

SUMMARY

OF

FY2011-12

JOINT BUDGET COMMITTEE

BUDGET

BRIEFINGS

STATE OF COLORADO

SENATORS

Mary Hodge, Chair
Pat Steadman
Kent Lambert

REPRESENTATIVES

Cheri Gerou, Vice-Chair
Jon Becker
Mark Ferrandino

**STAFF DIRECTOR**

John Ziegler

JOINT BUDGET COMMITTEE

200 East 14th Avenue, 3rd Floor
LEGISLATIVE SERVICES BUILDING
Denver, CO 80203
Telephone 303-866-2061
www.state.co.us/gov_dir/leg_dir/jbc/jbchome.htm

MEMORANDUM

TO: Members of the General Assembly

FROM: Joint Budget Committee

SUBJECT: FY 2011-12 Budget Briefing Summary

DATE: January 3, 2010

For the past two months, the Joint Budget Committee staff has been briefing the Committee on each department's budget request for FY 2011-12. The staff briefing is a written and oral presentation of budget issues and a review of expenditures and requests for each department. These briefings are aimed at stimulating discussion among the Committee members about each department's budget request, its operations, issues of efficiency and effectiveness, and plans for the future.

During the briefing, Committee members decide which issues they wish to discuss with the department. These topics are addressed at a formal hearing with each department's executive director. This hearing also allows time for the department to discuss its priorities with the Committee.

This report summarizes the budget briefings by providing the department graphic overview, a summary of the department's total request as compared to the current year appropriation, a list of the decision items that the department is requesting, and a summary of the issues that were addressed. The detailed staff briefing write-ups can be found at the Committee's web site:

http://www.state.co.us/gov_dir/leg_dir/jbc/briefing.htm

We hope this budget briefing summary and the documents from which it was created will help you become familiar with the FY 2011-12 budget request and with major issues that impact the budget. We look forward to discussing the budget with you throughout the 2011 legislative session.

SUMMARY OF FY 2011-12 BUDGET BRIEFING

Table of Contents

Summary Tables	1
Agriculture	4
Corrections	10
Education	16
Governor	23
Health Care Policy & Financing	30
Higher Education	46
Human Services	52
Judicial	64
Labor & Employment	70
Law	76
Local Affairs	82
Military & Veterans Affairs	87
Natural Resouces	93
Personnel & Administration	100
Public Health & Environment	106
Public Safety	113
Regulatory Agencies	120
Revenue	127
State	136
Transportation	141
Treasury	147

Table 1
Summary of FY 2010-11 Operating Appropriations
Please Note that General Fund Exempt is Included with General Fund

Departments	GF	CF	RF	FF	Total
Agriculture	4,956,274	28,575,452	1,126,997	4,020,154	38,678,877
Corrections	647,180,811	40,465,186	42,549,814	257,931	730,453,742
Education	3,176,663,441	569,464,505	22,732,752	569,850,639	4,338,711,337
Governor	11,291,137	26,031,709	130,811,782	33,209,586	201,344,214
Health Care Policy and Financing (HCPF)	1,232,196,603	607,038,213	20,889,306	2,723,969,690	4,584,093,812
Higher Education	644,870,589	1,601,678,889	586,167,393	109,482,271	2,942,199,142
Human Services	639,803,262	344,632,848	429,957,794	738,717,337	2,153,111,241
Judicial	332,423,582	108,528,846	7,478,592	6,814,742	455,245,762
Labor and Employment	0	59,616,360	1,691,337	95,561,803	156,869,500
Law	9,615,003	9,900,454	31,089,374	1,469,096	52,073,927
Legislature	34,796,446	202,831	1,000,316	0	35,999,593
Local Affairs	10,561,511	203,509,756	7,243,477	96,977,419	318,292,163
Military and Veterans Affairs	5,320,408	1,408,881	803,509	213,758,894	221,291,692
Natural Resources	26,419,333	191,814,141	7,972,361	19,728,647	245,934,482
Personnel and Administration	5,476,140	9,579,235	157,149,679	0	172,205,054
Public Health and Environment	27,541,461	129,530,277	26,479,698	256,596,843	440,148,279
Public Safety	82,654,286	126,160,853	21,699,460	27,917,989	258,432,588
Regulatory Agencies	1,510,435	68,203,204	6,825,033	1,231,398	77,770,070
Revenue	70,714,586	630,786,977	1,537,481	815,619	703,854,663
State	0	21,583,341	0	0	21,583,341
Transportation	0	658,329,628	4,986,153	369,101,388	1,032,417,169
Treasury	2,550,137	354,449,680	0	0	356,999,817
Total	6,966,545,445	5,791,491,266	1,510,192,308	5,269,481,446	19,537,710,465
Not Subject to Statutory Limit:					
Treasury, Senior Citizen Property Tax Exemption	1,670,802	0	0	0	1,670,802
Treasury, Fire and Police Pension Association	0	0	0	0	0
Revenue, Old Age Heat and Fuel	8,200,000	0	0	0	8,200,000
Revenue, Cigarette Tax	11,300,000	0	0	0	11,300,000
Local Affairs, Fire and Police Pension Association	4,144,363	0	0	0	4,144,363
Subtotal	25,315,165	0	0	0	25,315,165
Amendment 35 Tobacco Tax GFE - Not Subject to Statutory Limit:					
HCPF, Amendment 35 Tobacco Tax	447,000	0	0	0	447,000
Public Health, Amend 35 Tobacco Tax	447,000	0	0	0	447,000
Subtotal	894,000	0	0	0	894,000
Total (GF Adjusted for Items Not Subject to Limit)	6,940,336,280	5,791,491,266	1,510,192,308	5,269,481,446	19,511,501,300

Table 2
Summary of FY 2011-12 Operating Appropriations Request
Please Note that General Fund Exempt is Included with General Fund

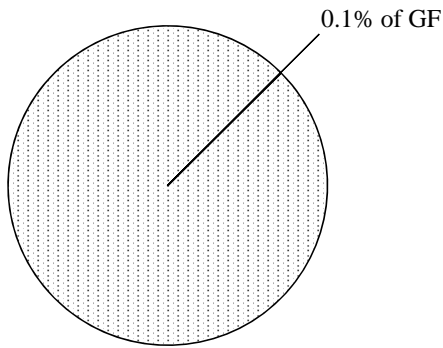
Departments	GF	CF	RF	FF	Total
Agriculture	5,151,053	28,478,175	1,042,750	3,999,978	38,671,956
Corrections	652,663,857	40,218,363	42,569,815	262,928	735,714,963
Education	3,227,945,416	612,048,379	22,820,289	569,736,141	4,432,550,225
Governor	11,102,156	21,248,730	128,233,842	33,898,881	194,483,609
Health Care Policy and Financing (HCPF)	1,677,799,950	903,610,252	13,233,950	2,587,571,773	5,182,215,925
Higher Education	660,561,740	1,680,247,258	572,653,262	20,324,537	2,933,786,797
Human Services	646,000,076	343,834,721	449,004,804	729,548,007	2,168,387,608
Judicial	347,390,828	124,151,307	8,326,504	4,543,174	484,411,813
Labor and Employment	0	60,873,226	1,705,190	96,532,245	159,110,661
Law	10,026,547	10,131,672	31,731,165	1,528,165	53,417,549
Legislature	34,796,446	202,831	1,000,316	0	35,999,593
Local Affairs	10,692,487	217,107,926	7,464,629	97,077,268	332,342,310
Military and Veterans Affairs	5,469,060	1,346,972	803,509	213,868,360	221,487,901
Natural Resources	23,535,829	173,116,376	8,462,723	20,297,504	225,412,432
Personnel and Administration	4,467,999	8,867,529	156,406,443	0	169,741,971
Public Health and Environment	27,532,728	134,283,352	27,015,036	256,995,451	445,826,567
Public Safety	83,390,831	128,923,728	22,282,200	28,871,812	263,468,571
Regulatory Agencies	1,524,085	69,704,089	6,391,485	1,210,066	78,829,725
Revenue	58,890,647	722,296,827	1,361,184	723,701	783,272,359
State	0	20,825,855	0	0	20,825,855
Transportation	0	701,256,193	4,994,058	431,923,254	1,138,173,505
Treasury	2,587,488	358,541,877	0	0	361,129,365
Total	7,491,529,223	6,361,315,638	1,507,503,154	5,098,913,245	20,459,261,260
<u>Not Subject to Statutory Limit:</u>					
Treasury, Senior Citizen Property Tax Exemption	1,700,000	0	0	0	1,700,000
Treasury, Fire and Police Pension Association	0	0	0	0	0
Revenue, Old Age Heat and Fuel	7,700,000	0	0	0	7,700,000
Revenue, Cigarette Tax	0	0	0	0	0
Local Affairs, Fire and Police Pension Association	<u>4,294,753</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,294,753</u>
Subtotal	13,694,753	0	0	0	13,694,753
<u>Amendment 35 Tobacco Tax GFE - Not Subject to Statutory Limit:</u>					
HCPF, Amendment 35 Tobacco Tax	422,148	0	0	0	422,148
Public Health, Amend 35 Tobacco Tax	<u>422,149</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>422,149</u>
Subtotal	844,297	0	0	0	844,297
Total (GF Adjusted for Items Not Subject to Limit)	7,476,990,173	6,361,315,638	1,507,503,154	5,098,913,245	20,444,722,210

Table 3
Summary of FY 2011-12 Request as Compared to FY 2010-11 Appropriations
Please Note that General Fund Exempt is Included with General Fund

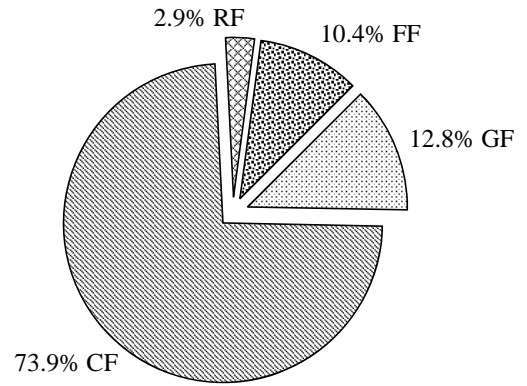
Departments	GF FY 2011-12		CF FY 2011-12		RF FY 2011-12		FF FY 2011-12		Total FY 2011-12	
	Higher / (Lower) than FY 2010-11	Percent Change	Higher / (Lower) than FY 2010-11	Percent Change	Higher / (Lower) than FY 2010-11	Percent Change	Higher / (Lower) than FY 2010-11	Percent Change	Higher / (Lower) than FY 2010-11	Percent Change
Agriculture	194,779	3.9%	(97,277)	-0.3%	(84,247)	-7.5%	(20,176)	-0.5%	(6,921)	0.0%
Corrections	5,483,046	0.8%	(246,823)	-0.6%	20,001	0.0%	4,997	1.9%	5,261,221	0.7%
Education	51,281,975	1.6%	42,583,874	7.5%	87,537	0.4%	(114,498)	0.0%	93,838,888	2.2%
Governor	(188,981)	-1.7%	(4,782,979)	-18.4%	(2,577,940)	-2.0%	689,295	2.1%	(6,860,605)	-3.4%
Health Care Policy and Financing (HCPF)	445,603,347	36.2%	296,572,039	48.9%	(7,655,356)	-36.6%	(136,397,917)	-5.0%	598,122,113	13.0%
Higher Education	15,691,151	2.4%	78,568,369	4.9%	(13,514,131)	-2.3%	(89,157,734)	-81.4%	(8,412,345)	-0.3%
Human Services	6,196,814	1.0%	(798,127)	-0.2%	19,047,010	4.4%	(9,169,330)	-1.2%	15,276,367	0.7%
Judicial	14,967,246	4.5%	15,622,461	14.4%	847,912	11.3%	(2,271,568)	-33.3%	29,166,051	6.4%
Labor and Employment	0	n/a	1,256,866	2.1%	13,853	0.8%	970,442	1.0%	2,241,161	1.4%
Law	411,544	4.3%	231,218	2.3%	641,791	2.1%	59,069	4.0%	1,343,622	2.6%
Legislature	0	0.0%	0	0.0%	0	0.0%	0	n/a	0	0.0%
Local Affairs	130,976	1.2%	13,598,170	6.7%	221,152	3.1%	99,849	0.1%	14,050,147	4.4%
Military and Veterans Affairs	148,652	2.8%	(61,909)	-4.4%	0	0.0%	109,466	0.1%	196,209	0.1%
Natural Resources	(2,883,504)	-10.9%	(18,697,765)	-9.7%	490,362	6.2%	568,857	2.9%	(20,522,050)	-8.3%
Personnel and Administration	(1,008,141)	-18.4%	(711,706)	-7.4%	(743,236)	-0.5%	0	n/a	(2,463,083)	-1.4%
Public Health and Environment	(8,733)	0.0%	4,753,075	3.7%	535,338	2.0%	398,608	0.2%	5,678,288	1.3%
Public Safety	736,545	0.9%	2,762,875	2.2%	582,740	2.7%	953,823	3.4%	5,035,983	1.9%
Regulatory Agencies	13,650	0.9%	1,500,885	2.2%	(433,548)	-6.4%	(21,332)	-1.7%	1,059,655	1.4%
Revenue	(11,823,939)	-16.7%	91,509,850	14.5%	(176,297)	-11.5%	(91,918)	-11.3%	79,417,696	11.3%
State	0	n/a	(757,486)	-3.5%	0	n/a	0	n/a	(757,486)	-3.5%
Transportation	0	n/a	42,926,565	6.5%	7,905	0.2%	62,821,866	17.0%	105,756,336	10.2%
Treasury	37,351	1.5%	4,092,197	1.2%	0	n/a	0	n/a	4,129,548	1.2%
Total	524,983,778	7.5%	569,824,372	9.8%	(2,689,154)	-0.2%	(170,568,201)	-3.2%	921,550,795	4.7%
<u>Not Subject to Statutory Limit:</u>										
Treasury, Senior Citizen Property Tax Exemption	29,198	1.7%							29,198	1.7%
Treasury, Fire and Police Pension Association	0	n/a							0	n/a
Revenue, Old Age Heat and Fuel	(500,000)	-6.1%							(500,000)	-6.1%
Revenue, Cigarette Tax	(11,300,000)	-100.0%							(11,300,000)	-100.0%
Local Affairs, Fire and Police Pension Association	150,390	3.6%							150,390	3.6%
Subtotal	(11,620,412)	-45.9%							(11,620,412)	-45.9%
<u>Amendment 35 Tobacco Tax General Fund Exempt - Not Subject to Statutory Limit:</u>										
HCPF, Amendment 35 Tobacco Tax	(24,852)	-5.6%							(24,852)	-5.6%
Public Health, Amend 35 Tobacco Tax	(24,851)	-5.6%							(24,851)	-5.6%
Subtotal	(49,703)	-5.6%							(49,703)	-5.6%
Total (GF Adjusted for Items Not Subject to Limit)	536,653,893	7.7%	569,824,372	9.8%	(2,689,154)	-0.2%	(170,568,201)	-3.2%	933,220,910	4.8%

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Agriculture
GRAPHIC OVERVIEW**

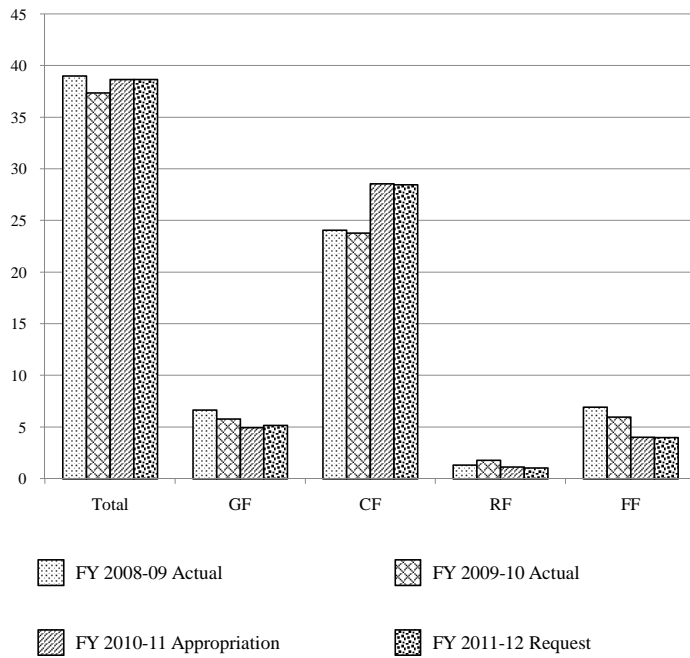
Department's Share of Statewide General Fund



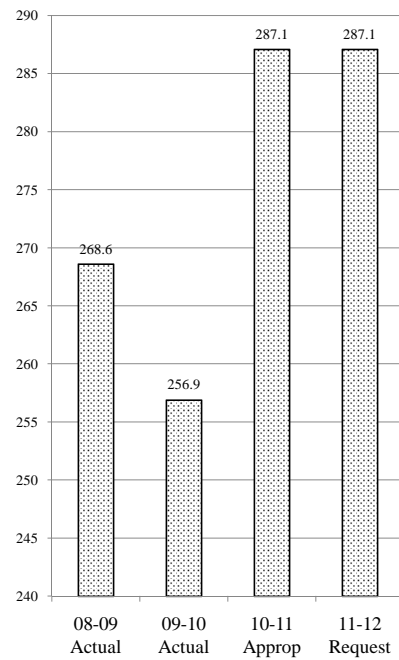
Department Funding Sources



**Budget History
(Millions of Dollars)**

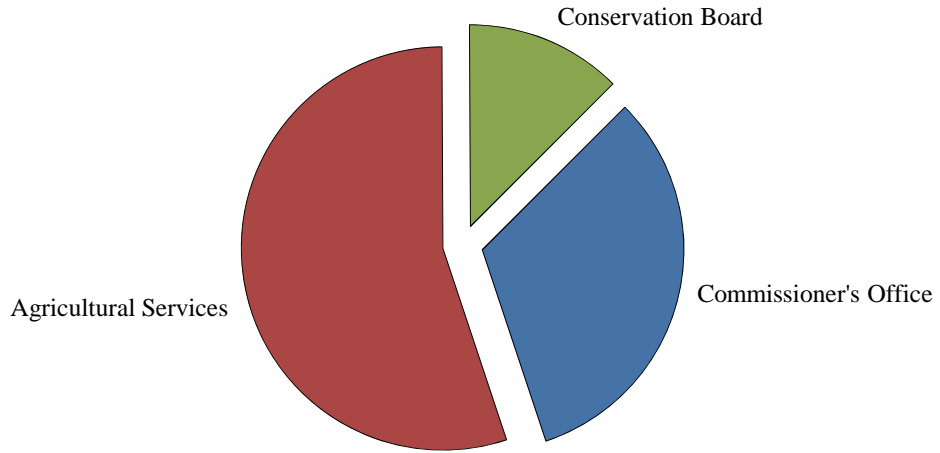


FTE History

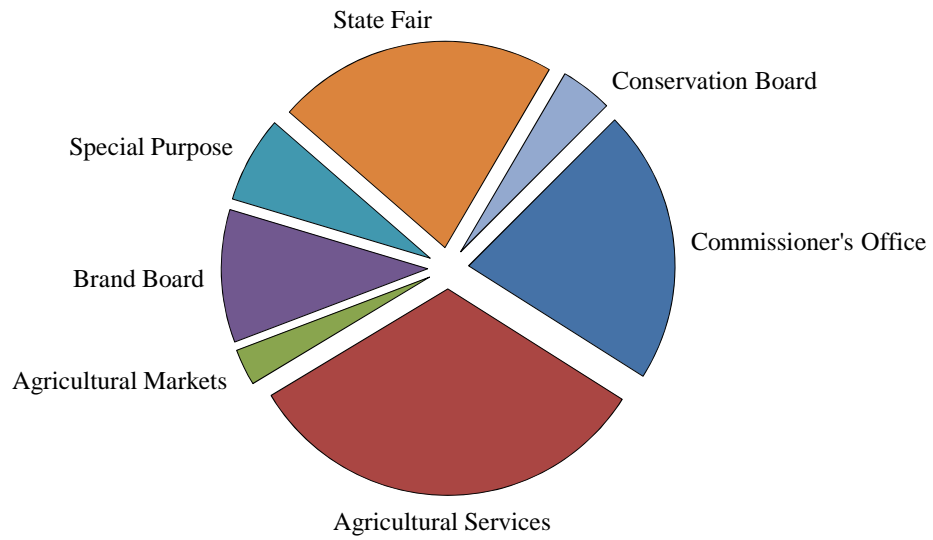


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

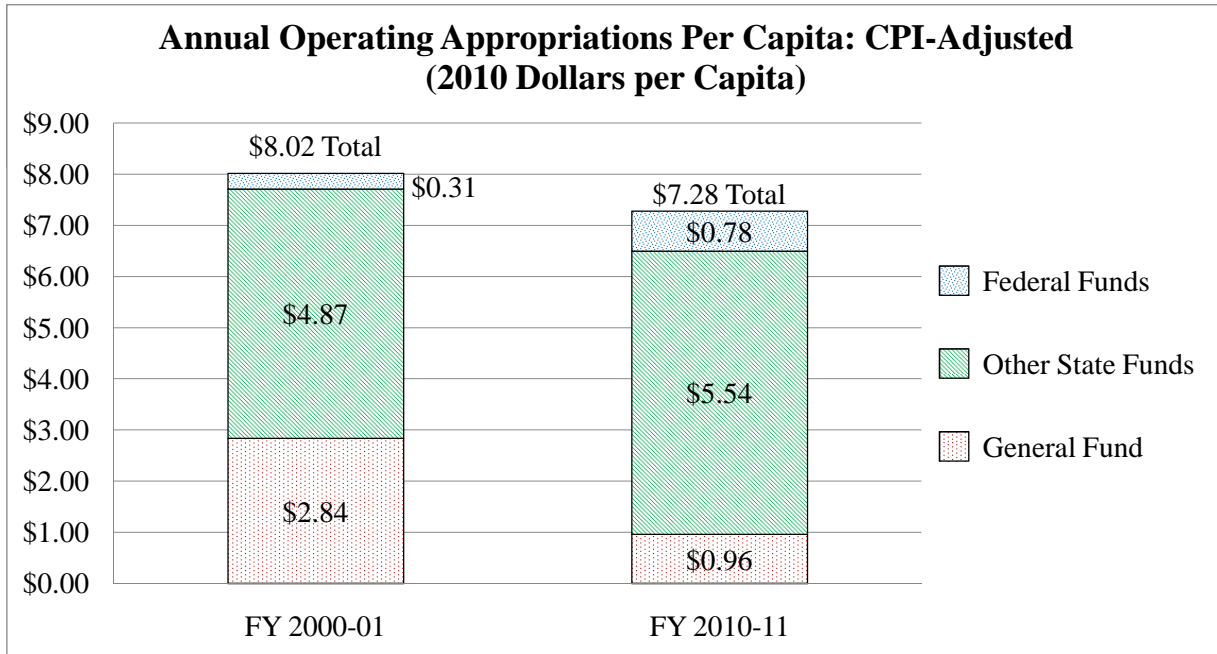
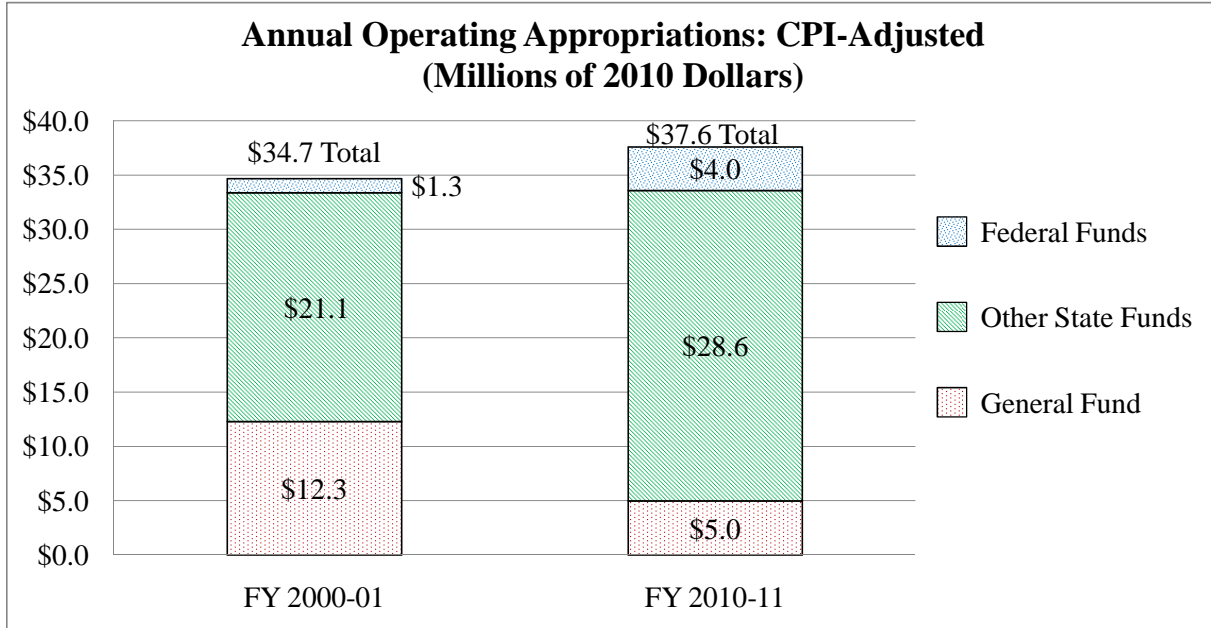
Distribution of General Fund by Division



Distribution of Total Funds by Division



FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Agriculture
COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, these excluded amounts primarily reflect transfers from the Office of the Governor, Department of Local Affairs, and transfers from all divisions to the Commissioner's Office for the provision of central services.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Agriculture**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	\$5.0	\$28.6	\$1.1	\$4.0	\$38.7	287.1
FY 2011-12 Request	5.2	28.5	1.0	4.0	38.7	287.1
Increase / (Decrease)	\$0.2	(\$0.1)	(\$0.1)	\$0.0	\$0.0	0.0
Percentage Change	4.0%	(0.4)%	(9.1)%	0.0%	0.0%	0.0%

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	RF	FF	Total	FTE
1 Brand Assessment	0	61,197	0	0	61,197	0.0
2 Leased Space	(5,116)	36,107	0	0	30,991	0.0
NP-1 2.0% Across the Board Personal Services Reduction	(63,321)	0	0	0	(63,321)	0.0
NP-2 Statewide PERA Adjustment	(77,249)	(254,242)	0	(26,137)	(357,628)	0.0
NP-3 Pro-Rated Benefits	0	(27,583)	0	0	(27,583)	0.0
NP-4 Annual Fleet Vehicle Replacement	1,010	(10,181)	0	(1,781)	(10,952)	0.0
NP-5 Printing of Statewide Warrants and Mainframe Documents	1,071	0	0	0	1,071	0.0
Total	(143,605)	(194,702)	0	(27,918)	(366,225)	0.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Agriculture**

SUMMARY OF BASE REDUCTION ITEMS

Base Reduction	GF	CF	RF	FF	Total	FTE
1	(446,656)	0	0	0	(446,656)	0.0
Temporary Refinance of Markets Division						
Total	(446,656)	0	0	0	(446,656)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Agriculture have increased since FY 2007-08 primarily due funding the Agriculture Management Fund and the Conservation District Grant Fund. Since the most recent economic downturn started in 2008, the General Assembly has taken several actions to reduce General Fund expenditures in this department. As a result, the General Fund appropriation to the Department of Agriculture decreased by \$2.4 million (32.3 percent) from FY 2007-08 to FY 2010-11.

SUMMARY:

- The General Assembly refinanced certain programs in the Agricultural Services Division resulting in General Fund savings of \$44,366 in FY 2008-09, \$621,000 in FY 2009-10, and \$1.3 million in FY 2010-11.
- The General Assembly refinanced \$437,548 General Fund in the Agricultural Markets Division with moneys in the Agriculture Management Fund in FY 2010-11.
- The General Assembly reduced the General Fund appropriation for direct assistance to conservation districts in FY 2008-09 and FY 2009-10 saving approximately \$200,000 General Fund in each fiscal year. In FY 2010-11 the General Assembly did not appropriate any General Fund for this purpose.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Agriculture**

ISSUE: Elimination of Statutory Indirect Cost Caps

The indirect costs for the Brand Board, Alternative Livestock, Chemigation Program, and Agricultural Products Inspection Program are capped in statute, and these programs annually require General Fund dollars to cover the programs total indirect costs.

ISSUE: Funding for the Conservation Board's Matching Grants to Districts

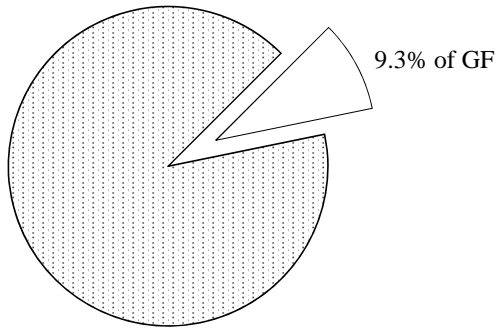
The Matching Grants to Districts line item in the Conservation Board division is funded by the transfer of \$450,000 cash funds from the Operational Account of the Severance Tax Trust Fund. The annual transfer of these funds is scheduled to sunset after FY 2010-11, eliminating the funding for the District Conservation Technician Program and the Natural Resources Matching Grants Program.

ISSUE: Reorganization of Certain Department Divisions and Line Items

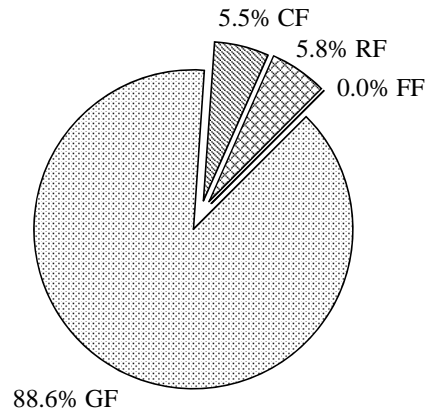
The current organization of the Department's Long Bill section does not accurately reflect the administrative and functional activities of certain divisions. Reorganizing certain divisions and associated line items will enable the Department's budget to accurately reflect division responsibilities and program funding.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Corrections
GRAPHIC OVERVIEW**

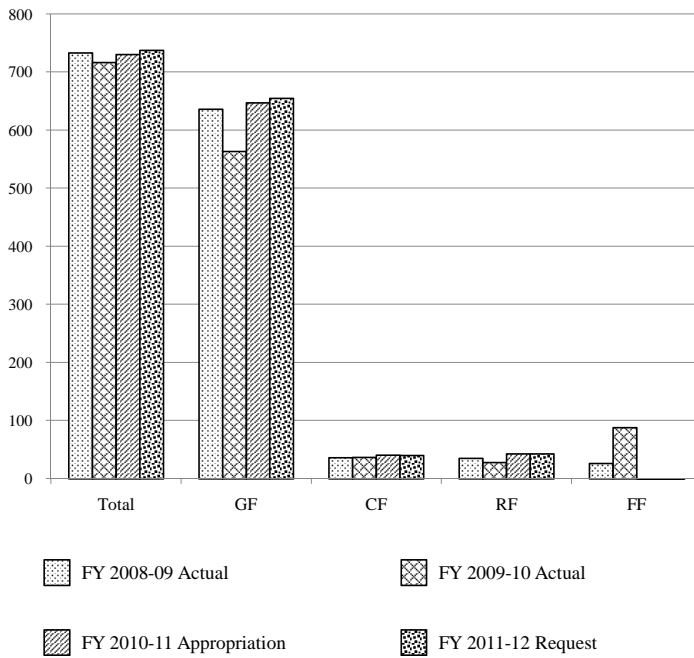
Department's Share of Statewide General Fund



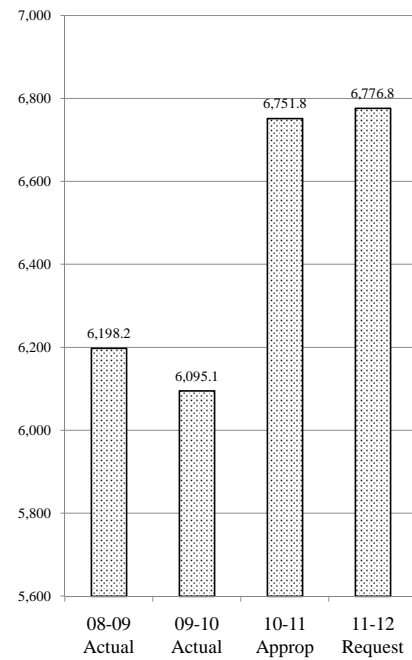
Department Funding Sources



**Budget History
(Millions of Dollars)**

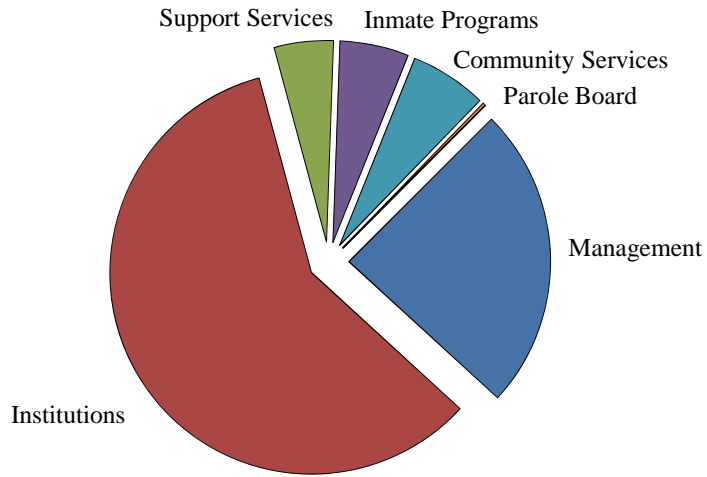


FTE History

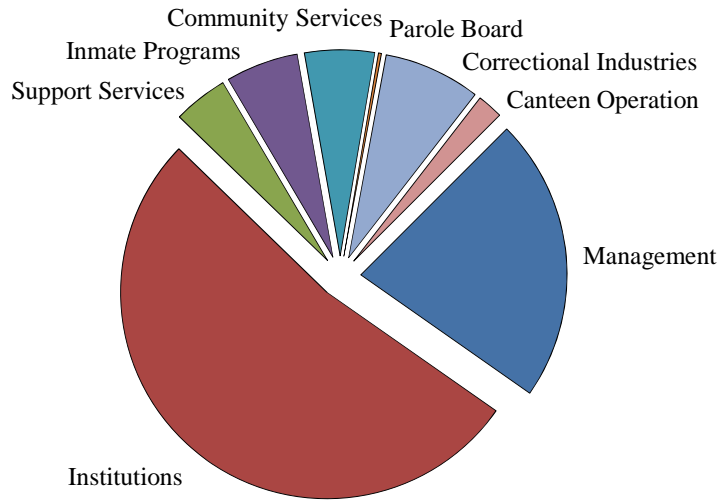


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

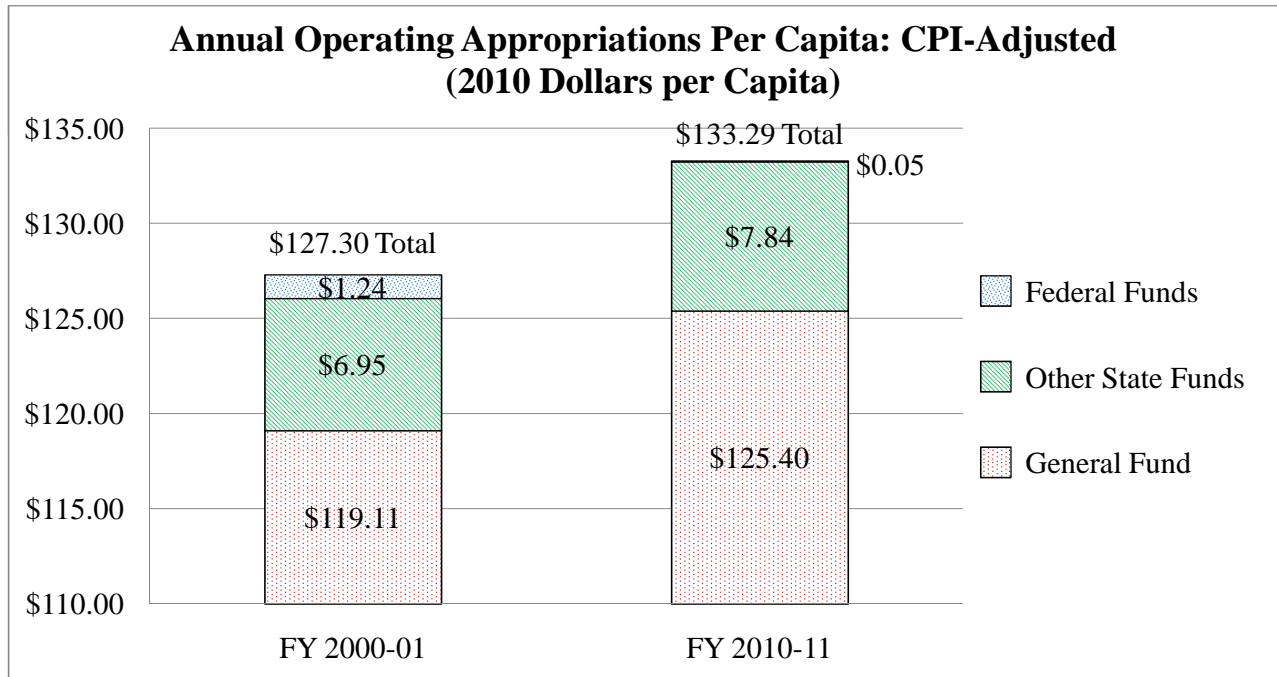
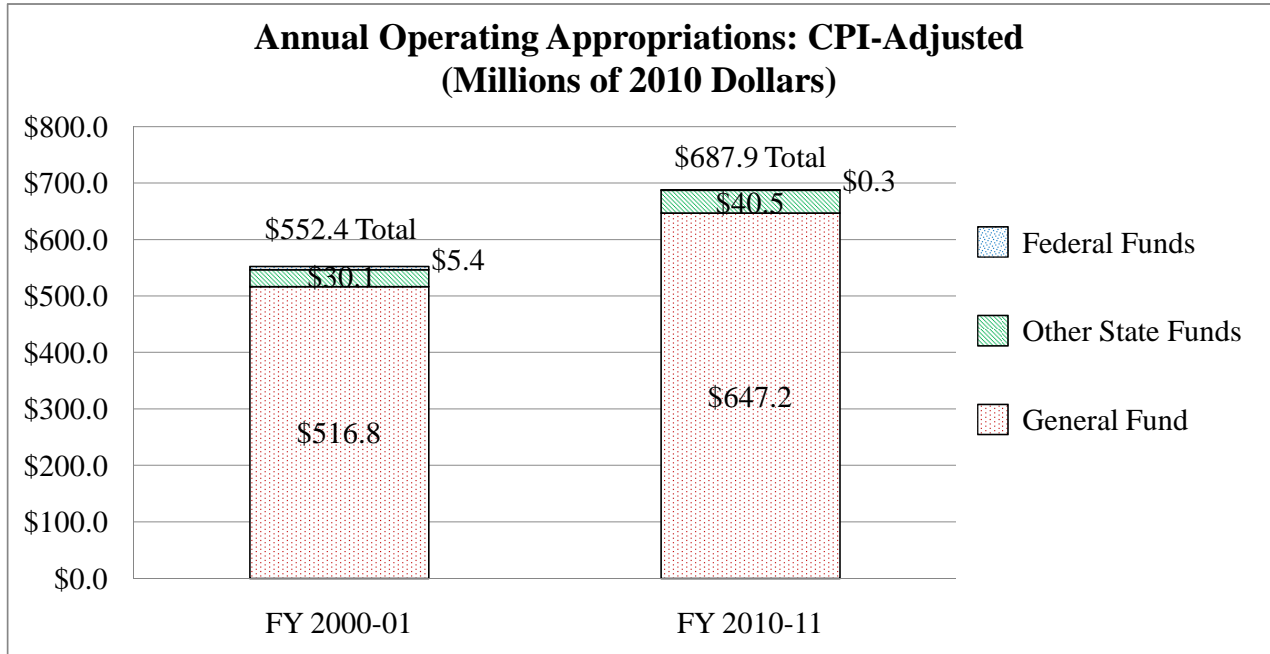
Distribution of General Fund by Division



Distribution of Total Funds by Division



FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Corrections
COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, these excluded amounts primarily reflect transfers from the Department of Public Safety and Correctional Industries sales to other state agencies.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Corrections**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	\$647.2	\$40.5	\$42.5	\$0.3	\$730.5	6,751.8
FY 2011-12 Request	654.7	40.2	42.6	0.3	737.8	6,776.8
Increase / (Decrease)	\$7.5	(\$0.3)	\$0.1	\$0.0	\$7.3	25.0
Percentage Change	1.2%	(0.7)%	0.2%	0.0%	1.0%	0.4%

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	RF	FF	Total	FTE
1 External Capacity Caseload	\$9,135,129	\$0	\$0	\$0	\$9,135,129	0.0
2 Parole/Parole Intensive Supervision Program Caseload	197,643	0	0	0	197,643	3.0
NP-4 Printing of Statewide Warrants and Mainframe Documents	25,138	0	0	0	25,138	0.0
Total	\$9,357,910	\$0	\$0	\$0	\$9,357,910	3.0

SUMMARY OF BASE REDUCTION ITEMS

Base Reduction	GF	CF	RF	FF	Total	FTE
NP-1 Statewide 2.0 Percent General Fund Personal Services Reduction	(\$4,038,801)	\$0	\$0	\$0	(\$4,038,801)	0.0
NP-2 Statewide PERA Adjustment	(7,868,220)	(99,856)	(132,218)	0	(8,100,294)	0.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Corrections**

Base Reduction	GF	CF	RF	FF	Total	FTE
NP-3 Pro-Rated Benefits	(10,144)	0	0	0	(10,144)	0.0
NP-5 Statewide Vehicle Lease	(119,704)	(4,213)	0	0	(123,917)	0.0
Total	(\$12,036,869)	(\$104,069)	(\$132,218)	\$0	(\$12,273,156)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Corrections have increased since FY 2007-08, primarily due to inmate and parole caseload as well as initiatives implemented as part of the Governor's recidivism reduction efforts. Since the most recent economic downturn started in 2008, the General Assembly has taken several actions to mitigate General Fund increases in this department. However, the General Fund appropriations to the Department of Corrections increased by \$22.6 million (3.6 percent) from FY 2007-08 to FY 2010-11.

SUMMARY:

- The General Assembly approved the closure of the Colorado Women's Correctional Facility and the Colorado Corrections Alternative Program (Boot Camp), thereby reducing General Fund expenditures.
- The General Assembly eliminated programs initiated under the Governor's recidivism reduction and offender diversion package, thereby reducing General Fund expenditures.
- The General Assembly has used cash funds (Canteen funds) and federal American Recovery and Reinvestment Act of 2009 (ARRA) funds to replace General Fund support for a number of programs.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Corrections**

ISSUE: Population Projections

Legislative Council Staff (LCS) and the Division of Criminal Justice (DCJ) both project the prison population to decrease through FY 2012-13. However, LCS projects the parole population to increase through FY 2012-13 while DCJ projects it to have relatively flat growth.

