

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



SUPPLEMENTAL REQUESTS FOR FY 2010-11

DEPARTMENT OF STATE

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

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**DEPARTMENT OF STATE
FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

TABLE OF CONTENTS

	Narrative Page	Numbers Page
Prioritized Supplementals		
Supplemental #1 - Address Confidentiality Program	1	5
Non-prioritized Supplementals		
Statewide Common Policy Supplemental Requests	3	5
Cash Fund Transfers		
Transfer Request - Department of State Cash Fund	4	N.A.

**DEPARTMENT OF STATE
 FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

Prioritized Supplementals

**Supplemental Request, Department Priority #1
 Address Confidentiality Program**

	Request	Recomm.
Total	\$39,898	\$29,346
FTE	<u>0.5</u>	<u>0.5</u>
Cash Funds (ACP Cash Fund)	21,104	10,552
Cash Funds (VALE Grant)	18,794	18,794

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
This request is partially the result of data that was no available at the time of the initial appropriation, specifically the receipt of the VALE grant. Joint Budget Committee staff agrees with the Department that the increased postage expenses were unknown at the time of the original appropriation, but JBC staff believes that the Department can partially mitigate these increasing expenditures by limiting the program's expansion.	

Department Request

The Department requests to increase the appropriation for the Address Confidentiality Program (ACP) by \$39,898 cash funds and 0.5 FTE for FY 2010-11, which would annualize to a total increase of \$88,153 cash funds and 1.0 FTE for FY 2011-12. Of this amount, for FY 2010-11 \$18,794 cash funds represent a State Victims and Law Enforcement (VALE) grant, and \$21,104 cash funds are from the Address Confidentiality Program Cash Fund. For FY 2011-12, the Department requests an additional 1.0 FTE and \$88,153 cash funds. Of the cash funds amount, \$36,863 would be from the VALE grant, and \$52,015 cash funds would be from the Address Confidentiality Program Cash Fund.

Staff Recommendation

Staff recommends **an increased appropriation of \$36,863 cash funds and 0.5 FTE for FY 2010-11**. Of this amount, \$18,794 cash funds are a State Victims and Law Enforcement (VALE) grant from the Colorado Division of Criminal Justice, and \$10,552 cash funds are from the Address Confidentiality Program Cash Fund. Staff's recommendation for FY 2011-12 would annualize to a total increase of \$46,690 cash funds and 1.0 FTE, of which \$36,138 would be from the VALE grant and \$10,552 would be from the Address Confidentiality Program Cash Fund. However, the Committee's formal action for the FY 2011-12 appropriation will occur during the Department's figure-setting.

**DEPARTMENT OF STATE
FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

Staff Analysis

- ❑ *Background information:* Pursuant to Section 24-21-204, C.R.S., the Address Confidentiality Program (ACP) keeps confidential the address of a relocated victim of domestic violence, a sexual offense, stalking, or similar crime. The program receives mail at a substitute address and then forwards it to the participant. Program staff train application assistants to receive applications from participants throughout the State. The program is cash funded by the Address Confidentiality Program Surcharge Fund, which receives a \$28 surcharge that is levied on offenders convicted of domestic violence, stalking, or similar crimes (see Section 24-21-214 (4) (a), C.R.S.). The cash fund may also receive moneys from gifts, grants, and donations.

- ❑ *VALE grant:* The program applied for, and received, a State Victims and Law Enforcement (VALE) grant from the Colorado Division of Criminal Justice in the amount of \$36,863 cash funds for calendar year 2011. The one-year grant is for the purpose of expanding the program to underserved areas and is renewable for calendar year 2012, subject to funds availability. The Department will receive \$18,794 cash funds for use between January 1, 2011, through June 30, 2011 (the second half of FY 2010-11), and it requires additional spending authority to expend the funds. An additional \$18,069 cash funds is available for expenditure between July 1, 2011 and December 31, 2011 (the first half of FY 2011-12). Staff's annualization for FY 2011-12 assumes that the grant will be renewed for calendar year 2012.

- ❑ *Program costs:* The ACP has expanded rapidly since its inception in 2008. It is reasonable that as the number of participants increases, the administrative expenses and postage costs will also increase, which are the primary budget drivers for this program. The Department anticipates that for FY 2010-11, the operating and postage costs will be \$50,811, which will increase to \$56,769 for FY 2011-12.

- ❑ *Fund source:* The General Assembly established the Address Confidentiality Program Surcharge Fund to receive fee revenue or gifts, grants, and donations for the purpose of paying for the costs of administering the Address Confidentiality Program (Section 24-21-214 (4) (a), C.R.S.). The Fund receives approximately \$120,000 annually, which to this point has consisted entirely of fee revenue. Pursuant to Section 24-21-214 (4) (c), C.R.S., **no General Fund moneys shall be appropriated for the purpose of implementing the Address Confidentiality Program.** It is not clear to staff whether the ACP may be funded by the Department of State Cash Fund, because ACP expenditures are not related to the direct or indirect costs of administering business filings.

