

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



SUPPLEMENTAL REQUESTS FOR FY 2010-11

DEPARTMENT OF PERSONNEL & ADMINISTRATION

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

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Prioritized Supplementals

**Supplemental Request, Department Priority #1
 Statewide Indirect Cost Assessment True-up**

	Request	Recommendation
Total	<u>\$4,605</u>	<u>\$4,605</u>
General Fund	0	15,729
Reappropriated Funds	4,605	(11,124)

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 meets supplemental criteria because there were technical errors in calculating the initial FY 2010-11 appropriation.	

Department Request: The Department requests to correct two technical errors in the FY 2010-11 Long Bill. The request would add a line item titled "Indirect Cost Assessment" in the Division of Human Resources, Training Services section for the FY 2010-11 Long Bill. The line item would include a \$4,605 reappropriated funds appropriation for FY 2010-11. The Department also requests transferring \$15,297 reappropriated funds from the Office of the Governor. The purpose is to backfill a technical error that over-allocated statewide indirect cost recoveries for the Purchase of Computer Services line item in the Department's section of the FY 2010-11 Long Bill.

Staff Recommendation: Staff recommends adding the "Indirect Costs" line item, including an appropriation for \$4,605 reappropriated funds. Staff also recommends increasing the appropriation for the Purchase of Computer Services line item by \$15,297 General Fund, and decreasing the reappropriated funds portion of the appropriation by \$15,297. The total appropriation amount for the line item would not change.

Staff does not recommend transferring statewide indirect cost recovery moneys from the Office of the Governor. The over-allocation of \$15,297 statewide indirect cost recoveries must be backfilled with General Fund, and this backfill can occur anywhere in the FY 2010-11 Long Bill that statewide indirect cost recoveries are allocated. Staff is unaware of any benefits to backfilling the funds in the Office of the Governor versus the Department of Personnel and Administration. It is simpler, and more transparent, to appropriate the General Fund to the Department of Personnel and Administration, where the over-allocation actually occurred.

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Staff Analysis:

- ❑ Indirect Cost Assessment line item: The Department's FY 2010-11 budget submission requested the addition of a new line item, "Indirect Cost Assessment", for the (2) Division of Human Resource, (A)(2) Training subsection in the FY 2010-11 Long Bill. This line item allows the Department to collect the statewide indirect cost assessments from the Training subdivision and use them to offset General Fund elsewhere in the Department's budget.

- ❑ Prior approval: **The Committee approved JBC staff's recommendation to include this new line item during the Department's FY 2010-11 figure-setting presentation.** The line item is reflected in both the narrative and numbers pages sections of JBC staff's presentation document for FY 2010-11 figure-setting. However, Joint Budget Committee staff inadvertently did not include the line item in the FY 2010-11 Long Bill. Staff recommends correcting its own error.

- ❑ Transfer from the Office of the Governor: The Department's FY 2010-11 budget submission for statewide indirect cost recoveries included \$15,297 for the Deferred Compensation, Indirect Costs line item. These moneys are used to offset General Fund in the Purchase of Computer Services line item. However, in 2009 legislation transferred this program to the Public Employees' Retirement Association (PERA), and the State Controller has since notified the Department that these funds are not available. As a result, the FY 2010-11 Long Bill letternotes over-allocate statewide indirect cost recoveries by \$15,297.

Statewide indirect cost recoveries are allocated to offset General Fund, and have the same General Fund impact regardless of where in the Long Bill the offset occurs. The Office of the Governor has identified additional statewide indirect cost recoveries since the FY 2010-11 Long Bill was prepared. However, instead of using these funds to offset General Fund within the Office of the Governor's budget, the supplemental requests to transfer \$15,297 of this amount from the Office of the Governor to the Department of Personnel and Administration to backfill DPA's budget. The Office of the Governor would then require additional General Fund to backfill the transfer of these funds. **It is simpler, and more transparent, to appropriate the \$15,297 General Fund directly to the Department of Personnel and Administration.** Staff recommends appropriating \$15,297 General Fund for the Purchase of Services from Computer Center line item, and reducing the statewide indirect cost recoveries in the corresponding letternotes by the same amount. This action is necessary to fully fund the line item for FY 2010-11.

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**Supplemental Request, Department Priority #2
 IRS 3.0 Percent Vendor Withholding Implementation**

	Request	Recommendation
Total	\$56,483	\$0
FTE	<u>0.3</u>	<u>0.0</u>
General Fund	56,483	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.]	NO
This request does <u>not</u> meet supplemental criteria because it is in response to a requirement of the federal Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA). Given that at least five years have elapsed since the passage of the Act, the Department was aware of the requirement when the original FY 2010-11 appropriation was made. This is not a technical error or an unforeseen contingency.	

Department Request: The Department requests an appropriation of \$56,483 General Fund and 0.3 FTE for FY 2010-11, which would annualize to \$155,050 General Fund and 1.5 FTE for FY 2011-12. For FY 2010-11, of the requested appropriation, \$17,395 General Fund and 0.3 FTE would be allocated to the Office of the State Controller, Personal Services line item, and \$39,088 General Fund would be allocated to the Office of the State Controller, Operating Expenses line item. The Department also requests roll-forward spending authority for these funds.

Beginning in January, 2012, the TIPRA requires government entities to withhold 3.0 percent of all payments for services or property. The withholding requirement applies regardless of how the payment is made. There are exemptions, such as for certain small state entities and any of their political subdivisions or instrumentalities making less than \$100.0 million in annual payments for property or services.

Staff Recommendation: Staff does not recommend the Department's supplemental request for FY 2010-11. It does not meet supplemental criteria, and since the request states that the federal requirements will not begin until January, 2012, an appropriation for FY 2011-12 would allow the Department at least six months to prepare for the new requirements. **Staff's recommendation applies to FY 2010-11 only.** Staff will present recommendations for the FY 2011-12 component during the Department's figure-setting. **If the Committee approves the Department's request for the funds, staff does not recommend the roll-forward spending authority component of the request.**

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Staff Analysis:

- ❑ Supplemental criteria: The Department did not previously request the moneys for FY 2010-11 because it anticipated that the Act's requirements would be repealed. **It is unclear to staff why the Department anticipated the repeal.** The request states that since 2007, the National Association of State Auditors, Comptrollers, and Treasurers (NASCAT) has supported at least eight bills at the federal level that sought repeal of this requirement. None of the bills passed.

- ❑ Implementation schedule: The TIPRA requirements are not effective until January, 2012, and the Department would still have six months to prepare for their implementation if the funds and FTE were first appropriated for FY 2011-12. Given that the Office of the State Controller is aware of this requirement, it is reasonable to assume that if necessary, existing staff could absorb the efforts of 0.3 FTE during FY 2010-11. The Personal Services line item reverted \$320,000 for FY 2009-10, and JBC staff believes that the Office of the State Controller already has the available funds for FY 2010-11.

- ❑ Operating expenses: The only explained operating expenses were for supplies related to a new FTE, such as new computers, telephone, office equipment, as well as funds for mailings. It is reasonable to assume that the Department already has any necessary office equipment for 0.3 FTE, and that it can absorb the minimal expenses for FY 2010-11, if necessary. **The request for roll-forward authority also indicates the Department's uncertainty that it needs the funds for FY 2010-11.**

- ❑ Roll-forward authority: Roll-forward authority allows a department to retain all or a portion of its appropriation for expenditure in the following fiscal years. The moneys are reflected in the Long Bill for the first year of the appropriation only, and the department does not require additional approval from the General Assembly to spend the funds in the following year.

The primary reason for roll-forward authority is because the fund source or the conditional requirements for the funds are unstable. For example, there may be concerns that the federal government will change the conditions for how the State may use the federal moneys. In this instance, the roll-forward spending authority is unnecessary because the request is for General Fund and does not involve or impact federal funds. The IRS could potentially alter the TIPRA's requirements, but it can not alter how the Department uses General Fund. Also, the Department can submit a budget request if it needs to adjust the appropriation in the future.

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**Supplemental Request, Department Priority #3
 E-procurement Implementation and Cash Funds Spending Authority**

	Request	Recommendation
Total	<u>\$750,000</u>	<u>\$750,000</u>
Cash Funds	750,000	750,000

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.]	In Part
JBC staff <i>partially</i> agrees that the request meets supplemental criteria. The Department was aware of the purchasing delay in time to submit a regular budget request for FY 2010-11. However, the State will benefit greatly from improving its procurement process, including reducing expenditures. Given the current budget situation, one could consider the importance of reducing State expenditures to meet the emergency criteria.	

