

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2011-12 STAFF BUDGET BRIEFING

**DEPARTMENT OF MILITARY
AND VETERANS AFFAIRS**

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

**Prepared By:
David Meng, JBC Staff
December 2, 2010**

For Further Information Contact:

Joint Budget Committee Staff
200 E. 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061
TDD: (303) 866-3472

**FY 2011-12 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

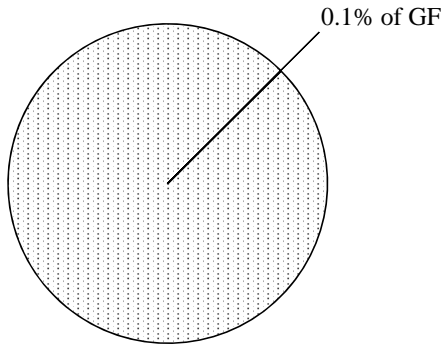
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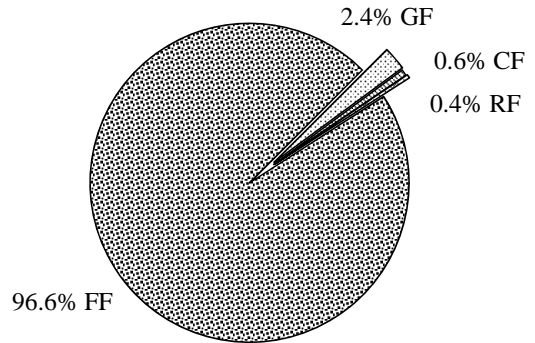
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Military and Veterans Affairs**

GRAPHIC OVERVIEW

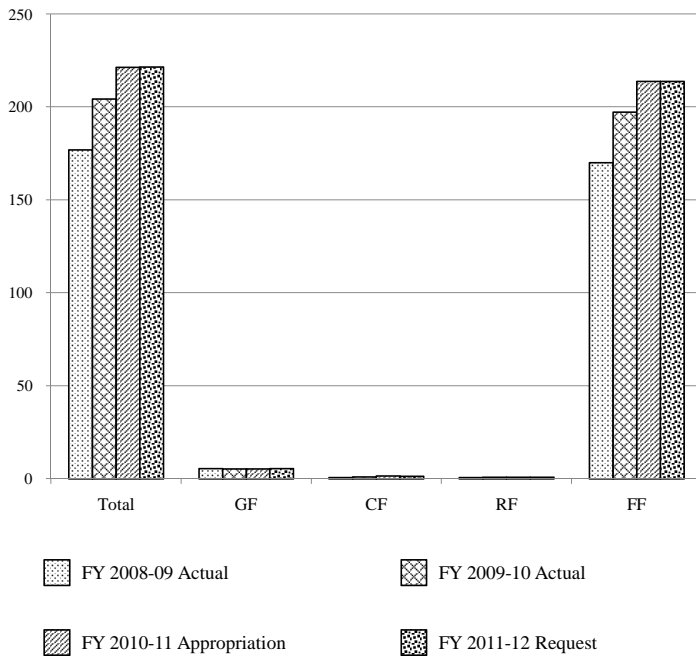
Department's Share of Statewide General Fund



