

House Bill 08-1320
The "Long Bill Recast"

House Bill 08-1320
Concerning a change in the designation of certain appropriations that are currently designated as cash funds exempt appropriations
Effective July 1, 2008

House Bill 08-1320
The House Bill:

- Changed the term Cash Funds Exempt throughout legislation to either Cash or Reappropriated
- Changed Cash Funds Exempt transfer provisions



History

- In 1994 the 5-column Long Bill was introduced
 - Objective to inform legislators when they are spending money potentially refundable by the General Fund
 - Created a perception
 - Budget = TABOR



History

- Persistent disconnect between the Long Bill presentation and the TABOR calculation
 - Long Bill based on original source of the funds
 - TABOR assessed with each transaction
 - Once federal always federal for TABOR, but federal pass-thru awards from agency to agency have been budgeted as Cash Fund Exempt
 - Transfers or services between state agencies
- Long Bill is an expenditure control mechanism, it does not function well as a revenue control



Why Now?

- JBC feels usefulness of TABOR concepts in the Long Bill has passed
 - Difficult to understand
 - Sometimes incorrect
- Opportunity to address confusion and clarify duplications in the Long Bill



How have we made it work?

- OSC work around
 - Maintain two separate indicators
 - Budget indicator to match Budget presentation
 - Background indicator to track TABOR revenue
 - For non-transfer revenue source codes (RSRC)
 - Budget and TABOR required to align
 - Certain codes duplicated as exempt (EX) and nonexempt (NE) to match who uses them
 - Transfer codes:
 - Budget indicator (GCF) to match budget presentation
 - All exempt (EX) for TABOR except when district boundary crossing



Why it did not work?

Budget Indicator by TABOR Indicator

What does HB 08-1320 do?

- Impact of the name of the Cash Funds Exempt column to Reappropriated



- Removes TABOR concept from the Long Bill (Partially – GFE still exists)
- Maintains five column format

Long Bill Reconfiguration

Changes content of Cash column and new Reappropriated (formerly Cash Funds Exempt) column, to include:

Keep in Mind That...



- Creates an agreed upon budget definition of the "true" size of government
 - Not all duplications are identified as Reappropriated
 - Implied spending authority is not reflected in the Long Bill
- Does not completely remove TABOR concept from the Long Bill
 - General Fund Exempt still presented as a column

Keep in Mind That...



- Reappropriations are not equal to accounting transfers
 - Reappropriated column will include program revenues if duplicated (ISF and legal service charges)
 - Reappropriated column will not include all accounting transfers; excludes transfers where the source agency does not have an appropriation [implied authority]

Keep in Mind That...

- Divorcing the TABOR concept from the budget will be difficult, for example
 - Both TABOR exempt and nonexempt revenue will be annotated in the Cash column
 - Agencies will have to code revenue based on TABOR indicator and the budget (GCF) indicator
- To help, TABOR indicator has been published in the Chart of Accounts



Key Assumptions

- Assume five columns are distinct and are the legal budget (Cash and Reappropriations columns cannot be combined)
- Assume expense/diture allocation is the same regardless of column 4 title (Cash Funds Exempt or Reappropriated)
 - After Federal
 - Before Cash



OSC's Initial Evaluation

- The OSC attempted to anticipate the JBC's recast
 - Why, inadequate time between Long Bill draft and budget booking deadline to wait
 - How,
 - Obtained recast format for FY07-08 and compared to original (about 8,000 lines)
 - Identified revenue sources that were not budgeted in the same column as last year
 - Considered same column if budgeted as Cash Funds Exempt last year, and Reappropriated in recast version



OSC's Initial Evaluation

- For column changes:
 - Reconfigured more than 160 revenue source codes statewide to match their new column – Of these 16 are on the HE Chart (mostly transfer codes)
 - Created new codes
 - Changed budget (GCF) indicator
 - Retained existing budget (GCF) indicators:
 - G, X, C, W, and F
 - W now = Reappropriated



