GOVERNOR'S OFFICE

Office of State Planning and Budgeting

FY 2009-10

Figure Setting Comebacks

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Summary of FY 2009-10 Common Policy Figure Setting Comebacks

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Office of State Planning and Budgeting
Comeback Requests

Department:	Education
OSPB Priority Number:	**1**
Original Department Priority:	
Title:	Student Accountability Reports and State Data Reporting System

SELECT ONE:

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

	FY 2008-09 Appropriation	**Request**	**JBC Action**	**Comeback Request**	**Difference Between Action and Comeback Request**
School Accountability Reports and State Data Reporting System	$1,318,735	$1,304,138	$0	$1,051,693	$1,051693
FTE	3.0	3.0	0.0	3.0	3.0
GF	$1,318,735	$1,304,138	$0	$1,051,693	$1,051,693
CF	$0	$0	$0	$0	$0
RF	$0	$0	$0	$0	$0
FF	$0	$0	$0	$0	$0

Summary of Initial Request:
The Department requested continuation of this line item, plus base adjustments for prior year salary survey and 80% of performance-based pay. Further, the Department submitted a Base Reduction Item (DI-11) for ($27,500). The net request was for $1,304,138 General Fund. This was intended to fund the Hirschfield Printing contract for printing and distribution of the Student Accountability Reports (SARs) of $252,445 and the State Data Reporting System for $1,051,693. The table on the following page depicts this request.

	Hirschfield Printing Contract	State Data Reporting System	Total Request
FY08-09 Continuation	279,945	1,038,790	1,318,735
FTE	0.0	3.0	3.0
Prior year salary survey into base	0	10,041	10,041
80% of FY 2008-09 performance-based pay into base	0	2,862	2,862
Base reduction item (DI-11)	(27,500)	0	(27,500)
Total-General Fund	252,445	1,051,693	1,304,138

Committee Action:
During the Committee's figure setting discussion, the Committee expressed intent to eliminate printing and distribution of SAR reports for one year as a cost-saving measure. To this end, a motion was made and approved to eliminate funding for this line item.

OSPB Comeback:
It is OSPB's and the Department's belief that the Committee did not intend to eliminate funding for this entire line item which includes crucial funding for the Department's state data reporting system. If the Committee's desire is to eliminate the costs for printing and distribution of SAR reports for one year, the amount to eliminate would be $252,445 and 0.0 FTE. The comeback request is for $1,051,693, the cost of the State Data Reporting System.

The Student Accountability Reports and State Data Reporting System line item is a vital component to the Department of Education's technology support. This funding is used to support and continuously improve the means by which the Department collects, validates, aggregates, and reports education data. Department-wide hardware, software, and programming costs are included in the State Data Reporting System line. Critical systems include:

- NCLB/AYP (Adequate Yearly Progress determinations)District Accreditation Scorecards
- Special Education data collection and reporting
- SASID system (State Assigned Student Identifier)
- Student Enrollment
- Highly Qualified Teacher (HQT) Information
- Colorado Education Data Analysis and Reporting System (CEDAR)
- End-of-year student reporting for graduation/drop-out rate calculations
- The Colorado Growth Model

In total, more than 50 data systems utilize the technical backbone of the State Data Reporting System. Eliminating the funding for this line item would detrimentally affect CDE's technology base and have an adverse effect across the Department.

Moreover, the staff funded by this appropriation support and provide program enhancements to all of the systems listed above. The loss of these staff would severely compromise the Department's ability to provide information to its internal and external stakeholders and maintain the systems that are integral to the functioning of the Department.

OSPB and the Department wish to make the Committee aware of the relationship of this appropriation with Senate Bill 09-163. Senate Bill 09-163, concerning the Education Accountability System, proposes to allow the Department to make major improvements in the state accountability duties and procedures. One portion of the proposed bill directly impacts this appropriation:

> "Creating and maintaining the education data and growth exchange portal (data portal) for publishing school, school district, institute, and state performance reports;"

Should the Committee eliminate the funding for SAR printing in figure setting, another source of funding would be required for Senate Bill 09-163.

Consequences if not Funded:
Elimination of this funding will cause serious consequences to the State Data Reporting System including:

- Inability to support the computerized collection of education data from districts and charter schools
- Expiration of hardware and software licenses, forcing the shutdown of electronic data systems
- Inability to meet federal reporting deadlines for state data (which could lead to withholding of federal funds)
- Reduced staff available to support the systems and users
- Inability to deliver or disseminate quality education data in a timely manner
- Hinder the effective validation and management of data arriving from multiple sources, leading to reduced data quality.

A critical component of the overall State Data Reporting System is the Education Data Warehouse (EDW). This centralized repository of longitudinal data provides a wealth of analytical education performance data. The data provided through this warehouse is essential for the data-driven decision-making framework upon which sound educational program effectiveness can be measured. Elimination of funding to support and continuously improve the Education Data Warehouse will severely hamper the ability of CDE and other education stakeholders to gauge educational outcomes and track the progress of student achievement in Colorado.

The State Data Reporting System line item currently supports 3.0 FTE. Losing these positions would severely hinder Information Technology's ability to operate the crucial systems described above.

