

FY 2009-2010 BUDGET

SECTION 2

CHANGE REQUESTS AND NON-PRIORITIZED BASE REVIEW

Department of Military and Veterans Affairs

Schedule 10

FY 2009-10 Budget Request

Priority	Number	IT Request	Request	FTE	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
Decision Items									
1	DI-1	Yes	State Active Duty Payroll Automation Software	0.0	\$64,000	\$64,000	\$0	\$0	\$0
2	DI-2	No	Tuition Assistance	0.0	\$220,354	\$70,354	\$0	\$150,000	\$0
3	DI-3	No	Deputy Facilities Manager	0.5	\$43,008	\$43,008	\$0	\$0	\$0
Total - Decision Items				0.5	\$327,362	\$177,362	\$0	\$150,000	\$0
Base Reduction Items									
				0.0	\$0	\$0	\$0	\$0	\$0
Total - Base Reduction Items				0.0	\$0	\$0	\$0	\$0	\$0
Non-Prioritized Items									
1	NP-1	No	Ombuds Program Increase (Workers Comp)	0.0	\$119	\$119	\$0	\$0	\$0
2	NP-2	No	Camp George West Noxious Weeds	0.0	\$7,582	\$7,582	\$0	\$0	\$0
3	NP-3	No	State Fleet Fuel Increase	0.0	\$17,439	\$12,207	\$0	\$0	\$5,232
4	NP-4	No	Statewide Postage Increase	0.0	\$246	\$246	\$0	\$0	\$0
5	NP-5	No	Vehicle Lease Payments	0.0	\$2,365	\$2,365	\$0	\$0	\$0
6	NP-6	No	Mail Equipment Upgrade	0.0	\$817	\$817	\$0	\$0	\$0
Total Non Prioritized Items				0.0	\$28,568	\$23,336	\$0	\$0	\$5,232
Grand Total October 31, 2008				0.5	\$355,930	\$200,698	\$0	\$150,000	\$5,232

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Schedule 13
Change Request for FY 2009-10 Budget Request Cycle

Decision Item FY 2009-10 Base Reduction Item FY 2009-10 Supplemental FY 2008-09 Budget Amendment FY 2009-10

Request Title: State Active Duty Payroll Automation Software

Department: Military and Veterans Affairs

Priority Number: DI-01

Dept. Approval by: *William L. Robinson*
 OSPB Approval: *for MZ*

Date: 8 Oct 2008

Date: 10-15-08

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2007-08	Appropriation FY 2008-09	Supplemental Request FY 2008-09	Total Revised Request FY 2008-09	Base Request FY 2009-10	Decision/ Base Reduction FY 2009-10	November 1 Request FY 2009-10	Budget Amendment FY 2009-10	Total Revised Request FY 2009-10	Change from Base (Column 5) FY 2010-11
Total of All Line Items	Total	1,010,410	2,333,640	0	2,333,640	2,333,640	64,000	2,397,640	0	2,397,640	20,000
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	762,041	1,458,068	0	1,458,068	1,458,068	64,000	1,522,068	0	1,522,068	20,000
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	46,000	0	46,000	46,000	0	46,000	0	46,000	0
	CFE/RF	3,895	0	0	0	0	0	0	0	0	0
	FF	244,474	829,572	0	829,572	829,572	0	829,572	0	829,572	0
Executive Director and Army National Guard, Operating Expenses	Total	1,010,410	2,333,640	0	2,333,640	2,333,640	64,000	2,397,640	0	2,397,640	20,000
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	762,041	1,458,068	0	1,458,068	1,458,068	64,000	1,522,068	0	1,522,068	20,000
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	46,000	0	46,000	46,000	0	46,000	0	46,000	0
	CFE/RF	3,895	0	0	0	0	0	0	0	0	0
	FF	244,474	829,572	0	829,572	829,572	0	829,572	0	829,572	0

Non-Line Item Request: None

Letternote Revised Text: None

Cash or Federal Fund Name and COFRS Fund Number:

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes: No: N/A:

Schedule 13s from Affected Departments:

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CHANGE REQUEST for FY 2009-10 BUDGET REQUEST CYCLE

Department:	Military and Veterans Affairs
Priority Number:	DI - 1
Change Request Title:	State Active Duty Payroll Automation Software

SELECT ONE (click on box):

- Decision Item FY 2009-10
- Base Reduction Item FY 2009-10
- Supplemental Request FY 2008-09
- Budget Request Amendment FY 2009-10

SELECT ONE (click on box):

- Supplemental or Budget Request Amendment Criterion:
- Not a Supplemental or Budget Request Amendment
 - An emergency
 - A technical error which has a substantial effect on the operation of the program
 - New data resulting in substantial changes in funding needs
 - Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department of Military and Veterans Affairs requests \$64,000 General Fund in FY 2009-10 for the purchase of computer software to automate payroll and military orders for members of the Colorado National Guard called to State Active Duty by the Governor.

Background and Appropriation History:

Pursuant to Section 24-32-2101, C.R.S. (2008) et. seq. and Section 28-3-104, C.R.S. (2008) the Governor may order to Active Duty in service to the State, members of the Colorado National Guard. No funds are appropriated for this activity —rather it is usually funded from the Governor's Emergency Fund. When Guard members are called to active duty, Section 24-3-904, C.R.S (2008) requires that they be paid at the rate paid to members of the regular Army or Air Force (active duty rate). The process to accomplish this requirement is labor intensive. The Department does not have individual pay data available because that is part of a United States Property and Fiscal Office federal

database that is used to pay the personnel when they are in training status. Therefore our procedure has been to require that the United States Property and Fiscal Office compute the pay rates for each member and then send it to the Colorado National Guard Joint Staff for verification. The pay data then comes to the Department payroll section (one person) for processing. To enter the pay, the Guard members must be entered into Colorado Personnel Payroll System as unclassified temporary State employees. This process is completed by the Human Resources section (one person). In order to complete the process, military orders on each individual must be created and frequently amended, and IRS forms W-4 and I-9 must be completed. Once these actions are complete, the payroll is generated and entered into the State system for paycheck generation.

Many of our State Active Duty missions involve only a few Guard members, but when there is a large mission (Hurricane Katrina—over 900, the Blizzards—over 300, or the Windsor tornado—over 100) the two key personnel, as well as the United States Property and Fiscal Office and the Colorado National Guard Joint Staff Personnel Section, are overwhelmed by the magnitude of the combined tasks, so the Department brings in temporaries to both the Colorado National Guard Joint Staff and Department of Military and Veterans Affairs, train them, obtain the necessary system passwords and do the data entry. These additional personnel costs are then billed back to the Governor's emergency fund. Given the quantity of data involved and the inputting and verification processes, the Department cannot get all members paid timely (within ten days is the objective). Furthermore, there are always numerous errors (social security numbers, addresses that are wrong) because of the numerous manual input processes involved.

General Description of Request:

The State of Florida has far more experience in State Active Duty and six years ago hired a contractor, Information Systems of Florida, to create software that would allow the two different systems, federal payroll and state payroll, to “talk” to each other. This essentially eliminated simple errors and reduced by 85% the manpower and time required to enter payroll data. The system design cost, paid for by the Florida Legislature, was \$800,000. Florida's contract with the vendor specified that the basic system be available

for all states; however, since each state payroll and employment system is different, the software called “Integrated Emergency Operations Management System” must be modified to accommodate state unique data fields.

The Integrated Emergency Operations Management System is configured to read the federal database that contains pay, W-4 information address, etc. every day. The data is arranged by organization with each military member in that military unit. It is maintained on a web based server that can be accessed by each military unit. At the unit level, the administrator enters the database and selects on the display screen those members on State Active Duty on a given day. The necessary information on the individual is automatically compiled and the organizational list is sent to the higher headquarters. The data is contained in “flat files” which can then be automatically reformatted to be accepted directly into the Colorado payroll system once it is verified and approved by the Department. An additional feature is that the program automatically generates military orders on each individual—another time saving feature. It can also read and transmit electronic funds deposit information that allows direct pay, eliminating mailing checks and further saving expense, time and address errors.

There is an annual software technical support fee of \$20,000 maximum for the year following purchase (FY 2010-2011). As the system matures and “bugs” are worked out the cost will decrease to \$13,000 maximum for the second year and drop to \$5,000 maximum for subsequent years. The vendor charges \$125 per hour for the technical support. Florida has never expended the entire amount appropriated as the system and technology is relatively mature.

The modifications to the system to deploy Integrated Emergency Operations Management System in Colorado will take about 3 months.

Consequences if Not Funded:

If not funded, the Department will continue to rely on manual transcription to translate the data from the federal database to the State data format and incur the costs, delays and errors inherent in the process.

Calculations for Request:

Summary of Request FY 2009-10	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$64,000	\$64,000	\$0	\$0	\$0	0.0
(1) Executive Director and Army National Guard - Operating Expenses	\$64,000	\$64,000	\$0	\$0	\$0	0.0

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$20,000	\$20,000	\$0	\$0	\$0	0.0
(1) Executive Director and Army National Guard - Operating Expenses	\$20,000	\$20,000	\$0	\$0	\$0	0.0

Cash Funds Projections:

This request does not include cash funds.

Assumptions for Calculations:

The Integrated Emergency Operations Management System will work for Colorado at least as well as it has with Florida. Salaries for employees involved in the administration will remain constant. The savings in administrative time and costs reported by Florida (85%) will be the same for Colorado.

