0	0	0	0	0.0

Property Taxation, Board of Assessment Appeals						
Item	Total Funds	GF	CF	RF	FF	FTE
Subtotal: FY 2010-11 Appropriation	\$543,416	\$188,864	\$0	\$354,552	0	13.2
Reinstate FY 10-11 State PERA Contribution	15,886	6,825	0	9,061	0	0.0
1.5 Percent Personal Services Base Reduction	(7,471)	(2,935)	0	(4,536)	0	0.0
FY 11-12 State PERA Contribution Reduction	(17,637)	(6,825)	0	(10,812)	0	0.0
Recommended FY 2011-12 Appropriation	\$534,194	\$185,929	\$0	\$348,265	0	13.2

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 an appropriation of \$259,339 total funds for the collection rate applied to the Division for indirect cost recoveries.

Recommendation: **Staff recommends an appropriation of \$263,636 total funds for this purpose for FY 2011-12.** Of this amount, \$136,979 is cash funds from the Property Tax Exemption Fund, \$42,219 reappropriated funds from the Local Government Mineral Impact Fund, and \$84,438 reappropriated funds from the Local Government Severance Tax Fund. Staff's recommendation is based on the Department's most recent indirect cost rates for FY 11-12 for both Statewide and internal indirect cost assessments.

(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. To help educate decision-makers and the public about these issues, DOH develops and updates various studies on the availability and affordability of housing in Colorado. Finally, the DOH works with local governments to reform local development and building regulations in ways which lower housing production costs.

Personal Services

Description: This line item supports 21.4 FTE, as detailed in the following table. In addition to General Fund, the Division is supported by mineral and energy impact funds, private activity bond fees, and various sources of federal funds.

Position	FY 2009-10 Actuals	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
Director	1.2	1.0	1.0	1.0
Program Staff	2.9	3.1	3.1	3.1
State Revolving Loan Fund	0.2	0.2	0.2	0.2
IT Support	1.2	0.0	0.0	0.0
Support/Clerical	0.6	2.0	2.0	2.0
Private Activity Bond Program	0.9	0.9	0.9	0.9
Federal Programs	<u>15.2</u>	<u>14.2</u>	<u>14.2</u>	<u>14.2</u>
TOTAL	22.2	21.4	21.4	21.4

Request: The Department requests \$1,297,887 total funds (including \$367,276 General Fund) and 21.4 FTE for this purpose in FY 2011-12. The budget request reflects a decrease of \$3,457 from the current appropriation due to changes related to the State's contribution to PERA in FY 2011-12.

Recommendation: **Staff recommends \$1,277,903 (including \$361,674 General Fund) and 21.4 FTE for FY 2011-12.** The difference between the staff recommendation and the Department request is due to the Committee's approval of a base reduction of 1.5 percent for all personal services line items, regardless of the number of FTE or fund sources. Cash funds shall be from Private Activity Bond Allocations Fund, pursuant to Section 24-32-1707, C.R.S. Reappropriated funds shall be transferred from the Local Government Mineral Impact Grants and Disbursements line item. Staff's calculations are found in the table below.

Division of Housing, Personal Services						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2010-11 Long Bill	\$1,301,344	\$367,276	\$76,884	\$150,166	\$707,018	21.4
Supplemental adjustments (S.B. 11-145)	0	0	0	0	0	0.0
Subtotal: FY 2010-11 Appropriation	\$1,301,344	\$367,276	\$76,884	\$150,166	707,018	21.4
Reinstate FY 10-11 State PERA Contribution	30,940	6,218	570	3,639	20,513	0.0
1.5 Percent Personal Services Base Reduction	(19,984)	(5,602)	(1,162)	(2,307)	(10,913)	0.0
FY 11-12 State PERA Contribution Reduction	(34,397)	(6,218)	(570)	(3,639)	(23,970)	0.0
Recommended FY 2011-12 Appropriation	\$1,277,903	\$361,674	\$75,722	\$147,859	692,648	21.4

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.

Request: The Department requests continuation funding of \$322,845 total funds (including \$24,608 General Fund) for FY 2011-12.

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

Manufactured Buildings Program - Program Costs

Description: Manufactured housing is a type of housing unit that is largely assembled in factories and then transported to sites of use. Senate Bill 03-182 (Teck/Witwer) established new provisions regarding the regulation of the manufacture of factory-built structures and the sales and installation of manufactured homes (Sections 24-32-3301 through 3327, C.R.S.). The Building Regulation Program reviews and approves manufactured housing plans for residential and commercial use. The program also inspects the site installation of manufactured housing and responds to manufactured housing consumer complaints, and in-plant building inspections. In addition, the act:

- Requires factory-built structures to be sold within the state to bear an insignia of approval issued by the Division and affixed by the Division or an authorized agent;
- Requires any installer of manufactured homes to annually register and be certified by the Division;
- Provides the Division of Housing other certification and enforcement authority including civil penalties up to \$1,000 as well as injunctive relief from the court; and
- Prohibits any other political subdivision of the state from imposing any additional registration, escrow and bonding, or contract requirements on sellers.

In FY 2010-11, the program is appropriated 11.7 FTE carrying out tasks as outlined in the table below.

Position	FY 2009-10 Actuals	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
Director	0.0	1.0	1.0	1.0
Engineer	0.1	1.0	1.0	1.0
IT Support	0.0	0.0	0.0	0.0
Inspectors	4.8	6.0	5.0	3.8
Training and Grant Administration	0.6	1.7	0.7	0.7
Support/Clerical	<u>1.8</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
TOTAL	7.3	11.7	9.7	8.5

Request: The Department requests \$1,059,912 cash funds for this program line and 9.7 FTE. The budget request reflects a decrease of \$123,460 cash funds and 2.0 FTE from the FY 2010-11 appropriation, and includes changes related to the State's contribution to PERA for FY 2011-12 and contains a base reduction item submitted by the Department.

Base Reduction Item: Budget Reduction in the Cash Funded Manufactured Buildings Program

Request: The Department's base reduction item requests a reduction of \$123,607 in cash funds spending authority from the Building Regulation Fund and 2.0 FTE which support the Building Regulation Program in the Division of Housing. The two positions the Department recommends eliminating and replacing with as-needed contracted services include an Inspector III (\$59,272) and a General Professional IV (\$64,335). The reduction reflects a 10.5 percent reduction in appropriated cash funds spending authority and a 17 percent decrease in authorized FTE. Contracted services would be rendered by Authorized Inspection Agencies.

Appropriations versus Expenditures: From FY 2007-08 to FY 2009-10, program expenditures have decreased significantly. Over this time period, expenditures have decreased from \$1,298,364 and 9.9 FTE to \$692,830 and 7.3 FTE, a 47 percent decrease in expenditures over three years. Conversely, while the program expenditures have dropped significantly, the appropriation has increased as a result of the passage of H.B. 08-1319 (Soper/Kester) which added additional educational charges. The following table summarizes the growing appropriation versus expenditures difference.

Building Regulation Program: Comparison of Appropriation and Expenditures							
	Appropriation		Expenditures		Variance		
Fiscal Year	Amount	FTE	Amount	FTE	Amount	Amt. %	FTE
2007-08	\$1,137,098	10.0	\$1,298,364	9.9	\$161,266	14.2%	(0.1)
2008-09	1,199,423	11.7	1,132,696	10.8	(66,727)	(5.6)%	(0.9)
2009-10	1,183,372	11.7	692,830	7.3	(490,542)	(41.5)%	(4.4)

Workload: Program workload has decreased by nearly half since FY 2007-08. Over the last two years, the number of inspection-hours conducted by staff has decreased by 45 percent and the number of plan review-hours has decreased by over 65 percent. Decreases in workload are seen in all other tasks performed by program staff with the exception of registrations for installers and inspectors, however this increase is a one-time event as annual registrations became tri-annual registrations. The two-year compounded percentage decrease in total workload hours since FY 2007-08 and FY 2009-10 is 27.121 percent. The Program adjusts its staffing needs proportionately to the number of hours worked and as such the actual FTE used has also decreased significantly.