Office of State Planning and Budgeting
Comeback Request

Department:	Department of Natural Resources, Division of Parks and Outdoor Recreation
OSPB Priority Number:	**2**
Original Department Priority:	N/A – JBC Initiated Action
Title:	Substitute Lottery Funds for General Funds

SELECT ONE:
☐ Decision Item FY 2009-10
☐ Base Reduction Item FY 2009-10
☐ Supplemental Request FY 2008-09
☐ Budget Request Amendment FY 2009-10

	FY 2008-09 Appropriation	**Request**	**JBC Action**	**Comeback Request**	**Difference Between Action and Comeback Request**
Total – State Park Operations	$24,255,433	$26,442,764	$24,351,054	$26,291,251	$0
FTE	260.7	260.7	260.7	260.7	$0
GF	$5,614,271	$5,873,137	$3,799,072	$5,739,269	$1,940,197
CF	$18,199,314	$20,124,238	$20,106,593	$20,106,593	$0
FF	$441,848	$445,389	$445,389	$445,389	$0

Summary of Initial Request:
As part of the Governor's FY 2009-10 General Fund Balancing Plan, the Division of Parks and Outdoor Recreation requested a number of cuts totaling $189,664 in General Fund. In total, General Fund comprised about 16% of Parks' operating request and about 10% of the Division's total base request (capital and operating). The Division's base request also included about $12 million in lottery funds. Pursuant to the Colorado Constitution, these lottery funds are distributed directly to the Division and are continuously appropriated. Of the $12 million, approximately one-third is used to pay for operating costs and two-thirds is used to fund capital construction projects.

Committee Action:
In addition to the $189,664 General Fund in base reductions, the Committee approved two additional General Fund reductions to State Parks. First, the Committee voted to reduce the appropriation to State Parks by $1,940,197 General Fund premised on the assumption that Parks could back-fill this amount using lottery funds. Second, the Committee approved a reduction in support for Parks' centrally appropriated items ("POTS") by $456,696 General Fund, reducing the General Fund share of POTS expenditures from 30% to 19.4%.

OSPB Comeback:
The Division requests that the first part of the JBC action, the $1,940,197 General Fund reduction, be restored. If this comeback is approved, the remaining FY 2009-10 General Fund reductions for the Division (POTS refinance of $456,696 and continuation of $189,664 in FY 2008-09 supplemental reductions) will total $646,360 or 9% of the Division's total General Fund appropriation. If it is not approved, the General Fund reductions will total $2.6 million or 35% of the original base General Fund appropriation request in FY 2009-10.

The JBC staff recommendation assumed the Division would permanently cut its capital construction budget by $1.9 million per year to free up lottery funds equal to 20% of the direct lottery distribution. However, an estimated $4.1 million in lottery funds, or 34% of the direct lottery distribution to the Division, will in fact be spent on park operations in FY 2008-09. This includes the $505,806 figure cited in the JBC staff write-up as well as $1,531,780 million for information technology expenses and an estimated $2,087,000 that will be used for capitol operations on state parks funded through the "Major repairs / Minor improvements" (MRMI) capital construction line item.

Historically the Major Repairs/Minor Improvements appropriation has been used by State Parks to pay for a mix of capital and operating type expenses. In FY 2007-08 these funds were used for things such as the purchase of chemicals for noxious weed control, carpet cleaning, tree trimming, tires, batteries, medical supplies, magnesium-chloride treatment of roads, desks, chairs, and office supplies, among others. The Department recognizes that funding operating expenses out of the capital budget should be fixed and has committed to doing so as part of the audit implementation process. State Parks is examining a number of possibilities for the FY 2010-11 budget request to address this issue.

To implement specific recommendations of the State Auditor's Office, the Division is developing a comprehensive financial plan to guide future decisions regarding the use of lottery funds as well as all other funds sources. If the comeback request is approved, the decision to shift lottery funds from capital to operating can be based on this detailed plan, which the Division will incorporate in its FY 2010-11 legislative budget request. As noted by the State Auditor, there are constitutional and statutory limits to the proportion of lottery funds that can be used for operations and maintenance. The Division's comprehensive financial plan will include an estimate of this limit. It is possible that the Division is already at this limit with the current level of lottery funds used for operations and maintenance.

Over the past ten years, the General Fund appropriation to State Parks has grown at an average rate of 2.3% per year, which is less than the rate of inflation. Between FY 2002-03 and FY 2007-08, direct lottery distributions to Parks have totaled some $57 million. Based on General Fund growth vs. the total lottery direct distribution amount, the Department does not believe lottery capital investments are driving a significant General Fund impact. In addition, a reduction of General Fund given the availability of lottery dollars appears to violate the "No Substitution" Clause of the Colorado Constitution (Art XXVII, Sec 8).

Steps taken to address such a significant reduction in funding will directly impact recreational opportunities for Colorado citizens. If the comeback is not approved, a $1.9 million gap will exist in the Parks operating budget. The Division may be forced to fill the gap with the following actions:

- Placing a moratorium on new services or facilities offered to the public;
- Eliminating nearly 70 temporary employee jobs at selected parks, which would cause reductions in trash pickup, campsite cleanup, facilities maintenance, visitor assistance, trails maintenance, and revenue collection;
- Closing portions of specific parks on a seasonal and/or part-time basis (e.g. spring, fall and/or winter closures, facilities that are not open on certain days of the week, as well as reduced hours for reservoir swim beaches in the summer);
- Canceling and/or postponing capital improvement projects which could worsen the existing deferred maintenance backlog, and could lead to the closure of parks and park facilities that cannot be adequately maintained; and
- Completely closing or transferring selected parks. These cuts will result in a direct loss of recreational areas and opportunities, as well decreasing service and customer satisfaction at facilities that remain open.

The Division will also need to reduce its operating expenditures in response to the separate $456,696 reduction in General Fund (through the refinance of centrally appropriated items or "POTS"). The Division will attempt to do so through a variety of efficiency measures before taking steps that will adversely impact customer service or the natural resource, such as those listed above.

It is important to recognize that state parks are a significant part of Colorado's tourism-based economy. Over 11 million visitors take advantage of Colorado's 42 state parks each year. A recent study by Pricewaterhouse Coopers estimated the economic impact in the areas immediately surrounding the parks at over $200 million. This economic impact is the return on a $7 million dollar annual investment of General Fund.

Unfortunately, steps taken to address this General Fund cut will unavoidably result in reduced cash revenue, exacerbating the fact that Parks' cash revenues are already coming in lower than projected for FY 2008-09. These revenue shortfalls are apt to require further budget cuts. Parks user fees were raised by 20% just over a year ago, making it unlikely Parks could recover some of this lost revenue by simply charging higher fees. As such, continued General Fund support is essential to keeping state parks open to the public, well maintained, and affordable for all Coloradoans.

