

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2009-10 STAFF FIGURE SETTING

DEPARTMENT OF LOCAL AFFAIRS

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

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**FY 2009-10 Staff Figure Setting
DEPARTMENT OF LOCAL AFFAIRS**

TABLE OF CONTENTS			
Long Bill Sections and Subsections	Description of Major Program Areas	Page References	
		Figures	Narrative
EXECUTIVE DIRECTOR'S OFFICE		3 - 8	21 - 28
PROPERTY TAXATION		9 - 10	28 - 36
DIVISION OF HOUSING	Affordable Housing Development	10 - 12	36 - 48
DIVISION OF LOCAL GOVERNMENT			
Local Government and Community Services	Conservation Trust Fund Disbursements; Volunteer Firefighter programs; Community <i>Services</i> Block Grant; Waste Tire programs	13 - 15	48 - 57
Field Services	Community <i>Development</i> Block Grant; Local Government Mineral and Energy Impact programs; Local Government Limited Gaming Impact Grants	15 - 18	57 - 64
DIVISION OF EMERGENCY MANAGEMENT	Pre-Disaster Mitigation Grant Match (DI #1)	19 - 20	65 - 70

FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriated	FY 2009-10		Change Requests
				Request	Recommendation	

DEPARTMENT OF LOCAL AFFAIRS
Executive Director: Susan Kirkpatrick

(1) EXECUTIVE DIRECTOR'S OFFICE

This section provides funding for management and administration of the Department, including human resources, accounting, and budgeting. This section also includes funding for the Moffat Tunnel Improvement District. Significant Reappropriated Funds sources include: Local Government Severance Tax Fund, the Local Government Mineral Impact Fund, indirect cost recoveries, and transfers from other agencies.

Personal Services	1,069,059	1,209,880	1,154,696	1,206,782		1,207,606
FTE	<u>12.3</u>	<u>12.0</u>	<u>13.2</u>	<u>13.2</u>		<u>13.2</u>
General Fund	88,718	109,761	39,785	77,041	A	0
FTE	0.0	0.0	0.5	0.5		0.5
Cash Funds	0	0	0	(13,544)		0
Reappropriated Funds/Cash Funds Exempt	980,341	1,100,119	1,114,911	1,125,990	A	1,207,606
FTE	12.3	12.0	12.7	12.7		12.7
Federal Funds	0	0	0	17,295		0
Group Health and Life a/	<u>712,596</u>	<u>812,957</u>	<u>1,075,731</u>	<u>1,023,585</u>		<u>1,023,585</u>
General Fund	336,564	409,854	562,973	535,683		535,683
Cash Funds	94,164	74,727	139,277	132,526		132,526
Reappropriated Funds/Cash Funds Exempt	95,208	121,956	172,119	163,776		163,776
Federal Funds	186,660	206,420	201,362	191,600		191,600
*RF: Mineral & Energy Impact	87,806	116,037	172,119	163,776		163,776

FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		Change Requests
	Actual	Actual	Appropriated	Request	Recommendation	
Short-term Disability a/	<u>11,787</u>	<u>14,996</u>	<u>15,738</u>	<u>15,286</u>	<u>18,541</u>	
General Fund	4,813	5,823	5,241	5,091	7,029	
Cash Funds	1,489	1,892	2,129	2,068	2,945	
Reappropriated Funds/Cash Funds Exempt	2,409	3,688	4,238	4,116	4,438	
Federal Funds	3,076	3,593	4,130	4,011	4,129	
*RF: Mineral & Energy Impact	2,278	2,782	4,237	4,116	4,438	
S.B. 04-257 Amoritization Equalization	<u>76,458</u>	<u>84,649</u>	<u>193,694</u>	<u>235,165</u>	<u>239,237</u>	
General Fund	30,171	31,727	64,510	78,322	90,693	
Cash Funds	9,886	10,916	26,498	32,171	37,999	
Reappropriated Funds/Cash Funds Exempt	15,987	21,279	51,858	62,961	57,266	
Federal Funds	20,414	20,727	50,828	61,711	53,279	
*RF: Mineral & Energy Impact	15,175	16,050	48,726	62,961	57,266	
S.B. 06-235 Supplemental Amortization Equalization						
Disbursements	<u>0</u>	<u>26,972</u>	<u>90,794</u>	<u>146,978</u>	<u>149,523</u>	
General Fund	0	9,331	30,239	48,951	56,683	
Cash Funds	0	3,639	11,663	18,880	23,749	
Reappropriated Funds/Cash Funds Exempt	0	7,093	25,066	40,577	35,791	
Federal Funds	0	6,909	23,826	38,570	33,300	
*RF: Mineral & Energy Impact	0	7,093	22,903	40,577	35,791	
Salary Survey and Senior Executive Service a/	<u>337,986</u>	<u>394,702</u>	<u>458,469</u>	<u>0</u>	<u>0</u>	
General Fund	134,347	162,699	161,726	0 A	0	
Cash Funds	28,771	41,173	68,068	0 A	0	
Reappropriated Funds/Cash Funds Exempt	69,202	68,139	94,235	0 A	0	
Federal Funds	105,666	122,691	134,440	0 A	0	
*RF: Mineral & Energy Impact	65,841	65,309	94,235	0 A	0	

FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		Change Requests
	Actual	Actual	Appropriated	Request	Recommendation	
Performance-based Pay	<u>0</u>	<u>181,676</u>	<u>184,590</u>	<u>0</u>	<u>0</u>	
General Fund	0	89,507	92,714	0	0	
Cash Funds	0	12,348	18,125	0	0	
Reappropriated Funds/Cash Funds Exempt	0	30,195	26,488	0	0	
Federal Funds	0	49,626	47,263	0	0	
<i>*RF: Mineral & Energy Impact</i>	0	29,147	26,488	0	0	
Workers' Compensation	<u>35,025</u>	<u>26,710</u>	<u>34,064</u>	<u>34,116</u>	<u>Pending</u>	
General Fund	32,578	24,842	31,674	31,722		NP-2
Cash Funds	1,033	797	1,073	1,075		
Reappropriated Funds/Cash Funds Exempt	1,414	1,071	1,317	1,319		
<i>*RF: Mineral & Energy Impact</i>	1,374	1,027	1,317	1,319		
Operating Expenses	<u>137,560</u>	<u>154,977</u>	<u>144,175</u>	<u>144,175</u>	<u>144,175</u>	
General Fund	0	0	34,493 S	0 A	0	NP-1
Reappropriated Funds/Cash Funds Exempt	129,962	130,309	97,920 S	132,413 A	132,413	
Federal Funds	7,598	24,668	11,762	11,762	11,762	
Legal Services	<u>114,740</u>	<u>138,349</u>	<u>134,429</u>	<u>134,429</u>	<u>Pending</u>	
General Fund	109,987	116,901	121,970	121,970		
Cash Funds	2,032	3,882	6,312	6,312		
Reappropriated Funds/Cash Funds Exempt	1,134	1,381	1,268	1,268		
Federal Funds	1,587	16,185	4,879	4,879		
<i>Hours</i>	1,694.8	1,920.7	1,790.0	1,790.0	1,790.0	
<i>*RF: Mineral & Energy Impact</i>	1,134	1,216	1,268	1,268		
Purchase of Services from Computer Center - GF	397	2,420	40,303	40,303	Pending	

FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		Change Requests
	Actual	Actual	Appropriated	Request	Recommendation	
Multi-use Network Payments	<u>72,905</u>	<u>65,532</u>	<u>67,409</u>	<u>67,409</u>		Pending
General Fund	40,920	36,782	37,835	37,835		
Cash Funds	2,955	2,657	3,241	3,241		
Reappropriated Funds/Cash Funds Exempt	5,718	5,139	4,777	4,777		
Federal Funds	23,312	20,954	21,556	21,556		
<i>*RF: Mineral & Energy Impact</i>	5,272	4,634	4,777	4,777		
Management and Administration of OIT	<u>0</u>	<u>0</u>	<u>13,682</u>	<u>14,360</u>		Pending
General Fund	0	0	5,671	5,291	A	
Reappropriated Funds/Cash Funds Exempt	0	0	0	9,069		
Federal Funds	0	0	8,011	0	A	
Payment to Risk Management and Property Funds	<u>36,287</u>	<u>13,330</u>	<u>17,928</u>	<u>17,928</u>		Pending
General Fund	33,766	12,394	16,673	16,673		
Cash Funds	2,322	776	1,122	1,122		
Reappropriated Funds/Cash Funds Exempt	199	160	133	133		
<i>*RF: Mineral & Energy Impact</i>	176	114	133	133		
Vehicle Lease Payments	<u>60,105</u>	<u>69,361</u>	<u>95,937</u>	<u>124,641</u>		<u>107,443</u>
General Fund	51,481	61,045	77,430	93,036		79,156
Reappropriated Funds/Cash Funds Exempt	8,624	8,316	18,507	26,428		23,110
Federal Funds	0	0	0	5,177		5,177
<i>*RF: Mineral & Energy Impact</i>	8,624	8,316	18,507	26,428		23,110
Information Technology Asset Maintenance	<u>107,731</u>	<u>134,012</u>	<u>104,793</u>	<u>104,793</u>		<u>104,793</u>
General Fund	29,913	29,913	29,913	29,913		29,913
Cash Funds	10,364	10,364	13,049	13,049		13,049
Reappropriated Funds/Cash Funds Exempt	40,192	40,192	37,507	37,507		37,507
Federal Funds	27,262	53,543	24,324	24,324		24,324
<i>*RF: Mineral & Energy Impact</i>	39,507	37,507	37,507	37,507		37,507

FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		Change Requests
	Actual	Actual	Appropriated	Request	Recommendation	
Capitol Complex Leased Space	<u>421,347</u>	<u>475,931</u>	<u>473,484</u>	<u>476,126</u>		<u>Pending</u>
General Fund	294,864	345,070	346,132	346,132		
Cash Funds	14,881	17,309	24,391	24,391		
Reappropriated Funds/Cash Funds Exempt	55,789	61,801	55,408	55,408		
Federal Funds	55,813	51,751	47,553	50,195	A	NP-4
<i>Square Feet</i>	<i>53,770.0</i>	<i>53,770.0</i>	<i>53,770.0</i>	<i>53,770.0</i>		<i>53,770.0</i>
<i>*RF: Mineral & Energy Impact</i>	<i>54,315</i>	<i>55,955</i>	<i>55,408</i>	<i>55,408</i>		
Leased Space	<u>56,320</u>	<u>80,849</u>	<u>80,988</u>	<u>99,561</u>		<u>99,561</u>
General Fund	16,065	16,800	16,692	22,376		22,376 DI #1
Reappropriated Funds/Cash Funds Exempt	12,095	12,830	12,430	12,626		12,626
Federal Funds	28,160	51,219	51,866	64,559		64,559 DI #1
<i>*RF: Mineral & Energy Impact</i>	<i>12,095</i>	<i>12,830</i>	<i>12,430</i>	<i>12,626</i>		<i>12,626</i>
Communication Services Payments	<u>21,871</u>	<u>26,606</u>	<u>27,788</u>	<u>27,788</u>		<u>Pending</u>
General Fund	10,935	13,303	6,947	6,947	A	
Federal Funds	10,936	13,303	20,841	20,841	A	
Moffat Tunnel Improvement District - CF	27,172	13	92,958	137,444		137,444
Workforce Development Council [Transferred to DOLF]	347,178	397,567	0	0	a/	0
FTE	<u>3.9</u>	<u>3.8</u>	<u>0.0</u>	<u>0.0</u>		<u>0.0</u>
Reappropriated Funds/Cash Funds Exempt	347,178	397,567	0	0		0
FTE	3.9	3.8	0.0	0.0		0.0
Federal Funds	0	0	0	0		0
FTE	0.0	0.0	0.0	0.0		0.0

FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		Change Requests
	Actual	Actual	Appropriated	Request	Recommendation	
Workforce Improvement Grants [Transferred to DOLE]	1,864,826	2,995,301	0 a/	0	0	
FTE	<u>0.6</u>	<u>1.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	
Reappropriated Funds/Cash Funds Exempt	0	0	0	0	0	
Federal Funds	1,864,826	2,995,301	0	0	0	
FTE	0.6	1.0	0.0	0.0	0.0	
(1) SUBTOTAL - EXECUTIVE DIRECTOR'S OFFICE	5,511,350	7,306,790	4,501,650	4,050,869	3,231,908	
FTE	<u>16.8</u>	<u>16.8</u>	<u>13.2</u>	<u>13.2</u>	<u>13.2</u>	
General Fund	1,215,519	1,478,172	1,722,921	1,497,286	821,533	
FTE	0.0	0.0	0.5	0.5	0.5	
Cash Funds	195,069	180,493	407,906	358,735	347,712	
Reappropriated Funds/Cash Funds Exempt	1,765,452	2,011,235	1,718,182	1,678,368	1,674,533	
FTE	16.2	15.8	12.7	12.7	12.7	
Federal Funds	2,335,310	3,636,890	652,641	516,480	388,130	
FTE	0.6	1.0	0.0	0.0	0.0	
<i>*Mineral & Energy Impact - RF</i>	<i>293,597</i>	<i>358,017</i>	<i>500,055</i>	<i>410,896</i>	<i>334,514</i>	

a/ Actual expenditures for these line items reflect amounts appropriated. It is staff's understanding that the Department allocates the full amount appropriated for these line items to various line items throughout the Department. The Department does not track the nature of amounts reverted from individual line items, and thus cannot attribute reversions to these centrally appropriated line items.

a/ The Workforce Development Council and its associated grant moneys were transferred to the Department of Labor and Employment, pursuant to S.B. 08-231

FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriated	FY 2009-10		Change Requests
				Request	Recommendation	
(2) PROPERTY TAXATION						
This section provides funding for the Division of Property Taxation, which: issues appraisal standards and provides training and technical assistance to county assessors; values multi-county companies; and grants taxation exemptions. This section also provides funding for the State Board of Equalization, which supervises the administration of property tax laws by local county assessors, as well as the Board of Assessment Appeals, which hears petitions for appeal on valuation, abatements, exemptions, and valuation of state-assessed properties. Cash funds are from the Property Tax Exemption Fund. Significant Reappropriated Funds sources include: the Local Government Severance Tax Fund, the Local Government Mineral Impact Fund, and indirect cost recoveries.						
Division of Property Taxation	2,585,756	2,935,030	2,691,049	2,843,496	2,842,866	
FTE	<u>35.8</u>	<u>36.4</u>	<u>38.5</u>	<u>38.5</u>	<u>38.5</u>	
General Fund	1,254,573	1,416,586	1,303,831	1,258,188	1,354,317	DI #2, NP-5
FTE	15.7	15.7	15.7	15.7	15.7	
Cash Funds	640,272	684,846	672,172	801,526	704,767	
FTE	10.0	11.1	11.1	11.1	11.1	
Reappropriated Funds/Cash Funds Exempt	690,911	833,598	715,046	783,782	783,782	
FTE	10.1	9.6	11.7	11.7	11.7	
<i>*RF: Mineral & Energy Impact</i>	<i>690,911</i>	<i>733,767</i>	<i>715,046</i>	<i>783,782</i>	<i>783,782</i>	
State Board of Equalization - GF	12,856	12,856	12,856	12,856	12,856	
Board of Assessment Appeals	618,894	753,463	658,107	681,911	681,100	NP-5
FTE	<u>14.8</u>	<u>14.8</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	
General Fund	369,858	725,928	658,107	681,911	302,608	
FTE	8.7	14.3	15.0	15.0	15.0	
Reappropriated Funds/Cash Funds Exempt	249,036	27,535	0	0	378,492	
FTE	5.8	0.5	0.0	0.0	0.0	

FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		Change Requests
	Actual	Actual	Appropriated	Request	Recommendation	
Indirect Cost Assessment	<u>100,872</u>	<u>81,480</u>	<u>66,718</u>	<u>141,724</u>	<u>102,526</u>	
Cash Funds	0	0	0	75,006 A	0	
Reappropriated Funds/Cash Funds Exempt	100,872	81,480	66,718	66,718	102,526	
*RF: Mineral & Energy Impact	100,872	81,480	66,718	66,718	102,526	
(2) SUBTOTAL - PROPERTY TAXATION	3,318,378	3,782,829	3,428,730	3,679,987	3,639,348	
FTE	<u>50.3</u>	<u>51.2</u>	<u>53.5</u>	<u>53.5</u>	<u>53.5</u>	
General Fund	1,637,287	2,155,370	1,974,794	1,952,955	1,669,781	
FTE	24.4	30.0	30.7	30.7	30.7	
Cash Funds	640,272	684,846	672,172	876,532	704,767	
FTE	10.0	11.1	11.1	11.1	11.1	
Reappropriated Funds/Cash Funds Exempt	1,040,819	942,613	781,764	850,500	1,264,800	
FTE	15.9	10.1	11.7	11.7	11.7	
*Mineral & Energy Impact - RF	791,783	815,247	781,764 #	850,500	886,308	

(3) DIVISION OF HOUSING

This division assists local communities in meeting their housing goals, administers various state and federal affordable housing programs, and regulates the manufacture of factory-built residential and commercial buildings. Cash funds are from certification and registration fees paid by the producers and installers of manufactured homes. Includes funding for foreclosure prevention. Significant Reappropriated Funds sources include: the Local Government Severance Tax Fund and the Local Tax Fund, and the Local Government Mineral Impact Fund.

FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		Change Requests
	Actual	Actual	Appropriated	Request	Recommendation	
(A) Administration						
Personal Services	1,683,452	1,886,039	1,405,336	1,496,416	1,496,416	
FTE	<u>25.0</u>	<u>24.2</u>	<u>22.1</u>	<u>23.3</u>	<u>23.3</u>	
General Fund	299,150	364,445	341,403	373,494	373,494	
FTE	4.6	4.6	4.6	4.6	4.6	
Cash Funds	74,269	78,750	76,917	77,454	77,454	
FTE	0.9	0.9	0.9	0.9	0.9	
Reappropriated Funds/Cash Funds Exempt	120,728	150,066	144,997	153,805	153,805	
FTE	1.7	1.2	1.7	1.7	1.7	
Federal Funds	1,189,305	1,292,778	842,019	891,663	891,663	
FTE	17.8	17.5	14.9	16.1	16.1	
<i>*RF: Mineral & Energy Impact</i>	<i>120,728</i>	<i>139,654</i>	<i>144,997</i>	<i>153,805</i>	<i>153,805</i>	
Operating Expenses	<u>273,700</u>	<u>258,672</u>	<u>323,903</u>	<u>324,928</u>	<u>323,903</u>	
General Fund	25,903	25,903	25,903	25,903	25,903	
Federal Funds	247,797	232,769	298,000	299,025	298,000	NP-5
Manufactured Buildings Program - CF	753,772	1,085,481	1,137,098	1,197,774	1,198,780	NP-5
FTE	9.7	9.9	11.7	11.7	11.7	
Colorado Affordable Housing Construction Grants & Loans - GF	1,100,000	1,223,324	2,225,000	2,225,000	100,000	
Federal Affordable Housing Construction Grants & Loans - FF	14,665,888	16,057,995	9,058,270	45,290,930	45,290,931	
Emergency Shelter Program - FF	968,312	979,637	967,363	923,376	923,376	
Private Activity Bond Allocation Committee - CF	2,500	2,500	2,500	2,500	2,500	

FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		Change Requests
	Actual	Actual	Appropriated	Request	Recommendation	
Low Income Rental Subsidies - FF	16,587,106	18,001,706	17,193,000	17,193,000	17,193,000	
Foreclosure Prevention Grant Fund - GF	0	0	100,000	0	0	
Foreclosure Prevention Grants - Reappropriated Funds/	0	0	100,000	100,000	100,000	
Indirect Cost Assessment	<u>381,964</u>	<u>472,174</u>	<u>331,091</u>	<u>311,917</u>	<u>430,431</u>	
Cash Funds	149,320	160,786	153,287 S	134,113	218,801	
Reappropriated Funds/Cash Funds Exempt	41,662	31,996	23,542	23,542	48,884	
Federal Funds	190,982	279,392	154,262	154,262	162,746	
*RF: Mineral & Energy Impact	<i>41,662</i>	<i>31,996</i>	<i>23,542</i>	<i>23,542</i>	<i>23,542</i>	
(3) SUBTOTAL - DIVISION OF HOUSING	36,416,694	39,967,528	32,843,561	69,065,841	67,059,337	
FTE	<u>34.7</u>	<u>34.1</u>	<u>33.8</u>	<u>35.0</u>	<u>35.0</u>	
General Fund	1,425,053	1,613,672	2,692,306	2,624,397	499,397	
FTE	4.6	4.6	4.6	4.6	4.6	
Cash Funds	979,861	1,327,517	1,369,802	1,411,841	1,497,535	
FTE	10.6	10.8	12.6	12.6	12.6	
Reappropriated Funds/Cash Funds Exempt	162,390	182,062	268,539	277,347	302,689	
FTE	1.7	1.2	1.7	1.7	1.7	
Federal Funds	33,849,390	36,844,277	28,512,914	64,752,256	64,759,716	
FTE	17.8	17.5	14.9	16.1	16.1	
*Mineral & Energy Impact - RF	<i>162,390</i>	<i>171,650</i>	<i>168,539</i>	<i>177,347</i>	<i>177,347</i>	

FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriated	FY 2009-10		Change Requests
				Request	Recommendation	
(4) DIVISION OF LOCAL GOVERNMENT						
The Division of Local Government provides information and training for local governments in budget development, purchasing, demographics, land use planning, and regulatory issues; manages federal and state funding programs to support infrastructure and local services development; and assists local, state, and private organizations in disaster preparedness, response, recovery, and impact mitigation. Cash funds are predominantly from waste tire recycling fees and the Local Government Severance Tax Fund. Cash funds exempt are from reserves in the Local Government Severance Tax Fund, the Limited Gaming Fund, and the State Lottery Fund.)						
(A) Local Government and Community Services						
(1) Administration						
Personal Services	1,440,760	1,665,573	1,502,809	1,611,997		1,613,440
FTE	<u>19.0</u>	<u>19.0</u>	<u>20.4</u>	<u>20.4</u>		<u>20.4</u>
General Fund	821,162	951,543	851,354 S	908,272 A		909,715
FTE	10.3	10.3	10.3	10.3		10.3
Reappropriated Funds/Cash Funds Exempt	469,512	509,700	470,718 S	513,238		513,238
FTE	6.8	6.4	7.0	7.0		7.0
Federal Funds	150,086	204,330	180,737	190,487		190,487
FTE	1.9	2.3	3.1	3.1		3.1
*RF: Mineral & Energy Impact	469,512	481,668	470,718 S	513,238		513,238
Operating Expenses	<u>88,500</u>	<u>93,818</u>	<u>131,351</u>	<u>131,351</u>		<u>131,351</u>
General Fund	42,178	42,178	42,178	42,178		42,178
Reappropriated Funds/Cash Funds Exempt	25,145	25,146	25,146	25,146		25,146
Federal Funds	21,177	26,494	64,027	64,027		64,027
*RF: Mineral & Energy Impact	25,145	25,146	25,146	25,146		25,146
(2) Local Government Services						
Local Utility Management Assistance - CF	144,799	162,399	151,817	157,705		157,705
FTE	2.0	2.0	2.0	2.0		2.0

FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		Change Requests
	Actual	Actual	Appropriated	Request	Recommendation	
Conservation Trust Fund Disbursements - CF	47,381,119	48,617,599	46,600,000	48,000,000	48,000,000	
FTE	1.9	2.0	2.0	2.0	2.0	
Volunteer Firefighter Retirement Plans - GF	3,946,667	4,025,790	4,014,623	4,111,912	4,111,912	
†GF: General Fund Exempt Account	3,665,842	3,736,480	4,014,623	4,111,912	4,111,912	
Volunteer Firefighter Death and Disability Insurance - GF	30,000	30,000	30,000	30,000	30,000	
†GF: General Fund Exempt Account	30,000	30,000	30,000	30,000	30,000	
Environmental Protection Agency Water/Sewer File Project - FF	49,549	45,747	50,000	50,000	50,000	
FTE	0.5	0.5	0.5	0.5	0.5	
Federal Disability Program Navigator - FF	1,028,922	0	0	0	0	
FTE	2.8	0.0	0.0	0.0	0.0	
United Health Rural Health Care Grants - CF	524,566	475,434	150,000	0	0	
(3) Community Services				0	0	
Community Services Block Grant - FF	4,742,824	4,995,123	5,190,947	5,500,000	5,500,000	
(4) Waste Tire Fund				0	0	
Waste Tire Recycling, Reuse and Removal Grants	2,990,928	3,226,344	3,000,000	4,000,000	4,200,000	
FTE	0.5	0.7	0.7	0.7	0.7	
Cash Funds	2,535,170	3,226,344	3,000,000	4,000,000	4,200,000	
FTE	0.5	0.7	0.7	0.7	0.7	
Reappropriated Funds/Cash Funds Exempt	455,758	0	0	0	0	
				0	0	

FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		Change
	Actual	Actual	Appropriated	Request	Recommendation	Requests
Subtotal: (A) Local Government and Community						
Services	62,368,634	63,337,827	60,821,547	63,592,965	63,794,408	
FTE	<u>26.7</u>	<u>24.2</u>	<u>25.6</u>	<u>25.6</u>	<u>25.6</u>	
General Fund	4,840,007	5,049,511	4,938,155	5,092,362	5,093,805	
FTE	10.3	10.3	10.3	10.3	10.3	
Cash Funds	50,585,654	52,481,776	49,901,817	52,157,705	52,357,705	
FTE	4.4	4.7	4.7	4.7	4.7	
Reappropriated Funds/Cash Funds Exempt	950,415	534,846	495,864	538,384	538,384	
FTE	6.8	6.4	7.0	7.0	7.0	
Federal Funds	5,992,558	5,271,694	5,485,711	5,804,514	5,804,514	
FTE	5.2	2.8	3.6	3.6	3.6	
†General Fund Exempt Account	3,695,842	3,766,480	4,044,623	4,141,912	4,141,912	
*RF: Mineral & Energy Impact	494,657	506,814	495,864	538,384	538,384	
(B) Field Services						
Program Costs	2,053,880	2,230,882	2,236,923	2,438,592	2,440,145	
FTE	<u>21.2</u>	<u>20.6</u>	<u>28.6</u>	<u>28.6</u>	<u>28.5</u>	
General Fund	465,704	546,085	461,436 S	500,694 A	502,137	
FTE	5.2	5.2	4.9	4.9	4.9	
Cash Funds	0	0	97,308	107,264	107,264	
FTE	0.0	0.0	1.0	1.0	1.0	
Reappropriated Funds/Cash Funds Exempt	1,185,864	1,336,885	1,357,568 S	1,485,518	1,485,628 NP-5	
FTE	12.4	12.8	17.8	17.8	17.7	
Federal Funds	402,312	347,912	320,611	345,116	345,116	
FTE	3.6	2.6	4.9	4.9	4.9	
*RF: Mineral & Energy Impact	1,185,864	1,111,837	1,341,276 S	1,485,518	1,485,518	

FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		Change Requests
	Actual	Actual	Appropriated	Request	Recommendation	
Community Development Block Grant (Business and Infrastructure Development) - FF	9,059,705	8,019,941	6,818,995	7,049,019	7,049,019	
Local Government Mineral and Energy Impact Grants and Disbursements	<u>119,764,475</u>	<u>140,619,011</u>	<u>125,900,000</u>	<u>230,000,000</u>	<u>192,000,000</u>	
Cash Funds	23,100,000	23,100,000	125,900,000	230,000,000	192,000,000	
Reappropriated Funds/Cash Funds Exempt	96,664,475	117,519,011	0	0	0	
<i>For Information Only, Non-add</i>				0	0	
<i>State Severance Tax</i>	81,082,785	97,357,729	75,000,000	140,000,000	119,000,000	
<i>Federal Mineral Lease</i>	38,681,690	43,261,282	50,900,000	90,000,000	73,000,000	
Local Government Limited Gaming Impact Grants -	6,381,333	5,342,950	7,183,111	7,100,000	6,308,674	
Search and Rescue Program	460,290	447,908	615,000	615,000	615,000	
FTE	<u>1.3</u>	<u>1.3</u>	<u>1.3</u>	<u>1.3</u>	<u>1.3</u>	
Cash Funds	437,589	447,908	615,000	615,000	615,000	
FTE	1.3	1.3	1.3	1.3	1.3	
Reappropriated Funds/Cash Funds Exempt	22,701	0	0	0	0	
Colorado Heritage Communities Grant Fund - GF	200,000	200,000	62,000 S	0 A	0	
Colorado Heritage Communities Grants - Reappropriated Funds/Cash Funds Exempt	200,000	200,000	200,000	200,000	200,000	

FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriated	FY 2009-10		Change Requests
				Request	Recommendation	
Subtotal: (B) Field Services	138,119,683	157,060,692	143,016,029	247,402,611	208,612,838	
FTE	<u>22.5</u>	<u>21.9</u>	<u>29.9</u>	<u>29.9</u>	<u>29.8</u>	
General Fund	665,704	746,085	523,436	500,694	502,137	
FTE	5.2	5.2	4.9	4.9	4.9	
Cash Funds	29,918,922	28,890,858	133,795,419	237,822,264	199,030,938	
FTE	1.3	1.3	2.3	2.3	2.3	
Reappropriated Funds/Cash Funds Exempt	98,073,040	119,055,896	1,557,568	1,685,518	1,685,628	
FTE	12.4	12.8	17.8	17.8	17.7	
Federal Funds	9,462,017	8,367,853	7,139,606	7,394,135	7,394,135	
FTE	3.6	2.6	4.9	4.9	4.9	
<i>*RF: Mineral & Energy Impact</i>	<i>1,185,864</i>	<i>1,111,837</i>	<i>1,341,276</i>	<i>1,485,518</i>	<i>1,485,518</i>	
(C) Indirect Cost Assessment	<u>727,821</u>	<u>483,787</u>	<u>689,213</u>	<u>610,467</u>	<u>850,154</u>	
Cash Funds	67,201	50,134	125,645	125,645	171,115	
Reappropriated Funds/Cash Funds Exempt	490,482	337,349	432,143	353,397	545,510	
Federal Funds	170,138	96,304	131,425	131,425	133,529	
<i>*RF: Mineral & Energy Impact</i>	<i>442,024</i>	<i>291,218</i>	<i>353,397</i>	<i>353,397</i>	<i>545,510</i>	

**FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES**

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriated	FY 2009-10		Change Requests
				Request	Recommendation	
(4) SUBTOTAL - DIVISION OF LOCAL GOVERNMENT	201,216,138	220,882,306	204,526,789	311,606,043	273,257,400	
FTE	<u>49.2</u>	<u>46.1</u>	<u>55.5</u>	<u>55.5</u>	<u>55.4</u>	
General Fund	5,505,711	5,795,596	5,461,591	5,593,056	5,595,942	
FTE	15.5	15.5	15.2	15.2	15.2	
Cash Funds	80,571,777	81,422,768	183,822,881	290,105,614	251,559,758	
FTE	5.7	6.0	7.0	7.0	7.0	
Reappropriated Funds/Cash Funds Exempt	99,513,937	119,928,091	2,485,575	2,577,299	2,769,522	
FTE	19.2	19.2	24.8	24.8	24.7	
Federal Funds	15,624,713	13,735,851	12,756,742	13,330,074	13,332,178	
FTE	8.8	5.4	8.5	8.5	8.5	
<i>†General Fund Exempt Account</i>	<i>3,695,842</i>	<i>3,766,480</i>	<i>4,044,623</i>	<i>4,141,912</i>	<i>4,141,912</i>	
<i>*RF: Mineral & Energy Impact</i>	<i>2,122,545</i>	<i>1,909,869</i>	<i>2,190,537</i>	<i>2,377,299</i>	<i>2,569,412</i>	
(5) Division of Emergency Management						
Administration	3,259,931	3,191,974	2,444,228	2,805,888	2,805,515	
FTE	<u>25.6</u>	<u>27.8</u>	<u>24.5</u>	<u>29.4</u>	<u>29.4</u>	
General Fund	518,234	558,096	501,027	584,028	584,854	DI #1
FTE	7.2	7.2	7.2	8.1	8.1	DI #1
Reappropriated Funds	65,216	64,890	64,241	66,269	66,269	
FTE	0.6	0.3	1.0	1.0	1.0	
Federal Funds	2,676,481	2,568,988	1,878,960	2,155,591	2,154,392	DI #1
FTE	17.8	20.3	16.3	20.3	20.3	DI #1
<i>*RF: Mineral & Energy Impact</i>	<i>62,497</i>	<i>64,890</i>	<i>64,241</i>	<i>66,269</i>	<i>66,269</i>	
Disaster Response and Recovery	<u>4,856,477</u>	<u>1,970,075</u>	<u>4,950,000</u>	<u>4,950,000</u>	<u>4,950,000</u>	
Cash Funds	4,856,477	1,101,763	4,500,000	4,500,000	4,500,000	
Federal Funds	0	868,312	450,000	450,000	450,000	

**FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES**

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		Change Requests
	Actual	Actual	Appropriated	Request	Recommendation	
Preparedness Grants and Training	<u>37,712,659</u>	<u>35,122,115</u>	<u>10,546,340</u>	<u>12,010,988</u>	<u>12,010,988</u>	
Cash Funds	0	0	10,988	10,988	10,988	
Federal Funds	37,712,659	35,122,115	10,535,352	12,000,000	12,000,000	
Indirect Cost Assessment	<u>235,020</u>	<u>432,162</u>	<u>125,809</u>	<u>143,413</u>	<u>237,478</u>	
Cash Funds	0	0	0	0	0	
Reappropriated Funds	0	0	6,421	6,421	13,383	
Federal Funds	235,020	432,162	119,388	136,992	224,095	DI #1
<i>*RF: Mineral & Energy Impact</i>	0	0	6,421	6,421	13,383	
(5) SUBTOTAL - DIVISION OF EMERGENCY MANAGEMENT	46,064,087	40,716,326	18,066,377	19,910,289	20,003,981	
FTE	<u>25.6</u>	<u>27.8</u>	<u>24.5</u>	<u>29.4</u>	<u>29.4</u>	
General Fund	518,234	558,096	501,027	584,028	584,854	
FTE	7.2	7.2	7.2	8.1	8.1	
Cash Funds	4,856,477	1,101,763	4,510,988	4,510,988	4,510,988	
Reappropriated Funds/Cash Funds Exempt	65,216	64,890	70,662	72,690	79,652	
FTE	0.6	0.3	1.0	1.0	1.0	
Federal Funds	40,624,160	38,991,577	12,983,700	14,742,583	14,828,487	
FTE	17.8	20.3	16.3	20.3	20.3	
<i>*RF: Mineral & Energy Impact</i>	62,497	64,890	70,662	72,690	72,690	

FY 2009-10 Joint Budget Committee Staff Budget Figure Setting
Department of Local Affairs
NUMBERS PAGES

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10		Change
	Actual	Actual	Appropriated	Request	Recommendation	Requests
TOTAL: DEPARTMENT OF LOCAL AFFAIRS	292,526,647	312,655,779	263,367,107	408,313,029	367,977,507	
FTE	<u>176.6</u>	<u>176.0</u>	<u>180.5</u>	<u>186.6</u>	<u>186.5</u>	
General Fund	10,301,804	11,600,906	12,352,639	12,251,722	9,751,000	
FTE	51.7	57.3	58.2	59.1	59.1	
Cash Funds	87,243,456	84,717,387	190,783,749	297,263,710	258,645,325	
FTE	26.3	27.9	30.7	30.7	30.7	
Reappropriated Funds/Cash Funds Exempt	102,547,814	123,128,891	5,324,722	5,456,204	6,164,258	
FTE	53.6	46.6	51.9	51.9	51.8	
Federal Funds	92,433,573	93,208,595	54,905,997	93,341,393	93,416,924	
FTE	45.0	44.2	39.7	44.9	44.9	
†GF: General Fund Exempt Account	3,695,842	3,766,480	4,044,623	4,451,411	4,141,912	
*RF: Mineral & Energy Impact	3,432,812	3,319,673	3,711,557	3,944,965	4,040,271	

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

FORMAT NOTES: Individual line items appear in **bold underlined** font, decision items appear in ***bold italic*** font, and summary descriptions of staff recommendations appear in **bold** font.