Impact on Other Government Agencies:

There is no financial impact on other agencies. Representatives from the Department of Personnel and Administration were involved in discussions with the vendor to determine if the program would work and to outline technical requirements. Since the program reformats the data to be compatible with the State payroll system, there is little financial impact on the Department of Personnel and Administration. The electronic funds transfer module of the program will save the Department of Personnel and Administration the costs of printing and mailing checks—estimated at \$.52 each.

Cost Benefit Analysis:

The existing inefficient system has direct and indirect costs associated with it. The direct costs, paid out of the Governor's Emergency Fund, are the hours paid to employees who are processing the Guard members pay and providing the data to enter them into the State system. The indirect costs are the productive hours lost by the Department of Military and Veterans Affairs employees and the uncompensated over-time they work to accomplish the task. Below, the Department has analyzed the total costs, direct and indirect, involved in paying a soldier and then determined a break-even point where the system/investment pays for itself and the Department begins to accumulate savings.

The Department tracked hours spent by personnel involved in pay for the two blizzards in December 2006 in which a total of 318 Guard members were ordered to State Active Duty. Table 1 (on the following page) calculates the administration cost per soldier

processed and paid. The salaries paid to the key individuals were converted to an hourly rate. The total salary for each administrative employee for hours worked to accomplish the pay were then totaled (fifth column) and divided by the number of soldiers (318). The last column total shows the cost per soldier to enter them in the state personnel system and pay them the rate prescribed by law. That amounts to \$64.51 per soldier paid based on the mobilization of Guard Members for the 2006 Blizzard.

TABLE 1					
DIRECT COST					
<u>Organization</u>	<u>Position</u>	<u>Hourly Wage</u>	<u>Hours</u>	<u>Total Cost</u>	<u>Cost/Soldier</u> (318 Soldiers)
United States Property and Fiscal Office Staff					
	Payroll Staff	\$27.80	35	\$973.00	\$3.06
	Payroll Staff	\$27.80	30	\$834.00	\$2.62
Colorado National Guard Joint Staff					
	Personnel Officer	\$49.80	160	\$7,968.00	\$25.06
	Assistant Personnel Officer	\$37.41	220	\$8,230.20	\$25.88
	Personnel Chief	\$36.06	35	\$1,262.10	\$3.97
	Operations Officer	\$53.80	3	\$161.40	\$0.51
Department of Military and Veterans Affairs Staff					
	Temporary Employee	\$23.00	40	\$920.00	\$2.89
<u>Additional Cost</u>					
Print and Mail					\$0.52
				Total Cost Per Soldier Paid =>	\$64.51

There is also an indirect or opportunity cost involved in paying the soldiers. The indirect cost is calculated on Table 2 (on the following page). First, the cost (in time) completing forms (like a new W-4 and I-9) would not be required with Integrated Emergency Operations Management System because W-4 and I-9 data is imported automatically from the United States Property and Fiscal Office database. While the indirect cost of that

time cannot be accurately measured the Department used a conservative surrogate—the cost in time based upon the salary (averaged). The second indirect cost is that induced by pay errors from checks sent to a bad address or with the wrong amount. There were 26 such errors during the blizzards. While the Department doesn't know the true cost, it has conservatively estimated it at \$80 per soldier and then amortized that across the force of 318 who were paid. The third indirect cost is that incurred as a result of the delay in payroll. By the time the pay data was collected and processed, the pay cycle input had passed. The soldiers were paid at the end of January for work done during December and completed by January 8th. This caused significant hardship to them as bills were late, short term loans accepted, and other financial arrangements made to make up for the lateness of the pay. (Soldiers who leave their civilian employment to serve on State Active Duty are usually placed on a leave without pay status by their employer. In a survey, the number one complaint from the soldiers was the financial hardship imposed by this late pay.) The Department has conservatively estimated this cost at \$100 per soldier.

The second category of indirect/opportunity costs incurred are by Department personnel. One could argue that since their salaries are already paid (sunk costs), they should not be included in the cost analysis. Such reasoning assumes that these employees had nothing else to do and therefore would have wasted the time—an incorrect assumption. Secondly, it assumes that all the work was done during a normal 40 hour week. During the blizzards, this was not the case. Most worked overtime, but as salaried employees that overtime was not compensated. To account for this opportunity cost in terms of normal duties not done and overtime spent, the Department has merely calculated their total hours worked on processing the payroll and correcting errors and multiplied it by their hourly pay rate.

The total indirect/opportunity costs to pay each soldier is \$124.78

TABLE 2						
INDIRECT COSTS						
<u>Organization</u>	<u>Position/Task</u>	<u>Hourly Wage</u>	<u>Hours</u>	<u>Total Cost</u>	<u>Number of Soldiers</u>	<u>Cost/Soldier</u>
Soldier's Costs						
	W-4/I-9	\$20.00	0.2	\$1,272.00	318	\$4.00
	Pay Error			\$2,080.00	318	\$6.54
	Pay Cycle Delay			\$31,800.00	318	\$100.00
Department of Military and Veterans Affairs						
	Human Resources Director	\$33.17	21	\$696.57	318	\$2.19
	Assistant	\$13.20	9	\$118.80	318	\$0.37
	Controllor	\$50.19	45	\$2,258.55	318	\$7.10
	Pay Clerk	\$19.63	74	\$1,452.62	318	\$4.57
				Total Indirect Cost Per Soldier Paid =>		\$124.78
TABLE 2 Notes:						
W-4/I-9 is time spent completing IRS Forms						
Pay Error is cost of 26 pay errors (Amount, address etc.)						
Pay Cycle Delay is estimate of impact on soldier from not being paid timely						
Pay Clerk time includes 13 hours to correct errors						

When adding both the direct cost (from Table 1) and the indirect cost (from Table 2) the total cost incurred to pay each soldier is \$64.51 plus \$ 124.78 resulting in \$189.29 per soldier.

The Department tracked the same data for the more recent Windsor Tornado relief effort which involved 119 soldiers. The direct costs were \$38.49 and the indirect costs were \$125.25 or a total of \$170.06 per soldier paid. This is in line with expectations: the

Department did not have to hire and train temporary employees-reducing direct costs, but the Department utilized more staff time which increased indirect costs.

In any given year, the Department does not know how many soldiers will be called to State Active Duty and paid through the State system.

The historical record of state activations is provided in Table 3 (below):

TABLE 3	
Historical Number of Guard Members called to State Active Duty	
Year	Number of Soldiers
1997	439
1998	331
1999	234
2000	1
2001	86
2002	611
2003	94
2004	0
2005	981
2006	397
2007	380
2008	161
Ten Year Average =>	310

The ten year average is 310 Guard members per year as identified in Table 3.

Break even analysis:

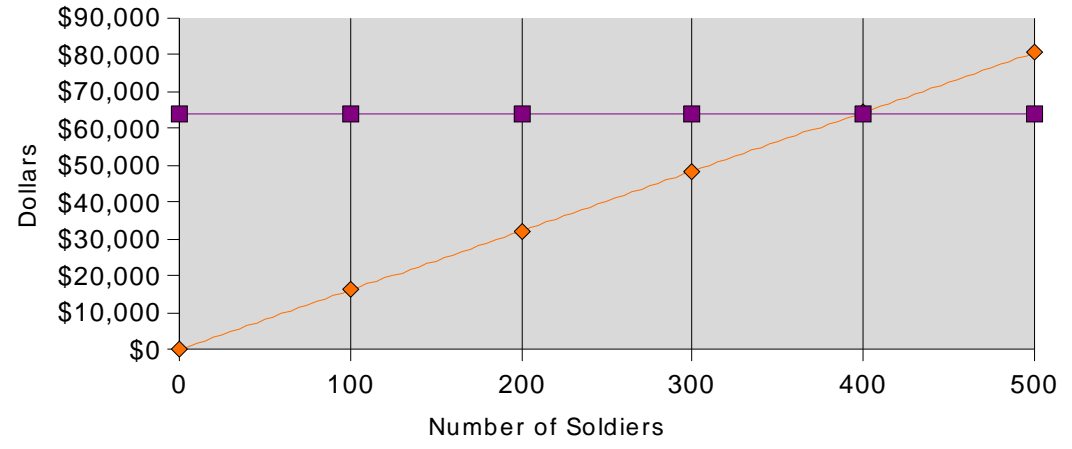
Given the administrative cost savings generated by the automated system, there is a break even point at which the Integrated Emergency Operations Management System pays for itself; i.e. the administrative costs saved equal the system cost.

To calculate this break even point the Department assumes that the system saves 85% of the time and costs associated with processing. (This is based on estimates from Florida) The savings per soldier would be .85 X \$189.29 or \$160.90 each.

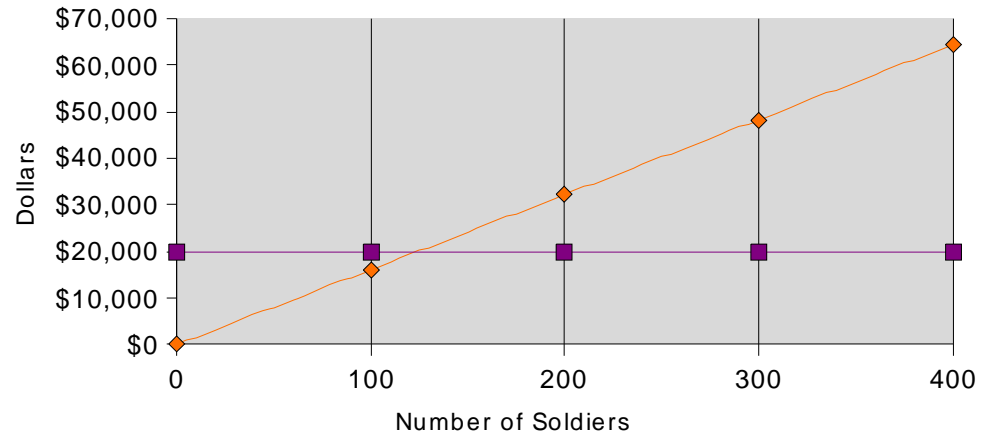
For the system as a whole that is about 398 soldiers for FY 2009-10 costs. (\$64,000 divided by \$160.90 administrative cost savings per soldier paid.) Since the initial development costs will be a one time expense, savings will continue to accrue over the years as the system is used. Alternatively, given the average of 310 Guard members activated each year, the system will have paid for itself in less than two years.

