

GOVERNOR'S OFFICE

Office of State Planning and Budgeting

FY 2007-08 Executive Department Supplemental Comebacks

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Todd Saliman, Director
Governor's Office of State Planning and Budgeting
State Capitol, Room 111
200 E. Colfax Avenue
Denver, Colorado 80203
Phone 303/866-3317 • Fax 303/866-3044

Summary of FY 07-08 Supplemental Comebacks

Priority Number	Department	Title
1	Human Services	Monitoring for Not Guilty by Reason of Insanity
2	Personnel and Administration	Capitol Complex Master Plan
3	Regulatory Agencies	Leased Space to Accommodate FTE Increase
4	Education	Increase in Legal Services Costs
5	Personnel and Administration	Common Policy True-ups including: GGCC, Communications Services, and Capitol Complex Leased Space

**Office of State Planning and Budgeting
Comeback Requests**

Department:	Human Services
OSPB Comeback Priority Number:	1
Original Department Priority Number:	1
Change Request Title:	Staff and Operating Funding to Improve Monitoring of the Not Guilty by Reason of Insanity Outpatients in the Community

SELECT ONE:

- Decision Item FY 08-09
 Base Reduction Item FY 08-09
 Supplemental Request FY 07-08
 Budget Request Amendment FY 08-09

	FY 2007-08 Appropriation	Request	JBC Action	Comeback Request	Difference between Action and Comeback Request
Total	\$101,433,685	\$114,862	\$0	\$114,862	\$114,862
FTE	1,351.8	1.0	0.0	1.0	1.0
GF	\$77,265,158	\$114,862	\$0	\$114,862	\$114,862
CF	\$4,684,390	0	\$0	\$0	\$0
CFE	\$17,554,778	0	\$0	\$0	\$0
FF	\$1,929,359	0	\$0	\$0	\$0

Summary of Initial Request:

The Department of Human Services requests \$114,862 GF and 1.0 FTE to provide technical assistance, training, and security assistance to community mental health centers that are court ordered to be primarily responsible for the supervision and treatment of forensics outpatients who have progressed to community settings.

This request includes funding for:

- The replacement of state fleet vehicles with four leased vehicles
- Global Positioning System (GPS) to track patient movement and alcohol use
- Database improvements to track patients
- Program quality oversight improvements
- Additional staff for safety and Forensic Community Based Services (FCBS) outpatient monitoring

- Drug-detecting canine
- AED and SAED
- Fleet variable mileage

Due to the potential volatility of these patients, the Colorado Mental Health Institute is requesting funds for state oversight so that it can manage community program oversight with regard to treating forensic patients in the community, on a more deliberate, frequent and consistent basis.

Committee Action:

The JBC denied the request because they found that it did not meet supplemental criteria of new data resulting in substantial changes in funding needs.

Comeback:

In August 2007, a forensic outpatient attacked a student at the University of Colorado at Boulder. This patient was under the primary care and treatment of a community mental health center and had been in the community for two years. This event constituted 'new data' for the Department; because it brought to the forefront the risks associated with forensic outpatients in the community. The Department must create a stronger and more proactive partnership with the community mental health centers in the care and treatment of forensic patients in the community. This partnership includes more training and technical assistance in the areas of conducting risk assessments, identifying 'high-risk' changes in behavior, and providing security personnel, including a drug-detecting canine.

This request was submitted as a supplemental because the Department is urgently in the process of conducting risk assessments on all forensics patients living in the community and wants to develop this capacity so that these activities may be sustained on a statewide basis indefinitely in order to prevent future events that pose a risk to public safety. Therefore, OSPB requests this comeback for \$114,862 GF and 1.0 FTE for FY 2007-08.