(1) EXECUTIVE DIRECTOR'S OFFICE

This section of the Long Bill includes funding for administrative functions and all centrally-appropriated funds. It also includes several miscellaneous functions statutorily assigned to the Department, including administration of the Moffat Tunnel Improvement District.

Personal Services

Description: This line item funds the 13.2 FTE in the Executive Director's Office, including the Executive Director, accounting, budget, purchasing, human resources, and general support staff. The source of reappropriated funds is indirect cost assessments collected from several cash- and federally-funded programs administered by the Department.

Position	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recom.
Executive	1.0	1.0	1.0	1.0
Deputy Director	0.7	0.0	1.0	1.0
Fiscal	7.3	8.0	8.0	8.0
Human Resources	1.7	2.0	2.0	2.0
IT Support	0.0	0.2	0.0	0.0
Support/Clerical ¹	<u>6.1</u>	<u>2.0</u>	<u>1.2</u>	<u>1.2</u>
TOTAL	16.8	13.2	13.2	13.2

¹ For FY 2007-08 actuals, includes 4.8 FTE associated with the Workforce Development Council and Workforce Development Grants line items. These line items and associated personnel were transferred to the Department of Labor and Employment, pursuant to S.B. 08-231.

Request: The budget request includes two change requests, including changes related to Budget Amendment #5 (Management and Administration of OIT) and Budget Amendment #7 (Increase Property Tax Exemption Application and Reporting Fees), which are described below.

Budget Amendment #5 (Management and Administration of OIT). The Department is requesting a reduction of \$824 General Fund related to the centralized management and administration of the Governor's Office of Information Technology. This reduction is offset by an increase of \$5,291 General Fund to the Management and Administration of OIT line item discussed in more detail below.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Budget Amendment #7 (Increase Property Tax Exemption Application and Reporting Fees). The Department submitted a budget amendment that requests that the JBC sponsor legislation to adjust the filing fees charged to property owners who are applying for property tax exemption or are submitting the annual reports to maintain exempt status on those properties already granted exemption. *The request requires a bill to adjust the fees set in statute.* The request from the Department impacts this line item. Recommendations made by staff in this figure setting document are in accordance with current law. Thus, staff does not recommend any changes related to this request *at this time*. Please see the Property Taxation section of this document for a more detailed discussion of the request and staff's recommendation.

Recommendation: The workload for staff supported by this line item is driven by both the number of department employees and the number and complexity of grants and contracts administered (especially for the fiscal staff). Staff does not anticipate a significant change in the number of department employees. While the number and complexity of grants and contracts has increased in recent years, the Department has not requested additional resources in this area to address the increasing workload. **Staff's recommendation for personal services is detailed in the following table.**

Executive Director's Office, Personal Services				
Item	Total Funds	General Fund	Indirect Cost Recoveries	FTE
FY 2008-09 Long Bill	\$1,155,424	\$40,513	\$1,114,911	14.0
S.B. 08-155 (IT Consolidation)	0	0	0	(0.8)
One-time supplemental reduction (S.B. 09-193)	<u>(728)</u>	<u>(728)</u>	<u>0</u>	<u>0.0</u>
<i>Subtotal: FY 2008-09 Appropriation</i>	1,154,696	39,785	1,114,911	13.2
Salary survey awarded in FY 08-09	40,244	0	40,244	0.0
80% of Performance-based pay awarded in FY 08-09	11,938	0	11,938	0.0
Reinstate one-time supplemental reductions	728	728	0	0.0
Adjustment based on available indirect cost recoveries	0	(40,513)	40,513	0.0
Recommended FY 2009-10 Appropriation	\$1,207,606	\$0	\$1,207,606	13.2

Staff recommends \$1,207,606 reappropriated funds and 13.2 FTE for FY 2009-10. For FY 2009-10, total Department indirect cost recoveries are sufficient to offset all of the General Fund expenditures in this line item. Thus, staff's recommendation reflects only indirect cost recoveries

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

for this line item. The following table summarizes indirect cost assessments, by fund source, and the application of those assessments in this line item.

Indirect Cost Assesment Recommendations for FY 2009-10			
Decription	Total Funds	Cash Fund Sources	Federal Fund Sources
<i>Indirect Cost Assessments:</i>			
Division of Property Taxation	<u>\$102,526</u>	<u>\$102,526</u>	<u>\$0</u>
State severance tax revenues	73,017	73,017	0
Federal mineral lease revenues	29,509	29,509	0
Division of Housing	<u>430,431</u>	<u>267,685</u>	<u>162,746</u>
HUD Programs	162,746	0	162,746
Manufactured Buildings Program	218,801	218,801	0
State severance tax revenues	34,814	34,814	0
Federal mineral lease revenues	14,070	14,070	0
Division of Local Government	<u>850,154</u>	<u>716,625</u>	<u>133,529</u>
State severance tax revenues	388,636	388,636	0
Federal mineral lease revenues	156,874	156,874	0
Community Development Block Grant	76,880	0	76,880
Community Services Block Grant	56,649	0	56,649
Local Utility Management	42,864	42,864	0
Conservation Trust Fund	50,293	50,293	0
Gaming revenues	29,154	29,154	0
Search and Rescue fees	25,855	25,855	0
Waste tire fees	22,949	22,949	0
Division of Emergency Management	<u>237,478</u>	<u>13,383</u>	<u>224,095</u>
Various federal grants	224,095	0	224,095
State severance tax revenues	9,531	9,531	0
Federal mineral lease revenues	3,852	3,852	0
Total Indirect Cost Assessments	<u>\$1,620,591</u>	<u>\$1,100,220</u>	<u>\$520,371</u>

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Indirect Cost Assessment Recommendations for FY 2009-10			
Decription	Total Funds	Cash Fund Sources	Federal Fund Sources
<i>Appropriations of Indirect Cost Recoveries:</i>			
EDO, Personal Services	\$1,207,606		
EDO, Operating	34,493		
Property Taxation, Board of Assessment Appeals	378,492		

Health, Life, and Dental

This line item provides funding for the employer's share of the cost of group benefit plans providing health, life, and dental insurance for state employees. The Department requests \$1,023,585 (including \$535,683 General Fund) for FY 2009-10. This amount is based on updated enrollment data, and is anticipated to set state contributions at the following prevailing market conditions: 90 percent for health insurance, 85 percent for dental insurance, and 100 percent for life insurance. **Staff recommends approving the Department's request, consistent with Committee policy.**

Short-term Disability

This line item provides funding for the employer's share of state employees' short-term disability insurance premiums. The Department requests \$15,286 for this purpose for FY 2009-10. **Staff recommends appropriating \$18,541 (including \$7,029 General Fund), based on the Committee policy of applying a rate of 0.155 percent to base salaries.**

S.B. 04-257 Amoritization Equalization Disbursement

Pursuant to S.B. 04-257, this line item provides additional funding to increase the state contribution for Public Employees' Retirement Association (PERA). The requests a total of \$235,165 (including \$78,322 General Fund). **Pursuant to Committee policy** [1.8 percent of base salaries for CY 2009 and 2.2 percent of base salaries for CY 2010], **staff recommends an appropriation of \$239,237** (including \$90,693 General Fund.)

S.B. 06-235 Supplemental Amoritization Equalization Disbursement

Pursuant to S.B. 06-235, this line item provides additional funding to increase the state contribution for PERA. The Department requests a total of \$146,978 (including \$48,951 General Fund). **Pursuant to Committee policy** [1.0 percent of base salaries for CY 2009 and 1.5 percent of base salaries for CY 2010], **staff recommends an appropriation of \$149,523** (including \$56,683 General Fund.)

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Salary Survey and Senior Executive Service

The Department uses this line item to pay for annual increases for salary survey and senior executive service positions. The Department, through a budget amendment submitted in January 2009, has requested no annual increase for this purpose. **Consistent with Committee policy, staff recommends the Department's request.**

Performance-based Pay Awards

This line item funds pay increases relating to employee performance evaluations. The Department, through a budget amendment submitted in January 2009, has requested no annual increase for this purpose. **Consistent with Committee policy, staff recommends the Department's request.**

Workers' Compensation

This line item is used to pay the Department's estimated share for inclusion in the State's workers' compensation program for state employees. This program is administered by the Department of Personnel and Administration. The Department requests a total of \$34,116 (including \$31,722 General Fund). **Staff's recommendation for workers' compensation is pending a Committee common policy for workers' compensation.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Operating Expenses

Description: This line item includes funding for operating expenses for the Executive Director's Office as well as funding for capital outlay, motor-pool, and data-processing services for the entire Department.

Request: The budget request includes two change requests, including changes related to Budget Amendment #1 (Refinancing Operating Expenditures with Indirect Cost Recoveries) and Budget Amendment #7 (Increase Property Tax Exemption Application and Reporting Fees), which are described below.

Budget Amendment #1 (Refinancing Operating Expenditures with Indirect Cost Recoveries). The Department requests an ongoing reduction of \$97,920 General Fund in operating expenses in the Executive Director's Office and a like increase in indirect costs recovered from the Division of Housing and the Division of Local Government. During the 2008 Legislative Session, the number of FTE in the Department was increased through the Long Bill and through two special bills. The Long Bill appropriated an additional 5.0 FTE to provide improve monitoring and payment processing in the Mineral and Energy Impact Program, within the Division of Local Government. Senate Bill 08-218 appropriated an additional 0.3 FTE to this same division to provide additional assistance for the distribution of federal mineral lease moneys to impacted counties. Finally, H.B. 08-1319 appropriated additional funding and 1.7 FTE to the Division of Housing to provide

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

installation requirement assurance. The Department had also submitted this as a supplemental request for FY 2008-09 and is included in the supplemental budget balancing package within S.B. 09-193 (Supplemental Appropriation for the Department of Local Affairs).

Budget Amendment #7 (Increase Property Tax Exemption Application and Reporting Fees). The Department submitted a budget amendment that requests that the JBC sponsor legislation to adjust the filing fees charged to property owners who are applying for property tax exemption or are submitting the annual reports to maintain exempt status on those properties already granted exemption. *The request requires a bill to adjust the fees set in statute.* The request from the Department impacts this line item. Recommendations made by staff in this figure setting document are in accordance with current law. Thus, staff does not recommend any changes related to this request *at this time*. Please see the Property Taxation section of this document for a more detailed discussion of the request and staff's recommendation.

Recommendation: Staff recommends \$144,175, which is consistent with Committee policy. The recommendation includes the ongoing reduction related to refinancing operating costs with indirect cost recoveries (BA #1). The operating expenses in this line item are primarily driven by the number of Department employees. Staff is not anticipating a significant change in the number of employees. For FY 2009-10, total Department indirect cost recoveries will be sufficient to offset all of the General Fund expenditures for this line item (\$34,493).

Legal Services

This line item provides funding for the Department to purchase legal services from the Department of Law. While all of the various divisions within the Department may use legal services, most of the appropriation funds legal services to the Board of Assessment Appeals and to the Property Tax Administrator. The balance of the legal services hours provides staffing for rule and regulation review, contract processing, and other miscellaneous legal needs.

The Department's request reflects a continuation level of funding. **Staff recommends approving the request for funding sufficient to purchase 1,790 hours of services. The dollar amount of staff's recommendation is pending the determination of the hourly rate for legal services.**

Purchase of Services from Computer Center

This item provides funding for the Department's share of statewide computer services provided by the Department of Personnel and Administration, Division of Information Technology. The Department requests continuation funding of \$40,303 General Fund for this purpose for FY 2009-10. **Staff's recommendation for the purchase of services from the computer center is pending Committee policy.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Multiuse Network Payments

This line item is used to pay the Department's share of the statewide multi-use network. The Department requests continuation funding of \$67,409 (including \$37,835 General Fund) for multi-use network payments for FY 2009-10. **The Committee policy is pending for this decision item, thus staff's recommendation for this purpose is pending.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Management and Administration of OIT

Description: Senate Bill 08-155 consolidated the responsibility for information technology (IT) oversight for most of the state's executive branch in the Governor's Office of Information Technology (OIT). This line item reflects the Department's share of the costs incurred to support the centralized functions of OIT. The Department includes **Budget Amendment #5 (Management and Administration of OIT)**. The Department is requesting an increase of \$5,291 in total funds across all the Department's divisions, including a reduction of \$2,129 General Fund and an increase of \$9,069 reappropriated funds related to this function. Staff recommendation is **pending** the approval of a common policy by the Committee. Staff requests permission to make any other necessary adjustments based on JBC action.

Payment to Risk Management and Property Funds

This line item provides funding for the Department's share of the statewide costs for two programs operated by the Department of Personnel and Administration: (1) the liability program (which provides coverage related to liability claims); and (2) the property program (which provides insurance coverage for state buildings and their contents). The Department requests a total of \$17,928 (including \$16,673 General Fund) for this purpose for FY 2009-10. **The staff recommendation for this line item is pending a common policy approved by the Committee for this line item.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Vehicle Lease Payments

This line item provides funding for annual payments to the Department of Personnel and Administration for the cost of administration, loan repayment, and lease-purchase payments for new and replacement motor vehicles [see Section 24-30-1117, C.R.S.]. The Department's request for \$124,641 (including \$93,036 General Fund) for FY 2009-10 includes funding to replace five additional vehicles in 2009 to be in use by the Department's fleet pool. The pool vehicles are used by all of the divisions within the Department to carry out required workload. The vehicles being replaced are as follows:

<u>Description</u>	<u>Mileage as of 2/20/09</u>
2001 Dodge Intrepid sedan (381BAW)	158,366
1999 Chevrolet Astro Van (103A81)	146,458

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

1997 Ford Taurus sedan (438A77)	139,350
2000 Ford Taurus sedan (492BAU)	137,865
2000 Jeep Cherokee SUV (701DHT)	135,500

In addition, the Department's request includes \$6,906 (including \$1,726 General Fund) to add two new vehicles for the additional FTE requested for the Pre-Disaster Mitigation Program (DI #1), and \$4,603 reappropriated funds related to the annualization of FY 2008-09 decision item for additional FTE for the Mineral and Energy Impact Grant Program. The vehicles requested are hybrid sedans.

Staff recommends the Committee approve the request to replace the above five vehicles, as they all currently exceed the replacement threshold of 100,000 miles. Staff also recommends approving the two vehicles requested through Decision Item #1 [this recommendation is described in more detail in the Division of Emergency Management, Administration line item] and staff recommends the addition of one vehicle for the use of the additional staff added through a FY 2008-09 change request for additional FTE for the Mineral and Energy Impact Grant Program. The dollar amount of staff's recommendation is pending Committee policy. Staff will ultimately reflect Committee policy in the appropriation for this line item.