Anticipated Savings Table				
	Request Amount (General Fund)	Anticipated Direct Savings*	Anticipated Indirect Savings**	Total Savings / (Cost)
FY 2009-10	\$64,000	\$17,437	\$33,728	-\$12,835
FY 2010-11	\$20,000	\$17,437	\$33,728	\$31,165
FY 2011-12	\$13,000	\$17,437	\$33,728	\$38,165
FY 2012-13	\$5,000	\$17,437	\$33,728	\$46,165
FY 2013-14	\$5,000	\$17,437	\$33,728	\$46,165
Five Year Totals	\$107,000	\$87,185	\$168,640	\$148,825
* = 318 Guard members * (\$64.51 * 85%) [Savings to Emergency Response Fund]				
** = 318 Guard members * (\$124.78 * 85%) [Savings based on reduced errors, expediting payments, and increased Department staff efficiency]				

Break Even Analysis vs Initial Cost



Break Even Analysis vs Max Maintenance Cost



There is an annual software technical support fee for Integrated Emergency Operations Management System of \$20,000 maximum for the year following purchase (FY 2010-2011). The break-even point for that investment will be about 124 soldiers ($\$20,000 / \160.90). (Florida, with a mature system uses less than \$20,000 per year and reverts the balance. The vendor bills only for hours of technical support provided rather than a fixed fee.) Based on the Florida experience, the Department believes that the annual maintenance costs will decline as any system bugs are worked out. The Department's IT forecast is that costs will drop to \$13,000 maximum in the third year and then stabilize at about \$5,000 maximum per year. This reduces the annual break even point accordingly as well as the General Fund burden in the out years.

An added benefit that the Department has attempted to quantify as an indirect cost is the ability to pay soldiers in a timely fashion for their work during State Active Duty. The

Department goal has been to pay within 10 days. Under present State procedures for bi-weekly payroll, the input and corrections period lasts ten days after the end of the pay period before the payroll run. The Department has six days for entry and corrections. If there are fewer than 50 personnel, the Department can usually do the processing in less than a week. If there are more than 50 personnel, then the Department experiences huge delays-on the order of ten days due to the lag time between receiving data from federal authorities and the Department to hire temporaries, train them, obtain security coding for access into the state personnel and payroll systems to do the manual entry. This processing time is in addition to the State ten day processing. Thus, the Department knows from the outset that it cannot meet the goal of ten days to pay soldiers for state active duty. For the blizzards, the payroll took nearly four weeks to run, with some problems not resolved until six weeks after the event which is unacceptable particularly since most of the members on state active duty do not receive their pay from civilian jobs while on state active duty. The unknown costs associated with this delay in pay are how many members leave the guard partly because of slow pay or how many do not volunteer in the future? It costs the federal government more than \$50,000 to equip and train each soldier needed to replace those that leave the guard.

Implementation Schedule:

Task	Month/Year
Internal Research/Planning Period	Upon approval by the Legislature (May 2009)
Written Agreement w/ Other State Agencies	Upon approval by the Legislature (June 2009)
RFP Issued	Sole Source
System Modifications Made	August 2009
Contract or MOU Written	August 2009
Contract or MOU Awarded/Signed	September 2009
Start-Up Date	November or December 2009

Statutory and Federal Authority:

Section 24-32-21001 C.R.S (2008) et. seq. and Section 28-3-104 C.R.S. (2006) (To deal with disasters, the Governor may order to Active Duty in service to the State, members of the Colorado National Guard.)

Section 24-3-904 C.R.S. (2008) (Requires that Guard members be paid at the rate paid to members of the regular Army or Air Force.)

Performance Measures:

Performance Measure #1	Outcome	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request
Deploy initial National Guard forces and equipment within 4 hours of declaration of state emergency	Benchmark	<6 hrs	<4 hrs	<4 hrs	<4 hrs
	Actual	<6 hrs	<6 hrs	Unknown	Unknown

Schedule 13
Change Request for FY 2009-10 Budget Request Cycle

Decision Item FY 2009-10 Base Reduction Item FY 2009-10 Supplemental FY 2008-09 Budget Amendment FY 2009-10

Request Title: Tuition Assistance
 Department: Military and Veterans Affairs Dept. Approval by: *William L. Robinson* Date: *8 Oct 2008*
 Priority Number: DI-02 OSPB Approval: *smz* Date: *10-14-08*

	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2007-08	Appropriation FY 2008-09	Supplemental Request FY 2008-09	Total Revised Request FY 2008-09	Base Request FY 2009-10	Decision/ Base Reduction FY 2009-10	November 1 Request FY 2009-10	Budget Amendment FY 2009-10	Total Revised Request FY 2009-10	Change from Base (Column 5) FY 2010-11
Total of All Line Items	Total	825,803	825,803	0	825,803	825,803	220,354	1,046,157	0	1,046,157	220,354
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	175,803	175,803	0	175,803	175,803	70,354	246,157	0	246,157	70,354
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE/RF	650,000	650,000	0	650,000	650,000	150,000	800,000	0	800,000	150,000
	FF	0	0	0	0	0	0	0	0	0	0
Executive Director and Army National Guard, Colorado National Guard Tuition Fund	Total	825,803	825,803	0	825,803	825,803	220,354	1,046,157	0	1,046,157	220,354
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	175,803	175,803	0	175,803	175,803	70,354	246,157	0	246,157	70,354
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE/RF	650,000	650,000	0	650,000	650,000	150,000	800,000	0	800,000	150,000
	FF	0	0	0	0	0	0	0	0	0	0

Non-Line Item Request: None
 Letternote Revised Text: None
 Cash or Federal Fund Name and COFRS Fund Number:
 Reappropriated Funds Source, by Department and Line Item Name: Department of Higher Education - (3) Colorado Commission on Higher Education Financial Aid - (D) Special Purpose, National Guard Tuition Assistance Fund
 Approval by OIT? Yes: No: N/A:
 Schedule 13s from Affected Departments:

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CHANGE REQUEST for FY 2009-10 BUDGET REQUEST CYCLE

Department:	Military and Veterans Affairs
Priority Number:	DI - 2
Change Request Title:	Tuition Assistance

SELECT ONE (click on box):

Decision Item FY 2009-10
 Base Reduction Item FY 2009-10
 Supplemental Request FY 2008-09
 Budget Request Amendment FY 2009-10

SELECT ONE (click on box):

Supplemental or Budget Request Amendment Criterion:
 Not a Supplemental or Budget Request Amendment
 An emergency
 A technical error which has a substantial effect on the operation of the program
 New data resulting in substantial changes in funding needs
 Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department of Military and Veterans Affairs requests an additional \$70,354 General Fund in FY 2009-10 and an increase in the transfer authority from the Department of Higher Education's (3) Colorado Commission on Higher Education Financial Aid – (D) Special Purpose – National Guard Tuition Assistance Fund line item by \$150,000 reappropriated funds in FY 2009-10 (which will require legislation to amend Section 23-3.3-202(2) C.R.S. (2008)). A strong tuition assistance program will attract and retain quality Guard members and help fully staff the State of Colorado's National Guard units.

Background and Appropriation History:

It is the responsibility of the Executive Director of the Department of Military and Veterans Affairs to fully staff, train, and lead the Colorado National Guard. The Colorado National Guard requires fully staffed units in order to provide a timely and effective response to state emergencies and to be prepared to protect the citizens of Colorado in

time of national emergencies. Annually the Guard supports between 300 and 400 community and State support missions. This past year over 1200 members of the Colorado Army and Air National Guard were activated to support the Homeland Defense, Afghanistan and Iraqi Freedom. One of the most effective programs to recruit and retain quality Guard members is the Colorado National Guard Tuition Assistance Program.

The National Guard Tuition Assistance program was initially put into statute during the 1979 legislative session. The legislative intent was for the *"... encouragement of membership in the guard through the granting of reduced or free tuition at certain institutions of post secondary education ..."* in pursuit of *"... a policy of maintaining reasonable access to quality education as broadly in this state as possible. The general assembly hereby finds and declares that the establishment of a tuition assistance program will encourage enlistments, enhance the knowledge and skills of the National Guard, and retain membership in the National Guard."*

The fund was administered by the Department of Higher Education and Colorado Commission on Higher Education from its inception in 1979 until it was transferred to the Department of Military and Veterans Affairs through S.B. 91-23. The fund was increased in the FY 1990-91 budget to a level of \$406,753 General Fund. It remained at that level until the FY 2000-01 when it was decreased by \$20,753 General Fund to an appropriation of \$386,000 General Fund. In FY 2002-03 the appropriation was further cut during the year by \$131,000 General Fund to \$255,000 General Fund. S.B. 03-258 cut the appropriation in FY 2003-04 by an additional \$79,197 to the current appropriation of \$175,803 General Fund in FY 2008-09. During the 2004 legislative session H.B. 04-1347 added a new funding mechanism to provide up to \$650,000 cash funds exempt (as of FY 2008-09 reappropriated funds) from the Department of Higher Education's (3) Colorado Commission on Higher Education Financial Aid – (D) Special Purpose – National Guard Tuition Assistance Fund line item. The FY 2004-05 appropriation for tuition assistance consisted of \$175,803 General Fund and up to \$410,207 cash funds exempt transfer from the Department of Higher Education and Colorado Commission on Higher Education.