Office of State Planning and Budgeting
Comeback Requests

Department:	Education
OSPB Priority Number:	**3**
Original Department Priority:	
Title:	School Counselor Corps Grant Program

SELECT ONE:

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

	FY 2008-09 Appropriation	**Request**	**JBC Action**	**Comeback Request**	**Difference Between Action and Comeback Request**
School Counselor Corps Grant Program- New Line Item	$5,000,000	$5,000,000	$0	$5,000,000	$5,000,000
FTE	1.0	1.0	0.0	1.0	1.0
GF	$0	$0	$0	$0	$0
CF	$5,000,000	$5,000,000	$0	$5,000,000	$5,000,000
RF	$0	$0	$0	$0	$0
FF	$0	$0	$0	$0	$0

Summary of Initial Request:
The Department requested continuation funding of $5.0 million cash funds from the State Education Fund and 1.0 FTE to administer the School Counselor Corps Grant Program.

Committee Action:
The Committee did not recommend continuation funding for this line item or FTE authority for Fiscal Year 2009-10.

OSPB Comeback:
The School Counselor Corps Grant Program is a high Department priority. The Department requested continuation funding of $5.0 million cash funds from the State Education Fund and 1.0 FTE to administer the School Counselor Corps Grant Program for FY 2009-10.

Since the enactment of Article 91 of Section 22 of the Colorado Revised Statutes (2008) authorizing the School Counselor Corps Grant Program, the Department has funded 37 grants, serving 27 districts and 91 schools through the program.

The primary focus of the School Counselor Corps Grant Program is to increase the number of school counselors for secondary students and the level of school counseling services provided, with an emphasis on increasing the graduation rate within the state and increasing the percentage of students who appropriately prepare for, apply to, and continue into postsecondary education. During Fiscal Year 2008-09, districts and Institute Charter Schools were able to fund an additional 76 School Counselors across the state with School Counselor Corps moneys.

In addition to distributing the School Counselor moneys to funded districts as directed by law, the Department also has made a concerted effort to build capacity and provide ongoing support through the program. School Counselor Corps Staff also collaborates with other statewide High School and Post-Secondary initiatives (including Dropout Prevention/Prevention Initiatives, Positive Behavior Supports, and Homeless Services) to help address the dropout problems Colorado faces and to provide intentional, ongoing support.

Consequences if not funded:
According to a recent study from the Manhattan Institute, only about 70 percent of Colorado students graduate on time. Furthermore, Colorado high school graduates tend to be poorly prepared for college. Too few enroll in college and of those that do, few leave with a diploma in hand. Correlations have been made between high school dropouts and joblessness, a life of poverty, and higher prison rates.

Proceeding with the elimination of FY 09-10 funding for the School Counselor Corps Grant Program will have detrimental consequences. The School Counselor Corps Grant Program provides funding for 76 counselors throughout the state. Not only will jobs be lost but students will also lose already underfunded services.

In addition to the lost counseling positions in 91 schools, a few examples of district services and programs that would also be affected and/or eliminated include: college preparation and scholarship workshops; mock interview opportunities from business partners local communities; technical support, research, and curriculum to the high school counselors in an attempt to coordinate district counseling efforts; Credit Recovery Centers; Ombudsman Educational Services for expelled and drop-out recovery students; and Dual credit courses offered through the Community Colleges for qualifying expelled and drop-out recovery students.

Department staff will also be affected by the elimination of the FTE authorized for this program. The Department utilizes 1.0 FTE for a School Counselor Corps Grant Coordinator who not only manages the program, but also collaborates with the secondary and postsecondary field to provide seamless, intentional and ongoing support in the areas of dropout prevention and postsecondary preparation. The consequences affect not only CDE, but districts, schools, counselors and students throughout the state of Colorado.

Office of State Planning and Budgeting
Comeback Requests

Department:	Human Services
OSPB Comeback Priority Number:	**4**
Original Department Priority Number:	
Title:	Functional Family Therapy (FFT)

SELECT ONE:
☒ Decision Item FY 2009-10
☐ Base Reduction Item FY 2009-10
☐ Supplemental Request FY 2008-09
☐ Budget Request Amendment FY 2009-10

Division of Child Welfare	FY 2009-10 Base Request	Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Total		$3,281,941	$3,281,941	$0	$0
FTE		0.5	0.0	0.5	0.5
GF		$2,623,599	$2,623,599	$0	$0
CF		$649,342	$649,342	$0	$0
RF		$0	$0	$0	$0
FF		$0	$0	$0	$0
(5) Functional Family Therapy [NEW LINE]					
Total	0	$3,281,941	$0	$3,281,941	$3,281,941
FTE	0.0	0.5	0.0	0.5	0.5
GF	0	$2,623,599	$0	$2,623,599	$2,623,599
CF	0	$649,342	$0	$649,342	$649,342
RF	0	$0	$0	$0	$0
FF	0	$0	$0	$0	$0
(5) Family and Children's Programs					
Total	$45,081,257	$0	$3,281,941	$(3,281,941)	$0
FTE	0.0	0.0	0.0	0.0	0.0
GF	$37,774,876	$0	$2,623,599	$(2,623,599)	$0
CF	$5,213,955	$0	$649,342	$(649,342)	$0
RF	$0	$0	$0	$0	$0
FF	$2,092,426	$0	$0	$0	$0

Summary of Initial Request:
The Department of Human Service's request was for $3,281,941 total funds ($2,623,599 General Fund) and 0.5 FTE in FY 2009-10 to implement four Functional Family Therapy (FFT) programs.

This initiative is part of Governor Ritter's FY 2009-10 Crime Prevention and Recidivism Reduction Package and has a five-year gross savings of $20.4 million to the Child Welfare system and $3.6 million to the Youth Corrections system.