Information Technology Asset Maintenance

This line item funds routine replacement of technology to keep it current and minimize work interruptions. The Department requests continuation funding of \$104,793 (including \$29,913 General Fund). **Staff recommends approving the request.**

Capitol Complex Leased Space

This line item is used to pay the Department of Personnel and Administration for the costs of maintaining state buildings that are part of the Capitol Complex. The Department requests a total of \$476,126 (including \$346,132 General Fund). **Staff recommends providing funding sufficient to cover the leased space costs for a total of 53,770 square feet**, including 33,228 square feet in the building located at 1313 Sherman Street in Denver, 17,084 square feet in Camp George West, and 3,458 square feet in Grand Junction. **Staff's dollar recommendation is pending a determination of lease rates.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Leased Space

This line item funds leased space needs for the Department. The Department requests a total of \$99,561 (including \$22,376 General Fund) for leased space for FY 2009-10, which includes an increase related to Decision Item #1 (Pre-Disaster Mitigation Grant Program Match) of \$12,000 (including \$3,000 General Fund). **Staff recommends the requested amount.**

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Communication Services Payments

This line item provides funding to pay to the Department of Personnel and Administration the Department of Education's share of the costs associated with operating the public safety communications infrastructure. The Department requests continuation funding of \$27,788 (including \$6,947 General Fund) for this purpose for FY 2009-10. **The staff recommendation on this line items is pending a Committee common policy for communications services.** Staff will ultimately reflect Committee policy in the appropriation for this line item.

Moffat Tunnel Improvement District

This line item funds the Department of Local Affairs' expenditures for administration of the Moffat Tunnel Improvement District. The Department is provided custodial authority of the Moffat Tunnel Improvement District, pursuant to Section 32-8-124.7 (3), C.R.S. Cash funds are from annual lease revenues the \$60,000 reappropriated funds appropriation provides spending authority from reserves in the Moffat Tunnel Cash Fund in case it is needed to protect the right-of-way from legal challenges. The Department is requesting an additional \$44,486 cash funds spending authority due to additional need related to title and engineering issues, as well as other legal matters related to the operation of the tunnel. **Staff recommends the requested amount of \$137,444, based on existing lease agreements and other custodial operational costs.**

(2) PROPERTY TAXATION

The staff funded through this section are responsible for ensuring that property tax laws are implemented in a fair and equitable manner across all political subdivisions.

Division of Property Taxation

Description: The Property Tax Administrator is a constitutionally created position, responsible for administering property tax laws under the supervision and control of the State Board of Equalization [see Section 15 (2) of Article X of the Colorado Constitution]. This position is exempt from the state personnel system. Pursuant to Section 39-2-101, C.R.S., the Property Tax Administrator is head of the Division of Property Taxation.

The key statutory responsibilities that drive the Division's workload include: (1) valuing multi-county companies in Colorado, including railroads, pipelines, and other utilities; (2) granting exemptions from taxation for charities, churches, and other eligible entities to assure a standardization of exemptions; (3) assuring property tax equity by issuing appraisal standards and training county assessors; and, (4) investigating allegations that a class or subclass of property has

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

not been appraised or valued as required by law, and conducting reappraisals as ordered by the State Board of Equalization.

This line item supports 38.5 FTE, detailed in the following table. In addition to General Fund, the Division is supported by fees charged for approving property tax exemptions and mineral and energy impact funds.

Position	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recom.
Property Tax Administrator	1.0	1.0	1.0	1.0
Property Tax Exemptions	9.0	9.0	9.0	9.0
<u>Training and Technical Assistance:</u>				
Appraisal Standards	7.3	8.0	8.0	8.0
Administrative Responsibilities	7.4	8.0	8.0	8.0
State-assessed Property	4.0	4.5	4.5	4.5
IT Support	1.8	2.0	2.0	2.0
Administrative/Clerical	<u>5.9</u>	<u>6.0</u>	<u>6.0</u>	<u>6.0</u>
TOTAL	36.4	38.5	38.5	38.5

Request: The Department's request includes an increase related to increased postage rates, a decrease related to the management and administration of the Governor's Office of Information Technology (OIT), and Budget Amendment #7 (Increase Property Tax Exemption Application and Reporting Fees), which is described below. These other change requests will be discussed in greater detail in separate figure setting presentations for the Department of Personnel and Administration (postage rate increase) and the Office of the Governor (management and administration of OIT). Staff requests permission to make any changes depending on action taken by the Committee in other figure setting presentations that impact this line item.

Budget Amendment #7 (Increase Property Tax Exemption Application and Reporting Fees).

Description: On January 27, 2009, as a part of the Governor's FY 2009-10 budget reduction package, the Department submitted a budget amendment that recommends that the JBC sponsor legislation to adjust the statutory filing fees charged to property owners who are applying for property tax exemption or are submitting the annual reports to maintain exempt status on those properties already granted exemption. *The request requires a bill to adjust the fees set in statute.* The Department estimates that if this proposed legislation is enacted, the Department's General Fund appropriation would be reduced by \$171,765 and would increase the cash funds appropriation by \$171,765 and the reappropriated funds appropriation by \$75,006 for indirect cost recoveries in FY 2009-10.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Prior to 2003, the Property Tax Exemption Program was fully funded with General Fund. However in the last budgetary crisis, the JBC sponsored legislation (S.B. 03-261) to revise certain fees collected by the Department. Among other changes, the bill revised fees for property tax exemption applications, annual reports, and delinquent reports, and required these fees to be credited to the newly created Property Tax Exemption Fund to pay for the program's direct and indirect costs to administer the program. The fees changed in statute in 2003 were designed to generate a target amount of cash revenue to achieve a certain amount of General Fund savings, not to fully cash-fund the program. Currently fees collected by the Department cover only 83.0 percent of operating costs (\$711,075), thus requiring General Fund to backfill the remaining 17.0 percent (\$145,530).

The proposed legislation from the Department is requesting that fees be adjusted in statute to reflect the actual cost of processing the exemption requests and associated report processes. According to the Department the new fees are not designed to discourage the filing of applications for exemptions, but rather to have fees more in line with the costs to administer the program. In addition, the Department is requesting that the Property Tax Administrator be given authority to waive late filing fees when warranted as it may be requires, but current law does not provide the Property Tax Administer any latitude with regard to penalizing late annual reports.

The impact of the Department's request is exhibited in the following table:

The Department of Local Affairs' Recommended Proposed Fee Increase					
Program Fee	Current Fee in Statute	Proposed Fee	Fee Increase %	Estimated Increase in Revenue	Proposed Total Revenue
Application Fee	\$150	\$240	60.0%	\$64,650	\$164,400
Annual Report - Timely Filing	53	60	13.2%	67,425	532,500
Annual Report - Late Filing	150	180	20.0%	<u>39,690</u>	<u>185,940</u>
Total Proposed Revenue				\$171,765	\$882,840
Program Costs					856,605
General Fund Expenditure / (Savings)					(26,235)

According to the Department, the requested fee adjustments increases the application fee to better reflect the costs incurred by the program. The most notable increase is the application fee, which is increased 60 percent. The timely and late fees for filing the annual report are each increased, however late filing fees are increased incrementally more to discourage late filing. The impact of these changes will yield a savings of \$26,235 General Fund in FY 2009-10.

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Staff Analysis: The Department's request to fully cash fund the Property Tax Exemption Program with fees collected from fees for property tax exemption applications, annual reports, and delinquent reports, has one significant limitation: *if the intent of the legislation is to align fees with program costs, fees should not be set in statute as this will restrict the Department from collecting a requisite amount of revenue to support the functions of the program in subsequent years.* Setting fees in statute imposes a ceiling on how much revenue the Department can collect to cover program expenditures, which becomes problematic over time as personal services and operating costs exceed the amount of revenue that is collected from fees. When this occurs, General Fund is required to support the program. Currently the program is subsidized with \$145,530 General Fund as a result of the statutory cap on fees put in place in 2003. However, despite this problematic element of the proposed legislation, staff believes that the concept of fully cash-fund the Property Tax Exemption Program is appropriate.

Staff Recommendation: **Staff recommends the JBC sponsor legislation to revise fees for property tax exemption applications, annual reports, and delinquent reports.** However staff recommends the JBC include the following provisions in the bill:

- Add permissive language such that the General Assembly may annually determine the amount appropriate from the Property Tax Exemption Fund to the Division to cover program expenditures;
- Set staff's recommended fee structure (see table below) as the new minimum fee level in statute and authorizes the Property Tax Administrator to annually fix fees to pay for the direct and indirect costs to administer the program and reasonable reserves for contingencies;
- Authorize the Property Tax Administrator to promulgate rules which would permit them to waive late filing fees when warranted; and
- Staff recommends a different fee structure than was suggested by the Department, as is shown in the following table. Staff recommends only modestly increasing the application and timely annual reporting fee, but rather increase the late annual filing fee by a significant margin in an effort to inhibit late filings. Staff maintains the Department's recommended timely annual report filing fee. The fees are also more aligned with current programmatic expenditures. This fee structure would permit the Property Tax Administrator to waive approximately 11 late filing fees and still cover programmatic expenditures.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Staff's Recommended Proposed Fee Increase					
Program Fee	Current Fee in Statute	Proposed Fee	Fee Increase %	Estimated Increase in Revenue	Proposed Total Revenue
Application Fee	\$150	\$175	16.7%	\$20,125	\$119,875
Annual Report - Timely Filing	53	60	13.2%	67,425	532,500
Annual Report - Late Filing	150	200	33.3%	<u>60,350</u>	<u>206,600</u>
Total Proposed Revenue				\$147,900	\$858,975
Program Costs					856,605
General Fund Expenditure / (Savings)					(2,370)

Staff has conferred with the Department regarding these recommended provisions and the agency has indicated that this recommendation is a viable solution.

Recommendation: **Staff recommends a continuation level of funding.** Given high turnover rates among county assessors and their staff (due to term limits and more lucrative private sector opportunities), services provided by the Division are critical to ensure that property tax laws are administered equitably across the state. **Staff's recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy with one exception (noted below).** Staff requests permission to make adjustments to this line item depending on action taken by the Committee in other figure setting presentations.

Property Taxation, Division of Property Taxation					
Item	Total Funds	General Fund	Cash Funds	Reappropriated funds	FTE
FY 2008-09 Appropriation	\$2,729,557	\$1,305,288	\$672,172	\$752,097	38.5
One-time supplemental reduction (S.B. 09-193)	(38,508)	(1,457)	0	(37,051)	0.0
<i>Subtotal: FY 2008-09 Appropriation</i>	<u>2,691,049</u>	<u>1,303,831</u>	<u>672,172</u>	<u>715,046</u>	<u>38.5</u>
Salary survey awarded in FY 08-09	93,679	35,027	26,967	31,685	0.0
80% of Performance-based pay awarded in FY 08-09	19,630	14,002	5,628	0	0.0
Reinstate one-time supplemental reductions	38,508	1,457	0	37,051	0.0

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Property Taxation, Division of Property Taxation					
Item	Total Funds	General Fund	Cash Funds	Reappropriated funds	FTE
Base reduction (1.0% for lines with 20.0+ FTE) - <u>not</u> applied to the State Property Tax Administrator's salary (a constitutionally created position that is continuously filled)	0	0	0	0	0.0
Recommended FY 2009-10 Appropriation	\$2,842,866	\$1,354,317	\$704,767	\$783,782	38.5

Section 39-2-106, C.R.S., states that compensation of the Property Tax Administrator and employees of the Division of Property Taxation shall be paid from annual appropriations made to the Division by the General Assembly¹.

State Board of Equalization

Description: The State Board of Equalization ("State Board"), created in Section 15 of Article X of the Colorado Constitution, consists of five members:

- The Governor (or his designee);
- The Speaker of the House of Representatives (or his designee);
- The President of the Senate (or his designee); and
- Two members appointed by the Governor with the consent of the Senate.

The State Board supervises the administration of property taxation laws by local county assessors. In this regard, the State Board meets at least once annually to review real and personal property valuations, hear complaints concerning valuation (including petitions by tax-levying authorities), redirect assessments, and set the residential assessment ratio. The Board also approves training manuals, appraisal standards, and written instructions issued by the Property Tax Administrator. During each property tax year, an assessment study is conducted to determine whether or not county assessors have complied with property tax provisions in the State Constitution and in state statutes. The State Board is responsible for ordering a reappraisal of affected classes of property which were not properly assessed in accordance with the State Constitution and with state statutes. Finally, the State Board appoints the Property Tax Administrator.

The Constitution requires the General Assembly to provide by statute for the compensation of State Board members. Pursuant to Section 39-9-101 (2), C.R.S., State Board members receive \$50 per

¹ Please note, however, that any costs incurred in implementing assessment and levy procedures required by Section 39-5-132, C.R.S., shall be paid by the local taxing authorities.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

day for each day spent attending State Board meetings or hearings, as well as reimbursement for actual and necessary expenses incurred in performing State Board duties. This line item funds the Board's direct operating expenses, including \$50 per diem payments and expense reimbursements.

Request: The Department requests continuation level funding (\$12,856 General Fund).

Recommendation: **Staff recommends approving the request.**

Board of Assessment Appeals

Description: The Board of Assessment Appeals is a quasi-judicial body that operates as a "type 1²" agency within the Department of Local Affairs [see Section 39-2-123, C.R.S.]. The Board hears appeals by individual taxpayers who disagree with county boards of equalization, county boards of commissioners, and the Property Tax Administrator on the valuation of real and personal property, property tax abatements (reductions), and property tax exemptions. The Board offers a lower-cost alternative to the courts, and the Board members have expertise in property valuation. Pursuant to statute, Board members must be registered, certified, or licensed as an appraiser.

Under current law, the Board must consist of at least three members, and an additional six members may be appointed. Thus, the General Assembly may appropriate funds for up to six additional members based on workload. All Board members are employees of the State who are appointed by the Governor, with the consent of the Senate, and serve at the pleasure of the Governor. As employees of the State they are entitled to benefits such as health, life and dental, short-term disability, and PERA. Compensation is based on a statutory rate of \$150 per day. Board members often have private sector employment in addition to their duties on the Board. This line item supports 15.0 FTE, including Board members, as detailed in the following table.

Position	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recom.
Board Members	7.0	7.0	7.0	7.0
Staff Director	1.0	1.0	1.0	1.0
Hearing Reporters	2.0	2.0	2.0	2.0
IT Support	1.9	2.0	2.0	2.0
Administrative/ Clerical	<u>2.9</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>
TOTAL	14.8	15.0	15.0	15.0

² Pursuant to Section 24-1-105 (1), C.R.S., a type 1 agency exercises its prescribed powers and duties independently of the head of the department.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

This line item currently provides funding based on 615 board-days per year (one board-day = one member for one day), assuming that at least two members will attend each hearing. The source of reappropriated funds is indirect cost recoveries.

Request: The Department's request includes an increase related to increased postage rates and a decrease related to the management and administration of the Governor's Office of Information Technology (OIT). These change requests will be discussed in greater detail in separate figure setting presentations for the Department of Personnel and Administration (postage rate increase) and the Office of the Governor (management and administration of OIT). Staff requests permission to make any changes depending on action taken by the Committee in other figure setting presentations that impact this line item.

Recommendation: Reductions in this line item would significantly impede the Department's ability to provide appellants with a fair and timely hearing. The Board provides a less costly alternative to the court system in settling property tax disputes. Arguably, it is better equipped than the court system to deal with many of the complaints, since the Board members are trained appraisers. An increase in funding would allow the Board to hear cases in a more timely manner, and/or allow the Board to travel to more parts of the state to increase appellant accessibility. Increasing the stipend for serving on the Board, which might help the Department with recruiting members for the Board, would require a statutory change. **Staff's recommends \$681,100 (including \$302,608 General Fund) and 15.0 FTE for this line item, detailed in the following table, is calculated in accordance with Committee policy.** In FY 2009-10, total Department indirect cost recoveries will be sufficient to offset a portion of this line item (\$378,492).

Property Taxation, Board of Assessment Appeals				
Item	Total Funds	General Fund	Indirect Cost Recoveries	FTE
FY 2008-09 Appropriation	\$659,199	\$659,199	\$0	15.0
One-time supplemental reductions (S.B. 09-193)	(1,092)	(1,092)	0	0.0
<i>Subtotal: FY 2008-09 Appropriation</i>	<u>658,107</u>	<u>658,107</u>	<u>0</u>	<u>15.0</u>
Salary survey awarded in FY 08-09	17,268	17,268	0	0.0
80% of Performance-based pay awarded in FY 08-09	4,633	4,633	0	0.0
Reinstate one-time supplemental reductions	1,092	1,092	0	0.0
Indirect cost recoveries to offset General Fund	0	(378,492)	378,492	0.0
Recommended FY 2009-10 Appropriation	\$681,100	\$302,608	\$378,492	15.0

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Indirect Cost Assessment

Description: This line reflects the amount of indirect cost assessments made against cash and reappropriated funds funding sources within this division (including federal mineral leasing and severance tax revenues that are appropriated to support a portion of this division's activities). The funds collected through this line item are used to offset General Fund that would otherwise be required in the Executive Director's Office, Personal Services and Operating line items and the Board of Assessment Appeals.

Request: The Department request includes increases to the collection rate applied to divisions for indirect cost recoveries.

Recommendation: **The staff recommends \$102,526 reappropriated funds based on the revised indirect cost plan.** Overall, indirect cost recoveries from the Department will increase \$505,681 compared to FY 2008-09 appropriations. Reappropriated funds are from severance tax and federal mineral leasing revenues received by the Department. Staff requests permission to make adjustments to this line item depending on action taken by the Committee that may impact the funding the indirect cost assessment for this division.