A key driver of program workload is the health of the housing economy. The reduction of plan reviews, units sold, and units installed reflects the general availability of obtaining loans and new restrictions that have been put in place related to borrower credit worthiness. Both in Colorado and nationally, there has been a corresponding reduction in credit availability and real estate loans. Since the financial collapse in the fall of 2008, bank credit has contracted significantly, thus affecting the housing market in the state and therefore this program.

Fund Balance: In FY 2008-09, \$1.1 million was transferred from the Building Regulation Fund to the General Fund for FY 2008-09 budget balancing purposes as part of S.B. 09-279 (Tapia/Pommer).

The fund's accrual of \$1.1 million reflected reduced programmatic expenditures compared to revenues. As of October 14, 2010, the fund had a balance of \$379,105.

Staff Recommendation: Staff recommends a reduction of \$320,942 and 3.2 FTE for FY 2011-12. The recommendation is based on the calculated compound percentage change in workload from FY 2007-08 to FY 2009-10 (27.121 percent).

Recommendation: Staff recommends \$845,901 cash funds and 8.5 FTE for FY 2011-12. Staff's recommendation includes \$759,375 for personal services and \$86,526 for operating expenses. Calculations for staff's recommendation are found in the table below.

Division of Housing, Manufactured Buildings Program, Program Costs						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2010-11 Long Bill	\$1,183,372	\$0	\$1,183,372	\$0	\$0	11.7
Supplemental adjustments (S.B. 11-145)	0	0	0	0	0	0.0
Subtotal: FY 2010-11 Appropriation	\$1,183,372	\$0	\$1,183,372	\$0	0	11.7
Reinstate FY 10-11 State PERA Contribution	14,914	0	14,914	0	0	0.0
1.5 Percent Personal Services Base Reduction	(16,676)	0	(16,676)	0	0	0.0
BRI #1 - Manufactured Homes Base	(320,942)	0	(320,942)	0	0	(3.2)
FY 11-12 State PERA Contribution Reduction	(14,767)	0	(14,767)	0	0	0.0
TOTAL	\$845,901	\$0	\$845,901	\$0	0	8.5

Colorado Affordable Housing Construction Grants and Loans

Description: This line item provides State funding for grants and loans for the rehabilitation, acquisition, and maintenance of affordable, safe, sanitary housing for low-income households at or below 30 percent of area median income (AMI). The Department has statutory authority to operate the Colorado Affordable Housing Construction Grants and Loans Program through Section 24-32-705 1 (a), C.R.S., to encourage private enterprise and all public and private agencies engaged in planning, construction, and acquisition of adequate housing or the rehabilitation of existing housing in Colorado.

The Division uses the General Fund appropriation in part to match federal moneys available through the Federal Affordable Housing Grants and Loans line item, as well as to leverage other public and private funds. This includes the leveraging of tax exempt private activity bond allocations, federal Low Income Housing Tax Credits, and private loans. In this capacity, the Division requires a dollar match for every dollar granted out of this line item. Pursuant to H.B. 09-1213 (Gagliardi/Schwartz), moneys appropriated for this purpose in the Long Bill are transferred to the Colorado Affordable Housing Construction Grants and Loan Fund. Moneys in this fund are continuously appropriated to the Division. Not more than \$250,000 may be appropriated from the General Fund in any one State fiscal year for any uses not related to construction grants or loans.

Colorado Affordable Housing Construction Grants and Loans Program have received varying amounts of State General Funds over the years for affordable housing projects. For FY 1998-99, the program received and appropriation of \$4.0 million. Conversely, in FY 2002-03 funding was eliminated mid-year due to the state's economic downturn. Funding returned to this line item in FY 2004-05, however at a reduced level of \$100,000. Most recently, the program received an appropriation of \$2.25 million in FY 2010-11. The table below summarizes funding for housing grants and loans.

Recent History of State Appropriations			
Fiscal Year	General Fund Appropriation	Annual Change	
		Dollar	Percent
1997-98	\$600,000		
1998-99*	4,000,000	3,400,000	566.7%
1999-00	2,600,000	(1,400,000)	-35.0%
2000-01	2,600,000	0	0.0%
2001-02**	2,508,933	(91,067)	-3.5%
2002-03***	0	(2,508,933)	-100.0%
2003-04	0	0	-100.0%
2004-05	100,000	100,000	100.0%
2005-06	100,000	0	0.0%
2006-07	1,100,000	1,000,000	1,000.0%
2007-08	1,223,324	123,324	11.2%
2008-09	2,225,000	1,001,676	81.9%
2009-10	2,225,000	0	0.0%
2010-11	2,225,000	0	0.0%
2011-12 Request	\$2,225,000	\$0	0.0%

* Includes \$1.4 million increase in the base and a one-time transfer of \$2 million from reserves in the Economic Development Commission Cash Fund reserves.

**Original Long Bill appropriation of \$4,570,000 was reduced mid-year. The original appropriation included a change request to increase the General Fund appropriation by \$1,970,000 (DI #1).

*** Original Long Bill appropriation of \$2,904,376 was lined through by the Governor.

Request: The Department requests continuation level funding of \$2,250,000 General Fund.

Staff Recommendation: There are many factors involved in determining the need for affordable housing, including income and availability of housing. The term "affordability" assumes rent equal to 30 percent or less of the household's income. According to the Center for Business and Economic Forecasting's estimates, state AMI is \$55,276. As stated above, this line item is focused on providing State funding for grants and loans for affordable housing for low-income households at or below 30 percent of AMI, which equates to an income of \$16,582. According to the Department's

April 2010 Housing Mismatch and Rent Burden Information for Rental Housing in Colorado publication, there are more than 1.8 million households in Colorado, including more than 600,000 renter households. Nearly 70 percent of Colorado households are owner occupants, however, rental housing continues to be an important source of shelter for households at all income levels in Colorado. Among low-income households, rental housing is often the only option, and rental housing continues to be essential for households at the lowest income levels. The table below summarizes the relationship between income and rental unit availability.

Income Level	Affordable Monthly Payment*	Renter Households	Available Housing Units	Households Per Housing Unit
\$10,000	\$250	83,384	44,401	1.9
\$15,000	\$375	140,530	60,173	2.3
\$20,000	\$499	190,877	94,224	2.0
\$25,000	\$624	247,849	166,774	1.5
\$30,000	\$750	296,781	254,078	1.2
\$35,000	\$875	344,543	327,290	1.1

*Based on housing expense as 30% of income

As the table above illustrates, there are currently more households living at an income level of \$10,000 to \$15,000 than there are available housing units within the affordable monthly payment for housing range of 30 percent of income. When a household spends more than 30 percent of its income on housing, it is considered to be a "rent burdened household." According to the Department's April 2010 publication, 278,154 households in Colorado are paying more than 30 percent of their income toward housing. The number of rent burdened households in the state represents 15.5 percent of all households. In general, spending more than 30 percent of income on housing negatively impacts a household's spending on food, clothing, transportation, daycare, and medical insurance.

Based on the assessment of factors contributing to the need for affordable housing, and the indicators that low-income earning households face a scarcity of affordable housing, **staff recommends that the Committee approve the Department's request for an appropriation of \$2,225,000 million General Fund for FY 2011-12.** This line item provides a valuable funding source for affordable housing projects that cannot be covered through other available means. For example, entitlement areas (areas defined by HUD and are of substantial size to accommodate the administration of the funds, such as cities and other large scale municipalities) receive moneys for affordable housing directly from HUD. However, HUD also provides the Department moneys for affordable housing in non-entitlement areas, as well (see next line item). Federal moneys received by the Department cannot also be used to supplement federal moneys received by entitlement areas, thus if there is additional need by an entitlement area, the State can only backfill this demand with General Fund dollars or other qualifying sources. Many entitlement counties and municipalities experience the greatest need for affordable housing. In Denver and El Paso Counties, for example, there are at least 2.9 households for every unit affordable to households making \$15,000 or less.