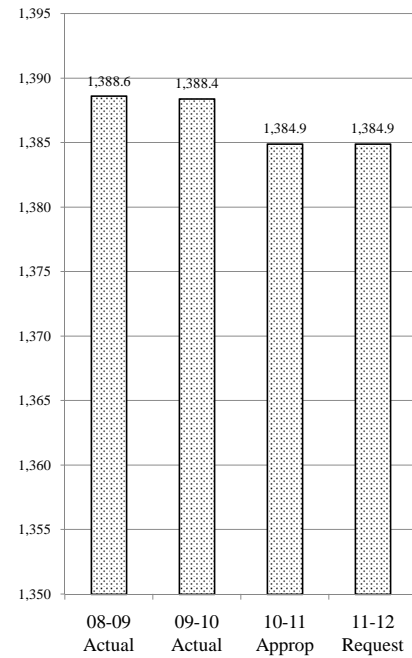
Department Funding Sources



**Budget History
(Millions of Dollars)**

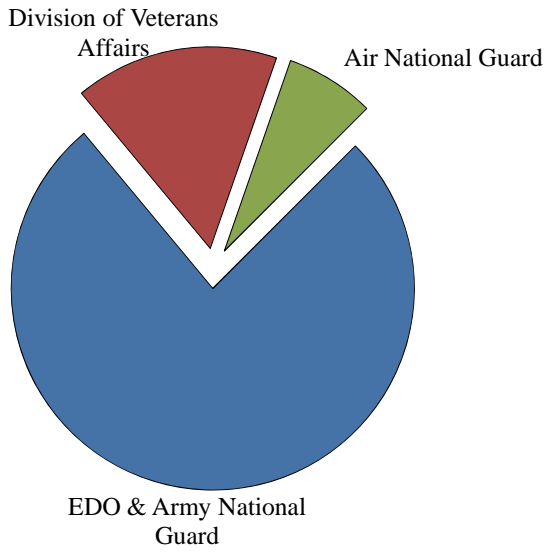


FTE History

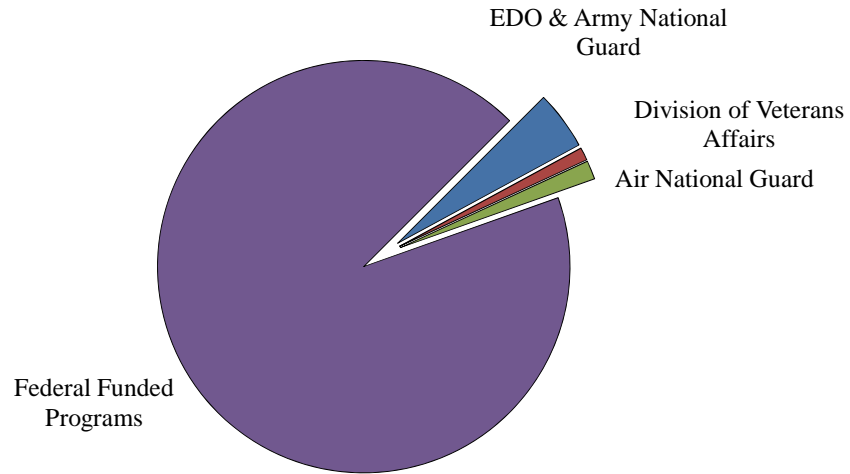


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

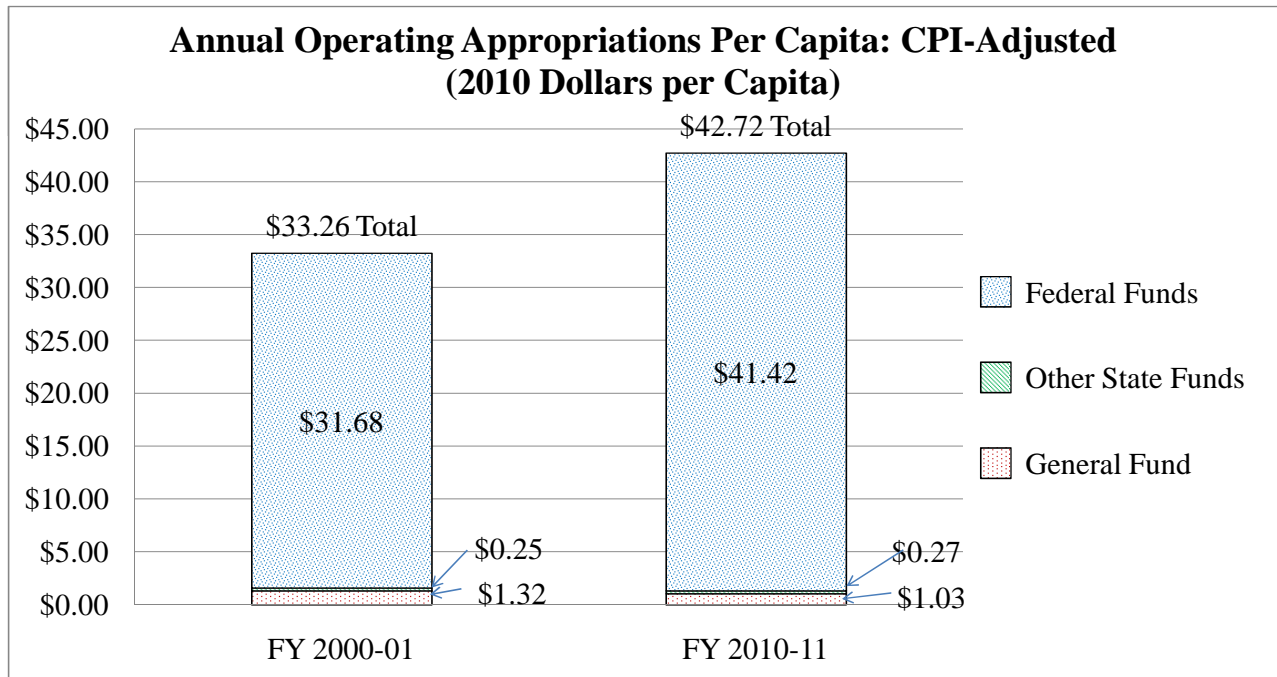
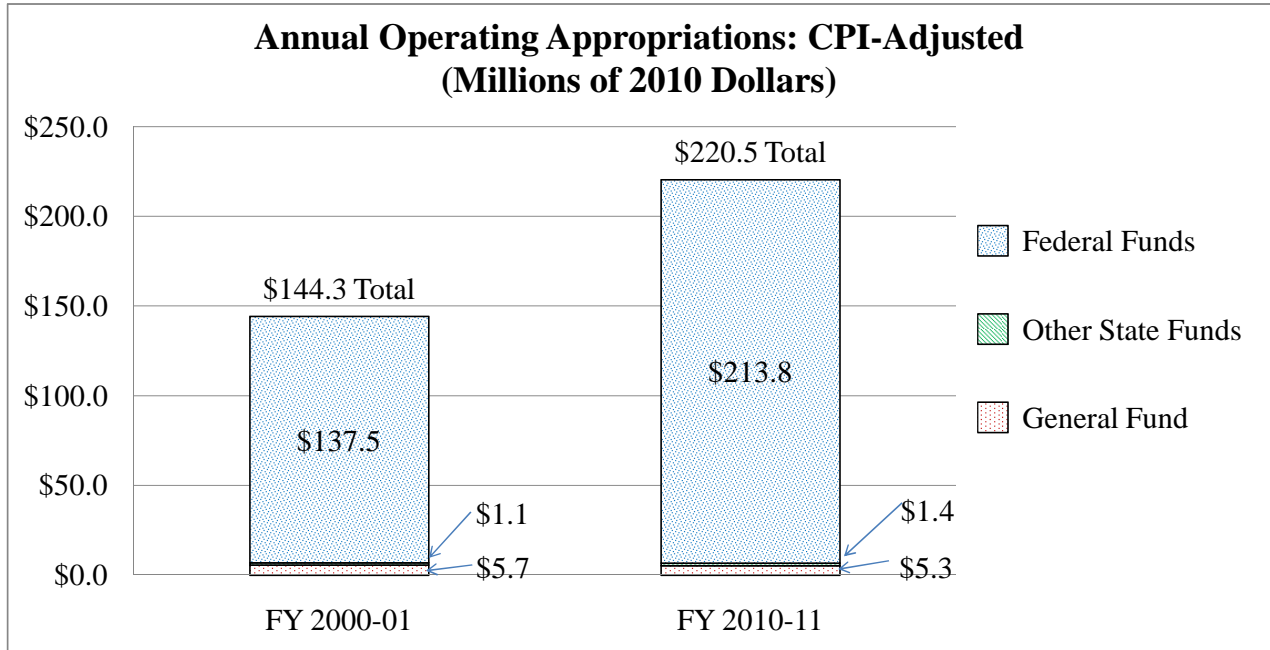
Distribution of General Fund by Division



Distribution of Total Funds by Division



**FY 2011-12 Joint Budget Committee Staff Budget Briefing
 Department of Military and Veterans Affairs
 COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS**



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, these excluded amounts primarily reflect transfers from the Department of Higher Education for tuition grants to National Guard members.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Military and Veterans Affairs**

DEPARTMENT OVERVIEW

Key Responsibilities

- ▶ Provide trained and ready military forces for the U.S. active armed services.
- ▶ Provide trained and ready military units for the preservation of life and property during natural disasters and civil emergencies in Colorado.
- ▶ Provide support for federal and state homeland security missions.
- ▶ Maintain equipment and facilities for the state's military forces.
- ▶ Provide for safekeeping of the public arms, military records, relics and banners of the state.
- ▶ Assist veterans and National Guard members with claims for federal and state benefits.
- ▶ Maintain the Western Slope Military Veterans Memorial Cemetery.
- ▶ Provide support for and facilitate the operation of the Civil Air Patrol, Colorado Wing.
- ▶ Assist in fighting the spread of drug trafficking.

Factors Driving the Budget

The primary budget driver is the "federal force structure," or number of Guard personnel authorized by the U.S. National Guard Bureau, plus the state's ability to fill the force structure, which together determine the amount of federal funds flowing into and through the Department. **The majority of funds coming from the federal government do not flow through the state's accounting systems and therefore are shown for informational purposes only in the Long Bill.** The federal government pays for the training and operations of National Guard units. The State is responsible for paying the costs of activating the Guard for State operations as well as some utilities and maintenance expenses.

The current strength of the two Guard components is 5,495, an increase of 221 from 2009. Of that number, the Army National Guard has 4,024 members and the Air National Guard has 1,471 members. Current authorized strength is 5,487, with the Army Guard at 4,016 and the Air Guard at 1,537.

The Air National Guard has seen its responsibilities increase since the attacks of September 11, 2001 with the requirement to keep fighter aircraft on alert for homeland security. The Air National Guard has also been deployed to assist in the Global War on Terror in Afghanistan and Iraq, as well as assignments in the Balkans and counter-terrorism or counter-narcotics operations.

Under federal rules, when National Guard units are activated for federal service, those costs come from the Army or Air Force and are not shown in the Long Bill. While the costs of these activations are not shown in the Long Bill, the increased tempo and level of deployments strain family and employer relations and add to the hardships associated with military service. Among those effects is increased use of the veterans assistance services of the Department. Table 1 shows the number of National Guard members activated since September 2001.

Table 1 Colorado National Guard Deployments since September 2001			
Year	Army National Guard	Air National Guard	Total
2001-02	353	1,010	1,363
2002-03	1,076	569	1,645
2003-04	1,077	569	1,646
2004-05	302	338	640
2005-06	504	160	664
2006-07	850	272	1,122
2007-08	1,150	243	1,393
2008-09	600	450	1,050
2009-10	529	230	759
2010-11 (as of 11/1/2010)	612	500	1,112

Source: Department of Military and Veterans Affairs

More than 95 percent of Department's budget is funded by the federal government, primarily for training and operations of the national guard units. The federal government also provides most of the funding for the construction of armories and other military buildings. The State is responsible for all maintenance and utilities costs at armories located on state land, and 20 to 25 percent of those costs for facilities on federal lands. In addition, when Guard units are activated for state missions, the state must pay the costs of those units during state deployments.

Armory maintenance contributes to readiness to perform federal and state missions by providing safe, modern, well-maintained facilities for training and mobilization. Poorly maintained facilities have a negative impact on recruitment and retention. The high operations tempo of National Guard units together with the age of National Guard facilities (on average, more than 40 years old) has increased the need for facilities maintenance. In 2008, the General Assembly addressed this issue

by increasing the Department's base for armory maintenance by \$254,419. However, the Governor's recommended budget reductions presented in August 2009 cut this line by \$277,199 for both FY 2009-10 and FY 2010-11.

Executive Director and Army National Guard

The Executive Director's Office is responsible for overall management of the Department. The Executive Director is both the civilian head of the Department and the Adjutant General in charge of the State's military forces. Because of the federal funding for the department, the department has four human resource offices, three accounting operations, two purchasing/contracting operations, three budgeting operations, and three separate information technology systems.

