



COLORADO
 Bureau of Investigation
 Department of Public Safety

Administration
 Financial Services
 690 Kipling Street, Suite 3000
 Lakewood, Co 80215

January 17, 2017

The Honorable Kent D. Lambert, Chair
 Joint Budget Committee
 Legislative Services Building
 200 East 14th Avenue, Third Floor
 Denver, CO 80203

Dear Senator Lambert and Committee Members:

Pursuant to 24-33.5-424 (3.5)(f) C.R.S., the Colorado Bureau of Investigation (CBI) is required to annually report to the Joint Budget Committee (JBC) the number of full-time employees (FTE) used by the Bureau in the preceding year for the purposes of performing firearms background checks and the calculations used to determine the amount of the fee imposed for firearms background checks. As of December 31, 2016, the CBI InstaCheck Unit had a total of 33.0 FTE.

In the January 15, 2016 letter to the JBC, the Department estimated the fee for firearms background checks at \$6.17 but rounded it down to \$6.00. To calculate the fee for calendar year 2017, the Department used the cost categories shown below.

InstaCheck Firearms Background Check Fee Calculation		
Row	Description	Amount
A	Personal Services*	\$2,520,469.43
B	Overhead Expenses (10.3% of personal services cost)	\$259,608.35
C	Operating Expenses	\$413,771.30
D	Leased Space	\$198,479.42
E	Subtotal Expenses (Row A + Row B + Row C + Row D)	\$3,392,328.50
F	Decrease Expenses by Surplus Fund Balance	-\$480,000.00
G	Total Expenses Less Surplus (Row E - Row F)	\$2,912,328.50
H	Number of Firearms Background Checks Processed	389,491
I	Fee per Firearms Background Check (Row G / Row H)	\$7.48

*NOTE: Payroll data for December 2016 has not been posted in the CORE accounting system at the time of this writing. Therefore, the Department used November 2016 data as an estimate for December.

Included in the fee calculation is the use of surplus cash fund balance in the amount of \$480,000. This amount was calculated to reduce the excess uncommitted cash fund reserve balance to an amount slightly below the 16.5 percent reserve requirement, which also assumes the fee is maintained at \$6.00 per firearms background check.

Due to the continued hiring effort to fill vacant positions in the latter half of FY 2016-17, the Department may achieve the reserve requirement prior to January 2017. When this occurs, the



Department estimates that the fee would be raised to an amount up to \$7.48 per firearms background check. This would be done to ensure the remaining fund balance can support the direct and indirect costs of the InstaCheck Unit without creating potential cash flow problems.

For the time being, however, the CBI recommends to keep the fee unchanged at \$6.00 per firearms background check until the reserve requirement is met. The CBI will communicate this information to all its customers in the coming weeks.

Sincerely,



Michael S. Rankin, Director
Colorado Bureau of Investigation

Cc: JBC Members
Christina Beisel, JBC Staff
Stan Hilkey, CDPS Executive Director
Michael S. Rankin, CBI Director
Chris Andrist, CBI Deputy Director
Terri Anderle, Budget Director, CDPS
Jana Locke, Legislative Liaison, CDPS
AIC Dan Volz, CBI InstaCheck