(3) DIVISION OF HOUSING

The Division of Housing (DOH) provides financial and technical assistance designed to increase the availability of housing to low income, elderly, and disabled individuals. Financial assistance programs include state and federal grants, loans, loan guarantees, equity investments, and subordinated debt for construction or rehabilitation of affordable housing. DOH provides technical assistance to local communities, including assisting communities to identify housing needs and to apply for and secure available private and public financing for housing projects. To help educate decision-makers and the public about these issues, DOH develops and updates various studies on the availability and affordability of housing in Colorado. Finally, the DOH works with local governments to reform local development and building regulations in ways which lower housing production costs.

Personal Services

Description: This line item supports 23.3 FTE, as detailed in the following table. In addition to General Fund, the Division is supported by mineral and energy impact funds, private activity bond fees, and various sources of federal funds.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Position	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recom.
Director	0.8	1.0	1.0	1.0
Program Staff	1.0	1.0	1.0	1.0
State Revolving Loan Fund	1.0	1.0	1.0	1.0
IT Support	0.5	1.0	1.0	1.0
Support/Clerical	2.5	2.3	2.3	2.3
Private Activity Bond Program	0.9	0.9	0.9	0.9
Federal Programs	<u>17.5</u>	<u>14.9</u>	<u>16.1</u>	<u>16.1</u>
TOTAL	24.2	22.1	23.3	23.3

Request: The Department requests a continuation level of funding.

Recommendation: **Staff recommends a continuation level funding.** A reduction in General Fund FTE for this division would impede the Department's ability to meet matching and maintenance of effort requirements for federal housing funds.

Staff's recommends \$1,496,416 (including \$373,494 General Fund) and 23.3 FTE for this line item and is detailed in the following table and calculated in accordance with Committee policy.

Division of Housing, Administration, Personal Services						
Item	Total Funds	General Fund	Cash Funds	Reappro priated funds	Federal Funds	FTE
FY 2008-09 Appropriation	\$1,405,336	\$341,403	\$76,917	\$144,997	\$842,019	22.1
Salary survey awarded in FY 08-09	71,629	21,017	537	6,958	43,117	0.0
80% of Performance-based pay awarded in FY 08-09	19,451	11,074	0	1,850	6,527	0.0
Base reduction (1.0% for lines with 20.0+ FTE)	0	0	0	0	0	0.0
Recommended FY 2009-10 Appropriation	\$1,496,416	\$373,494	\$77,454	\$153,805	\$891,663	22.1

Operating Expenses

This line item funds the operating expenses of the Division. The Department is requesting an increase of \$1,025 federal funds to accommodate centralized increases in postage rates. This request will be discussed in greater detail during the figure setting presentation for the Department of Personnel and Administration. **Staff recommends continuation funding for this line item, which is consistent with Committee policy, however requests permission to make any changes**

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

depending on action taken by the Committee in other figure setting presentations that impact this line item.

Manufactured Buildings Program - Program Costs

Description: This program regulates the manufacture and installation of factory-built residential and commercial buildings, and promotes the use of factory-built housing as a cost-effective housing option. The Department has the authority to: provide education and training to manufacturers, dealers, installers, building department employees, elected officials, and others regarding building codes and state requirements; to provide consumer training; and to make grants that will address safety issues that affect mobile, manufactured, and factory-built structures. This line item supports 11.7 FTE, as detailed in the following table. The source of cash funds is fees charged for inspections and plan reviews that are deposited in the Building Regulation Fund.

Position	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recom.
Director	1.2	1.0	1.0	1.0
Engineer	1.0	1.0	1.0	1.0
IT Support	0.4	0.0	0.0	0.0
Inspectors	4.8	6.0	6.0	6.0
Training and Grant Administration	1.0	1.7	1.7	1.7
Support/Clerical	<u>1.5</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
TOTAL	9.9	11.7	11.7	11.7

Request: The Department's request includes an increase related to increased postage rates and a decrease related to the management and administration of the Governor's Office of Information Technology (OIT). These change requests will be discussed in greater detail in separate figure setting presentations for the Department of Personnel and Administration (postage rate increase) and the Office of the Governor (management and administration of OIT).

Recommendation: **Staff recommends continuation funding, which is consistent with Committee policies.** Staff requests permission to make adjustments to this line item depending on action taken by the Committee. Staff's recommendation is detailed in the following table.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Division of Housing, Manufactured Buildings Program, Program Costs		
Item	Cash Funds	FTE
FY 2008-09 Long Bill	\$1,055,012	10.0
H.B. 08-1319 (Factory Built Structures)	113,632	1.7
One-time supplemental reductions (S.B. 09-193)	<u>(31,546)</u>	<u>0.0</u>
<i>Subtotal: FY 2008-09 Appropriation</i>	1,137,098	11.7
Salary survey awarded in FY 08-09	26,448	0.0
80% of Performance-based pay awarded in FY 08-09	7,144	0.0
Annualize H.B. 08-1319	(3,456)	0.0
Reinstate one-time supplemental reductions	31,546	0.0
Recommended FY 2009-10 Appropriation	\$1,198,780	11.7

Colorado Affordable Housing Construction Grants and Loans

Description: This line item provides state funding for grants and loans for the rehabilitation, acquisition, and maintenance of affordable, safe, sanitary housing for low-income households at or below 30 percent of area median income (AMI). The 2008 statewide AMI was \$59,091 thus the Division of Housing seeks to serve households with annual incomes at or below \$18,000. The Division uses the General Fund appropriation in part to match federal moneys available through the Federal Affordable Housing Grants and Loans line item as well as to leverage other public and private funds. This includes the leveraging of tax exempt private activity bond allocations, federal Low Income Housing Tax Credits, and private loans. In this capacity, the Division requires a dollar match for every dollar granted out of this line item.

Request: The Department requests continuation level funding of \$2,250,000 General Fund.

Staff Analysis: This line item receives the Department's single biggest appropriation of General Fund. Prior to FY 2008-09, this line item had been appropriated as much as \$4.57 million in FY 2002-03, however mid-year funding was eliminated due to the state's economic downturn. Funding returned to this line item in FY 2004-05, however at a reduced level of \$100,000. The following table summarizes recent General Fund appropriations for this line item.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Recent History of State Appropriations			
Fiscal Year	General Fund Appropriation	Annual Change	
		Dollar	Percent
1997-98	\$600,000		
1998-99*	4,000,000	3,400,000	566.7%
1999-00	2,600,000	(1,400,000)	-35.0%
2000-01	2,600,000	0	0.0%
2001-02**	2,508,933	(91,067)	-3.5%
2002-03***	0	(2,508,933)	-100.0%
2003-04	0	0	-100.0%
2004-05	100,000	100,000	100.0%
2005-06	100,000	0	0.0%
2006-07	1,100,000	1,000,000	1,000.0%
2007-08	1,223,324	123,324	11.2%
2008-09	2,225,000	1,001,676	81.9%
2009-10 Request	2,225,000	0	0.0%

* Includes \$1.4 million increase in the base and a one-time transfer of \$2 million from reserves in the Economic Development Commission Cash Fund reserves.

**Original Long Bill appropriation of \$4,570,000 was reduced mid-year. The original appropriation included a change request to increase the General Fund appropriation by \$1,970,000 (DI #1).

*** Original Long Bill appropriation of \$2,904,376 was lined through by the Governor.

Factors Driving the Need for Affordable Housing. When assessing the need for affordable housing, there are many factors involved including income, housing costs, vacancy rates, and population growth. These factors are discussed in more detail below.

- Income: According to a recent report by the Center for Business and Economic Forecasting (CBEF), the statewide area median income (AMI) in 2008 was \$59,091. However, the *renter* AMI was \$36,310 (61.4 percent of total AMI). Renter AMI is the most relevant measure of income when dealing with income levels of households that are likely to need housing units that cater to households at 30 percent of AMI (approximately \$18,000). The CBEF report estimates that there are approximately 172,000 renter households at or below 30 percent of AMI, or roughly 8.5 percent of all households (approximately 1 in 12 households). Based on data provided by the Department of Labor and Employment, over the last 8 years, the average statewide weekly wage is up 24.3 percent, however this data did not provide a break

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

out of where the wage increases were concentrated, thus it is difficult to assess if the wage increases were applied to lower-income earning jobs, or higher income-earning jobs.

- Housing Costs: The statewide median home price in the state during 2008 was \$225,872 and \$225,494 in metro Denver. Over the last eight years, the median statewide home price has increased 61.3 percent (\$85,825), however has only modestly decreased in recent years despite drastic decreases in other states. The statewide median-priced home is affordable to a family that makes approximately \$48,000, assuming a loan of \$220,000 at 6 percent. While the home ownership market in Colorado is relatively healthy when compared to states like California, Florida, and Michigan, the state maintains a relatively high number of foreclosures. The most significant foreclosure activity is on the Front Range of Colorado, specifically the metropolitan counties of Adams, Weld, Denver, and Arapahoe Counties (1 in 89 households statewide). The number of foreclosure *filings* has decreased only modestly (1.5 percent) from its 2007 high of 39,915 homes. However, the number of foreclosure *sales* have decreased more precipitously to 21,301 homes (15.9 percent) from its 2007 high. Home ownership remains a challenge for low-income earners despite lower available mortgage rates. This is because potential borrowers must now provide higher down-payments and have better credit scores than was previously required before the credit contraction of 2008. The large number of foreclosures and tighter credit market drives an increase in demand for rental housing. As households rent longer to improve credit and save down-payments, the need for rental housing will grow, pushing down vacancies, and increasing rental rates. Ultimately this will impact the availability of affordable rental housing in the medium- to long-term.
- Rental Costs: As a general rule, households can afford to pay approximately 30 percent of its annual income for housing. A household earning 30 percent of AMI in 2008 (\$18,000 per year), can afford to pay \$500 a month (one-third of income) toward its housing. During the fourth quarter of 2008, the statewide average monthly rent in the state was \$797 and \$888 in metro Denver. These estimates reflect all unit types from efficiency to three-bedroom. Specifically, the average monthly rent for a two-bedroom, two-bath apartment in metro Denver was \$1,056 during the same time period. While over the last 8 years, the average statewide rents increased by 16.6 percent (1.9 percent compounded growth), the average weekly statewide wage has increased 24.3 percent (2.8 percent compounded growth). This indicates that income growth has eclipsed the costs of average rents, however staff was unable to discern if the wage increases were uniformly distributed or concentrated in higher income earning jobs or lower income earning jobs.
- Vacancy Rates: Vacancy rates are measured quarterly in 7 metropolitan areas of the state and in 16 medium-sized markets twice a year. A vacancy rate below 5 percent indicates a tight market, and a rate above 10 percent indicates a large supply of rental housing. Vacancy rates

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

in 2008 ranged from 6.1 to 8.0 percent statewide, and metro Denver rates ranged from 5.9 to 7.9 percent. Vacant rental units were the most scarce in Grand Junction and in mountain communities where vacancy rates are very tight ranging from 2.0 to 3.5 percent. In metropolitan areas, subsidized rental units that serve households at 50 percent of AMI and below reported lower vacancy rates than market-priced units. Statewide, vacancy rates in units serving households at or below 30 percent AMI ranged from 2.2 to 4.2 percent in 2008. These statistics indicate that the rental markets for low-income renters are generally tight to very tight, thus indicating the need for additional affordable housing.

- **Population Growth:** In addition to housing costs and availability, population growth can be a key contributor to the need for affordable housing. The Department projects that over the next ten years, Colorado's compounded annual growth will be approximately 1.9 percent, and 1.6 percent for metro Denver.

Measuring the Need for Affordable Housing. In order to assess the need for affordable housing, there are statistics and indicators that can be used to assist with measuring the need, including the "mismatch ratio" and determining the relative demand for affordable housing from the number of "rent burdened" households.

- **Mismatch Ratio:** The "mismatch ratio" compares the number of available housing units affordable to specific income levels to the number of households at that income level and indicates the gap between the supply and the demand for affordable housing. An affordable rental unit is defined as a unit whose rent does not exceed 30 percent of a renter's monthly salary. The ratio highlights the gap between the number of households at a When applying this ratio to the rental market for a household making at or below \$18,000 per year, in Colorado, a scarcity of available units is revealed by the lowest income earners, as is shown in the following table:

Available Rental Units (Statewide)				
Income Level - AMI	15% AMI	25% AMI	30% AMI	40% AMI
Income Level - per annum	\$8,864	\$14,773	\$17,727	\$23,636
Available Rental Units per 100 households	64.26	55.85	103.51	137.78
Ratio of Households to Available Rental Units	1.6 : 1	1.8 : 1	1 : 1	1 : 1.4

Given this shortage of available housing, many lower income households are forced to rent more expensive units. Spending more than 30 percent of income on housing can negatively impact a household's spending on food, clothing, transportation, daycare, and medical insurance.

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

- Rent Burdened Households: Rent burdened households earn less than 60 percent or less of the median renter AMI (approximately \$22,000 per year; 37 percent of AMI) and spend more than 30 percent of their income on rent, or roughly \$545 per month. Based on 2007 Division of Housing data, nearly 126,156 households are rent burdened, or roughly 6.2 percent of all households (approximately 1 in 16 households). Statewide, over 80 percent of those earning \$22,000 per year or less are rent burdened. The same negative impacts as provided for the mismatch ratio apply here as well.
- Pipeline of Requested Need for Affordable Housing: In FY 2008-09, the Department received \$26 million in requested funding for affordable housing. The amount of moneys that would be made available by those requesting the state's support would leverage approximately \$408 million. The appropriation in FY 2008-09 for this line item was \$2.25 million, and according to the Department, will leverage \$51.6 million (22:1 local to state match). In FY 2007-08, the line was appropriated \$1.25 million and according to the Department leveraged \$18.4 million (14:1 local to state match). Moneys distributed are for generally for multiple-unit housing facilities designed to accommodate the needs of low-income households including accessibility to bus lines, schools, business concentrations, and medical services.

Alternative Funding for Affordable Housing. This line item, as described above, seeks to provide affordable housing by leveraging federal and local moneys to the greatest extent possible, however it also serves to assist in funding affordable housing projects that can not be covered through other available means. For example, entitlement areas (areas defined by HUD and are of substantial size to accommodate the administration of the funds, such as cities and other large scale municipalities) receive moneys for affordable housing directly from HUD. However HUD also provides the state moneys for affordable housing as well (next line item). Federal moneys received by the state can not also be used to supplement federal moneys received by entitlement areas, thus if there is additional need by an entitlement area, the state can only backfill this demand with General Fund dollars or other qualifying sources, but not federal moneys.

However, in cases such as in Grand Junction and other mountain communities impacted by mineral and energy extraction where vacancy rates are very tight ranging from 2.0 to 3.5 percent, severance tax and federal mineral lease revenues could be used to supplement any affordable housing needs which exist. Although this would divert these moneys for other public works projects, the Department, with its discretionary allocation of state severance tax revenues and federal mineral lease revenues, could allocate funding for affordable housing in these impacted communities. By doing so, the JBC could eliminate a portion that would otherwise support these areas or use these moneys for non-impacted areas of the state (roughly 10 percent or \$225,000), saving General Fund. For historical reference, in 2002, the Governor line item vetoed the appropriation to this line item (at the time \$4.57 million) and instructed the Department to fund this amount with grants and loans

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

for affordable housing from alternative sources available to them and specifically noted that the Department has the ability to utilize energy impact funds for this purpose.

Staff Recommendation: Based on the assessment of factors contributing to the need for affordable housing, and the indicators that low-income earning households face a scarcity of affordable housing, which in turn, forces these households to rent more expensive housing that impacts their ability to purchase other necessities including food, clothing, transportation, daycare, and medical insurance, staff believes there is a need to fund this line item. However, staff has reservations about recommending funding the full amount requested by the Department given the budgetary difficulty of the State due to the insufficient revenues forecasted in FY 2009-10. Given these circumstances, staff requests guidance from the Joint Budget Committee related to this request and has suggested three options which the JBC could consider related to an appropriate appropriation for affordable housing.

Option	Description
1	<i>Fully fund</i> the Department's request of \$2,225,000 General Fund.
2	<i>Partially fund</i> the line item. In light of the revenue shortfall, the line item could be reduced to levels set when the state was still recovering from its revenue shortfall, which was \$100,000 General Fund. Staff recommends funding of at least \$100,000 General Fund due to the evidence supporting the need for affordable housing. The Department could subsidize a portion with mineral and energy impact program moneys or other applicable sources.
3	<i>Eliminate funding.</i> During the last revenue shortfall, the JBC did not fund this line item.

Federal Affordable Housing Construction Grants and Loans

Description: This line item reflects anticipated federal affordable housing moneys, including funding from the HOME Investment Partnership Program, the Permanent Housing for Homeless Disabled Program, and a portion of the Community Development Block Grants (CDBG) allocated to the State (historically one-third of the total State CDBG allocation is used for affordable housing purposes). With the exception of CDBG funding, the majority of this funding requires matching money from state, local, or private financing sources.

Request: The Department's request reflects a total of \$45,290,931 in federal funds anticipated to be available to the State. This amount includes a one-time allocation of \$36.2 million from the U.S. Housing and Urban Development (HUD) for the Neighborhood Stabilization Program (NSP), this initiative will provide emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities.