OSC's Initial Evaluation

- Preserved transfer code smart coding
 - Second character indicates Long Bill column
 - Aligns with budget (GCF) indicator
 - Avoids need to look up budget indicator for annotations
 - A = Cash
 - B = Reappropriated
- Changed titles of all transfer codes
 - NE (nonexempt) to CS (Cash)
 - EX (exempt) to RE (Reappropriated)



OSC's Initial Evaluation

- Spreadsheet summarizes OSC analysis
 - Purple highlight indicates a change
 - New code cited, if created
 - Budget indicator change noted

NEW OR CHANGED CODE	ORIGINAL ACCT CODE	ACCOUNT	ACCT_NAME	GCF
	5451	315451	SCHOLAR ALLOW-AUX S&S EXEMPT	W
	5470	315470	PLEGGED AUXILIARY REVENUES	C
	5850	315850	COURT ORDERED AWARDS	W
5851		Add new code with GCF = C and TABOR = Damage Awards.		
	5860	315860	INSURANCE RECOVERY-CURRENT YEAR	W
		Change GCF to C.		

OSC's Initial Evaluation

REAPPROPRIATED

ITEM & SUBTOTAL	TOTAL	APPROPRIATION FROM				FEDERAL FUNDS
		GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	
\$	\$	\$	\$	\$	\$	\$
(B) Mental Health Community Programs						
(1) Mental Health Services for the Medically Indigent Services for 10,296 Indigent Mentally Ill Clients^{6A, 6B}						
	37,534,243					
	37,784,604	31,389,126			161,909(T) ^a	5,983,208 ^b
	<i>250,361</i>					6,233,569 ^c
Early Childhood Mental Health Services ^{6A}	1,152,786	1,152,786				
Assertive Community Treatment Programs ^{6A}	1,297,274	648,637			648,637(L) ^f	
Alternatives to Inpatient Hospitalization at a Mental Health Institute ^{6A}	2,977,822	2,977,822				
Enhanced Mental Health Pilot Services for Detained Youth ^{6A}	500,414	500,414				
	<u>43,462,539</u>					
	43,712,900					
	<i>250,361</i>					

Stays in column as RE due to T notation

Moves to Cash column, lack of T notation – Requires new annotation

^a This amount shall be transferred from the Division of Vocational Rehabilitation.
^b Of this amount, it is estimated that ~~\$5,209,448~~ \$5,459,809 shall be from the Mental Health Services Block Grant and \$773,760 shall be from the Homeless Prevention Block Grant.
^c This amount shall be from local matching funds.

OSC's Initial Evaluation

- Analysis preliminary
 - Not able to consider changes from FY06-07 to FY08-09
 - May have misinterpreted use of codes
- Additional changes are inevitable
 - Contact Melissa Moynham at 303-866-3850 or melissa.moynham@state.co.us
 - For transfer codes, be sure to provide sending agency's COFRS agency code and fund and receiving agency's agency code and fund



Long Bill Booking Impact

- Because Higher does not annotate its revenue, Long Bill booking impact minimal
 - Budget now for Cash and budget for Reappropriated



Long Bill Booking Impact

- Still see Cash Funds Exempt on COFRS AP documents
 - COFRS expected to be updated in August 2008



HB 08-1320's Impact on Nonappropriated Activity

- All non-federal, nonappropriated activity now falls into the Cash budget column
 - Without TABOR concept in budget, activity does not meet criteria for inclusion as Reappropriated
- No codes specifically changed
 - However, many may have already been changed because budgeted in another agency
 - Contact Melissa Moynham 303-866-3850 for coding

Transfers

- Cash to Cash Funds Exempt transfers no longer necessary
 - Revenue and Fund Balance now both reside in Cash column
- Bill allows for bidirectional Cash to Reappropriated transfers
 - May be limited by footnote
 - Governor designates by Nov. 1 all line item transfers approved pursuant to revised C.R.S 24-75-107.5
 - Repealed June 30, 2010



The End

**Contact your FAST member
at any time with questions.**



Thank you!