ISSUE: Appropriations Included for Criminal Sentencing Laws

Section 2-2-703, C.R.S., specifies that no bill may be passed by the General Assembly which results in a net increase in periods of imprisonment in state correctional facilities unless it contains an appropriation of money sufficient to cover the increased capital construction costs and operating costs in each of the first five fiscal years of the bill. An argument has been made that these criminal sentencing bills should no longer include appropriations for capital construction costs because of the State's reliance upon private prisons for the recent growth or reduction in the inmate population.

ISSUE: Update on the Opening of Tower I at CSP II

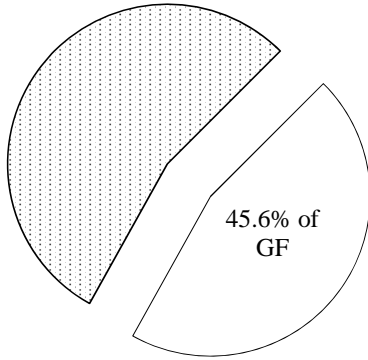
The construction of Colorado State Penitentiary II (CSP II) has required funding of \$146.2 million. In addition, because CSP II was built using Certificates of Participation (COPs), the State has incurred capitalized interest associated with the project of \$18.1 million. CSP II added 948 high-security beds to the state correctional system. During the 2010 legislative session, the General Assembly approved funding to open one of the three towers at CSP II (316 beds) beginning in September 2010. In addition, the General Assembly approved funding to implement a new mental health program for offenders in Administrative Segregation. However, because the full implementation of this program has been delayed, it may be possible to reduce the appropriation for this purpose in the current fiscal year.

ISSUE: Mandatory Parole

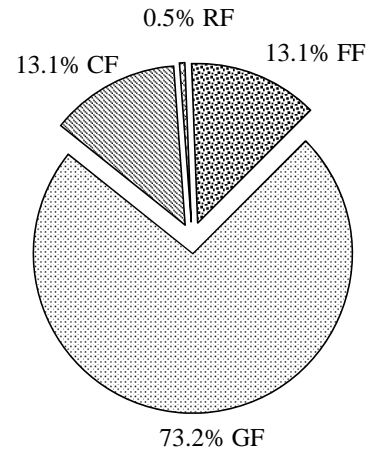
All offenders who are convicted on or after July 1, 1993, and sentenced to a term of incarceration, other than offenders who have been convicted of a Class 1 felony or who are on death row, must serve both a prison sentence and a required period of parole prior to discharge from the correctional system. This application of mandatory parole has had the effect of increasing both the parole and inmate populations. Savings could be achieved by making the periods of incarceration and parole concurrent rather than consecutive.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
 Department of Education
 GRAPHIC OVERVIEW**

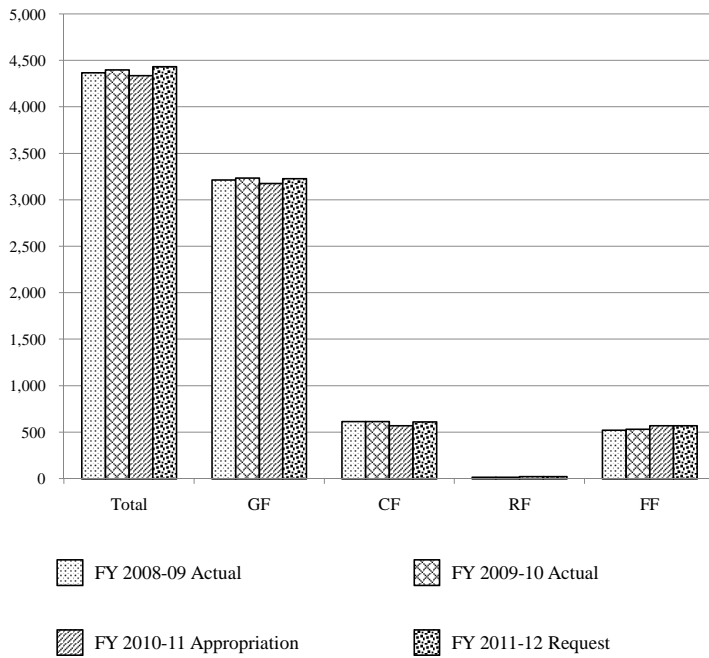
Department's Share of Statewide General Fund



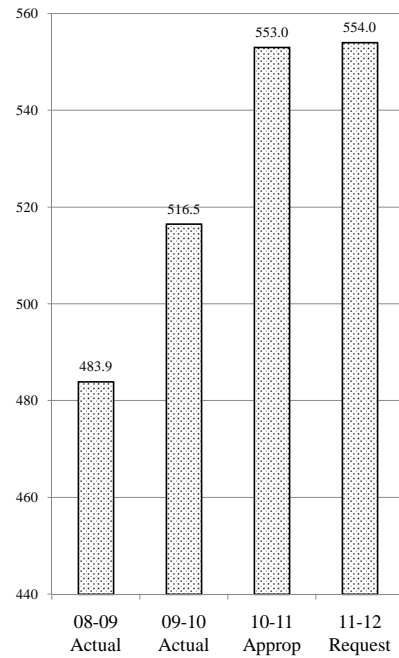
Department Funding Sources



**Budget History
 (Millions of Dollars)**

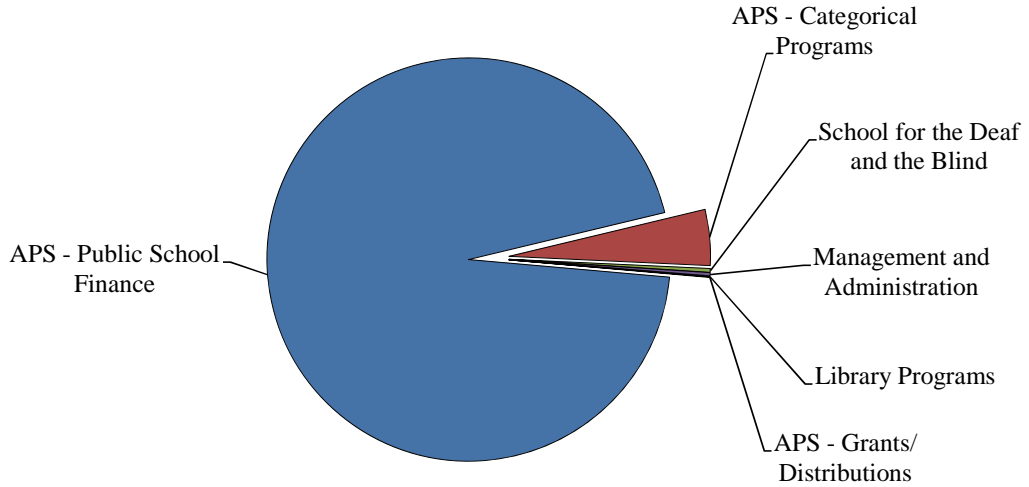


FTE History

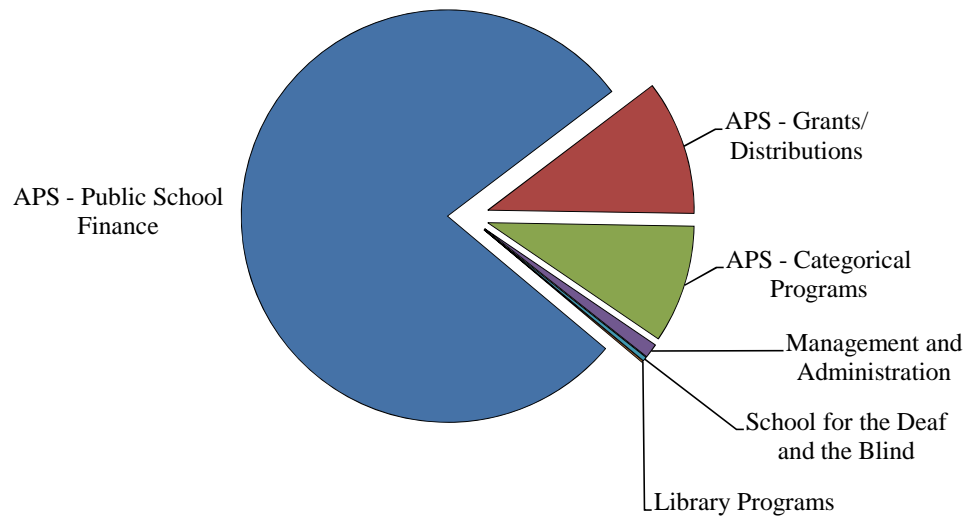


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

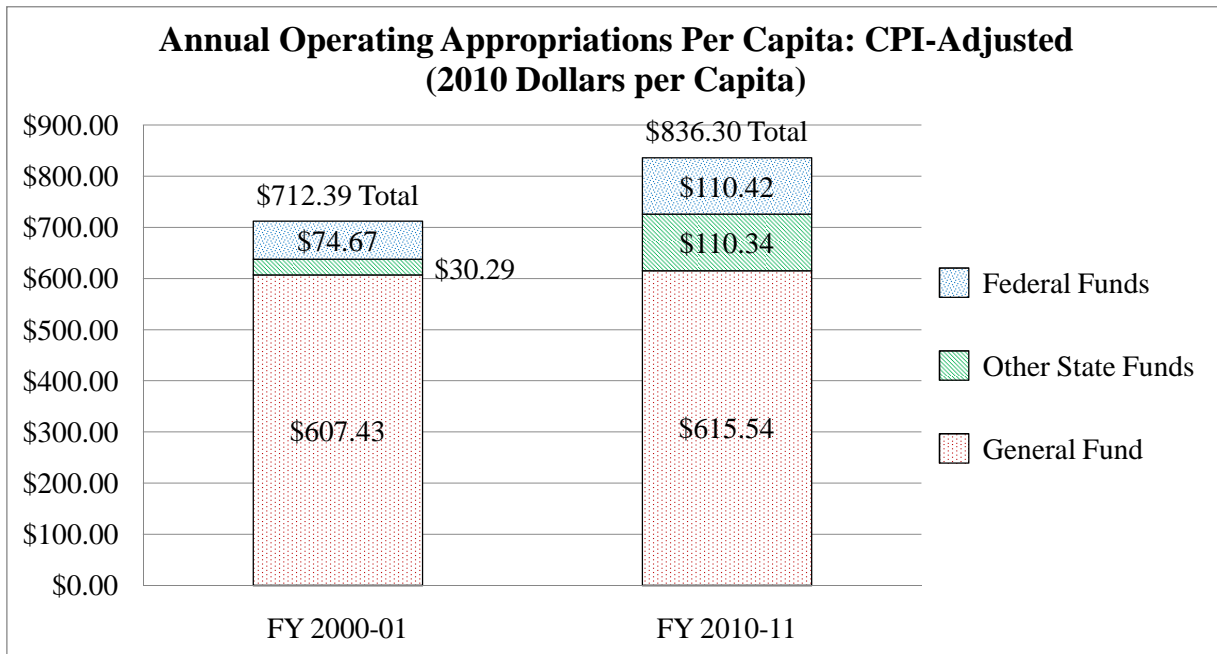
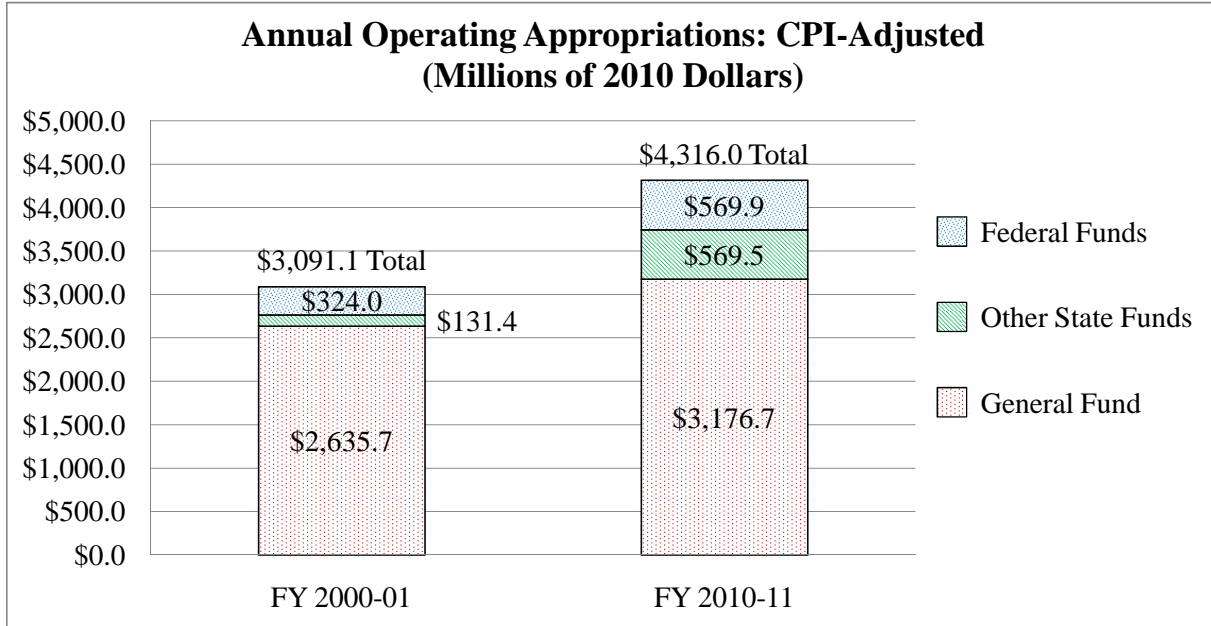
Distribution of General Fund by Division



Distribution of Total Funds by Division



**FY 2011-12 Joint Budget Committee Staff Budget Briefing
 Department of Education
 COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS**



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, these excluded amounts primarily reflect transfers from the Department of Human Services and the transfer of state and federal funds within this department to support the State Charter School Institute, the Colorado School for the Deaf and the Blind, and school finance-related administrative line items.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Education**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF*	RF	FF	Total	FTE
FY 2010-11 Appropriation	\$3,176.7	\$569.5	\$22.7	\$569.8	\$4,338.7	553.0
FY 2011-12 Request	3,227.9	612.0	22.8	569.7	4,432.4	554.0
Increase / (Decrease)	\$51.2	\$42.5	\$0.1	(\$0.1)	\$93.7	1.0
Percentage Change	1.6%	7.5%	0.4%	0.0%	2.2%	0.2%

* The FY 2010-11 appropriation does not reflect \$2,998,551 in interim supplemental increases approved by the Joint Budget Committee in September 2010.

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	RF	FF	Total	FTE
1 Total Program Funding and Hold-Harmless Full-day Kindergarten Funding	\$51,087,298	\$40,072,406	\$0	\$0	\$91,159,704	0.0
2 Required Increase for Categorical Programs	\$0	\$2,311,143	\$0	\$0	\$2,311,143	0.0
3 GED Spending Authority Increase	\$0	\$74,997	\$0	\$0	\$74,997	1.0
Non-Prioritized (NP)-5 Printing of Statewide Warrants and Mainframe Documents	\$2,056	\$0	\$0	\$0	\$2,056	0.0
Total	\$51,089,354	\$42,458,546	\$0	\$0	\$93,547,900	1.0

BASE REDUCTION ITEM PRIORITY LIST

Base Reduction Item	GF	CF	RF	FF	Total	FTE
NP-1 Across the Board 2.0 Percent General Fund Personal Services Reduction	(\$261,696)	\$0	\$0	\$0	(\$261,696)	0.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Education**

Base Reduction Item	GF	CF	RF	FF	Total	FTE
NP-2 Statewide 2.5 Percent PERA Reduction	(\$318,823)	(\$71,025)	(\$111,527)	(\$284,871)	(\$786,246)	0.0
NP-3 Pro-Rated Benefits	(\$8,314)	\$0	\$0	\$0	(\$8,314)	0.0
NP-4 Annual Fleet Vehicle Replacement	(\$2,574)	\$0	\$0	\$0	(\$2,574)	0.0
Total	(\$591,407)	(\$71,025)	(\$111,527)	(\$284,871)	(\$1,058,830)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Education have increased since FY 2007-08, primarily due to rising student enrollment and to provide constitutionally required increases in base per pupil funding and in state funding for categorical programs. Since the most recent economic downturn started in 2008, the General Assembly has taken several actions to mitigate General Fund increases in this department. As a result, the General Fund appropriation to the Department of Education increased by only \$153.3 million (5.1 percent) from FY 2007-08 to FY 2010-11.

SUMMARY:

School Finance

1. State appropriations for school districts' total program funding were insufficient to fully fund the statutory school finance funding formula in both FY 2008-09 and FY 2009-10, requiring mid-year recisions of state funding from school districts.
2. The General Assembly modified the school finance formula, thereby reducing the amount of state funding required for school finance beginning in FY 2008-09.
3. The General Assembly increased the amount of state school trust land revenues available for appropriation for three fiscal years, thereby temporarily reducing General Fund expenditures.

Other Programs

4. The General Assembly has used State Education Fund moneys and reappropriated funds to replace General Fund support for a number of programs.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Education**

5. The General Assembly reduced, suspended, or eliminated funding for several programs.
-

ISSUE: School Finance Act Funding Projections

This issue brief provides preliminary projections of the state funding that will be required for school finance for the next five fiscal years under current law. Based on these projections, the General Fund appropriation would need to increase by more than one billion dollars over the next five fiscal years.

ISSUE: The Accelerating Students Through Concurrent Enrollment Program

The Department's FY 2011-12 budget request includes \$15.4 million General Fund to support 2,481 students who are currently in 12th grade and who may participate in the Accelerating Students through Concurrent Enrollment (ASCENT) Program in FY 2011-12. This level of participation would represent at least a ten-fold increase in the total number of fifth year students, and a 25-fold increase in the number of ASCENT participants compared to FY 2010-11. In the current budget environment and under the current school finance formula, a significant increase in the number of fifth year students will reduce per pupil funding for students in preschool through 12th grade.

ISSUE: Public Funding for Students Enrolled in Nonpublic Schools

This issue brief recommends statutory modifications to clarify under what circumstances students attending a nonpublic school may become eligible for public funding. These recommendations concern statutory clarifications related to: (1) the existing prohibition on the conversion of a private school to a public charter school; and (2) the authorization for school districts to contract with non-governmental entities to provide educational services.

INFORMATIONAL ISSUE: Public School Capital Construction Assistance Program

This issue brief provides an overview and status update on the financial assistance provided by the Public School Capital Construction Assistance Program (i.e., "BEST" Program).

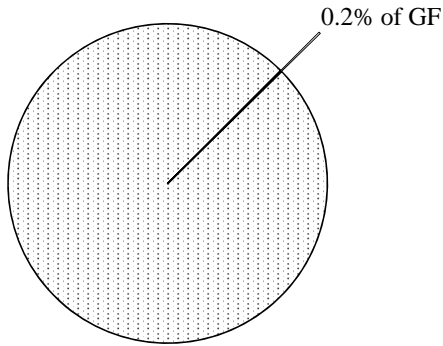
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Education**

INFORMATIONAL ISSUE: School Counselor Corps Program

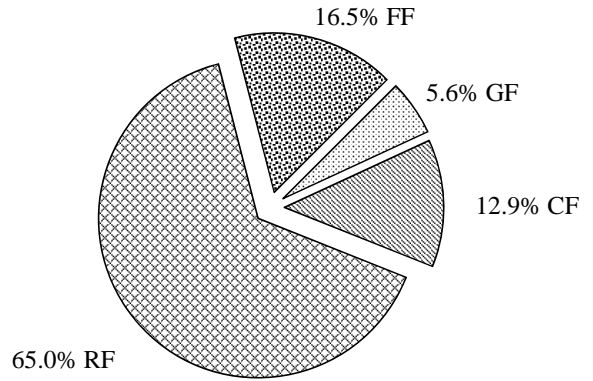
This issue brief provides an overview of the School Counselor Corps Program, discusses its funding history, and raises concerns in light of projected State revenue shortfalls in the current and subsequent fiscal years.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Office of the Governor
GRAPHIC OVERVIEW**

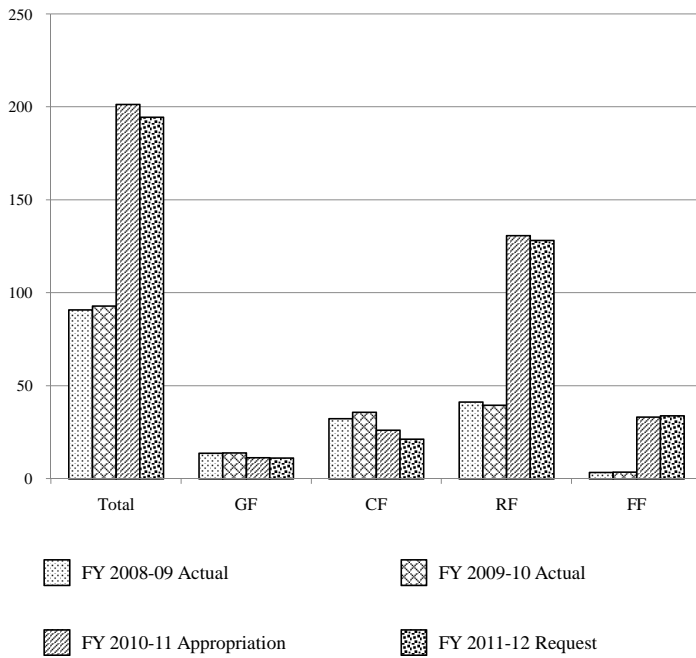
Department's Share of Statewide General Fund



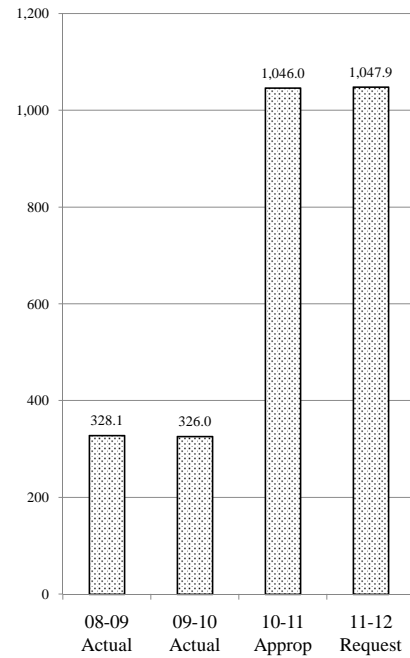
Department Funding Sources



**Budget History
(Millions of Dollars)**

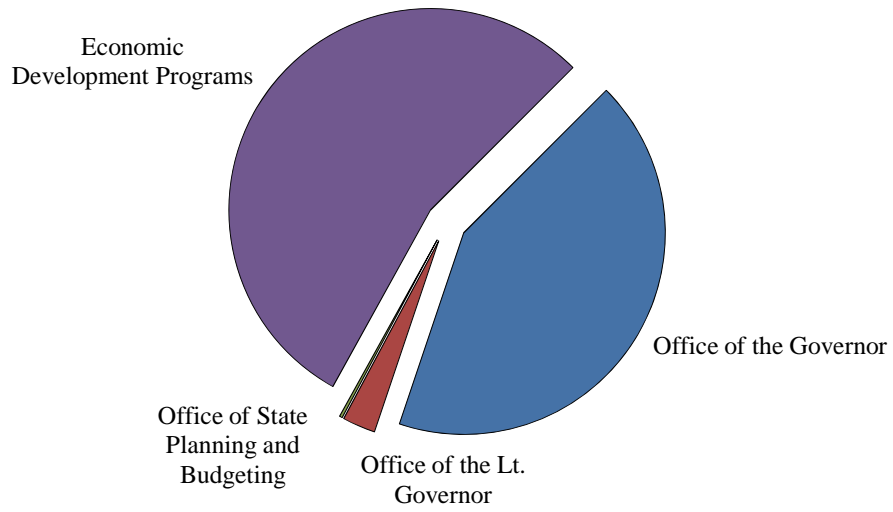


FTE History

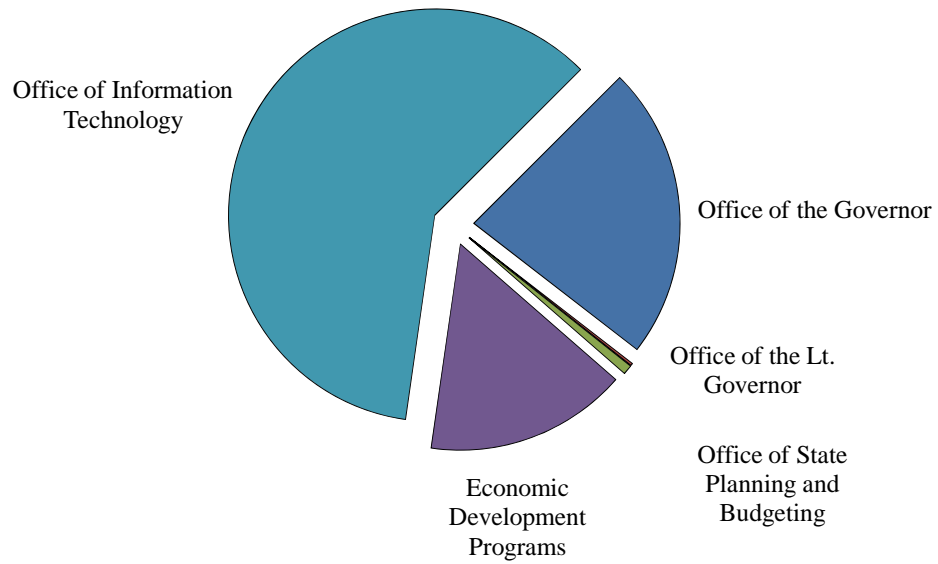


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

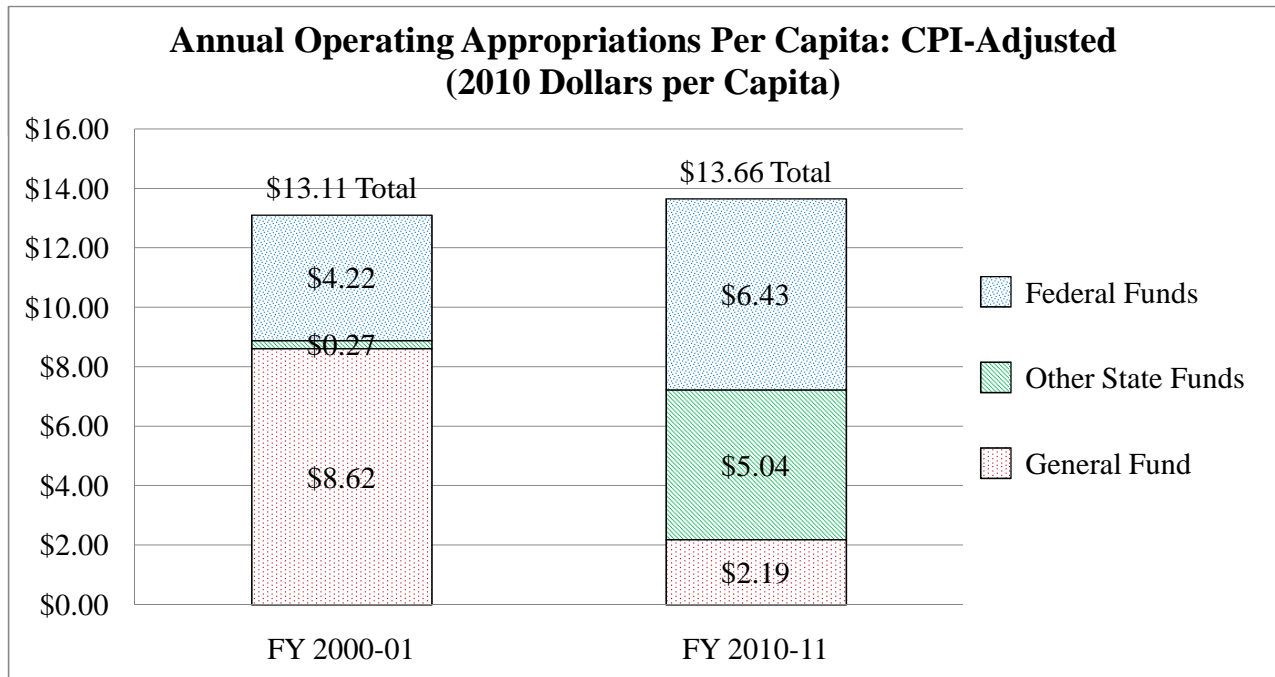
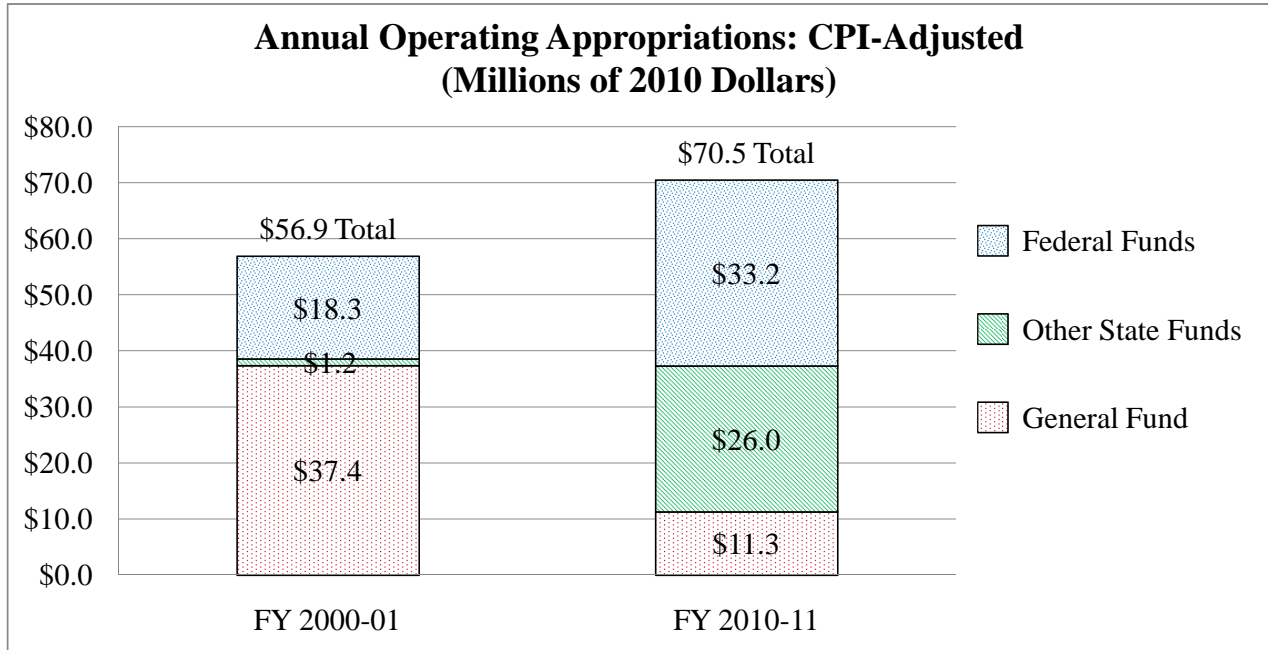
Distribution of General Fund by Division



Distribution of Total Funds by Division



FY 2011-12 Joint Budget Committee Staff Budget Briefing
Office of the Governor
COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds).

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Office of the Governor**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	\$11.3	\$26.0	\$130.8	\$33.2	\$201.3	1,046.0
FY 2011-12 Request	11.1	21.2	128.2	33.9	194.4	1,047.9
Increase / (Decrease)	(\$0.2)	(\$4.8)	(\$2.6)	\$0.7	(\$6.9)	1.9
Percentage Change	-1.8%	-18.5%	-2.0%	2.1%	-3.4%	0.2%

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	RF	FF	Total	FTE
1 Increase Global Business Development Cash Fund	\$0	\$150,000	\$0	\$363,135	\$513,135	0.0
2 Creative Industries Division Consolidation	0	0	0	0	0	0.0
NP-1 Statewide PERA Adjustment	(89,811)	(25,618)	(1,632,820)	(79,449)	(1,827,698)	0.0
NP-2 Across the Board Personal Services Reduction	(93,734)	0	0	0	(93,734)	0.0
NP-3 Printing of Statewide Warrants and Mainframe Documents	3,900	0	0	0	3,900	0.0
NP-4 Pro-rated Benefits	(5,882)	0	(12,378)	0	(18,260)	0.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Office of the Governor**

Decision Item	GF	CF	RF	FF	Total	FTE
NP-5 Annual Fleet Vehicle Replacement	0	0	(1,512)	0	(1,512)	0.0
NP-6 CHP+ Program Reductions	0	0	40,352	0	40,352	0.0
NP-7 CBMS Compliance with Low Income Subsidy and Disability Determination Services Federal Requirements	0	0	214,920	0	214,920	0.0
Total	(\$185,527)	\$124,382	(\$1,391,438)	\$283,686	(\$1,168,897)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Office of the Governor have increased since FY 2007-08 due to the transfer of executive branch information technology personnel resources from various agencies to the Governor's Office of Information Technology (OIT). Since the most recent economic downturn started in 2008, the General Assembly has taken several actions to reduce General Fund expenditures in this department. As a result, the General Fund appropriation to the Office of the Governor decreased by \$6.2 million (34.7 percent) from FY 2007-08 to FY 2010-11.

SUMMARY:

- The General Assembly eliminated the solar incentives program in the Governor's Energy Office. The program provided matching grants to assist local partners in establishing solar rebate programs.
- The General Assembly eliminated the General Fund component of the bioscience research grant program in the Office of Economic Development and International Trade.
- The General Assembly refinanced the administration of the Governor's Office of Information Technology with fees collected from agencies (reappropriated funds) for services rendered.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Office of the Governor**

ISSUE: Limited Gaming Tax Revenue Statutory Distributions

Revenue generated through the taxation of limited gaming is split evenly between programs mandated by the State constitution and programs outlined by statute. The majority of programs receiving limited gaming tax revenue funds are under the purview of the Office of Economic Development and International Trade located in the Office of the Governor. For FY 2010-11, limited gaming tax revenue available for statutory programs totals \$48.5 million, based on the September 2010 Legislative Council Economic and Revenue Forecast.

ISSUE: Funding Overview of the Governor's Energy Office

The Governor's Energy Office (GEO) administers a wide variety of programs to advance energy efficiency and the development of renewable, clean energy resources. The initiatives receive funding from a variety of State and federal sources, as well as moneys derived from successful lawsuits against several oil companies for violations of petroleum price controls during the late 1970s and early 1980s.

ISSUE: Office of Economic Development and International Trade Programs

The Office of Economic Development and International Trade's (OEDIT) overarching goal is to strengthen Colorado's long-term economic growth by administering a variety of programs to support job creation, job retention, and to position the state as a leader in emerging industries. For FY 2010-11, OEDIT received an appropriation of \$31.9 million and 48.5 FTE. The Office requests an appropriation of \$27.9 million and 48.5 FTE for FY 2011-12, which represents a 12.5 percent funding decrease over the previous fiscal year.

ISSUE: Funding Stability of the Colorado Statewide Digital Trunked Radio System

Begun in the late 1990s, the Colorado Statewide Digital Trunked Radio System (DTRS) provides interoperable radio communications between State, regional, federal, and tribal agencies. The system represents a cross-agency collaboration funded by a variety of State Capital Construction Fund moneys, user fees, local government General Fund, and federal grants. The infrastructure that comprises the system needs upgraded over the next five years to maintain long-term system viability.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Office of the Governor**

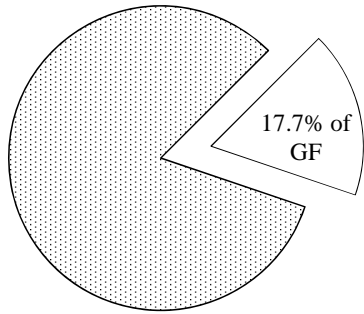
ISSUE: Governor's Office of Information Technology Proposed IT Common Policies

The Governor's Office of Information Technology (OIT) provides services to all State agencies on a cost reimbursement basis with OIT acting as a vendor to State agencies. Free-for-service payments are collected in four functional areas. The FY 2010-11 Long Bill appropriation included \$89.3 million in fee-for-service payments made to OIT. The FY 2011-12 request seeks \$93.1 million in fee-for-service payments to OIT.

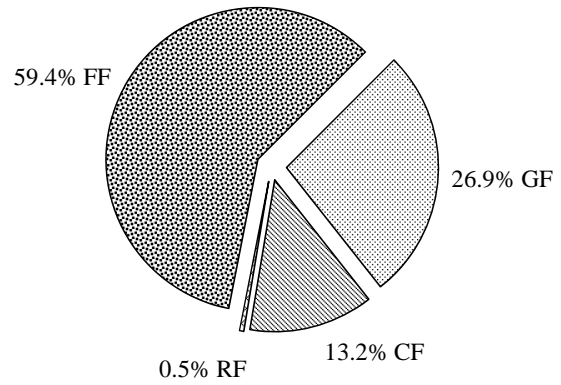
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing**

GRAPHIC OVERVIEW

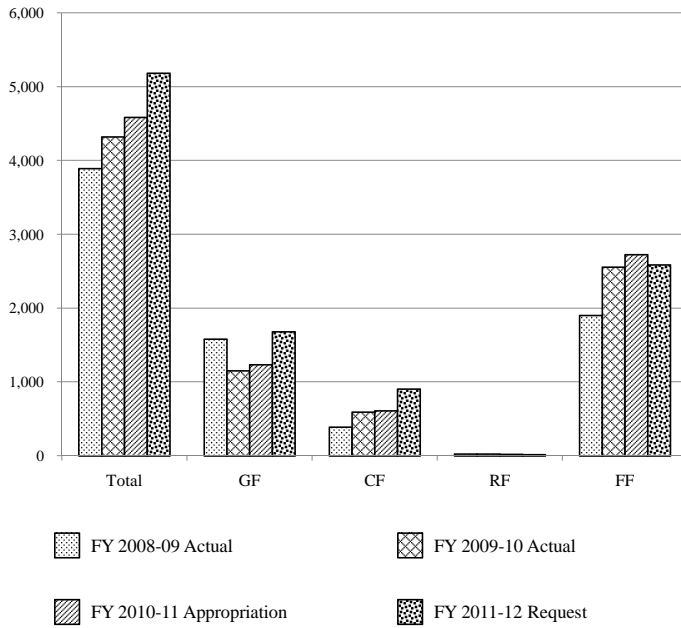
Department's Share of Statewide General Fund



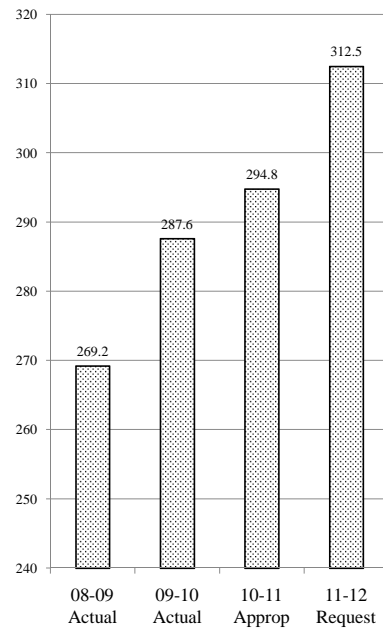
Department Funding Sources



Budget History
(Millions of Dollars)



FTE History

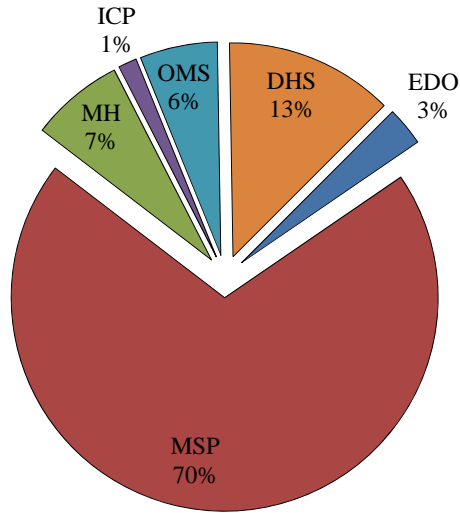


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

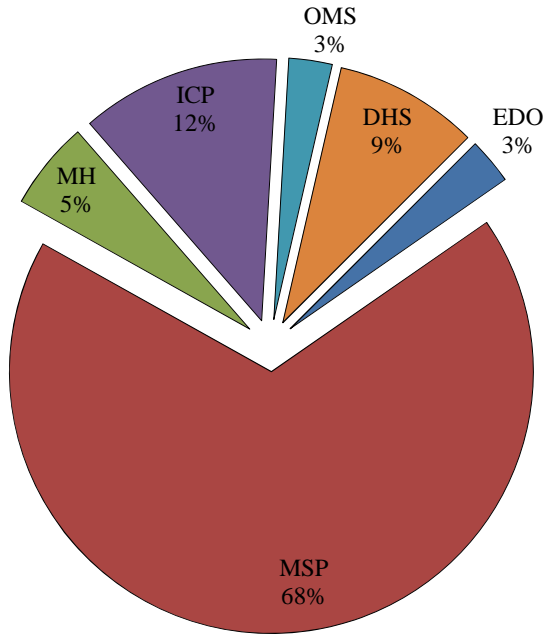
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing**

GRAPHIC OVERVIEW

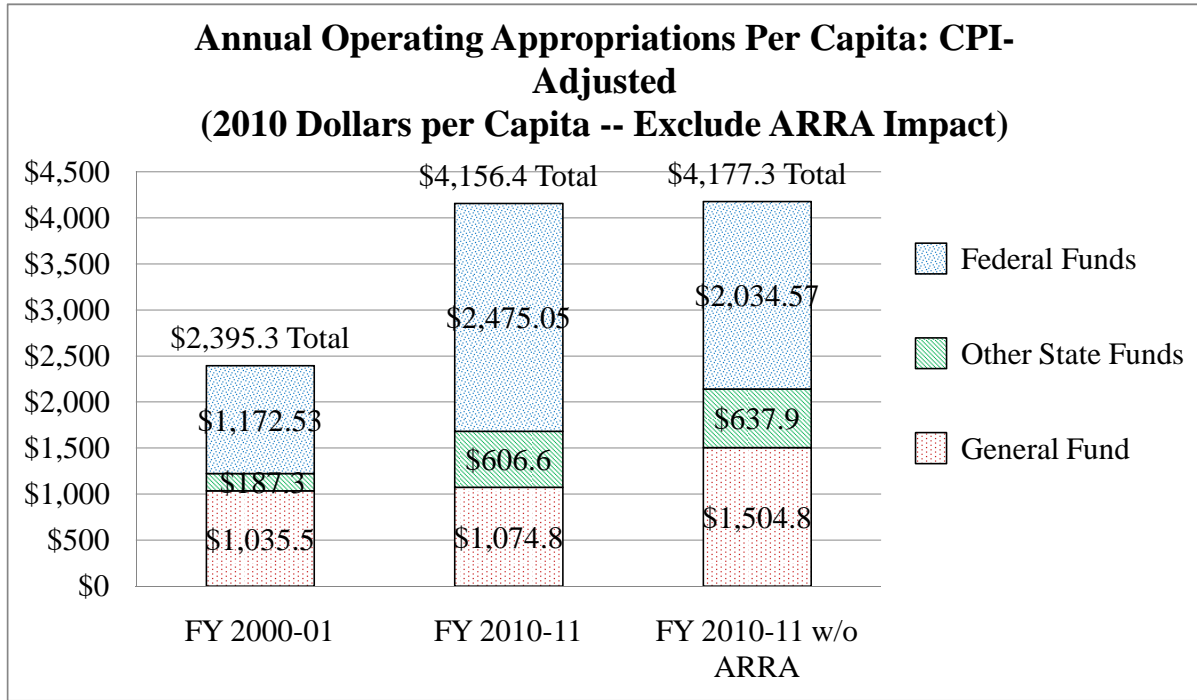
Distribution of General Fund by Division



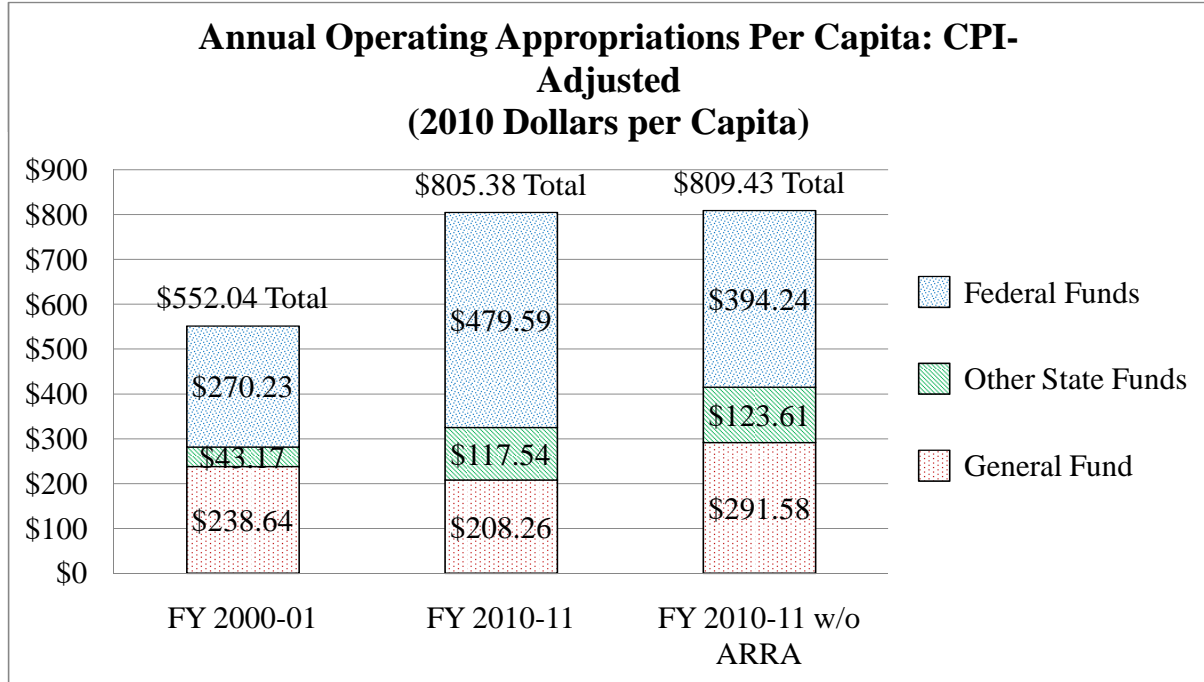
Distribution of Total Funds by Division



FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing
COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS



NOTE: Total Appropriation in FY 2010-11 would have been higher if ARRA was excluded because the appropriation for the MMA payment would have increased.