Federal Affordable Housing Construction Grants and Loans

Description: This line item reflects anticipated federal affordable housing moneys, including funding from the HOME Investment Partnership Program, the Permanent Housing for Homeless Disabled Program, and a portion of the Community Development Block Grants (CDBG) allocated to the State (historically one-third of the total State CDBG allocation is used for affordable housing purposes). With the exception of CDBG funding, the majority of this funding requires matching money from state, local, or private financing sources.

It is important to note that there are two iterations of the Neighborhood Stabilization Plan. The first iteration (NSP1), was established by the Housing and Economic Recovery Act (HERA) of 2008, which provided \$3.92 billion in funding for emergency assistance to states and local governments. Moneys were distributed on a formula distribution. Colorado was the recipient of \$53.1 million, of which the State was authorized to be custodian of \$36.2 million. The second iteration (NSP2) is a competitive program established by the American Recovery and Reinvestment Act (ARRA) of 2009 which provides \$1.93 billion to stabilize property values and prevent neighborhood blight. The State of Colorado, as an entity, did not receive any NSP2 allocation from the U.S. Department of Housing and Urban Development (HUD). However, the following entities received funding in Colorado: Chicanos Por La Causa, Inc. (\$23,433,236) and the City & County of Denver, Office of Economic Development (\$18,994,444). The Department has applied for NSP3 funding that will, if approved in March of 2011, provide the Department with \$5.0 million to \$6.0 million of additional funding.

Request: The Department's request reflects a total of \$45 million in federal funds anticipated to be available to the State.

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

Emergency Shelter Program

Description: This line item reflects anticipated federal moneys that the Division of Housing will administer on behalf of local communities and non-profit groups for homeless prevention activities, including the operation of shelters and assistance to families who have received eviction notices or notices of termination of utility services. The request does not include entitlement moneys that are granted on a formula basis directly to the cities of Denver and Colorado Springs.

Request: The Department requests continuation funding of \$965,000 federal funds for this purpose in FY 2011-12.

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

Private Activity Bond Allocation Committee

Description: This line item provides statutory funding to reimburse expenses associated with the Private Activity Bond Allocation Committee, which consists of the Executive Director of the Department of Local Affairs, four municipal and county officials, three citizens at large, and one representative of state issuing authorities. This Committee assists the Department and the Executive Director with determining priorities for the allocation of private activity bond allocations for the

State. The Committee meets three times per year, and its activities are coordinated by the Division. The source of cash funds is fees charged to entities accessing the State's bond cap.

Federal law limits the total amount of tax-exempt private activity bonds which may be issued by any state and its political subdivisions. A state is allowed to allocate its capped amount among the issuing authorities of the state and is codified in Sections 24-32-1702 to 1715, C.R.S. The 2010 Private Activity Bond cap was set at \$452,227,320 in total (population estimate of 5,024,748). Of this amount, 50 percent is allocated to Statewide Issuing Authorities in amounts established by the Department. These authorities include the Colorado Housing and Finance Authority (CHFA), CollegeInvest, Colorado Agriculture Development Authority, Colorado Health Facilities Authority, and Colorado Educational and Cultural Facilities. The remaining 50 percent is to be allocated to Local Issuing Authorities (e.g., city, town, county, or city and county) based on population. Any excess bonding authority is to be relinquished to the Statewide Balance (SWB), for which the Department has put in place a competitive application process to maximize the allocation of all tax-exempt private activity bonds.

Request: The Department requests continuation level funding of \$2,500 cash funds from the Private Activity Bond Allocations Fund, created in Section 24-32-1707 (6)(b), C.R.S., to reimburse Committee members for qualified expenditures.

Recommendation: **Staff recommends approving the Department's request.** Pursuant to Section 24-32-1707 (3), C.R.S., members of the Private Activity Bond Allocation Committee serve without compensation, however, they are entitled to receive reimbursement of actual and necessary expenses.

Low Income Rental Subsidies

Description: This line item includes federal Section 8 certificate and voucher funding from the U.S. Department of Housing and Urban Development (HUD). Section 8 certificates pay the difference between fair market rental rates and 30 percent of an individual's income; rents are capped by HUD. In the Voucher program, individual property owners set rental rates with HUD via contracts, and renters receive a voucher for a specific amount of rental assistance based on income level. If rents are higher than the amount of the voucher, the individual is responsible for the difference. Numerous local entities administer Section 8 certificates and vouchers directly.

Request: The Department requests continuation funding of \$18,000,000 federal funds for this purpose in FY 2011-12.

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

Foreclosure Prevention Grant Fund

Foreclosure Prevention Grants

Description: These lines authorize the Division of Housing to use moneys in the Foreclosure Prevention Grant Fund to make grants for the purpose of providing outreach and notice of foreclosure prevention assistance to persons in danger of foreclosure and to communities with high foreclosure rates, pursuant to H.B. 08-1402. The fund is authorized to consist of moneys appropriated by the general assembly as well as gifts, grants, and donations. Statute requires that any

unexpended and unencumbered moneys remaining in the fund as of June 30, 2010, shall revert to the General Fund.

The first line item ("Foreclosure Prevention Grant Fund") provides a transfer of General Fund moneys to the Foreclosure Prevention Grant Fund. The second line item provides spending authority for the Department to use monies in the Fund for grant awards.

Request: The Department is not requesting an appropriation for this line item.

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

Indirect Cost Assessment

Description: This line reflects the amount of indirect cost assessments made against cash, cash exempt, and federal funding sources within this division (including cash funds from the manufactured buildings program, reappropriated funds from federal mineral leasing and severance tax revenues that are appropriated to support a portion of this division's activities, and federal housing fund sources). 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 an assessment level of \$252,579 total funds for FY 2011-12.

Recommendation: **Staff recommends an appropriation of \$250,170 total funds for this purpose for FY 2011-12.** Of this amount, \$56,195 is cash funds from the Manufactured Buildings Program, \$13,158 is reappropriated funds from the Local Government Mineral Impact Fund, \$26,315 is reappropriated funds from the Local Government Severance Tax Fund and \$154,502 is federal funds from HUD programs. Staff's recommendation is based on the Department's most recent indirect cost rates for FY 11-12 for both Statewide and internal indirect cost assessments.

(4) DIVISION OF LOCAL GOVERNMENTS

(A) Local Government and Community Services

(1) 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). Many of the political subdivisions that the Department 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 table below details the 17.7 FTE currently supported by this line item.

Position	FY 2009-10 Actuals	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
Director & Section Head	1.6	1.6	1.6	1.6
IT Support	0.2	0.0	0.0	0.0
Support/Clerical	2.8	4.6	4.6	4.6
Special District Compliance (Section 32-1-101 et. sec., C.R.S.)	1.0	1.0	1.0	1.0
Enforce 5.5% Limit on Levies (Sections 29-1-301 and 302, C.R.S.)	1.0	1.0	1.0	1.0
Local Government Financial Compendium (Sections 29-1-113 and 505, C.R.S.)	2.0	2.0	2.0	2.0
IT Support	1.0	0.0	0.0	0.0
Demography	2.9	2.9	2.9	2.9
Cartography	2.0	2.0	2.0	2.0
IT Support	1.0	0.0	0.0	0.0
Community Services Block Grant Admin. - FF	<u>3.9</u>	<u>2.6</u>	<u>2.6</u>	<u>2.6</u>
TOTAL	19.4	17.7	17.7	17.7

The Division's responsibilities and the duties performed by these staff are described below.