The FY 2007-08 appropriation for National Guard Tuition Assistance was \$175,803 General Fund and the maximum legislatively authorized support for providing assistance to members of the National Guard is \$650,000 (pursuant to Section 23-3.3-202, (2), C.R.S. (2007)).

Table 1				
Colorado National Guard Tuition Assistance Appropriation History				
Fiscal Year	General Fund	reappropriated funds/ cash funds exempt	Total Funds	Additional Information by Fiscal Year
1990-91	\$406,753	\$0	\$406,753	Administration of program transferred to the Department of Military and Veterans Affairs.
1991-92	\$406,753	\$0	\$406,753	
1991-93	\$406,753	\$0	\$406,753	
1993-94	\$406,753	\$0	\$406,753	
1994-95	\$406,753	\$0	\$406,753	
1995-96	\$406,753	\$0	\$406,753	
1996-97	\$406,753	\$0	\$406,753	
1997-98	\$406,753	\$0	\$406,753	
1998-99	\$406,753	\$0	\$406,753	
1999-00	\$406,753	\$0	\$406,753	
2000-01	\$386,000	\$0	\$386,000	General Assembly reduced the appropriation by \$20,753 General Fund
2001-02	\$386,000	\$0	\$386,000	
2002-03	\$255,000	\$0	\$255,000	General Assembly reduced the appropriation by \$131,000 General Fund
2003-04	\$175,803	\$250,000	\$425,803	General Assembly reduced the appropriation by \$79,197 General Fund. \$250,000 was federal funds from the Governor's Office
2004-05	\$175,803	\$410,207	\$586,010	Cash fund exempt transfer from (3) Higher Education's Commission on Higher Education Financial Aid - (D) Special Purpose - National Guard Tuition Fund
2005-06	\$175,803	\$410,207	\$586,010	Cash fund exempt transfer from (3) Higher Education's Commission on Higher Education Financial Aid - (D) Special Purpose - National Guard Tuition Fund
2006-07	\$175,803	\$589,271	\$765,074	Cash fund exempt transfer from (3) Higher Education's Commission on Higher Education Financial Aid - (D) Special Purpose - National Guard Tuition Fund
2007-08	\$175,803	\$650,000	\$825,803	Cash fund exempt transfer from (3) Higher Education's Commission on Higher Education Financial Aid - (D) Special Purpose - National Guard Tuition Fund
2008-09	\$175,803	\$650,000	\$825,803	Cash fund exempt transfer from (3) Higher Education's Commission on Higher Education Financial Aid - (D) Special Purpose - National Guard Tuition Fund

General Description of Request:

The Department of Military and Veterans Affairs requests \$70,354 General Fund and \$150,000 reappropriated funds for a total of \$220,354 increase in State Tuition Assistance funding in FY 2009-10. In FY 2007-08 the Department expended all available funds (\$825,803 total funds) and had to defer payment of invoices for 136 Summer 2008 students to FY 2008-09. The Department anticipates the demand for Tuition Assistance to increase in the future. With increases in tuition costs (See Table 2 & 3 below), the Department will, again, run out of funds for FY 2008-09 and FY 2009-10.

The request will address the rising costs of Tuition from FY 2007-08 to FY 2009-10 (anticipated at 7.64% per year- see Table 2) as well as the rising demand for Tuition Assistance (anticipated at approximately 9.19% per year – see Table 3).

The following Tables show the Tuition Assistance Expenditures, Funded Semesters, Funded Credit Hours, and cost by Institution since FY 2002-03.

Table 2						
Costs by institution 2003-2008						
School Name	Code	Hourly Rate	Fall 2008	Fall 2003	Fall 2008	Full Time Rate
			Full Time Cut Off	Full Time Rate	Full Time Rate	Increase since Fall 2003
Adams State College	ASC	\$104.00	12	\$899.00	\$1,248.00	38.82%
Aims Community College	AIMS-I	\$55.00	15	\$472.50	\$825.00	74.60%
Aims Community College	AIMS-O	\$82.00	15	\$810.00	\$1,230.00	51.85%
Arapahoe Community College	ACC	\$81.00	15	\$990.75	\$1,215.00	22.63%
Colorado Mountain College	CMC-I	\$43.00	15	\$615.00	\$645.00	4.88%
Colorado Mountain College	CMC-O	\$72.00	15	\$1,035.00	\$1,080.00	4.35%
Colorado School of Mines	CSM	\$313.00	14	\$2,850.00	\$4,382.00	53.75%
Colorado Northwestern Community College	CNCC	\$81.00	15	\$990.75	\$1,215.00	22.63%
Colorado State University	CSU	\$202.00	9	\$1,453.95	\$2,020.00	38.93%
Community College of Aurora	CCA	\$81.00	15	\$990.75	\$1,215.00	22.63%
Community College of Denver	CCD	\$81.00	15	\$990.75	\$1,215.00	22.63%
Fort Lewis College	FLC	\$132.00	10	\$951.00	\$1,324.00	39.22%
Front Range Community College	FRCC	\$81.00	15	\$990.75	\$1,215.00	22.63%
Lamar Community College	LCC	\$81.00	15	\$990.75	\$1,215.00	22.63%
Mesa State College	MESA	\$154.45	10	\$927.70	\$1,544.50	66.49%
Metro State College	MSC	\$108.95	12	\$1,010.40	\$1,307.40	29.39%
Morgan State College	MCC	\$81.00	15	\$990.75	\$1,215.00	22.63%
Northeastern Junior College	NJC	\$81.00	15	\$990.75	\$1,215.00	22.63%
Otero Junior College	OJC	\$81.00	15	\$990.75	\$1,215.00	22.63%
Pikes Peak Community College	PPCC	\$81.00	15	\$990.75	\$1,215.00	22.63%
Pueblo Community College	PCC	\$81.00	15	\$990.75	\$1,215.00	22.63%
Red Rocks Community College	RRCC	\$81.00	15	\$990.75	\$1,215.00	22.63%
University of Colorado at Boulder	UCB-G	\$774.00	11	\$1,596.00	\$2,961.00	85.53%
University of Colorado at Boulder	UCB-B	\$1,233.00	11	\$2,382.00	\$4,316.00	81.19%
Trinidad State Junior College	TSJC	\$81.00	15	\$990.75	\$1,215.00	22.63%
University of Colorado at Colorado Springs	UCCS	\$211.00	13	\$1,513.00	\$2,338.00	54.53%
University of Colorado at Denver	UCD	\$234.00	12	\$1,514.00	\$2,742.00	81.11%
University of Northern Colorado	UNC	\$164.25	12	\$1,145.00	\$1,971.00	72.14%
Colorado State University Pueblo	CSU-P	\$132.65	12	\$1,030.00	\$1,591.80	54.54%
Western State College	WSC	\$112.00	12	\$849.00	\$1,344.00	58.30%
					Average	38.19%
					Average/year	7.64%

Table 3							
Appropriation, Expenditure, and Demand							
Period	General Fund	reappropriated funds	Tuition %Paid	Annual Expenditure	“Demand” Funded Semesters	Funded Credit Hrs	
2003-04	\$ 175,803	\$ 250,000*	72.00%	\$ 351,882	457	4595	
2004-05	\$ 175,803	\$ 410,207	100.00%	\$ 509,290	517	4850	
2005-06	\$ 175,803	\$ 410,207	100.00%	\$ 685,270	545	5099	
2006-07	\$ 175,803	\$ 589,271	100.00%	\$ 711,761	590	5976	
2007-08	\$ 175,803	\$ 650,000	100.00%	\$ 825,803	625**	6799	
2008-09	\$ 175,803	\$ 650,000	TBD				

* \$ 250,000 was Federal Funds from the Governors' Office
** Does not include projected 136 "demand" funded semesters for summer 08 (being paid out of FY 2008-09)

Total Demand for 2007-08
Average Annual Increase 2003-2008 $(625/457-1)/4 = 9.19\%$

Cost increases between Fall 2003 to Fall 2008 average 38.2% (or 7.64% per year) with a high of 85.5% for University of Colorado Boulder and a low of 4.4% at Colorado Mountain College (see Table 2 above).