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). Additionally, in this department the appropriations do not
(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI
(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation*	\$1,232.2	\$607.0	\$20.9	\$2,724.0	\$4,584.1	294.8
FY 2011-12 Request	1,677.8	903.6	13.2	2,587.6	5,182.2	312.5
Increase / (Decrease)	\$445.6	\$296.6	(\$7.7)	(\$136.4)	\$598.1	17.7
Percentage Change	36.2%	48.9%	(36.8)%	(5.0)%	13.0%	6.0%

*Current Appropriation. Does not reflect early supplemental items until acted upon.

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	RF	FF	Total	FTE
1 Request for FY 2011-12 Medical Services Premiums (Base Caseload & Cost Forecast)	12,011,909	215,631,736	301,747	220,641,327	448,586,719	0.0
2 Request for FY 2011-12 Medicaid Mental Health Community Programs (Base Caseload & Cost Forecast)	2,796,419	9,251,400	(12,180)	10,663,558	22,699,197	0.0
3 Children's Basic Health Plan Medical Premium and Dental Costs (Base Caseload & Cost Forecast)	0	20,165,441	0	37,469,683	57,635,124	0.0
4 Medicare Modernization Act State Contribution Payment (Base Caseload & Cost Forecast)	2,231,489	0	0	0	2,231,489	0.0
5 CBMS Compliance with Low Income Subsidy and Disability Determination Services Federal Requirements	107,460	0	0	107,460	214,920	0.0
6 Cash Fund Insolvency Financing	13,796,996	0	0	0	13,796,996	0.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing**

Decision Item	GF	CF	RF	FF	Total	FTE
7 Maximize Reimbursement for High Volume Medicaid and CICP Hospitals	0	7,948,120	0	7,948,120	15,896,240	0.0
8 Prenatal Plus Administration Transfer	(779)	0	0	(778)	(1,557)	0.0
Total	30,943,494	252,996,697	289,567	276,829,370	561,059,128	0.0

SUMMARY OF BASE REDUCTION ITEMS

Base Reduction	GF	CF	RF	FF	Total	FTE
1 Client Overutilization Program Expansion	(16,325)	0	0	87,625	71,300	0.0
2 Medicaid Fee-For-Service Payment Delay	(3,625,022)	(299,733)	(3,324)	(3,897,394)	(7,825,473)	0.9
3 Indigent Care Program Financing Reductions	(14,010,318)	(4,179,364)	0	11,010,318	(7,179,364)	0.0
4 CBHP Program Reductions	7,530	(3,486,073)	36	(6,466,607)	(9,945,114)	0.0
5 Medicaid Reductions	(14,776,147)	(540,014)	0	(15,045,083)	(30,361,244)	0.0
6 Medicaid Managed Care Payment Delay	(4,295,826)	(1,618,064)	0	(6,869,481)	(12,783,371)	0.0
Total	(36,716,108)	(10,123,248)	(3,288)	(21,180,622)	(68,023,266)	0.9

SUMMARY OF NON-PRIORITIZED ITEM LIST

Non-Prioritized Item List	GF	CF	RF	FF	Total	FTE
1 Statewide - 2.0% Across the Board personal Services Reduction	(158,886)	0	(9,297)	(2,128)	(170,311)	0.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing**

Non-Prioritized Item List	GF	CF	RF	FF	Total	FTE
2 DHS - Reallocation of Resources and Funding Increase for Emergency Placements for People with Developmental Disabilities	6,797,048	0	0	6,797,048	13,594,096	0.0
3 Statewide - Printing of Statewide Warrants and Mainframe Documents	535	0	0	535	1,070	0.0
4 DHS - Services for People with Disabilities - New Funding Developmental Disabilities Services	5,374	0	0	5,373	10,747	0.0
5 DHS - Annual Fleet Vehicle Replacement	2,617,876	0	0	2,617,873	5,235,749	0.0
6 DPHE - 2% Across the Board Personal Services Reduction	(26,578)	0	0	(48,692)	(75,270)	0.0
7 DORA - 2% Across the Board Personal Services Reduction	(868)	0	0	(868)	(1,736)	0.0
8 DPHE - Use Tobacco Tax Revenue to offset General Fund in the Medical Services Premiums Line Item	(21,000,000)	18,313,649	2,686,351	0	0	0.0
9 DHS - 2% Across the Board Personal Services Reduction	(153,923)	0	(3,735)	(157,654)	(315,312)	0.0
10 DHS - Reduction to the Purchase of Contract Placements Appropriations	2,866	0	0	2,867	5,733	0.0
11 CDPHE - Pro-Rated Benefits	(184)	0	0	(191)	(375)	0.0
12 CDPHE - Statewide PERA Adjustment	(28,033)	0	0	(51,781)	(79,814)	0.0
13 Pro-Rated Benefits	(2,409)	0	0	(2,410)	(4,819)	0.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing**

Non-Prioritized Item List	GF	CF	RF	FF	Total	FTE
14 Statewide PERA Adjustment	(165,468)	(56,118)	0	(285,473)	(507,059)	0.0
15 DHS - Statewide PERA Adjustment	(520,934)	0	0	(519,611)	(1,040,545)	0.0
16 DHS - Pro-Rated Benefits	(52,825)	0	0	(52,824)	(105,649)	0.0
17 DHS - NP DHS - Printing of Statewide Warrants and Mainframe Documents	146	0	0	147	293	0.0
18 CDE - Statewide - PERA Adjustment	0	0	0	(1,685)	(1,685)	0.0
Total	(12,686,263)	18,257,531	2,673,319	8,300,526	16,545,113	0.0

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

From FY 2007-08 to FY 2010-11, total appropriations to the Department of Health Care Policy and Financing increased by over \$1.0 billion. This increase resulted mainly from: (1) caseload growth of 41.2 percent in the Medicaid program and of 31.8 percent in the Children's Basic Health Plan; and (2) the enactment of provider fee reimbursement programs for hospitals and nursing facilities. In order to mitigate the impact of high Medicaid caseload growth during the economic downturn, the United States Congress and the General Assembly enacted several budget actions. The most notable action was Congress passed the American Recovery and Reinvestment Act (ARRA) of 2009. The **total** federal relief provided under ARRA for the Medicaid program was over \$1.0 billion from FY 2008-09 through FY 2010-11. The General Assembly also refinanced General Fund with other cash funds and reduced Medicaid reimbursement rates to balance the budget. As a result of both the federal and state actions, the General Fund appropriation to the Department decreased by \$249.5 million during this period.

SUMMARY:

- The Department's appropriations grew from FY 2007-08 to FY 2010-11 due to the following budget actions:

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing**

- (1) Staff estimates that \$935.0 million total funds were provided to fund the Department's caseload and base cost requirements. During this time period, the number of clients served increased by 41.2 percent in the Medicaid program and by 47.0 percent in the Children's Basic Health Plan (CBHP) program.
 - (2) An increase of \$356.3 million total funds and 36.6 FTE were provided to enact supplemental payments to hospitals and nursing facilities under the Provider Fee Programs (H.B. 09-1293 and H.B. 08-1114).
- To mitigate the recession's impact on the Department's expenditures, Congress and the General Assembly enacted the following budget actions:
- (1) Congress enacted the American Recovery and Reinvestment Act (ARRA) to provide temporary relief to the states by increasing the federal rate paid under the Federal Medical Assistance Program (FMAP) for the Medicaid program. This action provided Colorado with approximately \$1.1 billion in federal relief during the downturn period.
 - (2) Staff estimates that the General Assembly reduced the Department's appropriations by \$227.2 million total funds for cost saving initiatives and all other budget actions. These savings were achieved as follows:
 - (a) A decrease of \$103.4 million total funds (including \$52.6 million General Fund) from provider reimbursement reductions and utilization controls;
 - (b) A decrease \$71.0 million total funds (including \$30.2 million General Fund) from reductions to the Indigent Care Program;
 - (c) A decrease of \$42.8 million total funds (including \$24.3 million General Fund) from other program reductions to the Medicaid program and including delaying the timing of the Medicare Modernization Act State Contribution Payment; and
 - (d) A decrease of \$11.5 million total funds (including \$38.9 million General Fund) from technical and other budget adjustments (such as removing one-time costs from the previous year's budget action or adjustment for over-expenditures in the previous year).
 - (3) During this time period the General Assembly refinanced a cumulative \$209.5 million in General Fund with various cash funds. The majority of the cash fund offsets were made possible because the General Assembly declared a state fiscal emergencies in both FY 2008-09 and FY 2009-10 and thereby authorized the use of the Amendment 35 tobacco taxes to offset General Fund (Article X, Section 21, Paragraph 7, Colorado State Constitution).

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing**

- ❑ Many of the budget balancing actions for this Department were temporary. As a result of the one-time or expiring nature of these actions, the Department's General Fund appropriation request for FY 2011-12 is \$445.6 million or 36.2 percent higher than the current FY 2010-11 appropriation.
-

ISSUE: Staff's Five Year *General Fund* Forecast for the Department

Staff's baseline *General Fund* forecast for the Department (excluding the DHS-Medicaid funded programs) assumes increases of 53.4 percent in FY 2011-12, 8.0 percent in FY 2012-13, and 6.5 percent in FY 2013-14.

SUMMARY:

- ❑ The current FY 2010-11 General Fund appropriation for this Department contains several one-time General Fund refinancing. The loss of these temporary General Fund reductions will result in extraordinary General Fund growth in FY 2011-12.
 - ❑ About the time staff forecasts Medicaid caseload and expenditures stabilizing, the Health Care Expansion Fund will have no fund balance left.
-

ISSUE: Review of Colorado Medicaid Program

SUMMARY:

- ❑ The Department serves low-income elderly, disabled, adults and children. While the majority of the clients in the program are children, the majority of expenditures are spent on the elderly and disabled populations.
 - ❑ Like any health insurance program, a small percentage of the clients served drive the majority of the expenditures.
 - ❑ During the last several years, the State has implemented several cost containment strategies. These strategies include but are not limited to: (1) provider reimbursement reductions; (2) utilization controls and benefit review; (3) care management; and (4) payment recoveries.
-

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing**

INFORMATIONAL ISSUE: Review of Budget Reduction Options

SUMMARY:

- ❑ The entire Medicaid program is an optional program. However, if Colorado wants to receive approximately \$2.6 billion in federal aid to help address health care needs for some of the state's most vulnerable populations, then the State's Medicaid program must include certain populations and services.
 - ❑ The federal Accountable Care Act (ACA) makes all of the populations served in Colorado's Medicaid program *at the time ACA was enacted mandatory*.
 - ❑ Benefit reductions can be difficult to enact and may not yield the expected savings.
 - ❑ Many of the Department's provider rates are substantially lower than Medicare rates.
-

ISSUE: Delay Medicaid Payments

Beginning in FY 2010-11, the Department requests that a permanent three week delay for fee-for-service payments be implemented and that the methodology for paying managed care providers be changed from a concurrent methodology (paying the month service is delivered) to a retrospective payment methodology (services paid for in the month following delivery).

SUMMARY:

- ❑ Under the cash basis of accounting, expenditures are accounted for once the payment is made. Therefore, delaying payments can change the fiscal year in which the expenditure is booked. This budget proposal basically shifts one fiscal year's expenditures into the next fiscal year.
- ❑ During the 2009 Session, the General Assembly approved payment delays for fee-for-service and managed care providers in S.B. 09-265. In the 2010 Session, the General Assembly reversed S.B. 09-265 by enacting H.B. 10-1382. With the appropriations contained in H.B. 10-1382, all anticipated costs for the fee-for-service and managed care programs were fully funded in FY 2009-10. However, the June 2010 revenue forecast came in under the March 2010 revenue forecast. Pursuant to statutory authority, the Governor's Office and State Controller made the decision to suspend all fee-for-service Medicaid payments for the last two weeks of June 2010.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing**

- ❑ Delaying Medicaid payments is not the most efficient payment delay that the State could pursue. When the decision to delay payments was made, it was anticipated that approximately \$38.0 million in General Fund savings would be achieved. However, only approximately \$28.0 million in General Fund savings occurred. This was an estimation error of 26.3 percent.
-

ISSUE: Financing Options to Help Balance the State Budget

SUMMARY:

- ❑ Because of the amount of General Fund needed to meet the budget needs for this Department and the difficulty in reducing the program's expenditures, the Department's FY 2011-12 budget request once again contains cash fund offsets to reduce General Fund expenditures as follows:
 1. \$21.0 million from the Amendment 35 Tobacco Tax Fund programs administered by the Department of Public Health and Environment;
 2. \$26.7 million from the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) Bonus Payment; and
 3. \$50.0 million from the Hospital Provider Fee Program.
 - ❑ Both the Children's Basic Health and Plan Trust Fund and the Health Care Expansion Fund have insufficient revenue to support the populations from the funds.
-

ISSUE: Indigent Care Program Requests

The Department's FY 2011-12 budget request includes an increase of \$15.9 million total funds (no General Fund impact) to maximize reimbursements for hospitals providing care to indigent clients. However, the request also reduces funding for other indigent care programs by \$7.2 million total funds (including a \$14.0 million General Fund reduction).

SUMMARY:

- ❑ Based on additional room being available under the upper payment limit (UPL), the Department requests that the appropriations for the Safety Net Provider Payments be increased by \$15.9 million. Of this amount, \$7.9 million is certified public expenditures and \$7.9 million in federal funds.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing**

- ❑ The Department requests that an emergency resolution be passed so that the Primary Care Fund can be redistributed to the Health Care Services Fund -- similar to H.B. 10-1378 (a JBC Budget Balancing Bill from FY 2010-11).
 - ❑ The Department also requests a \$3.0 million total fund reduction to the Pediatric Specialty Hospital Line Item based on higher reimbursements to The Children's Hospital under the Hospital Provider Fee program.
 - ❑ Additional reductions could be made to the amount of funding provided to the Old Age Pension Supplemental Medical Fund and to Comprehensive Primary Care Grant Program.
-

INFORMATIONAL ISSUE: Other Proposed Program Reductions for FY 2011-12

The Department's FY 2011-12 budget request contains \$40.2 million total funds (an impact to the General Fund of \$18.3 million) in various Medicaid and Children's Basic Health Plan reductions.

SUMMARY:

- ❑ The Department's FY 2011-12 budget request contains a \$31.1 million total fund reduction (\$15.0 million General Fund reduction) to the Medicaid program. After base and caseload increases are considered, the Department's proposed reductions are equal to only a 1.09 percent reduction to the General Fund and 0.81 percent reduction to total funds.
 - ❑ The Department's FY 2011-12 budget request contains a \$9.9 million total fund reduction (\$3.5 million cash funds which should reduce General Fund subsidies to the cash funds) to the Children's Basic Health Plan (CBHP) program. After base and caseload increases are considered, the Department's proposed reductions to the CBHP program are equal to a 3.6 percent total fund reduction.
-

ISSUE: FY 2009-10 Medicaid Over Expenditures

In FY 2009-10, the three major Medicaid programs (Medical Service Premiums, Medicaid Mental Health, and the Medicare Modernization Act State Contribution Payment) were over expended by \$18.5 million total funds (a forecast error of 0.58 percent) if the impact of payment delays are excluded.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing**

SUMMARY:

- ❑ Excluding the impact of the payment delay, the *final* FY 2009-10 appropriation for the Medicaid Medical Services Premiums (MSP) line item was over expended by \$18.8 million total funds, a 0.64 percent forecast error. However, the over expenditures were all cash and federal funds. The General Fund would have *reverted* \$7.9 million, a General Fund forecast error of 1.0 percent.
- ❑ The *final* FY 2009-10 appropriations for the Medicaid Mental Health Division was over forecasted by \$403,361 total funds, a 0.18 percent forecast error. However the General Fund was underforecasted by \$578,382, a General Fund forecast error of 0.7 percent.
- ❑ The final FY 2009-10 appropriation for the Medicare Modernization Act (MMA) State Contribution Payment was over expended by \$100,921 General Fund. This represented a forecast error of 0.18 percent.

ISSUE: Department's Medicaid Forecast for FY 2010-11 and FY 2011-12

The Department requests a FY 2010-11 Medicaid supplemental (includes both the Medical Services Premiums and Mental Health Divisions) of \$99.5 million total funds or just under 3.0 percent. The Department's FY 2011-12 Medicaid program request represents an increase of \$420.5 million total funds, or 12.5 percent, over the current FY 2010-11 appropriation. When compared to the Revised FY 2010-11 estimate, the Department's FY 2011-12 request is an increase of \$321.0 million total funds, or 9.3 percent.

SUMMARY:

- ❑ The Department's FY 2010-11 estimate and FY 2011-12 budget request for the Medicaid Program (includes both the Medical Services Premiums and Mental Health Division line items) is shown below.

Table 1: FY 2010-11 Estimate & FY 2011-12 Budget Request (<i>MSP and MH Divisions</i>)						
	Current FY 2010-11 Appropriation	Department's Estimated FY 2010-11 Expenditure	Difference Possible Supplemental Amount	Department's FY 2011-12 Budget Request*	FY 2011-12 Increase Compared to Current FY 2010-11 Appropriation	FY 2011-12 Increase Compared to Estimated FY 2010-11 Expenditure
GF	\$949,121,211	\$950,359,327	\$1,238,116	\$1,313,865,882	\$364,744,671	\$363,506,555

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing**

Table 1: FY 2010-11 Estimate & FY 2011-12 Budget Request (MSP and MH Divisions)

	Current FY 2010-11 Appropriation	Department's Estimated FY 2010-11 Expenditure	Difference Possible Supplemental Amount	Department's FY 2011-12 Budget Request*	FY 2011-12 Increase Compared to Current FY 2010-11 Appropriation	FY 2011-12 Increase Compared to Estimated FY 2010-11 Expenditure
CF	349,188,820	445,295,060	96,106,240	574,282,606	225,093,786	128,987,546
RF	7,607,289	7,785,513	178,224	6,322,351	(1,284,938)	(1,463,162)
<u>FF</u>	<u>2,051,523,023</u>	<u>2,053,519,580</u>	<u>1,996,557</u>	<u>1,883,517,741</u>	<u>(168,005,282)</u>	<u>(170,001,839)</u>
Total	\$3,357,440,343	\$3,456,959,480	\$99,519,137	\$3,777,988,580	\$420,548,237	\$321,029,100
Percent (Decrease) / Increase			2.96%	n/a	12.53%	9.29%

*Includes base budget plus all decision items, base reduction items, and non-prioritized requests.

INFORMATIONAL ISSUE: Children's Basic Health Plan Budget Outlook

The current appropriation for the Children's Basic Health Plan is \$230.7 million in FY 2010-11. The Department anticipates that actual expenditures in FY 2010-11 will be \$218.2 million. For FY 2011-12, the Department anticipates that the CBHP program line items will need \$279.4 million. This is an increase of \$48.7 million (21.1 percent) over the current FY 2010-11 appropriation and \$61.2 million (28.1 percent) over the revised FY 2010-11 estimate.

SUMMARY:

- The Department's FY 2010-11 estimate and FY 2011-12 budget request for the Children's Basic Health Plan (all line items) is shown below.

Table 1: FY 2010-11 Estimate & FY 2011-12 Budget Request

Line Item	Current FY 2010-11 Appropriation	Department's Estimated FY 2010-11 Expenditure	Difference Possible Supplemental Amount	Department's FY 2011-12 Budget Request*	FY 2011-12 Increase Compared to Current FY 2010-11 Appropriation	FY 2011-12 Increase Compared to Estimated FY 2010-11 Expenditure
Trust Fund	\$9,411,482	\$6,714,488	(\$2,696,994)	\$13,796,996	\$4,385,514	\$7,082,508
Admin.	\$4,889,503	\$4,889,503	\$0	\$4,894,410	\$4,907	\$4,907

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing**

Table 1: FY 2010-11 Estimate & FY 2011-12 Budget Request

Line Item	Current FY 2010-11 Appropriation	Department's Estimated FY 2010-11 Expenditure	Difference Possible Supplemental Amount	Department's FY 2011-12 Budget Request*	<i>FY 2011-12 Increase Compared to Current FY 2010-11 Appropriation</i>	<i>FY 2011-12 Increase Compared to Estimated FY 2010-11 Expenditure</i>
Premiums	\$202,521,966	\$196,155,940	(\$6,366,026)	\$247,401,584	\$44,879,618	\$51,245,644
Dental	<u>\$13,878,070</u>	<u>\$10,393,548</u>	(\$3,484,522)	<u>\$13,277,975</u>	<u>(\$600,095)</u>	<u>\$2,884,427</u>
Total	\$230,701,021	\$218,153,479	(\$12,547,542)	\$279,370,965	\$48,669,944	\$61,217,486
GF	\$9,411,482	\$6,714,488	(\$2,696,994)	\$13,796,996	\$4,385,514	\$7,082,508
CF	71,429,197	67,925,527	(3,503,670)	93,778,776	22,349,579	25,853,249
RF	6,856,880	6,856,880	0	0	(6,856,880)	(6,856,880)
FF	<u>143,003,462</u>	<u>136,656,584</u>	(6,346,878)	<u>171,795,193</u>	<u>28,791,731</u>	<u>35,138,609</u>
Total	\$230,701,021	\$218,153,479	(\$12,547,542)	\$279,370,965	\$48,669,944	\$61,217,486
Percent (Decrease) / Increase			(5.44)%	n/a	21.10%	28.06%

INFORMATIONAL ISSUE: National Health Care Reform and Potential Budget Impacts

The federal Affordable Care Act is the most comprehensive health care law enacted since Medicare and Medicaid in 1965. However, because of the implementation time line there will be limited impact to state appropriations in FY 2010-11 and FY 2011-12.

SUMMARY:

- The Executive Branch did not submit any decision items related to implementing the Accountable Care Act in their November 1, 2010 budget requests for FY 2010-11.

ISSUE: State Constitutional Changes Are Needed in Order to Maximize the Use of State Funds

If certain provisions in the State Constitution were modified, \$35.0 million in state revenues could be more efficiently used to expand access to health care services by indigent clients.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Health Care Policy and Financing**

SUMMARY:

- ❑ The State Constitution and corresponding state statutes dedicate a total of \$15.3 million to the Old Age Pension Medical Program. Many of these clients will receive full Medicaid coverage under the provisions of H.B. 09-1293 or after the Accountable Care Act (ACA) is implemented. Therefore, this funding should be phased-out and totally eliminated by 2014.
- ❑ The State Constitution allocates 19 percent of the revenues collected under the Amendment 35 tobacco taxes to provide primary care grants. This funding does not draw a federal match. This funding should be reallocated in a manner that either draws a federal match or pays for the costs of increased eligibility for public insurance programs.
- ❑ The State Constitution dedicates revenues to fund caseload above the 2004 enrollments for the Children's Basic Health Plan and to increase enrollment in the Medicaid program. Eventually, the Children's Basic Health Plan will be phased-out by ACA (by 2019). Provisions in the State Constitution should be clarified for this outcome.

ISSUE: Proposed Service Reductions to Medicaid Mental Health Programs

The Joint Budget Committee (JBC) issued a formal request for information to the Department of Health Care Policy and Financing (HCPF) seeking recommended benefit or service reductions to Medicaid Mental Health programs in order to achieve a \$2.2 million total funds savings between January 2011 and June 2011. As a result, HCPF submitted a plan to the JBC to adjust the rate-setting methodology in a manner that allows the two percent rate reduction to be enacted within the actuarially sound range in lieu of benefit or service reductions.

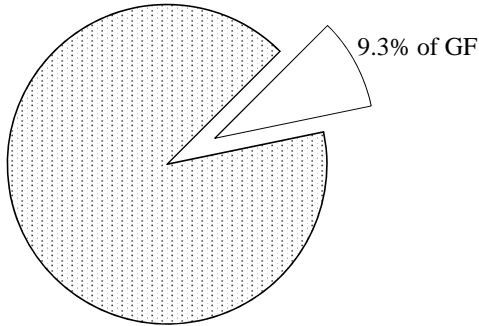
ISSUE: Federal Healthcare Reform and What It Means for Behavioral Healthcare

Federal healthcare reform will significantly impact the provision and management of behavioral health services in Colorado. Rules and regulations have not yet been established at the federal level to determine the full impact of reform initiatives, however it is feasible to identify the issues associated with the expansion of Medicaid and the evolution toward integrated physical and behavioral healthcare.

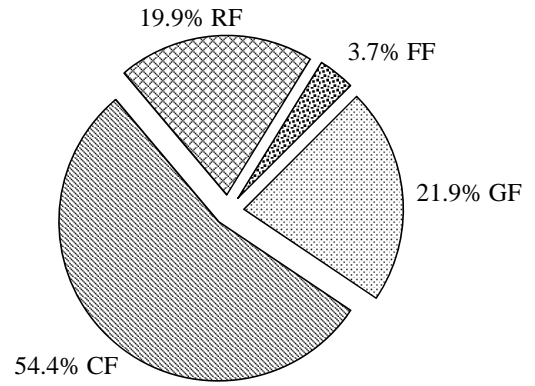
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

GRAPHIC OVERVIEW

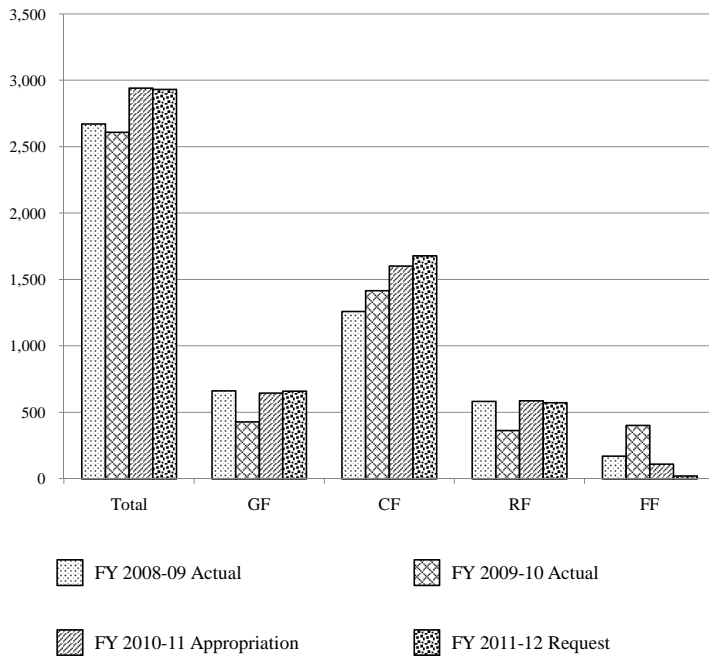
Department's Share of Statewide General Fund



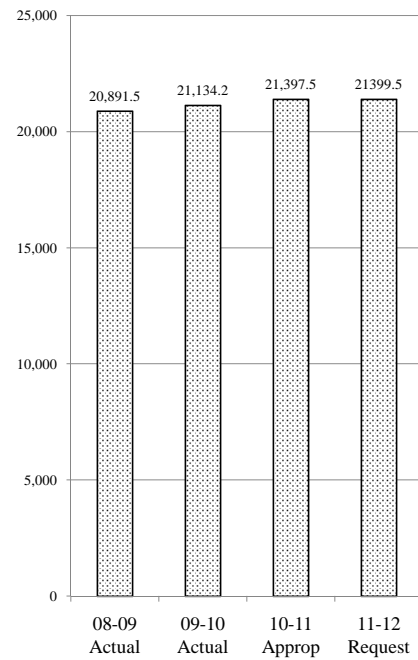
Department Funding Sources



**Budget History
(Millions of Dollars)**

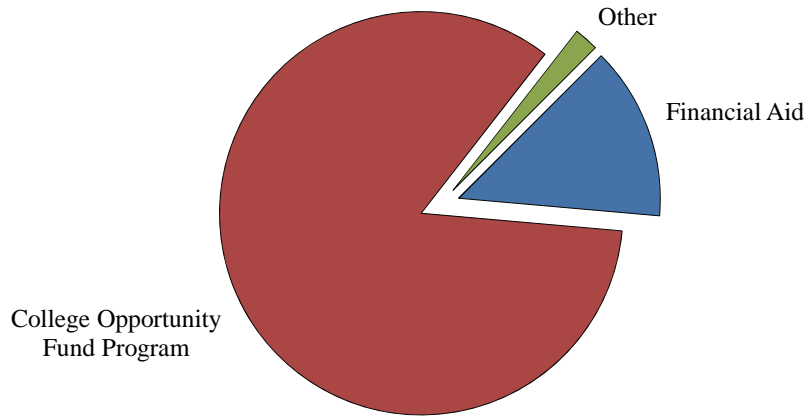


FTE History

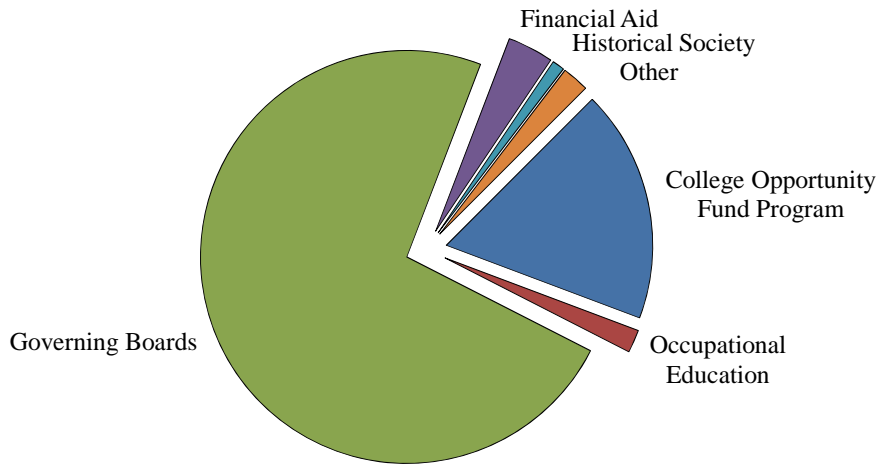


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

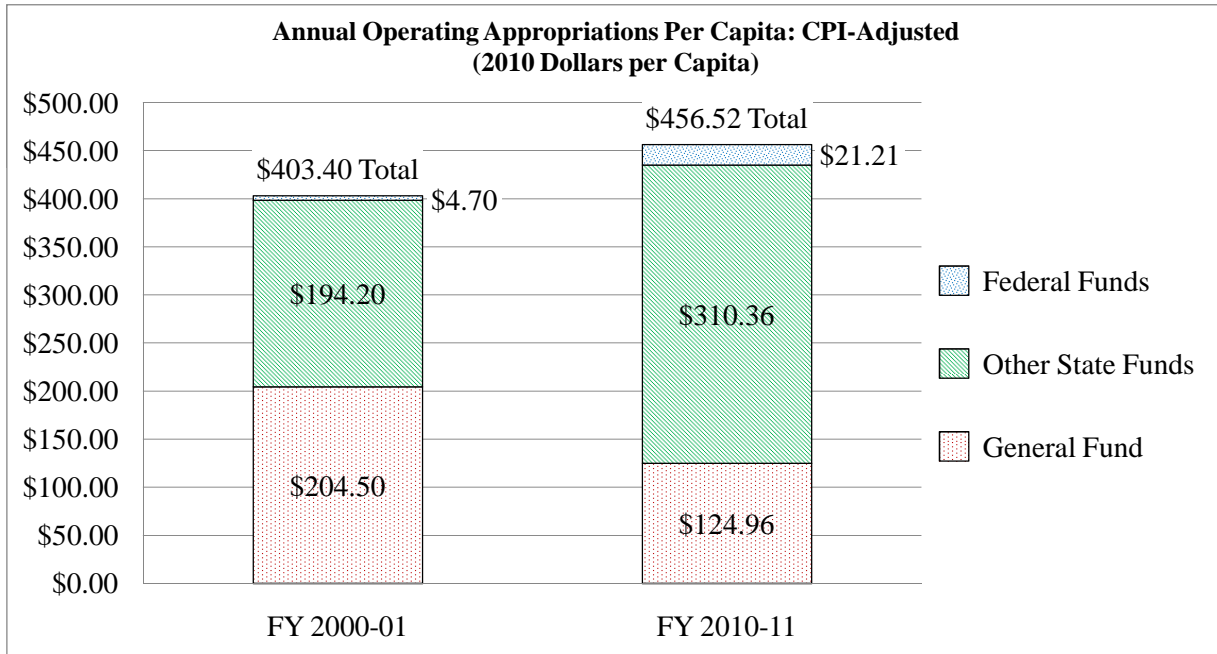
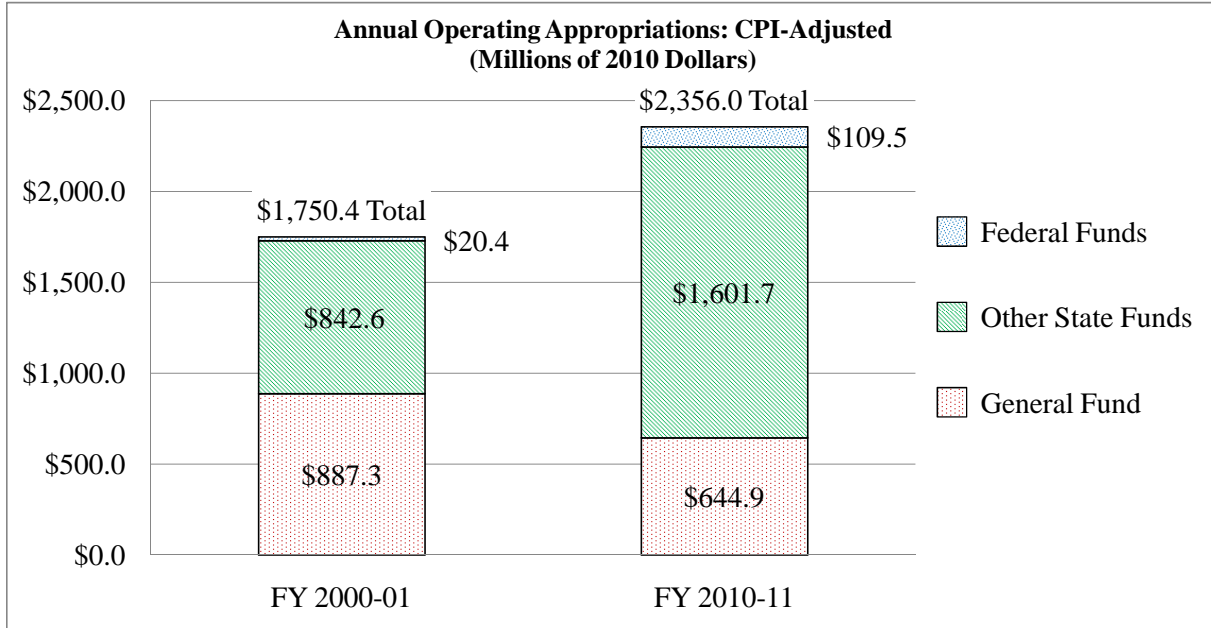
Distribution of General Fund by Division



Distribution of Total Funds by Division



**FY 2011-12 Joint Budget Committee Staff Budget Briefing
 Department of Higher Education
 COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS**



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, these excluded amounts primarily reflect transfers within the Department from the College Opportunity Fund to the Governing Boards for Stipends and Fee-for-service Contracts, and a transfer from the Department of Education for career and technical education.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Higher Education**

OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	\$644.9	\$1,601.7	\$586.2	\$109.5	\$2,942.3	21,397.5
FY 2011-12 Request	660.6	1,680.2	572.7	20.3	2,933.8	21,399.5
Increase / (Decrease)	\$15.7	\$78.5	(\$13.5)	(\$89.2)	(\$8.5)	2.0
Percentage Change	2.4%	4.9%	-2.3%	-81.5%	-0.3%	0.0%

DECISION ITEM PRIORITY LIST

Pursuant to statute, the Colorado Commission on Higher Education (CCHE) may submit requests for funding higher education institutions directly to the General Assembly. For FY 2011-12 there are no differences between the funding requests from CCHE and the Governor.

Decision Item	GF	CF	RF	FF	Total	FTE
1	0	0	(13,398,376)	0	(13,398,376)	0.0
Allocations for the College Opportunity Fund and State Fiscal Stabilization Funds						
		<u>FY 2010-11 GF+ARRA</u>	<u>Federal ARRA</u>	<u>DI #1 GF Allocation</u>	<u>Net Reduction</u>	<u>Percent</u>
Adams State College		\$13,447,945	(\$1,298,623)	(361,274)	(1,659,897)	-12.3%
Mesa State College		22,087,052	(2,198,660)	(278,771)	(2,477,431)	-11.2%
Metro State College		44,067,731	(4,289,163)	(618,326)	(4,907,489)	-11.1%
Western State College		11,208,881	(1,316,734)	(54,279)	(1,371,013)	-12.2%
CSU System		132,060,260	(18,440,232)	(222,697)	(18,662,929)	-14.1%
Fort Lewis College		11,503,271	(2,745,449)	1,142,444	(1,603,005)	-13.9%
CU System		192,465,520	(33,361,538)	(594,651)	(33,956,189)	-17.6%
Colorado School of Mines		21,456,245	(2,662,620)	(1,106,782)	(3,769,402)	-17.6%
U. of Northern Colorado		40,624,090	(5,447,212)	(300,760)	(5,747,972)	-14.1%
Community College System		131,965,957	(13,831,805)	1,356,981	(12,474,824)	-9.5%
Subtotal - Governing Boards		\$620,886,952	(\$85,592,036)	(1,038,115)	(86,630,151)	-14.0%
Local District Junior Colleges		14,631,390	(2,029,456)	68,850	(1,960,606)	-13.4%
Area Vocational Schools		8,964,761	(1,572,607)	720,955	(851,652)	-9.5%
TOTAL - Public		\$644,483,103	(\$89,194,099)	(248,310)	(89,442,409)	-13.9%

Decision Item	GF	CF	RF	FF	Total	FTE
2 Fort Lewis Native American Tuition Waivers	0	0	0	0	0	0.0
3 Tuition Placeholder	0	94,250,644	0	0	94,250,644	0.0
Hist - 1 New History Colorado Center - Facilities Budget Request	0	716,553	0	0	716,553	2.0
NP - Transfer from K-12 Increase for K-12 Categorical Programs	0	0	140,150	0	140,150	0.0
NP - PERA Statewide PERA Adjustment	0	(145,616)	(25,247)	(21,663)	(192,526)	0.0
NP - Printing Printing of Statewide Warrants	0	470	147	0	617	0.0
Total Governor	0	94,822,051	(13,283,326)	(21,663)	81,517,062	2.0

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Higher Education have increased since FY 2007-08 due to tuition rate increases, an influx of federal funds from the American Recovery and Reinvestment Act of 2009 (ARRA), and one-time cash funds for financial aid from CollegeInvest. General Fund appropriations fluctuated dramatically, but public funds including the federal ARRA funds and cash funds for financial aid from CollegeInvest were more stable.

SUMMARY:

- ❑ In FY 2008-09 and FY 2009-10 the General Assembly reduced General Fund for higher education significantly and used federal ARRA funds to backfill the lost revenue. In FY 2010-11 the General Assembly increased General Fund to meet maintenance of effort requirements of the federal ARRA, but not to the original FY 2008-09 appropriation level.
- ❑ The General Assembly increased state appropriations for financial aid by \$9.1 million, or 9.5 percent. Most of the growth occurred in FY 2008-09. In FY 2010-11 the General Assembly refinanced \$15.4 General Fund for financial aid with cash funds from CollegeInvest. The Governor proposes restoring the General Fund in FY 2011-12.

- ❑ The General Assembly transferred \$80.3 million from higher education related cash funds to the General Fund, including \$44.3 million from the Colorado CollegeInvest Scholarship Trust Fund to promote a precollegiate curriculum, and \$41.3 million from federal mineral lease revenues deposited in the Higher Education Federal Mineral Lease Revenues Fund and the Higher Education Maintenance and Reserve Fund, which funds are dedicated for lease purchase payments, controlled maintenance projects, and fiscal downturns.
-

ISSUE: Consequences of reducing funding for higher education

This issue brief expands on the responses from the higher education institutions to a requirement in S.B. 10-003 that they submit plans for continued operation with a 50 percent reduction in state funding.

ISSUE: Proportion of funding from students versus the state.

This issue brief provides comparative information about the share of costs born by students versus the state at different institutions.

