



# COLORADO

## Department of Local Affairs

Line Item Descriptions

FY 2019-20 Budget Request

**NOVEMBER 1, 2018**

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## Line Item Descriptions FY 2019-20 BUDGET REQUEST

### *(1) Executive Director's Office*

#### **PERSONAL SERVICES**

This line item is for the base salaries, PERA, and Medicare expenses for the Executive Director's Office.

#### **HEALTH, LIFE AND DENTAL**

This line item is appropriated at the department level for each division's Health, Life and Dental expenses.

#### **SHORT-TERM DISABILITY**

This line item is appropriated at the department level for each division's short term disability expenses.

#### **AMORTIZATION EQUALIZATION DISTRIBUTION (AED)**

This line item is appropriated at the department level for each division's AED expenses. These costs are defined in Section 24-51-411, C.R.S. (2017). They will remain at 5 percent beginning in FY 2017-18.

#### **SUPPLEMENTAL AMORTIZATION EQUALIZATION DISTRIBUTION (SAED)**

This line item is appropriated at the department level for each division's SAED expenses. These costs are defined in Section 24-51-411, C.R.S. (2017). They will remain at 5 percent beginning in FY 2017-18.

#### **PERA DIRECT DISTRIBUTION**

With the adoption of S.B. 18-200, the State will make an annual direct distribution payment of \$225 million to PERA to help eliminate the unfunded liability for the State, Judicial, School, and Denver Public School divisions. Beginning with the FY 2019-20 budget cycle, a new common policy line item will be created to allocate the State division's portion of the \$225 million to all state agencies based on their proportional share of total payroll.

#### **SALARY SURVEY**

This line item is appropriated at the department level for each division's salary increases.

#### **MERIT PAY**

This line item is appropriated at the department level for each division's employees who have exhibited exemplary performance.

#### **WORKERS' COMPENSATION**

This line item provides funding to the Department of Personnel and Administration to support the State's self-insured workers' compensation program.

#### **OPERATING EXPENSES**

This line item pays for expenses in the Executive Director's Office such as office supplies and in-state travel.

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### **LEGAL SERVICES**

This line item funds the cost of purchasing legal services from the Department of Law. Beginning in FY 2017-18, these expenses are charged by an 'allocated' methodology versus a 'budgeted hours' methodology. This means that annual appropriations will be adjusted through a two-year 'true-up'. In FY 2018-19, the department is projected to utilize approximately 1,505 hours of legal services.

### **PAYMENT OF RISK MANAGEMENT AND PROPERTY FUNDS**

The State's Risk Management program consists of two parts: the Liability Program and the Property Program. This line item pays for premiums related to these insurance coverages, broker services, third party administration fees, legal services related to these programs, and deductibles.

### **VEHICLE LEASE PAYMENTS**

This line item pays the costs that agencies incur from the State's vehicle lease-purchase loan payments plus a management fee collected by the Department of Personnel and Administration.

### **INFORMATION TECHNOLOGY ASSET MAINTENANCE**

This line item funds the Department's annual computer replacements and software maintenance.

### **LEASED SPACE**

This line item funds office space located around the State for the department's various field staff.

### **CAPITOL COMPLEX LEASED SPACE**

This line item provides funding for payments to the Department of Personnel and Administration for its management of the Department's office space within the Capitol Complex and the Grand Junction State Building.

### **PAYMENTS TO OIT (OFFICE OF INFORMATION TECHNOLOGY)**

This line item provides funding for payments to the Governor's OIT for its support of the State's Data Center, Colorado State Network and other services to the Department, as well as support of OIT initiatives and staff.

### **CORE OPERATIONS**

This line item provides funding to support the State's accounting system called the Colorado Operations Resource Engine (CORE).

### **MOFFAT TUNNEL IMPROVEMENT DISTRICT**

The Moffat Tunnel Improvement District was formed by state statute in 1922 to finance the construction of a railroad tunnel under the Continental Divide. The legislature adopted S.B. 96-233, which set in motion an effort to sell the assets of the District, dissolve the elected commission that had managed the District since 1922, and, if any District assets could not be sold by 1998, transfer control of

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the District to the Department. As such, not all District assets were sold and control of the District was transferred to the Department in February 1998. The District is a legally distinct special district under Article 8 of Title 32 of the Colorado Revised Statutes (2017) and earns revenue from two leases: one with the Union Pacific Railroad and another with CenturyLink telecommunications. This line item funds costs to manage the Moffat Tunnel Improvement District.

