

MEMORANDUM

TO: Joint Budget Committee Members

FROM: John Ziegler, JBC Staff

SUBJECT: Summary of Potential JBC Bills Discussed During the FY 2012-13 Briefing and Hearing Process

DATE: January 11, 2012

Attached for your consideration is a list of potential legislation that was discussed during the FY 2012-13 briefing and hearing process. This potential legislation may have been requested by the department, recommended by the staff, or suggested by a JBC member. Pursuant to the Joint Budget Committee rules, a unanimous vote of the JBC is necessary for a bill to be considered a JBC bill.

Please note that this list only includes items discussed during the briefing and hearing process. There may be other bills requested or recommended during the supplemental and figure setting processes upon which the JBC will take action.

**List of Legislation Requested, Recommended, or Suggested
During FY 2012-13 Budget Briefings and Hearings**

Agriculture (JBC Staff = Joy Huse):

1. Staff recommends the JBC sponsor legislation to permanently cash fund all Inspection and Consumer Services programs. Inspection and Consumer Services programs were cash funded for two years pursuant to H.B. 10-1377.
2. Staff recommends the JBC sponsor legislation to remove indirect cost caps on the Brand Board, Alternative Livestock, Chemigation, and Agricultural Products Inspection programs.

Corrections (JBC Staff = Steve Allen):

3. Staff recommends that the Committee sponsor legislation that allows the Department of Corrections to optionally limit reimbursements when the death penalty is sought by a District Attorney.

Governor's Office (JBC Staff = Kevin Neimond):

4. Sen. Lambert moved that the JBC draft legislation as suggested by Dara Hessey of OIT. He indicated that Kevin Neimond had a white paper describing what the bill should contain.
5. Staff recommends that the Joint Budget Committee sponsor legislation to create a legislatively-recognized, formalized governance structure through a special authority for the Digital Trunked Radio System (DTRS). Staff recommends an authority comprised of State, local, regional, federal, and tribal participants be created in statute to work in formal partnership to develop funding strategies to ensure the long-term sustainability of DTRS.
6. The Governor requests legislation to decrease the amount of moneys transferred from limited gaming tax revenue to the General Fund by \$6.1 million to fund the Governor's Office of Energy and increased performance-based film incentives administered by the Colorado Office of Film, Television, and Media.
7. The Governor requests legislation to raise the allowable incentive for film production from 10 percent to 20 percent of the total amount of the production company's qualified local expenditures. Additionally, the Governor requests the creation of a gap loan program to provide up to 20 percent of a production's costs in the form of a low-interest bank loan that is guaranteed by the State.

Health Care Policy and Finance (JBC Staff = Eric Kurtz):

8. Staff recommends that the JBC sponsor legislation to continue the 1.5% reduction in Class I nursing facility reimbursement rates originally implemented in FY 2010-11 by H.B. 10-1324 and continued in FY 2011-12 by S.B. 11-215.
9. Staff recommends authorizing the Hospital Provider Fee to offset the need for General Fund in the Medical Services Premiums line in FY 2013-14 in the amount of the benefit to the Hospital Provider

Fee from the ACA enhanced federal match. This requires legislation, but could be done in either the 2012 or 2013 legislative session.

10. Staff recommends discussing with the Department whether legislation should authorize the Old Age Pension Health and Medical Care Fund to pay the state share of costs to expand Medicaid eligibility to people who qualify for the Old Age Pension State Health and Medical Care Program.
11. The Governor proposes allowing state employees to enroll their eligible children in the Children's Basic Health Plan (CHP+). This will result in an increase in expenditures for the CHP+ program and a decrease in expenditures for state employee health benefits. The request describes the net impact as a savings, but the General Fund expenditures are not quantified. The CHP+ program receives a 65.0 percent federal match on expenditures, and the per capita costs for CHP+ are projected to be lower than the annualized state contribution to premiums for employee's dependents. The change would also benefit state employees as the cost-sharing in CHP+ is lower than the employee contribution toward the current state health plans.

Human Services:

County Administration (JBC Staff = Amanda Bickel)

12. Staff recommends the JBC sponsor legislation to modify Section 26-13-108 (1), C.R.S., which specifies that “the state may redirect the state’s share [of recoveries] to the county pursuant to section 26-13-112.5 [state incentives to the counties for child support enforcement]”. This statute previously specified that 50 percent of the state’s share of recoveries would go to counties for child support enforcement incentives but is now open-ended, and legislative intent is therefore unclear. Staff suggests that the statute be modified to indicate that the amount of the state’s share of recoveries allocated to counties will be specified annually by Long Bill footnote. *[The Department's hearing response indicated that it was open to working with JBC staff on this issue, although its position is still not clear.]*

Child Welfare (JBC Staff = Amanda Bickel)

13. Staff recommends the Joint Budget Committee sponsor legislation to facilitate the implementation of Title IV-E waiver. Any statutory change should require that a waiver be in the state's financial interest and, at a minimum, cost-neutral. *[The Department's hearing response indicated that because federal rules related to a IV-E waiver will not be issued until the Spring, it does not believe this issue is ripe for action. Staff recommends revisiting this issue at figure setting/later in the session.]*

Judicial (JBC Staff = Carolyn Kampman):

14. Staff recommends that the Committee consider sponsoring legislation to codify the current policy of requiring prosecuting attorneys in criminal cases to make discoverable material available to the defense as soon as practicable, and to clarify what types of related expenditures the prosecuting attorney is allowed to recover from the defendant (or in the case of an indigent defendant, the State). *[Delay JBC action: The JBC has been briefed on the State Court Administrator's recommendation concerning such a statutory change, and the JBC has asked both the Attorney General and the Colorado District Attorneys' Council to make specific recommendations concerning such a statutory change prior to the JBC voting on this proposal. The latter recommendations are not expected to be available until January 18, at the earliest.]*

Labor (JBC Staff = Joy Huse)

15. Staff recommends that the Committee sponsor legislation to increase the weekly benefit amount offset from 25 percent to 75 percent in cases of nonfraud Unemployment Insurance benefit overpayments.