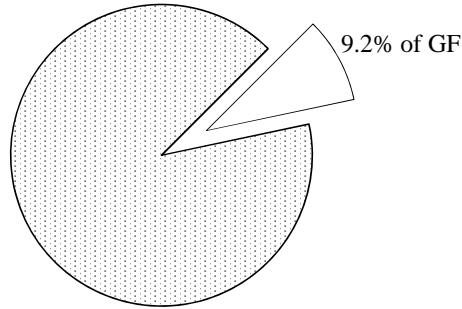
ISSUE: Department's Strategic Plan

This issue brief discusses selected recommendations in the Department's strategic plan for higher education that have significant fiscal impacts or relevance to recent legislative discussions about the budget.

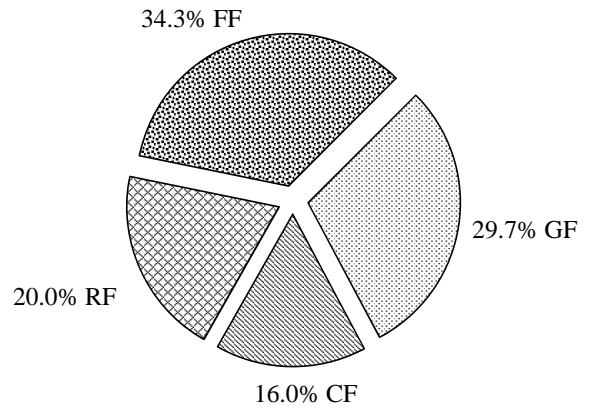
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Human Services**

GRAPHIC OVERVIEW

Department's Share of Statewide General Fund

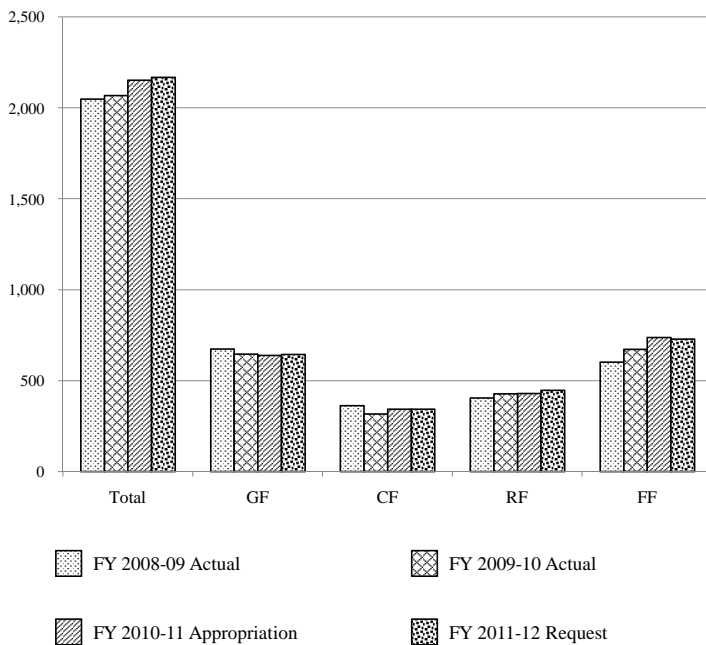


Department Funding Sources

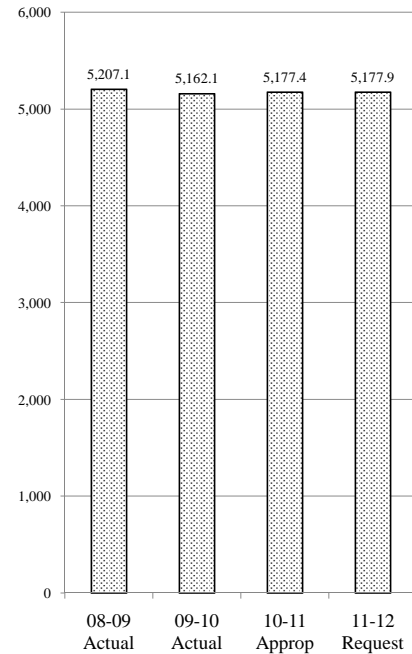


Note: If General Fund appropriated to the Department of Health Care Policy and Financing for human services programs were included in the graph above, the Department of Human Services' share of the total state General Fund would rise to 11.4%.

**Budget History
(Millions of Dollars)**

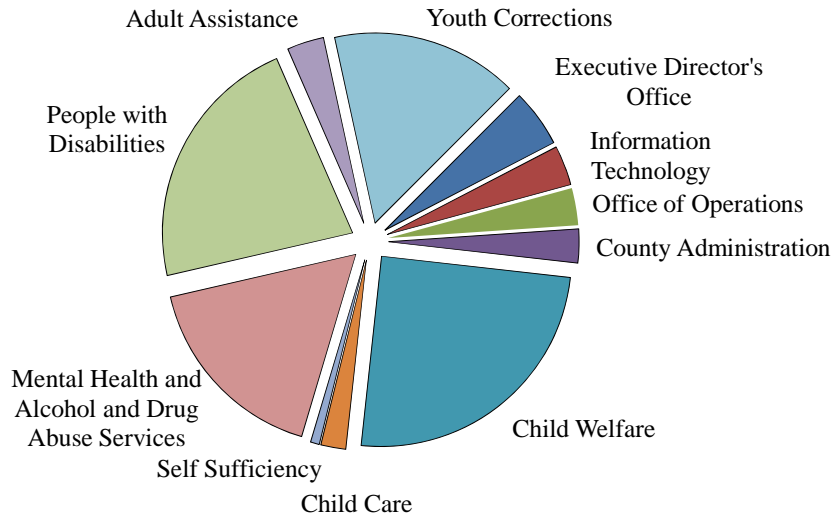


FTE History



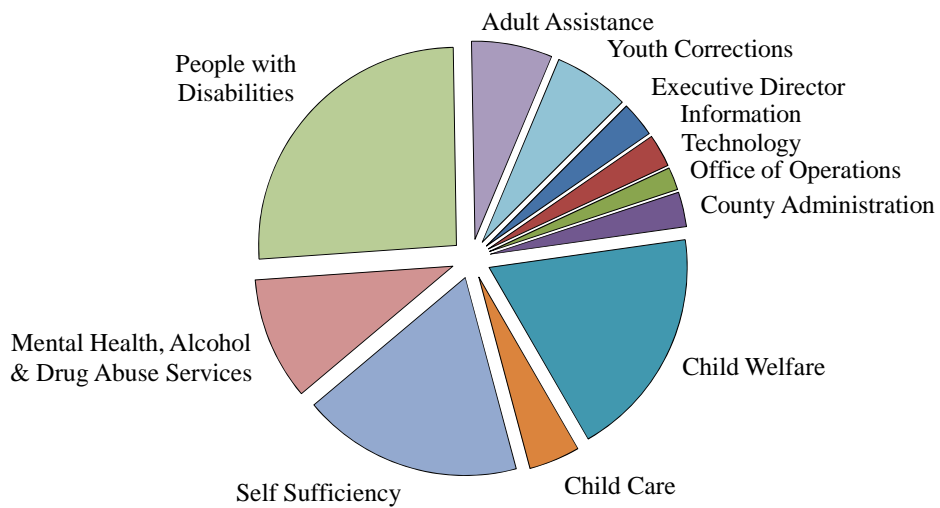
Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

**Distribution of Net General Fund by Division*
FY 2010-11 Appropriation \$797.2 million**

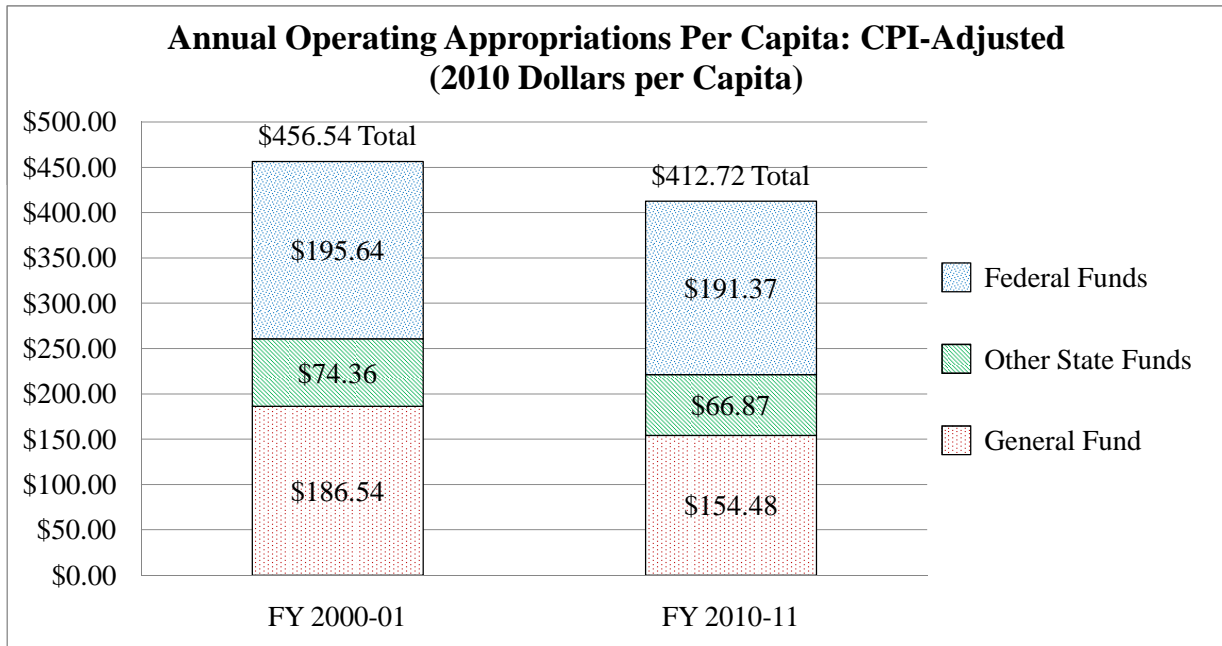
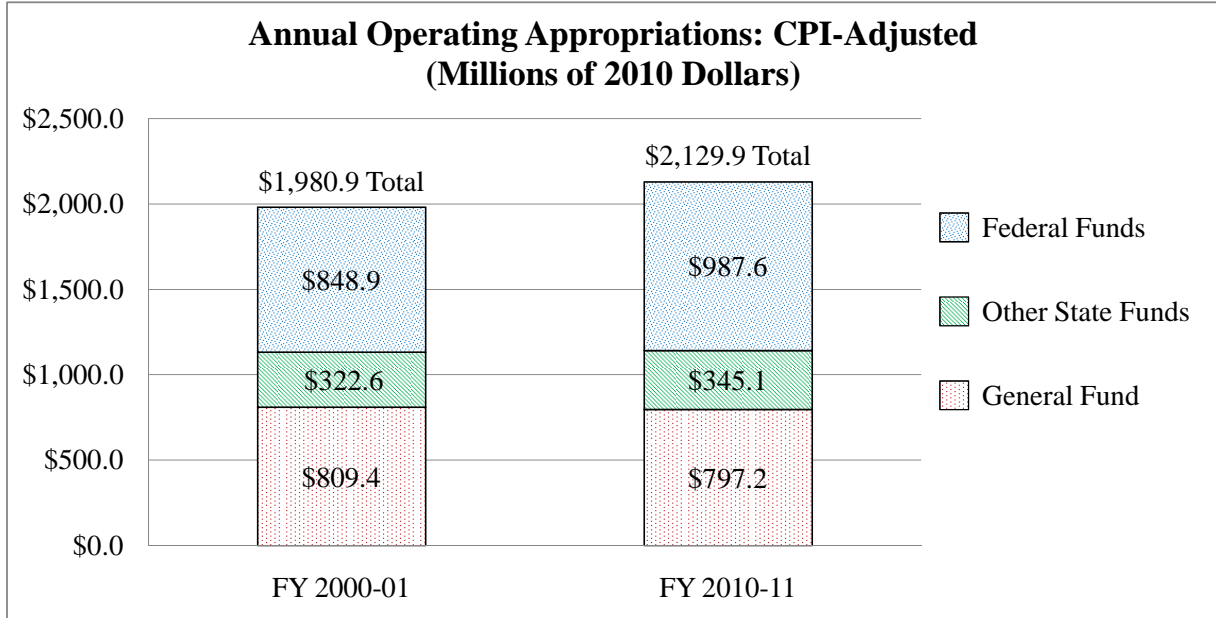


*Net General Fund includes General Fund appropriated to the Department of Human Services and General Fund appropriated to the Department of Health Care Policy and Financing for human services programs.

**Distribution of Total Funds by Division
FY 2010-11 Appropriation \$2,153.1 million**



**FY 2011-12 Joint Budget Committee Staff Budget Briefing
 Department of Human Services
 COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS**



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, the majority of reappropriated funds are for transfers from the Department of Health Care Policy and Financing. In this chart, these amounts are shown as General Fund and federal funds in the Department of Human Services, based on how the funds are initially appropriated in the Department of Health Care Policy and Financing, and are excluded from the Department of Health Care Policy and Financing appropriation. Other duplicate appropriations in the Department of Human Services are entirely excluded from the chart. This includes transfers from the Department of Education to support vocational rehabilitation programs, transfers from the Department of Corrections for facility support services on the Department of Human Services' Pueblo campus, and funds transferred within the Department of Human Services for administrative support services, among other items.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Human Services**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund (Net GF) equals the direct General Fund appropriation shown, plus the General Fund portion of the HCPF transfer. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	Net GF	FTE
FY 2010-11 Appropriation	\$639.8	\$344.6	\$430.0	\$738.7	\$2,153.1	\$797.2	5,177.4
FY 2011-12 Request	646.0	343.8	449.0	729.5	2,168.3	857.3	5,177.9
Increase / (Decrease)	\$6.2	(\$0.8)	\$19.0	(\$9.2)	\$15.2	\$60.1	0.5
Percentage Change	1.0%	-0.2%	4.4%	-1.2%	0.7%	7.5%	0.0%

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	RF	FF	Total	Net GF*	FTE
1 Additional Funding for Electronic Benefits Transfer Service (EBTS)	\$185,194	\$185,194	\$0	\$270,422	\$640,810	\$185,194	0.0
2 Additional Funding for Food Assistance Administration	2,357,640	0	0	2,357,640	4,715,280	2,357,640	0.0
3 Reallocation of Resources and Funding Increase for Emergency Placements in Community Services for People with Developmental Disabilities Program Costs	(6,129,032)	0	13,594,096	0	7,465,064	668,016	0.0
4 Services for People with Disabilities - New Funding Developmental Disabilities Services	3,648,368	0	5,030,723	0	8,679,091	6,163,730	0.0
5 Transfer of Sol Vista Youth Services Center FTE to the Division of Youth Corrections	0	0	(548,765)	0	(548,765)	0	0.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Human Services**

Decision Item	GF	CF	RF	FF	Total	Net GF*	FTE
NP-1 2% Across the Board Personal Services Reduction (HCPF Impact to DHS)	(2,813)	0	(4,256)	(2,228)	(9,297)	(4,941)	0.0
NP-2 HCPF BRI-2 Medicaid Fee-For-Service Payment Delay	0	0	(325,593)	0	(325,593)	(159,471)	0.0
NP-3 HCPF CHP+ Program Reductions	9,955	1,880	15,184	13,333	40,352	17,485	0.0
NP-4 2% Across the Board Personal Services Reduction (DHS Impact)	(1,171,795)	0	(316,239)	(336,666)	(1,824,700)	(1,325,718)	0.0
NP-5 HCPF - CBMS Compliance with Low Income Subsidy and Disability Determination Services Federal Requirements	0	0	214,920	0	214,920	107,460	0.0
NP-7 Statewide PERA adjustment	(3,034,793)	(205,236)	(1,196,670)	(824,860)	(5,261,559)	(3,555,727)	0.0
NP-8 Annual Fleet Vehicle Replacement	2,143	151	11,144	2,287	15,725	7,517	0.0
NP-9 Printing of Statewide Warrants and Mainframe Documents	10,115	188	407	8,607	19,317	10,261	0.0
NP-10 Pro-Rated Benefits	(438,817)	(556)	(109,381)	(25,343)	(574,097)	(491,642)	0.0
Total	(\$4,563,835)	(\$18,379)	\$16,365,570	\$1,463,192	\$13,246,548	\$3,979,804	0.0

* These amounts are shown for informational purposes only. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund (Net GF) equals the direct General Fund (GF) appropriation shown, plus the General Fund portion of the HCPF transfer.

SUMMARY OF BASE REDUCTION ITEMS

Reduction Item	GF	CF	RF	FF	Total	Net GF*	FTE
1 Purchase of Contract Placements Line Item Appropriation Reduction	(\$9,197,473)	\$0	\$5,733	(\$3,682)	(\$9,195,422)	(\$9,194,607)	0.0
2 Convert Contractual Services to FTE in the Telecommunications Equipment Distribution Program	0	0	(23,919)	0	(23,919)	0	0.5

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Human Services**

Reduction Item	GF	CF	RF	FF	Total	Net GF*	FTE
3 Eliminate County Tax Base Relief Appropriation	(2,700,688)	0	0	0	(2,700,688)	(2,700,688)	0.0
Total	(\$11,898,161)	\$0	(\$18,186)	(\$3,682)	(\$11,920,029)	(\$11,895,295)	0.5

* These amounts are shown for informational purposes only. A large portion of the Department's reappropriated funds are Medicaid-related transfers from the Department of Health Care Policy and Financing (HCPF). Roughly half of the corresponding HCPF appropriations are General Fund. Net General Fund equals the direct GF appropriation shown, plus the GF portion of the HCPF transfer.

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

If General Fund appropriations to the Department of Health Care Policy and Financing that are transferred to the Department of Human Services are included, the General Fund appropriation to the Department of Human Services decreased by \$43.2 million (5.1 percent) from FY 2007-08 to FY 2010-11. However, total appropriations to the Department of Human Services have increased since FY 2007-08. Since the most recent economic downturn started in 2008, increases for caseloads have been limited, provider rates have declined, beds in state facilities have been closed, and staff compensation has been restricted. However, federal funds increases, including federal funds temporarily available under the American Recovery and Reinvestment Act, have offset General Fund reductions and helped to limit the depth of cuts.

SUMMARY:

Office of Information Technology Services

- The General Assembly has increased General Fund by over \$3.2 million (17.4 percent) from FY 2007-08 to FY 2010-11. The net General Fund has increased by \$4.5 million in the same time period. The increase in General Fund to the Division is due to the transfer of personal services from the Division to OIT, which migrated \$1.4 million General Fund of centrally appropriated moneys to the Division's IT Common Policies from the Department's Executive Director's Office, and costs associated with the administration of the Colorado Benefits Management System (CBMS).

County Administration

- The General Assembly has reduced General Fund support for County Administration, including reducing support for high social service cost/low tax-base counties by over \$3.4 million General Fund and cutting funding for general county administration by 2.0 percent, despite large public assistance caseload increases.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Human Services**

Division of Child Welfare:

- ❑ The General Assembly has used various refinancing mechanisms to reduce the General Fund share of child welfare costs. This includes refinancing county block allocations with federal Temporary Assistance to Needy Families (TANF) funds (\$19.5 million in FY 2010-11); using the enhanced federal Medicaid match (FMAP) available under the American Recovery and Reinvestment Act to temporarily refinance child welfare services (\$3.9 million under Title IV-E and \$1.7 million under Medicaid Title XIX); and requiring counties to pay a full 20 percent share of costs for out-of-home placements (\$8.1 million). A number of these actions are temporary: the FMAP refinance will phase out in FY 2010-11, and \$12.5 million of the TANF refinance will no longer be available in FY 2012-13.

- ❑ The General Assembly has also reduced total funding for capped county allocations for child welfare services and family and children's programs from the FY 2008-09 peak and has not authorized increases for counties associated with increases in inflation and population. Total appropriations have fallen \$10.9 million (2.8 percent) from the FY 2008-09 peak, returning them to 0.2 percent below the FY 2007-08 level. In constant dollars, per child in the Colorado population, child welfare allocations to counties have fallen 7.9 percent since FY 2007-08. This has occurred in part due to declines in federal revenue sources, which have not been fully offset by other budget increases.

Division of Child Care

- ❑ The General Assembly has refinanced General Fund appropriations for the Child Care Assistance Program, Child Care Councils, and child care indirect costs with \$1.5 million from Child Care Development Fund reserves starting in FY 2010-11. It also reduced child care licensing staff by 3.5 FTE and \$218,904 General Fund per year, beginning mid-year FY 2009-10.

Self Sufficiency

- ❑ The General Assembly has used federal Temporary Assistance to Needy Families (TANF) block grant funds to refinance child welfare services. This has been achieved in part through a \$7.0 million cut to federal TANF funding for self-sufficiency programs, including to the TANF Statewide Strategic Uses Fund. The General Assembly has also eliminated all General Fund support for the Colorado Works program, among other reductions.

Mental Health and Alcohol and Drug Abuse Services

- ❑ The General Assembly has increased General Fund appropriations by \$6.2 million (4.9 percent) from FY 2007-08 to FY 2010-11. The net General Fund has increased by \$5.5 million in the same time period. Cash funds appropriations decreased by 14.4 percent (\$2.7 million) from FY 2007-08 to FY 2010-11, while reappropriated funds appropriations declined by 25.4 percent (\$3.5 million) in the same period. The increase in General Fund appropriations in the Division

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Human Services**

occurred as a result of the expansion of community-based behavioral healthcare services and the transition to the new Institute for Forensic Psychiatry facility.

Adult Assistance

- ❑ The General Assembly adopted H.B. 10-1384, Concerning Noncitizen Eligibility for the Old Age Pension, which is projected to reduce Old Age Pension costs by \$13.4 million, allowing this amount to flow into the General Fund. General Fund support for Community Services for the Elderly has been reduced by \$1.3 million.

Division of Youth Corrections

- ❑ Starting in FY 2008-09, the General Assembly cut \$9.1 million General Fund not required for the purchase of contract placements (due to declines in the average daily population), rather than allowing these funds to be reinvested in the DYC budget. The General Assembly has also required Youth Corrections facilities to continue to operate at higher capacity (\$2.3 million General Fund savings in FY 2010-11), refinanced some services with federal Medicaid and Title IV-E funds (\$1.7 million General Fund savings in FY 2010-11), reduced contract provider rates by 2.0 percent (\$1.3 million General Fund savings in FY 2010-11), reduced overall client-staff ratios for client managers (\$0.6 million savings in FY 2010-11), and eliminated or reduced various specialized programs, such as the mental health pilot for detention (eliminated with savings of \$0.6 million General Fund in FY 2010-11).

ISSUE: Overview of the Department of Human Services Budget History and Request

Over the last ten years, appropriations to the Department of state and federal funds increased by 7.5 percent, after adjusting for inflation. However, because this growth was slower than population growth, funding per capita of state population fell by 9.6 percent from FY 2000-01 to FY 2010-11. The only section of the Department's budget that has increased more rapidly than population and inflation in the last ten years is services for people with developmental disabilities. Consistent with this historic trend, the FY 2011-12 \$2.2 billion request for the Department of Human Services reflects just a 0.7 percent increase from a total funds perspective, with the only significant proposed total funds increase directed to services for people with developmental disabilities. The request also includes a large increase in the General Fund share of the total budget, driven by the phase-out of enhanced federal Medicaid match rate (FMAP) available under the American Recovery and Reinvestment Act.

ISSUE: Colorado Benefits Management System (CBMS)

The Colorado Benefits Management System (CBMS) provides automated eligibility determination and benefit calculation for a variety of public assistance programs including Medicaid, Temporary Assistance

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Human Services**

for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), and many others. The majority of the system's 4,000 users are located within county social service agencies. CBMS was appropriated \$30.5 million for FY 2011-12, and the Department of Human Service's request for FY 2011-12 includes a \$24.4 million appropriation.

ISSUE: County Administration - Proposed Increases to Food Assistance Funding and Cuts to County Tax Base Relief

The Department's request reflects adding \$4.7 million total funds (including \$2.4 million General Fund) to increase funding for county food assistance administration due to food assistance caseload increases of 70 percent since March 2008. It also proposes to eliminate the remaining appropriation for county tax base relief (\$2.7 million General Fund). County Tax Base Relief is intended to aid counties with high costs relative to their tax base. The counties that would benefit from the increase differ from those that would be affected by the cut.

ISSUE: Child Welfare Funding Request and Reduction Options

The Department's overall request for the Division of Child Welfare reflects virtually no change in total funding, but an increase in General Fund, due to the expiry of federal stimulus legislation. The request does not include any adjustment to address likely further declines in federal funding for child welfare based on declines in out-of-home placements.

ISSUE: Federal Title IV-E Revenue Trends

Under Title IV-E of the federal Social Security Act, Colorado earns federal reimbursement of at least 50 percent for some foster care and adoption services for low income children. Revenue from this sources has been declining and is likely to decline further, based on the structure of the federal program and out-of-home placement trends. Despite efforts to recognize and compensate for declines in federal revenue in the FY 2010-11 appropriation, staff now estimates a \$3.0 million shortfall due in part to final federal action on reimbursement rates (FMAP) for FY 2010-11. A federal funds revenue decline of 7.0 percent from the FY 2010-11 Title IV-E revenue projection for child welfare allocations (similar to the level of decline from FY 2008-09 to FY 2009-10) would translate to a revenue reduction of \$4.3 million and, if not backfilled, a cut on the order of an additional 1.1 percent to child welfare allocations to counties in FY 2011-12.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Human Services**

ISSUE: Trends in County Child Welfare Allocations and Impacts on Families and Children

Allocations to counties for child welfare services have declined by \$10.9 million (2.8 percent) since FY 2008-09. While funding is down, there is no clear evidence thus far that the reductions have had a detrimental impact on families. Due to variations in county practice and the complexity of child welfare systems, it is not possible to clearly relate variations in spending to variations in county outcomes.

ISSUE: Child Welfare System Change

Since 2007, various studies have highlighted weaknesses in Colorado's state-supervised county-administered child welfare system. The Child Welfare Action Committee, created by the Governor in 2008, has made extensive recommendations for system change. Many of these changes have been implemented through executive and legislative action. Two proposals which would have shifted some or all child welfare administrative activities from a county-administered to a state-administered structure have been rejected. The Department is proceeding with a wide range of activities to implement systems change recommendations.

ISSUE: The Federal Child and Family Services Review

The final report from the 2009 federal Child and Family Services Review (CFSR) of child welfare services was received at the end of CY 2009. Since that time, the State has been negotiating a new Performance Improvement Plan (PIP) to address CFSR issues. The document is expected to be completed shortly. The new PIP will take into account progress Colorado has already made and will be integrated with other systems change initiatives.

ISSUE: Current Issues and Budget Options in the Division of Child Care

The Division of Child care oversees the state-supervised county-administered Colorado Child Care Assistance Program (CCCAP), which provides child care subsidies for low income families. It also supports the development of high quality child care and licenses child care facilities. This issue reviews the successful roll-out of the new CHATS information technology system, reduced access and waiting lists for the Child Care Assistance Program, and budget reduction options in the Division of Child Care.

ISSUE: Temporary Assistance to Needy Families

Colorado receives \$150 million per year in federal Temporary Assistance to Needy Families (TANF) block grant funds, most of which is sub-granted to counties for the Colorado Works program. County

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Human Services**

budgets are under strain due to caseload growth associated with the recession, although both caseload demand and TANF reserve-status varies by county. The State is also spending down its reserves, in part due to budget-balancing initiatives, and a shortfall between federal funding and state appropriations will need to be addressed in FY 2012-13.

ISSUE: Projected net overexpenditure of the appropriation for community-based services for people with developmental disabilities

Discusses the Department's projected net overexpenditure of the appropriation for community-based services in FY 2010-11 and future years, and the Department's proposal for addressing the projected overexpenditure.

ISSUE: Behavioral Healthcare Need in Colorado

The Colorado Population in Need 2009 study indicates that during FY 2006-07, 169,751 adults and 49,364 children and adolescents in Colorado had a serious behavioral health disorder and were living at or below 300 percent of the federal poverty level. Of the adults, 54 percent were male, 63 percent were white, 28 percent were hispanic, and 31 percent were in the 25 to 34 year old age group. The penetration rate for behavioral health services was 42.0 percent for adults, children, and adolescents with a serious behavioral health disorder living at or below 300 percent of the federal poverty level.

ISSUE: General Overview of the Behavioral Healthcare System in Colorado

The State of Colorado primarily provides (or arranges for the provision of) mental health and substance use disorders services through the Department of Health Care Policy and Financing (HCPF) and the Department of Human Services (DHS). HCPF contracts with a series of regional entities to administer the State's managed care mental health services program and distributes Medicaid payments on a fee-for-service basis to substance usage disorders service providers. DHS operates the State's two mental health institutes, contracts with community mental health centers to provide mental health services to non-Medicaid eligible individuals, and contracts with a series of managed service organizations to arrange for the provision of substance usage disorders services.

ISSUE: The Future of the Colorado Mental Health Institutes

The Department of Human Services (DHS) operates the State's two mental health institutes with a requested FY 2011-12 budget of \$88.4 million (\$75.7 million General Fund) and 1,178 FTE. Since FY 1995-96, the bed count across the two institutes has dropped from 879 beds to 568 beds today. Colorado

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Human Services**

is currently ranked approximately 40th in the nation in the number of public psychiatric beds per capita.

ISSUE: Human Services Programs for Elderly and Disabled Adults

State funds of \$116 million support programs for older and disabled adults, including the Old Age Pension, Aid to the Needy Disabled programs, and Older Americans Act/State Funding for Senior Services (community services provided by Area Agencies on Aging). The majority of this funding is identified as "cash funds" but is actually general sales tax revenue diverted to the Old Age Pension and Older Coloradans Cash Funds in lieu of the General Fund. There are options for budget reductions to some of these programs, but choices are constrained by federal and state constitutional requirements.

ISSUE: Division of Youth Corrections Budget Request and Balancing Options

The budget request reflects essentially flat funding the Division of Youth Corrections. However, the average daily population for youth commitment populations has continued to fall, and, as a result, staff anticipates significant budget reductions for FY 2010-11 and FY 2011-12 for purchase of contract placements. If needed, other budget reduction options include reductions to funding for the detention continuum (S.B. 91-94) and parole services, and/or legislation to further cap detention beds, reduce mandatory parole requirements, or reduce sentences.

ISSUE: The Division of Youth Corrections Continuum of Care

The Division of Youth Corrections Continuum of Care initiative seeks to ensure that youth committed to the Division receive the right service at the right time and transition successfully from residential treatment, to parole to discharge. The program is supported through a significant increase in funding for parole program services. There is some evidence that the Continuum of Care is having a positive impact, but the program can take little credit for the overall decline in the commitment population.

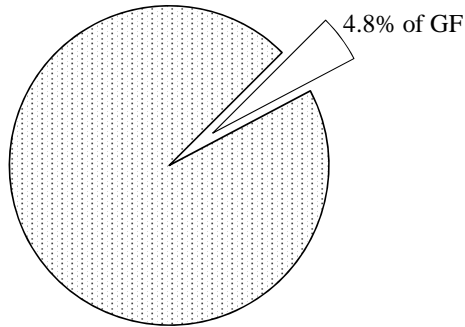
ISSUE: The Youth Corrections Detention Continuum and S.B. 91-94

Over the last two decades, the General Assembly has taken steps to reduce the use of secure detention placements through the creation of the S.B. 91-94 program and capping detention beds. Use of secure detention placements has dropped dramatically in recent years, but the system is still under some strain. Further investigation is needed to determine whether use of secure detention can be further reduced.

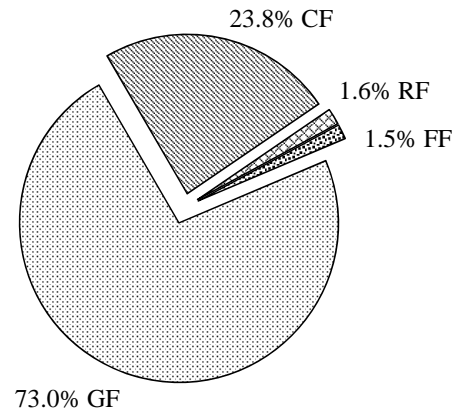
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Judicial Department**

GRAPHIC OVERVIEW

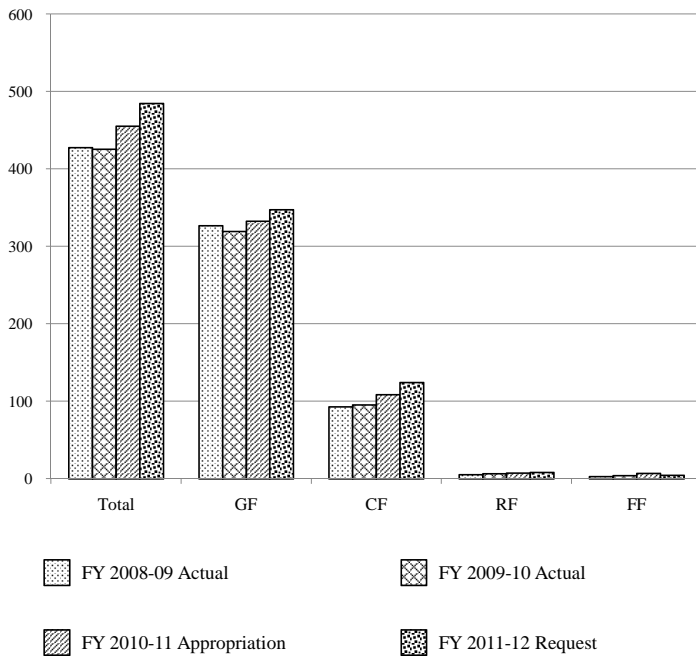
Department's Share of Statewide General Fund



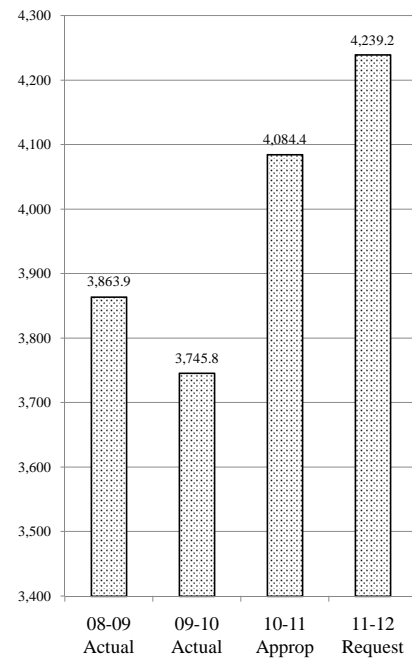
Department Funding Sources



**Budget History
(Millions of Dollars)**

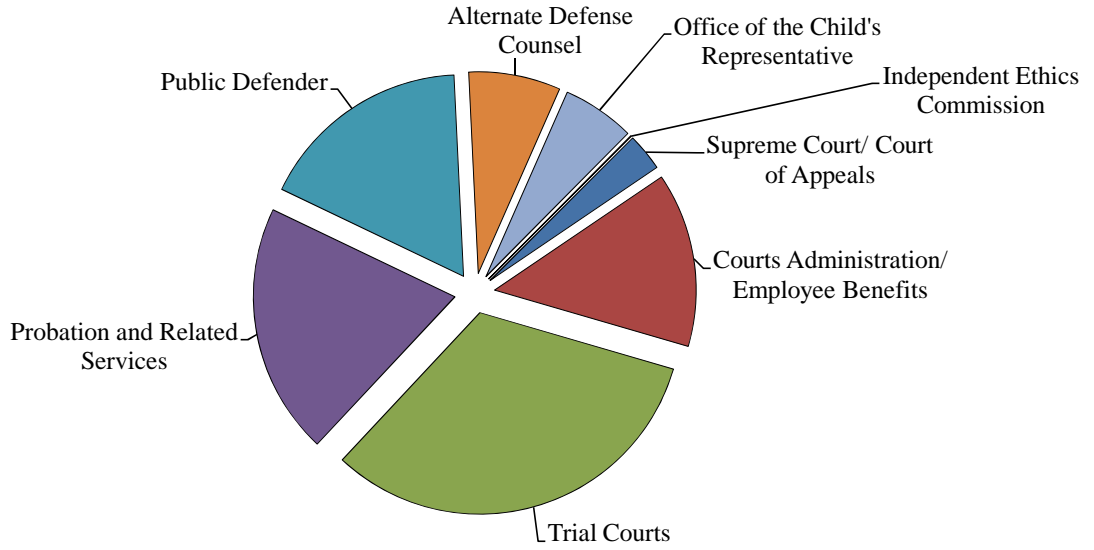


FTE History

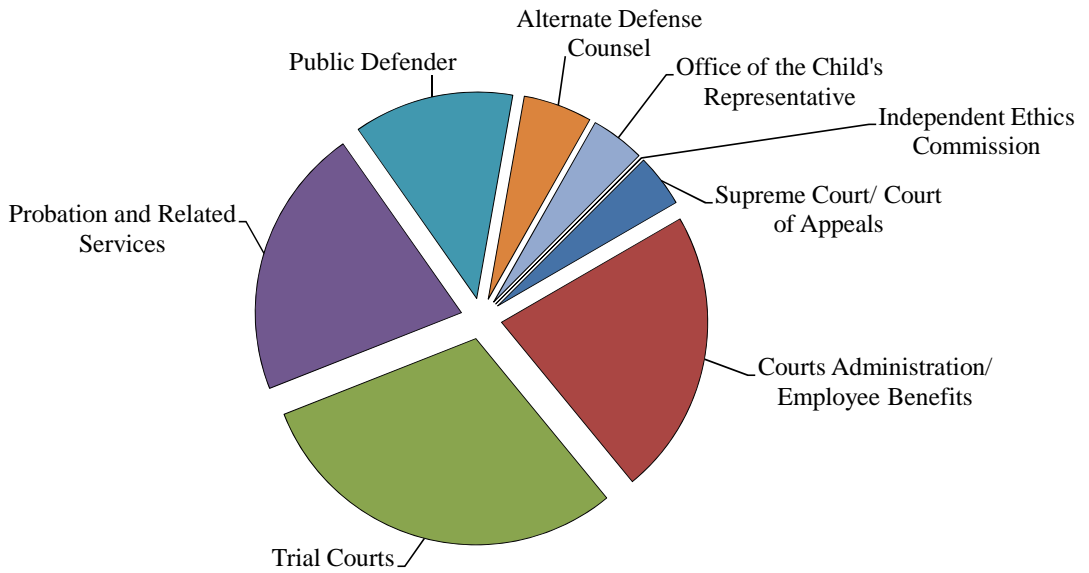


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

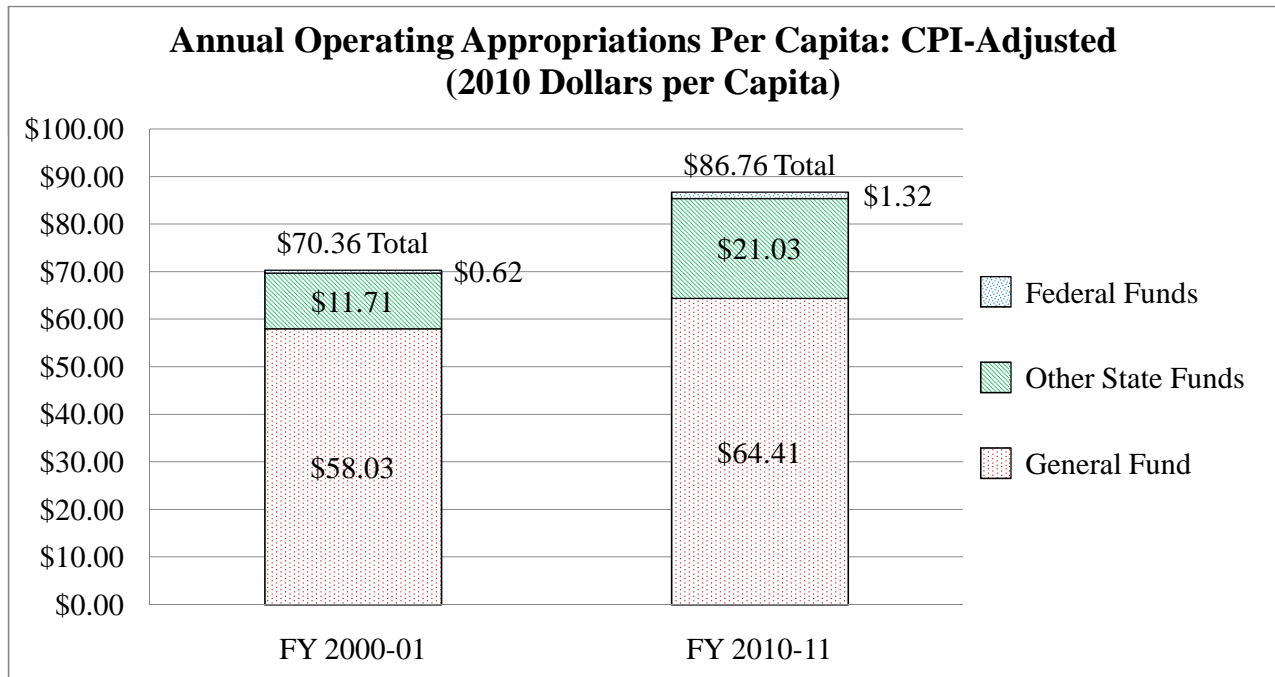
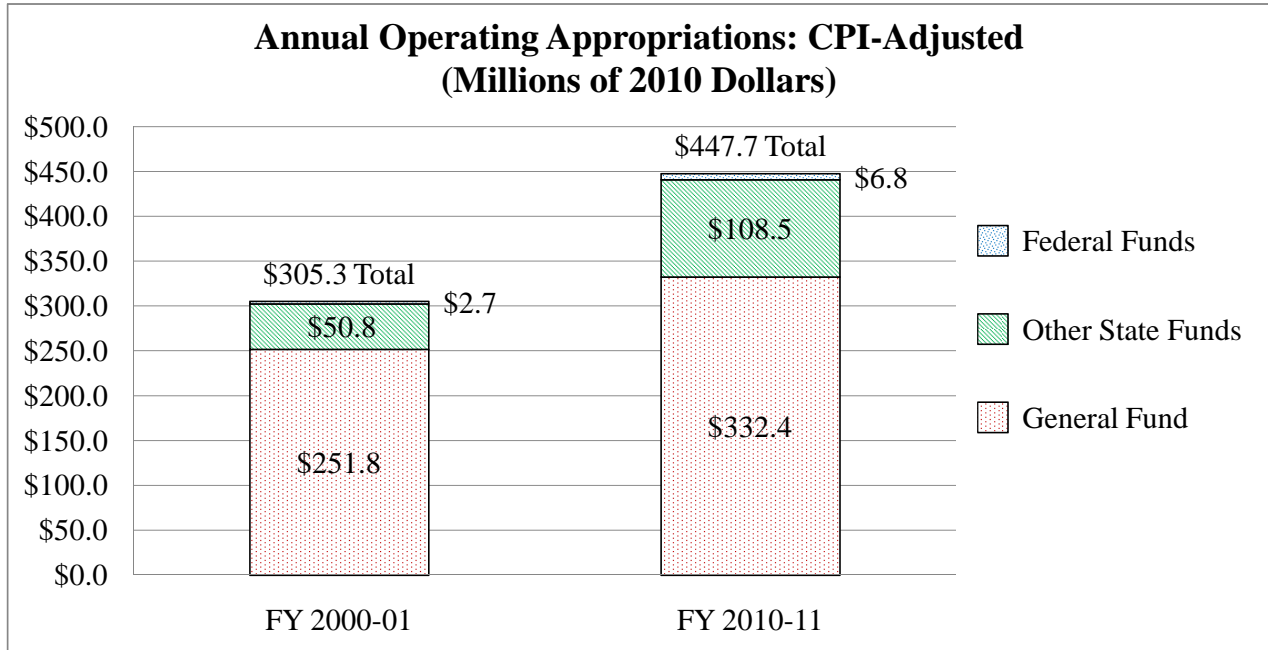
Distribution of General Fund by Division



Distribution of Total Funds by Division



**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Judicial Department
COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS**



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, these excluded amounts primarily reflect indirect cost recoveries, funds that are transferred from the Departments of Public Safety and Human Services, and local Victims and Witnesses Assistance and Law Enforcement funds that are allocated to various judicial districts.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Judicial Department**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	\$332.4	\$108.5	\$7.5	\$6.8	\$455.2	4,084.4
FY 2011-12 Request	347.4	124.2	8.3	4.5	484.4	4,239.2
Increase / (Decrease)	\$15.0	\$15.6	\$0.8	(\$2.3)	\$29.2	154.8
Percentage Change	4.5%	14.4%	11.3%	-33.3%	6.4%	3.8%

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	RF	FF	Total	FTE
JUD-1 Judicial Network Infrastructure & Staff	\$0	\$605,399	\$0	\$0	\$605,399	2.0
JUD-2 Trial Court and Appellate Court Staff	0	2,706,096	0	0	2,706,096	54.0
JUD -3 Certified Spanish Interpreter Rate Increase	473,000	0	0	0	473,000	0.0
JUD-4 Courthouse Furnishings	0	461,000	0	0	461,000	0.0
JUD-5 Problem-Solving Courts	0	1,734,927	0	(2,271,053)	(536,126)	7.0
JUD-6 HB 10-1352 Cash Fund Spending Authority	0	7,000,000	0	0	7,000,000	0.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Judicial Department**

Decision Item	GF	CF	RF	FF	Total	FTE
JUD-7 Drug Treatment Fund Spending Authority (S.B. 03-318)	0	500,000	0	0	500,000	0.0
JUD-8 Delay Eliminating Funding to Implement SB 09-241	91,004	68,275	0	0	159,279	1.5
JUD-9 Senior Judge Program Reduction	(258,680)	0	0	0	(258,680)	0.0
JUD-10 Common Policy - DPA Printing	15,127	0	0	0	15,127	0.0
OSPD-1 Office of the State Public Defender - Add Leased Vehicles	(4,989)	0	0	0	(4,989)	0.0
OADC-1 Office of the Alternate Defense Counsel - Conflict of Interest Contracts	(457,494)	0	0	0	(457,494)	0.0
OCR-1 Office of the Child's Representative - Address Caseload Increases	257,904	0	0	0	257,904	0.0
IEC-1 Independent Ethics Commission - IEC Executive Director Salary Adjustment	24,491	0	0	0	24,491	0.0
Total	\$140,363	\$13,075,697	\$0	(\$2,271,053)	\$10,945,007	64.5

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Judicial Department have primarily increased since FY 2007-08 to provide employee salary and benefit increases; to add court, probation, and public defender staff; and to cover the increasing costs of court-appointed counsel. Since the most recent economic downturn started in 2008, however, the General Assembly has taken several actions to mitigate General Fund increases in this department. As a result, the General Fund appropriation to the Judicial Department increased by \$32.8 million (11.0 percent) from FY 2007-08 to FY 2010-11.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Judicial Department**

SUMMARY:

- ❑ The General Assembly reduced base funding for personnel, requiring the Department to leave vacant positions open, delay filling newly authorized positions, and lay off some personnel. While funding has largely been restored for probation and public defender personnel, funding for court staff has declined by about 10 percent and funding for Department administrative staff has declined by about nine percent.

