

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**SUPPLEMENTAL REQUESTS FOR FY 2015-16
DEPARTMENT OF REGULATORY AGENCIES**

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

**Prepared By:
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DEPARTMENT OF REGULATORY AGENCIES

Department Overview

The Department of Regulatory Agencies is responsible for consumer protection carried out through regulatory programs that license, establish standards, approve rates, investigate complaints, and conduct enforcement through 41 boards, commissions, and advisory committees across more than 50 professions, occupations, programs, and institutions. The Department is organized in the following 10 predominantly cash-funded divisions: (1) Executive Director's Office; (2) Banking; (3) Civil Rights; (4) Consumer Counsel; (5) Financial Services; (6) Insurance; (7) Public Utilities Commission; (8) Real Estate; (9) Professions and Occupations; and (10) Securities.

Summary: FY 2015-16 Appropriation and Recommendation

Department of Regulatory Agencies: Recommended Changes for FY 2015-16						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
S.B. 15-234 (Long Bill)	\$88,429,145	\$1,923,405	\$80,144,441	\$4,875,289	\$1,486,010	583.6
Other legislation	<u>148,422</u>	<u>0</u>	<u>148,422</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Current FY 2015-16 Appropriation	\$88,577,567	\$1,923,405	\$80,292,863	\$4,875,289	\$1,486,010	583.6
Recommended Changes						
Current FY 2015-16 Appropriation	\$88,577,567	1,923,405	\$80,292,863	\$4,875,289	\$1,486,010	583.6
S1 Technical adjustment to letternote	0	0	0	0	0	0.0
JBC Staff initiated - Broadband Deployment Board line item	200,000	0	200,000	0	0	0.0
NPS Supplemental fleet vehicle request	(2,249)	0	(2,249)	0	0	0.0
1331 - S.B. 15-202 (Exclude Water Conditioning Appliance from Plumbing)	<u>134,644</u>	<u>0</u>	<u>134,644</u>	<u>0</u>	<u>0</u>	<u>1.9</u>
Recommended FY 2015-16 Appropriation	\$88,909,962	\$1,923,405	\$80,625,258	\$4,875,289	\$1,486,010	585.5
Recommended Increase/(Decrease)	\$332,395	\$0	\$332,395	\$0	\$0	1.9
Percentage Change	0.4%	0.0%	0.4%	0.0%	0.0%	0.3%
FY 2015-16 Executive Request	\$88,709,962	\$1,923,405	\$80,425,258	\$4,875,289	\$1,486,010	585.5
Request Above/(Below) Recommendation	(\$200,000)	\$0	(\$200,000)	\$0	\$0	(0.0)

Request/Recommendation Descriptions

S1 Technical adjustment to letternote: The request includes an adjustment to a letternote in the FY 2015-16 Long Bill to insert a recently created cash fund. The request has a net \$0 budget impact and does not change the Department’s spending authority. Staff recommends approval of this request.

JBC Staff initiated – Broadband Deployment Board line item: The staff initiated request includes the addition of the Broadband Deployment Board line item to the FY 2015-16 Long Bill. The new Broadband Deployment Board line item will show a \$200,000 cash funds appropriation with an (I) notation; pursuant to Section 40-15-509.5 (4) (a), C.R.S., these funds are considered continuously appropriated. Staff recommends approval of this request.

NPS Supplemental fleet vehicle request: The request includes a reduction of \$2,249 cash funds to the Vehicle Lease Payments line item. Staff recommends approval of this request.

1331 – S.B. 15-202 (Exclude Water Conditioning Appliance from Plumbing): The previously approved request will increase the Department’s Division of Professions and Occupations appropriation by 1.9 FTE and \$134,644 cash funds in FY 2015-16 to fund program activities associated with the implementation of S.B. 15-202 (Exclude Water Conditioning Appliance from Plumbing).