Committee Action:
The Committee voted not to fund the Functional Family Therapy program as requested, and to instead add $3,281,941 total funds ($2,623,599 General Fund) to the Division of Child Welfare Family and Children's Programs line item. The Committee's decision moved these funds to this line item in order to provide a broader array of Child Welfare services and to provide funding to more counties. While the Committee added the same dollar amount as the Decision Item, it also did not approve the 0.5 FTE requested for a program administrator to oversee the program and provide ongoing assistance to counties.

OSPB Comeback:
OSPB is requesting the Joint Budget Committee to fund $3,281,941 total funds ($2,623,599 General Fund) and 0.5 FTE in Fiscal Year 2009-10 for the Functional Family Therapy Program, and not to add money to the Family and Children's Programs line. The OSPB comeback requests 0.5 FTE, but is cost neutral.

- The Functional Family Therapy program is a highly successful, evidenced-based program that is nationally recognized for reducing recidivism. The services are targeted to youth aged 11-17 who display delinquent, violent and substance abusing behaviors who are at risk of out-of-home placement in the Child Welfare system.

- There is a high correlation between the youth served in Child Welfare and those that go on to Youth Corrections. The Department of Human Services found that 31% of youth committed to the Division of Youth Corrections in FY 2006-07, had a prior out-of-home placement in the Child Welfare system. This program is intended to prevent kids from entering out-of-home placement and penetrating deeper into these systems.

- In addition to reducing recidivism, this program is highly cost-effective and will produce long-term savings to the Child Welfare and Youth Corrections systems. The program expansion will result in a 5-year cost-avoidance of $20.4 million to the Child Welfare system and a 5-year savings of $3.6 million to the Division of Youth Corrections.

- While placing the funding in the Division of Child Welfare's Family and Children's Program line will allow the funds to be used for a broader array of Child Welfare services, it does not ensure these services will prevent crime, reduce recidivism or produce long-term savings.

There are multiple programs that can be funded through the Division of Child Welfare's Family and Children's Program line, including Functional Family Therapy. However, the bulk of funding in this line though is used for Child Welfare Core Services Programs and the types of services provided vary greatly based on the county. The programs that can currently be funded through the Core Services appropriations are the following:

Services Offered in the Family and Children's Program Line Item (CORE Services)	
Home Based Intervention	Intensive Family Therapy
Life Skills	Day Treatment
Sexual Abuse Treatment	Special Economic Assistance
Mental Health Services	Substance Abuse Treatment Services
Aftercare Services	County Designed Services

While most of the programs mentioned above are designed to provide services that have been demonstrated to be effective in reducing the need for higher cost residential services, not all are evidence-based programs, nor do they necessarily reduce recidivism, thus the savings to the Child Welfare and Youth Corrections systems are not realized. The purpose of targeting the funding increase towards Functional Family Therapy is to effectively reduce recidivism and to produce cost-savings for the counties and the state.

Office of State Planning and Budgeting
Comeback Request

Department:	Revenue
OSPB Priority Number:	**5**
Original Department Priority:	
Title:	Out-of-State Tax Law Compliance and Enforcement

SELECT ONE:

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

	FY 2008-09 Appropriation	**Request**	**JBC Action**	**Comeback Request**	**Difference Between Action and Comeback Request**
Total	17,519,582	957,418	0	957,418	(957,418)
FTE	198.5	10.1	0.0	10.1	(10.1)
GF	16,551,192	957,418	0	957,418	(957,418)
CF	128,401				
RF	839,990				
(1) Executive Director's Office, Leased Space	2,191,507	80,000	0	80,000	(80,000)
GF	1,349,369	80,000	0	80,000	(80,000)
CF	127,132				
RF	715,006				
(4) Taxation Business Group, (B) Taxation and Compliance Division, Personal Services	14,723,683	730,040	0	730,040	(730,040)
FTE	198.5	10.1	0.0	10.1	(10.1)
GF	14,597,430	730,040	0	730,040	(730,040)
CF	1,269				
RF	124,984				
(4) Taxation Business Group, (B) Taxation and Compliance Division, Operating Expenses	604,392	147,378	0	147,378	(147,378)
GF	604,392	147,378	0	147,378	(147,378)

Summary of Initial Request:
The Department of Revenue is requesting $957,418 General Fund to add 10.1 FTE in FY 2009-10 for an enhanced out-of-state audit presence that will expand current out-of-state offices and establish new ones. This request annualizes to $1,765,637 General Fund and 20.0 FTE in FY 2010-11. Acknowledging the substantial size and scope of this request, the Department proposed implementing this request over two fiscal years.

The Department specifically requests to expand the number of tax auditors located in offices outside of the state. Audits are conducted at taxpayer places of business for the purpose of ascertaining the correct tax liability and primarily focus on retail sales, consumer's use, and corporate income taxes. The Department has historically had offices located in the New York metro area, Dallas, and San Francisco; each staffed with one individual. This request would increase the number of offices to six, with new locations at Los Angeles, Houston, and Chicago.

Committee Action:
The Joint Budget Committee (JBC) did not approve this request and asked that the Department provide information on opportunities to outsource out-of-state audit functions. It should be noted that JBC staff recommended partial implementation of this request, recognizing the revenue-generating potential of enhancing Colorado's out-of-state audit presence.

OSPB Comeback:
The Department respectfully requests that the Committee reconsider its decision to deny this request. In an economic climate where state revenues are declining, the potential for increasing collections of funds already due should be carefully considered.

The Department estimates that with full maturity of the program, audit production and revenue realization will increase by significant increments. An increase in Out-of-State Revenue Agents will expand the presence of the Colorado Department of Revenue outside the state boundaries and allow the Department to more effectively enforce and administer the tax laws of Colorado with increased audits of national and multinational corporations headquartered outside of Colorado. This will result in an increase of General Fund revenues for Colorado at a level much greater than the cost of the investment in this request, as illustrated in the table below:

Benefits	Cost	Ratio
With the additional 20.0 FTE, audit production would increase by $46.8 million, and General Fund revenues will be enhanced by approximately $18.7 million dollars when the initiative matures in FY 2012-13.	$1,765,637	Benefit/Cost ratio is: $18,706,800 / $1,765,637 = 10.6 to 1.