- ❑ With regard to special district compliance, the Division is a repository for data such as the names of board members, the boundaries, and the service plan or purpose of special districts. The Division must certify the creation of certain municipal special districts like water and sewer districts. The Division may investigate consolidating, restructuring, or making other changes to special districts to benefit residents or lower costs, and may order the special district to hold public hearings on the Division's findings. The Division must confer with county commissioners or municipal leaders and special district boards if the State Auditor identifies a decrease in the special districts' ability to discharge indebtedness. Finally, the Division has responsibility to dissolve special districts under certain conditions concerning elections compliance, budget preparation and reporting, and the provision of services, or if the special district has completed it's original intended purpose.

According to Section 32-1-102, C.R.S., special districts are local governments (quasi-municipal corporations and political subdivisions) that may provide services to promote the health, safety, prosperity, security, and general welfare of the inhabitants of the districts. The geographic boundaries of a special district may be included in a single municipality or county or may span several municipalities and could extend into unincorporated county land. As with other local governments, special districts have the authority to issue debt and to levy and collect property taxes.

- ❑ Local governments -- with the exception of school districts -- are subject to a 5.5 percent growth limitation on mill levies. The 5.5 percent levy limitation is in addition to TABOR restrictions. Effectively, local governments are held to the lesser of the two limits in any given year. The

Division enforces the 5.5 percent limit on mill levy increases, and the Division may approve exemptions for increased valuation or assessments from new oil and gas production, for bridges and roads, for capital construction, or for financial distress (after considering public awareness and support). If a local government's revenues exceed the 5.5 percent growth limit, the Division is responsible for ordering a reduction in revenue for the next fiscal year.

To help implement the Division's regulatory duties with regard to special districts and the 5.5 percent levy limit, the Division is required to compile and publish a compendium of local government financial information. The data is also used by the State Auditor, bond rating companies, researchers, and legislative staff (for fiscal notes).

- ❑ The State Demography Office provides data to implement numerous statutory and constitutional provisions of the State and federal government (e.g. calculating TABOR, establishing election districts, and distributing mineral impact and CDBG funds). Without the demography and cartography staff, the Department would not be able to make distributions of the funds that it administers, such as the Conservation Trust Fund or mineral and energy impact funds, according to the required constitutional and statutory formulas.
- ❑ The Division administers the federal Community Services Block Grant (CSBG) program. The State receives an allocation of funds to distribute to community service providers who provide a variety of services to clients who meet eligibility guidelines.

Request: The Department requests \$1,254,920 in total funds (including \$567,459 General Fund) and 17.7 FTE for this line item for FY 2011-12. The budget request reflects a decrease of \$33,228 and (including \$30,546 General Fund), and includes changes related to the State's contribution to PERA, as well as a two percent reduction in personal services.

Recommendation: **Staff recommends \$1,263,180 (including \$586,296 General Fund) and 17.7 FTE for FY 2011-12.** The difference between the staff recommendation and the Department request is due to the Committee's approval of a base reduction of 1.5 percent. Staff's calculations are found in the table below.

Division of Local Governments, Local Government and Community Services, Administration, Personal Services						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2010-11 Long Bill	\$1,288,148	\$598,005	\$0	\$560,305	\$129,838	17.7
Supplemental adjustments (S.B. 11-145)	(536)	(536)	0	0	0	0.0
Subtotal: FY 2010-11 Appropriation	\$1,287,612	\$597,469	\$0	\$560,305	129,838	17.7
Annualize S.B. 11-145	536	536	0	0	0	0.0
Reinstate FY 10-11 State PERA Contribution	27,665	12,720	0	12,668	2,277	0.0
1.5 Percent Personal Services Base Reduction	(19,738)	(9,161)	0	(8,595)	(1,982)	0.0
FY 11-12 State PERA Contribution Reduction	(32,895)	(15,268)	0	(14,324)	(3,303)	0.0

Division of Local Governments, Local Government and Community Services, Administration, Personal Services						
Item	Total Funds	GF	CF	RF	FF	FTE
Recommended FY 2011-12 Appropriation	\$1,263,180	\$586,296	\$0	\$550,054	126,830	17.7

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 small cost items.

Request: The Department requests a continuation level of funding of \$129,242 (including \$40,069 General Fund) for FY 2011-12.

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

(2) 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. The Department advises local governments about the mechanics of the loans and their potential eligibility. Further, the Department reviews about 50 loan applications per year and analyzes their economic feasibility (can the applicant pay back the loan, are the fees proposed by a local government too high or too low, etc.). The Department provides this support because it already has a variety of 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 total to 2.0 FTE.

Request: The Department requests a continuation level of funding of \$157,709 cash funds and 2.0 FTE. The request includes the continuation of the FY 2010-11 State PERA contribution reduction.

Recommendation: **Staff recommends \$152,438 cash funds and 2.0 FTE for FY 2010-11.** Staff's recommendation includes \$146,157 for personal services and \$6,281 for operating expenses. The difference between the staff recommendation and the Department request is due to the Committee's approval of a base reduction of 1.5 percent. Staff's calculations are found in the table below.

Division of Local Governments, Local Government Services, Local Utility Management Assistance						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2010-11 Long Bill	\$154,709	\$0	\$154,709	\$0	\$0	2.0
Supplemental adjustments (S.B. 11-145)	0					
Subtotal: FY 2010-11 Appropriation	\$154,709	\$0	\$154,709	\$0	0	2.0

Division of Local Governments, Local Government Services, Local Utility Management Assistance						
Item	Total Funds	GF	CF	RF	FF	FTE
Reinstate FY 10-11 State PERA Contribution	2,996	0	2,996	0	0	0.0
FY 11-12 State PERA Contribution Reduction	(2,996)	0	(2,996)	0	0	0.0
1.5 Percent Personal Services Base Reduction	(2,271)	0	(2,271)	0	0	0.0
Recommended FY 2011-12 Appropriation	\$152,438	\$0	\$152,438	\$0	0	2.0

Conservation Trust Fund Disbursements

Background Information: Net lottery proceeds (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, Department of Natural Resources, 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 (this cap is required to be adjusted annually since FY 1998-99 based on the Denver metro consumer price index) 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 provide funding for direct and indirect administrative costs of the division of Public School Capital Construction Assistance and the Public School Capital Construction Board. Any remainder funds are continuously appropriated to the Board for the purpose of providing financial assistance for public school capital construction.

Net lottery proceeds are excluded from the definition of "fiscal year spending," and are thus not subject to TABOR. 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. This line item appropriation is included in the annual Long Bill for informational purposes only.

Description. This line item represents the lottery proceeds anticipated to be transferred to the Conservation Trust Fund each fiscal year. Pursuant to Section 29-21-101 (2), C.R.S., moneys in the

Conservation Trust Fund are primarily distributed among eligible local entities based on population. Moneys may be used by local governments for acquiring and developing interests in 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. These funds are received and distributed quarterly by the Department. 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.

Request: The Department requests \$49,996,557 cash funds and 2.0 FTE for FY 2011-12. The request includes an adjustment to the State PERA contribution, as well as a reduction of \$1.4 million due to anticipated cash revenue.

Recommendation: **Staff recommends reflecting \$49,994,354 million cash funds and 2.0 FTE for FY 2011-12.** Staff's recommendation includes \$141,191 for personal services and \$49,853,163 for operating expenses. The difference between the staff recommendation and the Department request is due to the Committee's approval of a base reduction of 1.5 percent. Staff's calculations are found in the table below.