In Colorado, five grants NSP grants were allocated as shown in the following table.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Neighborhood Stabilization Program -- Grant Allocations to Colorado	
Grantee	NSP Grant Amount
State Program (all grants < \$2.0 million) ¹	\$34,013,566
City of Denver	6,060,170
Adams County	4,600,211
City of Aurora	4,474,097
City of Colorado Springs ¹	3,904,989
Total	\$53,053,033

¹ Reflects the amount to be administered by DOLA.

Recommendation: **Staff recommends the Department's request.**

Emergency Shelter Program

Description: This line item reflects anticipated federal moneys that the Division of Housing will administer on behalf of local communities and non-profit groups for homeless prevention activities, including the operation of shelters and assistance to families who have received eviction notices or notices of termination of utility services. The request does not include entitlement moneys that are granted on a formula basis directly to the cities of Denver and Colorado Springs.

Request: The Department requests \$923,376, which reflects a reduction of \$43,987 based on earlier estimates of federal funds that will be available to the State.

Recommendation: **Staff recommends the Department's request.**

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Private Activity Bond Allocation Committee

Description: Federal law limits the total amount of tax-exempt private activity bonds which may be issued by any state and its political subdivisions. A state is allowed to allocate its capped amount among the issuing authorities of the state and is codified in Sections 24-32-1702 to 1715, C.R.S. In January 2008, the "volume capacity" was set at \$85 per person in the state, or \$413,228,775 in total (population est. = 4,861,515). Of this amount, 50 percent is allocated to Statewide Issuing Authorities. These authorities include the Colorado Housing and Finance Authority (CHFA), CollegeInvest, Colorado Agriculture Development Authority, Colorado Health Facilities Authority, and Colorado Educational and Cultural Facilities. The remaining 50 percent is to be allocated to Local Issuing Authorities (e.g., city, town, county, or city and county) based on population. Any excess bonding authority is to be relinquished to the Statewide Balance (SWB), for which the Department has put in place a competitive application process to maximize the allocation of all tax-exempt private activity bonds. In 2008, the balance of the SWB (\$19.3 million) was allocated as follows: \$16.8 million to El Paso County for single family mortgage revenue bonds and \$2.5 million to Ross Printing to purchase a new printing press in Adams County. The following table reflects the 2008 Private Activity Bond Allocation.

2008 Private Activity Bond Allocation		
Issuing Authority	Allocation	Percent of Total
Local Issuing Authorities (42 count)	\$187,312,006	45.3%
Colorado Housing and Financing Authority (CHFA)	113,900,000	27.6%
CollegeInvest	87,200,000	21.1%
Colorado Agriculture Development Authority (CADA)	5,514,388	1.3%
Statewide Balance*	19,302,381	4.7%
Total	\$413,228,775	100.0%

* The Department estimates that 4.7 percent will be relinquished by the end of the year.

This line item provides statutory funding to reimburse expenses associated with the Bond Allocations Committee, which consists of the Executive Director of the Department of Local Affairs, four municipal and county officials, three citizens at large, and one representative of state issuing authorities. This Committee assists the Department and the Executive Director with determining priorities for the allocation of private activity bond allocations for the State. The Committee meets three times per year, and its activities are coordinated by DOH. The source of cash funds is fees charged to entities accessing the state's bond cap.

Request: The Department requests continuation level funding.

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Recommendation: **Staff recommends continuation level funding.** Pursuant to Section 24-32-1706 (3), C.R.S., members of the Bond Allocations Committee serve without compensation but they are entitled to reimbursement of actual and necessary expenses.

Low Income Rental Subsidies

Description: This line item includes federal Section 8 certificate and voucher funding from the U.S. Department of Housing and Urban Development (HUD). Section 8 certificates pay the difference between fair market rental rates and 30 percent of an individual's income; rents are capped by HUD. In the Voucher program, individual property owners set rental rates with HUD via contracts, and renters receive a voucher for a specific amount of rental assistance based on income level. If rents are higher than the amount of the voucher, the individual is responsible for the difference. Combined, the Section 8 certificate and voucher programs that are administered by the State serve approximately 2,400 households. Numerous local entities administer Section 8 certificates and vouchers directly.

Request: The Department requests continuation level of funding based on projected federal revenues.

Recommendation: **Staff recommends approving the request.**

Foreclosure Prevention Grant Fund

Foreclosure Prevention Grants

Description: These lines authorize the Division of Housing to use moneys in the Foreclosure Prevention Grant Fund to make grants for the purpose of providing outreach and notice of foreclosure prevention assistance to persons in danger of foreclosure and to communities with high foreclosure rates, pursuant to H.B. 08-1402. The fund is authorized to consist of moneys appropriated by the general assembly as well as gifts, grants, and donations. Statute requires that any unexpended and unencumbered moneys remaining in the fund as of June 30, 2010, shall revert to the General Fund.

The first line item ("Foreclosure Prevention Grant Fund") provides a transfer of General Fund moneys to the Foreclosure Prevention Grant Fund. The second line item provides spending authority for the Department to use monies in the Fund for grant awards.

Request: The Department is not requesting a General Fund appropriation to the Foreclosure Prevention Grant Fund, however is requesting \$100,000 cash funds spending authority from the Foreclosure Prevention Grant Fund.

Recommendation: **Staff recommends the Department's request.** The Department anticipates utilizing existing fund balance as well as gifts, grants, and donations in FY 2009-10.

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Indirect Cost Assessment

Description: This line reflects the amount of indirect cost assessments made against cash, cash exempt, and federal funding sources within this division (including cash funds from the manufactured buildings program, reappropriated funds from federal mineral leasing and severance tax revenues that are appropriated to support a portion of this division's activities, and federal housing fund sources). The funds collected through this line item are used to offset General Fund that would otherwise be required in the Executive Director's Office, Personal Services and Operating line items and the Board of Assessment Appeals.

Request: The Department request includes increases to the collection rate applied to divisions for indirect cost recoveries.

Recommendation: **The staff recommends \$430,431 based on the revised indirect cost plan.** Of this amount, \$218,801 cash funds from the manufactured buildings program, \$162,746 federal funds from U.S. Housing and Urban Development programs, and \$48,884 reappropriated funds from federal mineral leasing and severance tax revenues. Staff requests permission to make adjustments to this line item depending on action taken by the Committee that may impact the funding the indirect cost assessment for this division.

(4) DIVISION OF LOCAL GOVERNMENT

(A) Local Government and Community Services

(1) Administration

Personal Services

Description: This line item funds salaries and associated Medicare and PERA contributions, as well as contractual services, for approximately half of the technical assistance and grants management FTE in the Division of Local Government (the remaining half are in the Field Services, Program Costs line item).

The table below details the 20.4 FTE currently supported by this line item. The Division's responsibilities and the duties performed by these staff are described following the table. The source of reappropriated funds is mineral and energy impact funds.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Position	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recom.
Director & Section Head	0.7	0.5	1.0	1.0
IT Support	0.5	0.7	0.7	0.7
Support/Clerical	4.2	2.2	2.2	2.2
Special District Compliance (Section 32-1-101 et. sec., C.R.S.)	1.2	1.2	1.2	1.2
Enforce 5.5% Limit on Levies (Sections 29-1-301 and 302, C.R.S.)	1.0	1.0	1.0	1.0
Local Government Financial Compendium (Sections 29-1-113 and 505, C.R.S.)	2.0	2.0	2.0	2.0
IT Support	0.3	1.7	1.7	1.7
Demography	3.1	4.1	3.6	3.6
Cartography	2.0	2.0	2.0	2.0
IT Support	1.4	1.9	1.9	1.9
Community Services Block Grant Admin. - FF	<u>2.3</u>	<u>3.1</u>	<u>3.1</u>	<u>3.1</u>
TOTAL	18.7	20.4	20.4	20.4

With regard to special district compliance, the Division is a repository for data such as the names of board members, the boundaries, and the service plan or purpose of special districts. The Division must certify the creation of certain municipal special districts like water and sewer districts. The Division may investigate consolidating, restructuring, or making other changes to special districts to benefit residents or lower costs, and may order the special district to hold public hearings on the Division's findings. The Division must confer with county commissioners or municipal leaders and special district boards if the State Auditor identifies a decrease in the special districts' ability to discharge indebtedness. Finally, the Division has responsibility to dissolve special districts under certain conditions concerning elections compliance, budget preparation and reporting, and the provision of services, or if the special district has completed it's original intended purpose.

According to Section 32-1-102, C.R.S., special districts are local governments (quasi-municipal corporations and political subdivisions) that may provide services to promote the health, safety, prosperity, security, and general welfare of the inhabitants of the districts. The geographic boundaries of a special district may be included in a single municipality or county or may span several municipalities and could extend into unincorporated county land. As with other local governments, special districts have the authority to issue debt and to levy and collect property taxes.

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

The growth of special districts in the state has been fairly substantial. The number of special districts has grown by 85 percent over the last 10 years, with approximately 1,774 special districts currently formed in the state.

Local governments -- with the exception of school districts -- are subject to a 5.5 percent growth limitation on mill levies. The 5.5 percent levy limitation is in addition to TABOR restrictions. Effectively, local governments are held to the lesser of the two limits in any given year. The Division enforces the 5.5 percent limit on mill levy increases, and the Division may approve exemptions for increased valuation or assessments from new oil and gas production, for bridges and roads, for capital construction, or for financial distress (after considering public awareness and support). If a local government's revenues exceed the 5.5 percent growth limit, the Division is responsible for ordering a reduction in revenue for the next fiscal year.

To help implement the Division's regulatory duties with regard to special districts and the 5.5 percent levy limit, the Division is required to compile and publish a compendium of local government financial information. The data is also used by the State Auditor, bond rating companies, researchers, and legislative staff (for fiscal notes).

The Demography and Cartography unit is instrumental in providing data to implement numerous statutory and constitutional provisions of the state and federal government (e.g. calculating TABOR, establishing election districts, and distributing CDBG funds).

Finally, the Division administers the federal Community Services Block Grant (CSBG) program. The state receives an allocation of funds to distribute to community service providers who provide a variety of services to clients who meet eligibility guidelines.

Request: The Department's request includes an increase related to a decrease related to the management and administration of the Governor's Office of Information Technology (OIT). This change request will be discussed in greater detail in separate figure setting presentation for the Office of the Governor (management and administration of OIT). Staff will ultimately reflect JBC action regarding these change requests to this line item.

Recommendation: **Staff recommends a continuation level funding.** Funding in this line item is directly tied to key constitutional and statutory duties of the Department. Without the demography and cartography staff the Department would not be able to make distributions of the funds that it administers, such as the Conservation Trust Fund or mineral and energy impact funds, according to the required constitutional and statutory formulas. As for the regulation of local government finances, many of the political subdivisions that the Department works with have little or no professional staff and rely on part-time citizen leadership. The potential for non-compliance with state statutory and constitutional mandates due to a lack of expertise at the local level is significant

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Mismanagement of local government finances can erode citizen confidence in all levels of government and, in some cases, create a burden on state government if the state has to intervene. For these reasons, staff believes that the state has a vested interest in ensuring minimum standards in local finance are met. The information collected by the Department also becomes a significant part of how the state identifies the impact of state legislation on local governments.

Staff's recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy.

Div. of Local Govt., Local Govt. and Community Services, Administration, Personal Services					
Item	Total Funds	General Fund	Reappropriated funds	Federal Funds	FTE
FY 2008-09 Appropriation	\$1,550,534	\$874,844	\$494,953	\$180,737	20.4
One-time supplemental reductions (S.B. 09-193)	(47,725)	(23,490)	(24,235)	0	0.0
<i>Subtotal: FY 2008-09 Appropriation</i>	<u>1,502,809</u>	<u>851,354</u>	<u>470,718</u>	<u>180,737</u>	<u>20.4</u>
Salary survey awarded in FY 08-09	42,533	20,000	12,783	9,750	0.0
80% of Performance-based pay awarded in FY 08-09	20,373	14,871	5,502	0	0.0
Reinstate one-time supplemental reductions	47,725	23,490	24,235	0	0.0
Base reduction (1.0% for lines with 20.0+ FTE)	0	0	0	0	0.0
Recommended FY 2009-10 Appropriation	\$1,613,440	\$909,715	\$513,238	\$190,487	20.4

Operating Expenses

This line item funds the operating expenses of the Division of Local Government's administration. The source of reappropriated funds is mineral and energy impact funds. The Department requests a continuation level of funding. **Staff recommends approving the request for continuation funding of \$131,351 (including \$42,178 General Fund), which is consistent with Committee policy.**

(2) Local Government Services

Local Utility Management Assistance

Description: This program provides assistance to the Water Resources and Power Development Authority in implementing drinking water and waste water treatment loans. The Department advises

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

local governments about the mechanics of the loans and their potential eligibility. Further, the Department reviews about 50 loan applications per year and analyzes their economic feasibility (can the applicant pay back the loan, are the fees proposed by a local government too high or too low, etc.). The Department provides this support because it already has a variety of information about the finances of local governments and has financial/economic analysis expertise. The Authority pays the Department for portions of the salaries of several employees who work on the loans, adding in total to 2.0 FTE.

Request: The Department requests a continuation level of funding.

Recommendation: **Staff recommends approving the request, which is consistent with Committee policy.** If the General Assembly discontinued authorizing this service it would cost the Water Resources and Power Authority significantly more to duplicate the expertise and resources of the staff at the Department of Local Affairs that contribute portions of their time. **Staff's recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy.** Staff's recommendation includes \$146,980 for personal services and \$10,725 for operating expenses.

Div. of Local Govt., Local Govt. and Community Services, Local Govt. Services, Local Utility Management Assistance		
Item	Cash Funds	FTE
FY 2008-09 Appropriation	\$151,817	2.0
Salary survey awarded in FY 08-09	4,811	0.0
80% of Performance-based pay awarded in FY 08-09	1,077	0.0
Recommended FY 2009-10 Appropriation	\$157,705	2.0

Conservation Trust Fund Disbursements

Background Information - Distribution of Lottery Proceeds. Net lottery proceeds (*i.e.*, proceeds after payment of lottery-related administrative expenses, prizes, and operating reserves) are distributed among three state agencies as follows:

- Department of Local Affairs: 40 percent is transferred from the Lottery Fund to the Conservation Trust Fund "for distribution to municipalities and counties and other eligible entities for parks, recreation, and open space purposes" [Section 3 (1) (b) (I) of Article XXVII of the Colorado Constitution; Section 33-60-104 (1) (a), C.R.S.];

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

- Department of Natural Resources. 10 percent is distributed from the Lottery Fund to the Division of Parks and Outdoor Recreation, Department of Natural Resources, for the "acquisition, development, and improvement of new and existing state parks, recreation areas, and recreational trails" [Section 3 (1) (b) (II) of Article XXVII of the Colorado Constitution; Section 33-60-104 (1) (b), C.R.S.]; up to \$35.0 million of the remaining net lottery proceeds (this cap is required to be adjusted annually since FY 1998-99 based on the Denver metro consumer price index) is distributed to the Great Outdoors Colorado (GOCO) Trust Fund Board [Section 3 (1) (b) (III) of Article XXVII of the Colorado Constitution; Section 33-60-104 (1) (c), C.R.S.]; and
- Department of Education. Net lottery proceeds in excess of the above-described GOCO cap are transferred to the Public School Capital Construction Assistance Fund, pursuant to H.B. 08-1335, to provide funding for direct and indirect administrative costs of the division of Public School Capital Construction Assistance and the Public School Capital Construction Board. Any remainder funds are continuously appropriated to the board for the purpose of providing financial assistance for public school capital construction.

Net lottery proceeds are excluded from the definition of "fiscal year spending" and are thus not subject to TABOR. Thus, pursuant to Section 24-77-102 (17) (b) (IX), C.R.S., moneys in the Conservation Trust Fund are not subject to TABOR. In addition, Section 3 (1) of Article XXVII of the Colorado Constitution specifies that net lottery proceeds are "set aside, allocated, allotted, and continuously appropriated" for purposes of the distributions specified above. Thus, this line item appropriation is included in the annual Long Bill for informational purposes.

Description. This line item represents the lottery proceeds anticipated to be transferred to the Conservation Trust Fund each fiscal year. Pursuant to Section 29-21-101 (2), C.R.S., moneys in the Conservation Trust Fund are primarily distributed among eligible local entities based on population. Moneys may be used by local governments for acquiring and developing interests in land and/or water for parks, open space, historic, recreation, scenic, aesthetic, or similar purposes. Moneys may also be used for maintenance of recreational facilities. These funds are received and distributed quarterly by the Department. In addition, pursuant to Section 29-21-101 (3), C.R.S., the Division of Local Government may utilize the Conservation Trust Fund to recover its direct and indirect costs related to distributing moneys in the Trust Fund.

Request: The Department's request reflects projected revenues and expenditures.