The Joint Budget Committee asked the Department about the potential to outsource out-of-state audit functions and whether opportunities to do so might be more cost-effective than the request to enhance audit personnel within the Department. Alternatives exist to the Department's preferred approach to out-of-state auditing, but may prove problematic.

The Department has had experience contracting with third party vendors for out-of-state audits and it proved to be challenging due to the scope of audits performed.

- Department of Revenue staff conducts audits for sales and use, income tax, corporate income tax and withholding, while the Department is unaware of any significant contract audit firms that could provide the same scope and with a certain degree of expertise. In order to perform the same scope, the Department may have to contract with multiple firms, each with different specialties, to audit one business. The Department will still be responsible for providing extensive training regarding Colorado complex tax laws. This training may be ongoing based on the turnover experience of each contracted firm.

- Conflicts of interest may arise if an accounting firm audits a client on behalf of the State or audit a competitor. The State would need to be aware of and track any potential conflicts of interest prior to each engagement. This may result in some businesses not being audited because conflicts arise or if a local firm is unavailable. Any conflict of interest would provide further grounds for contesting audit findings.

- A common compensation structure for third party firms includes a percentage of total collections based on audit findings. There may be concern from the business community that this payment structure may impair third party objectivity in selection.

The State has considerable experience in managing out of state audits through existing offices and auditors who travel. This request is proposed to be implemented over two years to ensure the successful implementation of this program. The proposed staffing ratio of management, professional staff, and administrative support is appropriate given the functions and responsibilities of each position.

Despite the current economy including the decrease of sales tax revenue, this program still makes sense as it is intended to address the accurate enforcement of Colorado tax law. The Department has considered the economy and short term production may be affected, but as this program matures the payback to the State will be beneficial.

The Department conducted a study that compared select states' out-of-state audit presence. It found that, excluding Colorado, on average there is one out-of-state auditor for approximately $481.3 million in gross tax revenues. However, in Colorado there is one out-of-state auditor for $2.2 billion in gross tax revenue. This request would lower the ratio of gross revenue to each State of Colorado auditor from $2.2 billion to approximately $392.6 million. This is in line with the average of the nine other states identified in the analysis.

Historical data indicates the Department realizes approximately 40.0 percent of production as actual revenue. Due to the implementation time frame of selecting, hiring, training, and assigning these new FTE to the out-of-state offices, it is anticipated that the Department's FY 2009-10 production related to the request will be about 37.0 percent of what production will be when out-of-state audit performance generated pursuant to this request matures. For the second year, this is expected to increase to 64.0 percent, with the full audit production occurring in FY 2012-13, as illustrated below:

Projected Audit Production and Revenues			
Fiscal Year	**Estimated Production Level**	**Estimated Audit Production Value**	**Estimated Revenue Generated (40% of Production)**
2009-10	37%	$8,651,895	$3,460,758
2010-11	64%	$29,930,880	$11,972,352
2011-12	95%	$44,428,650	$17,771,460
2012-13	100%	$46,767,000	$18,706,800

If this request is not approved, the Department will lose an opportunity to enhance General Fund revenue by $18.7 million from annual production levels generated by this request. The State of Colorado will remain far behind other states' efforts to fairly audit businesses headquartered out-of-state. The Department tries to maintain a balance between audits of companies headquartered in the state and out of the state. The Department feels strongly that each type of business should bear a fair share, and thus feels it is desirable to maintain a balance of audit activity if possible.

Office of State Planning and Budgeting
Comeback Request

Department:	Statewide Common Policy
OSPB Priority Number:	**6**
Original Department Priority Number:	NA – Statewide Common Policy
Title:	AED and SAED Figure Setting

SELECT ONE:

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

	Request	**JBC Action**	**Comeback Request**	**Difference Between Action and Comeback Request**
Total	**$39,231,729**	**$35,047,610**	**$36,633,825**	**$1,586,215**
GF	$20,443,609	$18,175,045	$18,944,318	$769,273
CF	$10,338,069	$8,656,623	$9,093,093	$436,470
RF	$5,140,112	$3,567,914	$3,737,436	$169,522
FF	$3,309,939	$4,648,028	$4,858,978	$210,950
SB 04-257 Amortization Equalization Disbursement				
Total	$24,150,299	$21,572,079	$22,548,211	$976,132
GF	$12,592,157	$11,178,013	$11,651,412	$473,399
CF	$5,874,569	$5,330,024	$5,598,621	$268,597
RF	$2,530,287	$2,203,884	$2,308,205	$104,321
FF	$3,153,286	$2,860,158	$2,989,973	$129,815
SB 06-235 Supplemental Amortization Equalization Disbursement				
Total	$15,081,430	$13,475,531	$14,085,614	$610,083
GF	$7,851,452	$6,997,032	$7,292,906	$295,874
CF	$3,044,287	$3,326,599	$3,494,472	$167,873
RF	$1,575,866	$1,364,030	$1,429,231	$65,201
FF	$2,609,825	$1,787,870	$1,869,005	$81,135

Summary of Initial Request:

This is a Statewide Figure Setting technical comeback for the SB 04-257 Amortization Equalization Disbursement, and SB 06-235 Supplemental Amortization Equalization Disbursement. The original total request of $24,150,299 total funds for Amortization Equalization Disbursement and $15,081,430 total funds for Supplemental Amortization Equalization Disbursement was submitted with each department’s November 1, 2008 Budget Request for State Fiscal Year 2009-10. These original requests included calculations for each department based on 2.00% of base salaries for Amortization Equalization Disbursement and 1.25% of base salaries for Supplemental Amortization Equalization Disbursement.