### ***(2) Property Taxation***

#### **DIVISION OF PROPERTY TAXATION**

This line item funds program costs for the division. Under the general laws of Colorado, county assessors are required to value all taxable property within their territorial jurisdictions. The Division of Property Taxation provides training, regulation, coordination, and administration of property tax law throughout the sixty-four counties within the state.

#### **STATE BOARD OF EQUALIZATION**

The State Board of Equalization has supervision over the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes. This line item pays the Board's operating expenses.

#### **BOARD OF ASSESSMENT APPEALS**

This line item funds staff and operating expenses for the Board of Assessment Appeals (BAA). The BAA is currently composed of eight board members who meet to hear appeals by property taxpayers regarding decisions of county boards of equalization, county boards of commissioners, and the state property tax administrator on valuation of real and personal property, abatement of taxes, and exemptions for state-assessed properties. In order to improve accessibility to non-metro Denver counties, the BAA offers hearings by video conference and occasionally schedules hearings in Grand Junction and Alamosa as funding permits.

#### **(C) INDIRECT COST ASSESSMENTS**

The rate is applied to cash, re-appropriated, and federal fund sources according to the indirect rate cost recovery plan approved by the department's 'cognizant' agency.

### ***(3) Division of Housing (restructured as part of HB 14-1336)***

#### **(A) COMMUNITY AND NON-PROFIT SERVICES**

##### **(1) Administration**

#### **PERSONAL SERVICES**

This line item funds base salaries, PERA, and Medicare expenses for the Community and Non-Profit Services section of the division.

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### **OPERATING EXPENSES**

This line item funds operating expenses for the Community and Non-Profit Services section of the division such as in-state travel, office supplies, fleet fuel costs, and postage.

### **(2) COMMUNITY SERVICES**

#### **LOW INCOME RENTAL SUBSIDIES**

This line item provides a General Fund appropriation of \$2,660,938 to support behavioral health vouchers for participants in the Assertive Community Treatment (ACT) program, Adult Resources for Care and Help (ARCH) vouchers, and Colorado Choice Transitions (CCT) program vouchers. This line item also funds federal Section 8 vouchers that assist in obtaining affordable rental housing units for local workforce needs and for lower income families. The cash funds portion of this line item is used to incentivize developers to utilize unused Public Activity Bond moneys that are currently reverting to the federal government.

#### **HOMELESS PREVENTION PROGRAMS**

This line item includes the Homeless Prevention Activities Program created in Section 39-22-1302 (1), C.R.S. (2017) and the federal Department of Housing and Urban Development (HUD) program that also supports homeless prevention activities including the operation of shelters and assistance to families who have received eviction notices or utility service termination notices. This line item does not include entitlement moneys granted on a formula basis directly to the cities of Denver and Colorado Springs.

#### **(3) FORT LYON SUPPORTIVE HOUSING PROGRAM**

Beginning in FY 2016-17, the Department's General Fund appropriation for this program increased to \$4,989,637 and 1.0 FTE to assist in the treatment and housing of homeless veterans and other individuals by the Colorado Coalition for the Homeless (CCH) as the program increases to a monthly average client load of 250 residents. A portion of this appropriation is also provided to Bent County for utilities, repair, and maintenance of the residential campus.

### **(B) FIELD SERVICES**

#### **AFFORDABLE HOUSING PROGRAM COSTS**

In addition to paying for program field staff and operating expenses, this line item provides statutory funding to reimburse expenses associated with the Bond Allocations Committee, which consists of the Executive Director, four municipal and county officials, three citizens at large, and one representative of state-issuing authorities. The Private Activity Bond Program allocates its capped bond amounts among the issuing authorities of the state. This line item also funds the Home Modification Program, which administers the home modification benefit by overseeing construction duties, bid review, and the management of assets for Medicaid eligible clients. The home modification benefit has a lifetime maximum of \$14,000 and costs are estimated at \$65 per modification inspection.

**AFFORDABLE HOUSING CONSTRUCTION GRANTS AND LOANS PURSUANT TO SECTION 24-32-721, C.R.S.**

This line item provides Housing Development Grants and Loans supported by the General Fund and federal grants and loans that are provided to local governments and affordable housing developers to improve, preserve, or expand the supply of affordable housing as well as to fund the acquisition of housing and economic data necessary to advise the board on local housing conditions. The housing must be owned or occupied by persons with moderate to low incomes. Local housing authorities, private developers, nonprofit corporations, cities, and counties may apply for financing. Most grants require a contribution from the community served.