- ❑ Pursuant to H.B. 07-1054, the General Assembly authorized 43 new judgeships over three years. The General Assembly has delayed the implementation of the final 15 judgeships by about 18 months, freeing up cash funds to cover costs that would otherwise be supported by General Fund. Further, the additional public defender staff associated with the second and third years of implementing the act were delayed until November 2010, reducing General Fund expenditures in the last two fiscal years and the current fiscal year.

- ❑ The General Assembly has reduced General Fund support for the Department's information technology infrastructure, for offender treatment and services, and for a variety of operating expenses.

ISSUE: Implementing the Public Access System and Developing an In-house E-Filing System

The Department successfully implemented an in-house public access system on July 1, 2010, and it has begun development of an in-house e-filing system.

ISSUE: Status of the History Center Colorado and Ralph L. Carr Judicial Center Projects

This issue brief provides background information and a status update concerning ongoing projects to construct a new Colorado history museum and a new complex to house the Judicial Branch agencies and the Department of Law.

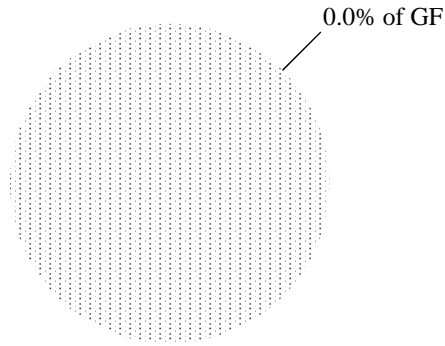
ISSUE: Rates Charged by District Attorneys for Duplicating Discoverable Materials

The State Court Administrator's Office and the Colorado District Attorneys' Council are in the process of responding to requests from the Joint Budget Committee to resolve disagreements concerning procedures and fees associated with duplicating discoverable materials.

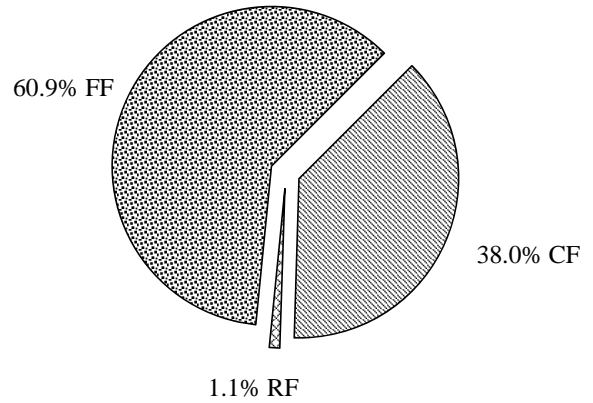
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Labor and Employment**

GRAPHIC OVERVIEW

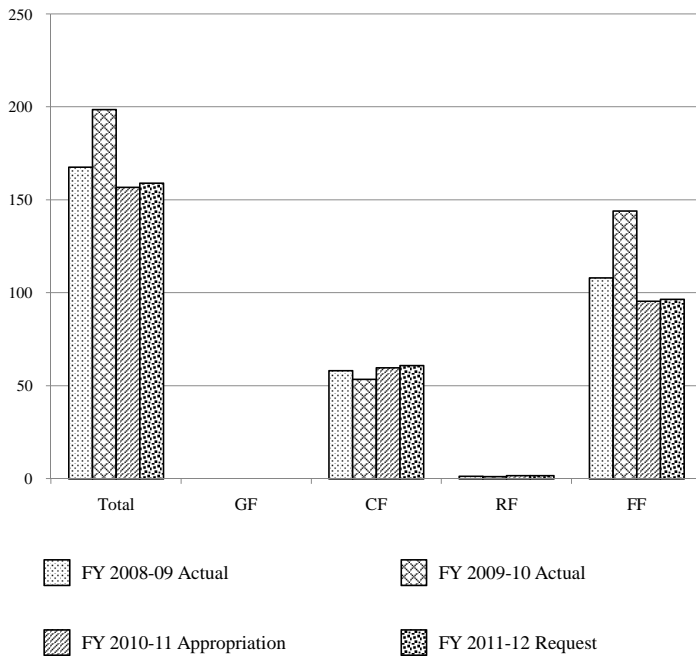
Department's Share of Statewide General Fund



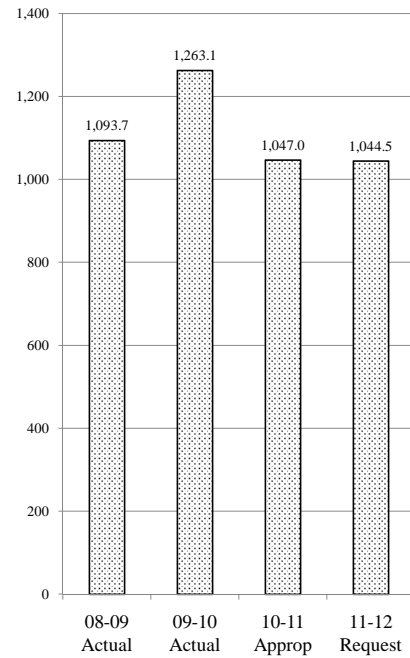
Department Funding Sources



**Budget History
(Millions of Dollars)**



FTE History

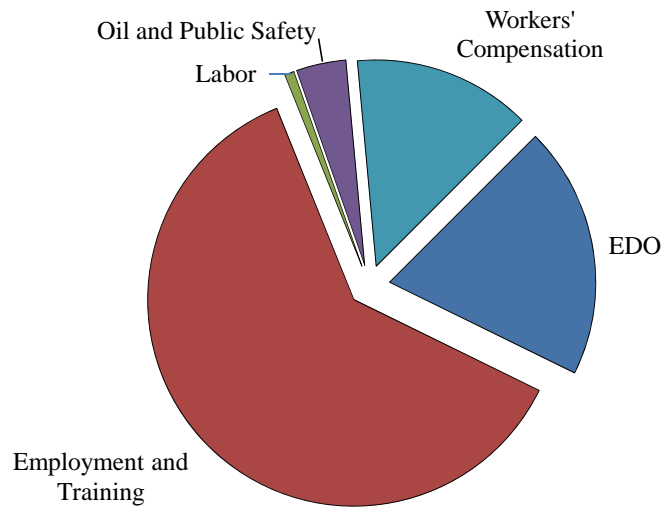


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

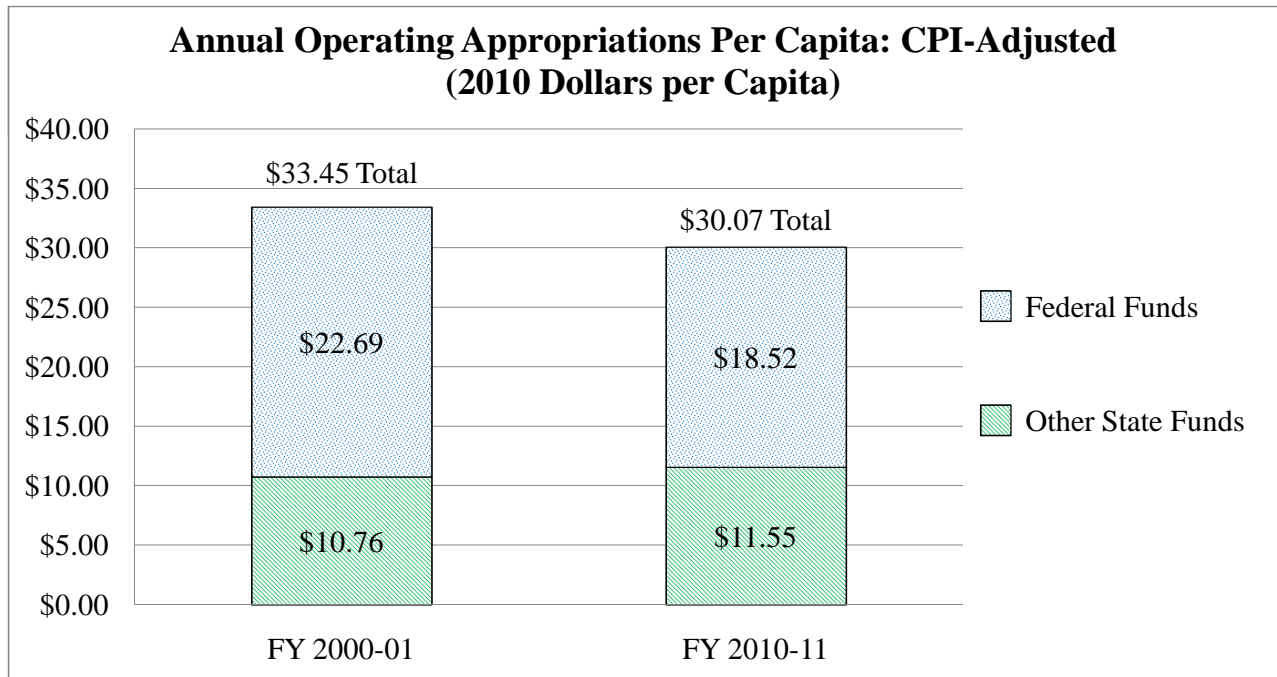
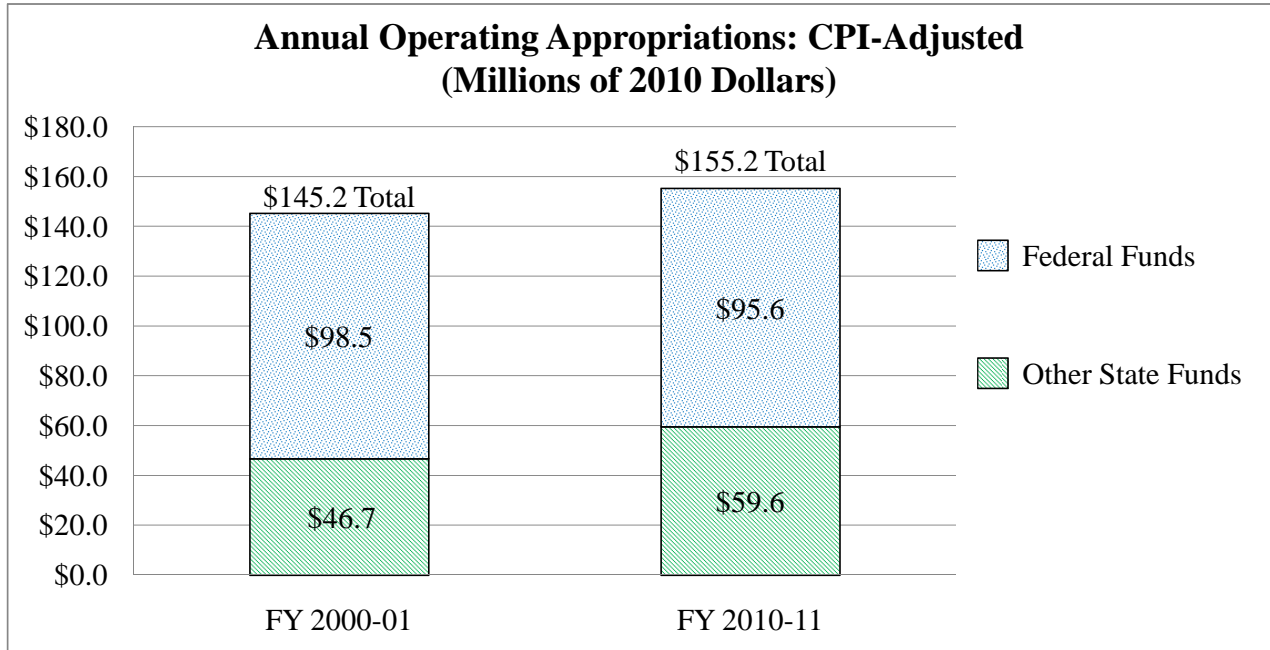
Distribution of General Fund by Division

The Department of Labor and Employment received no General Fund appropriation in FY 2010-11.

Distribution of Total Funds by Division



**FY 2011-12 Joint Budget Committee Staff Budget Briefing
 Department of Labor and Employment
 COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS**



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, these excluded amounts primarily reflect transfers from the Department of Public Health and Environment and internal transfers of indirect cost recoveries.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Labor and Employment**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	\$0.0	\$59.6	\$1.7	\$95.5	\$156.8	1,047.0
FY 2011-12 Request	0.0	60.8	1.7	96.5	159.0	1,044.5
Increase / (Decrease)	\$0.0	\$1.2	\$0.0	\$1.0	\$2.2	(2.5)
Percentage Change	n/a	2.0%	0.0%	1.0%	1.4%	(0.2)%

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	RF	FF	Total	FTE
NP-1 Statewide PERA Adjustment	0	(605,829)	(4,591)	(967,366)	(1,577,786)	0.0
NP-2 Printing of Statewide Warrants and Mainframe Documents	0	1,638	0	2,263	3,901	0.0
NP-3 Annual Fleet Vehicle Replacement	0	(713)	0	(872)	(1,585)	0.0
NP-4 Pro-Rated Benefits	0	(56)	0	(199)	(255)	0.0
Total	0	(604,960)	(4,591)	(966,174)	(1,575,725)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Labor and Employment have decreased since FY 2007-08 due primarily to a decrease in federal funds for workforce development programs. Since the most recent economic downturn started in 2008, the General Assembly has enacted transfers of \$32.4 million from Department cash funds to the General Fund. The Department did not receive General

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Labor and Employment**

Fund appropriations in any of the fiscal years between FY 2007-08 and FY 2010-11, and as a result the Department's budget presents limited options to assist with General Fund shortfalls.

SUMMARY:

- ❑ The General Assembly transferred a total of \$116.7 million from four Department cash funds in FY 2008-09 via S.B. 09-208 (Tapia/Pommer).

 - ❑ The General Assembly, via S.B. 09-279 (Tapia/Pommer) transferred \$26.5 million from the Major Medical Insurance Fund to the General Fund in FY 2009-10, and authorized, if needed, a one-day transfer on June 30, 2009 of \$25.0 million from the Employment Support Fund to the General Fund.
-

ISSUE: Update on the Internet Self Service Project

The Internet Self Service Project is schedule to be completed in March 2012 and will enable claimants and employers to access their unemployment insurance account information online, allow claimants to file unemployment insurance benefit claims and appeals on benefit decisions via the Internet, and allow employers to file wage and tax information over the Internet.

ISSUE: Unemployment Insurance Trust Fund Revenue

The Colorado Unemployment Insurance Trust Fund is funded by employer paid premiums, surcharges, and due to the continued unprecedented level of benefits, funds loaned from federal Unemployment Insurance Fund. The June 2010 audit of the Unemployment Insurance Trust Fund identified significant problems with the funding structure of the Unemployment Insurance Trust Fund. As of December 9, 2010 Colorado's outstanding loan balance is \$381.0 million.

ISSUE: Unemployment Insurance Benefits

The amount of regular unemployment insurance benefits paid through the Unemployment Insurance Program over the past two calendar years has reached almost \$2.0 billion. There have been additional extended benefits paid by the federal Unemployment Insurance Program, but as of December 9, 2010 Congress has failed to extended these benefits.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Labor and Employment**

ISSUE: American Recovery and Reinvestment Act Funds

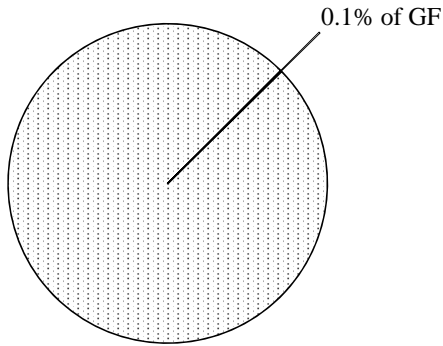
The Department of Labor and Employment since FY 2008-09 through FY 2010-11 has received \$61.5 million in federal American Recovery and Reinvestment Act funds. These funds have gone to the Unemployment Insurance Program, Labor Market Information, and Workforce Development Programs.

ISSUE: Unintended Consequences of S.B. 09-37 on the TABOR Reserve

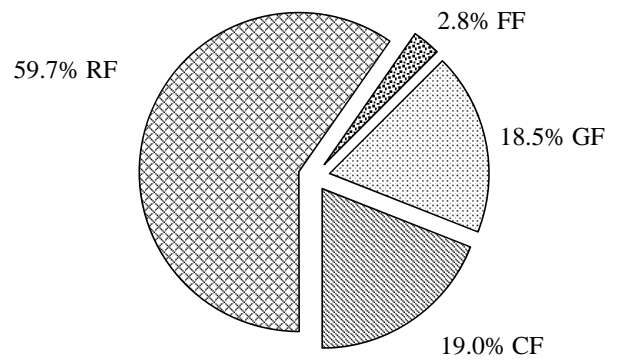
Senate Bill 09-037 changed the funding mechanism for the Division of Workers' Compensation Special Funds. The Special Funds contain \$94.0 million of TABOR reserve, which prior to S.B. 09-037, could be rebuilt each year. After S.B. 09-037, if any of the TABOR reserve is used it cannot be rebuilt the next year because the funding mechanism for the Special Funds is now a pay-as-you-go mechanism.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Law
GRAPHIC OVERVIEW**

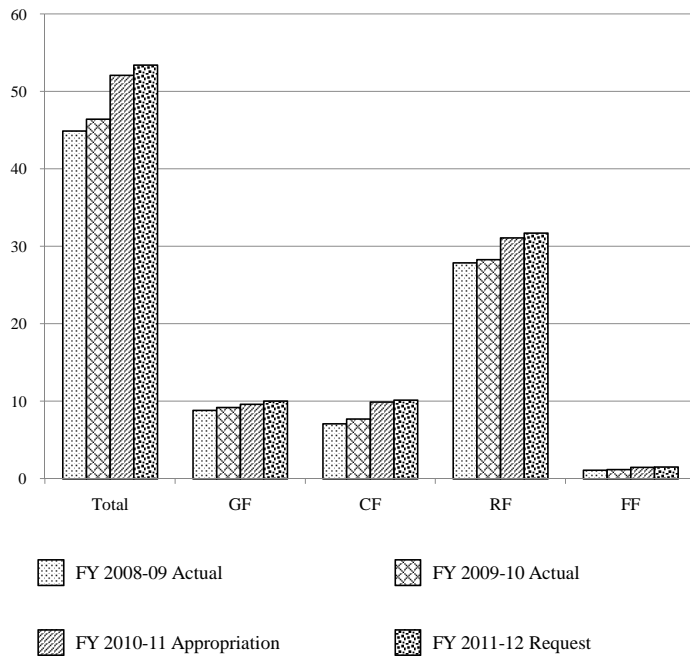
Department's Share of Statewide General Fund



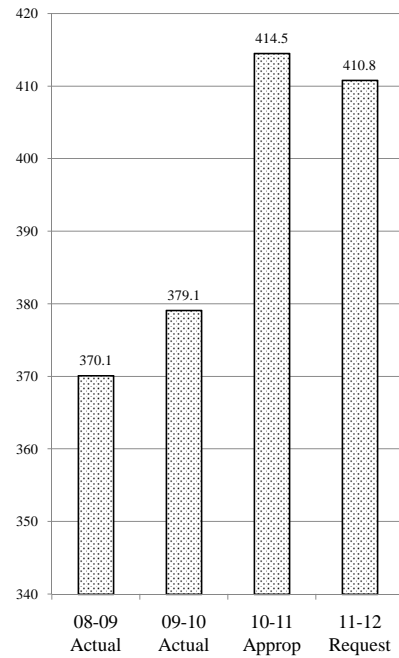
Department Funding Sources



**Budget History
(Millions of Dollars)**

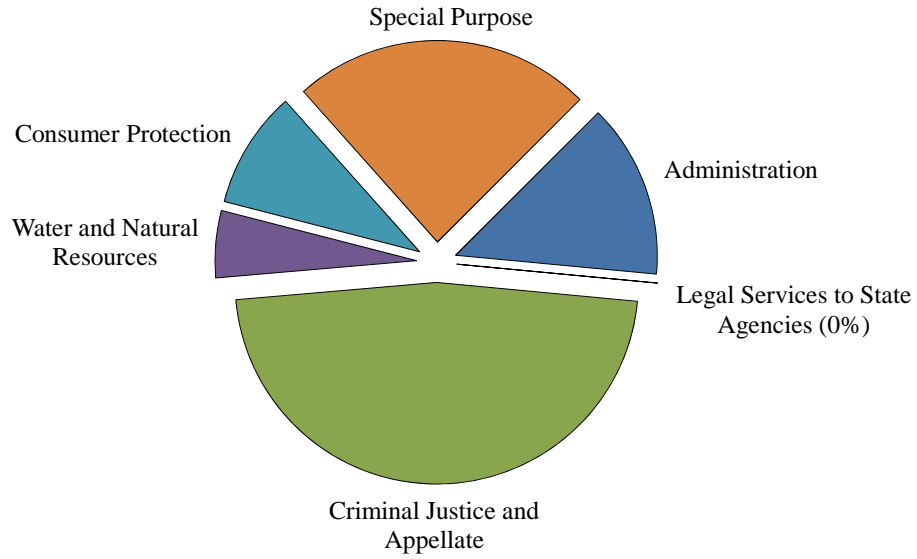


FTE History

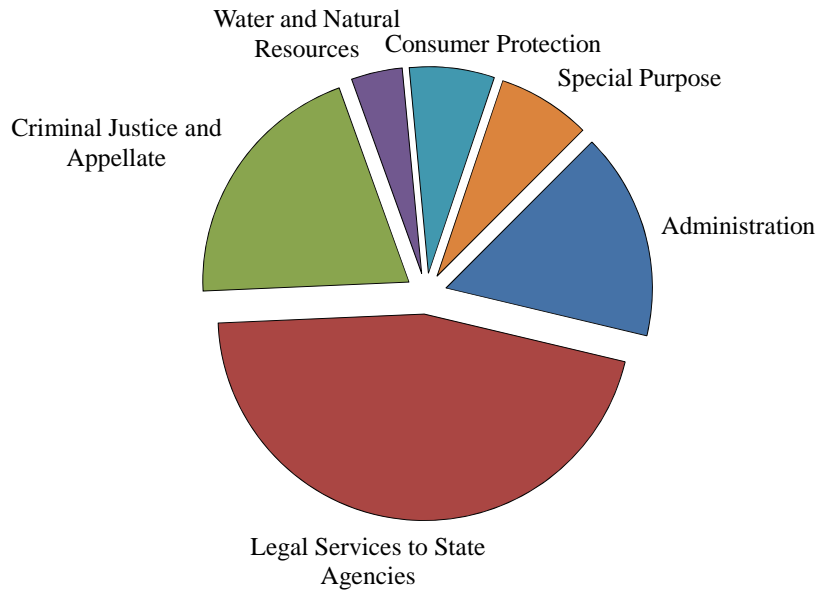


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

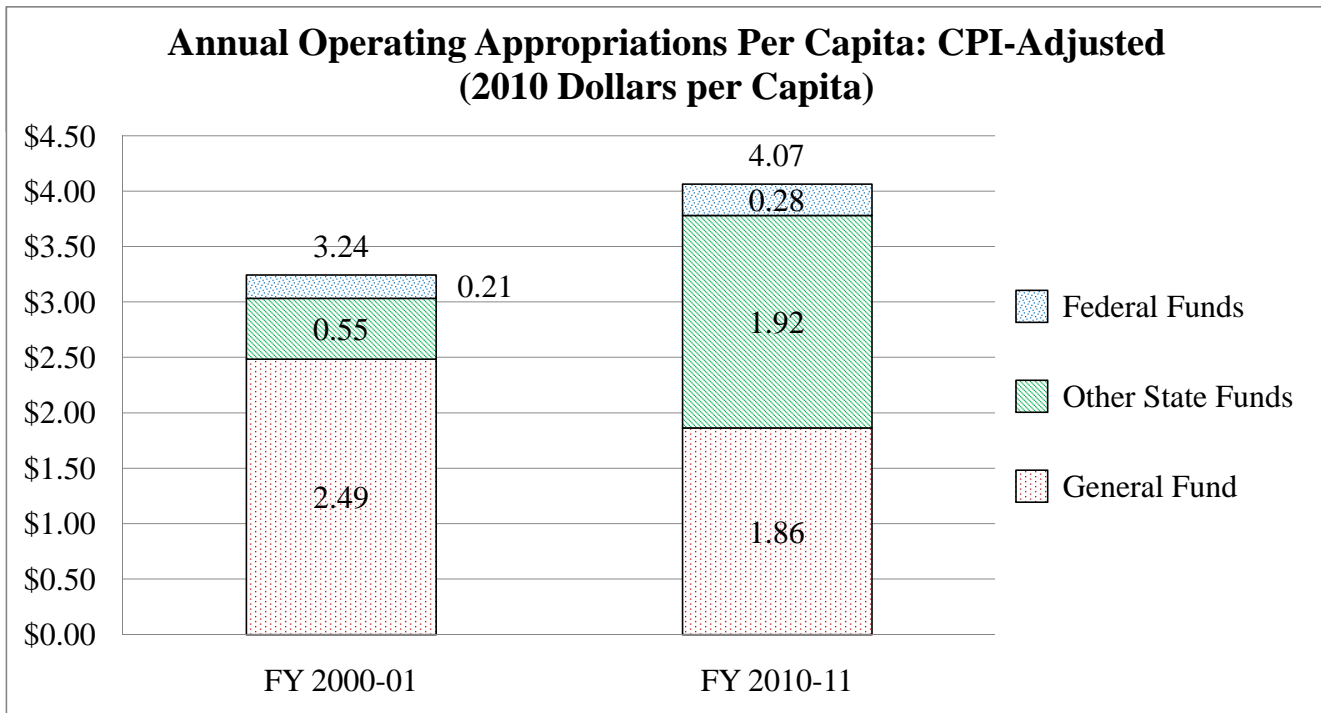
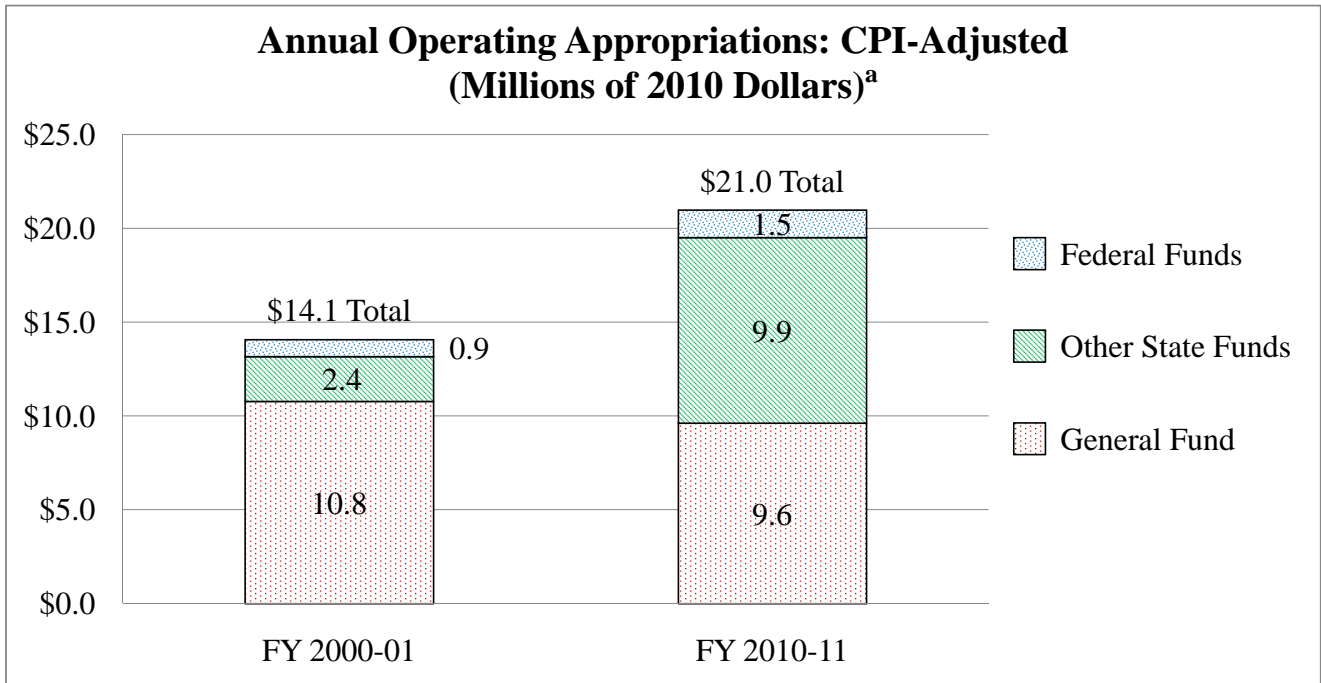
Distribution of General Fund by Division



Distribution of Total Funds by Division



FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Law
COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS



NOTES: a/ All appropriations above *exclude* duplicate appropriations (i.e., transferred amounts that were noted with a "(T)" for FY 2000-01 and "reappropriated funds" for FY 2010-11). For the department of Law, these amounts primarily reflect payments received from other state agencies for the provision of legal services.

b/ For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

c/ In the second table, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Law**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and percent, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. For additional detail, see the Department of Law briefing document on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)*

Category	GF	CF	RAF	FF	Total	FTE
FY 2010-11 Appropriation	\$9.6	\$9.9	\$31.1	\$1.5	\$52.1	414.5
FY 2011-12 Request	10.0	10.1	31.7	1.5	53.4	410.8
Increase / (Decrease)	\$0.4	\$0.2	\$0.6	\$0.1	\$1.3	(3.7)
Percentage Change	4.3%	2.3%	2.1%	4.0%	2.6%	-0.9%

*Totals may not sum due to rounding.

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	RF	FF	Total	FTE
1 Refinance 2.0 FTE to Securities Fraud Cash Fund	(194,949)	0	194,949	0	0	0.0
2 CERCLA Tipping Fees	0	0	0	0	0	0.0
3 Legal Services for CDPHE	0	0	132,066	0	132,066	1.0
Non Prioritized 1 Printing of Statewide Warrants and Mainframe Documents	260	167	1,033	47	1,507	0.0
Non Prioritized 2 Annual Vehicle Replacement	(2,635)	1,995	(1,577)	(1,935)	(4,152)	0.0
Total	(197,324)	2,162	326,471	(1,888)	129,421	1.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Law**

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Law have increased since FY 2007-08. The largest components of this increase have been the additional cash and reappropriated funds appropriated for the provision of legal services to other agencies and the additional cash funds appropriated for the Peace Officers Standards and Training (P.O.S.T.) Board by H.B. 09-1036. General Fund appropriations have also increased; the largest component of this increase has been the additional appropriations for district attorney salaries pursuant to H.B. 07-1170.

Since the most recent economic downturn started in 2008, the General Assembly has taken a number of actions to mitigate General Fund increases in the department. As a result, General Fund appropriation to the Department of Law increased by \$939,000 (10.8 percent) from FY 2007-08 to FY 2010-11.

SUMMARY:

- During FY 2008-09, in order to mitigate General Fund increases, the General Assembly reduced various General Fund appropriations to the Department by \$790,000, comprised of \$645,000 of one time reductions and \$145,000 of one-time refinancing with cash funds.
- For FY 2009-10, in order to mitigate General Fund increases, the General Assembly reduced various General Fund appropriations to the Department by \$898,000, comprised of \$823,000 of one time reductions and \$75,000 of one-time cash fund refinancing.
- For FY 2010-11, the General Assembly enacted House Bill 10-1329 which permanently reduced General Fund appropriations for CERCLA work by \$511,000, refinancing it with cash funds from solid waste disposal fees .

ISSUE: Major Litigation Pending Against the State

Summarizes legal cases involving the state that could have a significant adverse impact on the General Fund.

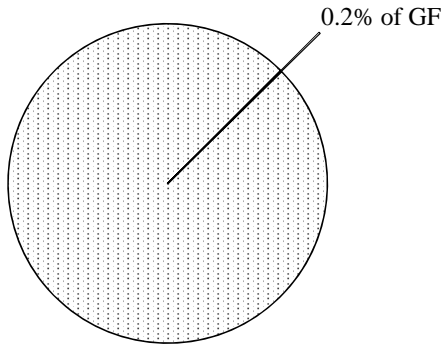
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Law**

ISSUE: General Fund Reduction Candidates

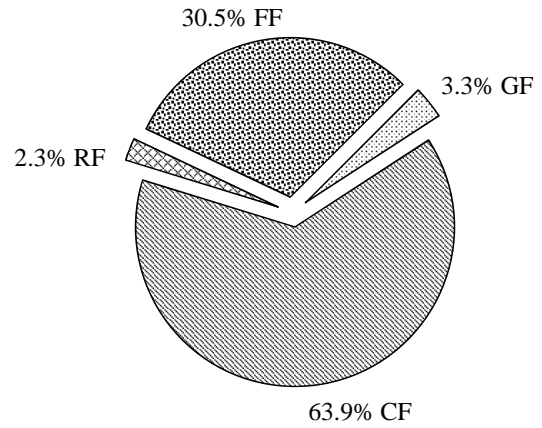
This issue provides background on the Department of Law's General Fund appropriations. It is designed to start a discussion of the choices that the Committee and the General Assembly must make if the Department's General Fund appropriations are to be reduced.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Local Affairs
GRAPHIC OVERVIEW**

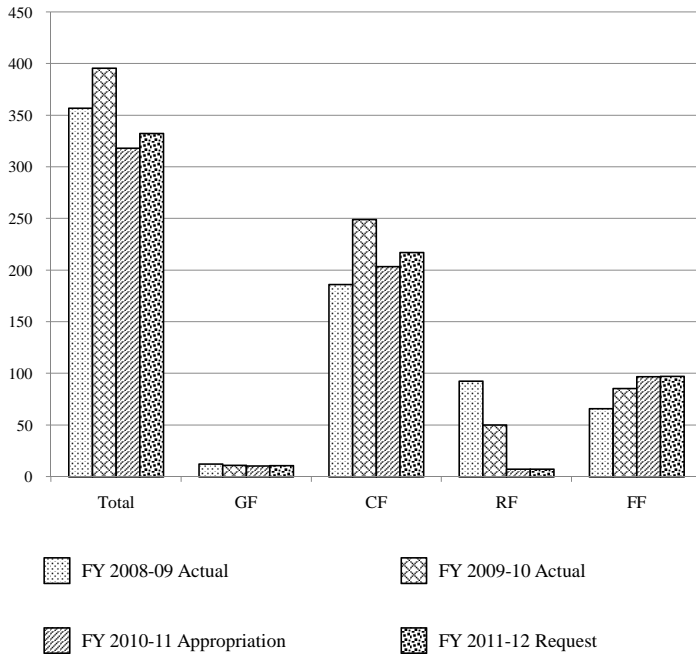
Department's Share of Statewide General Fund



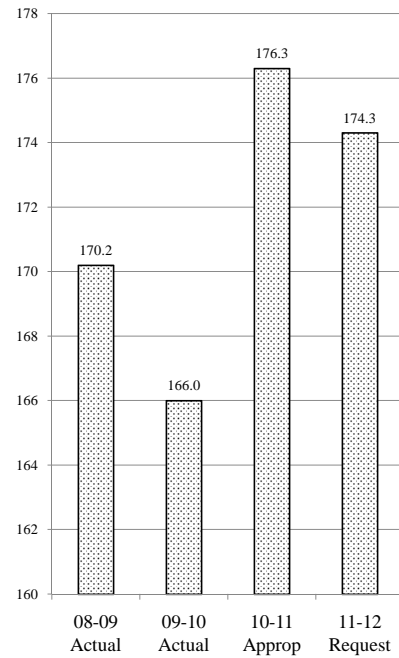
Department Funding Sources



**Budget History
(Millions of Dollars)**

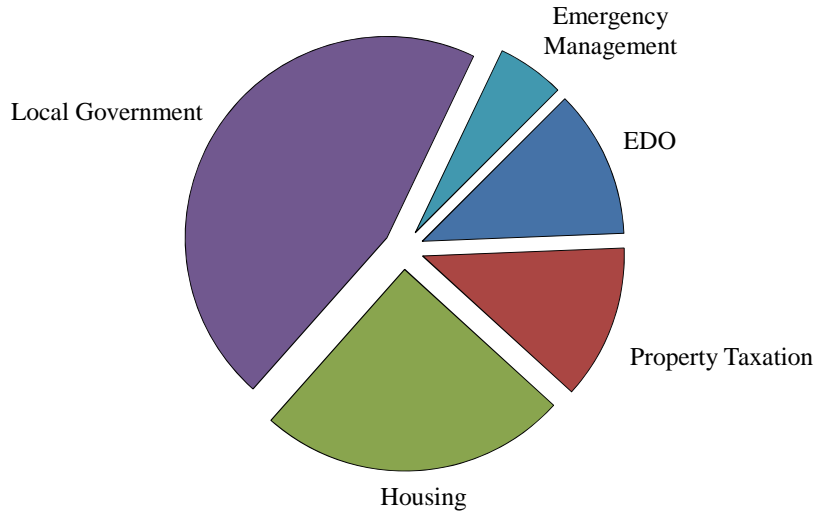


FTE History

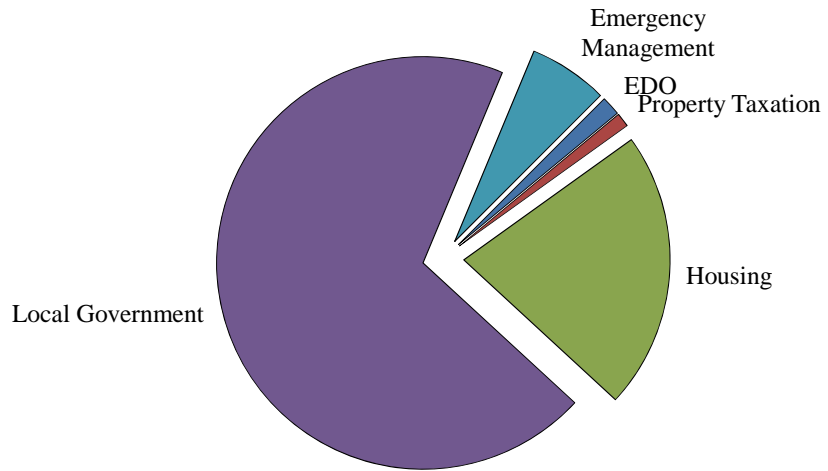


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

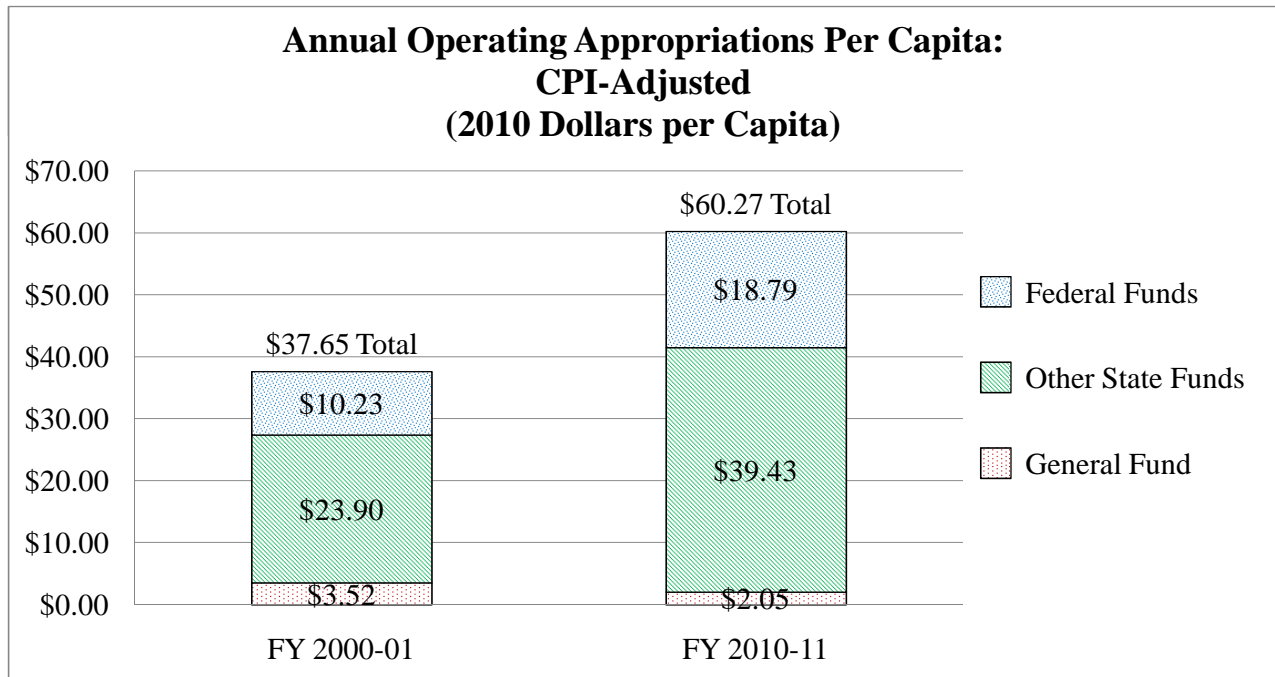
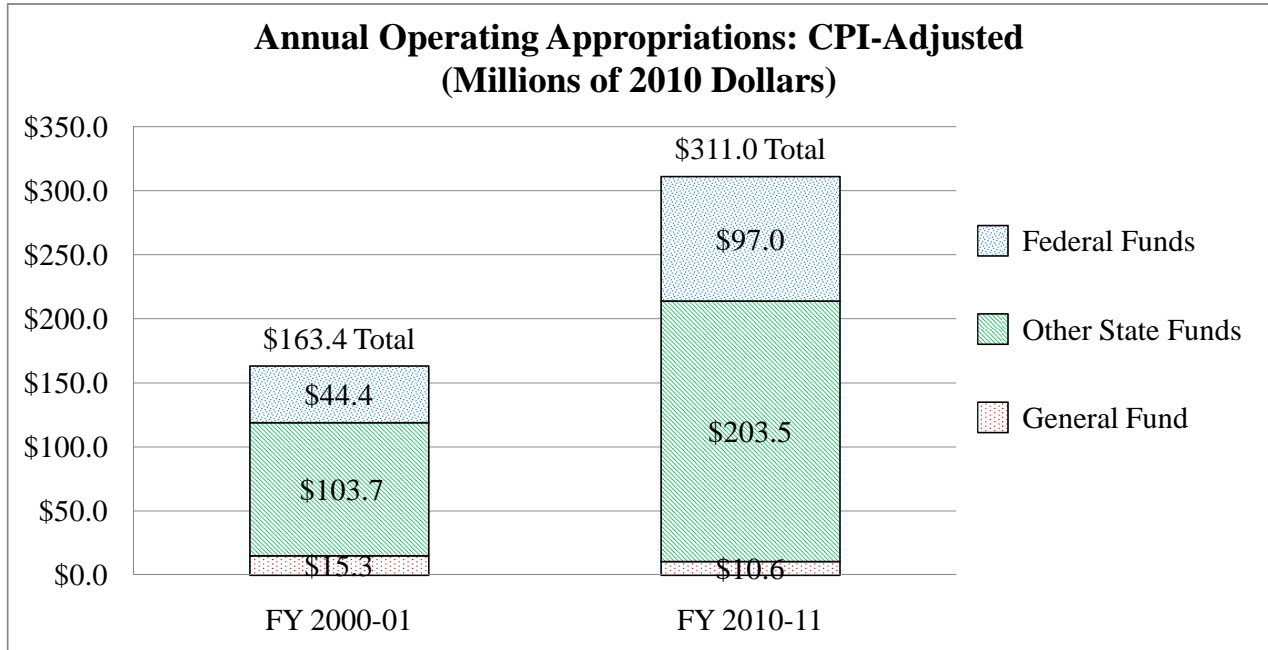
Distribution of General Fund by Division



Distribution of Total Funds by Division



FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Local Affairs
COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, these excluded amounts primarily reflect transfers from the transfer of state and federal funds within this department to support the administrative line items.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Local Affairs**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	\$10.6	\$203.5	\$7.2	\$97.0	\$318.3	176.3
FY 2011-12 Request	10.7	217.1	7.5	97.1	332.3	174.3
Increase / (Decrease)	\$0.1	\$13.6	\$0.2	\$0.1	\$14.0	(2.0)
Percentage Change	1.2%	6.7%	3.1%	0.1%	4.4%	-1.1%

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	RF	FF	Total	FTE
NP-1 Annual Fleet Vehicle Replacement	(1,889)	0	1,628	0	(261)	0.0
NP-4 Printing of Statewide Warrants and Mainframe Documents	0	0	660	0	660	0.0
Total	(1,889)	0	2,288	0	399	0.0

SUMMARY OF BUDGET REDUCTION ITEMS

Budget Reduction Item	GF	CF	RF	FF	Total	FTE
1 Reduction to the Building Regulation Program	0	(123,607)	0	0	(123,607)	(2.0)
NP-2 Across the Board 2.0 Percent General Fund Personal Services Reduction	(54,925)	0	0	0	(54,925)	0.0
NP-3 Statewide 2.5 Percent PERA Reduction	(66,014)	(38,943)	(109,656)	(63,985)	(278,598)	0.0
Total	(120,939)	(162,550)	(109,656)	(63,985)	(457,130)	(2.0)

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Local Affairs**

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Local Affairs have increased since FY 2007-08 due largely to the *anticipated* increase in cash funds revenues generated from the extraction of natural resources in the state. Since the most recent economic downturn started in 2008, the General Assembly has taken several actions to reduce General Fund expenditures in this department. As a result, the General Fund appropriation to the Department of Local Affairs has decreased by \$0.5 million (3.9 percent) from FY 2007-08 to FY 2010-11.