The demand increase between FY 2003-04 and FY 2007-08 is at approximately 9.19% per year (see Table 3 above)

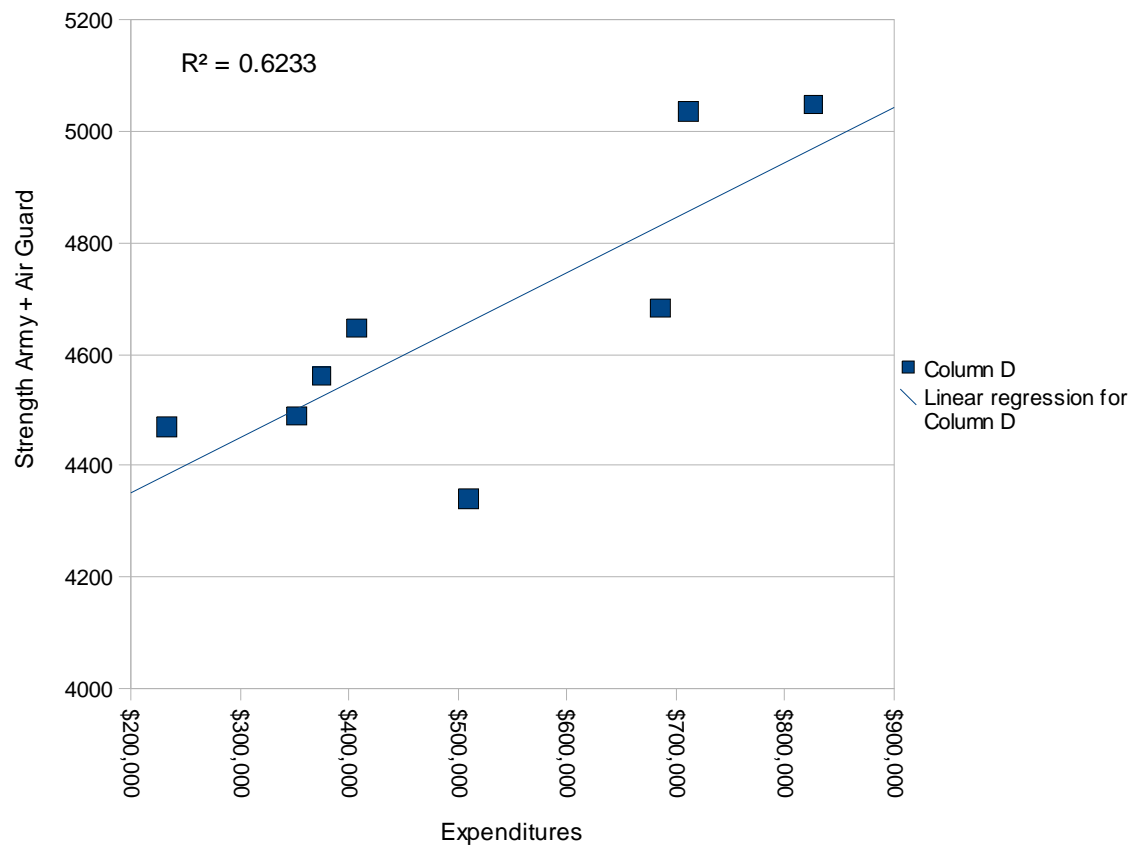
Officer candidates must now have 90 semester hours upon commissioning. Officers must have a baccalaureate degree to be eligible for promotion to captain. Enlisted are encouraged to have an associate degree at ten years of service and the level of education accounts for 10% of the promotion determination.

Fifty-one states and territories provide Tuition Assistance to members of their Guard. The mechanism varies from waiver of tuition to a certain amount per student per year. States have come to realize that education is a key to a successful Guard and contributes to the economic growth of the state. Colorado's investment in the education of its Guard pays additional dividends in the recruiting and retaining of members.

There is a good correlation between the TA expenditure in a state fiscal year versus the Army National Guard strength at the end of that year (see Table 4)

Table 4				
Expenditure versus Strength at the end of the fiscal year				
	Fiscal Year	Current on-hand Strength	Expenditures	
	July-01	3151	\$374,677	
	July-02	3236	\$407,371	
	July-03	3056	\$232,504	
	July-04	3083	\$351,883	
	July-05	2935	\$509,290	
	July-06	3277	\$685,270	
	July-07	3629	\$711,761	
	July-08	3642	\$825,803	

Expenditure vs Strength



Consequences if Not Funded:

If this request is not funded the Department will see a decrease in its ability to recruit members. Tuition Assistance is one important reason given for joining the Guard. The Department will be forced to cut back on the percentage of Tuition Assistance provided to members of the Army and Air National Guard. When Tuition Assistance is reduced, members can no longer afford their education since the Department only pays the tuition portion. The member still has to come up with the funds to cover books and fees.

Calculations for Request:

Summary of Request FY 2009-10	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$220,354	\$70,354	\$0	\$150,000	\$0	0.0
(1) Executive Director and Army National Guard – Colorado National Guard Tuition Fund	\$220,354	\$70,354	\$0	\$150,000	\$0	0.0

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$220,354	\$70,354	\$0	\$150,000	\$0	0.0
(1) Executive Director and Army National Guard – Colorado National Guard Tuition Fund	\$220,354	\$70,354	\$0	\$150,000	\$0	0.0

Cash Funds Projections:

This request does not include cash funds.

Assumptions for Calculations:

Table 5: Assumptions and Calculations

ASSUMPTIONS AND CALCULATIONS			
Anticipated Demand Increase			
Part	Calculation	Components	Amount / Number
A	See table 3	Demand Funded Semesters FY 2007-08	625
B	See table 3	Demand Funded Semesters FY 2003-04	457
C	$C = (A / B) - 1$	Percentage Change in Demand Funded Semesters from FY 2003-04 to FY 2007-08	36.76%
		Four year change from FY 2003-04 to FY 2007-08	4
D	$D = C / 4$	Average annual Demand increase over past four years	9.19%
A		Demand Funded Semesters in FY 2007-08	625
E	$E = A * (1 + D)$	Anticipated Demand Semesters in FY 2008-09	682
F	$F = E * (1 + D)$	Anticipated Demand Semesters in FY 2009-10	745
Anticipated Tuition Increase			
Part	Calculation	Components	Amount / Number
G	see Long Bill	Total Appropriation in FY 2008-09	\$825,803
H		Demand Funded Semesters in FY 2007-08	625
I	$I = G * H$	Average Tuition FY 2007-08	\$1,321.28
J	See Table 2	average annual tuition growth	7.64%
K	$K = I * (1 + J)$	Anticipated Average Tuition in FY 2008-09	\$1,422
J	See Table 2	average annual tuition growth	7.64%
L	$L = K * (1 + J)$	Anticipated Average Tuition in FY 2009-10	\$1,531
F		Anticipated Demand Semesters in FY 2009-10	745
L		Anticipated Average Tuition in FY 2009-10	\$1,531
M	$M = L * F$	Anticipated Need in FY 2009-10	\$1,140,595
G	see Long Bill	Total Appropriation in FY 2008-09	\$825,803
N	$N = M - G$	Difference to reach Anticipated Need	\$314,792
O	$O = N * 70\%$	Request 70% of Need (due to budget constraints)	\$220,354.40

The requested amount is less than the projected need. Due to anticipated budget constraints in FY 2009-10 the request represents 70% of the projected need. When there is a funding shortfall projected for Tuition Assistance the Department rations the Tuition Assistance provided in the Summer session to stay within appropriated amounts.

Impact on Other Government Agencies:

This request affects the Department of Higher Education's (3) Colorado Commission on Higher Education Financial Aid – (D) Special Purpose – National Guard Tuition Assistance Fund line item. The request would increase the Colorado National Guard Tuition Assistance portion from \$650,000 General Fund to \$800,000 General Fund. As a result this request has a net \$150,000 General Fund impact on the State's budget either through new General Fund dollars or cuts to existing financial aid General Fund appropriations. It will also require legislation to amend Section 23-3.3-202 (2) to change "~~six hundred fifty thousand~~" to "EIGHT HUNDRED THOUSAND".

Cost Benefit Analysis:

Benefit		Cost		Ratio	
Attract and keep members in the Colorado National Guard. The cost to replace a lost member is approx. \$50,000.					
Increasing Tuition assistance helps retain Colorado National Guard members. The Benefit assumes that each demanded semester is equivalent to one guard member and identifies a worse case scenario where the State would lose 745 guard members at a cost of \$50,000.				Replacement Cost Avoidance versus the cost to the state for tuition assistance.	
Demanded Semesters	745	Demanded Semesters	745	Total Possible Cost Avoided	\$37,250,000
Replacement Cost	\$50,000	Average Tuition Cost	\$1,531	Cost to the State	\$1,140,595
Total Possible Cost Avoided	\$37,250,000	Cost to the State	\$1,140,595	Benefit Ratio State (32.7 to 1)	32.7

An excerpt from: THE IMPACT OF PUBLIC HIGHER EDUCATION ON THE STATE OF COLORADO Prepared for Colorado Department of Higher Education (December 2007) stated provided the following data and information:

Colorado’s 28 public colleges, universities and community colleges are educating 213,956 students, most of them Colorado residents. Higher education directly and indirectly provides 97,563 jobs, which pay \$4.25 billion in wages and salaries and almost \$387 million in state and local taxes.” This request provides financial aid funding that is paid to institutions on behalf of the National Guard member. This contribution is a small share, but none the less a share of funding that contributes to the State’s economy as cited above...

A study by the Federal Reserve Bank of Dallas found that the long-term payoff for a Bachelor's degree over 40 years is \$1.1 million (2003 data). In Colorado, CC benefits, Inc., estimates that the improved earning power of the graduates of Northeastern Junior College since it opened in 1941 adds \$94.2 million in annual earnings and 3,800 jobs to the five-county service area in northeastern Colorado. Omega Associates estimates that a

Pikes Peak Community College education added \$51.1 million (direct impact only) to its graduates' earnings in 2003-04. A 2007 survey by Experian and the Gallup Organization found that 88% of respondents with college degrees felt they had enough money to live comfortably, compared with only 69% of those with a high school education or less. Second, there is the issue of unemployment. The unemployment rate consistently is higher among workers with only a high school diploma than among those with a bachelor's degree. In September 2007, 7.4% of those with less than a high school education were unemployed, compared with 4.6% of those with only a high school diploma, 3.4% of those with some college or an associate degree, and 2.0% of those with a bachelor's or higher degree. In an increasingly global economy, blue collar jobs where an employee learns the necessary skills during on-the-job training are moving to lower wage countries. The jobs in which U.S. workers can compete increasingly require a post-high school education. In the information sector, for example, the U.S. increasingly exports the highly valued knowledge of researchers, systems architects and designers and imports the services of basic programmers.