The Department is granted statutory authority to operate the Affordable Housing Construction Grants and Loans Program pursuant to Section 24-32-721, C.R.S., (2017) and is empowered to ‘encourage private enterprise and all public and private agencies engaged in planning, construction, and acquisition of adequate housing or the rehabilitation of existing housing in Colorado’. The State Housing Board advises the Department on housing needs, reviews financing requests, and adopts manufactured housing regulations.

The figures below illustrate General Fund increases to the Affordable Housing Grants and Loans Program funding since FY 2004-05. This line item has continued to receive \$8.2 million General Fund each year since FY 2014-15.

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
2004-2005	\$ 100,000	2011-2012	\$2,225,000
2006-2007	\$1,100,000	2012-2013	\$2,309,000
2007-2008	\$1,239,000	2013-2014	\$4,200,000
2008-2009	\$2,225,000	2014-2015	\$8,200,000

In addition, this line item received \$15.3 million from the Marijuana Tax Cash Fund in the FY 2017-18 Long Bill to provide construction funding, rental assistance, administration and case management for people with substance use and mental health issues who require supportive services to obtain and retain housing. This includes individuals exiting or at risk of entering the criminal justice system. For FY 2017-18, up to \$3.2 million of this funding may be transferred to the Low Income Rental Subsidies line item for the purpose of issuing housing vouchers for this same population.

**HOUSING ASSISTANCE FOR PERSONS TRANSITIONING FROM THE CRIMINAL OR JUVENILE JUSTICE SYSTEM**

Senate Bill 17-021 established a housing program for persons with mental illness transitioning from the criminal or juvenile justice systems and directed the Department to manage this program. It is intended to provide grants or loans for the acquisition, construction, or rehabilitation of rental housing for persons with both a mental health disorder, or co-occurring behavioral health disorder, and newly released from the Department of Corrections (DOC), the Division of Youth Corrections (DYC) in the Department of Human Services (DHS), or county jails throughout Colorado. Senate Bill 18-016 repealed the clause that limited S.B. 17-021 to a one-time transfer of any unexpended General Fund dollars from FY 2016-17 appropriated to the Division of Criminal Justice (DCJ) in the Department of Public Safety for the provision of community corrections programs and services.



**MANUFACTURED BUILDINGS PROGRAM**

This program provides education and training to the mobile, manufactured and factory-built structures industry regarding the building codes and state program requirements applicable to these types of structures within the state. Training is also provided across the State to help consumers make informed decisions when purchasing or considering the purchase of a mobile, manufactured or factory built home. Lastly, grants and related education are available to help manufacturers, installers, owners and other members of the mobile, manufactured or factory-built structures industry address safety issues affecting these types of existing residential structures.

The adoption of H.B. 08-1319 requires every factory-built structure occupied on or after March 1, 2009, to be certified by this program. This legislation also established specific educational, testing, and liability insurance coverage requirements for manufactured home, mobile home, and factory-built residential structure installers and installation inspectors. As part of S.B. 15-234, the Manufactured Buildings Program was placed in a new line item in the Division of Housing's Long Bill section.

**(C) INDIRECT COST ASSESSMENTS**

The rate is applied to cash, re-appropriated, and federal fund sources according to the indirect rate cost recovery plan approved by the Department's 'cognizant' agency.

**(4) Division of Local Government**

**(A) Local Government and Community Services**

**(1) Administration**

**PERSONAL SERVICES**

This line item funds salaries, PERA, and Medicare expenses for staff in the Local Government and Community Services section who provide technical and financial assistance to local governments, administer elections for special districts, and manage '5.5% Limit' property tax compliance programs as defined in Sections 29-1-301 to 305, C.R.S. This line also funds the State's Demography Office.

**OPERATING EXPENSES**

This line item funds operating expenses for the division such as in-state travel, office supplies, and postage.

**(A) (2) Local Government Services**

**CONSERVATION TRUST FUND DISBURSEMENTS**

After payment of administrative expenses, the remaining funds are distributed from the Conservation Trust Fund to over 400 eligible local entities pursuant to a statutory formula. The funds received fluctuate with lottery sales revenue.

**VOLUNTEER FIREFIGHTER RETIREMENT PLANS**

This line item funds the state contribution to eligible local governments for volunteer firefighter pension funds. These amounts are not subject to the six percent limit on General Fund appropriations and are distributed according to a statutory formula.