Each of the common policies that are the subject of this comeback request are calculated by applying a percentage to each state employee's salary. Therefore, any action that affects the base salary that an employee receives will affect the amount of Amortization Equalization Disbursement, and Supplemental Amortization Equalization Disbursement.

Committee Action:
The Joint Budget Committee approved JBC Staff recommendation to fund the respective Common Policy items based upon state employee's salaries that did not include the annualizations of FY 2008-09's Performance Based Pay and Salary Survey amounts. Statewide, the Committee decided to fund SB 04-257 Amortization Equalization Disbursement, and SB 06-235 Supplemental Amortization Equalization Disbursement common policies at $21,572,078 and $13,475,531.

OSPB Comeback:
The Department requests that the Joint Budget Committee will include the annualizations of FY 2008-09's Performance Based Pay and Salary Survey amounts in the calculation for SB 04-257 Amortization Equalization Disbursement, and SB 06-235 Supplemental Amortization Equalization Disbursement. This comeback request is a technical request because the Department believes that the annualizations of Salary Survey and Performance Based Pay were accidentally omitted from the Figure Setting calculations for Amortization Equalization Disbursement and the Supplemental Amortization Equalization Disbursement common policies.

The following table breaks out the totals of FY 2008-09 Salary Survey and 80% of FY 2008-09 Performance Based Pay (Before Medicare and FICA) by department.

	TF	GF	CF	RF	FF
Agriculture	$710,904	$281,156	$396,759	$0	$32,989
Corrections	$10,744,107	$10,438,872	$305,235	$0	$0
Education	$1,224,987	$586,219	$42,433	$121,809	$474,526
Governor's Office	$906,638	$277,337	$2,215	$613,418	$13,669
HCPF	$786,222	$353,693	$12,481	$25,799	$394,249
Higher Ed	$434,882	$0	$286,504	$95,734	$52,644
Human Services	$11,309,416	$6,818,232	$152,355	$2,483,956	$1,854,874
Labor and Employment	$2,967,379	$0	$1,394,669	$89,022	$1,483,689
Local Affairs	$543,137	$211,377	$73,986	$103,428	$154,346
Military and Veterans Affairs	$301,959	$104,907	$4,018	$0	$193,034
Natural Resources	$4,046,144	$792,402	$2,945,946	$211,289	$96,508
Personnel and Administration	$978,685	$450,789	$0	$527,896	$0
Public Health	$3,243,256	$252,712	$957,057	$434,603	$1,598,884
Public Safety	$4,919,277	$920,904	$3,619,896	$237,127	$141,350
Regulatory Agencies	$1,568,114	$73,254	$1,244,458	$250,402	$0
Revenue	$3,487,072	$2,108,097	$1,378,974	$0	$0
Transportation	$634,443	$0	$612,856	$21,587	$0
TOTAL	$48,806,623	$23,669,951	$13,429,841	$5,216,069	$6,490,762

Based on these totals, this comeback request asks for the following additions to Amortization Equalization Disbursement by department based on 2.00% of the FY 2008-09's Performance Based Pay and Salary Survey base salary building amounts.

DEPARTMENT	TF	GF	CF	RF	FF
Agriculture	$14,218	$5,623	$7,935	$0	$660
Corrections	$214,882	$208,777	$6,105	$0	$0
Education	$24,500	$11,724	$849	$2,436	$9,491
Governor's Office	$18,133	$5,547	$44	$12,268	$273
HCPF	$15,724	$7,074	$250	$516	$7,885
Higher Ed	$8,698	$0	$5,730	$1,915	$1,053
Human Services	$226,188	$136,365	$3,047	$49,679	$37,097
Labor and Employment	$59,348	$0	$27,893	$1,780	$29,674
Local Affairs	$10,863	$4,228	$1,480	$2,069	$3,087
Military and Veterans Affairs	$6,039	$2,098	$80	$0	$3,861
Natural Resources	$80,923	$15,848	$58,919	$4,226	$1,930
Personnel and Administration	$19,574	$9,016	$0	$10,558	$0
Public Health	$64,865	$5,054	$19,141	$8,692	$31,978
Public Safety	$98,386	$18,418	$72,398	$4,743	$2,827
Regulatory Agencies	$31,362	$1,465	$24,889	$5,008	$0
Revenue	$69,741	$42,162	$27,579	$0	$0
Transportation	$12,689	$0	$12,257	$432	$0
TOTAL	$976,132	$473,399	$268,597	$104,321	$129,815

In addition to the increase to Amortization Equalization Disbursement, this comeback request asks for the following addition to the Supplemental Amortization Equalization Disbursement by department based on a 1.25% of the FY 2008-09's Performance Based Pay and Salary Survey base salary building amounts.

DEPARTMENT	TF	GF	CF	RF	FF
Agriculture	$8,886	$3,514	$4,959	$0	$412
Corrections	$134,301	$130,486	$3,815	$0	$0
Education	$15,312	$7,328	$530	$1,523	$5,932
Governor's Office	$11,333	$3,467	$28	$7,668	$171
HCPF	$9,828	$4,421	$156	$322	$4,928
Higher Ed	$5,436	$0	$3,581	$1,197	$658
Human Services	$141,368	$85,228	$1,904	$31,049	$23,186
Labor and Employment	$37,092	$0	$17,433	$1,113	$18,546
Local Affairs	$6,789	$2,642	$925	$1,293	$1,929
Military and Veterans Affairs	$3,774	$1,311	$50	$0	$2,413
Natural Resources	$50,577	$9,905	$36,824	$2,641	$1,206
Personnel and Administration	$12,234	$5,635	$0	$6,599	$0
Public Health	$40,541	$3,159	$11,963	$5,433	$19,986
Public Safety	$61,491	$11,511	$45,249	$2,964	$1,767
Regulatory Agencies	$19,601	$916	$15,556	$3,130	$0
Revenue	$43,588	$26,351	$17,237	$0	$0
Transportation	$7,931	$0	$7,661	$270	$0
TOTAL	$610,083	$295,874	$167,873	$65,201	$81,135

If the 04-257 Amortization Equalization Disbursement, and SB 06-235 Supplemental Amortization Equalization Disbursement common policies are not funded at the correct levels, departments will not have the funding required to pay for the associated costs and will be forced to increase vacancies or make additional cuts to services. In addition, because these payments are mandated in statute, individual departments will have to find the funding necessary to pay for Amortization Equalization Disbursement payments out of existing budgets which, due to the current budgetary climate, have already been the subject of a number of budget cutting measures.