The Department supports the Colorado Wing of the Civil Air Patrol (CAP). The CAP is a federally-chartered nonprofit corporation, created in Title 10 of the U.S. Code (10 U.S.C. 9441) as an auxiliary of the U.S. Air Force. Its statutory purposes include encouraging citizens to contribute to developing aviation and maintaining air supremacy; providing aviation education and training; and fostering civil aviation in local communities. The Colorado Wing consists of almost 2,000 volunteers and has 15 aircraft located around the state. The Department supports the wing by providing 1.0 FTE and part of the minor aircraft maintenance and operating expenses. The bulk of the funding for operations and maintenance comes from the Civil Air Patrol's national organization.

Colorado Army and Air National Guard

The National Guard is both a state and federal military force with two components, the Army National Guard and the Air National Guard. It is Colorado's state militia, under the Governor as commander-in-chief, and also serves as a supplement to regular U.S. military forces when called into the service of the United States.

The Executive Director of the Department also serves as the Adjutant General of the Colorado National Guard. Due to the requirements of the Federal Government, the Department has four Human Resource Offices, three accounting operations, two purchasing/contracting operations, three budgeting operations, and three separate IT systems. Each operation has a state office that handles functions for the state, and two or three different programs for the federal side of the Department.

The National Guard was recently awarded a new infantry battalion consisting of 800 national guard members, which requires the construction of five new armories to house the battalion. The State's share of the constructions is estimated at \$20 million, which will bring in \$63 million in federal construction dollars. This is discussed further as a briefing issue later in this document. Even as these facilities are constructed to modern energy efficiency and "green" standards, the new facilities will require increases in utilities expenses and maintenance.

The status of the readiness centers, as of November 1, 2010, are as follows:

- Fort Lupton - Construction is approximately 75 percent complete.
- Grand Junction - Construction has begun.
- North Colorado Springs - Site is on Air Force Academy land, construction to begin in summer 2011.

- Windsor - Final state of negotiation to purchase site.
- Alamosa - In negotiations to purchase a site.

Division of Veterans Affairs

The Division of Veterans Affairs serves veterans by representing them in federal benefits claims, by providing information to county veterans service officers, administering, through the State Board of Veterans' Affairs, and by maintaining the Western Slope Military Veterans Cemetery in Grand Junction. The Division's five Veterans Service Officers represent veterans, under powers of attorney, in claims to the U.S. Veterans Administration and in proceeding before the U.S. Board of Veterans Appeals. The Division takes all claims, whether or not the staff believes they are meritorious.

The primary budget driver is the number of veterans who need assistance with federal benefits claims. The number of new claims has risen in recent years, from 1,273 in 2000 to 5,406 in FY 2008-09. According to the U.S. Department of Veterans Affairs, there are over 420,000 veterans residing in Colorado.

Section 28-5-801, C.R.S., requires each county to establish a Veterans Service Office and appoint one or more County Veterans Service Officer (CVSO) for the county. Counties may act jointly in establishing the offices and appointing officers. The state reimburses the counties for part of those costs, based on whether the CVSO's were full or part-time. Counties with full-time Officers are reimbursed at a rate of \$200 per month, while counties with part-time Officers are reimbursed at a rate of \$100 per month. The budget for this line was \$88,800, while county expenditures in support of the CVSO's exceed \$1 million annually.

In order to raise the level of reimbursement closer to the actual costs incurred by the counties, the General Assembly in 2008 approved a pilot program in five counties (Arapahoe, Denver, El Paso, Jefferson, and Mesa) to increase the reimbursement, based on the use of the additional funds to increase the effort of the CVSO's to register veterans. To qualify to receive the increased reimbursement, the counties have to show increased registration of veterans in those counties. An additional \$124,354 General Fund was appropriated for implementation of this program in FY 2008-09. Due to the General Fund revenue shortfall, the appropriation was reduced by \$45,000 for FY 2008-09, and a permanent budget reduction of \$22,500 was implemented for FY 2009-10.

The State Board of Veterans Affairs advises the Division on veterans issues and administers the Colorado State Veterans Trust Fund. The Trust Fund receives one percent of the proceeds, up to \$1 million, from the Tobacco Master Settlement Agreement. Pursuant to Section 28-5-709 (1) (b), C.R.S., the trust fund may be used for:

- Capital improvements and amenities for state veterans nursing homes.
- Costs for the legislative oversight committee and the nursing home commission.
- Costs of state veterans cemeteries.
- Costs of the Division of Veterans Affairs.

- Veterans programs operated by non-profit veterans organizations.
- Construction projects to build National Guard armories at Alamosa, Grand Junction, and Windsor (repealed effective July 1, 2012).

In the 2009 session, the General Assembly passed H.B. 09-1329, which changed the amount of moneys transferred to the Trust Fund that are available for appropriation. For FY 2008-09 and after, 90 percent of the transfer of moneys to the fund may be appropriated, along with any accumulated interest. The remaining 10 percent of the transfer must be retained in the Trust Fund. The majority of funding from the Trust Fund provides funding for veterans organizations the provide services to veterans around the state.

The Western Slope Military Veterans Cemetery opened in July 2002, and currently has 1,904 interments. Under the terms of the federal grant to build the cemetery, the state must operate the cemetery for 20 years or repay the cost of construction. Funding for the Cemetery comes from the General Fund, the Western Slope Military Veterans' Cemetery Fund, and from interment fees from the U.S. Department of Veterans Affairs.

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Department of Department of Military and Veterans Affairs**

DECISION ITEM PRIORITY LIST

Decision Item	GF	CF	RF	FF	Total	FTE
NP-1 2 percent personal services reduction Executive Director and Army National Guard, Division of Veterans Affairs, and Air National Guard Divisions. Statewide decision item.	(\$55,369)	\$0	\$0	\$0	(\$55,369)	0.0
NP-2 Statewide PERA Adjustment Executive Director and Army National Guard, Division of Veterans Affairs, and Air National Guard Divisions. Statewide decision item.	(\$56,497)	(\$1,824)	\$0	(\$106,096)	(\$164,417)	0.0
NP-3 Pro-rated benefits Executive Director and Army National Guard Division. Statewide decision item.	(\$2,410)	\$0	\$0	\$0	(\$2,410)	0.0
NP-4 Annual fleet vehicle replacement Executive Director and Army National Guard Division. Statewide decision item.	(\$8,898)	\$0	\$0	\$0	(\$8,898)	0.0
NP-5 Printing of statewide warrants and mainframe documents. Executive Director and Army National Guard Division. Statewide decision item.	\$1,292	\$0	\$0	\$3,875	\$5,167	0.0
Total	(\$121,882)	(\$1,824)	\$0	(\$102,221)	(\$225,927)	0.0

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OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	5.3	1.3	0.8	214.0	\$221.4	1,384.9
FY 2011-12 Request	5.5	1.3	0.8	213.9	221.5	1,384.9
Increase / (Decrease)	\$0.1	\$0.0	\$0.0	(\$0.1)	\$0.0	0.0
Percentage Change	2.8%	(0.1)%	0.0%	0.0%	0.0%	0.0%

The following tables highlight the individual changes contained in the Department's FY 2011-12 budget request, as compared with the FY 2010-11 appropriation. For additional detail, see the Numbers pages in Appendix A.