INFORMATIONAL ISSUE: Cash Fund Transfers to the General Fund for Budget Balancing Purposes

This issue brief provides a status update of cash fund transfers and proposed transfers to the General Fund for budget balancing purposes for fiscal years 2008-09 through FY 2010-11 for funds administered by the Department of Local Affairs.

INFORMATIONAL ISSUE: Energy & Mineral Impact Assistance Program Expenditures

This issue brief discusses the Energy & Mineral Impact Assistance Program expenditure trends over the last ten years.

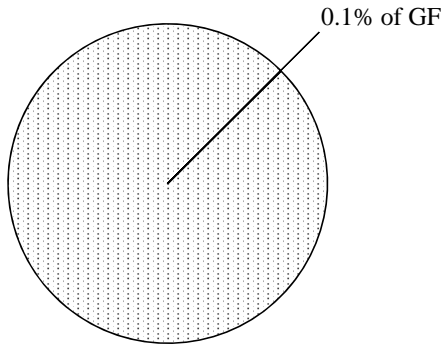
ISSUE: Building Regulation Program Workload

This briefing issue provides an overview of the Building Regulation Program, reviews its workload performance measures, and makes recommendations for a mid-year appropriation adjustment.

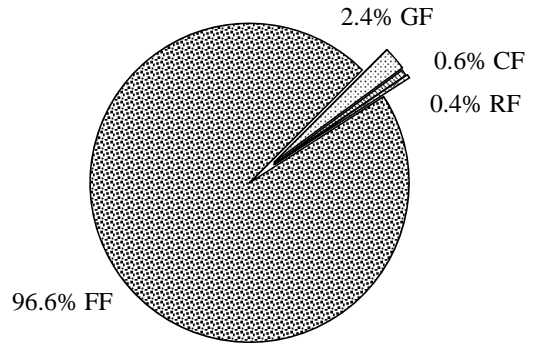
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Military and Veterans Affairs**

GRAPHIC OVERVIEW

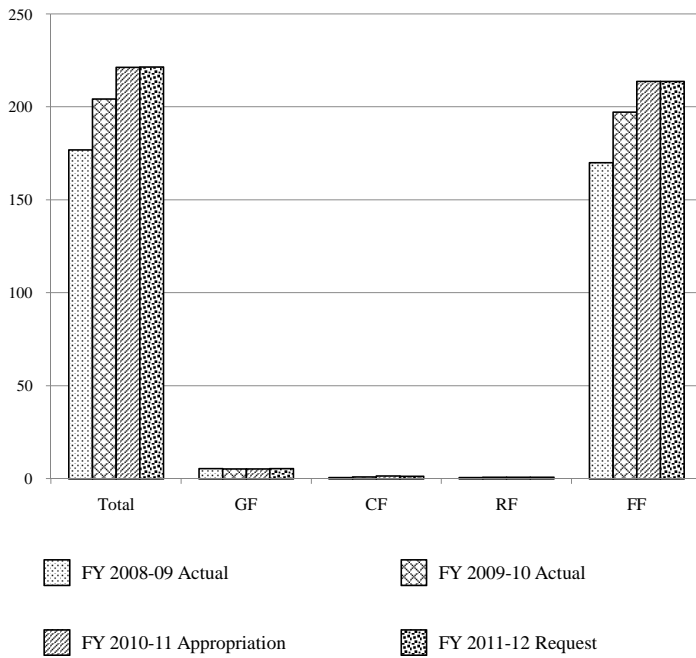
Department's Share of Statewide General Fund



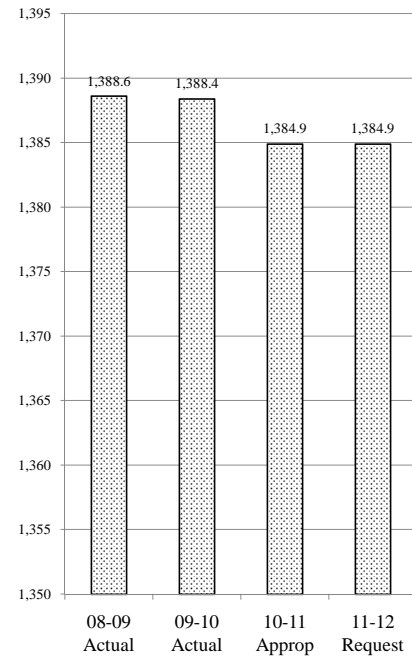
Department Funding Sources



**Budget History
(Millions of Dollars)**

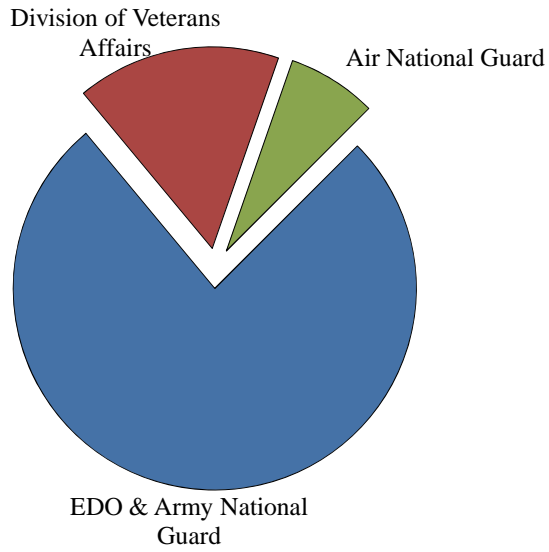


FTE History

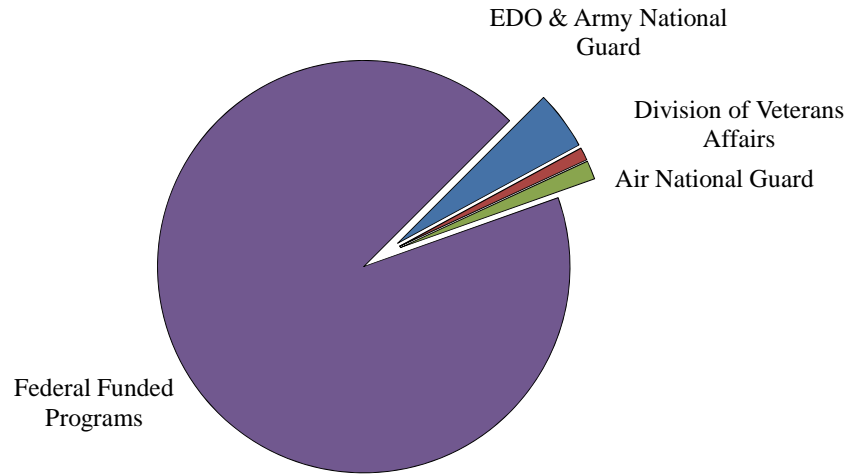


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

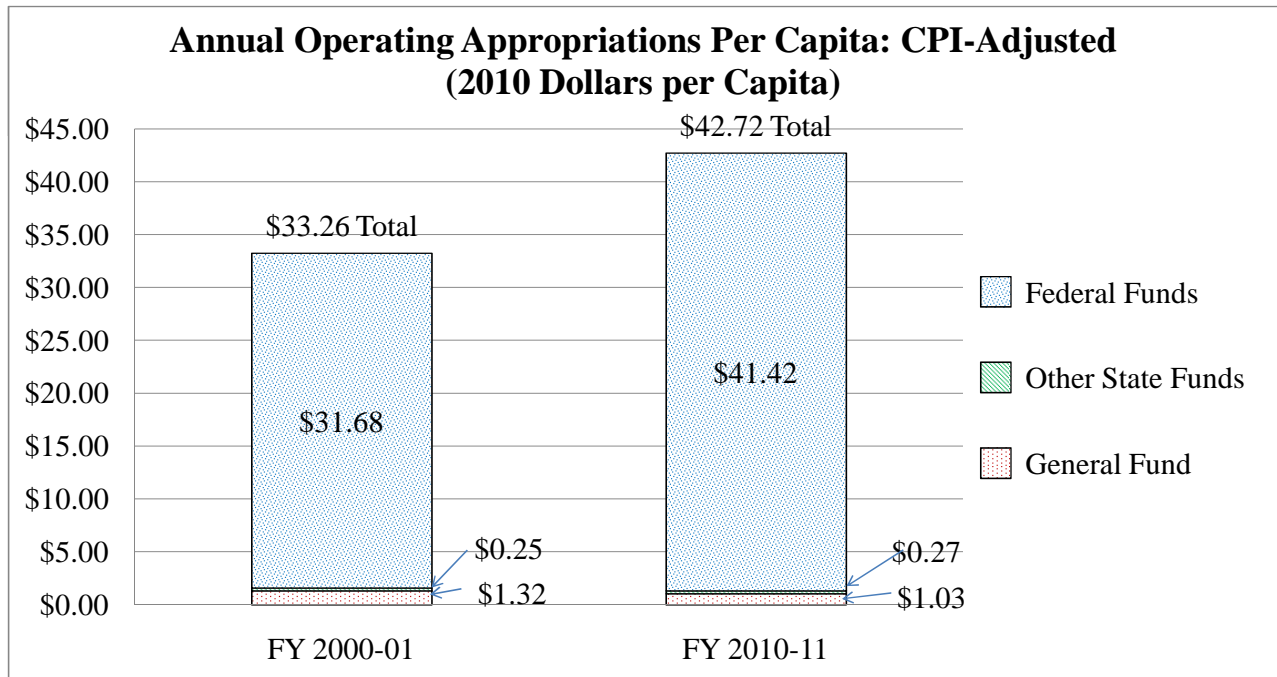
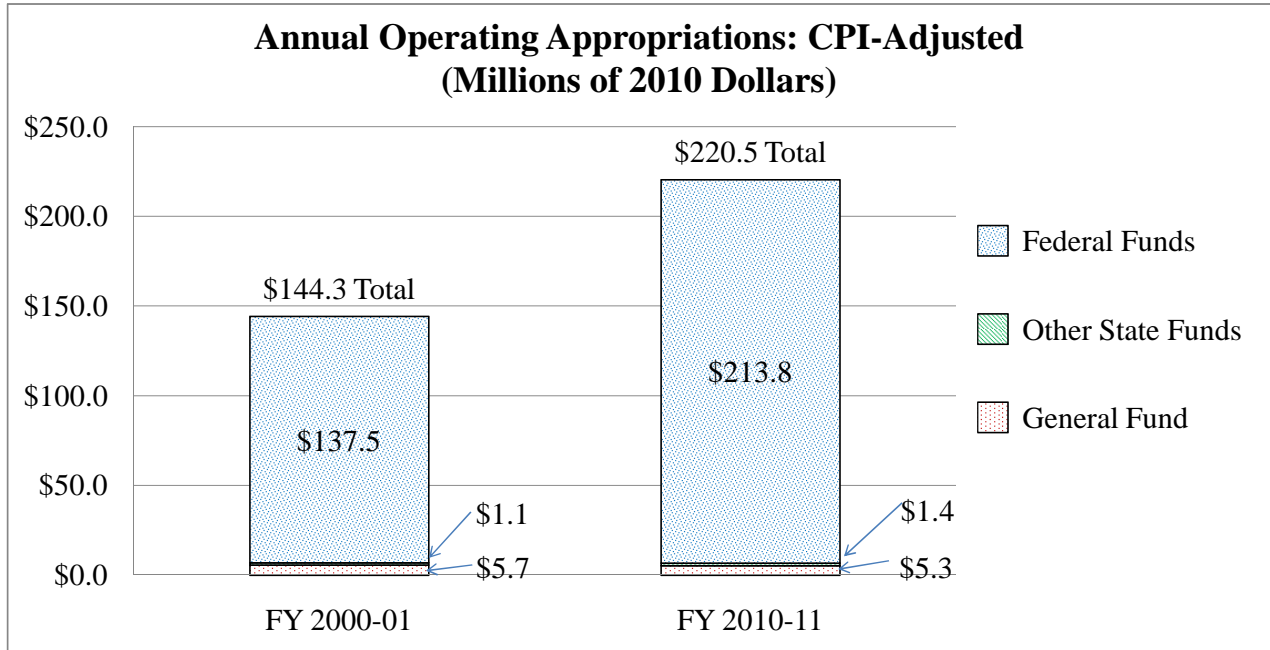
Distribution of General Fund by Division



Distribution of Total Funds by Division



FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Military and Veterans Affairs
COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, these excluded amounts primarily reflect transfers from the Department of Higher Education for tuition grants to National Guard members.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Military and Veterans Affairs**

OVERVIEW OF BUDGET REQUEST

The following tables highlight the individual changes contained in the Department's FY 2011-12 budget request, as compared with the FY 2010-11 appropriation. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	5.3	1.3	0.8	214.0	\$221.4	1,384.9
FY 2011-12 Request	5.5	1.3	0.8	213.9	221.5	1,384.9
Increase / (Decrease)	\$0.1	\$0.0	\$0.0	(\$0.1)	\$0.0	0.0
Percentage Change	2.8%	(0.1)%	0.0%	0.0%	0.0%	0.0%

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	RF	FF	Total	FTE
NP-1 2 percent personal services reduction	(\$55,369)	\$0	\$0	\$0	(\$55,369)	0.0
NP-2 Statewide PERA Adjustment	(\$56,497)	(\$1,824)	\$0	(\$106,096)	(\$164,417)	0.0
NP-3 Pro-rated benefits	(\$2,410)	\$0	\$0	\$0	(\$2,410)	0.0
NP-4 Annual fleet vehicle replacement	(\$8,898)	\$0	\$0	\$0	(\$8,898)	0.0
NP-5 Printing of statewide warrants and mainframe documents.	\$1,292	\$0	\$0	\$3,875	\$5,167	0.0
Total	(\$121,882)	(\$1,824)	\$0	(\$102,221)	(\$225,927)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Military and Veterans Affairs have increased since FY 2007-08 primarily due to an increase in federal funds for National Guard salaries, operating

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Military and Veterans Affairs**

expenses, and military construction, an increase in cash funds due, and an increase in reappropriated funds. Since the most recent economic downturn started in 2008, the General Assembly has taken several actions to reduce General Fund expenditures in this department. As a result, the General Fund appropriation to the Department of Military and Veterans Affairs decreased by \$210,385 (3.8 percent) from FY 2007-08 to FY 2010-11.

SUMMARY:

- The General Assembly reduced operating expenses related to maintenance and repair by deferring non-essential repairs and prioritizing repairs that affect life, health and safety. This action reduced General Fund expenses by \$347,000 General Fund in FY 2009-10 and by \$358,000 General Fund in FY 2010-11.
 - The General Assembly reduced personal services by \$102,009 (including \$28,402 General Fund) in FY 2008-09 by implementing a hiring freeze, by \$105,441 (including \$33,998 General Fund) in FY 2009-10 by furloughing employees, and by \$155,057 (including \$58,135 General Fund) in FY 2010-11 with the Public Employees Retirement Association contribution shift.
 - The General Assembly refinanced \$50,000 General Fund with cash funds from the Colorado State Veterans Trust Fund for Veterans Service Operations, saving General Fund in both FY 2009-10 and FY 2010-11.
-

ISSUE: Armory Operating Costs (Maintenance and Utilities)

In October 2007, the Federal National Guard Bureau awarded a new 800 soldier infantry battalion to Colorado. This increase in National Guard strength will bring \$8.2 million in annual federal payroll to the State, and require the construction of five new readiness centers (armories) around the state. The federal government will provide about \$63 million in construction funds, while the state must provide \$20 million.

INFORMATIONAL ISSUE: Colorado State Veterans Trust Fund

- The Colorado State Veterans Trust Fund was created in 2000 to use tobacco settlement moneys for programs to assist veterans in Colorado.
- The Trust Fund receives 1 percent, up to \$1 million, of the moneys received annually from the tobacco Master Settlement Agreement.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Military and Veterans Affairs**

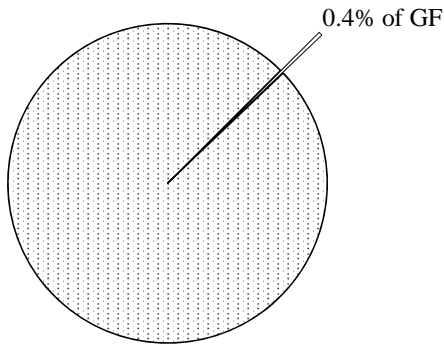
- Moneys from the Trust Fund are used primarily to fund veterans programs run by nonprofit organizations.

 - The General Assembly has transferred moneys in the Trust Fund to the General Fund or authorized the use moneys in the Trust Fund for expenditures outside (replacing General Fund in the Division of Veterans Affairs or for capital construction) of the original purposes of the Trust Fund.
-
-

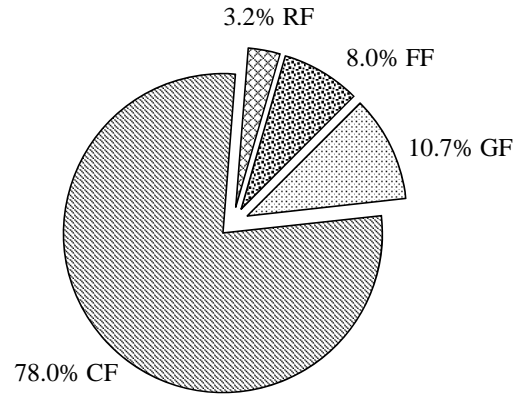
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Natural Resources**

GRAPHIC OVERVIEW

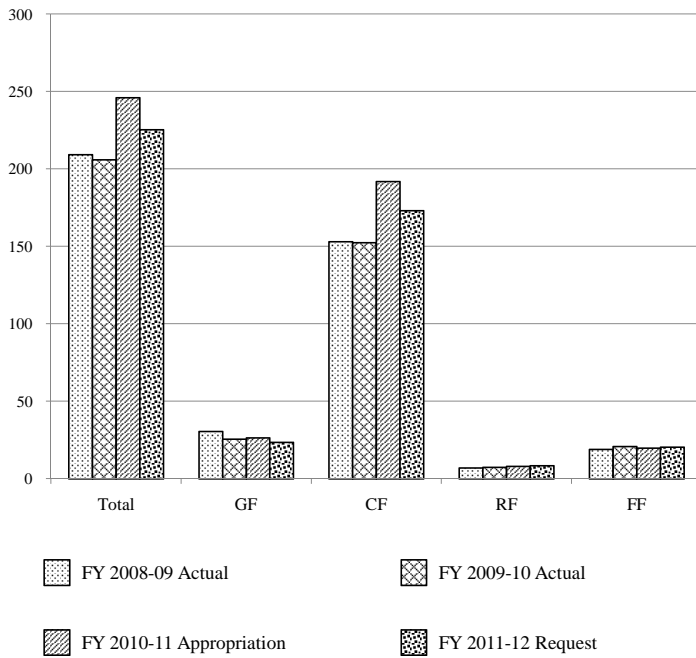
Department's Share of Statewide General Fund



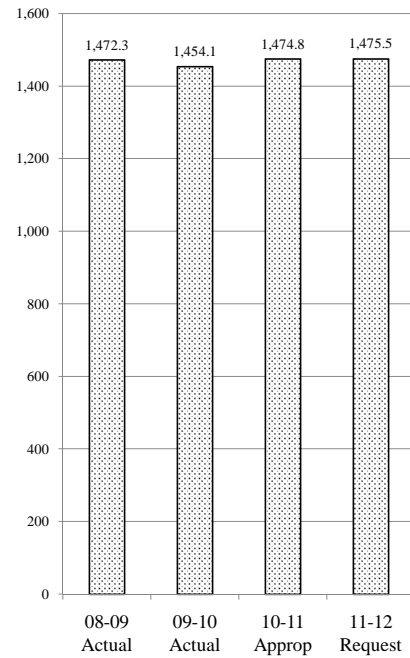
Department Funding Sources



**Budget History
(Millions of Dollars)**

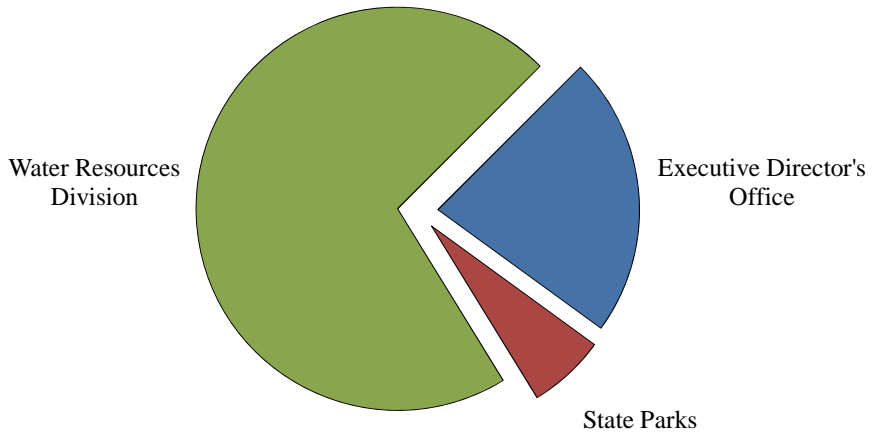


FTE History

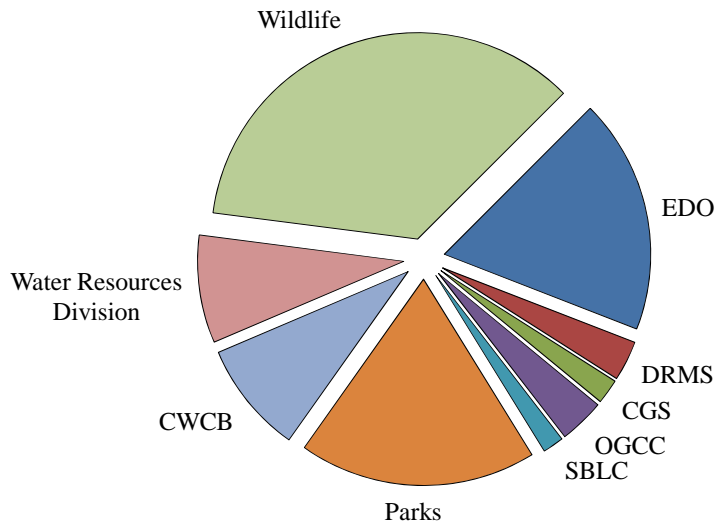


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

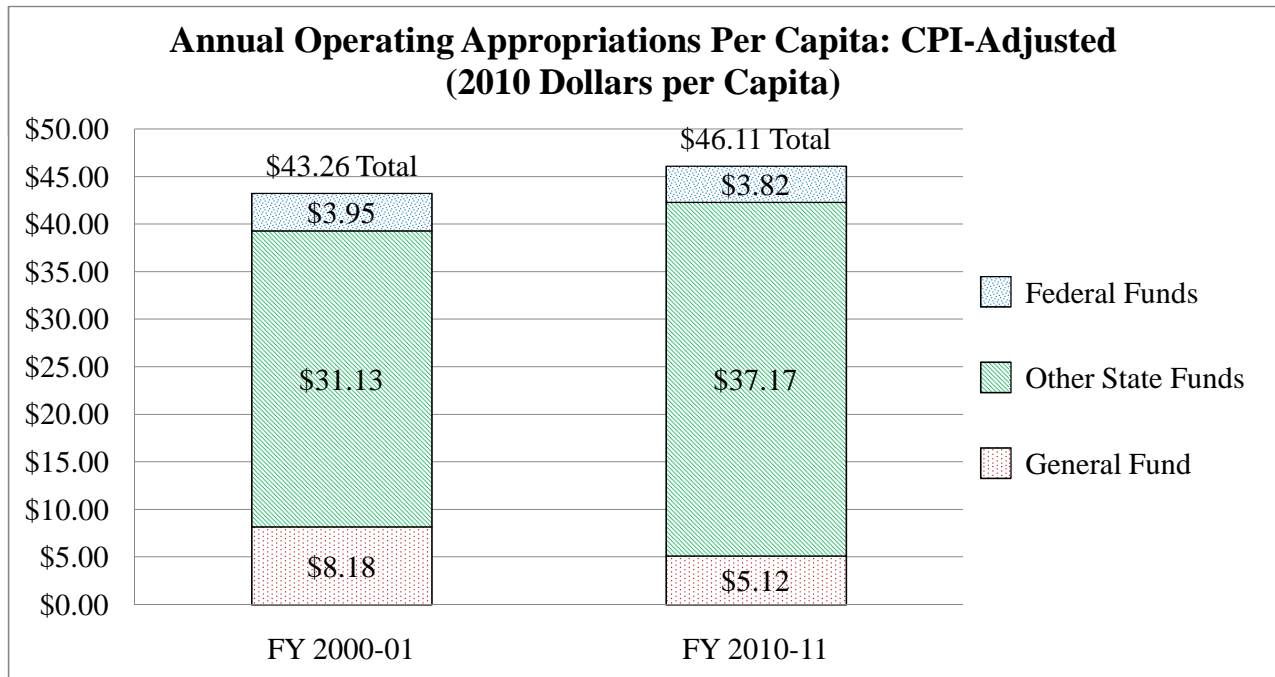
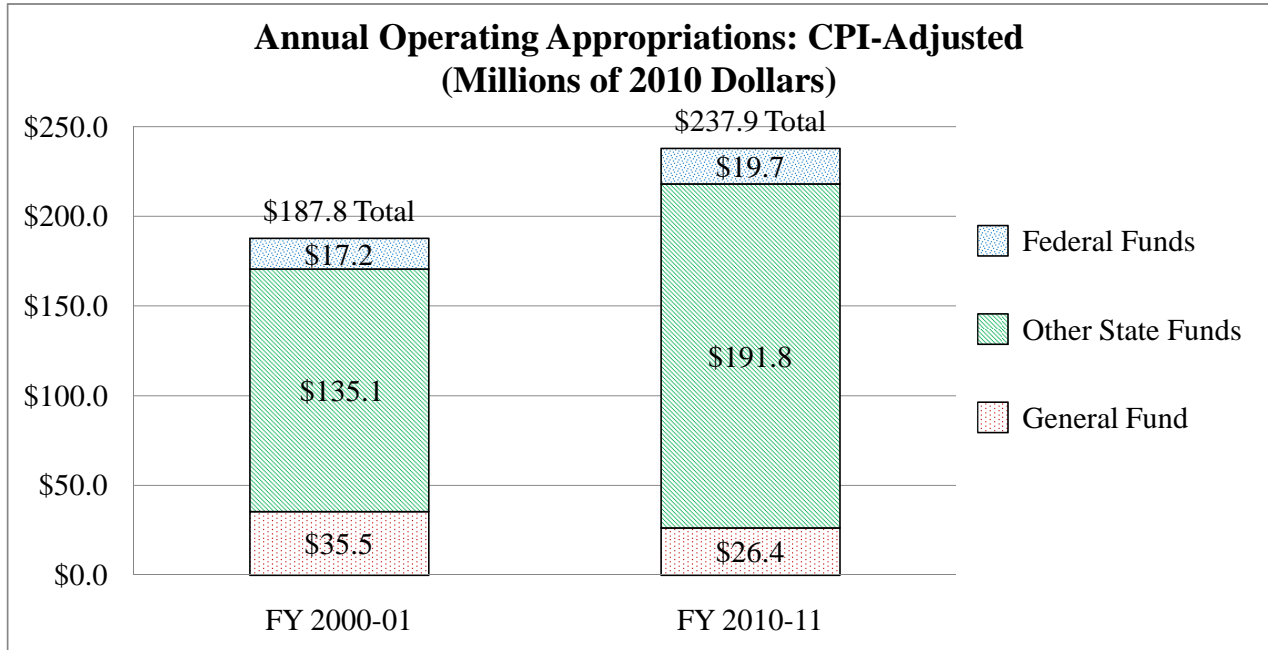
Distribution of General Fund by Division



Distribution of Total Funds by Division



**FY 2011-12 Joint Budget Committee Staff Budget Briefing
 Department of Natural Resources
 COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS**



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds).
 (2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.
 (3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Natural Resources**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	\$26.4	\$191.8	\$8.0	\$19.7	\$245.9	1,474.8
FY 2011-12 Request	23.5	173.1	8.5	20.3	225.4	1,475.5
Increase / (Decrease)	(\$2.9)	(\$18.7)	\$0.5	\$0.6	(\$20.5)	0.7
Percentage Change	-11.0%	-9.8%	6.3%	3.0%	-8.3%	0.0%

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	RF	FF	Total	FTE
1 Coal Regulatory Program Refinance	0	273,306	0	(273,306)	0	0.0
2 San Juan Forecaster	0	0	28,179	0	28,179	0.7
3 Modify Footnote Regarding Use of Emergency Funds	0	0	0	0	0	0.0
4 Snowmobile Program Costs Refinance	0	0	0	0	0	0.0
5 Increased Dues	0	13,076	0	0	13,076	0.0
6 Adjustments to Leased Space	0	10,124	0	849	10,973	0.0
7 River Outfitters Refinance	0	0	0	0	0	0.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Natural Resources**

Decision Item	GF	CF	RF	FF	Total	FTE
NP-1 Printing of Statewide Warrants and Mainframe Documents	941	13,549	163	135	14,788	0.0
Total	941	310,055	28,342	(272,322)	67,016	0.7

SUMMARY OF BASE REDUCTIONS

Base Reduction	GF	CF	RF	FF	Total	FTE
BRI-1 Eliminate General Fund Support for State Parks	(2,688,388)	1,119,244	0	0	(1,569,144)	0.0
BRI-2 Statewide 2 Percent Across the Board General Fund Personal Services Reduction	(438,351)	0	0	0	(438,351)	0.0
BRI-3 Severance Tax Perpetual Base Account Transfer	0	0	0	0	0	0.0
BRI-4 IT Asset Maintenance Coal Adjustment	0	(3,252)	0	(12,236)	(15,488)	0.0
NP-2 Pro-Rated Benefits	(4,398)	(2,470)	0	(11,703)	(18,571)	0.0
NP-3 Statewide Vehicle Lease	3,111	(462,371)	0	(3,464)	(462,724)	0.0
NP-4 Statewide PERA Adjustment	(384,244)	(1,478,456)	(74,295)	(272,507)	(2,209,502)	0.0
Total	(3,512,270)	(827,305)	(74,295)	(299,910)	(4,713,780)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Natural Resources have primarily increased since FY 2007-08 due to cash fund increases related to funding for the annual Species Conservation Trust Fund bill, the annual Colorado Water Conservation Board water projects bill, a transfer of funding from the Parks capital construction budget to the operating budget, as well as increases in severance

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Natural Resources**

tax funding to State Parks. Since the most recent economic downturn started in 2008, the General Assembly has taken several actions to reduce General Fund expenditures in this department. As a result, the General Fund appropriation to the Department of Natural Resources has decreased by \$3.8 million (12.7 percent) from FY 2007-08 to FY 2010-11.

SUMMARY:

- ❑ The General Assembly transferred a total of \$120.5 million from the Perpetual Base Account of the Severance Tax Trust Fund and the Colorado Water Conservation Board Construction Fund to the General Fund in FY 2008-09, FY 2009-10, and FY 2010-11.
- ❑ The General Assembly transferred \$11.0 million from the Operational Account of the Severance Tax Trust Fund (Operational Account) to the General Fund in FY 2009-10. The transfer was enabled by reductions to low-income energy efficiency (weatherization) programs in the Governor's Energy Office in FY 2010-11 and FY 2011-12.
- ❑ The General Assembly reduced General Fund appropriations to State Parks by approximately \$5.7 million between FY 2007-08 and FY 2010-11. This is made up of various operating and personal services reductions as well as refinances to centrally appropriated line items and inflationary increases. As part of the total reduction, the General Assembly refinanced \$2.1 million General Fund with Operational Account Funds in FY 2010-11, with the refinance expected to continue on an ongoing basis. This refinance was enabled by reductions to authorized expenditures from the Water Supply Reserve Account.
- ❑ The General Assembly reduced \$413,179 General Fund and 5.3 FTE in the Division of Water Resources.

INFORMATIONAL ISSUE: Background on Colorado Severance Tax

Discusses the State's severance tax, a major revenue source for various divisions within the Department of Natural Resources.

ISSUE: Status of the Operational Account of the Severance Tax Trust Fund

Discusses the status of fund balances and revenue volatility in the Operational Account of the Severance Tax Trust Fund.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Natural Resources**

INFORMATIONAL ISSUE: Lawsuit Regarding Severance Tax Rate on Coal

Discusses a pending lawsuit regarding the severance tax rate levied on the extraction of coal and possible liability for refunds to coal producers.

INFORMATIONAL ISSUE: Update on Oil and Gas Activity in Colorado

Provides an update on oil and gas activity in Colorado and a comparison to activity in other states in the region. After a period of rapid growth in the oil and gas industry, Colorado experienced a decline in activity in recent years. However, current statistics indicate that activity is rebounding to some extent.

ISSUE: Options for Balancing the FY 2010-11 and FY 2011-12 General Fund Revenue Shortfall

The Department is proposing to transfer \$10.0 million from the Perpetual Base Account of the Severance Tax Trust Fund to the General Fund in FY 2010-11 and another \$15.0 million in FY 2011-12 as a General Fund budget balancing action. The Department is also proposing to eliminate General Fund support for the Division of Parks and Outdoor Recreation.

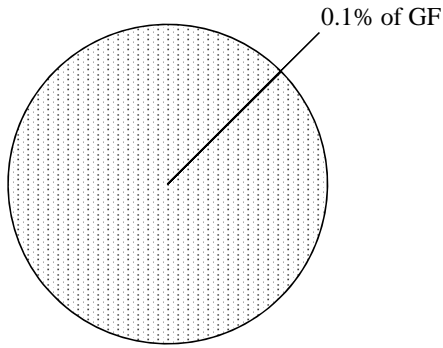
ISSUE: Water Supply Gap in Colorado's Municipal and Industrial (M&I) Water Needs

According to findings of the Colorado Statewide Water Supply Initiative (SWSI), by 2050 Colorado's net municipal and industrial (M&I) water supply gap could range between 200,000 and 600,000 acre-feet. The study only addresses the M&I gap. The study has developed a tool to help estimate the cost to address Colorado's 2050 M&I water supply needs. According to some estimates, the cost may reach as high as \$18.0 billion.