**Office of State Planning and Budgeting
Comeback Requests**

Department:	Personnel and Administration
OSPB Comeback Priority Number:	2
Original Department Priority Number:	6 (FY 07-08 Capital Priorities)
Change Request Title:	Capitol Complex Master Plan

SELECT ONE:

- Decision Item FY 08-09
 Base Reduction Item FY 08-09
 Supplemental Request FY 07-08
 Budget Request Amendment FY 08-09

	FY 2007-08 Appropriation	Request	JBC Action	Comeback Request	Difference between Action and Comeback Request
New Office Building, 1555 Sherman Street CAPITOL COMPLEX MASTER PLAN	\$0	\$0	\$0	\$0	\$0

Summary of Initial Request:

In the December 10, 2007 submission of capital supplemental requests to the Capital Development Committee, the Department of Personnel and Administration (DPA) proposed that previously appropriated capitol construction funds be redirected to use these funds more effectively. DPA and the Office of State Planning and Budgeting would like to redirect funds appropriated in FY 2006-07 for the 1555 Sherman Street Mixed-Use Office Building to the development of a comprehensive master plan for the Capitol Complex in order to develop a 20-30 year road map for future use of state owned and leased facilities. Therefore, the Department requested changing the name of an FY 2006-07 appropriation so that it can spend the money to develop a master plan for the capitol complex rather than to develop architectural and engineering plans for a mixed-use office building. The Capital Development Committee recommended approval of the request.

Of the \$1,700,000 appropriated in FY 06-07 for the Mixed-Use Office Building project, \$313,500 has been expended for honorariums for the design competition and fees for the feasibility study. A balance of \$1,386,500 remains. It is the intent of this request to direct those remaining funds to the master plan effort as outlined below:

Component	Total Funds
PHASE I : Investigation/Discovery/Goals and Objectives:	\$75,000
PHASE I: Strategic Analysis/Business Plan:	\$125,000
PHASE III: Projections of Space Needs:	\$50,000
PHASE IV: Development of Alternatives/Selection:	\$100,000
PHASE V: Master Plan Documentation/Facilities/Site Immediate and Long Term Development Plans:	\$100,000
PHASE VI: Implementation/Development of Capital Construction Request(s) to the Legislature:	\$450,000*
Subtotal	\$900,000
PROFESSIONAL SUBCONSULTANTS (All Phases)	\$150,000
- Urban Design/Architecture/Landscape/Graphics:	
- Parking/Transportation:	\$25,000
- Historic Preservation:	\$25,000
- Security:	\$50,000
- LEED:	\$25,000
- Cost Estimating/Life Cycle Cost Analysis:	\$25,000
- Financial Planning:	\$50,000
Subtotal	\$350,000
CONTINGENCY	\$25,000
- Reimbursables:	
- Project:	\$111,500
Subtotal	\$136,500
TOTAL	\$1,386,500

*Including efforts to coordinate the expansion of the Judicial Branch and the relocation of the Colorado History Museum.

Committee Action:

The Committee approved JBC staff recommendation to deny this supplemental based upon the assertion that it does not meet supplemental criteria.

Comeback:

The Department requests that the Committee approve the supplemental request as submitted. It is very important to the entire State that the Capitol Complex buildings be planned in an efficient and coordinated manner. Such a plan may, in the long run, reduce costs due to uncoordinated planning. This request does not require the appropriation of any new funding; only the approval to utilize previously appropriated funds in a more effective manner. The development of a Capitol Complex Master Plan will ensure that future state funds are used in the most effective manner. The development of a Master Plan is more important now given recent discussions about potentially relocating the Judicial Department and/or the Historical Society.

The Office of State Planning and Budgeting is working with the Department to improve coordination with the Joint Budget Committee and to facilitate the transmission of necessary data.

OSPB requests this comeback to use the current appropriation for a Capitol Complex Master Plan.

**Office of State Planning and Budgeting
Comeback Requests**

Department:	Regulatory Agencies
OSPB Comeback Priority Number:	3
Original Department Priority Number:	1
Change Request Title:	Leased Space to Accommodate FTE Increase

SELECT ONE:

- Decision Item FY 08-09
 Base Reduction Item FY 08-09
 Supplemental Request FY 07-08
 Budget Request Amendment FY 08-09

	FY 2007-08 Appropriation	Request	JBC Action	Comeback Request	Difference between Action and Comeback Request
Total	\$75,945,189	\$40,931	\$0	\$40,931	\$40,931
FTE	562.7	0.0	0.0	0.0	0.0
GF	\$1,491,841	\$0	\$0	\$0	\$0
CF	\$64,567,855	\$40,931	\$0	\$40,931	\$40,931
CFE	\$8,674,805	\$0	\$0	\$0	\$0
FF	\$1,282,688	\$0	\$0	\$0	\$0