**VOLUNTEER FIREFIGHTER DEATH AND DISABILITY INSURANCE**

This line item funds the statewide volunteer firefighter accidental death and disability insurance policy. The division works with DPA's Division of Risk Management to contract for Accidental Death, Dismemberment, and Disability Insurance, which covers all volunteer firefighters in Colorado for any on-duty activities including travel to and from any event.

**FIREFIGHTER HEART AND CIRCULATORY MALFUNCTION BENEFITS**

This line item includes amounts originally provided in S.B. 14-172 for the administration of a self-insured pool for Firefighter Heart and Circulatory Malfunction Benefits. In FY 2017-18, the amount transferred for this purpose is \$839,053 for Accident Insurance Reimbursement moneys. These funds are deposited in the Firefighter Benefits Cash Fund established in Section 29-5-302 (11), C.R.S. (2017). Reimbursements to municipalities, special districts, fire authorities, or county improvement districts are estimated at approximately \$150 per firefighter per year.

**LOCAL UTILITY MANAGEMENT ASSISTANCE**

This program works with local governments, the Colorado Water Resources and Power Development Authority (CWRPDA), and the Colorado Department of Public Health and Environment to review water and wastewater system needs in local areas, to provide analysis of the financial capacity of local governments applying for EPA-supported state revolving loan funds for water or wastewater treatment projects, and to assist in the development of financing options. This line item funds personal services and operating expenses for this program.

**ENVIRONMENTAL PROTECTION AGENCY – WATER/SEWER FILE PROJECT**

These federal dollars support staff who determines the eligibility and credit worthiness of local governments for EPA water and sewer loans through the Colorado Water Resources and Power Development Authority (CWRPDA).

**CYBERSECURITY TRAINING FOR LOCAL GOVERNMENTS**

For FY 2018-19, the Department received a one-time appropriation of \$250,000 General Fund for the purpose of reimbursing local government staff and other eligible personnel who attend the Cybersecurity Symposium being held in Colorado Springs in November 2018 and sponsored by the National Cybersecurity Center as well as other training opportunities at local government conferences.

**(A) (3) Community Services**

**COMMUNITY SERVICES BLOCK GRANT (CSBG)**

This federal program provides formula-based grants to alleviate the causes and conditions of poverty in communities. Colorado has 31 eligible local entities working under nine CSBG federal objectives including employment, education, income management, housing, emergency services, nutrition, linkages with other federal and state programs, self-sufficiency, and health. CSBG is not open for applications, grants are provided to already established eligible entities across Colorado.

**(B) Field Services**

**PROGRAM COSTS**

This line item supports the salaries and operating expenses of field staff in local regions who provide technical assistance on all statewide local government issues, community development, rural community development, Main Street, land use and strategic planning, Rural Economic Development Initiative (REDI) grants, administration of grant programs including Energy and Mineral Impact Program, Limited Gaming, Search and Rescue, Geothermal, and Community Development Block Grants.

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

This represents funds provided by the federal government to support ‘non-entitlement’ municipalities and counties in carrying out community development activities. The funds must be used for activities that benefit either low- and moderate-income persons, prevent or eliminate slums or blight, or address community development needs that have a particular urgency. While the Department of Local Affairs administers the funds for smaller rural communities, metro areas receive their funding directly from the federal government on an entitlement basis.

**LOCAL GOVERNMENT ENERGY AND MINERAL IMPACT GRANTS AND DISTRIBUTIONS**

The Energy and Mineral Impact Assistance Program provides assistance to political subdivisions that are socially or economically impacted by the development, processing, or conversion of minerals and mineral fuels. Funds come from the state severance tax on energy and mineral production and from a portion of the State's share of royalties paid to the federal government for mining and drilling of minerals and mineral fuels on federally-owned land. Funds are distributed through this program through both statutory formula distributions (30% of annual receipts) and competitive grant programs (70% of annual receipts).

**LOCAL GOVERNMENT LIMITED GAMING IMPACT GRANTS**

This line provides financial assistance to local governments in addressing documented gaming impacts stemming from limited stakes gaming in Gilpin and Teller counties, as well as on Native American lands. Limited stakes gaming has been in existence in these communities since voter approval in 1990. The Program is financed with a portion of state taxes on limited gaming activities in these municipalities. Pursuant to S.B. 13-133, the distribution to the Local Government Limited Gaming Impact Program was changed from a percentage basis of total revenue to \$5 million each fiscal year beginning July 1, 2013. This amount is transferred annually for competitive grants; however, \$100,000 is transferred to the Colorado Department of Human Services for gambling addiction counseling services to Colorado residents.