Table 5: Education and Income

Degree	2006 Income	% of High School Only
< High School	\$17,299	64.2%
High School	\$26,933	100.0%
Some College	\$30,627	113.7%
Associate	\$36,645	136.1%
Bachelors	\$52,671	195.6%
Masters	\$66,754	247.9%
Doctoral	\$91,370	339.2%
Professional	\$112,902	416.2%
AVERAGE	\$36,286	

Source: U.S. Census Bureau.

Table 6: Payoff to Higher Education

Degree	40-year Earnings	Payoff
High School Diploma	\$1.5 million	
Bachelors	\$2.6 million	\$1.1 million
Masters	\$3.0 million	\$1.5 million
Doctorate	\$4.0 million	\$2.5 million
Professional	\$5.3 million	\$3.8 million

Source: FRB of Dallas 2004 Annual Report..

Implementation Schedule:

Task	Month/Year
Start-Up Date	July 2009

Statutory and Federal Authority:

Section 23-5-111.4 (2008) C.R.S. Tuition for members of the National Guard.
(see Attachment 1)

Section 23-3.3-202 (2008) C.R.S. Program Funding (see Attachment 2)

Performance Measures:

Department Measure: Provide sufficient number of trained and equipped National Guard forces for state and federal emergencies.

Performance Measure #2	Outcome	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request
Provide sufficient number of trained and equipped National Guard forces for state and federal emergencies.	Benchmark	5000	5114	5227	5227
	Actual	4992	5036	Unknown	Unknown

ATTACHMENT 1: Tuition Assistance Statute

23-5-111.4. Tuition for members of the National Guard.

(1) The general assembly recognizes its responsibility for the establishment and maintenance of a strong well-trained and high-spirited National Guard. The encouragement of membership in the guard through the granting of reduced or free tuition at certain institutions of postsecondary education simultaneously expresses a commitment to a part of this responsibility and supports existing institutions, carrying out a policy of maintaining reasonable access to quality education as broadly in this state as possible. The general assembly hereby finds and declares that the establishment of a tuition assistance program will encourage enlistments, enhance the knowledge and skills of the National Guard, and retain membership in the National Guard.

(2) (a) Any person who is a member of the Colorado National Guard, upon being accepted for enrollment at any designated institution of higher education, shall be permitted to pursue studies leading toward a bachelor's degree, a postgraduate degree, an associate degree, or a certificate of completion with at least fifty percent but not more than one hundred percent of the cost of tuition paid by the department of military and veterans affairs, subject to available appropriations, for so long as such person remains a member of the Colorado National Guard, but such tuition payments shall not be made for more than one hundred thirty-two semester hours or one hundred ninety-eight quarter hours or for more than eight years.

ATTACHMENT 2: Transfer from Higher Education Statute

23-3.3-202. Program funding.

(1) Out of any moneys provided for the financial assistance program authorized by section 23-3.3-102, the commission shall first provide tuition assistance to individuals who qualify under the provisions of this part 2 or section 23-5-111.4, consistent with the provisions of subsection (2) of this section.

(2) The commission shall not allocate more than six hundred fifty thousand dollars under subsection (1) of this section for purposes of providing tuition assistance to members of the National Guard pursuant to section 23-5-111.4.

**Schedule 13
Change Request for FY 2009-10 Budget Request Cycle**

Decision Item FY 2009-10 <input checked="" type="checkbox"/>		Base Reduction Item FY 2009-10 <input type="checkbox"/>			Supplemental FY 2008-09 <input type="checkbox"/>			Budget Amendment FY 2009-10 <input type="checkbox"/>			
Request Title: Deputy Facilities Manager		Department: Military and Veterans Affairs			Dept. Approval by: <i>[Signature]</i>			Date: 10/15/08			
Priority Number: DI-03		OSP Approval: <i>[Signature]</i>						Date: 10-17-08			
	Fund	1	2	3	4	5	6	7	8	9	10
		Prior-Year Actual FY 2007-08	Appropriation FY 2008-09	Supplemental Request FY 2008-09	Total Revised Request FY 2008-09	Base Request FY 2009-10	Decision/Base Reduction FY 2009-10	November 1 Request FY 2009-10	Budget Amendment FY 2009-10	Total Revised Request FY 2009-10	Change from Base (Column 5) FY 2010-11
Total of All Line Items	Total	3,065,643	4,480,687	0	4,480,687	4,570,092	43,008	4,613,100	0	4,613,100	41,151
	FTE	28.6	34.3	0.0	34.3	34.3	0.5	34.8	0.0	34.8	0.5
	GF	2,687,783	3,380,610	0	3,380,610	3,459,623	43,008	3,502,631	0	3,502,631	41,151
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	49,624	0	49,624	49,786	0	49,786	0	49,786	0
	CFE/RF	3,895	0	0	0	0	0	0	0	0	0
	FF	374,965	1,050,453	0	1,050,453	1,060,683	0	1,060,683	0	1,060,683	0
Executive Director and Army National Guard, Personal Services	Total	2,056,233	2,147,047	0	2,147,047	2,236,452	37,080	2,273,532	0	2,273,532	40,451
	FTE	28.6	34.3	0.0	34.3	34.3	0.5	34.8	0.0	34.8	0.5
	GF	1,925,742	1,922,542	0	1,922,542	2,001,555	37,080	2,038,635	0	2,038,635	40,451
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	3,624	0	3,624	3,786	0	3,786	0	3,786	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	130,491	220,881	0	220,881	231,111	0	231,111	0	231,111	0
Executive Director and Army National Guard, Operating Expenses	Total	1,010,410	2,333,640	0	2,333,640	2,333,640	5,928	2,339,568	0	2,339,568	700
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	762,041	1,458,068	0	1,458,068	1,458,068	5,928	1,463,996	0	1,463,996	700
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	46,000	0	46,000	46,000	0	46,000	0	46,000	0
	CFE/RF	3,895	0	0	0	0	0	0	0	0	0
	FF	244,474	829,572	0	829,572	829,572	0	829,572	0	829,572	0
Non-Line Item Request:		None									
Letternote Revised Text:		None									
Cash or Federal Fund Name and COFRS Fund Number:											
Reappropriated Funds Source, by Department and Line Item Name:											
Approval by OIT?		Yes: <input type="checkbox"/> No: <input type="checkbox"/> N/A: <input checked="" type="checkbox"/>									
Schedule 13s from Affected Departments:											

FTE and Operating Costs				GRAND TOTAL	
Fiscal Year(s) of Request		FY 09-10	FY 10-11	FY 09-10	FY 10-11
PERSONAL SERVICES	Title:	General Professional VI (0.5 FTE)			
Number of PERSONS / class title		1	1		
Number of months <u>working in</u> FY 08-09, FY 09-10 and FY 10-11		12	12		
Number months <u>paid in</u> FY 08-09, FY 09-10 and FY 10-11 ¹		11	12		
Calculated FTE per classification		0.5	0.5	0.5	0.5
Annual base salary		\$72,492	\$72,492		
Salary		\$33,226	\$36,246	\$33,226	\$36,246
PERA	10.15%	\$3,372	\$3,679	\$3,372	\$3,679
Medicare	1.45%	\$482	\$526	\$482	\$526
Subtotal Personal Services at Division Level		\$37,080	\$40,451	\$37,080	\$40,451
OPERATING EXPENSES					
Supplies @ \$500/\$500 ²	\$500	\$250	\$250	\$250	\$250
Computer @ \$900/\$0	\$900	\$900	\$0	\$900	\$0
Office Suite Software @ \$330/\$0	\$330	\$330	\$0	\$330	\$0
Office Equipment @ \$3,998/\$0 (includes cubicle and chair)	\$3,998	\$3,998	\$0	\$3,998	\$0
Telephone Base @ \$450/\$450 ²	\$450	\$450	\$450	\$450	\$450
Other ^{3,4}				\$0	\$0
Other ^{3,4}				\$0	\$0
Other ^{3,4}				\$0	\$0
Subtotal Operating Expenses		\$5,928	\$700	\$5,928	\$700
GRAND TOTAL ALL COSTS		\$43,008	\$41,151	\$43,008	\$41,151

CHANGE REQUEST for FY 2009-10 BUDGET REQUEST CYCLE

Department:	Military and Veterans Affairs
Priority Number:	DI – 3
Change Request Title:	Deputy Facilities Manager

SELECT ONE (click on box):

- Decision Item FY 2009-10
- Base Reduction Item FY 2009-10
- Supplemental Request FY 2008-09
- Budget Request Amendment FY 2009-10

SELECT ONE (click on box):

- Supplemental or Budget Request Amendment Criterion:
- Not a Supplemental or Budget Request Amendment
 - An emergency
 - A technical error which has a substantial effect on the operation of the program
 - New data resulting in substantial changes in funding needs
 - Unforeseen contingency such as a significant workload change

Short Summary of Request:

The Department of Military and Veterans Affairs requests 0.5 FTE for a Deputy Facilities Manager (General Professional VI) for \$43,008 General Fund in FY 2009-10. The requested 0.5 FTE annualizes to \$41,151 General Fund in FY 2010-11. The requested position will assist the Construction and Facilities Management Officer in administering the state and federal facilities programs. These programs are currently managed by a single, federal officer.