Prioritized Supplemental Requests

SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #1 TECHNICAL ADJUSTMENT TO LETTERNOTE

	Request	Recommendation
Total	<u>\$0</u>	<u>\$0</u>
FTE	0.0	0.0
General Fund	0	0
Cash Funds	0	0
Reappropriated Funds	0	0
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	YES
JBC staff and the Department agree that this request is the result of a technical error.	

Department Request: The Department requests a technical adjustment to insert a recently created cash fund into the Long Bill letternotes for FY 2015-16. This source notation is required in order to use appropriation as intended by appropriation and statute.

Staff Recommendation: Staff recommends that the Committee approve this supplemental request.

Staff Analysis: The supplemental budget request is a technical adjustment to the source notation for letternote “a” for the Public Utilities Commission and does not affect the amount of line item appropriations. At the time the FY 2015-16 Long Bill (S.B. 15-234) was enacted, the Telecommunications Utility Fund, created in Section 40-2-114 (a), C.R.S., had not been created. The Fund was created by H.B. 15-1372 (P.U.C. Funding Cap Removal), which was signed into law on May 29, 2015, and is meant to support the telecommunications portion of the costs of regulating public utilities. Based on the fiscal note for H.B. 15-1372, the source notation should reflect approximately 15.0 percent of the Public Utilities Commission line items.

Non-prioritized Supplemental Requests

JBC STAFF-INITIATED SUPPLEMENTAL #1 BROADBAND DEPLOYMENT BOARD LINE ITEM

	Request	Recommendation
Total	<u>\$200,000</u>	<u>\$200,000</u>
FTE	0.0	0.0
General Fund	0	0
Cash Funds	200,000	200,000
Reappropriated Funds	0	0
Federal Funds	0	0

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria? [An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.]	YES
JBC staff and the Department agree that this request is the result of a technical error.	

Department Request: The Department did not request the addition of the Broadband Deployment Board line item to the FY 2015-16 Long Bill. However, the Department is aware of and supports staff’s recommendation.

Staff Recommendation: Staff recommends that the Committee approve this supplemental request.

Staff Analysis: The supplemental budget request is a technical adjustment to add a new line item to the Department’s Executive Director’s Office and Administrative Services section of the FY 2015-16 Long Bill. The new Broadband Deployment Board line item will show a \$200,000

cash funds appropriation with an (I) notation; pursuant to Section 40-15-509.5 (4) (a), C.R.S., these funds are considered continuously appropriated. The Board is funded by the Broadband Fund, created in Section 40-15-509.5 (4) (a), C.R.S., which receives cash fund transfers, contingent on approval by the PUC, from the Colorado High Cost Support Mechanism (HCSM), created in Section 40-15-208 (2) (a) (I), C.R.S.

The addition of this new line item will provide Board funding transparency. The \$200,000 cash funds appropriated in FY 2015-16 to the Broadband Fund were transferred to the Fund on March 4, 2015 by direction of the Public Utilities Commission. These funds are being used to cover the direct and indirect costs of program start-up, pursuant to Section 40-15-509.5 (4) (b), C.R.S. The Department anticipates approximately \$2.6 million to be transferred from the HCSM to the Fund by the end of the current fiscal year (FY 2015-16). However, the transfer of these funds has not been approved and is not reflected in the supplemental request. The amount of future annual transfers is not currently known because it is dependent on the availability of funds and the discretion of the PUC.

NON-PRIORITIZED SUPPLEMENTAL #1 SUPPLEMENTAL FLEET VEHICLE REQUEST

	Request	Recommendation
Total	<u>(\$2,249)</u>	<u>(\$2,249)</u>
FTE	0.0	0.0
General Fund	0	0
Cash Funds	(2,249)	(2,249)
Reappropriated Funds	0	0
Federal Funds	0	0

Department Request: The Department requests a reduction of \$2,249 cash funds to the Vehicle Lease Payments line item.

Staff Recommendation: Staff recommends that the Committee approve the Department's request. This adjustment will ensure the accuracy of this line item's FY 2015-16 appropriation. This recommendation will vary from JBC staff's common policy recommendation, which will be made on January 21, 2016.