**GAMING IMPACTS STUDY**

This line item was created by S.B. 18-191 to provide \$50,000 from the Limited Gaming Fund to the Department in FY 2018-19 and FY 2019-20 for the purposes of studying and then establishing policies and procedures regarding what constitutes ‘documented expenses, costs, and other impacts incurred directly as a result of gaming’. These will become part of the Department’s Limited Gaming Impact Grants Program.

**LOCAL GOVERNMENT GEOTHERMAL ENERGY IMPACT GRANTS**

This line provides up to \$50,000 in cash fund spending authority to provide Geothermal Energy Impact Grants to local governments impacted by ongoing geothermal resource industry activity in their respective communities, pursuant to Section 34-63-105, C.R.S. (2017). This grant program is funded from the State's share (50%) of proceeds from federal leases under the Geothermal Steam Act.

**RURAL ECONOMIC DEVELOPMENT INITIATIVE (REDI) GRANTS**

The Department receives \$750,000 General Fund for the purposes of diversifying Colorado's rural economies and making these districts less dependent on one large employer or industry.

**SEARCH AND RESCUE PROGRAM**

The Search and Rescue (SAR) Fund was created to reimburse political subdivisions and search and rescue organizations for the costs incurred in conducting search and rescue operations and to provide funding for the purchase of search and rescue equipment and training. The fund is financed with a \$.25 surcharge on hunting licenses, fishing licenses, boat registrations, snowmobile registrations, off-highway vehicle registrations, and by the sale of the Colorado Outdoor Recreation Search and Rescue (CORSAR) card.

**GRAY AND BLACK MARKET MARIJUANA ENFORCEMENT GRANT PROGRAM**

Created by H.B. 17-1221, this program authorizes the Department to award grants from the Marijuana Tax Cash Fund to local law enforcement agencies and district attorneys to cover investigation and prosecution costs associated with unlicensed and illegal marijuana cultivation or distribution operations. The legislation outlines priorities for the grant program and requires DOLA to establish related policies and procedures. The Department is required to provide an annual update about this program in its annual SMART Act Hearing beginning November 1, 2019.

**JUSTICE REINVESTMENT CRIME PREVENTION INITIATIVES**

Created by H.B. 17-1326, this crime prevention program authorizes the Department to provide small business loans and grants designed to reduce crime and promote community development in north Aurora and southeast Colorado Springs. Beginning with FY 2018-19 Long Bill, this program is comprised of two line items: H.B. 17-1326 Crime Prevention Initiative Grants in the amount of \$3 million General Fund and H.B. 17-1326 Crime Prevention Initiative Small Business Lending in the amount of \$1 million General Fund.

**PEACE OFFICERS MENTAL HEALTH SUPPORT GRANT PROGRAM**

This program was created by H.B. 17-1215 to encourage county sheriffs and municipal police departments to adopt policies that enable mental health professionals to provide on-scene response services to support law enforcement's interaction with persons with mental health disorders and to provide counseling services to officers. This program is funded through a \$2 million General Fund transfer from the 'Appropriation to the Peace Officers Mental Health Support Fund' line item – also in the Department's Long Bill –

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to the Peace Officers Mental Health Support Fund created in Section 24-32-3501 (10)(a), C.R.S. Pursuant to the associated legislation, up to five percent of program dollars may be utilized to cover administrative costs.

### **MUNICIPAL COURT GRANT PROGRAM**

This program was created by H.B. 18-1353 and established to reimburse local governments, in full or in part, for their costs associated with providing counsel to defendants at their first appearance in municipal court.

### **STRATEGIC PLANNING GROUP ON COLORADANS AGE 50 AND OVER**

These funds are provided to continue the work of the Strategic Action Planning Group on Aging (SAPGA) created by H.B. 15-1033 and established in Section 24-32-3404, C.R.S. The Department is no longer directly involved with SAPGA and only serves as the nexus between the members of SAPGA and the State's fiscal and procurement rules. These funds support additional studies and other services as SAPGA prepares the final update to its Strategic Action Plan due November 1, 2020.

### **(C) INDIRECT COST ASSESSMENTS**

The rate is applied to cash, re-appropriated, and federal fund sources according to the indirect rate cost recovery plan approved by the department's 'cognizant' agency.