Summary of Initial Request:

Based on the passage of 13 bills adding 15.2 FTE in FY 07-08 and 17.5 in FY 08-09 to the Department, DORA requested \$40,931 Cash Funds (\$163,772 Cash Funds in Year 2 and beyond) in additional leased space funding to accommodate the new staff across various programs. Neither the fiscal note process nor the Department's existing space accommodates the addition of so many FTE, and this represents new data that was not available at the time of the original request. Securing leased space enables the Department to have a location at which to meet all performance measures outlined in the Department's Strategic Plan.

Committee Action:

JBC staff recommended approval of the request. The request failed 3-3. Committee members expressed concerns regarding the amount of leased space used by state agencies and suggested that the state would achieve long-run savings by buying or constructing office space rather than leasing.

Comeback:

OSPB supports the Department's comeback request because the alternatives to the supplemental request all present increased costs and administrative difficulties as noted in the original request:

- It is not possible to reconfigure current space to accommodate these FTE;
- No resources are available to reconfigure current space, which would require significant investment in build out and purchase of modular offices;
- Locating the new specific functions and staff to outlying communities where commercial space may be less expensive does not appear to be feasible, as the staff is cumulative across Divisions and not a single, contiguous unit or function.
- Telecommuting carries with it a number of administrative difficulties, among them the attraction and retention of staff, adequate supervision, the timely availability of employees to one another and to the public, network connectivity, and added travel time and costs to and from meetings. Further, this is a relatively untested arrangement at the Department; both costs and unexpected difficulties are likely. Perhaps the greatest problem with this arrangement is the confidentiality of secure data – telecommuting carries inherent risks with maintaining secure information.

While the Department does not dispute the importance of having a comprehensive, long-term statewide approach to office space needs, the Department has an immediate issue because it cannot adequately implement the intent of the Legislature without space to house the additional FTE appropriated to the Department.

It should be noted that the Department collocated in its present building from multiple buildings in downtown Denver with the specific goal of using all its space needs to leverage an extremely favorable lease rate for space (approximately \$16/sf compared to market rates of \$29/sf).

OSPB is currently starting to examine lease arrangements of all State agencies as a first step in a planning process to maximize the efficiency of the State's use of its real estate. In addition, with JBC approval, the State Architect will commence a master planning process for the Capitol Complex. However, these planning exercises are a long range exercise. Given that the Department is experiencing unexpected and unappropriated substantial FTE growth as a result of the various bills passed in the 2007 session, OSPB requests providing supplemental funding so that Department can accommodate this growth.

**Office of State Planning and Budgeting
Comeback Requests**

Department:	Education
OSPB Comeback Priority Number:	4
Original Department Priority Number:	3
Change Request Title:	Increase in Legal Services Costs

SELECT ONE:

- Decision Item FY 08-09
 Base Reduction Item FY 08-09
 Supplemental Request FY 07-08
 Budget Request Amendment FY 08-09

	FY 2007-08 Appropriation	Request	JBC Action	Comeback Request	Difference between Action and Comeback Request
Total	\$267,159	\$76,178	\$0	\$34,466	\$34,466
FTE	0.0	0.0	0.0	0.0	0.0
GF	\$137,505	\$76,178	\$0	\$34,466	\$34,466
CF	\$129,654	\$0	\$0	\$0	\$0
CFE	\$0	\$0	\$0	\$0	\$0
FF	\$0	\$0	\$0	\$0	\$0

Summary of Initial Request:

The Department of Education (CDE) requested an increase of \$76,168 General Fund to the "Legal Services" line for anticipated increased legal costs in FY 2007-08. (1,057 hours based on \$72.03 per hour blended rate.) Based on current projections, the appropriation for the General Fund component of the legal services appropriation will not be sufficient in FY 2007-08 to cover anticipated costs.

The main cost driver in the legal service billings are costs related to charter school appeals and legal costs related to applications for a district to retain exclusivity in authorizing charter schools. The State Board of Education has scheduled additional state board meetings in March, April and May 2008 to handle charter schools appeals.