Division of Local Governments, Local Government Services, Conservation Trust Fund Disbursements						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2010-11 Long Bill	\$51,400,000	\$0	\$51,400,000	\$0	\$0	2.0
Supplemental adjustments (S.B. 11-145)	0					
Subtotal: FY 2010-11 Appropriation	\$51,400,000	\$0	\$51,400,000	\$0	0	2.0
Anticipated Revenue Adjustment	(1,400,000)	0	(1,400,000)	0	0	0.0
FY 11-12 State PERA Contribution Reduction	(3,443)	0	(3,443)	0	0	0.0
1.5 Percent Personal Services Base Reduction	(2,203)	0	(2,203)	0	0	0.0
Recommended FY 2011-12 Appropriation	\$49,994,354	\$0	\$49,994,354	\$0	0	2.0

Volunteer Firefighter Retirement Plans

Volunteer Firefighter Death and Disability Insurance

Description: These two line items report the State's contribution to local volunteer firefighter retirement plans, and death and disability insurance, respectively, as authorized by Section 31-30-1112 (2), C.R.S. These amounts are not subject to the limit on General Fund appropriations. Pursuant to Section 31-30-1112 (2) (i), C.R.S., they are included in the Long Bill for informational purposes.

The State's contribution to retirement plans is funded with moneys from the tax on insurance premiums outlined in Section 10-3-209, C.R.S. Since FY 2005-06, the General Assembly has identified as least a portion of this appropriation as coming from the General Fund Exempt account.

However in FY 2009-10, no portion of this appropriation was identified as coming from the General Fund Exempt account as a result of General Fund revenues falling below the TABOR revenue limit.

Pursuant to Section 31-30-1112 (2), C.R.S., State contributions to any municipality or district for volunteer firefighter pension plans must equal ninety percent of all amounts contributed by the municipality or district. Municipalities with populations of less than 100,000 may levy a tax of not more than one mill on the taxable property in the municipality, county, or district to fund their individual volunteer firefighter pension funds. Due to the variability of local governments' annual property valuation and actuarial need for contributions to their volunteer firefighter pension fund, the amount requested by the Department is an estimate, however, historically the Department's estimate has been within one percent of the amount actually distributed.

Request: The Departments' requests are based on projected expenditures. The Department anticipates contributing \$4,264,753 General Fund to local volunteer firefighter retirement plans and \$30,000 General Fund to disability insurance for FY 2011-12.

Recommendation: **Staff recommends approving the Department's request.** Staff has reflected the full amounts as coming from the General Fund account. The Committee will review all line items impacted by the General Fund Exempt account following the March Legislative Council Staff revenue forecast, and if revenues are in excess of the TABOR revenue cap, then these moneys may be identified as coming from the General Fund Exempt account. Staff will ultimately reflect the amounts approved by the Committee.

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 \$49,890 federal funds and 0.5 FTE based on projected federal revenues.

Recommendation: **Staff recommends an appropriation of \$49,315 federal funds for this purpose in FY 2011-12.** Staff's recommendation includes \$38,245 for personal services and \$11,645 for operating expenses. The difference between the staff recommendation and the Department request is due to the Committee's approval of a base reduction of 1.5 percent. Staff's calculations are found in the table below.

Division of Local Governments, Local Government and Community Services, Local Government Services, Environmental Protection Agency Water/Sewer File Project						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2010-11 Long Bill	\$49,890	\$0	\$0	\$0	\$49,890	0.5
Supplemental adjustments (S.B. 11-145)	0	0	0	0	0	0.0
Subtotal: FY 2010-11 Appropriation	\$49,890	\$0	\$0	\$0	49,890	0.5

Division of Local Governments, Local Government and Community Services, Local Government Services, Environmental Protection Agency Water/Sewer File Project						
Item	Total Funds	GF	CF	RF	FF	FTE
Reinstate FY 10-11 State PERA Contribution	110	0	0	0	110	0.0
1.5 Percent Personal Services Base Reduction	(575)	0	0	0	(575)	0.0
FY 11-12 State PERA Contribution Reduction	(110)	0	0	0	(110)	0.0
Recommended FY 2011-12 Appropriation	\$49,315	\$0	\$0	\$0	49,315	0.5

(3) Community Services

Community Services Block Grant

Description: The federal Community Services Block Grant provides funding to local communities via a formula allocation. Funds are used to provide a wide range of services that address the causes of poverty in communities, including employment assistance, education, affordable housing, emergency services, nutrition, self sufficiency, counseling, health, community needs assessments, transportation, elderly projects, summer youth recreation, and community development projects. Service recipients must be at or below 125 percent of the federal poverty guidelines. Ninety percent of the funds are allocated by formula to 43 grantees. Five percent is for administration and five percent is reserved for the Governor's discretion.

In FY 2009-10, the Department received a one-time increase of \$8,684,648 from additional federal funds from the U.S. Department of Health and Human Services, Office of Community Service, made available by the American Recovery and Reinvestment Act (ARRA) of 2009 for the reduction of poverty, revitalization of low-income communities, and to assist low-income families and individuals to become fully self-sufficient.

Further, in accordance with the federal Community Services Block Grant Act, in order for the State to be eligible to receive a grant or allotment for mitigating poverty in communities under the CSDG program, the State shall 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 whom has held the required hearing and last did so on January 6, 2010.

Request: The Department's request reflects \$6.0 million in federal funding that is anticipated to be available for FY 2010-11.

Recommendation: **Staff recommends approving the Department's request, based on projected federal funds.**

(4) Waste Tire Fund

Waste Tire Recycling, Reuse and Removal Grants

Background Information. The program and line item were transferred to the Department of Public Health and Environment during FY 2010-11 via H.B. 10-1018 (Looper & Primavera/Gibbs).

(B) Field Services

Program Costs

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 (the remaining half are in the Administration, Personal Services line item). It also includes associated operating expenses. The table below details the 28.2 FTE supported by this line item.

Position	FY 2009-10 Actuals	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
Director	0.4	0.4	0.4	0.4
Support/Clerical	2.3	3.0	3.0	2.7
IT Support	0.5	0.0	0.0	0.0
Field Staff	7.0	7.0	7.0	7.0
Office of Smart Growth	1.0	1.0	1.0	1.0
Energy and Mineral Impact Grants Administration	5.2	11.5	11.5	11.5
Limited Gaming Grant Administration	1.0	1.0	1.0	1.0
CDBG Admin. - GF (required to match FF)	3.4	1.4	1.4	1.4
CDBG Admin. - FF	<u>5.7</u>	<u>2.9</u>	<u>2.9</u>	<u>2.9</u>
TOTAL	26.5	28.2	28.2	27.9

The Division's 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, the Taxpayers Bill of Rights (TABOR), water and sewer financing, election rules, purchasing, and land use planning. Each staff member is responsible for working with the local governments in their region. Part of their duties include helping local governments identify and apply for federal and state grant funds.

- The Office of Smart Growth, created by H.B. 00-1427 (Webster/Owen), is responsible for administering the Colorado Heritage Grants program, advising the Governor, the General Assembly, and local governments on growth issues, providing technical assistance to communities dealing with growth (particularly regarding cooperative planning), and coordinating mediation of disputes between local governments -- when requested to do so by the local governments, and using professionals from a list of qualified mediators that the Office is required to maintain.

- ❑ Energy and mineral impact funds and limited gaming funds pay salaries for staff to administer the associated grant programs.
- ❑ Administration of the federal Community Development Block Grant program. Federal funds are used to support staff who manage the program, but a State match is required for administrative costs. Some of the activities of the Field Staff qualify as a "soft match" of the federal administrative funds, but the Department also uses FTE more specifically to administer the program (see staffing chart above).

Request: The Department requests \$2,365,512 in total funds and 28.2 FTE for this program line item. The budget request reflects a decrease of \$22,289 total funds (including 26,927 General Fund), due to changes related to the State's contribution to PERA for FY 2011-12 and a two percent personal services reduction.

Recommendation: **Staff recommends \$2,334,576 total funds and 27.9 FTE for FY 2011-12.** Staff's recommendation includes \$2,001,736 for personal services and \$332,840 for operating expenses. The difference between the staff recommendation and the Department request is due to the Committee's approval of a base reduction of 1.5 percent for all personal services line items, regardless of the number of FTE or fund sources, as well as a 0.3 FTE ongoing reduction approved by the Committee during the Supplemental process for FY 2010-11. Staff's calculations are summarized in the table below.

