



## DEPARTMENT OF PERSONNEL & ADMINISTRATION

*Budget Reduction Proposal  
November 1, 2010*

**Rich Gonzales**  
Executive Director

### *Proposed Cash Fund Transfer*

#### **Proposal:**

The Department of Personnel and Administration proposes transferring \$1,000,000 from the Administrative Hearings (Fund 611). As part of this transfer the Department of Personnel and Administration will be required to refund a \$258,200 payment to the Federal Government for their contribution. Therefore, the total transfer to the General Fund in FY 2011-12 will be \$741,800.

#### **Summary of Request:**

The Administrative Hearings Fund (Fund 611) was created to collect fees for providing adjudication services and administrative law hearings for State agencies in order to resolve cases that deal with workers' compensation, human services and regulatory law. Collection fees are based on annual cost allocation methodology and the resulting Common Policy. Expenses paid out of this fund are operating costs to run the Division of Administrative Courts including salaries, operating and equipment to support service demands and allocation of central appropriations from the Executive Director's Office within the Department of Personnel and Administration. This fund will have approximately \$1,000,000 in excess cash in FY 2011-12 and the Department requests to transfer this amount to the General Fund.

#### **Assumptions and Tables to Show Calculations:**

- This request entails the transfer of \$1,000,000 from the Administrative Hearings Fund (Fund 611) to the General Fund. As part of this transfer the Department of Personnel and Administration will be required to make a \$258,200 payment to the Federal Government for their contribution. Therefore, the total transfer to the General Fund in FY 2011-12 will be \$741,800.
- This is a one-time cash fund transfer.

#### **FY 2011-12 Cash Fund Transfer to the General Fund**

<b>Fund 604 - Debt Collection</b>					
<b>September 2010</b>					
<b>Fiscal Year</b>	<b>Beginning Balance</b>	<b>Revenue into Fund</b>	<b>Expenditures</b>	<b>Transfer from Fund to General Fund</b>	<b>Final/Projected Balance</b>
FY 2008-09	\$1,208,913	\$4,057,743	\$4,370,512	\$0	\$896,144
FY 2009-10	\$896,144	\$4,609,425	\$4,372,932	\$0	\$1,132,637
FY 2010-11	\$1,132,637	\$4,424,302	\$4,424,240	\$0	\$1,132,699
FY 2011-12	\$1,132,699	\$4,734,447	\$4,734,447	(\$1,000,000)	\$132,699

**Current Statutory Authority or Needed Statutory Change:**

Legislation will be required to transfer cash from this fund.

**24-30-1001 C.R.S. (2010) – Office of Administrative Courts – Administrative courts cash fund - creation**

(3) The executive director of the department of personnel shall establish any fees or cost allocation billing process necessary to pay for the direct and indirect costs of the office of administrative courts. The department of personnel shall not establish a fee for individuals or beneficiaries that have a right to an administrative hearing without prior approval of the associated state agency and formal rule-making related to the fee pursuant to article 4 of this title. All moneys collected shall be transmitted to the state treasurer, who shall credit the same to the administrative courts cash fund, which fund is hereby created. The moneys in the fund shall be subject to annual appropriation by the general assembly for the direct and indirect costs of the office of administrative courts. All interest derived from the deposit and investment of moneys in the fund shall be credited to the fund. Any unexpended and unencumbered moneys remaining in the fund at the end of a fiscal year shall remain in the fund and shall not be credited or transferred to the general fund or any other fund.



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### *Proposed Cash Fund Transfer*

#### **Proposal:**

The Department of Personnel and Administration proposes transferring \$249,494 from the Debt Collection Fund (Fund 604) to the General Fund in FY 2011-12.

#### **Summary of Request:**

The Debt Collection Fund (Fund 604) was created to provide internal collections related services to other state agencies and local governments. Collection fees are assessed to individuals for collection of past due debts owed to the State and the money is used to fund the operations of Central Collections within the Department of Personnel and Administration. Expenses paid out of this fund are operating costs to run the division including salaries, operating and equipment to support service demands and allocation of central appropriations from the Executive Director's Office within the Department of Personnel and Administration. This fund will have approximately \$249,494 in excess cash in FY 2011-12 and the Department requests to transfer this amount to the General Fund.

#### **Assumptions and Tables to Show Calculations:**

- This request entails the transfer of \$249,494 from the Debt Collection Fund (Fund 604) to the General Fund.
- This is a one-time cash fund transfer.

#### **FY 2011-12 Cash Fund Transfer to the General Fund**

<b>Fund 604 - Debt Collection November 2010</b>					
<b>Fiscal Year</b>	<b>Beginning Balance</b>	<b>Revenue into Fund</b>	<b>Expenditures</b>	<b>Transfer from Fund to General Fund</b>	<b>Final/Projected Balance</b>
FY 2008-09	\$478,755	\$2,374,478	\$2,578,320	\$0	\$274,913
FY 2009-10	\$274,913	\$2,638,518	\$2,407,124	\$0	\$506,307
FY 2010-11	\$506,307	\$2,694,697	\$2,782,619	\$0	\$418,385
FY 2011-12	\$418,385	\$2,748,591	\$2,689,209	(\$249,494)	\$228,273

**Current Statutory Authority or Needed Statutory Change:**

Legislation will be required to transfer cash from this fund.

**24-30-202.4 (e) C.R.S. (2010). Debt Collection Fund**

(e) There is hereby created in the state treasury a fund to be known as the debt collection fund. Subject to annual appropriation by the general assembly, moneys in the debt collection fund may be used by the controller to offset a shortfall during the fiscal year in the revenue available to pay for the expenses incurred by the controller in collecting debts owed to the state. The debt collection fund balance at the end of any fiscal year shall not exceed twenty-five percent of the annual appropriated budget for the collection of debts owed the state. Net revenues collected in excess of twenty-five percent of the debt collection fund balance shall revert to the general fund at the end of each fiscal year.