Department Request: The Department requests an additional \$750,000 cash funds appropriation for the Supplier Database, Operating Expenses line item. Senate Bill 09-099 directed the Department to develop and implement a statewide E-procurement system and established a cash fund for the collection of associated vendor fees (Section 24-102-202.5 (2.5), C.R.S.). The Department did not purchase the system during FY 2009-10 as initially intended, and this request would give the Department the spending authority to purchase the e-procurement system during FY 2010-11.

Staff Recommendation: Staff recommends the request.

Staff Analysis:

Staff has several concerns about this request, **but the fiscal benefits for the State outweigh these concerns.** It is economically beneficial for the State to improve its procurement processes, and the cash funds can only be used for this purpose. This appropriation would not divert resources from other uses.

- ❑ **Implementation model:** The supplemental request describes a method for acquiring the system that is different than the information provided to the Legislative Council staff fiscal analyst in February, 2009. The legislation's appropriation clause was based on the Department's plan to work with the Governor's Office of Information Technology to create the system, or alternatively that the State would purchase it from an external vendor. Instead, the Department is working with the Western State Contracting Alliance (WSCA) on a cooperative solicitation process.

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The Department states that working with WSCA offers the State many benefits, including leveraging a better price from vendors because it negotiates on behalf of all member states. Staff does not question the benefits of engaging in a cooperative purchasing endeavor through WSCA. However, **if assumptions regarding the system's procurement and implementation change, staff anticipates that the requested appropriation would reflect these changes.** For example, the Department states that "there are substantial savings realized by Colorado's partnership with WSCA", and that it "will likely result in a better price for an e-procurement system". **The requested FY 2010-11 appropriation does not account for any of these savings.** The Department provided the following information as the request's cost components, and indicated that this was the most specific information available.

E-Procurement Supplemental Request, FY 2010-11				
Cost Components	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
System implementation and operation	\$0	\$1,855,000	\$1,100,000	\$1,100,000
Personal services (incl. POTS)	60,749	64,009	120,156	120,399
Operating and capital outlay	<u>2,139</u>	<u>7,128</u>	<u>7,128</u>	<u>7,128</u>
Total	\$62,888	\$1,926,137	\$1,227,284	\$1,227,527

- ❑ **Information:** This request was initially submitted as an interim supplemental in September, 2010. At the time, staff recommended that the Committee not approve the request for due to several concerns, and the Committee approved staff's recommendation. Staff is unable to explain why the January submission did not update the September submission or address any of the issues that staff referenced during the interim supplemental presentation.
- ❑ **Transparency:** The General Assembly intended for the Department to obtain and implement the e-procurement system during FY 2009-10, and it identified a revenue source and appropriated funds specifically for this purpose. The Joint Budget Committee requested the Department to submit a report in November, 2010, with information about procurement options for the State, including partnering with organizations such as WSCA. **The Department's response did not mention that it had delayed the system's purchase or that it was partnering with WSCA to acquire the e-procurement system through a different method than was initially indicated.**

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- ❑ **Fiscal benefits:** Postponing the acquisition and implementation of the e-procurement system delays the savings that the General Assembly anticipated when it passed S.B. 09-099. **Numerous studies indicate that improving Colorado's procurement process is fiscally beneficial for the State. These fiscal benefits outweigh staff's concerns.** If the funds are not appropriated, there will be further delays in obtaining the system. Also, the cash funds may only be appropriated for this purpose, so the appropriation is not diverting resources from other purposes.

**Statewide Request, Statewide Priority #1
 Printing of Warrants and Mainframe Documents**

	Request	Recommendation
Total	(<u>\$16,325</u>)	(<u>\$16,325</u>)
General Fund	(16,325)	(16,325)

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.]	NO
The request does <u>not</u> meet supplemental criteria. Departments have been absorbing these expenses within their Operating Expenses line items since the OIT consolidation, and there is no indication for why they can not continue to do so. However, staff recommends the Department's request to reduce the General Fund expenditures for FY 2010-11.	

Department Request:

- ❑ **Statewide:** The Department of Personnel and Administration requests an increase of \$114,748 total funds, including \$68,259 General Fund, on behalf of other state agencies that utilize the Department's centralized printing of warrants (such as vouchers authorizing the payment or receipt of money) and other mainframe documents. If the non-appropriated agencies (Higher Education and Transportation) are included in the total statewide impact, the amount increases to \$207,494 total funds.
- ❑ **Department impact:** The Department requests to decrease the appropriation for the Office of the State Controller, Operating Expenses line item by \$16,325 General Fund. These moneys were for purchasing warrants stock, such as numbered checks, and this line item no longer incurs this expense. The cost of the warrants stock is now billed to user agencies through their respective Operating Expenses line items.

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FY 2010-11 Request for Statewide Printing of Warrants and Mainframe Documents					
Department	Total	General Fund	Cash Funds	Reapp. Funds	Federal Funds
Agriculture	\$1,071	\$1,071	\$0	\$0	\$0
Corrections	25,138	25,138	0	0	0
Education	2,056	2,056	0	0	0
Governor	3,900	3,900	0	0	0
Health Care Policy and Financing	1,070	535	0	0	535
Higher Education (appropriated funds)	617	0	470	147	0
Human Services	19,317	10,115	188	407	8,607
HCPF Impact on Human Services	293	146	0	0	147
Judicial	15,187	11,073	3,634	251	229
Labor and Employment	3,901	0	1,638	0	2,263
Law	1,507	299	268	903	37
Legislature	1,034	997	6	31	0
Local Affairs	660	0	0	660	0
Military and Veterans Affairs	5,167	1,292	0	0	3,875
Natural Resources	14,788	941	13,549	163	135
Personnel and Administration	1,461	352	175	934	0
Public Health and Environment	4,555	0	0	4,555	0
Public Safety	4,987	4,987	0	0	0
Regulatory Agencies	2,133	46	2,008	76	3
Revenue	5,286	5,286	0	0	0
State	502	0	502	0	0
Treasury	<u>118</u>	<u>25</u>	<u>0</u>	<u>93</u>	<u>0</u>
TOTAL	\$114,748	\$68,259	\$22,438	\$8,220	\$15,831
Higher Education (non-appropriated)	79,214	0	0	0	0
Transportation (non-appropriated)	13,825	0	0	0	0
HCPF impact on DHS ^{1/}	<u>(293)</u>	<u>(146)</u>	<u>0</u>	<u>0</u>	<u>(147)</u>
TOTAL IMPACT	\$207,494	\$68,113	\$22,438	\$8,220	\$15,684

1/ These funds were reduced from the final impact to avoid double-counting them.

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Staff Recommendation: Staff does not recommend the statewide portion of the request for FY 2010-11 or FY 2011-12. The Department also requests to reduce the General Fund for the Office of the State Controller, Operating Expenses line item. However, once the Department's multiple supplemental requests are compounded for FY 2010-11, this line item does not have a sufficient General Fund appropriation to absorb all of the requested reductions. Therefore, **staff recommends to reduce the appropriation for the Office of the State Controller, Personal Services line item, by \$16,325 General Fund for FY 2010-11.**

As a result of this request, staff's recommendation for the "Denver Business and Contingency Funds" supplemental request includes a recommendation to **increase the appropriation for the Documents Solutions Group, Personal Services line item by \$69,165 reappropriated funds for FY 2010-11.** This recommendation is related to the re-calculation of the Integrated Document Solutions line items. These statewide functions were transferred to the Department in October, 2009. In the process of re-calculating the line item's FY 2010-11 spending authority, staff assumed that 2/3 of the expenditures were included in the FY 2009-10 actuals that were used to develop the revised FY 2010-11 appropriation. The recommended amount accounts for the four months of expenditures that are not already included.

Staff also recommends reducing the FY 2010-11 contingency spending authority for the Integrated Document Solutions line items from 20.0 percent to 5.0 percent of the base appropriation. The calculations for this adjustment are reflected in the following "Denver Business and Contingency Funds" supplemental analysis.

Staff Analysis:

- ❑ Reduction in Office of the State Controller, Operating Expenses line item: The supplemental request states that since the user agencies are billed for the warrant stock through their Operating Expenses line items, the Office of the State Controller, Operating Expenses line item is overappropriated by \$16,325 General Fund for FY 2010-11. The Department requests to reduce the appropriation by this amount. **Staff recommends to reduce the Department's Office of the State Controller, Personal Services line item by \$16,325 General Fund for FY 2010-11.** Staff recommends reducing the Personal Services line item in place of the Operating Expenses line item because the latter can not absorb the Department's total requested General Fund reductions for this line item.