**Requested Changes, FY 2010-11 Appropriation to FY 2011-12 Request
Department Overview - All Divisions**

Category	GF	CF	RF	FF	Total	FTE
Employee Benefits (Total Compensation)	\$33,262	\$17,253	\$0	\$110,826	\$161,341	0.0
Restore FY 2010-11 2.5% PERA contribution shift (S.B. 10-146)	55,061	2,247	0	94,675	151,983	0.0
Information technology statewide adjustments	76,981	0	0	49,142	126,123	0.0
Risk Management and Property Funds statewide adjustment	115,192	0	0	0	115,192	0.0
Extension of PERA contribution adjustment	(56,497)	(1,824)	0	(106,096)	(164,417)	0.0
Estimated changes in Colorado State Veterans Trust Fund expenditures	0	(79,585)	0	0	(79,585)	0.0
Statewide 2 percent personal service reduction	(55,369)	0	0	0	(55,369)	0.0
Other minor changes	(19,978)	0	0	10,061	(9,917)	0.0
Total requested changes	\$148,652	(\$61,909)	\$0	\$158,608	\$245,351	0.0

**Requested Changes, FY 2010-11 Appropriation to FY 2011-12 Request
Overview by Division**

Category	GF	CF	RF	FF	Total	FTE
Executive Director and Army National Guard						
Employee Benefits ¹ (total compensation)	\$33,262	\$17,253	\$0	\$110,826	\$161,341	0.0
Risk Management and Property Funds statewide adjustment	115,192	0	0	0	115,192	0.0
Information technology statewide common policy adjustments	76,981	0	0	49,142	126,123	
Restore FY 2010-11 2.5% PERA contribution shift ²	39,075	0	0	49,142	88,217	0.0
Printing of statewide warrants and mainframe documents	1,292	0	0	3,875	5,167	0.0
Extension of PERA contribution adjustment	(42,134)	0	0	(61,273)	(103,407)	0.0
Statewide 2 percent personal service reduction	(37,531)	0	0	0	(37,531)	0.0
Statewide annual fleet vehicle replacement	(8,898)	0	0	0	(8,898)	0.0
Capitol Complex statewide common policy adjustment	(9,962)	0	0	6,186	(3,776)	0.0
Pro-rated benefits statewide common policy decision item	<u>(2,410)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,410)</u>	<u>0.0</u>
Subtotal	\$164,867	\$17,253	\$0	\$157,898	\$340,018	0.0
Division of Veterans Affairs						
Restore FY 2010-11 2.5% PERA contribution shift	\$12,680	\$2,247	\$0	\$0	\$14,927	0.0
Estimated changes in Colorado State Veterans' Trust Fund	0	(79,585)	0	0	(79,585)	0.0
Statewide PERA Contribution adjustment	(11,082)	(1,824)	0	0	(12,906)	0.0

¹ Includes estimated changes to the following employee benefits: health, life, and dental, short-term disability, PERA amortization equalization disbursement (AED) and supplemental AED, shift differential, and workers' compensation.

²Includes adjustment for the PERA contribution shift for the OIT consolidation.

Category	GF	CF	RF	FF	Total	FTE
Statewide 2 percent personal service reduction	<u>(12,841)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(12,841)</u>	<u>0.0</u>
Subtotal	(\$11,243)	(\$79,162)	\$0	\$0	(\$90,405)	0.0
Air National Guard						
Restore FY 2010-11 2.5% PERA contribution shift	\$3,306	\$0	\$0	\$45,533	\$48,839	0.0
Statewide PERA Contribution adjustment	(3,281)	0	0	(44,823)	(48,104)	0.0
Statewide 2 percent personal service reduction	<u>(4,997)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,997)</u>	<u>0.0</u>
Subtotal	(\$4,972)	\$0	\$0	\$710	(\$4,262)	0.0
Federal Funded Programs						
No changes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Subtotal	\$0	\$0	\$0	\$0	\$0	0.0
Total Change	\$148,652	(\$61,909)	\$0	\$158,608	\$245,351	0.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Military and Veterans Affairs**

BRIEFING ISSUE

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Military and Veterans Affairs have increased since FY 2007-08 primarily due to an increase in federal funds for National Guard salaries, operating expenses, and military construction, an increase in cash funds due, and an increase in reappropriated funds. Since the most recent economic downturn started in 2008, the General Assembly has taken several actions to reduce General Fund expenditures in this department. As a result, the General Fund appropriation to the Department of Military and Veterans Affairs decreased by \$210,385 (3.8 percent) from FY 2007-08 to FY 2010-11.

SUMMARY:

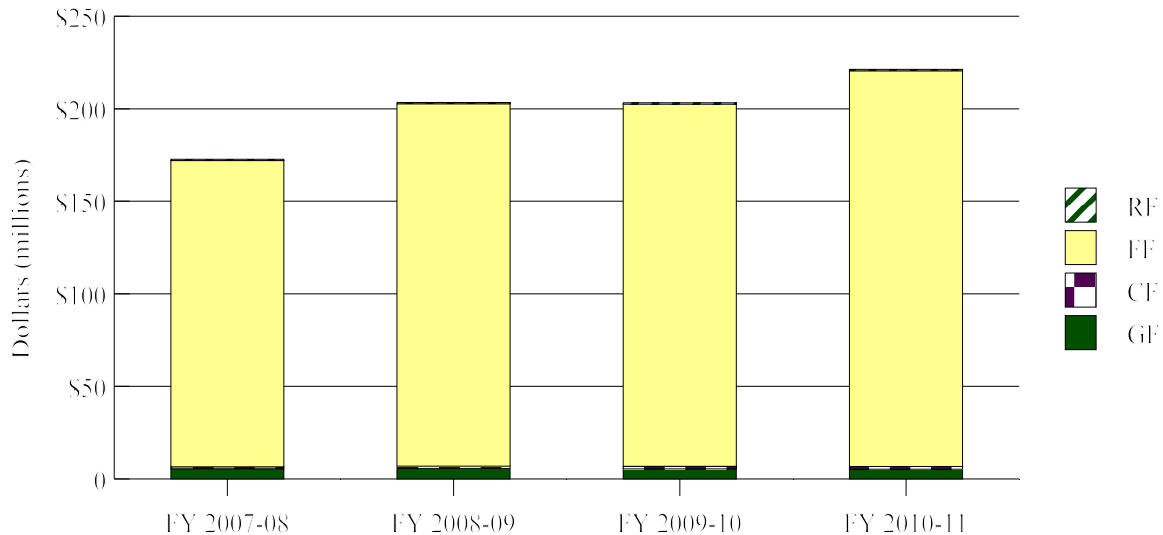
- ❑ The General Assembly reduced operating expenses related to maintenance and repair by deferring non-essential repairs and prioritizing repairs that affect life, health and safety. This action reduced General Fund expenses by \$347,000 General Fund in FY 2009-10 and by \$358,000 General Fund in FY 2010-11.
- ❑ The General Assembly reduced personal services by \$102,009 (including \$28,402 General Fund) in FY 2008-09 by implementing a hiring freeze, by \$105,441 (including \$33,998 General Fund) in FY 2009-10 by furloughing employees, and by \$155,057 (including \$58,135 General Fund) in FY 2010-11 with the Public Employees Retirement Association contribution shift.
- ❑ The General Assembly refinanced \$50,000 General Fund with cash funds from the Colorado State Veterans Trust Fund for Veterans Service Operations, saving General Fund in both FY 2009-10 and FY 2010-11.

DISCUSSION:

From FY 2007-08 to FY 2010-11, total appropriations to the Department of Military and Veterans Affairs increased by approximately 28.2 percent (\$48.6 million). Most of this increase was provided through an increase in federal funds of \$48.3 million. Total State funding increased by \$302,000, with a General Fund decrease of \$210,000 offset by an increase in cash funds of \$363,000 and an increase in reappropriated funds of \$150,000. The increase in total funding was primarily the result of the federal funding increase for National Guard personnel, operations, and construction.

Appropriations to the Department of Military and Veterans Affairs for FY 2007-08 through FY 2010-11 are illustrated in the bar chart and detailed in the table on the next page.

Department Appropriations FY 2007-08 to FY 2010-11



Department of Military and Veterans Affairs Appropriations FY 2007-08 to FY 2010-11					
	Total Funds	General Fund	Cash Funds	Federal Funds	Reappropriated Funds
FY 2007-08 /a	\$172,664,889	\$5,530,793	\$1,046,280	\$165,434,307	\$653,509
FY 2008-09	203,354,874	5,685,713	1,308,889	195,706,763	653,509
FY 2009-10	203,227,824	5,407,887	1,407,940	195,608,488	803,509
FY 2010-11	221,291,692	5,320,408	1,408,881	213,758,894	803,509
Increase/(Decrease.) /b	\$48,626,803	(\$210,385)	\$362,601	\$48,324,587	\$150,000
Percent Change /b	28.2%	(3.8)%	34.7%	29.2%	23.0%

a/ FY 2007-08 Appropriations have been adjusted to reflect the same "cash funds" and "reappropriated funds" format implemented in FY 2008-09. Source: Page 69 of the FY 2008-09 Appropriations Report, plus 2009 legislation affecting FY 2007-08 appropriations (S.B. 09-185).

b/ Increase/(Decrease) and Percent Change compare FY 2007-08 and FY 2010-11.