Recommendation: **Staff recommends reflecting \$48.0 million based on more recent lottery revenue projections provided by the Department of Revenue.** Staff also recommends continuation of the 2.0 FTE that administer the program. **Staff's recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy.**

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Div. of Local Govt., Local Govt. and Community Services, Local Govt. Services, Conservation Trust Fund Disbursements		
Item	Reappropriated funds	FTE
FY 2008-09 Appropriation	\$46,600,000	2.0
Salary survey awarded in FY 08-09	0	
80% of Performance-based pay awarded in FY 08-09	0	
Adjustment based on anticipated lottery proceeds	1,400,000	
Recommended FY 2009-10 Appropriation	\$48,000,000	2.0

Volunteer Firefighter Retirement Plans

Volunteer Firefighter Death and Disability Insurance

Description: These two line items report the state's contribution to local volunteer firefighter retirement plans, and death and disability insurance, respectively, as authorized by Section 31-30-1112 (2), C.R.S. These amounts are not subject to the six percent limit on General Fund appropriations. Pursuant to Section 31-30-1112 (2) (i), C.R.S., *they are included in the Long Bill for informational purposes.* The state's contribution to retirement plans are funded with moneys from the tax on insurance premiums outlined in Section 10-3-209, C.R.S., and is not subject to the six percent limit on General Fund appropriations. Since FY 2005-06, the General Assembly has identified as least a portion of this appropriation as coming from the General Fund Exempt account.

Pursuant to Section 31-30-1112 (2), C.R.S., state contributions to any municipality or district for volunteer firefighter pension plans must equal ninety percent of all amounts contributed by the municipality or district. Municipalities with populations of less than 100,000 may levy a tax of not more than one mill on the taxable property in the municipality, county, or district to fund their individual volunteer firefighter pension funds. Due to the variability of local governments' annual property valuation and actuarial need for contributions to their volunteer firefighter pension fund, the amount requested by the Department is an estimate, however historically the Department's estimate has been within one percent of the amount actually distributed.

Request: The Department's requests are based on projected expenditures. The Department anticipates contributing \$4,111,912 General Fund Exempt to local volunteer firefighter retirement plans and \$30,000 General Fund Exempt to disability insurance. Of the amount allocated for retirement accounts, \$97,289 reflects an increase required by statute.

Recommendation: **Staff recommends approving the request.** Staff has reflected the full amounts as coming from the General Fund Exempt account. The Committee will review all line items impacted by the General Fund Exempt account following the March Legislative Council Staff

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

revenue forecast. Staff will ultimately reflect the amounts approved by the Committee. It should be noted that assessed property values lag behind. The current notice of value recently received by property owners was for value as of January 1, 2008. A notice of value for property will go to property owners in March 2009 for calendar year 2010, allowing for due process and valuation adjustments coming to a general close in August 2009. The actual collections of property taxes by counties will be realized in calendar year 2010 which will impact FY2011-2012 state budget fiscal year, at which time it is anticipated by staff that the state's contribution will be decrease as a result of the anticipated adjustment to property values.

Environmental Protection Agency Water/Sewer File Project

This is a federally funded project to determine eligibility and credit worthiness of local governments for EPA water and sewer loans. The Department requests \$50,000 and 0.5 FTE based on projected revenues. **Staff recommends approving the request based on expected federal revenues.**

United Health Rural Health Care Grants

United Health Group committed \$7.5 million in grant moneys to provide to help the State address deficiencies in access to health care for rural and under served Coloradans from 2008-2012. Initially, the Department administered the program, however the Colorado Rural Health Center (CRHC) has since been assigned to manage this grant program.

(3) Community Services

Community Services Block Grant

Description: The federal Community Services Block Grant provides funding to local communities via a formula allocation. Funds are used to provide a wide range of services that address the causes of poverty in communities, including employment assistance, education, affordable housing, emergency services, nutrition, self sufficiency, counseling, health, community needs assessments, transportation, elderly projects, summer youth recreation, and community development projects. Service recipients must be at or below 125 percent of the federal poverty guidelines.

Request: The Department's request reflects \$5.5 million in federal funding that is anticipated to be available.

Recommendation: **Staff recommends approving the request, based on projected federal funds.**

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

(4) Waste Tire Fund

Waste Tire Recycling, Reuse and Removal Grants

Background Information. Pursuant to Section 25-17-202, C.R.S., a total of \$1.50 in fees are to be collected for each tire disposed of in Colorado, including:

- Recycling development fee (\$0.75): These fee revenues are credited to the *Waste Tire Recycling Development Cash Fund*. Two-thirds of revenues are allocated to the *Waste Tire Cleanup Fund*, which is administered by the Department, pursuant to Section 24-32-114, C.R.S. Of the remaining revenues, 60 percent is transferred to the *Advanced Technology Fund* (moneys in this fund are now continuously appropriated to the Pollution Prevention Advisory Board through the Department of Public Health and Environment), and 40 percent is transferred to the *Innovative Higher Education Research Fund* (moneys in this fund are subject to annual appropriation for use by the Higher Education Competitive Research Authority).
- Surcharge (\$0.25): These surcharge revenues are credited to the *Processors and End Users of Waste Tires Cash Fund* and appropriated to the Department of Local Affairs annually.
- Additional Fee (\$0.50): One-half of these fee revenues is credited to the *Recycling Resources Economic Opportunity Fund* (administered through the Department of Public Health and Environment), and the remainder is credited to the *Waste Tire Cleanup Fund* (administered by the Department of Local Affairs).

Overall, of the \$1.50 in fees paid on each waste tire, \$1.00 is made available to the Department of Local Affairs, \$0.40 is made available to the Department of Public Health and Environment, and \$0.10 is made available to the Department of Higher Education. The amounts made available to the Department of Local Affairs are used to make grants to local governments to clean up dump sites or to use recycled tires in public projects, as well as to reimburse processors and end users to make recycling more economically viable.

Request: The Department's request for this line item is based on the projected revenues.

Recommendation: Staff recommends reflecting a rounded dollar amount for this line item to better indicate that it is based on a revenue estimate. **Staff recommends appropriating \$4,200,000 and 0.7 FTE to allow the Department of Local Affairs to allocate waste tire fees as authorized by statute.** The requested spending authority reflects a \$1,200,000 increase due to anticipated increased revenue. Staff also recommends continuation of the 0.7 FTE associated with this line item to administer the grant program. **Staff's recommendation, detailed in the following table, is calculated in accordance with Committee policy.**

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Div. of Local Govt., Local Govt. and Community Services, Waste Tire Fund, Waste Tire Recycling, Reuse and Removal Grants		
Item	Cash Funds	FTE
FY 2008-09 Appropriation	\$3,000,000	0.7
Salary survey awarded in FY 08-09	0	
80% of Performance-based pay awarded in FY 08-09	0	
Adjustment based on anticipated revenues	1,200,000	
Recommended FY 2009-10 Appropriation	\$4,200,000	0.7

(B) Field Services

Program Costs

Description: This line item funds salaries and associated Medicare and PERA contributions, as well as contractual services, for approximately half of the technical assistance and grants management FTE in the Division (the remaining half are in the Administration, Personal Services line item). It also includes associated operating expenses. The table below details the 28.5 FTE supported by this line item. The Division's responsibilities and the duties performed by these staff are described following the table. Reappropriated funds sources include mineral and energy impact funds and gaming revenues.

Position	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recom.
Director	0.7	0.5	1.0	1.0
Support/Clerical	1.9	1.2	1.0	1.0
IT Support	0.7	0.5	0.5	0.5
Field Staff	7.6	6.0	6.0	6.0
Office of Smart Growth	1.0	1.0	1.0	1.0
Econ. Development Commission Assistance	0.4	0.4	0.0	0.0
Energy and Mineral Impact Grants Administration	3.4	11.2	11.2	11.1
Limited Gaming Grant Administration	1.0	1.0	1.0	1.0
CDBG Admin. - GF (required to match FF)	1.3	1.9	2.0	2.0

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Position	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recom.
CDBG Admin. - FF	2.6	4.9	4.9	4.9
TOTAL	20.6	28.6	28.6	28.5

Field staff provide education and customized assistance for local governments on issues such as budget review, property tax limitations, the Taxpayers Bill of Rights (TABOR), water and sewer financing, election rules, purchasing, and land use planning. Each staff member is responsible for working with the local governments in their region. Part of their duties include helping local governments identify and apply for federal and state grant funds.

The Office of Smart Growth, created by H.B. 00-1427, is responsible for: administering the Colorado Heritage Grants program; advising the Governor, the General Assembly, and local governments on growth issues; providing technical assistance to communities dealing with growth (particularly regarding cooperative planning); and coordinating mediation of disputes between local governments -- when requested to do so by the local governments, and using professionals from a list of qualified mediators that the Office is required to maintain.

Energy and mineral impact funds and limited gaming funds pay salaries for staff to administer the associated grant programs.

Finally, the Division administers the federal Community Development Block Grant program. Federal funds are used to support staff who manage the program, but a state match is required for administrative costs. Some of the activities of the Field Staff qualify as a "soft match" of the federal administrative funds, but the Department also uses approximately 1.9 FTE more specifically to administer the program.

Request: The Department's request includes an increase related to increased postage rates and a decrease related to the management and administration of the Governor's Office of Information Technology (OIT). These change requests will be discussed in greater detail in separate figure setting presentations for the Department of Personnel and Administration (postage rate increase) and the Office of the Governor (management and administration of OIT). Staff requests permission to make any changes depending on action taken by the Committee in other figure setting presentations that impact this line item.

Recommendation: **Staff recommends a continuation level funding.** With the exception of the field services staff, all of the FTE in this line item are necessary to administer grant programs or, in the case of the 1.0 FTE assigned to the Office of Smart Growth, to perform specific statutory functions of the Department. The field services staff are highly valued by local governments for

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

their assistance in accessing the technical support services and grants administered by the Department.

Staff's recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy.

Division of Local Government, Field Services, Program Costs						
Item	Total Funds	General Fund	Cash Funds	Reappropriated funds	Federal Funds	FTE
FY 2008-09 Long Bill	\$2,311,707	\$473,264	\$97,308	\$1,420,524	\$320,611	28.3
S.B. 08-218 (FML Allocation Changes)	16,292	0	0	16,292	0	0.3
One-time supplemental reductions (S.B. 09-193)	<u>(91,076)</u>	<u>(11,828)</u>	<u>0</u>	<u>(79,248)</u>	<u>0</u>	<u>0.0</u>
<i>Subtotal: FY 2008-09 Appropriation</i>	2,236,923	461,436	97,308	1,357,568	320,611	28.6
Salary survey awarded in FY 08-09	78,567	15,240	9,305	41,405	12,617	0.0
80% of Performance-based pay awarded in FY 08-09	39,386	13,633	651	13,214	11,888	0.0
Annualize S.B. 08-218	(5,807)	0	0	(5,807)	0	(0.1)
Reinstate one-time supplemental reductions	91,076	11,828	0	79,248	0	0.0
Base reduction (1.0% for lines with 20.0+ FTE)	0	0	0	0	0	0.0
Recommended FY 2009-10 Appropriation	\$2,440,145	\$502,137	\$107,264	\$1,485,628	\$345,116	28.5

Community Development Block Grant

Description: The federal Community Development Block Grant (CDBG) provides funding to local communities for housing, public facility, and business assistance projects that benefit primarily low to moderate income individuals through community development efforts. These funds are provided by the U.S. Department of Housing and Urban Development (HUD). While the Department of Local Affairs administers the funds for smaller communities, metro areas receive their funding directly from the federal government on an entitlement basis.

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Historically, the Executive Branch has elected to divide total CDBG funds in equal thirds for the following purposes:

- *Business development* - used primarily to make discretionary loans to local businesses to promote rural development. Administration of the business development program is coordinated between Department field staff and the Governor's Office of Economic Development.
- *Public facilities/infrastructure development* - used to provide discretionary grants to local governments for local infrastructure development such as roads, water treatment facilities, and public buildings.
- *Affordable housing development* - this portion of CDBG funds is shown as part of the Federal Affordable Housing Grants and Loans line item in the Division of Housing section of the Long Bill.

Request: The Department's request reflects \$7,049,019 based on estimates of federal funds that will be available to the State.

Recommendation: **Staff recommends the Department's request.**

Local Government Mineral and Energy Impact Grants and Disbursements

Description: This grant program is intended to assist communities impacted by the growth and decline of mineral and energy industries. This line item combines two statutory programs for administrative efficiency and applicant convenience into the Local Government Mineral and Energy Impact Assistance Program. In this regard, the grant line item includes 50 percent of the total state severance tax revenues (the other half goes to the Department of Natural Resources) and 40 percent of the state's share of payments to the federal government for mineral and mineral fuel production on federal lands. By statute, a portion of each program's funding is distributed directly back to the local jurisdictions on the basis of the reported residence of mineral production employees (30 percent of severance tax revenues and approximately 50 percent of federal mineral lease revenues). The remaining portion of these funds are distributed through discretionary grants to local jurisdictions.

In administering this grant program, the Department is assisted by the nine-member Energy and Mineral Impact Assistance Advisory Committee. Final funding decisions are made by the Executive Director of the Department. Entities eligible to receive grants and loans include municipalities, counties, school districts, special districts and other political subdivisions, and state agencies for the planning, construction, and maintenance of public facilities and public services, with priority given to schools and local governments socially or economically impacted by the mineral extraction industry on federal lands. Funded projects include water and sewer improvements, road projects,

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

construction of fire protection buildings, purchase of fire protection equipment, local government planning, and construction of/ improvements to recreation centers, senior centers, hospitals, local government administrative buildings, K-12 school classrooms, and other public infrastructure.

Request: The Department's request reflects expected expenditures and encumbrances. Some of the expenditures will be for grants awarded in prior years.

Recommendation: **Staff recommends approving the request.** This line item is often confusing to legislators, because it does not necessarily relate to the number or dollar amount of grants that will be offered in a given year. The Department offers grants but then negotiates a contract with each local government. Most contracts are signed within one year, but the negotiation process can sometimes take up to four years. Even once a contract is signed, not all of the money may be encumbered by the Department if there are conditions in the contract. This line item relates to what will be entered in the state's accounting system in a particular fiscal year and tracks closer to cash flow than the number of new grants that will be awarded. The interpretation by the executive branch is that these funds are continuously appropriated. The statutory language governing the funds predates the standardized usage by the General Assembly of the term "continuously appropriated." However, there is language saying that the moneys "shall be distributed" by the Department, and it is arguable that the statutory purposes of the money are best served by a continuous appropriation. The General Assembly has never challenged the interpretation by the executive branch that these funds are continuously appropriated.

Local Government Limited Gaming Impact Grants

Description: The Local Government Limited Gaming Impact Fund receives 6.5 percent of the total gross receipts realized from the state tax levied on the adjusted gross proceeds of limited gaming. Of the moneys deposited into the fund, 2 percent is set aside for the provision of gambling addiction counseling, with the bulk of the moneys to be used to provide financial assistance to designated local governments for documented gaming impacts. For the current year, the Legislative Council Staff's December 2008 Economic and Revenue Forecast estimates the state will generate \$94.3 million in revenue from limited gaming, an annual decrease of 17 percent. Of this amount, the Local Government Limited Gaming Impact Fund will receive approximately \$6.1 million. For perspective, in FY 2007-08, the Department awarded \$6.9 million to 50 projects related to the impact that gambling has on the communities in which it operates, including projects related to law enforcement, judicial system impacts, gambling addiction, rescue, child neglect, alcoholism, and public safety equipment and training [see Section 12-47.1-1601 et seq., C.R.S.]. The General Assembly is required to appropriate moneys that are transferred at the end of each fiscal year to the above funds for use in the following fiscal year.

Eligible local governments include the counties of Gilpin and Teller, as well as the eight counties contiguous to these two counties: Boulder, Clear Creek, Douglas, El Paso, Fremont, Grand,

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Jefferson, and Park. In addition, counties that contain tribal lands where limited stakes gaming occurs are also included within the geographic eligibility area, including Archuleta, La Plata, and Montezuma. The types of local governments eligible to receive assistance include: counties, municipalities (with the exception of the three gaming cities: Black Hawk, Central City and Cripple Creek) and special districts that provide emergency services. In addition, eligible local governments may apply on behalf of private nonprofit agencies that are impacted by gaming.

Pursuant to Section 12-47.1-1601 (4) (a), C.R.S., all unexpended and unencumbered moneys in the Local Government Limited Gaming Impact Fund remains available for expenditure in subsequent fiscal years without further appropriation by the General Assembly.

Request: The Department's request reflects expected revenues.

Recommendation: **Staff recommends using an estimate provided by the Department of Revenue of funds that will be transferred to the Fund at the end of FY 2008-09.** Several state agencies receive a portion of gaming funds. The General Assembly has used the estimates from the Department of Revenue in the past so that the figures for all of the departments are based on one consistent revenue projection, rather than using individual revenue projections from each department. The amount for Limited Gaming Impact Grants is set by a statutory formula and it would require a bill to change it. At the time this document was produced, staff was still working with the Department of Revenue to get the estimate, so the amount is pending. The December 2008 estimated limited gaming revenues and distributions from the Department of Revenue is that the Local Government Limited Gaming Impact Fund will receive approximately \$6.3 million in FY 2008-09 for use in FY 2009-10.