Background and Appropriation History:

One of the primary functions of the Department is to operate and maintain the state-owned facilities. The federal government provides vital support by building and operating federal training sites and maintenance facilities and participating in the operation and maintenance of state-owned facilities (armories/readiness centers). The

Master Cooperative Agreement between National Guard Bureau and the State provides the legal framework for sharing costs and providing services to perform maintenance and operating functions. Construction of State armories/readiness centers is funded 75% by the federal government and 25% by the State and become state property to own maintain and operate for the benefit and use of the National Guard. A substantial portion of the operating budget, as well as the Controlled Maintenance and Capital budgets are dedicated to armory maintenance and construction—yet the Department provides no senior leadership to assist the Construction and Facilities Management Officer. (see Attachment 1 at the end of the request narrative). Currently, the oversight of facilities maintenance, construction, acquisition, lease, disposal and energy/environmental compliance and sustainment is managed in large part by employees supported by or direct employees of the federal government. This relationship creates an unfair burden and potential conflict of interest for federally supported employees who assume oversight of state functions. Furthermore, the direct federal employees (who are members of the Colorado National Guard) change positions on average of every 2 - 4 years. This makes it difficult for them to master the intricacies and nuances of the state's personnel, procurement and budgeting systems. As a result, the Department has had great difficulty in managing these functions and has experienced challenges with prompt project completion, project prioritization and understanding all the intricacies of state the procurement system. This position will provide the essential continuity and expertise as the federal employees move to new positions within the National Guard. The position will assist in relieving an unfair burden imposed upon the Construction and Facilities Management Officer, a federal officer, in terms of time and expertise and it will minimize any conflict of interest between the State and federal funding decisions.

This is a new request; therefore there is no appropriation history.

General Description of Request:

The Deputy Facilities Manager will oversee the State portions of the maintenance program, state controlled maintenance program, real estate program, and state funded capital construction program in conjunction with the federal program managers and will assist in supervision of the environmental program. This deputy position will alleviate

some of the burden from the federal employees who currently manage similar programs but are not always familiar with State procedures and rules. Civilian Deputies are employed throughout the state and federal government in significant, complex offices. It is a sound business practice that provides continuity and seamless operations. Duties of this position would include:

Supervision of the State requirements of the operations and maintenance program in conjunction with the Federal Facility Management Branch Chief

The Deputy Facilities Manager will oversee the State funded facilities maintenance program. This position will oversee the General Fund operations and maintenance budget to include the review and approval of encumbrances and expenditures. Currently, this oversight responsibility falls to federal employees as they supervise the State employees charged with managing those funds. This relationship does not necessarily allow for a clear line of custody of these funds and creates a potential conflict of interest between state and federal priorities. Therefore, it is appropriate for this program to have oversight from the Deputy Facilities Manager as a State employee.

Oversight of the capital construction and controlled maintenance programs

The Deputy Facilities Manager will supervise the Department's state architect who has delegated authority to act on behalf of the Office of the State Architect. This delegation includes responsibilities related to:

1. Signature authority for the State Architect on SC 4.1 Construction Project Application documents;
2. Plan Review Authorizations;
3. Standard A/E Agreements and Work Authorizations as well as Consultant Agreements;

- 1)Supplemental A/E and Consultant Agreements as well as Work Authorizations;
- 2)Contract Amendments;
- 3)Documented Quotes;
- 4)Notice of Awards and Contractor Agreements;
- 5)Notice to Proceed, Change Orders, Notice of Substantial Completion, Notice of Acceptance, and Notice of Final Contractor's Settlement; and
- 6)Compliance Reviews for Waived Attorney General Review.

The federal government, through both the Master Cooperative Agreement and Military Construction Cooperative Agreement, executes maintenance and construction projects within the state system. It is the Department state architect's legal responsibility to review and approve these projects on behalf of the State Architect. Currently, the Department's state architect is supervised by a federal employee. It would be more appropriate if this delegate was supervised or overseen by a state employee.

The Deputy Facilities Manager will provide oversight and direction with regards to capital construction and controlled maintenance projects. It is the responsibility of the Deputy Facilities Manager to develop, in coordination with Construction and Facilities Management Officer, the Department's budget analyst, and other Colorado Army National Guard and Department of Military and Veterans Affairs personnel, the annual capital construction submission and five year capital development plan. The Deputy Facilities Manager will assist the federal Construction and Facilities Management Officer in the development of the controlled maintenance submission and will oversee the management and execution of the state portion of the controlled maintenance budget.

The Deputy Facilities Manager assists the Construction and Facilities Management Officer by ensuring that minor maintenance and controlled maintenance projects are within the funding limits of the Master Cooperative Agreement and the state appropriation. This position also insures that construction projects are within the funding limits of the Military Construction Cooperative Agreement.

Management of the Department's real estate

The Deputy Facilities Manager will serve as the Department's subject matter expert with regards to real property. This position will be responsible for the coordination of acquiring new property for military construction and/or expansion of existing facilities. The Deputy Facilities Manager will evaluate and approve requests for leased space from the Construction and Facilities Management Officer. This position will manage the disposal of the Department's facilities as well as the acquisition of new facilities in compliance with Section 28-3-106 (r) (s) C.R.S. (2008).

Assist with Supervision of the environmental program

The Deputy Facilities Manager will assist the Construction and Facilities Management Officer with supervision of the State Environmental Specialist and insure that the Department is in compliance with all applicable local, state, and federal laws and regulations. Review internal environmental compliance assessments to determine potential liability and review/approve the recommendations of the State Environmental Specialist with regards to corrective actions. Develop, review, update, and oversee sustainable initiatives in accordance with Greening of the Government Executive Orders D0011 07 and D0012 07.

The environmental program is 100% federally supported with the State Environmental Specialist funded with a mix of 75% federal funds and 25% general funds. There is one federal employee within the program who is responsible for the interest of the federal funds managed through the Master Cooperative Agreement.

Assist with Supervision of the energy management program

The Deputy Facilities Manager will be responsible for overseeing energy reduction throughout the Department's facilities. As per Greening the Government Executive Orders D0011 07 and D0012 07, this position will insure that the Department reaches the 20% reduction in energy usage from the FY 2005-2006 baseline by the FY 2011-2012 deadline. It is the responsibility of this position to assist in the oversight of the planning and training initiatives to meet this objective. Currently, the Construction and Facilities Management Office has one, 100% federally funded, state FTE that manages energy usage for federally supported facilities. The Deputy Facilities Manager would assist in supervision of this FTE as the mandate to reduce and sustain energy usage was placed on the Executive Directors of each agency as well as the Federal Government. The Deputy Facilities Manager will have visibility and of the direction of sustainability initiatives throughout the Department.

Consequences if Not Funded:

The consequences of not funding the request would result in the following impacts:

State maintenance program

The Construction and Facilities Management Officer will continue to have to manage the Department's state maintenance program, and associated General Fund FTE, without the benefit of a deputy that is familiar with all of the intricacies of the State of Colorado's procedures. The Department's state appropriation for operations and maintenance will continue to be managed by federal employees with no senior leadership oversight by a state employee.

Capital construction and controlled maintenance programs

The Construction and Facilities Management Officer will continue to have to shoulder the responsibility of Capital Construction development and submittals. The Construction and Facilities Management Officer federal Facility Management branch chief will continue to have to develop and submit Controlled Maintenance submittals and budgets.

Real estate program

The Department's real estate program will remain decentralized between the Construction and Facilities Management Office and the Executive Director's Office. The continued lack of a single point of contact who serves as the Department's subject matter expert will prevent the Department from operating more efficiently in meeting the needs of Colorado's citizen-soldiers by providing them with adequate facilities through the acquisition, lease and/or disposal of current facilities.

General

Without the Deputy Facilities Manager position, state funded and operated programs will remain decentralized throughout the federal Construction and Facilities Management Office without a single point of oversight by a State Employee within the Construction and Facilities Management Office. The Construction and Facilities Management Officer and senior staff will continue to be overburdened by the need to administer state-funded (or partially funded) programs and priorities without substantive assistance from the State. Further, there will be no senior state authority to provide continuity within the Facilities division and as the federal employees are reassigned, there will be no consistence in expertise in the many nuances and intricacies of the state' personnel, budget and procurement systems. The State's financial interest will continue to be represented by a federal employee who will find themselves conflicted. The Department will continue to provide inadequate senior management support to a core statutory function, Section 28-3-106 (q) C.R.S. (2008), "*The adjutant general shall have charge of*

the campgrounds and military reservations of the state and shall be responsible for the protection and safety thereof, and he or she shall promulgate regulations for the maintenance of order thereon, for the enforcement of traffic rules, and for all other lawful regulations as may be ordered for the operation, care, and preservation of existing facilities and installations on all state military reservations. He or she shall keep in repair all state buildings and other improvements thereon. He or she may make such sound improvements thereon as the good of the service requires.”

The federal government will continue to fund the nearly 2,160 hours of effort (approximately \$96,000 worth of time) involved in supervision and administration of state personnel and functions. This information is described in Table 1 (below).

TABLE 1				
Calculation of Hours/cost to Federal Support Personnel				
Position	Additional hours per week	Hours per year (48 weeks)	Hourly rate	Total
Construction and Facilities Management Officer	12	576	\$56.25	\$32,400.00
Facilities Management Supervisor	5	240	\$41.35	\$9,924.00
Design Program Management Supervisor	8	384	\$41.76	\$16,035.84
Professional Engineer	10	480	\$40.44	\$19,411.20
Energy Engineer	5	240	\$37.08	\$8,899.20
Plan Program Supervisor	5	240	\$38.94	\$9,345.60
	Total	2,160		\$96,015.84

Most of this time constitutes uncompensated overtime. This effort should be appropriately spent in furtherance of the federal support portion of the program. While the cost/effort savings is not a saving in General Fund, it is federal taxpayer money that should legitimately be spent on pursuit of the federal purpose for which it was intended.