As illustrated in the bar chart above, appropriations to the Department peaked FY 2010-11 primarily due to large increases federal funds provided to the National Guard, which includes military construction funds. Increases in cash funds expenditures are primarily due to increased levels of spending authorization from the Colorado State Veterans Trust Fund. The General Fund decreases have been the result of actions taken to reduce General Fund appropriations that are detailed below.

Beginning in January of 2009 and continuing through the 2010 Session, the General Assembly has taken a number of actions to reduce General Fund expenditures to this department. These actions are discussed in more detail below.

Major Budget Balancing Actions from FY 2007-08 to FY 2010-11

The major budget balancing actions taken from FY 2007-08 to FY 2010-11 are summarized in the table below and described in detail in the paragraphs following the table.

Major Budget Balancing Actions General Fund Only FY 2008-09 through FY 2010-11				
Action Taken	FY 2008-09 Appropriation	FY 2008-09 Reduction <1>	FY 2009-10 Reduction <1>	FY 2010-11 Reduction <1>
<u>Personal Services</u>				
Hiring Freeze	\$2,848,475	(\$28,402)	\$0	\$0
Furloughs	2,848,475	0	(33,998)	0
PERA Contribution Shift	2,848,475	0	0	(58,135)
<i>Proposed 1 % personal services reductions</i>	2,848,475	0	0	(27,135)
Operating Expenses	1,676,553	(73,857)	(347,199)	(358,366)
IT Asset Maintenance	27,372	(5,000)	(5,000)	(5,000)
Veterans Service Operations <2>	567,668	(22,500)	(50,000)	(50,000)
County Veterans Service Officer Payments	<u>213,154</u>	<u>(45,000)</u>	<u>(22,500)</u>	<u>(22,500)</u>
Total	\$203,247,032	(\$174,759)	(\$458,697)	(\$521,136)

<1> Reductions taken are non-cumulative, i.e., the reductions are taken in each year from the base year of FY 2008-09.

<2> General Fund for Veterans Service Operations were partially refinanced with Cash Funds in FY 2009-10 and FY 2010-11. Source of the cash funds was the Colorado State Veterans Trust Fund.

1. *Hiring freeze, furloughs, and PERA contribution shift.* The General Assembly reduced personal services by \$102,099 (including \$28,402 General Fund) in FY 2008-09 with a hiring freeze; by \$105,441 (including \$33,998 General Fund) through employee furloughs; and by \$155,057 (including \$58,135 General Fund) through the Public Employees Retirement Association contribution shift (S.B. 10-146), which shifted 2.5 percent of the 10.15 percent the state was funding to employees. An additional \$27,135 in savings has been proposed from a 1.0 percent personal services reduction associated with vacancy savings.
2. *Operating expenses reductions for maintenance and repair.* The General Assembly reduced operating expenses for maintenance and repair by a total of \$347,199 in FY 2009-10, and another \$11,167 in FY 2010-11, making for a total of \$705,565 General Fund over those two years. The budget request for FY 2011-12 continues the reductions. The Department plans

to accomplish the reduction by deferring maintenance requests that do not affect life, health or safety issues.

3. *Information Technology Asset Maintenance reductions.* The General Assembly reduced appropriations by \$5,000 in each fiscal year. The Department reduced replacement of aged IT equipment to replacement only when necessary, as opposed to following the State guidelines on replacement of IT equipment.
4. *Reduced funding and refinancing of General Fund for the Veterans Service Office Program.* The General Assembly reduced funding for the Veterans Service Operations line item by \$22,500 General Fund in FY 2008-09. The savings came from foregoing one of two annual training conferences for Veterans Service Officers, delaying annual renewal of reference materials, and by postponing scanning of veterans related documents to an electronic filing system. For FY 2009-10 and FY 2010-11, the General Assembly refinanced \$50,000 General Fund with cash funds from the Colorado State Veterans Trust Fund.
5. *Reductions to the County Veterans Service Officer reimbursements to counties.* The General Assembly reduced funding for the County Veterans Service Officer program by \$45,000 General Fund in FY 2008-09 and by \$22,500 for FY 2009-10 and FY 2010-11. Payments for a pilot program to increase the number of veterans registered with the U.S. Department of Veterans Affairs were reduced.
6. *Cash fund used for capital construction.* The General Assembly enacted a provision authorizing the use of funds in the Colorado State Veterans Trust Fund for the construction of readiness centers in Alamosa, Grand Junction, and Windsor. The \$4.7 million in the trust fund, along with another \$1.7 million in cash funds from real estate proceeds in the Department, allows federal construction funds totalling about \$20 million to be utilized in the State.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Military and Veterans Affairs**

BRIEFING ISSUE

ISSUE: Armory Operating Costs (Maintenance and Utilities)

In October 2007, the Federal National Guard Bureau awarded a new 800 soldier infantry battalion to Colorado. This increase in National Guard strength will bring \$8.2 million in annual federal payroll to the State, and require the construction of five new readiness centers (armories) around the state. The federal government will provide about \$63 million in construction funds, while the state must provide \$20 million.

SUMMARY:

- The new infantry battalion will bring in federal payroll of more than \$8 million annually, increasing state tax collections by more than \$500,000 annually.
- The new battalion requires the construction of five new readiness centers, with total construction costs of \$83 million, with more than 75 percent (\$63 million) coming from federal funds.
- According to the National Guard Cooperative Agreement, the State must match those federal funds with State construction funds, as well as pay a portion of the ongoing maintenance and utilities costs for those new facilities. The state is required to pay all maintenance and utilities for facilities located on state lands and 20 or 25 percent of maintenance and utilities for facilities located on federal lands.
- If the State can not meet the matching funds requirement, Colorado could lose the infantry battalion, the construction dollars, and the payroll that comes with the battalion.

RECOMMENDATION:

Staff recommends that the Committee discuss this issue with the Department of Military and Veterans Affairs at the Department's hearing with the Committee. The Department should address the costs and benefits of the additional battalion, as well as the ability of the Department to fund the State's portion of future construction and maintenance and utility costs of the battalion. The Department should address specifically how it expects to fund maintenance and utility expenses for the new facilities.

DISCUSSION:

The State of Colorado Army National Guard was awarded an 800 soldier infantry battalion in October 2007. This new battalion will require the construction of five new readiness centers (armories) in five locations in the State. The new centers will be located in North Colorado Springs (headquarters and readiness center), Grand Junction, Ft. Lupton, Alamosa, and Windsor. The

locations are based on where the National Guard believes it can recruit soldiers to fill the authorized positions, as well as expanding the Guard's presence around the State.

The federal government pays approximately 75 percent of the construction costs, which the state is then required to maintain, as well as pay all utilities. If the State fails to maintain the facility according to the National Guard standards and the National Guard Cooperative Agreement, the State must repay the federal construction costs. After 15 years, the facility belongs to the state with no additional federal requirements. The projected construction costs are detailed in Table 1 below:

Table 1 Department of Military and Veterans Affairs Readiness Center Construction				
Location	Status	State Funds	Federal Funds	Total
Fort Lupton	Under construction	\$5,661,451	\$9,728,610	\$15,390,061
Grand Junction	Under construction	4,001,637	11,228,713	15,230,350
N. Colorado Springs *	Construction begins summer FY 2011-12	0	24,908,163	24,908,163
Windsor	Site purchase negotiations	5,681,260	9,014,565	14,695,825
Alamosa	Site purchase Negotiations	<u>3,574,831</u>	<u>7,710,702</u>	<u>11,285,533</u>
Total		\$18,919,179	\$62,590,753	\$81,509,932

* The North Colorado Springs center, to be built on lands owned by the Air Force Academy, will be entirely constructed with federal funds.

In order to proceed with construction in the absence of Capital Construction Fund moneys, the General Assembly passed H.B. 10-1140, which permits the use of moneys in the Colorado State Veterans Trust Fund for the construction of armories. The fund balance of \$4.7 million in the Veterans Trust Fund, along with \$1.7 million of real estate proceeds (from the sale of surplus armories), gives the state a total of \$6.4 million to begin construction on the Grand Junction armory and proceed with land purchase and design of the Windsor and Alamosa armories.