- ❑ Statewide ability to absorb the expense: The request states that the billing to departments for these services transferred from the Purchase of Services for Computer Center line item to the Operating Expenses line items in October, 2009. **Departments absorbed these costs for FY 2009-10, and did not submit this as a supplemental request for FY 2009-10 or**

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as a decision item for FY 2010-11. Also, the adjustments to any individual line item are very small. There are routinely small fluctuations in the expenses billed by DPA to other agencies, and Operating Expenses line items routinely absorb these small adjustments.

- Importance of the request: The supplemental request is a copy of the FY 2011-12 decision item, and the majority of the components were not updated to reflect any differences for FY 2010-11. Additionally, in November, 2010, the Department and staff agreed that there are several errors in the FY 2011-12 submission. **These errors are fundamental to the request and easy to fix, yet were not corrected for the January submission.** For example, the request states that it is for only one year, FY 2011-12. Staff notes that the supplemental request is actually: (1) for FY 2010-11; and (2) for ongoing expenditures. Staff questions whether these issues are indicative of the request's importance.

- Use of contingency funds: The Department first requested contingency funds for FY 2009-10, in the amount of 10.0 percent of the base appropriation. At the time, Joint Budget Committee staff recommended, and the Committee approved, an appropriation of 20.0 percent contingency funds spending authority for the Integrated Document Solutions line items in the Division of Central Services. The same occurred for FY 2010-11, as well.

This request has been submitted twice, in November, 2010 as a FY 2011-12 decision item, and in January, 2011, as a FY 2010-11 supplemental request. The November submission stated that the Department "is not seeking an increase in spending authority within the Integrated Document Solutions program due to the availability of contingency spending authority". During the Department's FY 2011-12 budget briefing, staff expressed concern that the request is for an ongoing, recurring expenditure that will permanently increase the line item's base appropriation. Staff's understanding is that this is not the intended purpose for the contingency spending authority.

This FY 2010-11 supplemental request was later submitted with the same language. **Staff is concerned that the inclusion of this language in a *second* submission indicates the Executive Branch's intent to increase these line items' base appropriation by using the contingency spending authority** to absorb new expenditures, and it will then re-calculate the contingency funds on the new increased base appropriation the following year. These types of actions mirror *continuous* spending authority, which statute does not authorize for this division. Both requests increase the base appropriation without approval from the General Assembly. **This approach uses contingency funds to circumvent the General Assembly's power of appropriation.**

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- ❑ **Staff recommends that the Committee reduce the contingency spending authority for the Integrated Document Solutions' line items to 5.0 percent of the base appropriation for FY 2010-11.** Staff re-calculated the line items to reflect this recommendation as part of the following request, supplemental #4, Denver Business and Contingency Spending Authority for the Division of Central Services. Staff's recommendations for both requests involve re-calculating the same line items. If the Committee does not approve staff's recommendation, staff will adjust the appropriations to reflect the Committee's intent.

**Supplemental Request, Department Priority #4
 Denver Business & Contingency Spending Authority for Division of Central Services,
 Integrated Document Solutions**

	Request	Recommendation
Total	(\$9,090,667)	(\$11,600,041)
Cash Funds	151,497	142,896
Reappropriated Funds	(9,242,164)	(11,742,937)

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
The request meets supplemental criteria. It is the result of data that was not available at the time that the appropriation was made. At the time of the original appropriation the Department was unaware of this opportunity to contract with the City and County of Denver. It was also unknown how the implementation of H.B. 09-1150 would impact the Department's service delivery.	

Department Request: The request consists of two components: (1) additional cash funds spending authority because the Department recently contracted with the City and County of Denver to provide print and mail services; and (2) to true-up its reappropriated funds and contingency spending authority in the Division of Central Services.

- ❑ Cash funds request: The Department requests an additional \$151,497 cash funds spending authority for the Division of Central Services, Integrated Document Solutions program for FY 2010-11, which would annualize to \$326,621 cash funds for FY 2011-12. The Department recently contracted with the City and County of Denver to provide print and mail services, and requires the cash funds spending authority to implement the contract. The following table reflects how these cash funds would be appropriated.

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FY 2010-11 Cash Funds Request, Division of Central Services		
Integrated Document Solutions Line Item	FY 2010-11	FY 2011-12
Reprographics		
Personal Services	\$27,727	\$55,454
Operating Expenses	59,064	141,754
Mail Services		
Personal Services	21,506	43,013
Operating Expenses	<u>43,200</u>	<u>86,400</u>
Total	\$151,497	\$326,621

- Reappropriated funds spending authority: The Department requests to true-up its appropriations for the Division of Central Services, Integrated Document Solutions, by reducing the spending authority by \$9.4 million reappropriated funds. In 2009, the General Assembly passed H.B. 09-1150, which expanded the Department's mandatory service region beyond the Denver metro area. The legislation appropriated an additional \$7.9 million reappropriated funds spending authority to the Division of Central Services in anticipation of increased service delivery. **The anticipated demand for services has not materialized, resulting in a significant over-appropriation.** Additionally, a 20.0 percent contingency spending authority was calculated on top of the H.B. 09-1150 funds, which further distorts the line item appropriations. The impact of the Department's request for specific line items is illustrated in the following table.

Request, Division of Central Services Reappropriated Funds		
Division of Central Services Line Item	FY 2010-11	FY 2011-12
Reprographics		
Personal Services	(\$874,169)	(\$852,042)
Operating Expenses	(1,345,165)	(1,356,978)
Document Solutions Group		
Personal Services	(571,102)	(508,508)
Operating Expenses	(616,960)	(616,690)
Mail Services		
Personal Services	(922,163)	(803,230)
Operating Expenses	<u>(5,104,446)</u>	<u>(5,104,446)</u>
Total	(\$9,434,005)	(\$9,241,894)

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Staff Recommendation: The request meets supplemental criteria, and the Department requires the cash funds spending authority in order to provide the new contracted services for FY 2010-11. **Staff recommends to increase the appropriations for the Integrated Document Solutions, Reprographics and Mail line items, by a total of \$142,896 cash funds for FY 2010-11.** Staff reduced the contingency funds spending authority from 20.0 percent to 5.0 percent, which accounts for the difference between the Department's request and staff's recommendation. Staff recommends to true-up the reappropriated funds spending authority in the Division of Central Services, but **staff's recommended reappropriated funds adjustments for FY 2010-11 differs from the Department's request.**

Staff's recommendation used a different methodology to re-calculate the FY 2010-11 base appropriation. **Staff's recommendation also reduces the contingency spending authority for the Integrated Document Solutions line items from 20.0 percent to 5.0 percent.** Staff's rationale for adjusting the contingency funds spending authority was described in Statewide Supplemental #1, Printing of Statewide Warrants and Mainframe Documents. Staff's recommendations for specific line item adjustments, including the calculations, are detailed in the "Staff Analysis" section.

Staff Recommendation vs. Department Request Division of Central Services, Integrated Document Solutions line items FY 2010-11^{1/}			
Line Item	Staff Recomm.	Department Request	Difference
Reprographics			
Personal Services	\$1,027,292	\$1,112,574	(\$85,282)
Operating Expenses	3,288,482	3,989,808	(701,326)
Document Solutions Group			
Personal Services	3,428,074	3,923,381	(495,307)
Operating Expenses	578,660	578,660	0
Mail Services			
Personal Services	1,991,508	2,310,982	(319,474)
Operating Expenses	<u>8,720,430</u>	<u>9,458,374</u>	<u>(737,944)</u>
Total	\$19,034,446	\$21,373,779	(\$2,339,333)
1/ These amounts include both cash funds and reappropriated funds. Staff's recommendation includes 5.0 percent contingency funds spending authority, and the Department's request includes 20.0 percent contingency funds spending authority.			

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Staff Analysis:

- ❑ Cash funds spending authority: Staff recommends an additional \$142,896 cash funds spending authority for the Integrated Document Solutions, Mail and Reprographics line items. The Department recently contracted with the City and County of Denver to provide mail and print services, and the cash funds spending authority is required to use the contracted moneys to provide these services.
- ❑ Reappropriated funds spending authority: Adjusting the reappropriated funds spending authority will improve the Long Bill's transparency because the unused spending authority appropriated by H.B. 09-1150 distorts the line items. Staff's recommendation more closely reflects the anticipated expenditures in each line item, and decreases the discrepancy between the appropriated and actual expenditure amounts.
- ❑ Printing of statewide warrants and mainframe documents: These functions were transferred to the Department in October, 2009. Therefore, staff assumes that 2/3 of the expenditures were included in the FY 2009-10 actuals used to calculate the revised FY 2010-11 appropriation. **Staff recommends an appropriation of \$69,165 reappropriated funds spending authority for the Documents Solutions Group, Personal Services line item for FY 2010-11**, which accounts for the four months of expenditures that are not included in the FY 2009-10 actuals. This recommendation is also included in the write-up for the Statewide Supplemental #1, Statewide Printing of Warrants and Mainframe Documents.
- ❑ Adjusted FY 2009-10 base appropriation: Staff calculated the adjusted FY 2009-10 base appropriation by using the average of the FY 2009-10 appropriation (without the additional H.B. 09-1150 appropriations or contingency spending authority) and the FY 2009-10 actual expenditure for the line item. It is normal for a department to not fully expend a line item, and this methodology is staff's attempt to quantitatively account for this difference. The following tables provide additional detail for how staff calculated this number.
- ❑ FY 2010-11 base appropriation: The Department's request included its estimates for the FY 2010-11 expenditures for the Integrated Document Solutions line items. In a few instances, the Department's FY 2010-11 estimated base expense is greater than staff's calculations. Although staff assumes there is a reasonable explanation for the difference, the Department did not request, and has not received, the required legislative approval to increase these base appropriations for FY 2010-11.