The Executive Director's Office does not presently have the FTE or funding to reorganize these positions under current FTE. The Department does not have the authority to reorganize federal programs and employees from their present structure into a state managed structure.

Calculations for Request:

Summary of Request FY 2009-10	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$43,008	\$43,008	\$0	\$0	\$0	0.5
(1) Executive Director and Army National Guard - Personal Services	\$37,080	\$37,080	\$0	\$0	\$0	0.5
(1) Executive Director and Army National Guard - Operating Expenses	\$5,928	\$5,928	\$0	\$0	\$0	0.0

Summary of Request FY 2010-11	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Total Request	\$41,151	\$41,151	\$0	\$0	\$0	0.5
(1) Executive Director and Army National Guard - Personal Services	\$40,451	\$40,451	\$0	\$0	\$0	0.5
(1) Executive Director and Army National Guard - Operating Expenses	\$700	\$700	\$0	\$0	\$0	0.0

Cash Funds Projections:

This request does not include cash funds.

Assumptions for Calculations:

Per attached Schedule 13 (see for additional detail).

FTE and Operating Costs				GRAND TOTAL	
Fiscal Year(s) of Request		FY 09-10	FY 10-11	FY 09-10	FY 10-11
PERSONAL SERVICES	Title:	General Professional VI (0.5 FTE)			
Number of PERSONS / class title		1	1		
Number of months working in FY 08-09, FY 09-10 and FY 10-11		12	12		
Number months paid in FY 08-09, FY 09-10 and FY 10-11 ¹		11	12		
Calculated FTE per classification		0.5	0.5	0.5	0.5
Annual base salary		\$72,492	\$72,492		
Salary		\$33,226	\$36,246	\$33,226	\$36,246
PERA	10.15%	\$3,372	\$3,679	\$3,372	\$3,679
Medicare	1.45%	\$482	\$526	\$482	\$526
Subtotal Personal Services at Division Level		\$37,080	\$40,451	\$37,080	\$40,451
OPERATING EXPENSES					
Supplies @ \$500/\$500 ²	\$500	\$250	\$250	\$250	\$250
Computer @ \$900/\$0	\$900	\$900	\$0	\$900	\$0
Office Suite Software @ \$330/\$0	\$330	\$330	\$0	\$330	\$0
Office Equipment @ \$3,998/\$0 (includes cubicle and chair)	\$3,998	\$3,998	\$0	\$3,998	\$0
Telephone Base @ \$450/\$450 ²	\$450	\$450	\$450	\$450	\$450
Other ^{3,4}				\$0	\$0
Other ^{3,4}				\$0	\$0
Other ^{3,4}				\$0	\$0
Subtotal Operating Expenses		\$5,928	\$700	\$5,928	\$700
GRAND TOTAL ALL COSTS		\$43,008	\$41,151	\$43,008	\$41,151

Impact on Other Government Agencies:

No State impact.

Cost Benefit Analysis:

Facilities Manager Cost Benefit Analysis		
Benefits	Costs	Ratio
<ul style="list-style-type: none"> - Single point of responsibility and authority for a wide range of facilities related issues and programs. - Real property acquisition, lease and sale - Capital/Controlled Maintenance budgeting - Maintenance project prioritization - Negotiation of state vs. federal funding share - Total state funding for minor maintenance and controlled maintenance is \$2,316,069 in FY 08-09. - A 10% increase in federal share for controlled maintenance and minor maintenance would equate to an additional \$231,605 available for armory upkeep 	The total amount that is requested is \$43,008	
<ul style="list-style-type: none"> - Timely execution of Controlled Maintenance appropriations. - Currently we have un-executed in Controlled Maintenance of \$3,203,075 split between General and Federal Funds. 		
<ul style="list-style-type: none"> - All state funded facilities employees supervised by one state employee rather than multiple federal employees. 		
<ul style="list-style-type: none"> - Increased responsibility for the utilities conservation program. - Efficient management of the hazardous wastes resulting in an estimated savings of \$6,000 GF in disposal costs. 		
Total anticipated monetary benefit = \$1,839,142		\$1,839,142 / \$43,008 =42.76

Implementation Schedule:

Task	Month/Year
Position Recruitment Period Begins	June 2009
FTE Hired	July 2009
Orientation and Training Period	July 2009
Start-Up Date (Assume Full Duties)	August 2009

Statutory and Federal Authority: Section 28-3-106 (q) C.R.S. (2008) The adjutant general shall have charge of the campgrounds and military reservations of the state and shall be responsible for the protection and safety thereof, and he or she shall promulgate regulations for the maintenance of order thereon, for the enforcement of traffic rules, and for all other lawful regulations as may be ordered for the operation, care, and preservation of existing facilities and installations on all state military reservations. He or she shall keep in repair all state buildings and other improvements thereon. He or she may make such sound improvements thereon as the good of the service requires.

Performance Measures: Department Measure:
Achieve a Satisfactory (Category II) rating for each National Guard facility as measured by the Installation Status Report

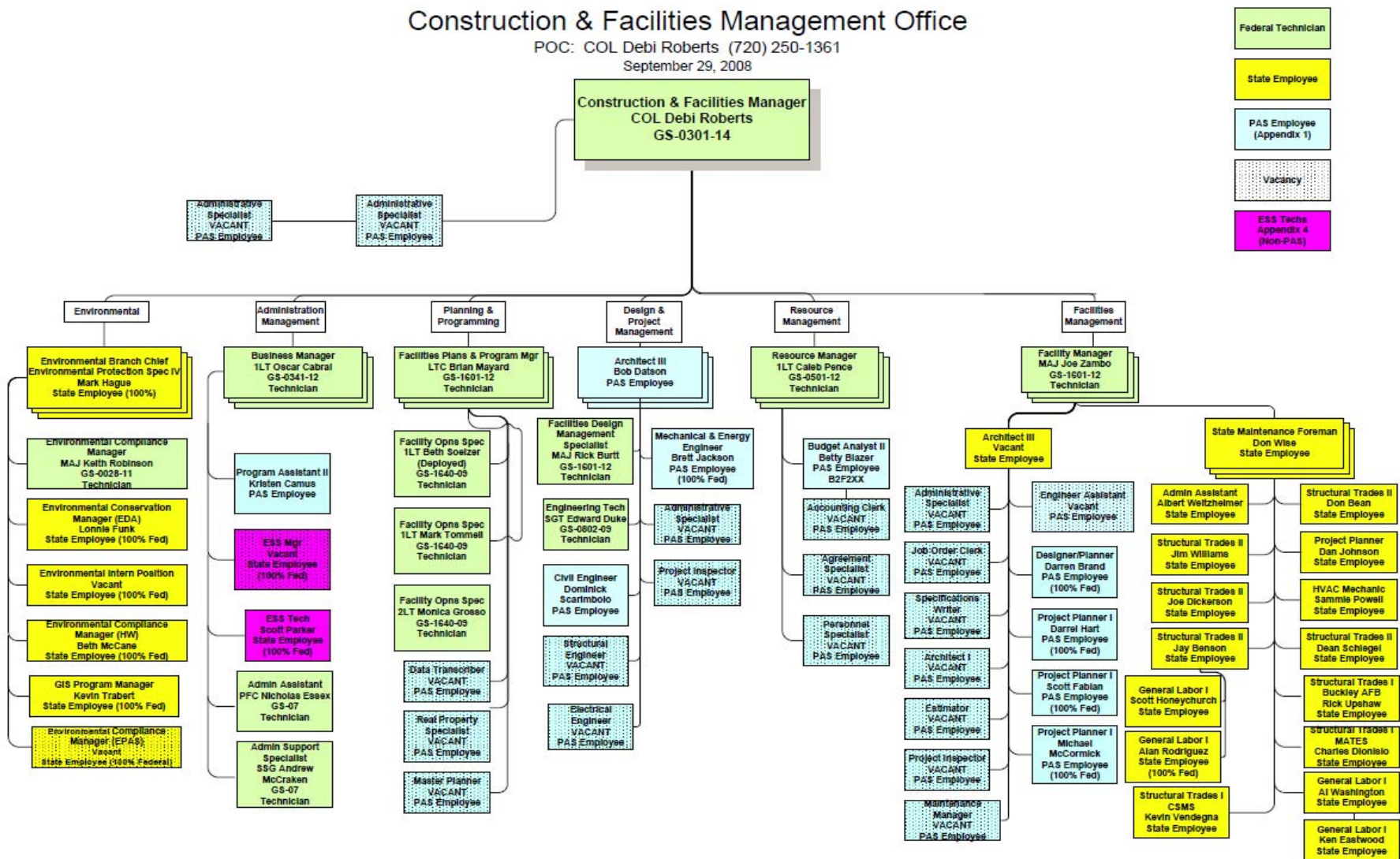
Performance Measure #5	Outcome	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Appropriation	FY 2009-10 Request
Achieve a Satisfactory (Category II) rating for each National Guard facility as measured by the Installation Status Report	Benchmark	100%	100%	100%	100%
	Actual	66%	67%	Unknown	Unknown

Attachment A

Construction & Facilities Management Office

POC: COL Debi Roberts (720) 250-1361

September 29, 2008



- Federal Technician
- State Employee
- PAS Employee (Appendix 1)
- Vacancy
- ESS Techs Appendix 4 (Non-PAS)