Committee Action:

JBC staff recommended partially funding the Department's request and using another appropriation related to the Charter School Institute to cover costs related to exclusive chartering authority (this is explained in further detail below). The Committee voted to deny the Department's request for supplemental legal services funding in total.

Comeback:

The State Board of Education has little control over the number of Charter School appeals that must be heard each year as required by statute. The Charter School Act 22-30.5-108 C.R.S. (2007) specifies the process a Charter School must follow to appeal the decision of a local board of education. The State Board of Education must follow this statute and if a Charter School wishes to appeal the decision of a local board, the State Board of Education must hear the appeal. In preparation for the appeal hearing, the State Board of Education will incur legal costs.

The Department's Legal Services Long Bill line consists of three funding sources:

1. Cash Funds Exempt from the On-line Education Cash Fund to provide services to the Division of On-line learning;
2. Cash Funds from the Educator Licensure Cash Fund to provide services to the Office of Professional Services; and
3. General Fund which provides services to Department staff and the State Board of Education.

The General Fund portion of the Legal Services line is used to primarily purchase legal services for Charter School appeals (includes exclusive chartering authority), administration and school finance. Per the Department, a significant portion of the General Fund appropriation is spent addressing Charter School appeals.

Per Statute, the Department annually retains up to two percent of the withheld per pupil funding for Institute Charter Schools. The Department can use these funds for administrative support of the Charter School Institute. The Department has not historically used the two percent withholding for legal services but now believes that this is an appropriate use of the withheld funds going forward.

Due to the Department's intent to utilize a portion of the withheld funds for legal services related specifically to appeals for exclusive chartering authority, the Department has revised the estimated General Fund need for legal services. The Department now anticipates a need of \$34,466 which is in conjunction with the JBC staff recommendation.

Not funding this request potentially hurts all areas of the Department that utilize legal services during the year (e.g., school finance, administration, special education, and the Colorado School for the Deaf and the Blind). Without this increased funding the Department is likely to overspend the legal service appropriation. Therefore, OSPB requests this comeback for \$34,466 General Fund for FY 2007-08.

**Office of State Planning and Budgeting
Comeback Requests**

Department:	Personnel and Administration
OSPB Comeback Priority Number:	5
Original Department Priority Number:	1, 2, 4
Change Request Title:	Common Policy True-ups

SELECT ONE:

- Decision Item FY 08-09
 Base Reduction Item FY 08-09
 Supplemental Request FY 07-08
 Budget Request Amendment FY 08-09

	FY 2007-08 Appropriation	Request	JBC Action	Comeback Request	Difference between Action and Comeback Request*
Total	\$12,539,513	\$1,861,732	\$478,636	\$503,863	\$25,227
GF	\$5,956,189	(\$2,683,544)	\$368,761	\$393,518	\$24,757
CF	\$0	\$7,240	\$0	\$0	\$0
CFE	\$6,583,324	\$4,538,036	\$109,875	\$110,345	\$470
FF	\$0	\$0	\$0	\$0	\$0
Purchases of Services from Computer Center	\$5,968,636	\$1,856,331	\$476,495	\$498,462	\$21,967
GF	\$5,386,378	(\$2,692,199)	\$367,902	\$384,863	\$16,961
CF	\$0	\$7,240	\$0	\$0	\$0
CFE	\$582,258	\$4,541,290	\$108,593	\$113,599	\$5,006
FF	\$0	\$0	\$0	\$0	\$0
Capitol Complex	\$6,569,728	\$5,701	\$2,457	\$5,701	\$3,244
GF	\$568,662	\$8,955	\$1,175	\$8,955	\$7,780
CF	\$0	\$0	\$0	\$0	\$0
CFE	\$6,001,066	(\$3,254)	\$1,282	(\$3,254)	(\$4,536)
FF	\$0	\$0	\$0	\$0	\$0
Communications Services	\$1,149	(\$300)	(\$316)	(\$300)	\$16
GF	\$1,149	(\$300)	(\$316)	(\$300)	\$16
CF	\$0	\$0	\$0	\$0	\$0
CFE	\$0	\$0	\$0	\$0	\$0
FF	\$0	\$0	\$0	\$0	\$0