**PREVIOUSLY APPROVED INTERIM SUPPLEMENTAL REQUEST
1331 – H. B. 15-202 (EXCLUDE WATER CONDITIONING APPLIANCE
FROM PLUMBING)**

	Request	Approved
Total	<u>\$134,644</u>	<u>\$134,644</u>
FTE	1.9	1.9
General Fund	0	0
Cash Funds	134,644	134,644
Reappropriated Funds	0	0
Federal Funds	0	0

Department Request: The Department requested an increase of 1.9 FTE and \$134,644 cash funds in FY 2015-16 to fund program activities associated with the implementation of S.B. 15-202 (Exclude Water Conditioning Appliance from Plumbing).

Summary: Statute requires that the Division of Professions and Occupations (DPO) regulate the plumbing industry through the State Plumbing Board (Article 58, Title 12, C.R.S.) S.B. 15-202 modified Article 58 to create three new categories of registered water conditioners: water conditioning contractors, water conditioning installers, and water conditioning principals. In order to implement the statutory modifications, the DPO must promulgate new rules, update its outreach materials, and update its registration program. The new registration categories become effective August 1, 2016, pursuant to Section 12-58-105 (4), (5), and (6) (a), C.R.S.

The General Assembly inadvertently enacted S.B. 15-202 (Exclude Water Conditioning Appliance from Plumbing) without the necessary appropriation clause to match the Legislative Council Staff State Revised Fiscal Impact dated May 6, 2015. The original bill and its accompanying fiscal note had omitted water conditioning professionals from registration requirements. On second reading in the House Committee on Local Government, the bill was amended by a strike-below that created three registration categories for water conditioning professionals. The committee then routed the bill to the House Committee of the Whole pursuant to the fiscal impact of the original fiscal note. When the bill reached the Senate for consideration of the House amendments, the bill was not sent to the Conference Committee for the attachment of an appropriations clause. Instead the Senate passed a Concurrence with House Amendments motion.

Committee Action: The Committee approved the Department’s interim supplemental request on June 19, 2015.

JBC Staff Supplemental Recommendations - FY 2015-16
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Number Pages

	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2015-16 Requested Change	FY 2015-16 Rec'd Change	FY 2015-16 Total w/Rec'd Change
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DEPARTMENT OF REGULATORY AGENCIES
Barbara Kelley, Executive Director

1331 - S.B. 15-202 (Exclude Water Conditioning Appliance from Plumbing)

(1) EXECUTIVE DIRECTOR'S OFFICE AND ADMINISTRATIVE SERVICES

Legal Services	<u>10,049,506</u>	<u>10,458,308</u>	<u>6,651</u>	<u>6,651</u>	<u>10,464,959</u>
General Fund	216,752	206,764	0	0	206,764
Cash Funds	9,775,787	9,967,042	6,651	6,651	9,973,693
Reappropriated Funds	56,967	103,547	0	0	103,547
Federal Funds	0	180,955	0	0	180,955

(9) DIVISION OF PROFESSIONS AND OCCUPATIONS

Personal Services	<u>12,846,052</u>	<u>13,916,975</u>	<u>116,782</u>	<u>116,782</u>	<u>14,033,757</u>
FTE	183.9	196.9	1.9	1.9	198.8
Cash Funds	12,578,276	13,323,524	116,782	116,782	13,440,306
Reappropriated Funds	267,776	593,451	0	0	593,451
Operating Expenses	<u>1,145,961</u>	<u>1,475,649</u>	<u>11,211</u>	<u>11,211</u>	<u>1,486,860</u>
Cash Funds	1,145,961	1,475,649	11,211	11,211	1,486,860
Reappropriated Funds	0	0	0	0	0