Division of Local Governments, Field Services, Program Costs						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2010-11 Long Bill	\$2,360,874	\$0	\$105,289	\$1,957,844	\$297,741	27.9
H.B. 10-1376	26,927	26,927	0	0	0	0.3
Supplemental adjustments (S.B. 11-145)	(26,927)	(26,927)	0	0	0	(0.3)
Subtotal: FY 2010-11 Appropriation	\$2,360,874	\$0	\$105,289	\$1,957,844	297,741	27.9
Reinstate FY 10-11 State PERA Contribution	34,354	0	1,975	29,250	3,129	0.0
1.5 Percent Personal Services Base Reduction	(30,936)	0	(1,486)	(25,042)	(4,408)	0.0
FY 11-12 State PERA Contribution Reduction	(29,716)	0	(1,975)	(21,250)	(6,491)	0.0
Recommended FY 2011-12 Appropriation	\$2,334,576	\$0	\$103,803	\$1,940,802	289,971	27.9

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 the U.S. Department of Housing and Urban Development (HUD). While the Department of Local Affairs administers the funds for smaller, "non-entitlement" communities, large metro areas receive their funding directly from the federal government on an entitlement basis.

In FY 2009-10, the Department received a one-time increase of \$2,832,608 from additional federal funds from HUD, made available by the American Recovery and Reinvestment Act (ARRA) of 2009 for critical infrastructure projects. Three projects were awarded these additional ARRA moneys, including \$1,295,000 for wastewater systems improvements in Boone (Pueblo County), \$1,122,608 for wastewater systems improvements in Red Cliff (Eagle County), and \$415,000 to expand services at a medical facility in Las Animas (Bent County).

The Department has historically elected to divide total CDBG funds in equal thirds for the following purposes:

- ❑ Business development 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.
- ❑ Public facilities/infrastructure development to provide discretionary grants to local governments for local infrastructure development such as roads, water treatment facilities, and public buildings.
- ❑ The affordable housing development portion of CDBG funds is shown as part of the Federal 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 2011-12 based on estimates of federal funds that will be available to the State.

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

Local Government Mineral and Energy Impact Grants and Disbursements

Description: This grant program is intended to assist communities impacted by the growth and decline of mineral and energy industries. This line item combines two statutory programs for administrative efficiency and applicant convenience into the Local Government Mineral and Energy Impact Assistance Program. In this regard, the grant line item includes 50 percent of the total state severance tax revenues (the other half goes to the Department of Natural Resources) and 40 percent of the State's share of payments to the federal government for mineral and mineral fuel production on federal lands. 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 (30 percent of severance tax revenues and approximately 50 percent of federal mineral lease revenues). The remaining portion of these funds are distributed through discretionary grants to local jurisdictions.

In administering this 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, with priority given

to schools and local governments socially or economically impacted by the mineral extraction industry on federal lands. Funded projects include water and sewer improvements, road projects, construction of fire protection buildings, purchase of fire protection equipment, local government planning, and construction of/ improvements to recreation centers, senior centers, hospitals, local government administrative buildings, K-12 school classrooms, and other public infrastructure.

Request: The Department's request of \$153.0 million reflects expected expenditures and encumbrances based on anticipated revenues. Some of the expenditures will be for grants awarded in prior years.

Recommendation: **Staff recommends \$166.4 million based on more recent revenue projections for FY 2011-12.** Please note that the recommended amount does not necessarily relate to the number or dollar amount of grants that will be offered in a given year. The Department offers grants and negotiates a contract with each local government. Most contracts are signed within one year, but the negotiation process can sometimes take up to four years. Once a contract is signed, not all of the money may be encumbered by the Department if there are conditions in the contract. This line item relates to what will be entered in the State's accounting system in a particular fiscal year and tracks closer to cash flow than the number of new grants that will be awarded. Also note, the staff recommendation does not include the Governor's FY 2011-12 proposed transfers from the Local Government Severance Tax Fund or the Local Government Mineral Impact Fund to the General Fund.

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, and it is arguable that the statutory purposes of the money are best served by a continuous appropriation. The General Assembly has never challenged the interpretation by the executive branch that these funds are continuously appropriated.

Local Government Limited Gaming Impact Grants

Description: The Local Government Limited Gaming Impact Fund receives 6.5 percent of the total gross receipts realized from the State tax levied on the adjusted gross proceeds of limited gaming. Of the moneys deposited into the fund, two percent is set aside for the provision of gambling addiction counseling, with the bulk of the moneys to be used to provide financial assistance to designated local governments for documented gaming impacts.

Eligible recipients include Teller and Gilpin counties, and an eight county area contiguous to these counties, which includes Boulder, Clear Creek, Grand, Jefferson, El Paso, Fremont, Park, and Douglas counties. Archuleta, La Plata, and Montezuma counties are also eligible because they are contiguous to tribal lands where gaming activities are being conducted. Further municipalities within gaming counties (except for gaming cities of Black Hawk, Central City, and Cripple Creek), and special districts which provide emergency services within eligible counties are permitted to apply.

Based on recent revenue projections made by Legislative Council Staff, for use in FY 2011-12, the Local Government Limited Gaming Impact Fund is scheduled to receive approximately \$6.3 million. It should be noted that the reoccurrence of grants distributed are generally to the same impacted

counties, cities, and special districts, which could be attributable to the limited number of qualified recipients of these moneys.

Pursuant to Section 12-47.1-1601 (4) (a), C.R.S., all unexpended and unencumbered moneys in the Local Government Limited Gaming Impact Fund remains available for expenditure in subsequent fiscal years without further appropriation by the General Assembly.

Request: The Department's request reflects expected revenues of \$6.0 million cash funds.

Recommendation: Staff recommends and appropriation of \$6,300,000 cash funds based on the current law transfer to the Fund at the end of FY 2010-11. The Committee sponsored S.B. 11-159 (Steadman/Ferrandino) to transfer \$3,809,000 from the Limited Gaming Fund to the Local Government Limited Gaming Impact Fund for use in FY 2011-12. Senate Bill 11-159 will contain an appropriation clause to amend and reduce the current FY 2011-12 appropriation to \$3,809,000.

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 the purchase of 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, mountain bikers, cross country skiers, climbers, and kayakers 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 \$613,658 cash funds and 1.3 FTE. The budget request reflects a decrease of \$3,172 (including \$3,598 General Fund) related to the State's contribution to PERA.

Recommendation: Staff recommends appropriating \$612,371 cash funds and 1.3 FTE for FY 2011-12. Staff's recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy on vacancy savings base reductions. Staff's recommendation includes \$83,155 for personal services and \$529,216 for operating expenses.

Division of Local Governments, Field Services, Search and Rescue Program						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2010-11 Long Bill	\$615,000	\$0	\$615,000	\$0	\$0	1.3
Supplemental adjustments (S.B. 11-145)	0	0	0	0	0	0.0
Subtotal: FY 2010-11 Appropriation	\$615,000	\$0	\$615,000	\$0	0	1.3
Reinstate FY 10-11 State PERA Contribution	0	0	0	0	0	0.0
1.5 Percent Personal Services Base Reduction	(1,287)	0	(1,287)	0	0	0.0
FY 11-12 State PERA Contribution Reduction	(1,342)	0	(1,342)	0	0	0.0

Division of Local Governments, Field Services, Search and Rescue Program						
Item	Total Funds	GF	CF	RF	FF	FTE
Recommended FY 2011-12 Appropriation	\$612,371	\$0	\$612,371	\$0	0	1.3

Colorado Heritage Communities Grants

Description: House Bill 00-1427 created the Office of Smart Growth in the Department of Local Affairs. If allocated appropriately, the funds can fill a niche that other grant programs administered by the Department cannot. For example, mineral and energy impact funds and limited gaming funds are both often used for planning, but they are restricted to communities affected by mineral and energy production and limited gaming activities respectively.