These three projects will virtually exhaust the cash funds available to proceed with further construction on the Windsor and Alamosa centers. Proceeding further will require additional State construction funds (approximately \$6.7 million) from another source. The North Colorado Springs center and headquarters will be built on federal land (Air Force Academy) and will be constructed entirely with federal funds.

Staff has inquired as to whether there is any movement in Congress to relax the matching funds requirements and has been told that there is currently no movement in that direction. The Department indicates that there are a number of states that are able to fund the matching requirements if Colorado is unable to fund its share.

The new battalion will have a payroll of approximately \$8.2 million when it is fully operational and staffed. The annual payroll for the battalion, along with *estimates* of the additional state taxes generated, are detailed in Table 2.

Table 2 Annual Payroll Impact of New Infantry Battalion on State Revenues <a>					
Location	Personnel	Annual Payroll	Income Tax 	State Sales Tax <c>	Total State Taxes Collected
Colorado Springs	344	\$3,697,888	\$154,091	\$85,791	\$239,882
Grand Junction	131	\$1,266,812	\$52,788	\$29,390	\$82,178
Ft. Lupton	131	\$1,266,812	\$52,788	\$29,390	\$82,178
Alamosa	79	\$741,108	\$30,882	\$17,194	\$48,076
Windsor	<u>127</u>	<u>\$1,237,604</u>	<u>\$51,571</u>	<u>\$28,712</u>	<u>\$80,283</u>
Totals	812	\$8,210,224	\$342,120	\$190,477	\$532,597

- <a> Payroll amounts provided by the Department of Military and Veterans Affairs.
- Estimated income tax receipts based on 4.63% tax rate applied to annual payroll times 90 percent.
- <c> Estimated State sales tax collections are based on 80 percent of annual payroll. Local sales tax collections are in addition to the state sales tax.

In addition to the Capital Construction costs, the State is responsible for the annual utilities and maintenance costs for the operation of the armories on state lands and 20 or 25 percent for armories built on federal land. The new armories will be built to be more energy efficient, and as new armories, they should have lower maintenance costs for several years.

Due to the State's General Fund revenue shortfalls since FY 2008-09, the Department's Operating Expenses budget lines were reduced by \$73,857 for FY 2008-09, \$347,199 for FY 2009-10 and \$358,366 for FY 2010-11. This places the Department in the position of cutting armory and other maintenance to health, life, and safety issues, before the increases in costs, especially utilities, from the operations of the new infantry battalion armories.

The Department has stated that the new armories will be built to the highest efficiency (LEED) standards for buildings of this type. In addition, the Grand Junction armory will include a solar array that is projected to generate enough electricity to provide for the facility's electrical needs. However, in total, the new armories will increase utilities and maintenance expenses for the Department at a time when maintenance for existing facilities is being deferred due to the reduced appropriations to the Department.

The Department has stated that with the construction of the new armories, it may be able to consolidate units and perhaps close and sell off some of its older armories. This will save some utilities and maintenance expenses. The Department has declined to provide an estimate of the utility expenses for the new armories, as it has no experience with such facilities to make an estimate. However, the Department will almost certainly incur additional maintenance and utility expenses with the opening of the new armories.

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BRIEFING ISSUE

INFORMATIONAL ISSUE: Colorado State Veterans Trust Fund

SUMMARY:

- ❑ The Colorado State Veterans Trust Fund was created in 2000 to use tobacco settlement moneys for programs to assist veterans in Colorado.
- ❑ The Trust Fund receives 1 percent, up to \$1 million, of the moneys received annually from the tobacco Master Settlement Agreement.
- ❑ Moneys from the Trust Fund are used primarily to fund veterans programs run by nonprofit organizations.
- ❑ The General Assembly has transferred moneys in the Trust Fund to the General Fund or authorized the use moneys in the Trust Fund for expenditures outside (replacing General Fund in the Division of Veterans Affairs or for capital construction) of the original purposes of the Trust Fund.

DISCUSSION:

Section 28-5-709, C.R.S. creates the Colorado State Trust Fund (VTF) in the State Treasury. The VTF was created by S.B. 00-071 and receives one percent, up to \$1 million, of the proceeds from the tobacco Master Settlement Agreement (MSA) in 1998 between the State of Colorado and the major tobacco companies.

The original statute allowed funds to be used for:

- Capital improvements or needed amenities for existing or future state veterans nursing homes;
- costs incurred by existing or future state veterans cemeteries;
- veterans outreach programs administered by the Division of Veterans Affairs (then in the Department of Human Services)*[no longer in statute, replaced by third bullet point in the list immediately below]*; and
- the Division may retain up to 5 percent of the amount annually appropriated from the VTF for the actual costs incurred by the Division *[of Veterans Affairs]* and the Board *[of Veterans Affairs]* in implementing the provisions of Section 24-36-114, C.R.S.

Subsequent amendments to the statute added authorization for additional uses of moneys in the VTF, including:

- Costs incurred by the legislative oversight committee and the State and Veterans Nursing Home Commission created in Part 3 of Article 12 of Title 26, C.R.S., to evaluate the quality of care provided to veterans and their families at certain state and veterans nursing homes;
- costs incurred by the Division
- Veterans programs operated by nonprofit veterans organizations that meet criteria adopted by the Board and that are selected by the Board as grant recipients; and
- Construction projects to build National Guard armories at Alamosa, Grand Junction, and Windsor. *[This authorization is repealed effective July 1, 2012]*

When it was established, the original plan in creating the VTF was to create an endowment for veterans program, that would be built up during the life of the master settlement agreement. When the MSA expired, the VTF would have sufficient resources to fund veterans' programs using only the interest earning from the VTF. The statute originally allowed the expenditure of 25 percent of the amount transferred each year, plus any accumulated interest for the purposes outlined above. The remaining 75 percent was to be retained in the VTF to build up the balance of the VTF.

Because of General Fund revenue shortfalls in FY 2002-03, the General Assembly transferred \$2.3 million from the VTF to the General Fund, virtually depleting the VTF. To compensate for the decreased fund balance and the interest lost on that fund balance, the General Assembly authorized the expenditure of up to 75 percent of the MSA moneys each year, in addition to any interest earned. Then, in FY 2003-04, the General Assembly appropriated \$213,268 to refinance General Fund in the Veterans Service Operations and County Veterans Service Officer Payments line items.

The primary uses of moneys appropriated from the VTF over the years have been programs to assist veterans. These are mainly grants to nonprofit organizations like the Veterans of Foreign Wars, American Legion, Disabled American Veterans for programs that provide transportation assistance to veterans for doctors appointments, employment assistance, and assistance and outreach to homeless veterans. Other uses over the years have been to purchase amenities and minor capital improvements at state veterans nursing homes. Though the Division of Veterans Affairs is authorized in statute to retain up to 5 percent (which would amount to about \$50,000) of the transfers to the fund for the expenses of administering the fund, it has not taken more than about \$3,500.

The actual and authorized expenditures since the inception of the program are detailed in Table 1 below.

Table 1 Colorado State Veterans Trust Fund						
Fiscal Year *	MSA Moneys to VTF	Interest Earnings and Other Contributions	Special Bill Transfers/ Expenditures	VTF Expenditures	Division of Veterans Affairs Expenditures	End of FY Fund Balance
2002-03	\$989,841	\$94,481	(\$2,280,900)	(\$229,803)	\$0	\$182,166
2003-04	987,430	17,084	(86,667)	(552,176)	(213,268)	334,569

**Table 1
Colorado State Veterans Trust Fund**

Fiscal Year *	MSA Moneys to VTF	Interest Earnings and Other Contributions	Special Bill Transfers/ Expenditures	VTF Expenditures	Division of Veterans Affairs Expenditures	End of FY Fund Balance
2004-05	859,565	28,229	0	(598,353)	0	624,010
2005-06	871,980	44,434	0	(611,917)	0	928,507
2006-07	800,618	67,697	0	(547,827)	0	1,248,995
2007-08	900,525	97,300	0	(645,819)	0	1,601,001
2008-09	998,551	126,681	2,917,300	(627,500)	0	5,016,033
2009-10	998,133	124,329	0	(940,524)	0	5,197,971
2010-11	943,873	29,920	(4,700,000)	(1,029,275)	(50,000)	392,489
2011-12	1,000,000	9,420	0	(949,690)	(50,000)	402,219

* Fiscal years through FY 2009-10 are actual expenditures and transfers, FY 2010-11 is appropriated and FY 2011-12 is the Department's request

House Bill 06-1310 altered the percentages of the MSA moneys that had to be retained in the VTF. Starting in FY 2007-08, the percentage that had to be retained in the VTF would increase by 10 percent points in each of the next 5 years, until the amount retained reached 75 percent, which was the percentage retained in the original bill setting up the VTF.

