

DEPARTMENT OF LOCAL AFFAIRS
JBC Budget Hearing

Monday, December 18, 2006
3:00 - 5:00

3:00 - 3:15 **Introductions/Opening Comments**

Brian Vogt, Executive Director

Barb Kirkmeyer, Director of Division of Local Government

George Epp, Director of Division of Emergency Management

Kathi Williams, Director of Division of Housing

Mathew Blackmon, Budget Director

3:15 - 3:45 Performance Measures

1. How do your performance measures influence department activities and budgeting?
2. To what extent do the performance outcomes reflect appropriation levels?
3. To what extent do you believe that appropriation levels in your budget could or should be tied to specific performance measure outcomes?
4. As a department director, how do you judge your department's performance? What key measures and targets do you use?

3:45 - 3:30 Implementing Legislation Concerning Illegal Immigration: H.B. 06S-1023 and H.B. 06S-1009

5. Provide a list of programs in your department that are subject to the provisions of the two bills.
6. How has your department implemented the provisions of the two bills? What problems have been encountered in implementing them?
7. Provide an estimate of the costs your department will incur in FY 2006-07 to implement the bills. Are any additional costs anticipated in FY 2007-08? If so, please elaborate.
8. Provide a summary of anticipated savings in FY 2006-07 in your department as a result of not providing services to individuals who are in the country illegally. Are any additional savings anticipated in FY 2007-08? If so, please elaborate.

3:30 - 3:35 Proposal to Eliminate "Cash Funds Exempt" in the Long Bill

9. **Background.** Joint Budget Committee staff has proposed eliminating the current "Cash Funds Exempt" column in the Long Bill and replacing it with a new column entitled "Transfers" effective with the **FY 2008-09 Long Bill**. The Joint Budget Committee has not formally voted on this issue. For details of the proposed change, please read the Joint Budget Committee staff memo from November 15, 2006, entitled "Proposed Long Bill Format Change." To help departments understand the new format, our staff has prepared an example of the Department of Revenue FY 2006-07 Long Bill in the proposed new format. This memo, and the example from the Department of Revenue, can be downloaded from the JBC web page at the following Internet address:

http://www.state.co.us/gov_dir/leg_dir/jbc/PLBFC11-15-06.pdf

Question. Please provide the Joint Budget Committee with a summary of any potential concerns that your department may have regarding the proposed change to the Long Bill format. Please highlight potential issues such as: implementation challenges, workload issues, and other related concerns.

3:35 - 4:00 Mineral and Energy Impact Grant Program

10. Why does the Department's budget request project a \$40 million decrease in severance tax revenues between FY 2005-06 and FY 2006-07 (Schedule 11, Section 2, Page 18)? What is the Department's projection of severance tax revenues for the next few years?
11. Please provide some historic perspective on why the state severance tax was developed and the logic behind its relationship to local property and sales taxes. What major changes have been made to the severance tax and its distribution since the beginning of the program?
12. The Department did not include performance data for the mineral and energy impact program among its key performance measures. How should the performance of this program be measured? What performance data can the Department report about the program?
13. Please provide a version of the Department's flow chart illustrating the distribution of federal mineral lease revenues that includes the actual dollars distributed in 2005 through each step of the process. (Also, please adjust the flow chart to refer to the State Public School Fund to reduce potential confusion, since there are several similarly named funds that support K-12 education.)
14. When does the Department project that Colorado will begin receiving federal mineral lease revenues from oil shale? Where will these revenues be deposited and how will

they be distributed? Will all of them be deposited in the special fund subject to legislative appropriation pursuant to Section 34-63-104, C.R.S.?

15. Please describe how the recent increases in gas and oil activity are impacting local government infrastructure and service needs. Please estimate and describe the most urgent funding needs over the next few years and compare these to the projected available funds from severance taxes, federal mineral lease revenues, and local property taxes.

4:00 - 4:25 Disaster Preparedness

16. Please provide a table with expenditures from the Disaster Emergency Fund over the last 8 years, the current balance in the fund, and estimated expenditures for any incidents that are still open.
17. Should the state assume that funding will be necessary every year for the emergency response and recovery from wildfires, and therefore should the state provide an on-going appropriation for this purpose? Why has the Emergency Fire Fund created by the local governments been insufficient to respond to wildfires? What is the appropriate balance between state and local government funding for the response and recovery from wildfires?
18. Please describe the history, funding, and purpose of the Wildfire Emergency Response Fund and the Wildfire Preparedness Fund. How do these relate to the question of whether an on-going appropriation is needed for the emergency response and recovery from wildfires.
19. Why has federal funding for disaster preparedness grants decreased? Has the state achieved a reasonable level of preparedness for disasters with the grant funds provided to date? What are the most urgent remaining issues that need to be addressed with future funding? Are the projected federal funds sufficient to address these urgent outstanding issues?
20. Please provide the report requested in footnote 95a on the Department's progress toward addressing the concerns raised in the federal Homeland Security monitoring report.
21. One of the Division of Emergency Management's performance goals is to provide assistance to 12 additional jurisdictions in implementing and maintaining local emergency operations plans. Why has the Department failed to meet this goal the last few years and what are the consequences?

4:25 - 4:45 Housing and Community Development

22. Why does the Department's budget request project a decrease in federal Community Development Block Grant funding? How will this decrease impact the effectiveness of the program?
23. Please provide a general update on the Department's housing programs, including an assessment of the need for housing funds, performance information, and the incremental cost to improve the program. To what extent is the Department using mineral and energy impact funds to support affordable housing projects, and what is the potential for the Department to increase funding for affordable housing from this source?
24. Please provide the specific report requested in footnote 95 on the Department's efforts to reduce regulatory barriers to the development of affordable housing.
25. Why has the percentage of housing grant projects with monitoring findings increased? What is the nature of these findings? Is the Department adequately funded to provide technical assistance to local governments in preparing and implementing housing plans so that the local governments don't receive monitoring findings?
26. One of the Department's performance measures is the percent of local jurisdictions participating in the manufactured housing installation program. Please explain this measure. What does it mean to "participate" in the program?

4:45 - 5:00 General Issues

27. The Department describes it's number one performance goal as:

Ensure equity for taxpayers and compliance with constitutional and statutory revenue limitations and budgetary practices of local governments in Colorado.

The JBC staff has suggested that this goal should be expanded to include encouraging best budgetary practices by local governments, with performance measures that track the quality of local government budget procedures and the financial health of local governments as indicators of whether the Department's outreach and education efforts are successfully promoting better fiscal management. Please comment on the staff recommendation.

28. Please provide a map showing the office locations of the FTE employed by the Department.
29. How many companies in Colorado are recycling waste tires? What are the companies, and where are they located?

30. Please coordinate with the Department of Higher Education to provide a report on the Advanced Technology Grants detailing which higher education institutions and private entities have received funding, how much they have received, and for what specific research projects. Please include performance information on the outcomes of the funding.