Applicants for Colorado Heritage Communities Grants are judged on a number of criteria, including:

- The extent of existing/projected growth-related impacts.
- The extent to which the growth-related problems were regional (multi-jurisdictional) in nature.
- The extent to which the project was multi-objective in nature.
- The extent to which the project was innovative.
- The involvement of private and public partners.
- The amount of funding leveraged by the project.
- The consistency of the project with local/regional plans.
- The overall feasibility of the project.

Request: The Department requests continuation funding of \$200,000 reappropriated funds for FY 2011-12

Recommendation: **Staff recommends that the line item receive an appropriation of \$100,000 cash funds for FY 2011-12.** In FY 2006-07, the General Assembly appropriated \$200,000 General Fund for new grants. The same amount was appropriated for FY 2007-08 and FY 2008-09. However, due to budgetary shortfalls, the FY 2008-09 appropriation was reduced by the Department's supplemental bill (S.B. 09-193) by \$138,000. In FY 2009-10, funding for this line item was eliminated. As a result, the program is now operating on the remaining balance of the Colorado Heritage Communities Fund. The Fund no longer receives reappropriated General Fund moneys from another line item. **Thus, the Colorado Heritage Communities Grants line item should be funded directly from the balance of the Colorado Heritage Communities Fund as a cash fund source.**

(C) Indirect Cost Assessment

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 \$1,033,715 total funds for FY 2011-12.

Recommendation: **Staff recommends an appropriation of \$1,060,491 total funds for this purpose for FY 2011-12.** Of this amount, \$161,959 is cash funds, \$721,137 is reappropriated funds, and \$177,395 is from federal funds. Staff's recommendation is based on the Department's most recent indirect cost rates for FY 11-12 for both Statewide and internal indirect cost assessments.

(5) DIVISION OF EMERGENCY MANAGEMENT

The Division is responsible for the state's comprehensive emergency management program which supports local and State agencies. Activities and services cover the four phases of emergency management: preparedness, prevention, response, and recovery for disasters like flooding, tornadoes, wildfire, hazardous materials incidents, and acts of terrorism.

The Division has four identified operational objectives:

- Increase the number of counties that have a federally approved hazard mitigation plan.
- Identify, mitigate, and measure risk reduction for state high risk hazards (hazards which would threaten public safety beyond the capacity of local governments).
- Improve State level incident response and recovery capability through training exercises based on written plans, procedures, and measured performance standards.
- Improve the delivery of emergency management services to local governments.

Planning and training services to local governments include financial and technical assistance as well as training and exercise support. Services are made available through local emergency managers supported by Division staff assigned to specific areas of the state.

The Division also maintains the State's Multi-Agency Coordination Center / Emergency Operations Center located in Centennial where representatives from other State departments and agencies come together to coordinate the State response to an emergency situation.

Administration

Description: This line funds both personal services and operating expenses for Divisional staff to provide technical assistance activities and services for disasters.

Position	FY 2009-10 Actuals	FY 2010-11 Approp.	FY 2011-12 Request	FY 2011-12 Recomm.
Director	1.0	1.0	1.0	1.0
Support/Clerical	8.1	8.2	8.2	8.2
Preparedness/Disaster Staff	<u>17.7</u>	<u>18.7</u>	<u>18.7</u>	<u>18.7</u>
TOTAL	26.8	27.9	27.9	27.9

Request: The Department requests \$2,596,656 total funds (including \$568,087 General Fund) and 27.9 FTE for the personal services and operating expenses of this line item. The budget request reflects a decrease \$3,172 (including \$3,598 General Fund) related to the State's contribution to PERA.

Recommendation: **Staff recommends \$2,563,531 total funds (including \$559,347 General Fund) and 27.9 FTE for FY 2011-12.** Staff's recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy on vacancy savings base reductions. Staff's recommendation includes \$2,129,633 for personal services and \$433,898 for operating expenses.

Division of Emergency Management, Administration						
Item	Total Funds	GF	CF	RF	FF	FTE
FY 2010-11 Long Bill	\$2,599,828	\$571,685	\$0	\$65,392	\$1,962,751	27.9
Supplemental adjustments (S.B. 11-145)	0	0	0	0	0	0.0
Subtotal: FY 2010-11 Appropriation	\$2,599,828	\$571,685	\$0	\$65,392	1,962,751	27.9
Reinstate FY 10-11 State PERA Contribution	42,382	10,968	0	877	30,537	0.0
1.5 Percent Personal Services Base Reduction	(33,125)	(8,740)	0	(259)	(24,126)	0.0
FY 11-12 State PERA Contribution Reduction	(45,554)	(14,566)	0	(877)	(30,111)	0.0
Recommended FY 2011-12 Appropriation	\$2,563,531	\$559,347	\$0	\$65,133	1,939,051	27.9

Disaster Response and Recovery

Background: Section 24-32-2106, C.R.S., asserts the "policy of the state that funds to meet disaster emergencies shall always be available." This provision indicates that first recourse shall be funds regularly appropriated to state and local agencies. In addition, the Governor may (with the concurrence of the Disaster Emergency Council) make funds available from the Disaster Emergency Fund. This Fund consists of moneys appropriated thereto by the General Assembly; and unexpended moneys remain in the Fund at fiscal year-end. If moneys in the Fund are insufficient, the Governor may (again, with the concurrence of the Council) "transfer and expend moneys appropriated for other purposes".

When the Governor transfers funds in order to reimburse local governments or citizens for costs associated with disasters, or to match federal disaster aid, such transfers generally flow through the Disaster Emergency Fund. The following table details authorized transfers of State moneys to the

Fund in FY 2009-10. All of the transfers have been from funds that were designated by the General Assembly as part of the Taxpayer's Bill of Rights (TABOR) reserve³. Please note that the actual amounts transferred may be lower than the amounts authorized. In addition, transfers to the Fund and expenditures from the Fund often occur in two or more fiscal years.

As is shown in the following table, in FY 2009-10, \$0.2 million was authorized for transfer into the Disaster Emergency Fund by executive order. The balance of the Disaster Emergency fund is \$6,392,380 (as of October 14, 2010).

Authorized Transfers to the Disaster Emergency Fund in FY 2009-10					
Executive Order	Nature of Disaster	Authorized Transfer	Total Expenses	Balance	Funding Source
D 004 10 (3/8/10)	Glenwood Canyon Rock Slide	\$0	\$0	\$0	Federal funds only.
D 005 09 (3/26/09)	Severe Statewide Blizzard	200,000	200,000	0	Disaster Emergency Fund
D 003 09 (1/16/09)	Wildfire Preparedness Plan	672	672	0	Wildfire Preparedness Fund carryover
D 001 07 (11/28/06)	Severe Winter Storm in Southern Colorado and El Paso County	626	626	0	Disaster Emergency Fund; remaining funds
Total		\$201,298	\$201,298	\$0	

Description: This line item reflects expected payments to local responders for their work in reacting to disasters and expected assistance to communities and individuals to help them recover from disasters. The source of reappropriated funds is the state Disaster Emergency Fund, and the federal funds are generally from the Federal Emergency Management Agency. This appropriation is included for informational purposes and for purposes of tracking actual expenditures.

Request: The Department requests a continuation appropriation of \$4,950,000 for FY 2011-12, including \$4.5 million cash funds from the Disaster Emergency Fund and \$450,000 federal funds. The request for funding from the Disaster Emergency Fund is largely just a place-holder since the Department cannot predict when a disaster will occur.