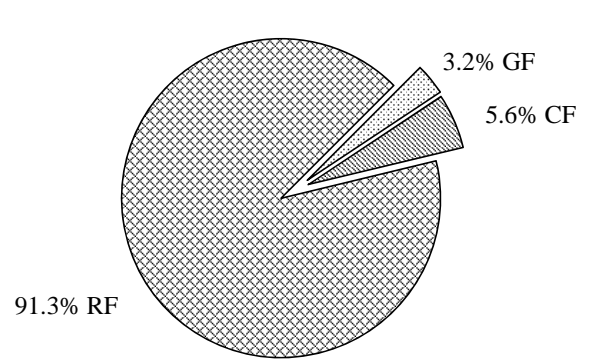
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Personnel and Administration**

GRAPHIC OVERVIEW

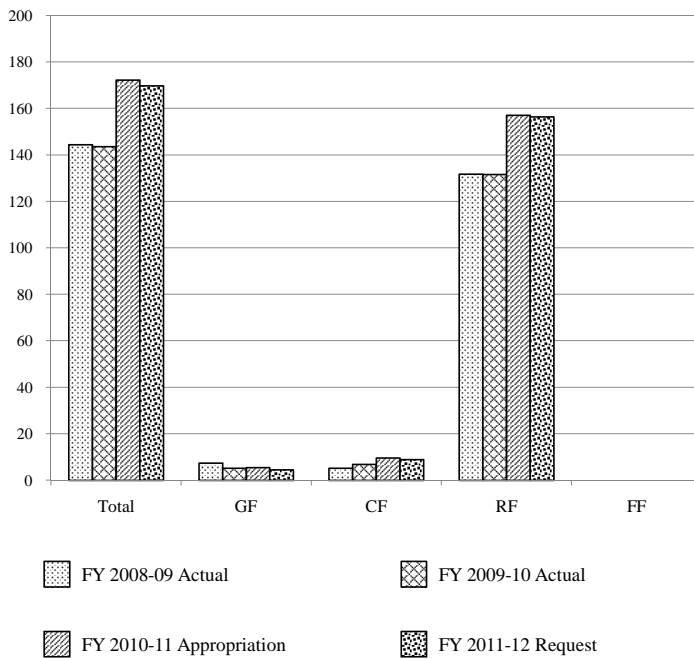
Department's Share of Statewide General Fund



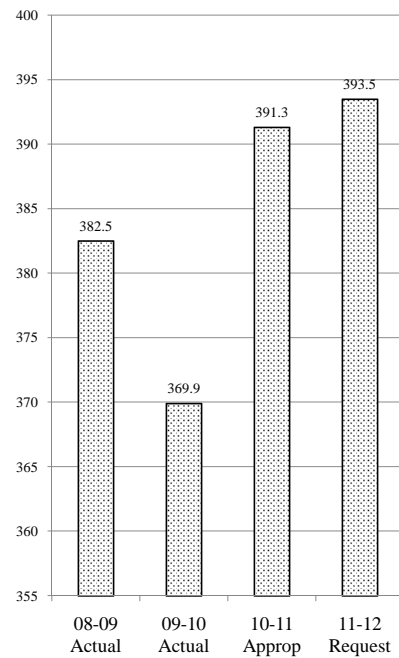
Department Funding Sources



**Budget History
(Millions of Dollars)**

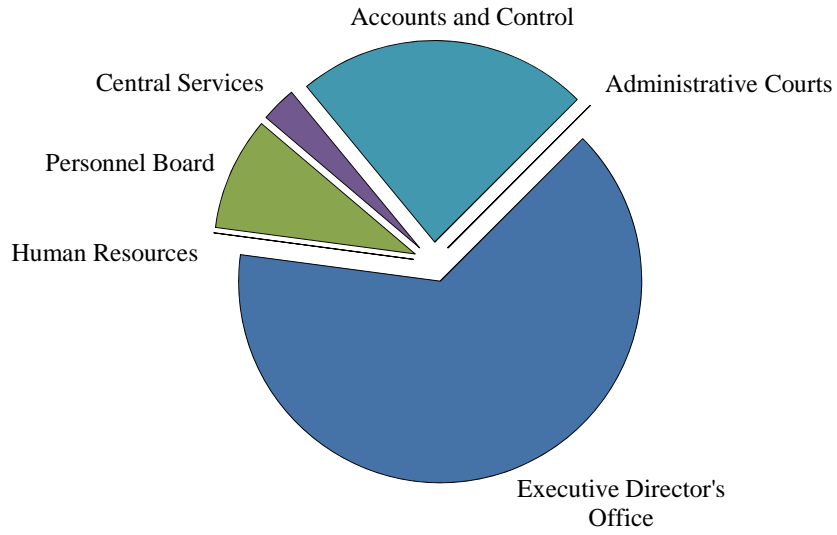


FTE History

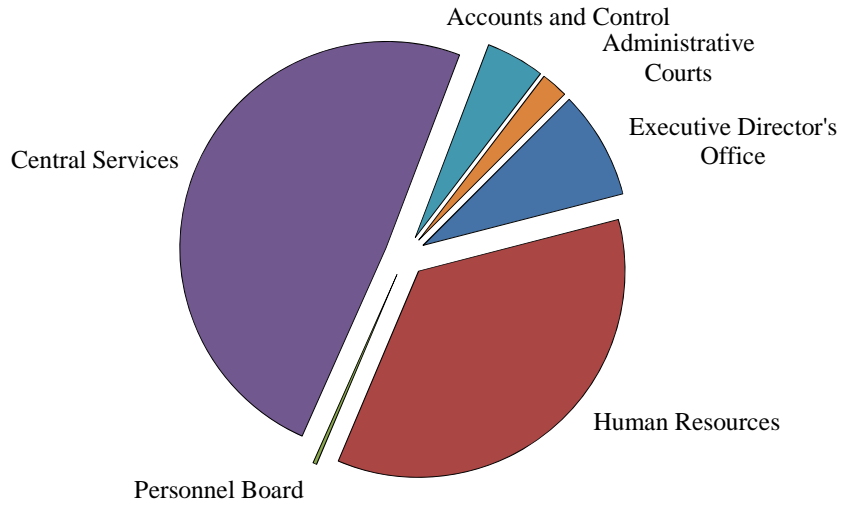


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

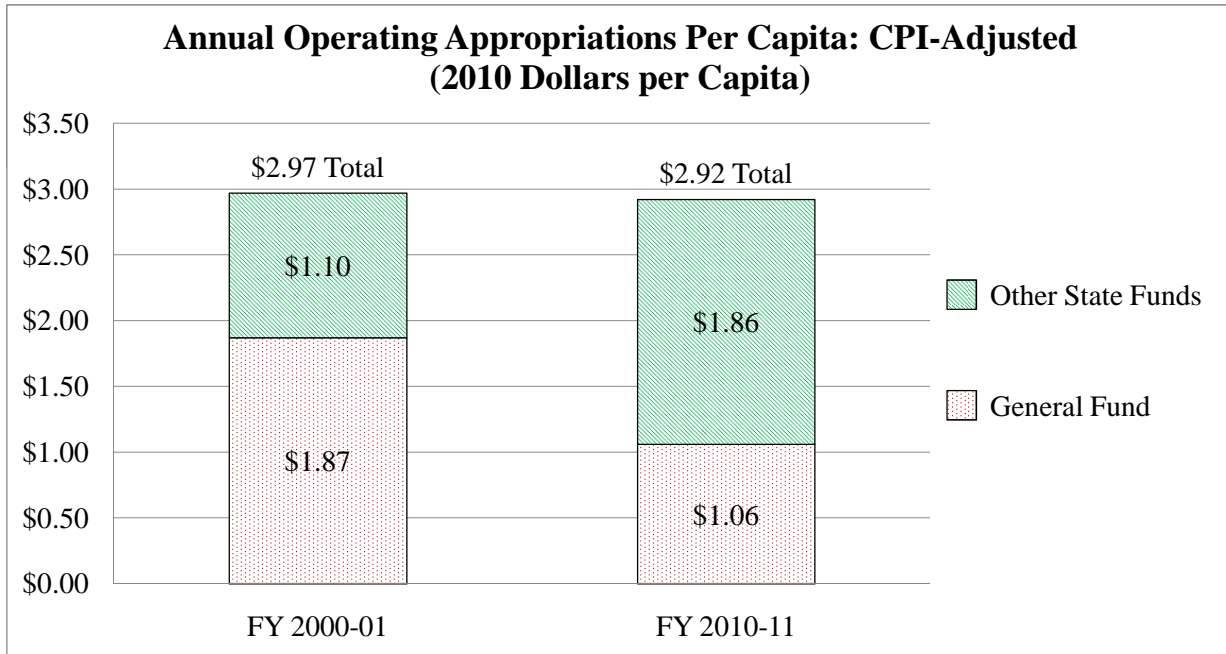
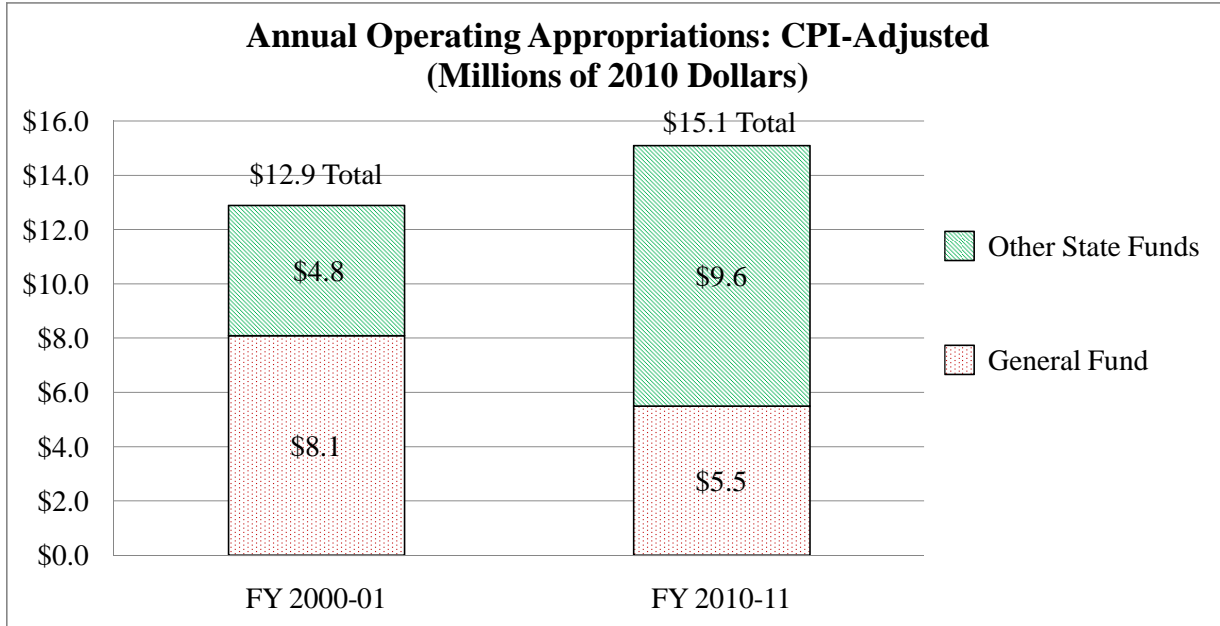
Distribution of General Fund by Division



Distribution of Total Funds by Division



FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Personnel and Administration
COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, these excluded amounts primarily reflect transfers from user agencies for statewide services such as: (1) property, liability, and workers' compensation insurance; (2) printing; (3) mail services; (4) data entry; (5) fleet management; (6) management of state-owned facilities; and (7) statewide indirect cost recoveries.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

(4) The Department has no federal funds appropriations.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Personnel and Administration**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	\$5.5	\$9.6	\$157.1	\$0.0	\$172.2	391.3
FY 2011-12 Request	4.4	8.9	156.5	0.0	169.8	393.5
Increase / (Decrease)	(\$1.1)	(\$0.7)	(\$0.6)	\$0.0	(\$2.4)	2.2
Percentage Change	-20.0%	-7.3%	-0.4%	n/a	-1.4%	0.6%

SUMMARY OF DECISION ITEMS

Department Decision Item	GF	CF	RF	FF	Total	FTE
1 OSC Debt Post Issuance Compliance	83,544	0	0	0	83,544	1.0
SWDI-1 Annual Fleet Vehicle Replacement	0	0	2,951	0	2,951	0.0
SWDI-2 Printing of Statewide Warrants and Mainframe Documents	(16,325)	0	0	0	(16,325)	0.0
NP-1 Central Services	0	0	5,713	0	5,713	0.0
NP-11 Federal Fund Repayment for Cash Fund Transfer	0	258,200	0	0	258,200	0.0
Department Total	\$67,219	\$258,200	\$8,664	\$0	\$334,083	1.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Personnel and Administration**

BASE REDUCTION ITEM PRIORITY LIST

Non-Prioritized Base Reduction	GF	CF	RF	FF	Total	FTE
NP-5 2.0 Percent Across the Board Personal Services Reduction	(127,157)	0	0	0	(127,157)	0.0
NP-6 Pro-rated Benefits	(6,349)	0	(8,256)	0	(14,605)	0.0
NP-7 Statewide 2.5 Percent PERA Reduction	(160,447)	(58,391)	(266,884)	0	(485,722)	0.0
Total	(\$293,953)	(\$58,391)	(\$275,140)	\$0	(\$627,484)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Personnel and Administration have decreased since FY 2007-08 due to the statewide consolidation of information technology, which eliminated the Department's Division of Information Technology and reduced its appropriations by \$43.1 million.

This department is primarily funded by reappropriated funds that are transferred from user agencies. Approximately half of the reappropriated funds originate as General Fund in the user agency. Any budget balancing actions that impact the reappropriated funds would occur in the user agency's appropriations.

- The General Assembly reduced General Fund expenditures by eliminating 8.0 FTE.
- The General Assembly transferred cash funds to increase General Fund revenue by \$30.0 million for FY 2009-10, and \$400,000 for FY 2010-11.

ISSUE: Significant *Statewide* Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Since the most recent economic downturn started in 2008, the General Assembly has taken several actions to reduce current General Fund expenditures and also mitigate future General

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Personnel and Administration**

Fund expenditures. These actions included both one-time and ongoing reductions to personal services, operating, and common policy line items.

- ❑ The General Assembly mitigated additional General Fund expenditures by eliminating salary survey and performance-based pay for FY 2009-10 and FY 2010-11.
- ❑ The General Assembly reduced General Fund expenditures by decreasing the appropriations for certain Operating Expenses line items by 5.0 percent. It also delayed vehicle replacements and reduced expenditures for facilities maintenance.
- ❑ The General Assembly reduced appropriations for risk management insurance, which decreased the amount collected by the Department of Personnel and Administration for claims volatility.

INFORMATIONAL ISSUE: Proposed Actions to Balance the FY 2011-12 Budget

The Executive Branch's FY 2011-12 budget request includes three statewide budget actions to reduce General Fund expenditures: (1) a continuation of the change to the employer and employee contribution rates for the Public Employees' Retirement Association (PERA); (2) a reduction for the State contributions for health, life, and dental insurance benefits for part-time employees; and (3) a 2.0 percent reduction for the General Fund portion of Personal Services line items.

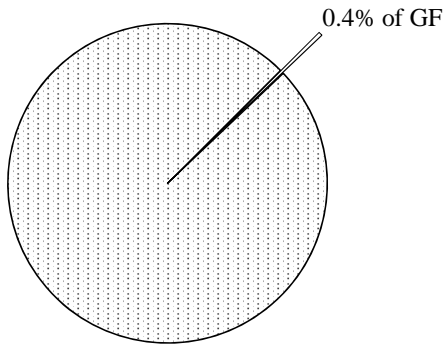
INFORMATIONAL ISSUE: Statewide Common Policies, excluding IT

The Department administers various policies that are common to all departments. This briefing issue provides an overview of these policies, as well as factors for the Committee to consider when it sets their appropriations amounts.

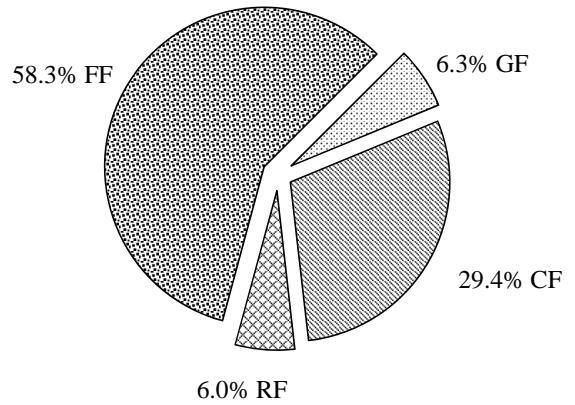
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Health and Environment**

GRAPHIC OVERVIEW

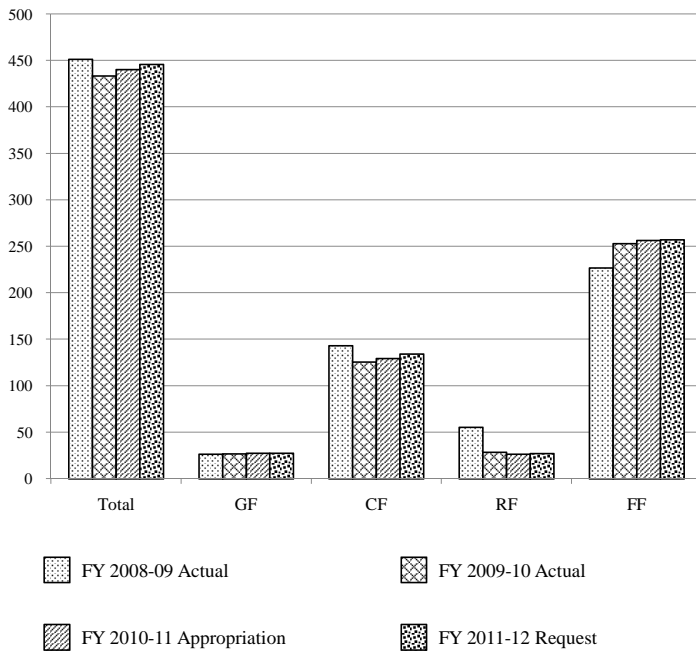
Department's Share of Statewide General Fund



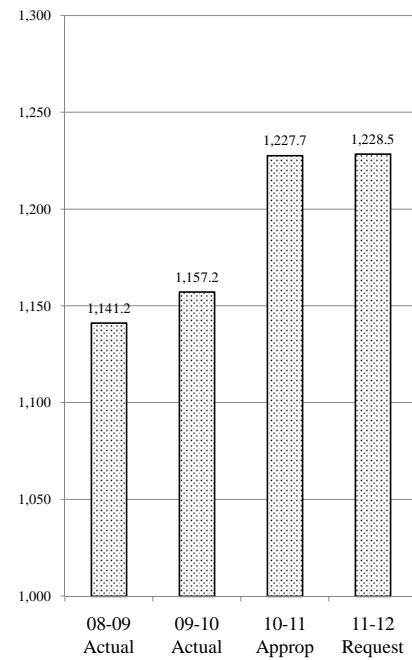
Department Funding Sources



**Budget History
(Millions of Dollars)**



FTE History

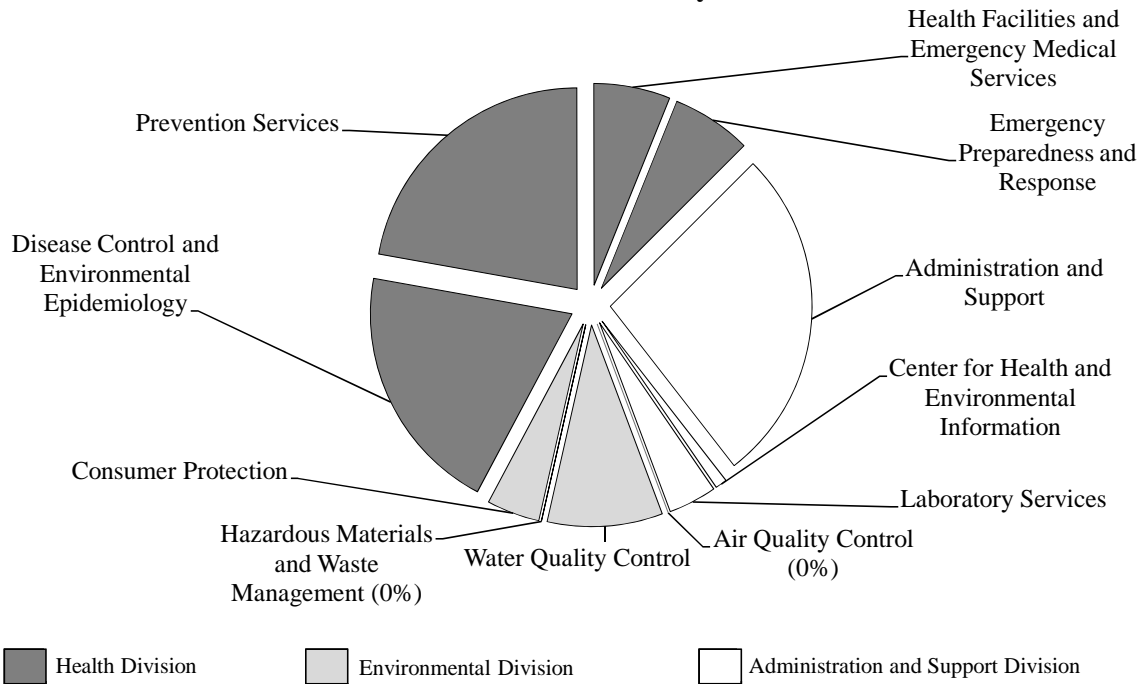


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

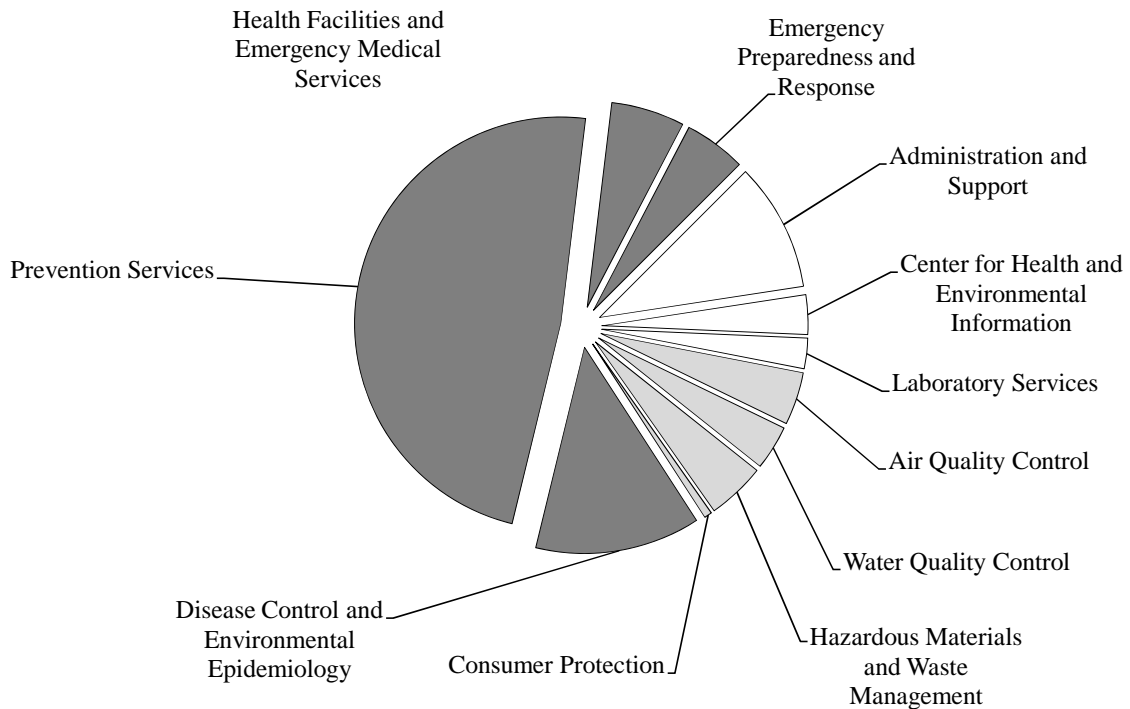
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Health and Environment**

GRAPHIC OVERVIEW

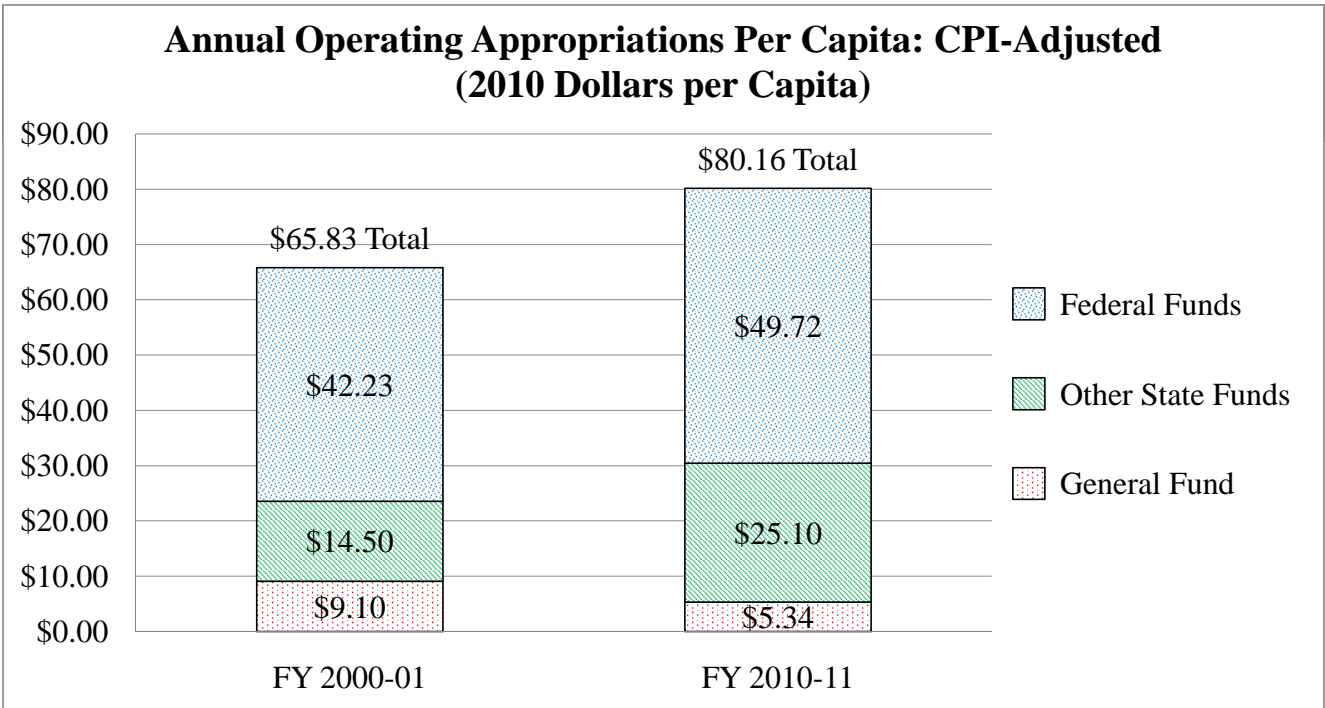
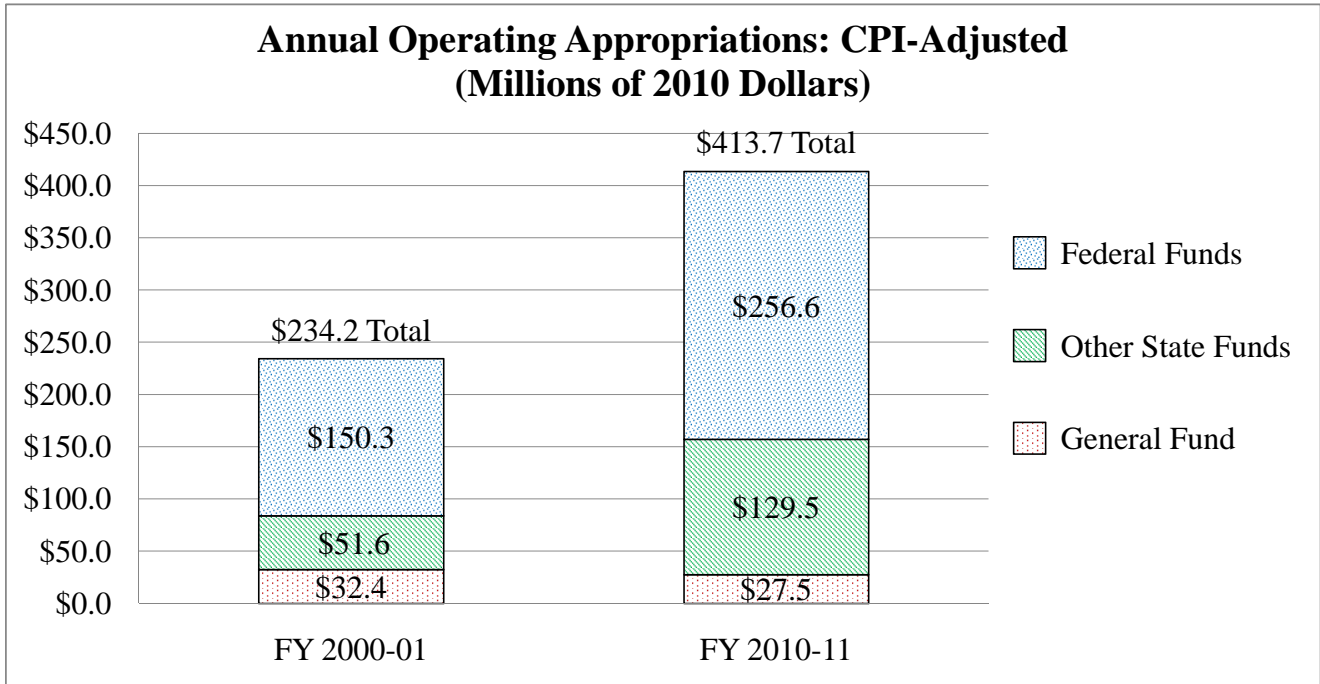
Distribution of General Fund by Division



Distribution of Total Funds by Division



**FY 2011-12 Joint Budget Committee Staff Budget Briefing
 Department of Public Health and Environment
 COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS**



NOTES: (1) The appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, the excluded amounts primarily reflect internal transfers of Amendment 35 moneys, internal transfers of indirect cost assessments, and transfers from HCPF to pay for Medicaid/Medicare facility certification.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Health and Environment**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. For more detailed information, see the staff briefing write-ups on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	\$27.5	\$129.5	\$26.5	\$256.6	\$440.1	1,227.7
FY 2011-12 Request	27.5	134.3	27.0	257.0	445.8	1,228.5
Increase / (Decrease)	\$0.0	\$4.8	\$0.5	\$0.4	\$5.7	0.8
Percentage Change	0.1%	3.7%	1.9%	0.2%	1.3%	0.1%

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	RF	FF	Total	FTE
1 Medical Marijuana Registry	0	1,093,939	27,500	0	1,121,439	1.0
2 Newborn Screening Laboratory and Genetics Counseling	0	396,637	0	0	396,637	1.0
3 Prenatal Plus Administration Transfer	0	0	(110,933)	0	(110,933)	(0.9)
4 Legal Services	0	0	132,066	0	132,066	0.0
NP-8 Printing of Statewide Warrants and Mainframe Documents	0	0	4,555	0	4,555	0.0
Total	0	1,490,576	53,188	0	1,543,764	1.1

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Health and Environment**

SUMMARY OF BASE REDUCTION ITEMS

Base Reduction	GF	CF	RF	FF	Total	FTE
NP-2 Statewide 2 Percent Across the Board General Fund Personal Services Reduction	(163,910)	0	(75,270)	0	(239,180)	0.0
NP-3 Amendment 35 Funding Reduction	0	(18,313,649)	(2,686,351)	0	(21,000,000)	0.0
NP-5 Pro-Rated Benefits	(392)	(21,191)	(9,803)	(25,713)	(57,099)	0.0
NP-6 Statewide PERA Adjustment	(162,746)	(682,218)	(230,685)	(891,924)	(1,967,573)	0.0
NP-7 Annual Fleet Vehicle Replacement	0	(50,000)	(13,350)	(3,314)	(66,664)	0.0
Total	(327,048)	(19,067,058)	(3,015,459)	(920,951)	(23,330,516)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Public Health and Environment have decreased since FY 2007-08 due to significant declines in appropriations of cash and reappropriated funds. The declines are in substantial part due to the transfer of Amendment 35 tobacco-tax dollars to the Department of Health Care Policy and Financing in support of medical services premiums. They are also due to the elimination of a number of double appropriations of Amendment 35 revenues.

The General Fund appropriation to the Department increased by \$3.6 million (15.1 percent) from FY 2007-08 to FY 2010-11. Since the most recent economic downturn started in 2008, the General Assembly has taken a number of actions involving this department to deal with General Fund shortfalls.

SUMMARY:

- The General Assembly transferred \$46.7 million of Amendment 35 tobacco-tax dollars from the Department of Public Health and Environment to the Department of Health Care Policy

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Health and Environment**

and Financing to support medical services premiums, freeing a like amount of General Fund for other purposes.

- ❑ The General Assembly made a variety of one-time reductions in appropriations to the Department that collectively reduced General Fund appropriations by \$837,000.
 - ❑ The General Assembly made a series of permanent reductions in appropriations to the Department that collectively reduced the General Fund appropriation by \$1.9 million.
 - ❑ The General Assembly transferred a total of \$44.4 million from the Department's cash funds to support the General Fund in FY 2008-09, FY 2009-10 and FY 2010-11, including \$32.5 million from the Hazardous Substance Response Fund.
-

ISSUE: Create a Cash Fund for the State Laboratory

Discusses the advantages of establishing an additional cash fund for the state laboratory and recommends that the JBC sponsor legislation to establish such a fund.

ISSUE: Direct a Portion of Tobacco Settlement Revenue to a Rainy Day Fund

Discusses the tobacco Master Settlement Agreement, the statutory rules governing the allocation of settlement revenues, recent settlement revenues, and the current dispute with tobacco manufacturers. Reviews the intent of the agreement and suggests that several settlement-supported programs do not accord with this intent because they are not health-care related. Recommends that the Committee sponsor legislation to permanently abolish these programs and use the resulting savings to create a rainy day fund for health care purposes.

INFORMATIONAL ISSUE: Programmatic Status and Resource Needs of the Water Quality Control Division

Discusses the current status and resource needs of the Water Quality Control Division (WQCD).

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Health and Environment**

ISSUE: Water Quality Control Division Budget Options for FY 2011-12

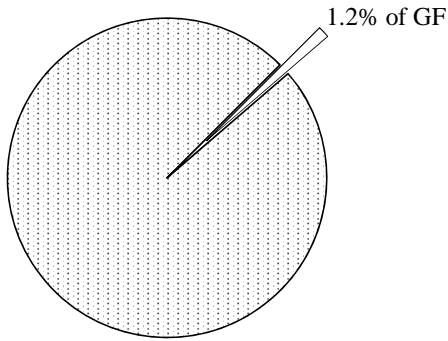
Discusses options to increase resources for the Water Quality Control Division (WQCD) and/or reduce the WQCD's FY 2011-12 General Fund appropriation.

ISSUE: Options for General Fund Savings in Consumer Protection Division

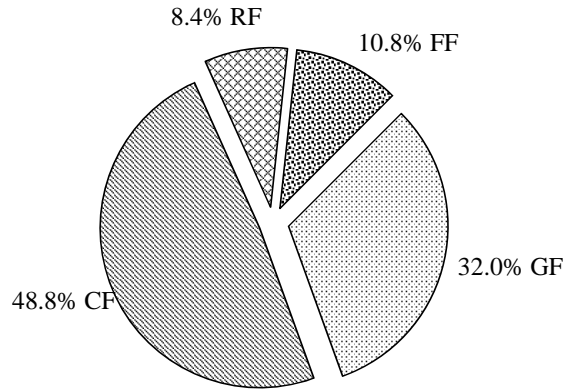
Discusses options to reduce FY 2011-12 General Fund expenditures in the Consumer Protection Division (CPD).

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
 Department of Public Safety
 GRAPHIC OVERVIEW**

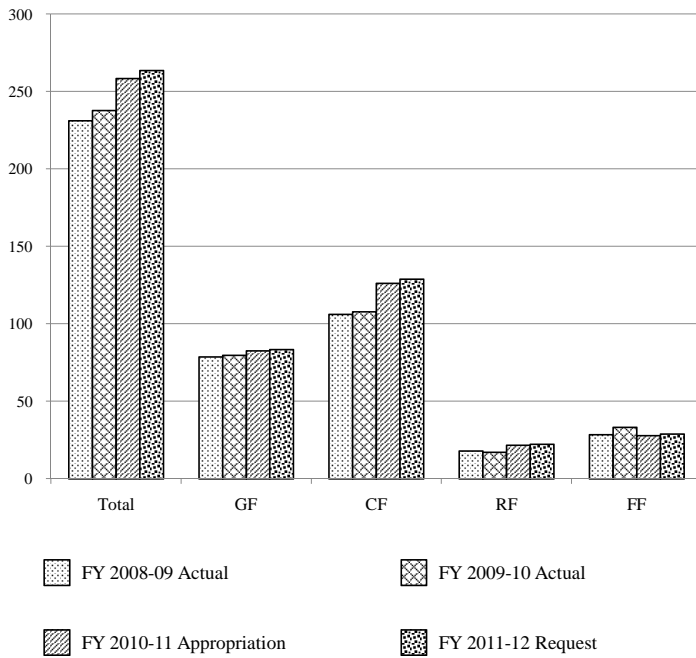
Department's Share of Statewide General Fund



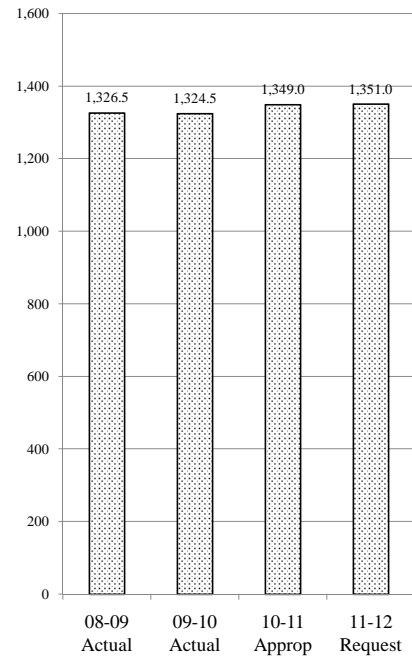
Department Funding Sources



**Budget History
(Millions of Dollars)**

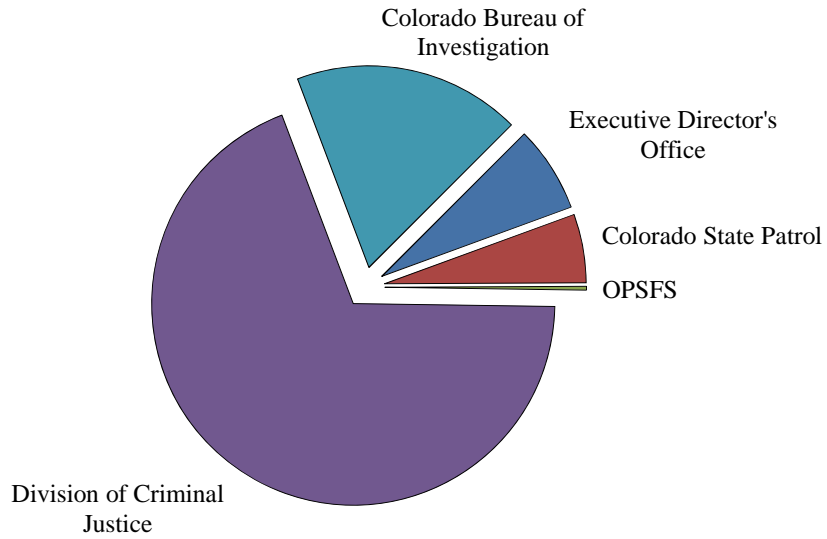


FTE History

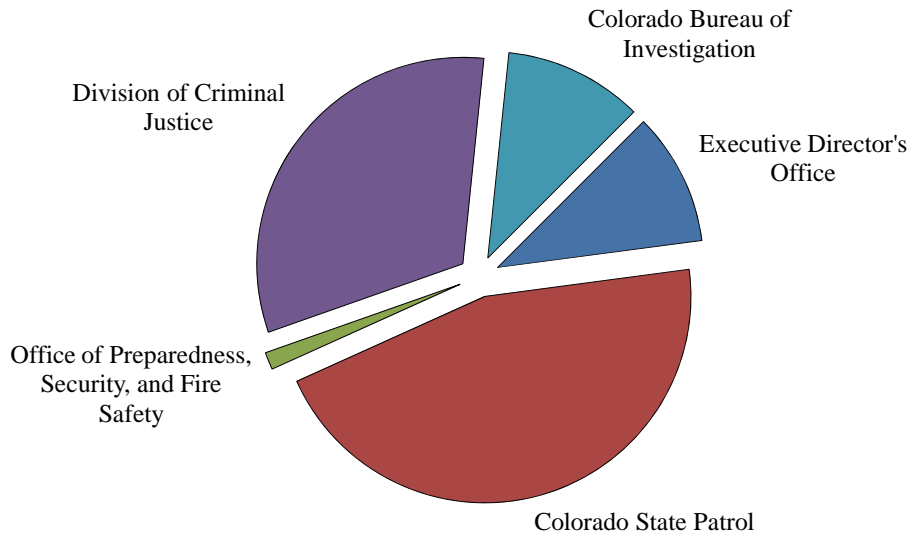


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

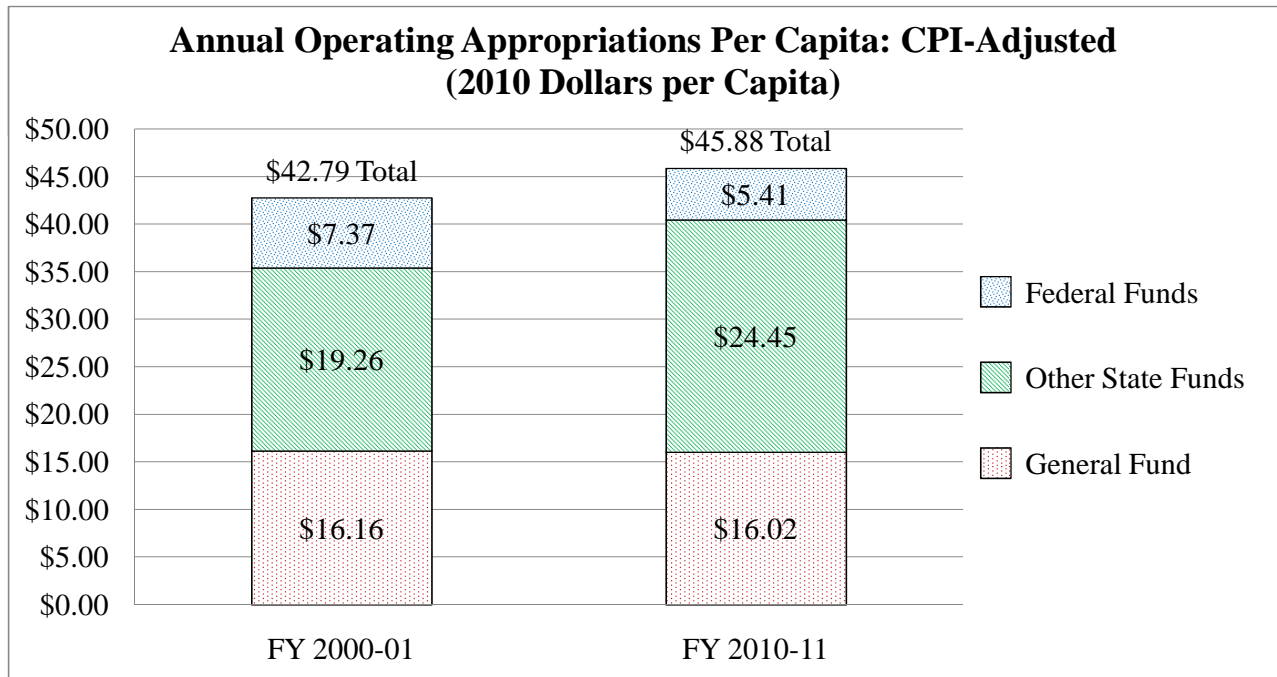
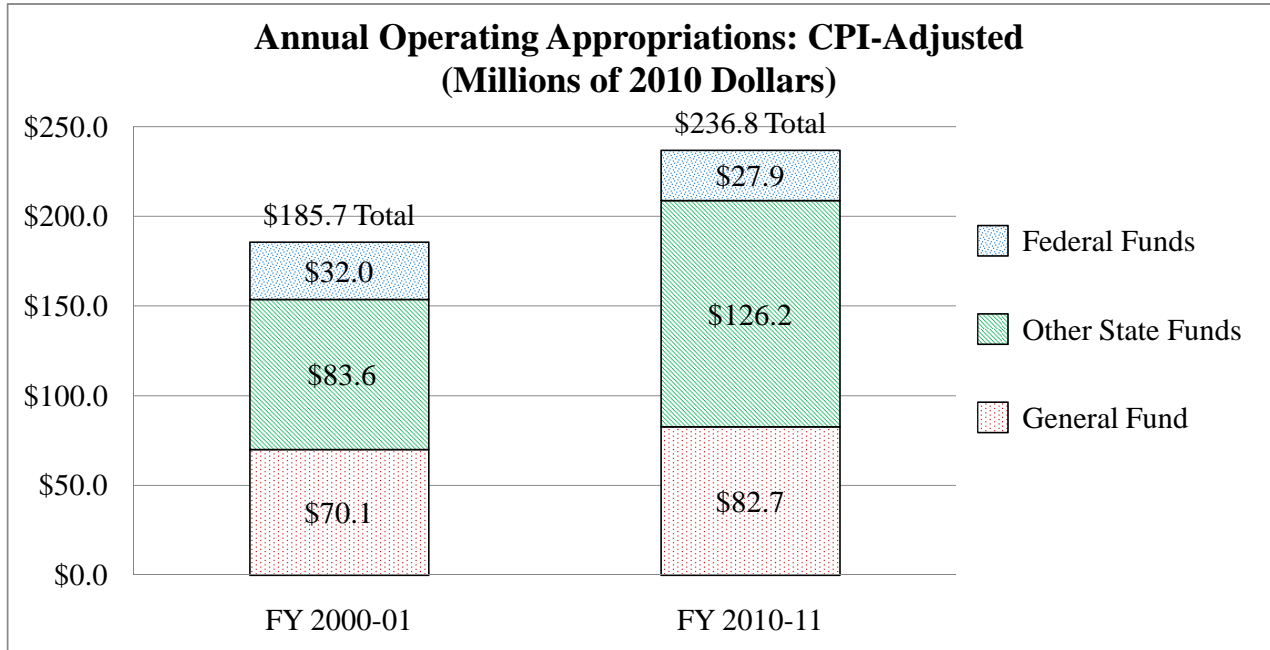
Distribution of General Fund by Division



Distribution of Total Funds by Division



FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Safety
COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds).