Staff's recommendation is intended to facilitate the Committee's ability to regulate the appropriations for the Integrated Document Solutions line items, not to impede the Division's ability to effectively provide services for state agencies. If the Department

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provides staff with information supporting why the FY 2010-11 *base* appropriations should increase for FY 2010-11, staff will present it to the Committee for consideration.

- ❑ **Contingency spending authority:** Staff recommends reducing the contingency spending authority to 5.0 percent, regardless of whether the Committee chooses to further adjust the FY 2010-11 appropriations for the Integrated Document Solutions line items. Staff is concerned that the Executive Branch has submitted two documents stating its intent to increase the Department's line item appropriations through the use of contingency spending authority, which is not the intended purpose of this appropriation. Staff recognizes that this division benefits from the contingency spending authority, but **additional spending authority could compromise the Legislative Branch's appropriation authority.**

- ❑ **New projects for FY 2010-11:** The following table includes the new projects for FY 2010-11 that the Department included in its calculations for the Document Solutions Group, Personal Services line item. These are recurring projects that should be included in the line item's base appropriation. **Staff's recommendation for FY 2010-11 includes the following new projects for the Document Solutions Group, Personal Services line item.**

Document Solutions Group: New Base Projects for FY 2010-11 Personal Services line item	
Purpose	Amount
Medical marijuana	\$167,749
Department of Revenue, income history folder	100,110
Department of State, petition signature verification	84,900
Teachers' licenses	73,235
Pueblo county DSS scanning	68,000
Health Care Policy and Financing, medicaid overflow application processing	40,328
Department of Local Affairs, property tax microfilm conversion	36,000
Department of Human Services, Division of Youth Corrections	16,864
Department of Revenue, e-filing	16,131
Auto industry	11,589
Governor's Energy Office	<u>7,743</u>
Total new base projects for FY 2010-11	\$622,649

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- The following tables detail how staff calculated the FY 2010-11 appropriations for the Personal Services and Operating Expenses line items in the Reprographics, Document Solutions, and Mail subdivisions.

Integrated Document Services, Reprographics		
	Personal Services	Operating Expenses
FY 2009-10 Appropriation	\$1,878,146	\$4,877,541
- 20.0 Percent Contingency	313,024	812,924
- H.B. 10-1150	<u>594,632</u>	<u>1,184,747</u>
FY 2009-10 Adjusted Appropriation	\$970,490	\$2,879,871
FY 2009-10 Adjusted Appropriation	\$970,490	\$2,879,871
FY 2009-10 Actual Appropriation	<u>940,045</u>	<u>3,265,776</u>
Average FY 2009-10 Approp + FY 2009-10 Actual	\$955,268	\$3,072,823
+ Denver Print and Mail Contract (cash funds)	\$23,106	\$59,064
+ Other Adjustments	0	0
+ 5.0 Percent Contingency Funds Spending Authority	<u>48,919</u>	<u>156,594</u>
New Staff Recommended FY 2010-11 Appropriation	\$1,027,292	\$3,288,482
Department Request	\$1,112,574	\$3,989,808
\$ Difference, Recommendation vs. Request	(\$85,282)	(\$701,326)
% Difference, Recommendation vs. Request	-7.7%	-17.6%

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Integrated Document Services, Document Solutions Group		
	Personal Services	Operating Expenses
FY 2009-10 Appropriation	\$4,716,659	\$1,149,463
- 20.0 Percent Contingency	786,110	191,577
- H.B. 10-1150	<u>1,357,676</u>	<u>200,722</u>
FY 2009-10 Adjusted Appropriation	\$2,572,873	\$757,164
FY 2009-10 Adjusted Appropriation	\$2,572,873	\$757,164
FY 2009-10 Actual Appropriation	<u>2,573,163</u>	<u>482,217</u>
Average FY 2009-10 Approp + FY 2009-10 Actual	\$2,573,018	\$619,690
+ Denver Print and Mail Contract (cash funds)	\$0	\$0
+ Other Adjustments* (new projects since FY 2009-10 and the recommended \$69,165 for supplemental #1)	691,814	(68,586)
+ 5.0 Percent Contingency Funds Spending Authority	<u>163,242</u>	<u>27,555</u>
New Recommended FY 2010-11 Appropriation	\$3,428,074	\$578,660
Department Request	\$3,923,381	\$578,660
\$ Difference, Recommendation vs. Request	(\$495,307)	\$0
% Difference, Recommendation vs. Request	-12.6%	0.0%

Please note: There was a significant difference between the FY 2009-10 appropriation and FY 2009-10 actuals for the Document Solutions Group, Operating Expenses line item. This caused staff's calculation for this line item's FY 2010-11 appropriation to be greater than the Department's. Therefore, staff recommends the Department's request for \$578,660 for this line item. The "Other Adjustments" line reflects the adjustments between staff's initial recommendation and the Department's request.

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Integrated Document Services, Mail Services		
	Personal Services	Operating Expenses
FY 2009-10 Appropriation	\$2,955,765	\$15,127,472
- 20.0 Percent Contingency	492,628	2,521,245
- H.B. 10-1150	<u>617,671</u>	<u>3,913,861</u>
FY 2009-10 Adjusted Appropriation	\$1,845,467	\$8,692,366
FY 2009-10 Adjusted Appropriation	\$1,845,467	\$8,692,366
FY 2009-10 Actual Appropriation	<u>1,912,039</u>	<u>7,845,978</u>
Average FY 2009-10 Approp + FY 2009-10 Actual	\$1,878,753	\$8,269,172
+ Denver Print and Mail Contract (cash funds)	\$17,922	\$36,000
+ Other Adjustments	0	0
+ 5.0 Percent Contingency Funds Spending Authority	<u>94,834</u>	<u>415,259</u>
New Recommended FY 2010-11 Appropriation	\$1,991,508	\$8,720,430
Department Request	\$2,310,982	\$9,458,374
\$ Difference, Recommendation vs. Request	(\$319,474)	(\$737,944)
% Difference, Recommendation vs. Request	-13.8%	-7.8%

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Statewide Request, Statewide Priority #2

American Reinvestment and Recovery Act (ARRA) Administrative Cost Spending Authority

	Request	Recommendation
Total	(\$280,947)	(\$280,947)
General Fund	(203,737)	(203,737)
Cash Funds	9,587	9,587
Reappropriated Funds	(86,797)	(86,797)

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
The request meets supplemental criteria because it is the result of data that was not available when the original appropriation was made.	

Department Request: Staff organized the Department's request into the three components listed below.

- Reduce appropriations: The Department requests a reduction of \$1,017,830 total funds, to be divided amongst the Department of Personnel and Administration, the Governor's Office, and the Department of Treasury for the administrative costs associated with American Recovery and Reinvestment Act (ARRA). The total amount is comprised of a reduction of \$782,697 General Fund, a reduction of \$244,720 reappropriated funds, and an increase of \$9,587 cash funds.
- 7.0 additional FTE: The Department also requests to increase the appropriation by 2.0 FTE for the Department of Personnel and Administration's Office of the State Controller, and by 5.0 FTE for the Department of Personnel and Administration's State Purchasing Office.
- Technical correction: The Department also requests a technical change to the FY 2010-11 appropriations approved in the FY 2009-10 supplemental for the American Recovery and Reinvestment Act. At the time of the initial request, the Department believed that the expenditures for the State Personnel Board and State Archives would be realized in the Operating Expenses line items. However, the Department has since learned that the costs associated with ARRA will be realized in the Personal Services line items. The Department requests to transfer the ARRA spending authority between the line items. Since the initial appropriation included three-year roll-forward authority for the Operating Expenses line

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items, the Department requests that the roll-forward authority be transferred to the Personal Services line items.