Natural Resources

State Land Board (JBC Staff = Craig Harper)

16. Staff recommends that the Committee sponsor legislation to increase deposits of school trust proceeds to the Permanent Fund.

CWCB-Severance Tax Perpetual Base Account Transfer (JBC Staff = Viktor Bojilov)

17. The Governor/DNR proposes a transfer of \$33.85 million from the Perpetual Base Account of the Severance Tax Trust Fund to the General Fund in FY 2012-13.

Revenue (JBC Staff = David Meng)

18. Staff recommends that the Joint Budget Committee (JBC) sponsor legislation, as requested by the Department of Revenue, to permanently cash fund the operations of driver's license office, by directing that all fees from driver's licenses and identification documents be directed into the Licensing Services Cash Fund, which is authorized by statute to used for the costs of personal services and operating expenses incurred in the operation of driver's license offices. This would permanently replace General Fund in the operations of driver's license offices, though it would reduce HUTF moneys available for distributions to the state's highways, and county and city roads.
19. Staff recommends that the Committee sponsor legislation, as requested by the Department of Revenue, to refinance the collection and administration of severance taxes that are currently funded by the General Fund to the Severance Tax Trust Fund and the Local Government Severance Tax Fund.
20. *[Bill also affects the Department of the Treasury]* Staff recommends that the Committee consider sponsoring legislation, as requested by the Governor's Office of State Planning and Budgeting (OSPB) to continue the suspension of the Senior Citizen Homestead Exemption (*which is in the Treasury Department of the Long Bill*). OSPB is requesting expansion of the income limits for the Old Age Heat and Fuel and Property Tax Assistance program. OSPB has not yet identified the new income

limits it is suggesting, but they will expand the program by \$9.5 million in FY 2012-13. Due to the single subject requirement for a bill, this may require two bills to accomplish. *[The JBC can choose to wait until figure setting for the Long Bill to decide if they wished to sponsor this legislation as it is part of the FY 2012-13 request.]*

Statewide (JBC Staff = Eric Kurtz)

21. Staff recommends that the JBC sponsor legislation, or make an amendment to a bill, to make a technical change to the FTE definition in Section 24-75-112 (1) (d) (I), C.R.S. to remove the reference to 2,080 hours. A change like the following would correct the technical problem with the definition: "who are paid for ~~at least two thousand eighty hours per~~ EIGHT HOURS PER WORKDAY IN THE fiscal year."
22. Staff recommends that the JBC sponsor legislation to make the statutory FTE reporting requirement in Section 24-50-110 (1) (d), C.R.S. more reasonable, clear, and meaningful. Specifically, staff recommends:
 - Changing the frequency of the report from monthly to quarterly, or possibly annually;
 - Making the Department of Personnel responsible for a consolidated report to OSPB and the JBC, rather than requiring individual reports from each department;
 - Extending the report to include actual FTE at the higher education institutions; and,
 - Limiting the scope of the "reconciliation" to a comparison between actual FTE and appropriated FTE, for appropriated positions. Staff recommends that the JBC work with the Department and OSPB on the specific language to identify and minimize any potential conflicts over the separation of powers between the legislative and executive branches.
23. The Governor proposes reversing the pay date shift for state employees paid on a bi-weekly basis. This would require legislation to undo a portion of S.B. 03-197 that shifted the date for June paychecks to July for employees paid from the General Fund. The Governor's budget letter estimated the cost of this change at \$1.6 million, including benefits.
24. *ALSO LISTED UNDER HCPF* -- The Governor proposes allowing state employees to enroll their eligible children in the Children's Basic Health Plan (CHP+). This will result in an increase in expenditures for the CHP+ program and a decrease in expenditures for state employee health benefits. The request describes the net impact as a savings, but the General Fund expenditures are not quantified. The CHP+ program receives a 65.0 percent federal match on expenditures, and the per capita costs for CHP+ are projected to be lower than the annualized state contribution to premiums for employee's dependents. The change would also benefit state employees as the cost-sharing in CHP+ is lower than the employee contribution toward the current state health plans.

Tobacco Policy (JBC Staff = Amanda Bickel):

25. Staff recommends that the Committee sponsor legislation to: (1) direct all Tobacco Settlement revenues to the General Fund; (2) replace current Tobacco Settlement allocations with General Fund appropriations; and (3) establish statutory procedures for special review of the funding levels for any

programs created or expanded with Tobacco Settlement funds if Tobacco Settlement revenue falls below a set level.

If the Committee is not comfortable pursuing a change this dramatic, staff would recommend various other statutory changes addressing disputed payments, accelerated payments, the Short Term Innovative Health Grant Program Grant Fund, the Autism Fund, and the State Auditor's Office Tobacco Settlement funding. *[Staff will review this list again in detail with the Committee if it chooses this route so that that the Committee can make specific decisions regarding each of these items.]*

Department of the Treasury

26. *The OSPB request to continue the suspension of the Senior citizen Homestead Exemption is included with the legislation in the Department of Revenue as the OSPB request impacts both departments.*