Office of State Planning and Budgeting
Comeback Request

Department:	Personnel and Administration
OSPB Priority Number:	**7**
Original Department Priority Number:	
Title:	ARCHIVES ONE TIME REALLOCATION

SELECT ONE:

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

	FY 2008-09 Appropriation	**Request**	**JBC Action**	**Comeback Request**	**Difference Between Action and Comeback Request**
Total	$56,794	$56,794	$47,082	$56,794	$9,712
FTE	0.0	0.0	0.0	0.0	0.0
GF	$56,794	$56,794	$25,294	$56,794	$31,500
CF	$0	$0	$17,904	$0	($17,904)
RF	$0	$0	$3,884	$0	($3,884)
FF	$0	$0	$0	$0	$0

Summary of Initial Request:
The Colorado State Archives Program requested $56,794 General Fund continuation funding in its Operating Expenses line item in FY 2009-10.

Committee Action:
The Joint Budget Committee voted to reduce the Colorado State Archives Program Operating Expenses line item by $9,712 total funds, and continue the one-time supplemental requested refinance of General Fund in FY 2009-10 as a permanent funding adjustment. This represents a permanent reduction of over 17 percent of total operating funding for the program.

However, because the Archives program does not expect to collect enough fees to fund the JBC action, the refinance from General Fund to cash funds and reappropriated funds is not realistic. This results in an effective reduction of 55.5 percent ($31,500/$56,794) to this line item, which will have a significant negative impact on the services provided by the program.

Department Comeback:
The Department submitted an FY 2008-09 one-time Supplemental reallocation of General Fund to cash funds and reappropriated funds due to an anticipated one-time increase in fees for copies of records. Based on year-to-date cash fund revenues in the Archives Program for FY 2008-09, there

has been an increase of activity and requests for court related water records. This is expected to result in an over-collection of fees for the first time in recent history. This short-term influx allowed the Department to offer the one-time supplemental refinance of General Fund appropriation to cash funds and reappropriated funds in FY 2008-09. This occurrence is not expected to continue and an on-going refinance of the program's funding to cash funds and reappropriated funds is therefore not achievable or sustainable in the request year.

Therefore, the Archives Program requests the restoration of the full FY 2009-10 requested amount of $56,794 General Fund. The Program utilized its entire appropriation in FY 2007-08, and does not anticipate a reversion in FY 2008-09 or FY 2009-10.

The proposed reduction of this line item funding will result in the following degradation of services in FY 2009-10:

- Restricted Access to General Assembly Information: Public access to Legislative audio records will be adversely impacted, and potentially curtailed, due to the lack of funding to keep the audio listening machines maintained, repaired and running. This will impact not only the public, but legal staff for Legislative Legal Services, Department of Law, as well as the Supreme Court and Court of Appeals.

- Open Public Records Act Conflict: The lack of funds will prevent compliance in some areas once funding runs out.

- Unable to Comply with Court Orders to Produce Copies: The lack of funds will prevent compliance in some areas once funding runs out and could result in lawsuits to the State.

- Curtail Records Management: All records management training to state agencies will be severely reduced due to the lack of funds to provide the necessary training supplies.

- Limit Public Access and Use: Legislative, Judicial and Executive branch archival records will have significantly reduced access due to the lack of operating funds to purchase the needed copying supplies and resources.

- Inoperable Equipment: The lack of sufficient funds to repair and maintain equipment (microfilm readers and printers) will eventually result in the denial of public access to government information because of inoperable equipment.

- Governor's Office: The digital imaging of Executive records and information for Internet access will be significantly reduced due to the lack of sufficient funding.

These programmatic reductions will likely be reviewed negatively by the media and citizens. Given that the legal community is the second largest user group of State archival services, next to State agencies, it is possible that these reductions may result in court actions.

Office of State Planning and Budgeting
Comeback Requests

Department:	Agriculture
OSPB Comeback Priority Number:	**8**
Original Department Priority Number:	Not Applicable – JBC Initiated Action
Title:	Supervisory FTE for the Fruit and Vegetable Inspection Program

SELECT ONE:

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

	FY 2008-09 Appropriation	**Request**	**JBC Action**	**Comeback Request**	**Difference Between Action and Comeback Request**
Agricultural Services Division Personal Services	$10,105,072	$11,437,656	$10,438,914	$10,489,804	$50,890
FTE	152.4	163.1	151.3	152.3	1.0
GF	$3,413,075	$4,422,831	$3,511,105	$3,511,105	$0
CF	$6,202,408	$6,488,420	$6,406,668	$6,457,558	$50,890
RF	$0	$0	$0	$0	$0
FF	$489,589	$526,405	$521,141	$521,141	$0

Summary of Initial Request:
The department submitted a FY 2009-10 Agricultural Services Division - Personal Services base request of $11,437,656 total funds including $4,422,831 General Fund, $6,488,420 cash funds, $526,405 federal funds, and 163.1 FTE. This request included a proposed reorganization of Markets and Conservation personal services.

Committee Action:
The Committee did not approve the Markets and Conservation personal services reorganization and additionally reduced the base appropriation by ($50,890) cash funds and 1.0 FTE, which is at issue in this comeback. This position is one of two inspector supervisors for the Fruit and Vegetable program and has been vacant since April 30, 2008. JBC staff analysis questioned the need for this position long-term, based on the length of time the position has been vacant.