Staff Recommendation: Staff recommends the Department's request to reduce General Fund expenditures in the three departments for FY 2010-11. Staff also recommends the Department's request for a technical correction to transfer the spending authority (including the roll-forward component) in the State Personnel Board and State Archives divisions from the Operating Expenses line items to the Personal Services line items. Staff does not recommend the additional 7.0 FTE for FY 2010-11.

Staff Analysis:

- ❑ Background information: Colorado has received \$3.5 billion in ARRA funds since the Act was signed into law in 2009. The largest recipients were the Departments of Health Care Policy and Financing (23.1 percent), Transportation (20.6 percent), and Labor & Employment (17.2 percent). When the bill was first passed, the initial direction was that individual states could not use any portion of the grants to pay for centralized administrative functions. However, states have subsequently been permitted to collect 0.5 percent of total ARRA grants for these functions, subject to funds availability permitted uses for the funds.

Two types of central administration costs can be collected from ARRA grant funds. The first type, called Section 1, is for those functions that are indirectly billed through the Statewide Cost Allocation Plan. An example of a Section 1 expenditure would be the cost associated with the Department of Personnel and Administration's (DPA) management of the State personnel system. The second type, called Section 2, is for those central administrative functions that are billed directly to programs. An example of a Section 2 expenditure would be the costs billed by the Office of the State Auditor for its services. The funds will be used for two primary purposes: (1) to address the many reporting criteria that have been established for the use of ARRA grant fund dollars; and (2) the audit component required by federal and state law.

- ❑ FTE: The submission is part of a three-year funding request that adjusts appropriations during supplementals and Long Bill figure-setting for each of the three years. The Department is not laying off and re-hiring employees in the ARRA-associated FTE positions with each supplemental adjustment, rather these are accounting actions. Staff understands that the process of reducing and restoring funds is necessary for accounting reasons. However, the State is not required to adjust the corresponding FTE positions, and doing so can give the false sense that these are actual operating adjustments. For this reason, during FY 2010-11 figure-setting, staff recommended that the FTE not be adjusted. Therefore, the 7.0 FTE appropriated for FY 2009-10 are already included in the FY 2010-11 Long Bill.

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- ❑ Three-year roll-forward spending authority: The Department must submit a supplemental plan annually to the federal Division of Cost Allocation (DCA) that details how the funds will be spent. Staff recommended the three-year roll-forward spending authority for FY 2009-10 to ensure that the State collected its full amount to cover the allowable administrative costs, and because of timing issues at the federal level.

The first table below reflects how the funds will be distributed amongst the Governor's Office, the Department of Personnel and Administration, and the Department of the Treasury for FY 2009-10 thru FY 2011-12.

Approved Section 1 Allocations by Fiscal Year					
Department and Program	3-yr Total	FY 2009-10	FY 2010-11	FY 2011-12	FTE
Governor's Office					
Governor's Office, Administration of Governor's Office and Residence	\$1,630,546	\$608,526	\$544,368	\$477,652	0.0
Office of State Planning and Budgeting	<u>473,770</u>	<u>197,404</u>	<u>157,923</u>	<u>118,443</u>	<u>0.0</u>
Governor's Office <i>Total</i>	\$2,104,316	\$805,930	\$702,291	\$596,095	0.0
Department of Personnel & Administration					
Executive Director's Office	\$197,985	\$82,494	\$65,995	\$49,496	0.0
Document Archiving	15,000	6,250	5,000	3,750	0.0
Division of Human Resources	62,405	26,002	20,802	15,601	0.0
State Personnel Board	15,000	6,250	5,000	3,750	0.0
Office of the State Controller	971,747	375,047	318,521	278,179	2.0
Finance and Procurement	<u>986,104</u>	<u>353,593</u>	<u>351,615</u>	<u>280,896</u>	<u>5.0</u>
Department of Personnel & Admin. <i>Total</i>	\$2,248,241	\$849,636	\$766,933	\$631,672	7.0
Department of the Treasury¹	\$181,262	\$74,012	\$60,421	\$46,829	0.0
Building Depreciation^{2/}	<u>\$126,636</u>	<u>\$42,212</u>	<u>\$42,212</u>	<u>\$42,212</u>	<u>0.0</u>
Grand Total	\$4,660,455	\$1,771,790	\$1,571,857	\$1,316,808	7.0
1/ The Department of Treasury's funds include \$32,286, \$25,829, and \$19,372 between FY 2009-10 and FY 2011-12 in funding for bank charges. Bank charges are not directly appropriated because they are net against the interest income. The Department of Treasury will use the additional funding to adjust the interest income accordingly.					
2/ Building depreciation is an expense that is accounted for off-budget and therefore is not appropriated.					

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The allocation of the funds within the Department of Personnel and Administration is detailed below.

FY 2010-11 Recommendation, American Recovery and Reinvestment Act Administrative Cost Offset Department of Personnel and Administration				
Long Bill Line Item	Total	General Fund	Cash Funds	Reapprop. Funds
(1) Executive Director's Office				
(A) Department Administration, Personal Services	(\$49,002)	\$0	\$0	(\$49,002)
(A) Department Administration, Purchase of Services from the Computer Center	0	(19,957)	0	19,957
(A) Department Administration, Operating Expenses	(16,993)	0	0	(16,993)
(B) Statewide Special Purpose, (3) Colorado State Archives, Personal Services	3,750	(5,000)	8,750	0
(2) Division of Human Resources				
(A) Human Resource Services, State Agency Services, Personal Services	(15,595)	0	0	(15,595)
(A) Human Resource Services, State Agency Services, Operating Expenses	(5,207)	0	0	(5,207)
(3) Constitutionally Independent Entities, (A) Personnel Board, Personal Services	3,750	(5,000)	8,750	0
(5) Division of Accounts and Control - Controller				
(A) Office of the State Controller, Personal Services	(155,258)	(155,258)	0	0
(A) Office of the State Controller, Operating Expenses	(38,479)	(18,522)	0	(19,957)
(A) Office of the State Controller, (B) State Purchasing Office, Personal Services	(6,593)	0	(6,593)	0
(A) Office of the State Controller, (B) State Purchasing Office, Operating Expenses	<u>(1,320)</u>	<u>0</u>	<u>(1,320)</u>	<u>0</u>
Total	(\$280,947)	(\$203,737)	\$9,587	(\$86,797)

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**Statewide Request, Statewide Priority #3
 Vehicle Replacements**

	Request	Recommendation
Total	<u>\$886,637</u>	<u>\$0</u>
Reappropriated Funds	886,637	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.]	In Part
A portion of this request is the result of data that was not available at the time of the original appropriation was made. However, staff believes that a portion of the request was available at the time of the original appropriation, and it is unclear why the Department has historically requested through the supplemental process.	

Department Request: This request would decrease the overall statewide appropriations for various departments' Vehicle Lease Payment line items by \$314,110 total funds. It would also reduce the vehicle payments for non-appropriated agencies (Higher Education and Transportation) by \$246,102. The combined appropriation for all state agencies' Vehicle Lease Payment line items would be \$16,185,308. The specific fund splits are determined by each department. If the non-appropriated agencies are included, the statewide expenditure for vehicle lease payments is \$15,939,206 for FY 2010-11.

The Department also requests to reduce appropriation for the Central Services, Fleet Management Program and Motor Pool Services, Vehicle Lease, Purchase, or Lease/Purchase line item by \$886,637, resulting in an appropriation of \$15,712,799 reappropriated funds for FY 2010-11. This line item funds the State's annual financing obligations. Staff notes that this line item's appropriation amount is different than the combined appropriations for all state agencies due to differences between the timing of appropriations for the State fiscal year and the State's actual payments to the financing company.

The Department also requests for a technical correction to the letternote that allows for financing the potential acquisitions for FY 2010-11. This change doesn't impact any line item appropriations, but it is required for state contracting and purchasing requirements. The "not to exceed" amount in the letternote would increase by \$1.5 million, to \$8.7 million. This would account for the acquisition of 72 new vehicles for the Department of Revenue's medical marijuana program, as well as for vehicles that were omitted from the Department's initial calculations.

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Staff Recommendation:

Staff recommends the Department's request to reduce the appropriation for the Fleet Management Program and Motor Pool Services, Vehicle Lease, Purchase, or Lease/Purchase line item by \$886,637 reappropriated funds for FY 2010-11. Staff also recommends a portion of the request for state agency appropriations. Staff's recommendation differs from the request for the Departments of Corrections, Labor and Employment, and Revenue. The variance amount is also different for several departments because the Department used incorrect FY 2010-11 Long Bill appropriation numbers for comparison.