There will be corresponding adjustments needed for agencies benefiting from these common policy adjustments, if this recommendation is approved. The estimated statewide impact is below:

Purchases of Services from Computer Center		
Action	Statewide Supplemental (Total Funds)	Comments
Department Request	\$3,889,376	As requested
JBC Action	(\$194,514)	Removes Technology Management Unit (TMU) refinance, depreciation, and overhead (JBC staff document, page 12)
Comeback Request	\$475,623	Restore depreciation and overhead - amount includes JBC action on 1/24 to correct for Department of Human Services allocation
Difference	\$670,137	\$402,000 General Fund estimate

Capitol Complex Leased Space		
Action	Statewide Supplemental (Total Funds)	Comments
Department Request	\$152,827	As requested
JBC Action	(\$2,440)	Removes depreciation (JBC staff document, page 21)
Comeback Request	\$152,827	Restores depreciation
Difference	\$155,267	\$93,000 General Fund estimate

Communication Services		
Action	Statewide Supplemental (Total Funds)	Comments
Department Request	(\$18,320)	As requested
JBC Action	(\$105,289)	Removes depreciation, leased space, TMU refinance, and sick and leave payouts (JBC staff document, page 29)
Comeback Request	(\$376,626)	Restore depreciation, leased space, and sick and annual leave payouts
Difference	(\$271,337)	(\$160,000) General Fund estimate

Overall Statewide Comeback	\$554,067 Total Funds	\$335,000 General Fund Estimate
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Summary of Initial Request:

The Department annually submits statewide supplemental requests to true up appropriations and allocations for central functions for statewide benefit. The Department's requests for these items included budget to actual adjustments for statewide agency and program usage from the prior year, and updated information for common policy program cost recoveries that wasn't available until after Figure Setting for the current year.

Committee Action:

JBC staff recommendations for the identified common policies included only a portion of the requested recoverable cost items. Recoverable cost items that were not recommended include: depreciation, leased space, sick leave, and retirement payouts. The Committee approved JBC staff's recommendation.

Comeback:

The Department seeks to restore the original intent of the true-up process by including recoverable costs that meet Supplemental criteria. The comeback requests that all "new data" items be included in the recoverable cost calculation (not including items related to the Technology Management Unit refinance for FY 07-08 which was denied by the Committee). The Department's request is based on the following concerns:

- Agency allocations are developed based on prior year utilization levels, and these data are not available until after the fiscal year ends and well after Figure Setting. The Department believes that the recoverable costs submitted in these true-up requests are valid and meet Supplemental criteria as "new data".
- Appropriations for common policy items that are figure-set in March do not contain year-end values for certain items. For example, if the Committee approves lower amounts for salary adjustments in the new fiscal year, the Supplemental will true up the lower salary survey appropriations within the programs and adjust appropriations to agencies accordingly. These common policy adjustments satisfy Supplemental "new data" requirements.
- Depreciation estimates included in the Department's recoverable cost calculations are not available until August of the current fiscal year when the prior fiscal year closes and accounting work is complete which satisfies "new data" requirements.
- The Department entered into a formal agreement with federal auditors allowing Colorado's Supplemental process to satisfy their concerns with budget-to-actual differences. The Committee approved appropriations to correct this last fiscal year. If the recent Committee recommendations for this year's Supplemental are not revised, the State is essentially in a breach position of this agreement, as below, and is reversing what it accomplished last year:

For the Computing Services Internal Service Fund, the State did not adjust for the variance between the revenue generated by each billed service and the actual allowable costs for FY 2005. The State agreed that each department's

supplemental appropriation for FY 2007 will include the FY 2005 variance adjustment along with the FY 2006 adjustment. For future years, the supplemental appropriation for a fiscal year will include the prior year's variance adjustment.

- Without adhering to the federal audit agreement, the State may be forced to refund the federal government for items that aren't recovered, including interest, if federal auditors find the State has been inappropriately holding monies due them in refunds through this true-up process.

Therefore, the Office of State Planning and Budgeting requests that the Committee approve the inclusion of all allowable recoverable costs associated with these common policies that meet the "new data" Supplemental criteria.