OSPB Comeback:
OSPB is requesting that the Committee revise its action and restore the 1.0 FTE and $50,890 cash funds to the Agricultural Services Division Personal Services appropriation for the Fruit and Vegetable inspection program in FY 2009-10.

As background, the Fruit and Vegetable inspection program provides quality inspection services to the produce industry of Colorado. Peaches, apples, potatoes, sweet corn, onions, broccoli and lettuce as well as other products are inspected by this service. Inspection of fruits and vegetables provides protection to the consumer as well as the agricultural industry by assuring that the commodities inspected meet stringent quality guidelines prior to shipment. The inspection service provides unbiased documentation of size, quality, and condition of fruit and vegetables using internationally recognized U.S.D.A. grade standards on more than 2.1 billion pounds of fresh fruits and vegetables for 240 entities that request potato and other commodity inspections, annually.

This program utilizes one program manager, two inspector supervisors, a half time administrative staff, roughly 30 full time inspectors, and up to 8 part-time inspectors annually. The program's supervisors provide internal auditing of the inspection staff related to inspection protocol and federal guidelines as well as providing direction to staff to inspection locations efficiently. This program utilizes permanent seasonal employees, meaning when the shipping season slows, typically the summer months, the program will lay off inspection staff to balance staffing with workload. The program is funded by roughly $2.0 million in cash fee-for-service and $200,000 General Fund annually.

In April 2008, one of the program supervisors resigned, and the Department elected not fill this position until the seasonal inspection workload increased. Subsequently, the Governor implemented a hiring freeze which established strict protocols on what positions would be considered for an exemption. The Department determined that this position, although critical to meeting the marketing act requirements outlined in Article 23 of Title 35 of the Colorado Revised Statutes, did not meet the exemption criteria and therefore an exemption was not sought and the position remains vacant.

A comparison of inspection workload data, including that of the supervisors and specifically related to potato inspections, from FY 2007-08 and FY 2008-09 year-to-date illustrates an increased workload. In FY 2007-08 inspectors averaged 140,462 hundred weight as compared to FY 2008-09 in which inspectors are averaging 160,488 hundred weight, a 14% increase in workload. The Department is currently anticipating its FY 2009-10 workload to be consistent with the FY 2008-09 workload.

This position is critical to the timely response to calls for service from the industry and to direct program staff to inspection sites efficiently, based on movement of product. The goal of this program is to have an inspector on site within 30 minutes of being called by the growers. In FY 2007-08 the Department had a 95.7% rate of response within 30 minutes of the inspection call. The first two quarters of FY 2008-09 show a decreased efficiency in responding in 30 minutes with response rates of 87.6% and 90.6%, respectively. Increased inspection wait times result in delays in product standard certification and loading the product on to trucks for shipping which result in increased distribution costs for the growers.

Office of State Planning and Budgeting
Comeback Request

Department:	Revenue
OSPB Priority Number:	**9**
Original Department Priority:	2
Title:	Imaging Costs for Motor Vehicle Dealer Licensing Board

SELECT ONE:

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

	FY 2008-09 Appropriation	FY 2009-10 Request	JBC Action	Comeback Request	Difference Between Action and Comeback Request
Enforcement Business Group, Motor Vehicle Dealer Licensing Boar, Operating Expense	$72,003	$180,793	$94,503	$180,793	$86,290
FTE	0.0	0.0	0.0	0.0	0.0
GF	$0	$0	$0	$0	$0
CF	$72,003	$180,793	$94,503	$180,793	$86,290
RF	$0	$0	$0	$0	$0
FF	$0	$0	$0	$0	$0

Summary of Initial Request:

The Motor Vehicle Dealer Licensing Board requests additional Auto Dealers License Cash Fund spending authority of $86,290 in FY 2009-10 and $24,520 for FY 2010-11 and beyond from the Auto Dealers Licensing Fund. These moneys would pay Integrated Document Solutions (IDS) to image both document backlog ($61,770) and projected annual workload ($24,520).

The IDS is part of the Central Services Division within the Department of Personnel and Administration. Services provided by the IDS include digital imaging, microfilm conversion, and data entry. The Auto Industry Division currently microfilms documents with the assistance of the Drivers Services Section. As the Driver Services Section is moving to digital imaging, the Auto Industry Division will have no means to microfilm or digital image documents. Without funding to pay DPA for microfilm conversion services, the Division will be required to revert to storing all original paper documents. This means of storage is neither efficient nor secure.

Committee Action:
Consistent with the staff recommendation, the members of the Joint Budget Committee voted unanimously to deny this entire change request. The JBC's decision resulted in $86,290 cash funds less than the request. This decision was based on concern related to the solvency of the Auto Dealers License Fund which is supported by fees paid by auto dealers, sales persons, and manufacturers.

OSPB Comeback:
The Department of Revenue respectfully requests the Joint Budget Committee reconsider its decision to deny this request and increase the Operating Expenses line item by the original amount requested ($86,290 more than provided). This would enable Board employees to manage their responsibilities more efficiently and also allow the Department to reduce its overall dependence on microfilm to store critical data.

	Documents	**FY 2009-10 Request**	**FY 2010-11 Request**
Backlog of documents	500,000	$61,770	$0
Current year workload	200,000	$24,520	$24,520
		$86,290	**$24,520**

The committee expressed concern about the solvency of the Auto Dealers License Fund. To address this matter, the Board has approved fee increases and the Department is in ongoing discussion with the Board about the sufficiency of the fees to ensure the ongoing solvency of the fund.

Approval of the request will result in the immediate benefits for the Board. These benefits include decreased wait time to film documents, quicker document retrieval via website access, improved document print quality, and the elimination of document storage issues. At the cost of approximately 12 cents per page, customer service for clients will also improve. As a whole, staff will save hundreds of hours trying to locate documents within the Division's current manual configuration. These employees will be able to fulfill more critical job responsibilities. Documents will be available for retrieval on a daily basis and will be accessible to field offices.