Staff Analysis:

- Updated lease payments: The Department determined the updated FY 2010-11 projected need by using the October, 2010 billing for vehicle leases per agency, and annualized this amount to determine the each agency's need for the entire FY 2010-11 fiscal year. The baseline numbers were then adjusted for vehicles ordered during FY 2009-10 that have not yet arrived but will do so during FY 2010-11, as well as any other reason that a department may incur the costs for FY 2010-11 but these expenses were not reflected in the October, 2010 billing amounts.
- Variance: The Department compared its supplemental request to each department's FY 2010-11 Long Bill appropriation, and determined the variance amount to be the difference between these figures. It is unclear to staff why the Department's FY 2010-11 Long Bill numbers would differ, but as a result it used different numbers as its base comparisons.
- Department of Corrections: The Committee approved a FY 2010-11 **supplemental request for the Department of Corrections that reduced its Vehicle Lease Payments line item by \$19,044**. This was not included in the Department's calculations. The request included an adjustment for "annual lump sum payments". Annual payments imply a recurring expenditure that would be known at the time of the original appropriation, and therefore do not meet supplemental criteria. Additionally, these "annual payments" may already be included in the FY 2010-11 Long Bill, and staff is concerned that the Department may be double-counting the expenditure. **Staff's recommendation reduces the appropriation for the Department of Corrections by an additional \$195,639** to account for this issue.
- Department of Revenue: The Department of Revenue has one Vehicle Lease Payment line item in the Executive Director's Office. **This supplemental request included two additional Long Bill line items, and corresponding appropriations of \$200,255, that do not exist**. Therefore, the Department and statewide calculations are erroneously include an additional \$200,255, and the statewide total variance calculations are include an \$18,894 increase that doesn't actually exist.

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- Department of Labor and Employment: The Department of Labor and Employment was appropriated an additional \$636 through the FY 2010-11 Long Bill figure-setting process. However, the supplemental requested \$852 for this purpose. Staff's recommendation includes the \$636 amount, which accounts for a \$216 difference.

Staff's recommendations for FY 2010-11 appropriations to state agencies is detailed in the following table.

FY 2010-11 Vehicle Lease Line Recommendation					
Department	FY 2010-11 Approp	Supplemental Recomm.	Recommended Approp	Department Request	Difference
Agriculture	\$229,445	(\$9,542)	\$219,903	\$219,903	\$0
Corrections	2,807,760	(336,864)	2,470,896	2,704,645	(233,749)
Education	32,039	(6,422)	25,617	25,617	0
Governor	119,438	709	120,147	120,147	0
Public Health	409,012	(78,165)	330,847	330,847	0
Human Services	1,001,577	61,046	1,062,623	1,062,623	0
Judicial	108,172	3,505	111,677	111,677	0
Labor and Employment	106,535	2,675	109,210	109,426	(216)
Law	72,813	1,517	74,330	74,330	0
Local Affairs	132,945	(3,199)	129,746	129,746	0
Military Affairs	52,446	(7,040)	45,406	45,406	0
Natural Resources	3,379,881	(10,701)	3,369,180	3,369,180	0
Personnel and	99,325	(8,228)	91,097	91,097	0
Public Safety	6,993,466	(127,911)	6,865,555	6,865,555	0
Regulatory Agencies	241,797	(36,137)	205,660	205,660	0
Revenue	512,315	(14,984)	497,331	716,481	(219,150)
State	<u>2,861</u>	<u>108</u>	<u>2,969</u>	<u>2,969</u>	<u>0</u>
Total	\$16,301,827	(\$569,634)	\$15,732,193	\$16,185,308	(\$453,115)

Statewide Request, Nonprioritized #1

1.0 Percent Reduction for General Fund Personal Services Line Items

OSPB Request: The OSPB requests a statewide, 1.0 percent reduction to the General Fund portion of certain Personal Services line items. The request impacts the General Fund portion of the Personal Services appropriations only. The request anticipates a total funds reduction of \$5.4 million, including \$4.9 million General Fund. The reduction applies to FY 2010-11 *only*, and would be restored for the FY 2011-12 base appropriation.

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Staff Recommendation:

- Executive agencies: Staff recommends the requested reductions, as adjusted to reflect any Committee actions. The numbers in the following table reflect the request as it as submitted, and do not include any changes due to Committee action. Individual analysts may have recommended changes to the requested numbers, in which case they would have been presented for Committee approval.

- Non-Executive agencies: The numbers in the OSPB request for non-executive agencies are only estimates. For example, staff is aware that the Department of Treasury's General Fund expenditures will decrease by only \$2,563. Also, the reductions for the Legislature include the salaries for elected officials, which are statutorily defined, and therefore can not be reduced by this request. The analysts for the non-Executive agencies will have presented revised numbers to the Committee for approval.

FY 2010-11 Request for 1.0 Percent General Fund Reduction for Personal Services Line Items				
Department	Total	General Fund	Reapp. Funds	Federal Funds
Agriculture	(\$30,507)	(\$30,507)	\$0	\$0
Corrections	(1,966,707)	(1,966,707)	0	0
Education	(146,317)	(146,317)	0	0
Governor	(40,411)	(40,411)	0	0
Health Care Policy and Financing	(82,380)	(77,125)	(4,276)	(979)
Human Services	(892,579)	(572,590)	(154,542)	(165,447)
HCPF Impact on Human Services	(154,095)	(61,079)	0	(93,016)
Judicial	(801,845)	(801,845)	0	0
Law	(52,001)	(52,001)	0	0
Legislature	(226,911)	(226,911)	0	0
Local Affairs	(27,463)	(27,463)	0	0
Military and Veterans Affairs	(27,135)	(27,135)	0	0
Natural Resources	(228,360)	(228,360)	0	0
Personnel and Administration	(60,812)	(60,812)	0	0
Public Health and Environment	(117,428)	(80,557)	(36,871)	0
HCPF impact on Public Health	(36,871)	(13,022)	0	(23,849)
Public Safety	(167,262)	(167,262)	0	0

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FY 2010-11 Request for 1.0 Percent General Fund Reduction for Personal Services Line Items				
Department	Total	General Fund	Reapp. Funds	Federal Funds
Regulatory Agencies	(12,945)	(9,535)	(3,410)	0
Revenue	(291,194)	(291,194)	0	0
Treasury	(4,467)	(4,467)	0	0
Total	(\$5,367,690)	(\$4,885,300)	(\$199,099)	(\$283,291)

Staff Analysis:

- The Executive Branch **exempted**:
 - (1) Personal services appropriations that support staffing 24/7 direct care facilities.

- The Executive Branch **did not exempt**:
 - Small line items (i.e. line items with fewer than 20.0 FTE); and
 - Contractual services funded out of general Personal Services line items.

- Departments not included: The Departments of Labor and Employment, State, and Transportation were not included in this request because they do not receive General Fund appropriations. The Executive Branch also did not include Higher Education because it does not receive appropriations specifically for personal services.

**Previously Approved Interim Supplemental
 Addition of Governor's Transition Funding Line Item**

Previously Approved	
Total	\$12,650
General Fund	12,650

Description of Supplemental: The Department requests an appropriation of \$28,750 General Fund for FY 2010-11, which would be included in a new line item, "Governor's Transition", in the Executive Director's Office. The funds are for FY 2010-11 only, and would support transition activities related to a new Governor taking office in January, 2011. A portion of the requested funds are statutorily required, because pursuant to Section 24-8-105, C.R.S., the General Assembly shall appropriate to the Department of Personnel and Administration a sum of *not less than \$10,000* to pay the necessary expenses of the governor-elect that are incurred between the general election and the inauguration.

**DEPARTMENT OF PERSONNEL & ADMINISTRATION
FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

The rules governing interim supplementals in Section 24-75-111 (5), C.R.S., require the Committee to introduce all interim supplementals that it approves. Staff will include this supplemental in the Department's supplemental bill.

**Previously Approved Interim Supplemental
Repayment of Federal Participation for Department of Personnel Revolving Fund**

	Previously Approved
Total	<u>\$95,244</u>
Cash Funds	95,244

Description of Supplemental: The Department of Personnel and Administration requests \$95,244 cash funds to reimburse the federal government for its share of an excess reserve fund balance in the Capitol Complex Fund, which is an account within the Department of Personnel and Administration's Revolving Fund (Section 24-30-1108, C.R.S.). As of June 30, 2009, the Fund had an excess reserve balance of \$877,975, and the Division of Cost Allocation requests to be reimbursed for its portion of the excess balance at a federal participation rate of 10.85 percent. The total requested reimbursement is for \$95,244 cash funds. The Department states that the Fund already has the necessary moneys, and therefore it requests only the spending authority.