In FY 2008-09, the General Assembly passed H.B. 08-1078, which transferred \$2,917,300 from the General Fund to the VTF. This amount represents the original amount transferred (\$2.3 million), plus interest, in 2003.

In the 2009 session, the General Assembly passed H.B. 09-1329 that authorized the appropriation of up to 90 percent of the MSA transfer, with the remaining 10 percent retained in the VTF. This action alleviated concerns about the declining availability of funding for veterans programs, which would have decreased due to the requirement to retain 75 percent of MSA transfers, the percentage that would be reached in FY 2011-12. Had the legislation not been changed, JBC staff projected that the funding available for veterans programs would decline to about \$450,000 in FY 2011-12. During FY 2007-08, expenditures from the VTF for veterans' programs were \$645,819.

In the 2010 session, the General Assembly passed H.B. 10-1140, which permitted the use of \$4.7 million in the VTF for the construction of National Guard armories in Grand Junction, Alamosa, and Windsor. The act also expressed the General Assembly's intent that the moneys used for this purpose be repaid to the VTF, with interest. The Department's FY 2009-10 supplemental refinanced \$50,000 General Fund in Veterans Service Operations with moneys from the VTF. The FY 2010-11 Long Bill extended that refinancing through FY 2010-11.

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DEPARTMENT OF MILITARY AND VETERANS AFFAIRS					
Major General H. Michael Edwards, Adjutant General and Executive Director					
(1) EXECUTIVE DIRECTOR AND ARMY NATIONAL GUARD					
Provides trained and ready forces to the U.S. active armed services and provides trained and ready forces for the preservation of life and property during natural disasters and civil emergencies in Colorado. Starting in FY 2010-11, the State's support for the Civil Air Patrol is shown in this Division. The cash funds sources are armory rent fees, the Western Slope Military Veterans' Cemetery Fund; real estate proceeds; and the Distance Learning Cash Fund. The reappropriated funds source is the Colorado Commission on Higher Education financial assistance program.					
Personal Services	2,130,962	2,118,234	2,064,596	2,025,426	NP
FTE	<u>34.0</u>	<u>32.8</u>	<u>33.3</u>	<u>33.3</u>	
General Fund	1,882,446	1,929,805	1,837,491	1,796,901	
Cash Funds	0	(106)	3,786	3,786	
Federal Funds	248,516	188,535	223,319	224,739	
Health, Life and Dental	<u>191,992</u>	<u>567,805</u>	<u>546,744</u>	<u>633,667</u>	NP
General Fund	191,992	185,560	164,270	173,415	
Cash Funds	0	0	229	16,583	
Federal Funds	0	382,245	382,245	443,669	
Short-term Disability	<u>3,423</u>	<u>9,571</u>	<u>9,912</u>	<u>11,675</u>	
General Fund	3,423	3,213	3,555	4,000	
Cash Funds	0	104	104	129	
Federal Funds	0	6,254	6,253	7,546	
S.B. 04-257 Amortization Equalization Disbursement	<u>41,236</u>	<u>140,807</u>	<u>152,605</u>	<u>184,686</u>	
General Fund	41,236	42,197	53,996	63,277	
Cash Funds	0	1,623	1,623	2,043	
Federal Funds	0	96,987	96,986	119,366	

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S.B. 06-235 Supplemental Amortization Equalization					
Disbursement	<u>18,645</u>	<u>97,833</u>	<u>110,831</u>	<u>148,407</u>	
General Fund	18,645	25,310	38,307	50,847	
Cash Funds	0	1,187	1,187	1,641	
Federal Funds	0	71,336	71,337	95,919	
Salary Survey and Senior Executive Service	<u>86,388</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	86,388	0	0	0	
Cash Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Performance-based Pay Awards	<u>38,360</u>	<u>0</u>	<u>0</u>	<u>0</u>	
General Fund	38,360	0	0	0	
Cash Funds	0	0	0	0	
Federal Funds	0	0	0	0	
Shift Differential - Federal funds	24,052	48,452	19,242	21,474	
Workers' Compensation	<u>78,566</u>	<u>71,565</u>	<u>72,598</u>	<u>70,954</u>	
General Fund	26,711	24,321	24,683	24,124	
Federal Funds	51,855	47,244	47,915	46,830	
Operating Expenses	<u>2,290,613</u>	<u>2,314,578</u>	<u>2,056,770</u>	<u>2,061,937</u>	NP
General Fund	1,425,222	1,179,137	1,181,198	1,182,490	
Cash Funds	161	22,870	46,000	46,000	
Federal Funds	865,230	1,112,571	829,572	833,447	
Information Technology Asset Maintenance - GF	22,372	21,590	22,372	22,372	
Legal Services for 110 Hours - General Fund	7,715	8,292	8,071	8,071	

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Purchase of Services from Computer Center - GF	10,581	10,222	134,000	172,939	
Multiuse Network Payments - General Fund	11,235	11,235	23,160	59,706	
Management and Administration of OIT - GF	14,977	13,490	60,097	61,356	
Payment to Risk Management and Property Funds - GF	153,342	129,081	38,724	153,916	
Vehicle Lease Payments - General Fund	25,300	27,541	52,446	43,548	NP
Leased Space - General Fund	38,930	40,095	44,978	44,978	
Capitol Complex Leased Space (Camp George West)	<u>81,972</u>	<u>96,360</u>	<u>89,200</u>	<u>85,424</u>	
General Fund	60,347	67,739	64,660	54,698	
Federal Funds	21,625	28,621	24,540	30,726	
Communications Services Payments - General Fund	11,233	11,233	12,163	12,400	
Civil Air Patrol Operations - General Fund	0	0	58,638	58,638	
Local Armory Incentive Plan - Cash Funds	2,096	6,262	46,610	46,610	
Distance Learning - Cash Funds	0	0	3,000	3,000	
Colorado National Guard Tuition Fund	<u>814,164</u>	<u>1,046,157</u>	<u>1,046,157</u>	<u>1,046,157</u>	
General Fund	164,164	246,157	246,157	246,157	
Reappropriated Funds /a	650,000	800,000	800,000	800,000	

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Army National Guard Cooperative Agreement - Federal Funds	4,371,738	5,020,527	3,505,244	3,491,693	NP
FTE	51.5	51.5	51.5	51.5	<i>Request v. Appropriation</i>
SUBTOTAL - (1) EXECUTIVE DIRECTOR AND ARMY NATIONAL GUARD					
	10,469,892	11,810,930	10,178,158	10,469,034	2.9%
FTE	<u>85.5</u>	<u>84.3</u>	<u>84.8</u>	<u>84.8</u>	<u>0.0%</u>
General Fund	4,234,619	3,976,218	4,068,966	4,233,833	4.1%
Cash Funds	2,257	31,940	102,539	119,792	16.8%
Reappropriated Fund	650,000	800,000	800,000	800,000	0.0%
Federal Funds	5,583,016	7,002,772	5,206,653	5,315,409	2.1%
a/ Pursuant to Section 23-3.3-202, C.R.S., these funds are reappropriated from the Department of Higher Education to the National Guard Tuition Assistance Program					
(2) DIVISION OF VETERANS AFFAIRS					
Represents veterans in claims for federal benefits, supports county veterans service officers, administers the Colorado State Veterans Trust Fund, and maintains the Western Slope Military Veterans Cemetery. Cash funds sources are the Colorado State Veterans Trust Fund and the Western Slope Military Veterans Cemetery Fund. Reappropriated funds source is the Colorado State Veterans Trust Fund.					
Veterans Service Operations	486,835	482,369	600,526	591,567	NP
FTE	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>	<u>8.0</u>	
General Fund	483,326	483,543	547,017	538,058	
Cash Funds	0	(1,797)	50,000	50,000	
Reappropriated Funds	3,509	623	3,509	3,509	
County Veterans Service Officer Payments - GF	160,856	190,552	190,654	190,654	
Colorado State Veterans Trust Fund Expenditures - Cash Funds	643,336	940,524	1,029,275	949,690	