Search and Rescue Program

Description: The Search and Rescue Program reimburses political subdivisions for the costs incurred in search and rescue operations, and provides partial funding for the purchase of search and rescue equipment. The cash funded portion of the program is financed by a statutory \$0.25 surcharge on hunting and fishing licenses, boat registrations, snowmobile registrations, and off-highway vehicle registrations, pursuant to Section 33-1-112.5, C.R.S. The program also receives funding from other outdoor recreational users, such as hikers, mountain bikers, cross country skiers, climbers, and kayakers who voluntarily purchase a \$3.00 Colorado Outdoor Recreation Search and Rescue Card. The source of reappropriated funds is reserves in the Search and Rescue Fund. According to program guidelines, the use of program funds are prioritized into four "tiers", which are described below:

- Tier I Payment: Reimbursement for eligible, actual operational expenses of a search and rescue for a "Licensed" or certified person.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

- Tier II Payment: Year-end reimbursement for eligible, actual operational expenses of a search for parents, siblings, spouses, children, or grandchildren of a "Licensed" or certified person.
- Tier III Payment: Year-end payment of approved costs of search and rescue related training and equipment.
- Tier IV Payment: Year-end reimbursement for eligible, actual operational expenses of a search for a non-licensed or non-certified person.

An 11-member Search and Rescue Advisory Board assists with the administration of the Search and Rescue Fund.

Request: The Department's request is based on projected revenues (\$615,000 cash funds).

Recommendation: **Staff recommends approving the request based on projected revenues. Staff's recommendation for the first line item, detailed in the following table, is calculated in accordance with Committee policy.**

Division of Local Government, Field Services, Search and Rescue Program		
Item	Cash Funds	FTE
FY 2008-09 Appropriation	\$615,000	1.3
Salary survey awarded in FY 08-09	0	
80% of Performance-based pay awarded in FY 08-09	0	
Recommended FY 2009-10 Appropriation	\$615,000	1.3

Colorado Heritage Communities Grant Fund

Colorado Heritage Communities Grants

Description: House Bill 00-1427 created the Office of Smart Growth in the Department of Local Affairs. The original legislation included \$735,485 General Fund for grants to communities to address critical planning/growth issues and to develop master plans. Applicants are judged on a number of criteria, including: (1) the extent of existing/projected growth-related impacts; (2) the extent to which the growth-related problems were regional (multi-jurisdictional) in nature; (3) the extent to which the project was multi-objective in nature; (4) the extent to which the project was innovative; (5) the involvement of private and public partners; (6) the amount of funding leveraged by the project; (7) the consistency of the project with local/regional plans, and; (8) the overall feasibility of the project. If allocated appropriately, the funds can fill a niche that other grant

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

programs administered by the Department cannot. For example, mineral and energy impact funds and limited gaming funds are both often used for planning, but they are restricted to communities affected by mineral and energy production and limited gaming activities respectively.

From FY 2003-04 to FY 2005-06 the General Fund for grants was eliminated as part of efforts to address the budget shortfall, but the Department continued to spend down the fund balance on grants awarded and encumbered in prior years. In FY 2006-07, the General Assembly appropriated \$200,000 General Fund for new grants. The same amount was appropriated for FY 2007-08 and FY 2008-09. However, due to the current budgetary shortfall, the FY 2008-09 appropriation was reduced by the Department's supplemental bill (S.B. 09-193) by \$138,000.

The first line item ("Colorado Heritage Communities Fund") provides a transfer of General Fund moneys to the Colorado Heritage Communities Fund. The second line item provides spending authority for the Department to use monies in the Fund for grant awards.

Request: The Department has requested, through a budget amendment, no appropriation for this line item due to the budget shortfall.

Recommendation: **Staff recommends approving the request.**

(C) Indirect Cost Assessment

Description: This line item currently reflects the amount of indirect cost assessments made against cash, reappropriated funds, and federal funding sources within the Division of Local Government (including local utility management, search and rescue, waste tire fees, gaming, lottery proceeds, federal mineral leasing and severance tax revenues that are appropriated to support a portion of this division's activities, as well as the federal Community Development and Community Services Block Grants). The funds collected through this line item are used to offset General Fund that would otherwise be required in the Executive Director's Office, Personal Services and Operating line items and the Board of Assessment Appeals.

Request: The Department request includes increases to the collection rate applied to divisions for indirect cost recoveries.

Recommendation: **The staff recommends \$850,154 based on the revised indirect cost plan.** Of this amount, \$545,510 is from reappropriated funds, \$171,115 is from cash funds, and \$133,529 is from federal funds. Staff requests permission to make adjustments to this line item depending on action taken by the Committee that may impact the funding the indirect cost assessment for this division.

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

(5) DIVISION OF EMERGENCY MANAGEMENT

Administration

Description: This line item includes the personal services and operating expenses for the employees of the Division of Emergency Management. The source of reappropriated funds is mineral and energy impact funds.

Position	FY 2007-08 Actual	FY 2008-09 Approp.	FY 2009-10 Request	FY 2009-10 Recom.
Director	0.7	1.0	1.0	1.0
Support/Clerical	7.0	2.0	7.0	7.0
Preparedness/Disaster Staff	<u>20.0</u>	<u>17.5</u>	<u>21.4</u>	<u>21.4</u>
TOTAL	27.7	20.5	29.4	29.4

Request: The budget request includes a change request related to Decision Item #1 (Pre-Disaster Mitigation Grant Program Match), which is described below.

Decision Item #1 (Pre-Disaster Mitigation Grant Program Match). The request is for a three to one federal to state match for FTE and operating expenses for the Pre-Disaster Mitigation (PDM) Program. The request is for \$289,736 total funds and 3.9 FTE, which consists of \$70,874 General Fund to support 0.9 FTE and \$218,862 federal funds to support 3.0 FTE. The PDM program dedicates mitigation specialists to assist Colorado communities develop mitigation approaches through planning and projects that protect citizens in the most effective manner possible. The precept of the program is that it lessens the financial impact on individuals, communities, and society as a whole. *Further, the Federal Emergency Management Administration (FEMA) will not distribute mitigation relief moneys to local governments or special districts unless they have an updated mitigation plan in place and approved by the Department prior to any qualifying disaster.* The Department requires additional staff to accommodate the workload associated with assisting local governments and special districts with preparing local multi-hazard mitigation plans and is seeking to leverage a federal matching grant program in order to do so. The 0.9 FTE funded with General Fund will annualize to 1.0 FTE in FY 2010-11.

Mitigation planning is a process for State, local, and Indian Tribal governments to identify policies, activities, and tools to implement mitigation actions. Pre-disaster mitigation is any sustained action taken to reduce or eliminate long-term risk to life and property from a hazard event. The process generally has four steps: (1) organizing resources; (2) assessing risks; (3) developing a mitigation plan; and (4) implementing the plan and monitoring progress.

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

The PDM grant program is a competitive, nationwide program that provides federal funding for projects that reduce risk from natural and manmade hazards prior to the occurrence of a disaster. The objectives of the program are to save lives, protect property, and reduce response and recovery costs. The program tries to achieve these goals by funding projects such as tornado shelters, flood protection, removal or relocation of property out of high-risk areas, protection of critical facilities, wildfire mitigation projects including mechanical treatments in unhealthy forest areas around wildland and urban interfaces. For example, where applicable, the program enhances building standards to National Flood Insurance Program (NFIP) standards incur less damage from floods and encourages communities to retain flood insurance to mitigate the costs if floods do occur.

Currently the PDM receives an appropriation of \$132,348 (including \$33,087 General Fund) and 2.5 FTE whom perform these duties (3:1 federal-to-state match). In 2008, the PDM program assisted local governments with competing for and securing over \$3.0 million in federal grants to reduce risk in 24 Colorado communities. In addition, the PDM program assisted 22 counties with securing federal moneys to begin the process of updating their plans. However, it should be noted that **29 counties in the state have no plan and thus are not eligible for federal hazard mitigation funding should a qualifying disaster occur.** The Department indicates that FEMA construction project applications and mitigation plans have become increasingly technical in nature and communities require considerable training and technical support during development, thus requiring more time of current staff, prohibiting further support to unprotected Colorado communities. Another complicating factor is that FEMA has set the expiration of community mitigation plans at 5 years. Given that the ramp-up time to get multi-hazard vulnerability and risk assessments prepared takes approximately 2 years, communities must start the planning process every 3 years.

With new communities starting the process at any given time, and with the ongoing 3 year cycle for existing pre-mitigation plans, the workload is beyond the Department's current capacity to provide these services to all localities. The Department has indicated that it is submitting the change request to take a stronger role in providing more technical expertise, grants administration, planning, and project development to communities for pre-disaster mitigation planning and is seeking to leverage the three to one federal to state matching to provide this additional support.

The request is specifically for three General Professional III (GP III) positions and one Administrative Assistant III position. Two of the positions will serve as Planners / Grant Managers (GP III) which will provide statewide training presentations to increase awareness of the program and generate applications, manage all ongoing and open grants, provide technical assistance, and other responsibilities. Another position will serve as a Cost / Benefit Analyst (GP III) that will work with state and local staff on developing viable loss scenarios and identifying, determining, and documenting credible data sources, train communities with concepts of cost/benefit analysis, and other duties. The fourth position will serve as administrative support providing data entry, planning and scheduling of presentations and workshops, create and maintain databases, create and prepare

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

presentation materials, and other duties as assigned. The request includes two hybrid sedans for 1,000 miles of monthly travel, two laptops for the GP IIIs and two desktop units for the Cost / Benefit Analyst and the administrative support staff.

Recommendation: Staff recommends the Department's request, which includes funding for Decision Item #1 (Pre-Disaster Mitigation Grant Program Match). The recommendation includes A reduction in the General Fund FTE for this line item would diminish the state's ability to meet matching and other qualification requirements for federal disaster and preparedness funds.

Staff's recommendation for this line item, detailed in the following table, is calculated in accordance with Committee policy.

Division of Local Government, Division of Emergency Management, Administration					
Item	Total Funds	General Fund	Reappropriated funds	Federal Funds	FTE
FY 2008-09 Long Bill	\$2,444,957	\$501,756	\$64,241	\$1,878,960	25.5
S.B. 08-155	0	0	0	0	(1.0)
One-time supplemental reduction (S.B. 09-193)	(729)	(729)	0	0	0.0
<i>Subtotal: FY 2008-09 Appropriation</i>	2,444,228	501,027	64,241	1,878,960	24.5
Salary survey awarded in FY 08-09	83,290	12,930	1,404	68,956	0.0
80% of Performance-based pay awarded in FY 08-09	24,039	4,020	624	19,395	0.0
Reinstate one-time supplemental reductions	729	729	0	0	0.0
Base reduction (1.0% for lines with 20.0+ FTE)	0	0	0	0	0.0
Pre-Disaster Mitigation Grant Program Match (DI #1)	253,229	66,148	0	187,081	3.9
Recommended FY 2009-10 Appropriation	\$2,805,515	\$584,854	\$66,269	\$2,154,392	28.4

Disaster Response and Recovery

Background Information. Section 24-32-2106, C.R.S., asserts the "policy of the state that funds to meet disaster emergencies shall always be available." This provision indicates that first recourse shall be funds regularly appropriated to state and local agencies. In addition, the Governor may (with the concurrence of the Disaster Emergency Council) make funds available from the Disaster Emergency Fund. This Fund consists of moneys appropriated thereto by the General Assembly; and unexpended moneys remain in the Fund at fiscal year-end. If moneys in the Fund are insufficient,

**DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING**

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

the Governor may (again, with the concurrence of the Council) "transfer and expend moneys appropriated for other purposes".

When the Governor transfers funds in order to reimburse local governments or citizens for costs associated with disasters, or to match federal disaster aid, such transfers generally flow through the Disaster Emergency Fund. The following table details authorized transfers of state moneys to the Fund in FY 2007-08. All of the transfers have been from funds that were designated by the General Assembly as part of the Taxpayer's Bill of Rights (TABOR) reserve³. Please note that the actual amounts transferred may be lower than the amounts authorized. In addition, transfers to the Fund and expenditures from the Fund often occur in two or more fiscal years.

As is shown in the following table, in FY 2007-08, there were four declared emergencies where \$1.3 million was authorized for transfer into the Disaster Emergency Fund by executive order however, to date \$383,195, or 29.5 percent of the total authorized amount has been expended as of the date of this figure setting presentation. It is important to note that the invoicing process from local districts impacted by disasters can be delayed for indeterminate amounts of time. Thus, the moneys reflected below represent a single point in time as there are encumbrances and expenses impacting these available moneys which occur regularly.

Authorized Transfers to the Disaster Emergency Fund in FY 2007-08					
Executive Order	Nature of Disaster	Authorized Transfer	Total Expenses	Balance	Funding Source
D 006 08 (3/21/08)	Contamination of the Public Water Supply (Alamosa Co.)	\$300,000	\$163,639	\$136,361	Disaster Emergency Fund, fund balance
D 009 08 (4/17/08)	Wildfires in Crowley County	500,000	17,138	482,862	Major Medical Insurance Fund
D 011 08 (5/23/08)	Northern Colorado Tornadoes (Weld and Larimer Counties)	500,000	202,418	297,582	Major Medical Insurance Fund
D 012 08 (6/19/08)	Piñon Canyon Wildfire ¹ (Las Animas County)	0	0	0	n/a
Total		\$1,300,000	\$383,195	\$916,805	

¹ Executive Order D 012 08, issued on June 19, 2008, in response to the Piñon Canyon Wildfire, did not authorize a transfer, but rather the activation of the Colorado National Guard to assist in the response efforts. The wildfires occurred on federal land and as such will be paid for with federal moneys.

³ Moneys in the State's TABOR reserve may only be used for declared emergencies; "emergency" *excludes* economic conditions or revenue shortfalls.

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

Description: This line item reflects expected payments to local responders for their work in reacting to disasters and expected assistance to communities and individuals to help them recover from disasters. The source of reappropriated funds is the state Disaster Emergency Fund, and the federal funds are generally from the Federal Emergency Management Agency. This appropriation is included for informational purposes and for purposes of tracking actual expenditures.

Request: Consistent with past practice, the Department has requested an appropriation of \$4,895,390 for FY 2009-10, including \$4,445,390 reappropriated funds from the Disaster Emergency Fund and \$450,000 federal funds. However, the request for funding from the Disaster Emergency Fund is largely just a place-holder, since the Department cannot predict when a disaster might occur.

Recommendation: **Staff recommends reflecting a total of \$4,950,000, including \$4,500,000 from the Disaster Emergency Fund and \$450,000 federal funds.** Staff is concerned that the practice of reflecting a very specific appropriation from the Disaster Emergency Fund appears to convey specificity where none exists. Staff thus recommends that the Committee consider either including an appropriation of a rounded dollar amount.

In addition, as indicated last Fall, staff has found it difficult to quickly gather information related to the Disaster Emergency Fund. Specifically, staff has not been able to identify one individual or agency who can quickly provide information related to state funds transferred to the Disaster Emergency Fund, including the amount authorized, the fund source (*i.e.*, which specific fund within the TABOR reserve), the purpose, and the associated Executive Order. It is even more difficult to obtain information concerning actual amounts transferred and expended for each declared emergency.

Given the magnitude of the transfers that have been authorized in recent years, staff believes it is important for the Joint Budget Committee to be apprised of transfers authorized by the Governor, as well as actual transfers and expenditures. **Staff recommends that the Committee include a written request for information requesting an annual summary related to the Disaster Emergency Fund, including the amount of state funds actually transferred into the Fund and the expenditure of such moneys:**

N Governor - Lieutenant Governor - State Planning and Budgeting, Office of State Planning and Budgeting; and Department of Local Affairs, Division of Emergency Management, Disaster Response and Recovery -- The Division of Emergency Management is requested to work with the Office of State Planning and Budgeting and provide a report to the Joint Budget Committee by November 1, 2009, concerning revenues credited to and expenditures made from the Disaster Emergency Fund in FY 2007-08 and FY 2008-09. The report is requested to include the following: (a) amounts authorized to be transferred to the Disaster Emergency Fund, by Executive Order and fund source; (b)

DEPARTMENT OF LOCAL AFFAIRS
FY 2009-10 STAFF FIGURE SETTING

JBC Working Document: Decisions Subject to Change
Staff Recommendation Does Not Represent Committee Decision

amounts actually transferred to the Fund, by date and fund source; and (c) actual expenditures from the Fund, by date and declared disaster emergency.

Preparedness Grants and Training

Description: This line item reflects federal grants received by the Department for equipment, prevention efforts, and training to better prepare the state to respond to disasters. The line item also includes a small amount of cash funds from registration fees paid by participants for conferences and other events sponsored by the Division. The majority of federal funds are from the Homeland Security Grant program, although the line item also includes spending authority for miscellaneous other federal grant programs.

Request: The Department's request is based on projected revenues.

Recommendation: **Staff recommends approving the request.**

Indirect Cost Assessment

Description: Staff recommends adding a separate line item to include the amount of indirect cost assessments made against reappropriated and federal funding sources within this division (rather than including these those associated with those for the Division of Local Government). Reappropriated funds fund sources include federal mineral leasing and severance tax revenues that are appropriated to support a portion of this division's activities; the remainder is assessed on various sources of federal funds administered by this division. The funds collected through this line item are used to offset General Fund that would otherwise be required in the Executive Director's Office, Personal Services and Operating line items and the Board of Assessment Appeals.

Request: The Department request includes increases to the collection rate applied to divisions for indirect cost recoveries.

Recommendation: **The staff recommends \$237,478 based on the revised indirect cost plan.** Of this amount, \$224,095 is from federal funds and \$13,383 is from reappropriated funds. Staff requests permission to make adjustments to this line item depending on action taken by the Committee that may impact the funding the indirect cost assessment for this division.