Staff recommended that the Committee approve the Department's request for an additional \$95,244 cash funds spending authority for FY 2010-11. The requested amount had already been negotiated and finalized with the federal Division of Cost Allocation (DCA). The funds would be appropriated to the Facilities Maintenance, Operating Expenses line item.

The rules governing interim supplementals in Section 24-75-111 (5), C.R.S., require the Committee to introduce all interim supplementals that it approves. Staff will include this supplemental in the Department's supplemental bill.

**DEPARTMENT OF PERSONNEL & ADMINISTRATION
 FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

**Statewide 1.0 Percent Across the Board General Fund Personal Services Reduction
 Impact for Department of Personnel and Administration**

	Request
Total	(\$60,812)
General Fund	(60,812)

Department Request: The Department requests a 1.0 percent reduction for the General Fund portion of its Personal Services line item appropriations for FY 2010-11. The Department is appropriated a significant amount of statewide indirect cost recoveries, which are then used to offset General Fund. These funds are treated as General Fund for the purposes of this supplemental request, and are reduced by 1.0 percent in the relevant Personal Services line items. The Department then uses the statewide indirect funds reduced through this supplemental to offset General Fund elsewhere in the Department's budget, typically in the Office of the State Controller.

The following table details the request's FY 2010-11 impact for the Department of Personnel and Administration:

1.0 Percent Across the Board General Fund Personal Services Line Item Reduction						
Division, Line Item	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
(1) Executive Director's Office						
Administration, Personal Services	(\$16,410)	\$0	\$0	(\$16,410)	\$0	0.0
Office of the State Architect	(4,431)	(4,431)	0	0	0	0.0
State Archives	(4,158)	(4,158)	0	0	0	0.0
(2) Division of Human Resources						
State Agency Services	(16,283)	0	0	(16,283)	0	0.0
(3) Constitutionally Independent Entities						
Personnel Board	(4,728)	(4,728)	0	0	0	0.0
(5) Division of Accounts and Control - Controller						
Office of the State Controller, direct impact	(14,802)	(12,658)	0	(2,144)	0	0.0
General Fund offset ^{1/}	0	(34,837)	0	34,837	0	0.0
Total	(\$60,812)	(\$60,812)	\$0	\$0	\$0	0.0
1/ The majority of the Department's appropriations are reappropriated funds. The Department reduced the reappropriated funds, then transferred the amount to offset General Fund expenditures elsewhere in the Department's budget.						

**DEPARTMENT OF PERSONNEL & ADMINISTRATION
 FY 2010-11 SUPPLEMENTAL RECOMMENDATIONS
 JBC WORKING DOCUMENT - SUBJECT TO CHANGE**

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

Statewide Common Policy Supplemental Requests

These requests are not prioritized. The JBC will act on these items later when it makes decisions regarding common policies.

Department's Portion of Statewide Supplemental Request	Total	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Annual Fleet Vehicle Replacement	(\$8,228)	\$0	\$0	(\$8,228)	\$0	0.0
Printing of Statewide Warrants and Mainframe Documents	<u>1,461</u>	<u>352</u>	<u>175</u>	<u>934</u>	<u>0</u>	<u>0.0</u>
Department's Total Statewide Supplemental Requests	(\$6,767)	\$352	\$175	(\$7,294)	\$0	0.0

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

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
DEPARTMENT OF PERSONNEL & ADMINISTRATION					
Executive Director - Kathy Nesbitt					
Supplemental #1 - Statewide Indirect Cost Assessment True-up					
<i>(1) Executive Director's Office</i>					
<i>(A) Department Administration</i>					
Purchase of Services from Computer Center	<u>2,141,646</u>	<u>4,705,444</u>	<u>0</u>	<u>0</u>	<u>4,705,444</u>
General Fund	884,787	1,588,930	15,729	15,729	1,604,659
Cash Funds	0	358,622	0	0	358,622
Reappropriated Funds	1,256,859	2,757,892	(15,729)	(15,729)	2,742,163
<i>(2) Division of Human Resources</i>					
<i>(B) Training Services</i>					
INDIRECT COST ASSESSMENT					
Reappropriated Funds	0	0	4,605	4,605	4,605
Total for Supplemental #1	<u>2,141,646</u>	<u>4,705,444</u>	<u>4,605</u>	<u>4,605</u>	<u>4,710,049</u>
General Fund	884,787	1,588,930	15,729	15,729	1,604,659
Cash Funds	0	358,622	0	0	358,622
Reappropriated Funds	1,256,859	2,757,892	(11,124)	(11,124)	2,746,768

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Supplemental #2 - IRS 3.0 Percent Vendor Withholding Implementation					
<i>(5) Division of Accounts and Control - Controller</i>					
<i>(1) Office of the State Controller</i>					
Personal Services	2,128,507	2,590,913	17,395	0	2,590,913
FTE	<u>25.0</u>	<u>35.0</u>	<u>0.3</u>	<u>0.0</u>	<u>0.0</u>
General Fund	395,733	1,265,990	17,395	0	1,265,990
Cash Funds	1,375,483	646,337	0	0	646,337
Reappropriated Funds	357,291	678,586	0	0	678,586
Operating Expenses	<u>80,438</u>	<u>128,478</u>	<u>39,088</u>	<u>0</u>	<u>128,478</u>
General Fund	0	18,522	39,088	0	18,522
Cash Funds	80,438	0	0	0	0
Reappropriated Funds	0	109,956	0	0	109,956
Total for Supplemental #2	2,208,945	2,719,391	56,483	0	2,719,391
FTE	<u>25.0</u>	<u>35.0</u>	<u>0.3</u>	<u>0.0</u>	<u>35.0</u>
General Fund	395,733	1,284,512	56,483	0	1,284,512
Cash Funds	1,455,921	646,337	0	0	646,337
Reappropriated Funds	357,291	788,542	0	0	788,542
Supplemental #3 - E-procurement Implementation					
<i>(5) Division of Accounts and Control - Controller</i>					
<i>(B) State Purchasing Office, (C) Supplier Database</i>					
Operating Expenses - Cash Funds	44,121	1,150,510	750,000	750,000	1,900,510

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Statewide Supplemental #1 - Printing of Warrants and Mainframe Documents					
<i>(5) Division of Accounts and Control - Controller</i>					
<i>(1) Office of the State Controller</i>					
Personal Services	2,128,507	2,590,913	(16,325)	(16,325)	2,574,588
FTE	<u>25.0</u>	<u>35.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
General Fund	395,733	1,265,990	(16,325)	(16,325)	1,249,665
Cash Funds	1,375,483	646,337	0	0	646,337
Reappropriated Funds	357,291	678,586	0	0	678,586
<hr/>					
Supplemental #4 - Denver Business & Contingency Spending Authority					
<i>(4) Central Services</i>					
<i>(B) Integrated Document Solutions</i>					
<i>(1) Reprographics</i>					
Personal Services	940,045	1,959,016	(846,442)	(909,924)	1,049,092
FTE	<u>19.3</u>	<u>20.6</u>	<u>0.0</u>	<u>0.0</u>	<u>20.6</u>
Cash Funds	0	0	27,727	24,261	24,261
Reappropriated Funds	940,045	1,959,016	(874,169)	(934,185)	1,024,831
Operating Expenses	<u>3,265,776</u>	<u>5,275,909</u>	<u>(1,286,101)</u>	<u>(1,987,427)</u>	<u>3,288,482</u>
Cash Funds	0	0	59,064	62,017	62,017
Reappropriated Funds	3,265,776	5,275,909	(1,345,165)	(2,049,444)	3,226,465
				(704,279)	

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>(2) Document Solutions Group</i>					
Personal Services	2,573,163	4,494,483	(571,102)	(1,066,409)	3,428,074
FTE	<u>50.2</u>	<u>50.2</u>	<u>0.0</u>	<u>0.0</u>	<u>50.2</u>
Cash Funds	56,703	42,899	0	0	42,899
Reappropriated Funds	2,516,460	4,451,584	(571,102)	(1,066,409)	3,385,175
Operating Expenses	<u>482,217</u>	<u>1,195,620</u>	<u>(616,960)</u>	<u>(616,960)</u>	<u>578,660</u>
Cash Funds	0	0	0	0	0
Reappropriated Funds	482,217	1,195,620	(616,960)	(616,960)	578,660
<i>(3) Mail Services</i>					
Personal Services	1,912,039	3,211,639	(900,657)	(1,220,131)	1,991,508
FTE	<u>43.7</u>	<u>42.8</u>	<u>0.0</u>	<u>0.0</u>	<u>42.8</u>
Cash Funds	0	0	21,506	18,818	18,818
Reappropriated Funds	1,912,039	3,211,639	(922,163)	(1,238,949)	1,972,690
Operating Expenses	<u>7,845,978</u>	<u>14,519,620</u>	<u>(5,061,246)</u>	<u>(5,799,190)</u>	<u>8,720,430</u>
Cash Funds	0	0	43,200	37,800	37,800
Reappropriated Funds	7,845,978	14,519,620	(5,104,446)	(5,836,990)	8,682,630
Total for Supplemental #4	17,019,218	30,656,287	(9,282,508)	(11,600,041)	19,056,246
FTE	<u>113.2</u>	<u>113.6</u>	<u>0.0</u>	<u>0.0</u>	<u>113.6</u>
Cash Funds	56,703	42,899	151,497	142,896	185,795
Reappropriated Funds	16,962,515	30,613,388	(9,434,005)	(11,742,937)	18,870,451