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Western Slope Veterans Cemetery	218,508	173,631	410,430	408,569	NP
FTE	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	
General Fund	167,185	109,464	132,363	130,079	
Cash Funds	51,323	11,067	227,067	227,490	
Federal Funds	0	53,100	51,000	51,000	
					<i>Request v. Appropriation</i>
SUBTOTAL - (2) DIVISION OF VETERAN AFFAIRS	1,509,535	1,787,076	2,230,885	2,140,480	-4.1%
FTE	<u>12.5</u>	<u>12.5</u>	<u>12.5</u>	<u>12.5</u>	<u>0.0%</u>
General Fund	811,367	783,559	870,034	858,791	-1.3%
Cash Funds	694,659	949,794	1,306,342	1,227,180	-6.1%
Reappropriated Funds	3,509	623	3,509	3,509	0.0%
Federal Funds	0	53,100	51,000	51,000	0.0%

(3) AIR NATIONAL GUARD

Provides ready forces to the U.S. active armed services and provides ready forces for the preservation of life and property during natural disasters and civil emergencies in Colorado

Operations and Maintenance Agreement for Buckley/Greeley	1,285,742	1,177,724	2,014,314	2,009,443	NP
FTE	<u>26.1</u>	<u>26.1</u>	<u>26.1</u>	<u>26.1</u>	
General Fund	342,236	369,765	381,408	376,436	
Federal Funds	943,506	807,959	1,632,906	1,633,007	
Buckley Cooperative Agreement - Federal Funds	1,627,832	1,525,297	1,002,078	1,002,687	NP
FTE	20.5	20.5	17.5	17.5	

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Security for Space Command Facility at Greeley - FF	238,500	248,433	219,888	219,888	NP
FTE	5.0	5.0	5.0	5.0	
					<i>Request v. Appropriation</i>
SUBTOTAL - (3) AIR NATIONAL GUARD	3,152,074	2,951,454	3,236,280	3,232,018	-0.1%
FTE	<u>51.6</u>	<u>51.6</u>	<u>48.6</u>	<u>48.6</u>	<u>0.0%</u>
General Fund	342,236	369,765	381,408	376,436	-1.3%
Federal Funds	2,809,838	2,581,689	2,854,872	2,855,582	0.0%
(4) FEDERAL FUNDED PROGRAMS					
Trains state military forces. Note: This section is included in the Long Bill for informational purposes only. These funds are not subject to appropriation by the General Assembly and do not pass through the state accounting system. Totals are reported based on the federal fiscal year beginning October 1, not the State fiscal year beginning July 1.					
Personal Services - Federal Funds	88,685,726	91,345,949	0	0	
FTE	1,239.0	1,239.0	0.0	0.0	
Operating and Maintenance - Federal Funds	59,142,560	60,916,837	0	0	
Construction - Federal Funds	13,100,000	34,600,000	0	0	
Special Programs - Federal Funds	715,700	715,700	0	0	
Federal Funded Programs Operations - Federal Funds	0	0	205,646,369	205,646,369	
FTE		0.0	1,239.0	1,239.0	
					<i>Request v. Appropriation</i>
Federal Funds	161,643,986	187,578,486	205,646,369	205,646,369	0.0%
FTE	1,239.0	1,239.0	1,239.0	1,239.0	0.0%

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(5) CIVIL AIR PATROL					
The Civil Air Patrol responsibilities in the Department were transferred to the Executive Director and Army National Guard Division in FY 2010-11.					
Personal Services - General Fund	68,703	69,269	0	0	
FTE	1.0	1.0	0.0	0.0	
Operating Expenses - General Fund	13,324	7,860	0	0	
Aircraft Maintenance - General Fund	45,287	44,885	0	0	
					<i>Request v. Appropriation</i>
SUBTOTAL - (5) CIVIL AIR PATROL - General Fund	127,314	122,014	0	0	N/A
FTE	1.0	1.0	0.0	0.0	N/A
					<i>Request v. Appropriation</i>
TOTAL - DEPARTMENT OF MILITARY AND VETERANS AFFAIRS	176,902,801	204,249,960	221,291,692	221,487,901	0.1%
FTE	<u>1,389.6</u>	<u>1,388.4</u>	<u>1,384.9</u>	<u>1,384.9</u>	<u>0.0%</u>
General Fund	5,515,536	5,251,556	5,320,408	5,469,060	2.8%
Cash Funds	696,916	981,734	1,408,881	1,346,972	-4.4%
Reappropriated Fund	653,509	800,623	803,509	803,509	0.0%
Federal Funds	170,036,840	197,216,047	213,758,894	213,868,360	0.1%

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APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- ❑ **S.B. 10-075 (White/Baumgardner): Military Vehicles License Plates.** Authorizes the owner of a collector military vehicle to keep the license plate in the vehicle instead of requiring the plate to be displayed on the vehicle.
- ❑ **H.B. 10-1139 (Apuan/Heath): Iraq/Afghanistan Veteran License Plates.** Authorizes the creation of two special license plates for veterans of either the war in Afghanistan or the war in Iraq. Requires the owner of the vehicle to pay the regular costs of a special license plate.
- ❑ **H.B. 10-1140 (Nikkel/Shaffer B.): Veterans Trust Fund National Guard Armories.** Authorizes the use of moneys from the Colorado State Veterans Trust Fund to be used to construct armories for the National Guard and sets a repeal date for such use.
- ❑ **H.B. 10-1205 (Ryden/Spence): Land Use Planning - Military Installations.** Requires local governments to notify military installations of certain land use developments occurring near such installations. Modifies the definition of "military installation." Modifies the notification requirements to local governments within two miles of a military installation to timely submit to the commanding of the installation or the flying mission commanding officer information related to proposed zoning changes, and amendments to the local government's comprehensive plan, or land development regulations that, if approved, would affect the use of any area within two miles of the installation. Gives the commander of the installation 14 days within which to review the information and submit comments to the local government on the impact the proposed changes may have on the mission of the military installation. Does not require local governments to prepare a new master plan in order to satisfy any of the requirements of the act and adds "military installation" to the list of public places or facilities that may be included in a county or municipal master plan.
- ❑ **H.B. 10-1209 (Balmer/Gibbs): Voluntary Military Driver's License.** Upon presentation of proof that an applicant is an active member or veteran of the U.S. armed force, the applicant may request a branch of the armed forces identifier on the applicants driver's license or identification card. The identifier requires a fee of \$15 when the license is issued or renewed. No proof is required to renew the license. A portion of the fee is used to offset the cost of including the identifier with the remainder transmitted to the Highway Users Tax Fund.
- ❑ **H.B. 10-1308 (Pommer/Keller): Supplemental Appropriation for the Department of Military and Veterans Affairs.**

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**APPENDIX C: UPDATE OF FY 2010-11
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION**

Long Bill Footnotes

- 37 Department of Military and Veterans Affairs, Federal Funded Programs** -- These federal funds are shown for informational purposes. These funds are not to be included in the spending authority for the Department because these funds do not flow through the accounting system of the state. It is the intent of the General Assembly that these programs, funding, and FTE are included to demonstrate the full scope of activities of the Department of Military and Veterans Affairs.

Comment: This is an informational footnote and no action is required of the Department to comply.

Requests for Information

1. **All Departments, Totals** -- Every department is requested to submit to the Joint Budget Committee, by November 1, 2009, information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that are applied for or received during FY 2009-10, and that are not otherwise included in the Long Bill.

Comment: This request does not apply to the Department of Military and Veterans Affairs, therefore, no response was necessary from the Department.