Total for 1331 - S.B. 15-202 (Exclude Water Conditioning Appliance from Plumbing)	24,041,519	25,850,932	134,644	134,644	25,985,576
FTE	<u>183.9</u>	<u>196.9</u>	<u>1.9</u>	<u>1.9</u>	<u>198.8</u>
General Fund	216,752	206,764	0	0	206,764
Cash Funds	23,500,024	24,766,215	134,644	134,644	24,900,859
Reappropriated Funds	324,743	696,998	0	0	696,998
Federal Funds	0	180,955	0	0	180,955

JBC Staff Supplemental Recommendations - FY 2015-16
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	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2015-16 Requested Change	FY 2015-16 Rec'd Change	FY 2015-16 Total w/Rec'd Change
Technical adjustment to letternote					
(7) PUBLIC UTILITIES COMMISSION					
Personal Services	<u>7,996,123</u>	<u>9,345,496</u>	<u>0</u>	<u>0</u>	<u>9,345,496</u>
FTE	88.7	97.3	0.0	0.0	97.3
General Fund	(313)	0	0	0	0
Cash Funds	7,996,436	9,345,496	0	0	9,345,496
Operating Expenses	<u>342,219</u>	<u>444,473</u>	<u>0</u>	<u>0</u>	<u>444,473</u>
Cash Funds	342,219	444,473	0	0	444,473
Expert Testimony	<u>24,999</u>	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>25,000</u>
Cash Funds	24,999	25,000	0	0	25,000
Indirect Cost Assessment	<u>721,172</u>	<u>767,246</u>	<u>0</u>	<u>0</u>	<u>767,246</u>
Cash Funds	721,172	767,246	0	0	767,246
Federal Funds	0	0	0	0	0
Total for Technical adjustment to letternote	9,084,513	10,582,215	0	0	10,582,215
FTE	<u>88.7</u>	<u>97.3</u>	<u>0.0</u>	<u>0.0</u>	<u>97.3</u>
General Fund	(313)	0	0	0	0
Cash Funds	9,084,826	10,582,215	0	0	10,582,215
Federal Funds	0	0	0	0	0

JBC Staff Supplemental Recommendations - FY 2015-16
Staff Working Document - Does Not Represent Committee Decision

	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2015-16 Requested Change	FY 2015-16 Rec'd Change	FY 2015-16 Total w/Rec'd Change
Broadband board line item					
(1) EXECUTIVE DIRECTOR'S OFFICE AND ADMINISTRATIVE SERVICES					
Broadband Deployment Board	<u>0</u>	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>200,000</u>
Cash Funds	0	0	0	200,000	200,000
Total for Broadband board line item	0	0	0	200,000	200,000
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	0	0	0	200,000	200,000

JBC Staff Supplemental Recommendations - FY 2015-16
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	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2015-16 Requested Change	FY 2015-16 Rec'd Change	FY 2015-16 Total w/Rec'd Change
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Supplemental Fleet Vehicle Request

(1) EXECUTIVE DIRECTOR'S OFFICE AND ADMINISTRATIVE SERVICES

Vehicle Lease Payments	<u>210,471</u>	<u>219,218</u>	<u>(2,249)</u>	<u>(2,249)</u>	<u>216,969</u>
Cash Funds	210,471	219,218	(2,249)	(2,249)	216,969
Total for Supplemental Fleet Vehicle Request	210,471	219,218	(2,249)	(2,249)	216,969
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	210,471	219,218	(2,249)	(2,249)	216,969

Totals Excluding Pending Items					
REGULATORY AGENCIES					
TOTALS for ALL Departmental line items	79,096,935	88,577,567	132,395	332,395	88,909,962
<i>FTE</i>	<u>533.6</u>	<u>583.6</u>	<u>1.9</u>	<u>1.9</u>	<u>585.5</u>
General Fund	1,880,421	1,923,405	0	0	1,923,405
Cash Funds	71,748,721	80,292,863	132,395	332,395	80,625,258
Reappropriated Funds	4,289,920	4,875,289	0	0	4,875,289
Federal Funds	1,177,873	1,486,010	0	0	1,486,010