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Statewide Supplemental #2 - American Reinvestment and Recovery Act (ARRA)					
Administrative Spending Authority					
<i>(1) Executive Director's Office</i>					
<i>(A) Department Administration</i>					
Personal Services	1,670,740	1,641,223	(49,002)	(49,002)	1,592,221
FTE	<u>19.4</u>	<u>19.5</u>	<u>0.0</u>	<u>0.0</u>	<u>19.5</u>
General Fund	4,486	0	0	0	0
Cash Funds	25,497	0	0	0	0
Reappropriated Funds	1,640,757	1,641,223	(49,002)	(49,002)	1,592,221
Purchase of Services from Computer Center	<u>2,141,646</u>	<u>4,705,444</u>	<u>0</u>	<u>0</u>	<u>4,705,444</u>
General Fund	884,787	1,588,930	(19,957)	(19,957)	1,568,973
Cash Funds	0	358,622	0	0	358,622
Reappropriated Funds	1,256,859	2,757,892	19,957	19,957	2,777,849
Operating Expenses	<u>83,080</u>	<u>95,440</u>	<u>(16,993)</u>	<u>(16,993)</u>	<u>78,447</u>
Cash Funds	15,732	0	0	0	0
Reappropriated Funds	67,348	95,440	(16,993)	(16,993)	78,447
<i>(B) Statewide Special Purpose</i>					
<i>(3) Colorado State Archives</i>					
Personal Services	561,969	524,770	3,750	3,750	528,520
FTE	<u>7.5</u>	<u>8.0</u>	<u>0.0</u>	<u>0.0</u>	<u>8.0</u>
General Fund	433,336	422,649	(5,000)	(5,000)	417,649
Cash Funds	109,538	91,490	8,750	8,750	100,240
Reappropriated Funds	19,095	10,631	0	0	10,631

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>(2) Division of Human Resources</i>					
<i>(A) Human Resource Services (1) State Agency Services</i>					
Personal Services	1,759,627	1,628,251	(15,595)	(15,595)	1,612,656
FTE	<u>26.2</u>	<u>20.2</u>	<u>0.0</u>	<u>0.0</u>	<u>20.2</u>
General Fund	0	0	0	0	0
Cash Funds	5,074	0	0	0	0
Reappropriated Funds	1,754,553	1,628,251	(15,595)	(15,595)	1,612,656
Operating Expenses	<u>82,129</u>	<u>88,470</u>	<u>(5,207)</u>	<u>(5,207)</u>	<u>83,263</u>
Cash Funds	1,712	4,400	0	0	4,400
Reappropriated Funds	80,417	84,070	(5,207)	(5,207)	78,863
<i>(3) Constitutionally Independent Agencies</i>					
<i>(A) Personnel Board</i>					
Personal Services	458,725	473,985	3,750	3,750	477,735
FTE	<u>4.8</u>	<u>4.8</u>	<u>0.0</u>	<u>0.0</u>	<u>4.8</u>
General Fund	457,955	472,819	(5,000)	(5,000)	467,819
Cash Funds	770	1,166	8,750	8,750	9,916
Reappropriated Funds	0	0	0	0	0

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
<i>(5) Division of Accounts and Control - Controller</i>					
<i>(A) Office of the State Controller</i>					
Personal Services	2,128,507	2,590,913	(155,258)	(155,258)	2,435,655
FTE	<u>25.0</u>	<u>35.0</u>	<u>2.0</u>	<u>0.0</u>	<u>35.0</u>
General Fund	395,733	1,265,990	(155,258)	(155,258)	1,110,732
Cash Funds	1,375,483	646,337	0	0	646,337
Reappropriated Funds	357,291	678,586	0	0	678,586
Operating Expenses	<u>80,438</u>	<u>128,478</u>	<u>(38,479)</u>	<u>(38,479)</u>	<u>89,999</u>
General Fund	0	18,522	(18,522)	(18,522)	0
Cash Funds	80,438	0	0	0	0
Reappropriated Funds	0	109,956	(19,957)	(19,957)	89,999
<i>(B) State Purchasing Office</i>					
Personal Services					
Cash Funds	858,496	794,393	(6,593)	(6,593)	787,800
FTE	9.0	13.0	5.0	0.0	13.0
Operating Expenses					
Cash Funds	71,650	277,000	(1,320)	(1,320)	275,680
Total for Statewide Supplemental #2	9,897,007	12,948,367	(280,947)	(280,947)	12,667,420
FTE	<u>91.9</u>	<u>100.5</u>	<u>7.0</u>	<u>0.0</u>	<u>100.5</u>
General Fund	2,176,297	3,768,910	(203,737)	(203,737)	3,565,173
Cash Funds	2,544,390	2,173,408	9,587	9,587	2,182,995
Reappropriated Funds	5,176,320	7,006,049	(86,797)	(86,797)	6,919,252

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Statewide Supplemental #3 - Vehicle Lease Payments					
<i>(4) Central Services, (C) Fleet Management and Motor Pool Services</i>					
<i>Vehicle Lease, Purchase, or Lease/Purchase</i>					
Reappropriated Funds	12,188,713	16,599,436	(886,631)	(886,637)	15,712,799
Previously Approved Interim Supplemental - Governor's Transition Line Item					
<i>(1) Executive Director's Office, (1) Department Administration</i>					
GOVERNOR'S TRANSITION					
General Fund	0	0	28,750	12,650	12,650
Previously Approved Interim Supplemental - Repayment of Federal Participation					
<i>(4) Central Services, (D) Facilities Maintenance</i>					
<i>(1) Capitol Complex Facilities</i>					
Operating Expenses	<u>0</u>	<u>1,884,034</u>	<u>95,244</u>	<u>95,244</u>	<u>1,979,278</u>
Cash Funds	0	0	95,244	95,244	95,244
Reappropriated Funds	0	1,884,034	0	0	1,884,034

	FY 2009-10	FY 2010-11	Fiscal Year 2010-11 Supplemental		
	Actual	Appropriation	Requested Change	Recommended Change	New Total with Recommendation
Totals Excluding Pending Items					
DEPARTMENT OF PERSONNEL & ADMINISTRATION					
Totals for ALL Department line items	143,591,779	172,205,054	(9,515,004)	(11,905,126)	160,299,928
FTE	<u>369.9</u>	<u>391.3</u>	<u>7.0</u>	<u>0.0</u>	<u>391.3</u>
General Fund	5,146,961	5,476,140	(102,775)	(175,358)	5,300,782
Cash Funds	6,817,359	9,579,235	1,006,328	997,727	10,576,962
Reappropriated Funds	131,627,459.0	157,149,679.0	(10,418,557)	(12,727,495)	144,422,184
Statewide One Percent Across the Board General Fund Personal Services Reduction (see narrative for more detail)					
Total - Various Line Items, General Fund	N.A.	N.A.	(60,812)	Pending	Pending
Statewide Common Policy Supplementals (see narrative for more detail)					
General Fund	<u>N.A.</u>	<u>N.A.</u>	<u>(6,767)</u>	<u>Pending</u>	<u>N.A.</u>
Cash Funds			352		
Reappropriated Funds			175		
			(7,294)		
Totals Including Pending Items					
DEPARTMENT OF PERSONNEL & ADMINISTRATION					
Totals for ALL Department line items	143,591,779	172,205,054	(9,582,583)	(11,905,126)	160,299,928
FTE	<u>369.9</u>	<u>391.3</u>	<u>7.0</u>	<u>0.0</u>	<u>391.3</u>
General Fund	5,146,961	5,476,140	(163,235)	(175,358)	5,300,782
Cash Funds	6,817,359	9,579,235	1,006,503	997,727	10,576,962
Reappropriated Funds	131,627,459	157,149,679	(10,425,851)	(12,727,495)	144,422,184