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

In addition, staff believes it is important for the Joint Budget Committee to be apprised of transfers authorized by the Governor, as well as actual transfers and expenditures. **Staff recommends that the Committee continue a written request for information requesting an annual summary**

³ Moneys in the State's TABOR reserve may only be used for declared emergencies; "emergency" *excludes* economic conditions or revenue shortfalls.

related to the Disaster Emergency Fund, including the amount of State funds actually transferred into the Fund and the expenditure of such moneys:

N Governor - Lieutenant Governor - State Planning and Budgeting, Office of State Planning and Budgeting; and Department of Local Affairs, Division of Emergency Management, Disaster Response and Recovery -- The Division of Emergency Management is requested to work with the Office of State Planning and Budgeting and provide a report to the Joint Budget Committee by November 1, 2011, concerning revenues credited to and expenditures made from the Disaster Emergency Fund in fiscal years 2010-11 and 2011-12 year to date. The report is requested to include the following: (a) amounts authorized to be transferred to the Disaster Emergency Fund, by Executive Order and fund source; (b) amounts actually transferred to the Fund, by date and fund source; and (c) actual expenditures from the Fund, by date and declared disaster emergency.

Preparedness Grants and Training

Description: This line item reflects federal grants received by the Department for equipment, prevention efforts, and training to better prepare the state to respond to disasters. The line item also includes a small amount of cash funds from registration fees paid by participants for conferences and other events sponsored by the Division. The majority of federal funds are from the Homeland Security Grant program, although the line item also includes spending authority for miscellaneous other federal grant programs.

Request: The Department requests continuation of total funds \$12,010,988 total funds, including \$10,988 cash funds from fees paid for emergency training programs.

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

Indirect Cost Assessment

Description: The line item includes the amount of indirect cost assessments made against reappropriated and federal funding sources within this division. State fund sources include 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 continuation funding of \$220,183 totals funds FY 2011-12.

Recommendation: **Staff recommends an appropriation of \$332,798 total funds for this purpose for FY 2011-12.** Of this amount, \$324,722 is from federal funds and \$8,076 is from reappropriated funds from the Local Government Mineral Impact Fund and the Local Government Severance Tax Fund. Staff's recommendation is based on the Department's most recent indirect cost rates for FY 11-12 for both Statewide and internal indirect cost assessments.

**FY 2011-12 FIGURE SETTING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:**

DEPARTMENT OF LOCAL AFFAIRS

**APPENDIX A: PROPOSED CASH FUND TRANSFER, LOCAL GOVERNMENT
SEVERANCE TAX FUND**

Background

The Local Government Severance Tax Fund receives 50.0 percent of total gross receipts realized from the severance taxes imposed on extracted minerals and mineral fuels. The moneys deposited in the Fund provide direct distribution and grant opportunities for county and municipal governments, as well as qualifying political subdivisions, to compensate the entities for the loss of property tax revenue resulting from the deduction of severance taxes paid in the determination of the valuation for assessment of producing mines. Seventy percent of the moneys deposited in the Fund are distributed as grants and loans by the Department and thirty percent are directly distributed by formula to impacted localities, pursuant to Section 39-29-110 (1) (a), C.R.S.

Department Request

The Governor and the Department of Local Affairs (DOLA) request that \$27.0 million be transferred from the Local Government Severance Tax Fund to the General Fund in FY 2011-12 for State budget balancing purposes.

Legislative Council Local Government Severance Tax Fund Forecast

The Local Government Severance Tax Fund is slated to receive \$96.6 million in severance tax revenue in FY 2011-12, according to the Legislative Council Staff's Economic and Revenue Forecast, dated December 20, 2010.

Staff Recommendation

The General Assembly transferred \$27.5 million from the Fund to the General Fund in FY 2008-09, \$50.3 million from the Fund to the General Fund in FY 2009-10, and the Committee is sponsoring legislation to transfer an additional \$60.0 million from the Fund to the General Fund in FY 2010-11. An additional \$10.0 million was transferred from the Fund to the General Fund in FY 2010-11 pursuant to H.B. 10-1388 (Ferrandino/Tapia). Staff recognizes the difficult budgetary arena in which local governments are currently operating and that the absence of DOLA sponsored grants and loans from the Fund further burdens local governments in their own budget balancing efforts. For this reason, **staff recommends the Committee take no action on this transfer proposal until after the March 2011 revenue forecast.**

**FY 2011-12 FIGURE SETTING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:**

DEPARTMENT OF LOCAL AFFAIRS

**APPENDIX B: PROPOSED CASH FUND TRANSFER, LOCAL GOVERNMENT
MINERAL IMPACT FUND**

Background

The Local Government Mineral Impact Fund provides direct distribution and grant opportunities for counties, municipalities, and school districts impacted by mineral development on federal lands. The Fund consists of 41.7 percent of "non-bonus" revenues (i.e., rents, royalties, and earnings) the State receives from the federal government. Of the total amount of non-bonus revenues received by the Fund, 48.0 percent are directly distributed by formula to impacted counties and municipalities, 48.0 percent are distributed as grants by DOLA, and 4.0 percent are distributed by formula to state school districts.

Department Request

The Governor and the Department of Local Affairs (DOLA) request that \$15.0 million be transferred from the Local Government Mineral Impact Fund to the General Fund in FY 2011-12 for State budget balancing purposes.

Legislative Council Local Government Mineral Impact Fund Forecast

The Local Government Mineral Impact Fund is slated to receive \$60.7 million in federal mineral lease revenue in FY 2011-12, according to the Legislative Council Staff's Economic and Revenue Forecast, dated December 20, 2010.

Staff Recommendation

During the 2009 legislative session, S.B. 09-279 (Tapia/Pommer), transferred \$1.0 million from the Local Government Mineral Impact Fund to the General Fund for FY 2008-09 budget balancing purposes and \$22.6 million from the Fund to the General Fund for FY 2009-10 budget balancing purposes. The Committee is currently sponsoring legislation to transfer \$15.0 million from the Fund to the General Fund in FY 2010-11. Staff recognizes the difficult budgetary arena in which local governments are currently operating and that the absence of DOLA sponsored grants from the Fund further burdens local governments in their own budget balancing efforts. For this reason, **staff recommends the Committee take no action on this transfer proposal until after the March 2011 revenue forecast.**

**FY 2011-12 FIGURE SETTING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE:**

DEPARTMENT OF LOCAL AFFAIRS

APPENDIX C: INDIRECT COST ASSESSMENTS

Indirect Cost Assesment Recommendations for FY 2011-12			
Decription	Total Funds	Cash Fund Sources	Federal Fund Sources
<i>Indirect Cost Assessments:</i>			
Division of Property Taxation	<u>\$263,636</u>	<u>\$263,636</u>	<u>\$0</u>
Exemptions	136,979	136,979	0
State severance tax revenues	84,438	84,438	0
Federal mineral lease revenues	42,219	42,219	0
Division of Housing	<u>250,170</u>	<u>95,668</u>	<u>154,502</u>
HUD Programs	154,502	0	154,502
Manufactured Buildings Program	56,195	56,195	0
State severance tax revenues	26,315	26,315	0
Federal mineral lease revenues	13,158	13,158	0
Division of Local Governments	<u>1,060,491</u>	<u>883,096</u>	<u>177,395</u>
State severance tax revenues	480,758	480,758	0
Federal mineral lease revenues	240,379	240,379	0
Community Development Block Grant	116,710	0	116,710
Community Services Block Grant	60,685	0	60,685
Local Utility Management	46,103	46,103	0
Conservation Trust Fund	55,142	55,142	0
Gaming revenues	31,965	31,965	0
Search and Rescue fees	28,749	28,749	0
Division of Emergency Management	<u>332,798</u>	<u>8,076</u>	<u>324,722</u>
Various federal grants	324,722	0	324,722
State severance tax revenues	5,384	5,384	0
Federal mineral lease revenues	2,692	2,692	0
Total Indirect Cost Assessments	<u>\$1,907,095</u>	<u>\$1,250,476</u>	<u>\$656,619</u>