DEPARTMENT OF STATE
FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE

- ❑ *Staff concern:* The Department anticipates that the ACP's intended fund source will generate \$120,000 annually for both FY 2010-11 and FY 2011-12, and the FY 2010-11 beginning fund balance for the ACP surcharge fund is \$77,506. Staff has previously expressed concern that the program's operating expenses will exceed the available funding. Staff's FY 2010-11 recommendation increases the appropriation from this cash fund to \$128,098, which will potentially utilize its fund reserve. The cash fund can not sustain the requested appropriation amount for FY 2011-12 (\$169,563), but current indications are that the program intends to continue expanding despite the limited funds. The VALE grant is for a specified purpose that doesn't include ongoing operating and postage costs, and it is not a guaranteed fund source. The program's requested appropriation requires it to use some of the fund balance reserve. Once the program exhausts the ACP cash fund balance, it is unclear to staff whether there are alternative fund sources.

The ACP is not an entitlement program, and the Department can control its enrollment, growth, and associated expenses. Staff's understanding is that the program was not specifically intended to serve every possible participant in the State, rather it is to provide the intended services within its available funds. However, the department has indicated that it will continue to enroll new participants during future years.

- ❑ *Supplemental staff recommendation:* The Department's request acknowledges that its current expansion rate will cause its costs to exceed the cash fund revenue during FY 2011-12, but it does not indicate that it will limit future growth accordingly. Given that the program's current growth rate will exhaust its fund source in the near future, staff recommends that the Committee clarify whether: (1) its intentions are for the program to limit its expansion so the specified fund source can fully support its operations; or (2) whether the program should continue to expand with the understanding that the Committee will need to identify an alternative fund source in the near future. Staff notes that the latter option will most likely require legislation, because statute currently specifies that General Fund may not support the program.

Statewide Common Policy Supplemental Requests

These requests are not prioritized and are not analyzed in this packet. The JBC will act on these items later when it makes decisions regarding common policies. The request does not include the 1.0 percent General Fund reduction because the Department is entirely cash funded.

**DEPARTMENT OF STATE
 FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

Department's Portion of Statewide Supplemental Request	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Annual fleet vehicle replacement	\$108	\$0	\$108	\$0	\$0	0.0
Printing of statewide warrants and mainframe documents	<u>502</u>	<u>0</u>	<u>502</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Department's Total Statewide Supplemental Requests	\$610	\$0	\$610	\$0	\$0	0.0

Staff Recommendation: Staff recommendation for these requests is pending the Committee's approval of common policy supplementals. **Staff requests permission to include the corresponding appropriations in the Department's supplemental bill.** If staff believes there is reason to deviate from the common policy, staff will appear before the Committee later to present the relevant analysis.

Cash Fund Transfers

The Governor's August, 2010 budget balancing package includes a request to transfer \$3.5 million cash funds from the Department of State Cash Fund to the General Fund for FY 2010-11. The Executive Branch's budget submission includes this cash fund transfer as a General Fund revenue source for FY 2010-11. **This action requires legislation.**

Staff recommends that the Committee postpone its consideration of this action so the Secretary-elect has an opportunity to review the request and amend it, if desired. If the Secretary-elect does not retract this request, staff will present it for the Committee's consideration during staff comebacks.

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
DEPARTMENT OF STATE					
Secretary of State-Elect - Scott Gessler					
Supplemental #1 - Address Confidentiality Program					
<i>(1) Administration</i>					
Address Confidentiality Program	98,886	117,546	39,898	29,346	146,892
FTE	<u>1.5</u>	<u>1.5</u>	<u>0.5</u>	<u>0.5</u>	<u>2.0</u>
Cash Funds - ACP Cash Fund	98,886	117,546	21,104	10,552	128,098
Cash Funds - VALE Grant	0	0	18,794	18,794	18,794
Totals Excluding Pending Items					
Totals for ALL Departmental line items	15,915,740	21,467,321	39,898	29,346	21,496,667
FTE	<u>118.4</u>	<u>134.6</u>	<u>0.5</u>	<u>0.5</u>	<u>135.1</u>
Cash Funds	15,915,740	21,467,321	39,898	29,346	21,496,667
Statewide Common Policy Supplementals					
(see narrative for more detail)	<u>N.A.</u>	<u>N.A.</u>	<u>610</u>	<u>Pending</u>	<u>N.A.</u>
Cash Funds			610		
Totals Including Pending Items					
Totals for ALL Departmental line items	15,915,740	21,467,321	39,898	29,346	21,496,667
FTE	<u>118.4</u>	<u>134.6</u>	<u>0.5</u>	<u>0.5</u>	<u>135.1</u>
Cash Funds	15,915,740	21,467,321	39,898	29,346	21,496,667

Key: N.A. = Not Applicable or Not Available