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Safety**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. The HUTF funds are considered cash funds in the Long Bill but are broken out separately in Committee documents for tracking purposes.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	HUTF	RF	FF	Total	FTE
FY 2010-11 Appropriation	\$82.7	\$28.9	\$97.2	\$21.7	\$27.9	\$258.4	1,349.0
FY 2011-12 Request	83.4	29.2	99.8	22.3	28.9	263.6	1,351.0
Increase / (Decrease)	\$0.7	\$0.3	\$2.6	\$0.6	\$1.0	\$5.2	2.0
Percentage Change	0.8%	1.0%	2.7%	2.8%	3.6%	2.0%	0.1%

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	HUTF	RF	FF	Total	FTE
1 Colorado State Patrol, Academy Driving Simulator	\$0	\$0	\$145,000	\$0	\$0	\$145,000	0.0
2 Colorado Bureau of Investigation, Gaming Unit Operating Expenses	0	0	0	0	0	0	0.0
3 Colorado State Patrol, EMDT Purchase, Deployment, and Maintenance	0	0	205,142	0	0	205,142	0.0
4 Colorado State Patrol, Utilities Appropriation Increase	0	0	64,150	0	0	64,150	0.0
5 Colorado State Patrol, Long Bill Line Item Consolidation	0	0	0	0	0	0	0.0
6 Colorado State Patrol, COPLINK Program Maintenance Funding	0	0	50,034	0	0	50,034	0.0
NP-4 Statewide Vehicle Lease	9,797	13,486	346,763	(1,760)	(16,589)	351,697	0.0
NP-5 Printing of Statewide Warrants and Mainframe Documents	4,987	0	0	0	0	4,987	0.0
Total Decision Items	\$14,784	\$13,486	\$811,089	(\$1,760)	(\$16,589)	\$821,010	0.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Safety**

SUMMARY OF BASE REDUCTIONS

Base Reduction	GF	CF	HUTF	RF	FF	Total	FTE
NP-1 Statewide 2 Percent Across the Board General Fund Personal Services Reduction	(414,828)	0	0	0	0	(414,828)	0.0
NP-2 Statewide PERA Adjustment	(442,356)	(124,566)	(1,306,630)	(102,366)	(103,333)	(2,079,251)	0.0
NP-3 Pro-Rated Benefits.	(4,858)	(202)	(2,000)	(2,718)	(4,598)	(14,376)	0.0
Total Base Reductions	(862,042)	(124,768)	(1,308,630)	(105,084)	(107,931)	(2,508,455)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Public Safety have increased since FY 2007-08 by \$33.9 million, primarily due to increases in funding to the State Patrol from HUTF "Off-the-Top", funding additional community corrections beds, whose cost is offset in the Department of Corrections, and various common policy increases. Since the most recent economic downturn started in 2008, the General Assembly has taken several actions to reduce General Fund expenditures in this department. However, in total the General Fund appropriation to the Department of Public Safety increased by \$9.3 million (12.7 percent) from FY 2007-08 to FY 2010-11.

SUMMARY:

All Divisions Except Division of Criminal Justice

- The General Assembly reduced, suspended, or eliminated funding totaling \$3.3 million General Fund between FY 2008-09 and FY 2010-11. Included in this figure, are 8.0 FTE reductions totaling \$661,000 General Fund.

Division of Criminal Justice

- The General Assembly eliminated the funding for 98 intensive residential treatment beds for transition community corrections offenders.
- The General Assembly eliminated the funding for contract analysis of the Governor's recidivism reduction and offender diversion package.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Safety**

- The General Assembly reduced the funding for outpatient therapeutic community slots.
 - The General Assembly eliminated the funding for community corrections discharge planners.
-

ISSUE: HUTF "Off-the-Top" Funding and Growth

The statutory framework of the Highway Users Tax Fund (HUTF) "Off-the-Top" distributions allows the Colorado State Patrol and the Department of Revenue's Ports of Entry and Division of Motor Vehicles (for FY 09, FY 10, and FY 11 only) to continue to grow their funding base by 6.0 percent annually regardless of the HUTF or statewide revenue fluctuations.

ISSUE: Use of HUTF "Off-the-Top" for Purposes Incompatible with Constitutional Requirements

Over the past several years, the Department of Public Safety has funded portions of their capitol security and homeland security activities with appropriations from the Highway Users Tax Fund (HUTF). These expenditures do not appear to be compatible with State constitutional requirements that HUTF dollars are to be spent only on the construction, maintenance, and supervision of the state's highways.

ISSUE: Funding for the Office of Anti-Terrorism Planning and Training

House Bill 02-1315 created the Office of Preparedness, Security and Fire Safety (OPSFS) as a new division within the Department of Public Safety. This Division includes the Office of Anti-terrorism Planning and Training (OATPT). Currently the OATPT receives funding through appropriations to the Colorado State Patrol, however, this is not reflected in the budget.

ISSUE: Open Allocation for Community Corrections

Despite efforts to increase the number of offenders in community corrections programs by implementing an open allocation method for providing funding to local community corrections boards, the Department reverted 3.6 percent of the General Fund appropriations for community corrections programs in FY 2009-10.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Public Safety**

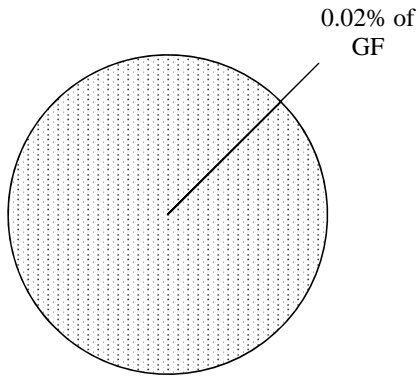
ISSUE: Community Corrections Subsistence Grace Period

Current requirements obligate community corrections offenders to pay a subsistence of \$17 per day during their time in a community corrections residential placement. This subsistence requirement begins the first day of their placement in residential community corrections. However, because of the difficulty in finding immediate employment, these offenders may turn to illegal activity in order to meet the required subsistence. As a result, it may be appropriate to allow a subsistence grace period for community corrections offenders.

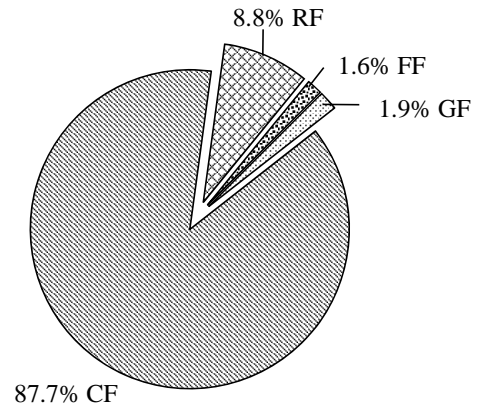
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Regulatory Agencies**

GRAPHIC OVERVIEW

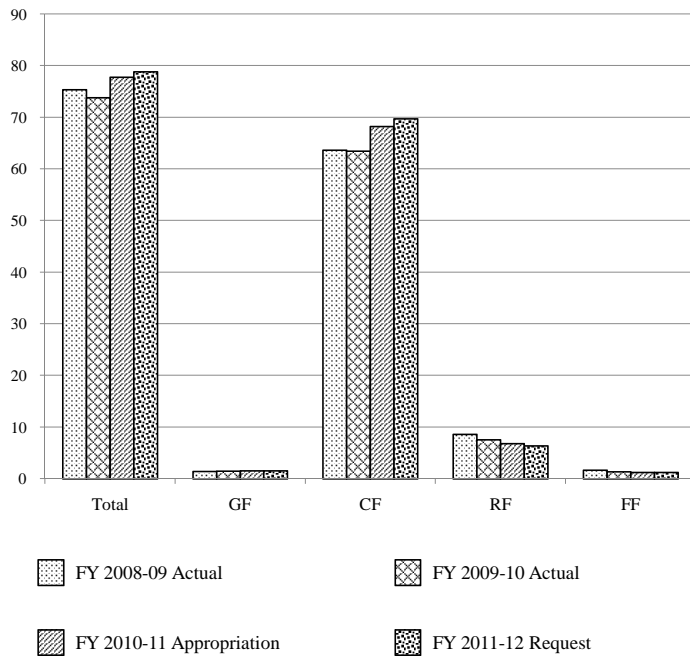
Department's Share of Statewide General Fund



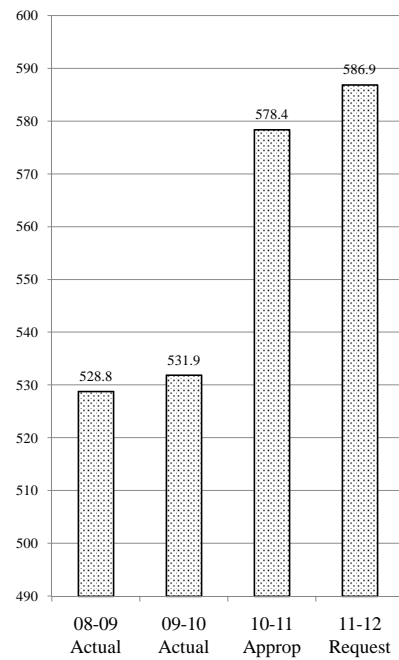
Department Funding Sources



**Budget History
(Millions of Dollars)**

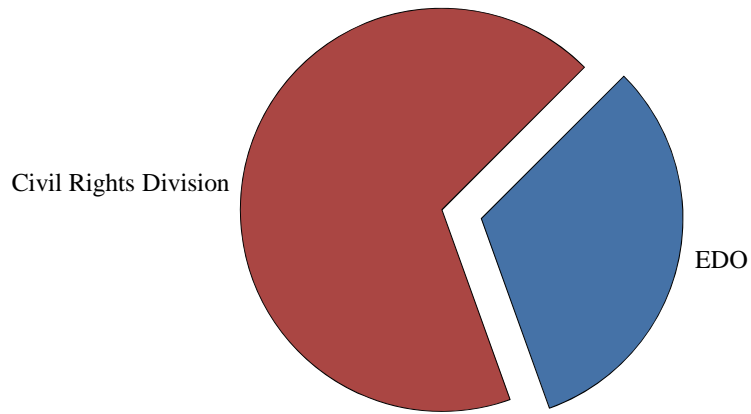


FTE History

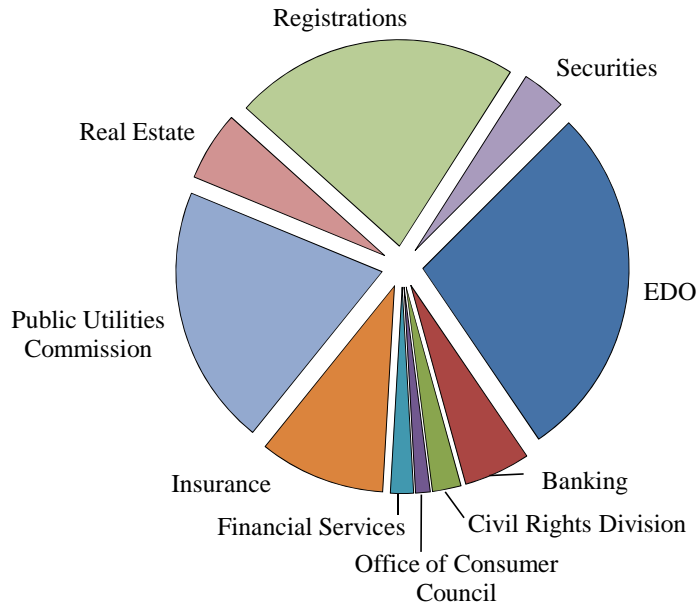


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

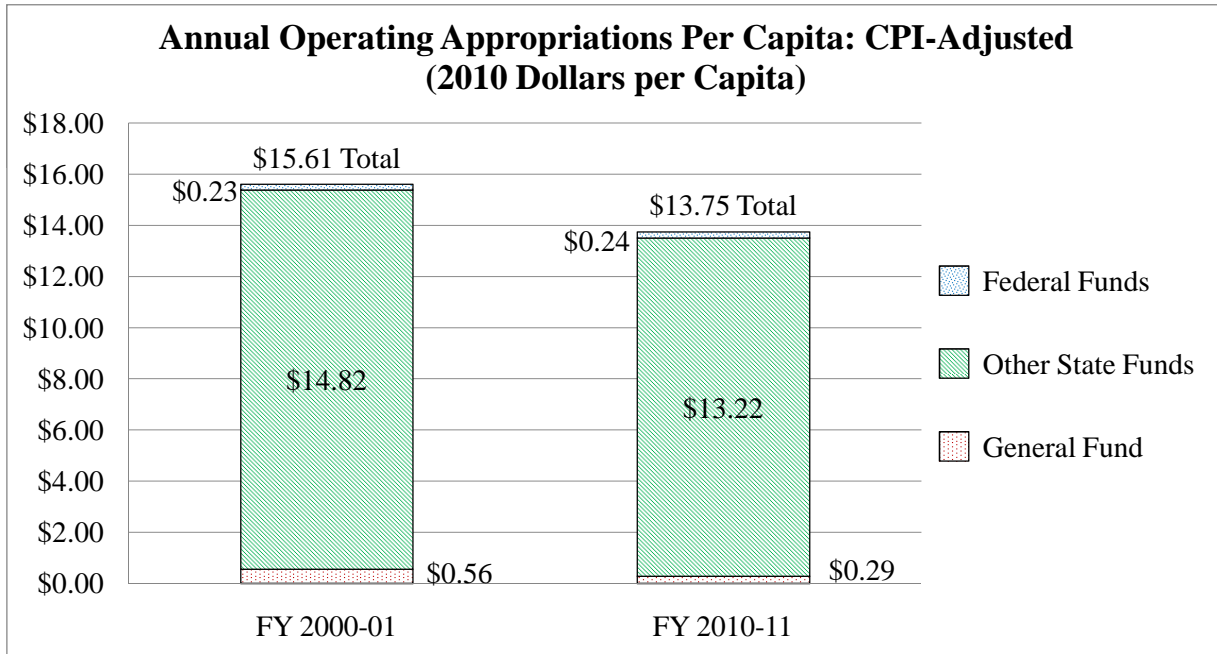
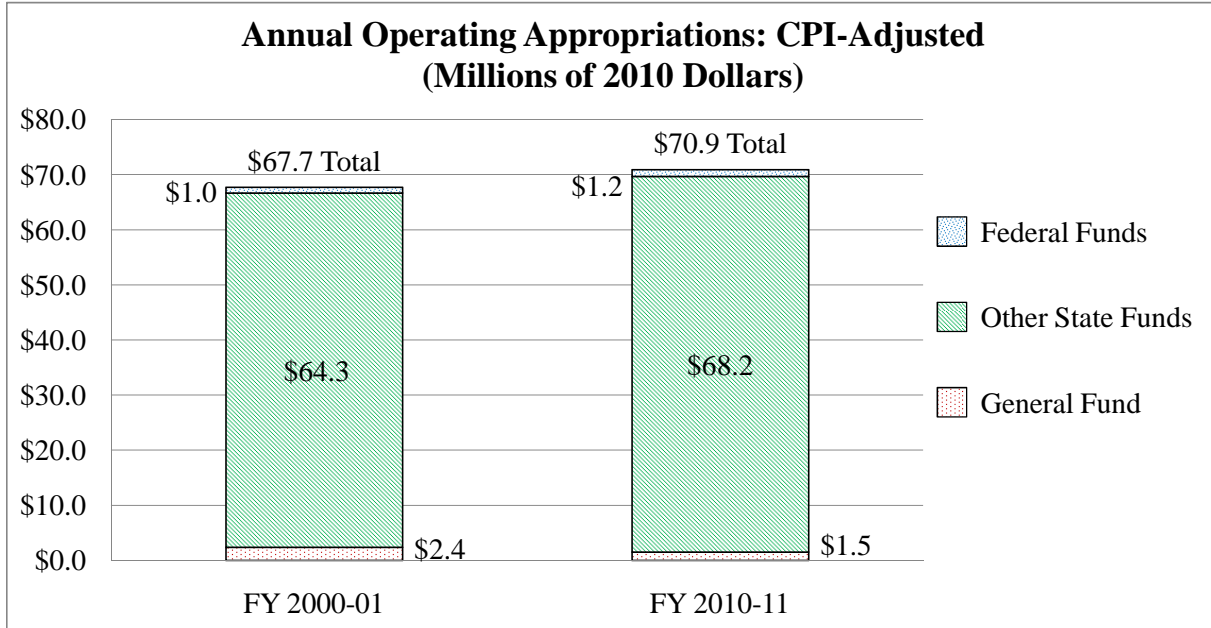
Distribution of General Fund by Division



Distribution of Total Funds by Division



**FY 2011-12 Joint Budget Committee Staff Budget Briefing
 Department of Regulatory Agencies
 COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS**



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, these excluded amounts primarily reflect transfers from the Department of Public Health and Environment and the Department of Health Care Policy and Financing and from internal transfers of indirect cost recoveries.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Regulatory Agencies**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	1.5	68.2	6.8	1.2	\$77.7	578.4
FY 2011-12 Request	1.5	69.7	6.4	1.2	78.8	586.9
Increase / (Decrease)	\$0.0	\$1.5	(\$0.4)	\$0.0	\$1.1	8.5
Percentage Change	0.0%	2.2%	(5.9)%	0.0%	1.4%	1.5%

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	RF	FF	Total	FTE
1 Increase Resources for Division of Banking	0	364,276	0	0	364,276	3.0
2 Increase Funding for the Securities Field Examiners	0	212,155	0	0	212,155	3.0
NP-1 Printing of Statewide Warrants and Mainframe Documents	46	2,008	76	3	2,133	0.0
NP - 2 2.0% Across the Board Personal Services Reduction	(19,617)	0	(7,039)	0	(26,656)	0.0
NP - 3 Annual Fleet Vehicle Replacement	0	(53,858)	0	0	(53,858)	0.0
NP-4 Pro-Rated Benefits	0	(4,261)	0	0	(4,261)	0.0
NP-5 Statewide PERA Adjustment	(24,058)	(725,567)	(86,308)	(4,791)	(840,724)	0.0
Total	(43,629)	(205,247)	(93,271)	(4,788)	(346,935)	6.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Regulatory Agencies**

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Regulatory Agencies have increased since FY 2007-08 due to the number of non-budget related bills passed by the General Assembly and increased funding for additional division staff. Since the most recent economic downturn started in 2008, the General Assembly has taken several actions to mitigate the increase in General Fund expenditures in this department. As a result, the General Fund appropriation to the Department of Regulatory Agencies increased by \$94,000 (6.6 percent) from FY 2007-08 to FY 2010-11.

SUMMARY:

1. Thirty-nine bills have been passed by the General Assembly since the 2008 Session that have increased the Department's appropriation by a total of \$4.4 million (\$0.1 million General Fund, \$3.7 million cash funds, and \$0.6 million reappropriated funds).
2. The General Assembly has increased the Department's cash fund appropriation by a total of \$1.1 million since FY 2008-09 for additional staff in four divisions.
3. The General Assembly reduced the General Fund appropriation to the Civil Rights Division by a total of \$144,242 General Fund since FY 2008-09.
4. The General Assembly approved the transfer of \$15.0 million from the High Cost Support Mechanism to the General Fund in FY 2009-10.

ISSUE: High Cost Support Mechanism

The High Cost Support Mechanism is funded by a surcharge on customers intrastate communication services and provides a subsidy to telephone service providers who service high cost areas of the state. The Governor has requested a transfer of \$20.0 million from the High Cost Support Mechanism to help backfill the project FY 2011-12 General Fund shortfall. The fluid nature of the Mechanism and the current balance of \$4.0 million indicates that these funds are not available for transfer to the General Fund.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Regulatory Agencies**

ISSUE: Proposed Changes to Colorado's Insurance Premium Tax

Current statute allows an insurance company with offices in Colorado to qualify as a home office, if the company provides proof to the Division of Insurance that the offices in Colorado perform two-thirds of the functions listed in statute. Home offices qualify for a 1.0 percent insurance premium tax rate credit, and companies not classified as a home office pay a tax rate of 2.0 percent. If changes are made to statute temporary eliminating the insurance premium tax credit, an estimated \$55.2 million additional revenue can be generated for the General Fund.

ISSUE: Conservation Easement Holder Certification Fee

House Bill 08-1353 created two conservation easement programs, the conservation easement appraisal review program and the conservation easement holders certification program. Two funds were established by the bill to cover the expenses of these two programs, the conservation easement appraisal review fund and the conservation easement holder certification fund. The Conservation Easement Holder Certification Fund has carried a negative balance since FY 2008-09 because of a low fee level and fewer applications by certification holder than initially anticipated.

ISSUE: Patient Protection and Affordable Care Act Update

The Patient Protection and Affordable Care Act contains numerous additions and changes to federal health care laws, some of which impact the Division of Insurance.

ISSUE: Low Income Telephone Assistance Program Audit

The Low Income Telephone Assistance Program provides a subsidy to eligible individuals to help pay the cost of their monthly telephone land line. This Program is in conjunction with the federal Lifeline Program, and a 2010 state audit found the participation rate in the Low Income Telephone Assistance Program was continually declining and questioned whether the state program was needed.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Regulatory Agencies**

ISSUE: Eliminating the Reappropriated Funds in the Division of Registrations

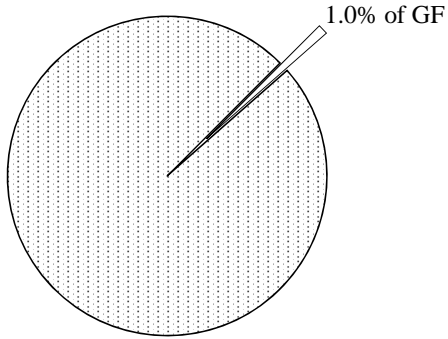
The costs incurred by the Division of Registrations central office is reflected as a cash funds appropriation to the indirect cost line and reappropriated funds in the personal services and operating expenses line items. This double appropriation inflates the Division's budget and creates additional unnecessary administrative steps.

ISSUE: Assessing the Insurance Premium Tax to Pinnacol Assurance's Premiums

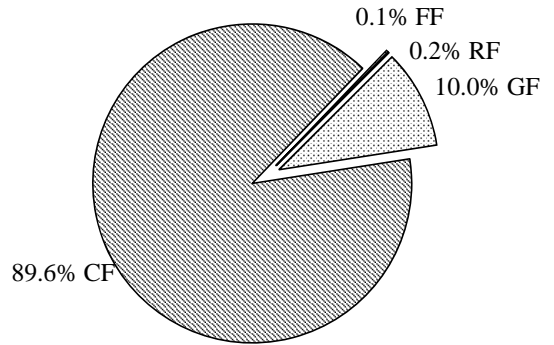
Currently Pinnacol Assurance is exempt from paying the insurance premium tax of 1.0 percent on written premiums. If Pinnacol Assurance had to pay the IPT, the \$354 million of written premiums in calendar year 2009 less dividends, would have generated \$2.4 million in revenue for the General Fund.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Revenue
GRAPHIC OVERVIEW**

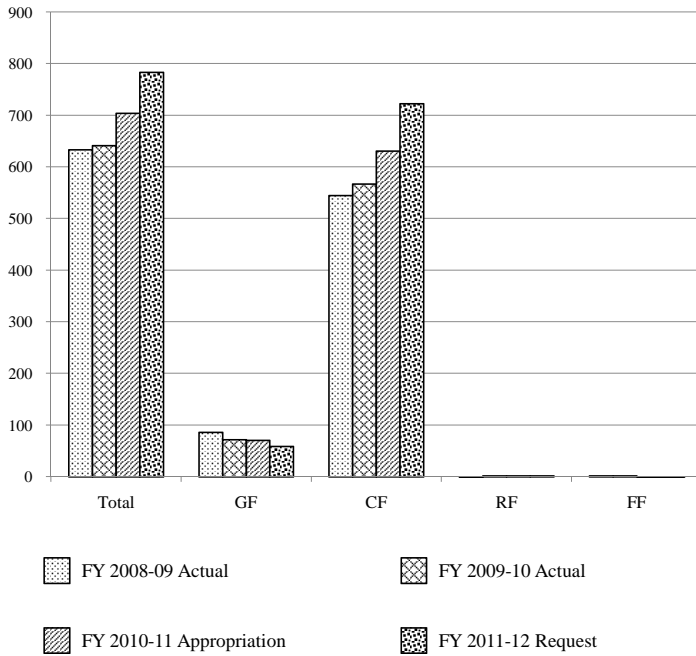
Department's Share of Statewide General Fund



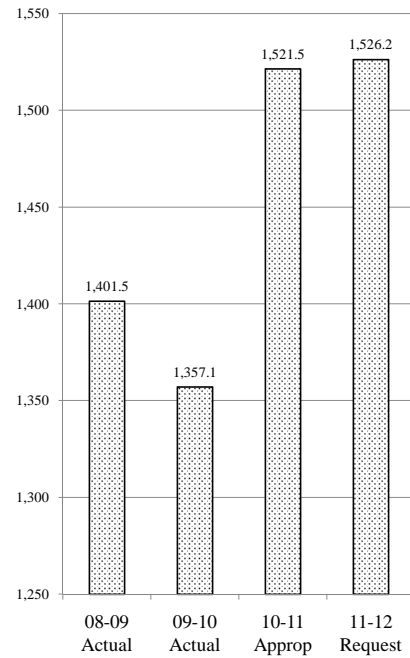
Department Funding Sources



**Budget History
(Millions of Dollars)**

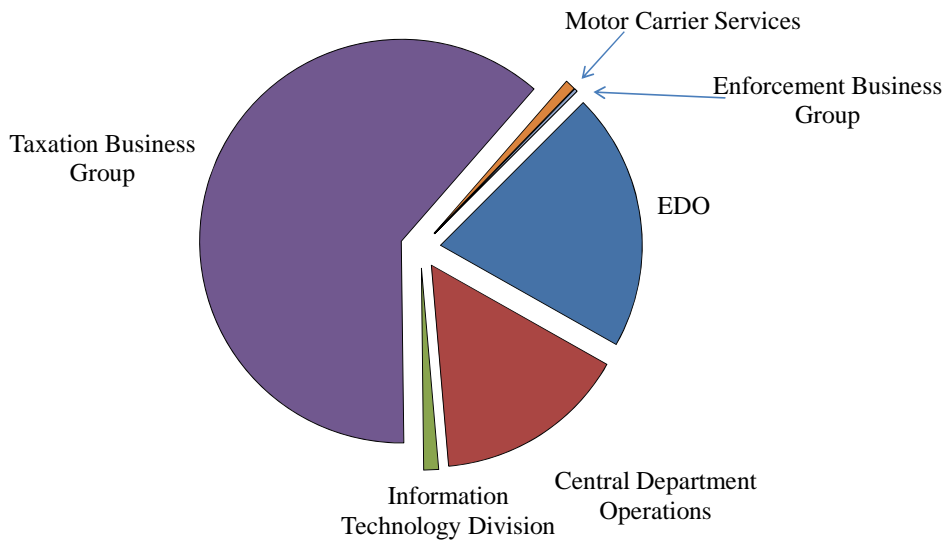


FTE History

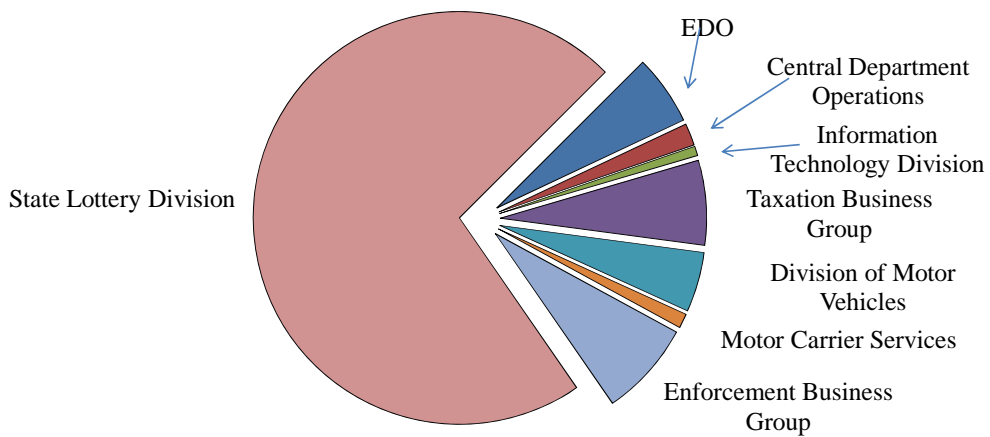


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

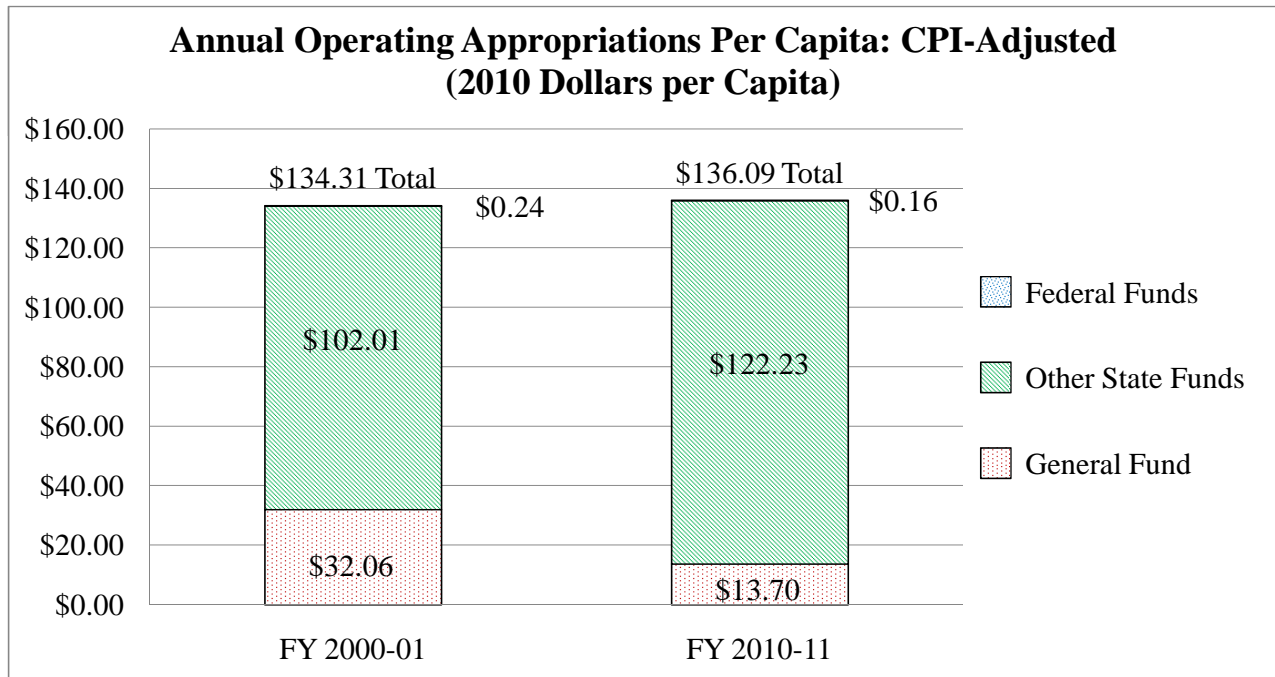
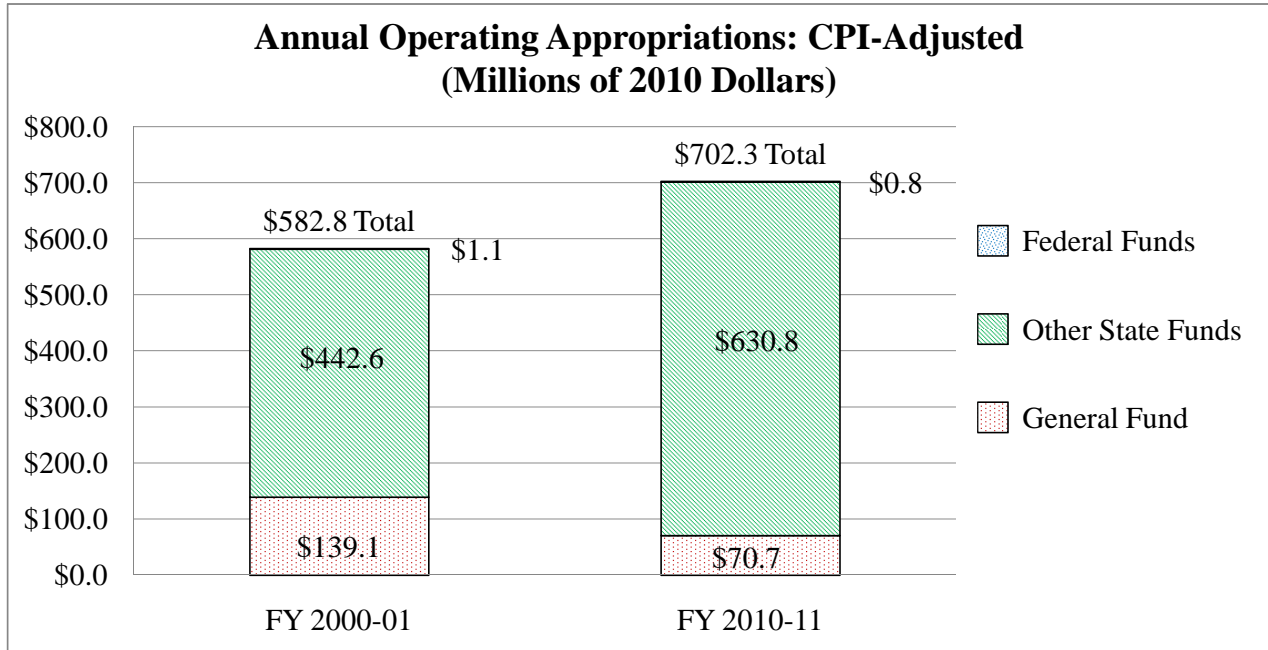
Distribution of General Fund by Division



Distribution of Total Funds by Division



FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Revenue
COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS

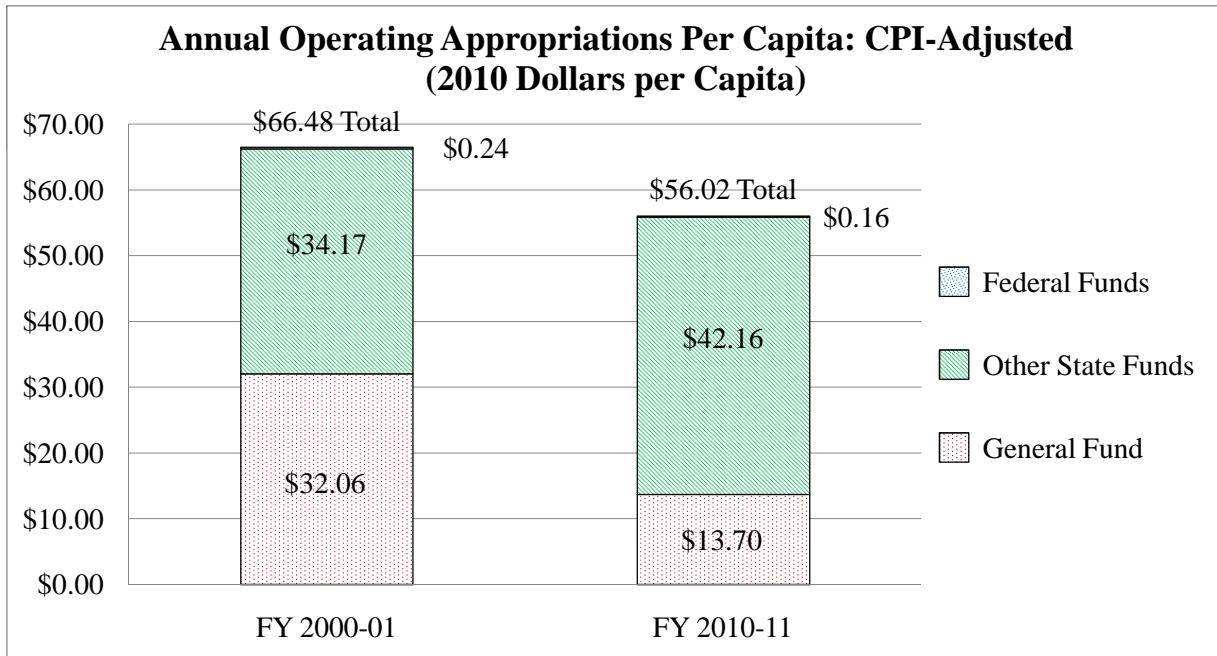
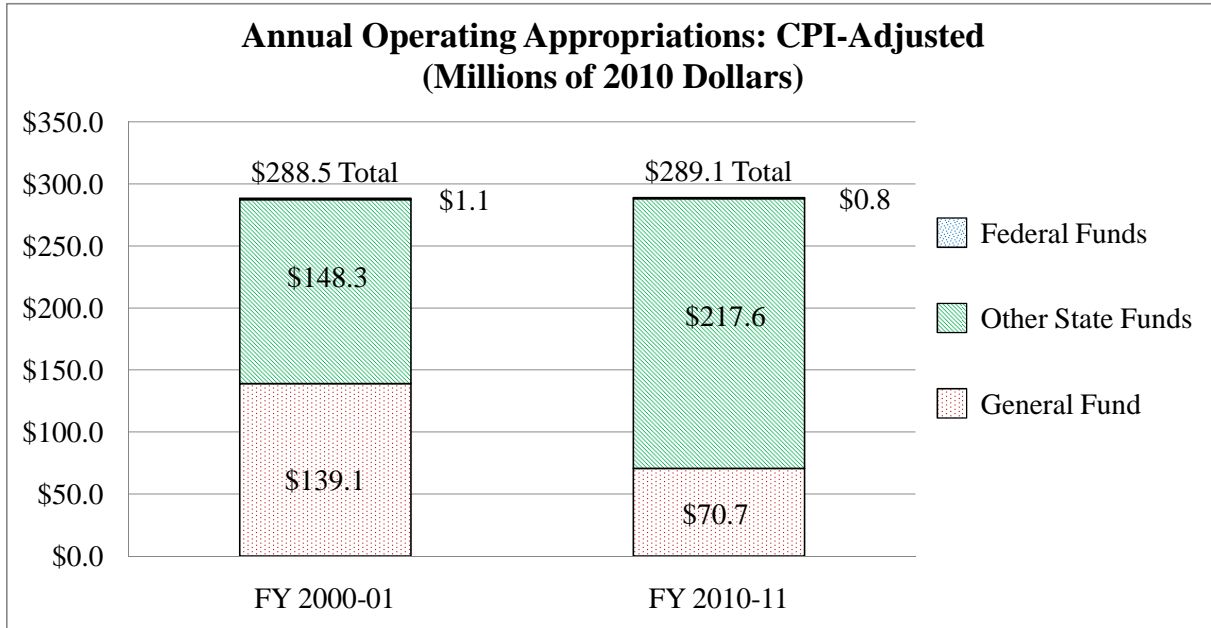


NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, these excluded amounts reflect department transfers for indirect cost recoveries and funds reappropriated from federal funds sources for the Mineral Audit Program and the Motor Carrier Safety Assistance Program.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Revenue
 (Excludes Lottery Prizes)
COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, these excluded amounts primarily reflect department transfers for indirect cost recoveries and funds reappropriated from federal funds sources for the Mineral Audit Program and the Motor Carrier Safety Assistance Program.

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Revenue**

OVERVIEW OF NUMBERS PAGES

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. The column titled HUTF, (Highway Users Tax Fund) breaks out the appropriation for the HUTF "Off-the-top" appropriation, which is included in the Cash Funds column. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	HUTF	FTE
FY 2009-10 Appropriation	\$70.7	\$630.7	\$1.5	\$0.8	\$703.8	\$12.3	1,521.5
FY 2011-12 Request	58.9	722.3	1.4	0.7	783.3	20.9	1,526.5
Increase / (Decrease)	(\$11.8)	\$91.6	(\$0.2)	(\$0.1)	\$79.5	\$8.6	5.0
Percentage Change	(16.7)%	14.5%	(11.5)%	(11.3)%	11.3%	69.9%	0.3%

DECISION ITEM PRIORITY LIST

Decision Item	GF	CF	RF	FF	Total	FTE
1 Remittance Processing System Software Upgrade	180,065	0	0	0	180,065	0.0
2 Sales Tax Delinquency Billings	121,991	0	0	0	121,991	0.0
3 Driver's License Document Line Increase	0	1,373,272	0	0	1,373,272	0.0
4 Funding Driver and Vehicle Services	0	0	0	0	0	0.0
5 National Motor Vehicle Title Information System Operating Expenses	0	95,000	0	0	95,000	0.0

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Revenue**

Decision Item	GF	CF	RF	FF	Total	FTE
6 County Office Improvements	0	38,062	0	0	38,062	0.0
NP-1 Two percent personal services reduction	(585,930)	0	0	0	(585,930)	0.0
NP-2 Pro-rated benefits	(4,545)	(7,011)	0	0	(11,556)	0.0
NP-3 Statewide PERA contribution rate change	(563,224)	(1,170,493)	(15,562)	0	(1,749,279)	0.0
NP-4 Annual fleet vehicle replacement	(4,634)	15,492	0	0	10,858	0.0
NP-5 Printing of statewide warrants and mainframe documents	5,286	0	0	0	5,286	0.0
Total	(850,991)	344,322	(15,562)	0	(522,231)	0.0

BASE REDUCTION LIST

Decision Item	GF	CF	RF	FF	Total	FTE
1 Cigarette Tax Rebate Reduction	(11,700,000)	0	0	0	(11,700,000)	0.0
Total	(11,700,000)	0	0	0	(11,700,000)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Revenue have increased since FY 2007-08 due primarily to increased appropriations to the State Lottery which reflect increased sales of lottery tickets, as well a decision item that increased expenditures for advertising. Since the most recent economic downturn started in 2008, the General Assembly has taken several actions to reduce General Fund expenditures in this department. As a result, the General Fund appropriation to the Department of Revenue decreased by \$24.6 million (25.8 percent) from FY 2007-08 to FY 2010-11.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Revenue**

SUMMARY:

- ❑ The General Assembly has taken a series of actions during the 2009 and 2010 sessions that reduced General Fund appropriations by \$19.6 million in FY 2008-09, \$21.5 million in FY 2009-10, and \$24.6 million in FY 2010-11, from the General Fund appropriation in FY 2007-08.
 - ❑ The General Assembly has taken a series of actions, through the various Long Bills, Supplemental Bills, and special bills that increased state General Fund revenues by \$21.1 million in FY 2008-09, \$168.6 million in FY 2009-10, and \$305.8 million in FY 2010-11.
-

INFORMATIONAL ISSUE: Revenues generated by 2010 bills that suspended, eliminated or modified sales tax exemptions, and modified income tax deductions.

During the 2010 session, the General Assembly passed 11 bills that eliminated or suspended several sales tax exemptions, modified the responsibility of out-of-state retailers for collecting sales and use taxes, modified regulations regarding software sales, or modified income tax provisions. All bills except one (H.B. 10-1200) included a provision requiring the Department of Revenue to track, to the extent possible, the revenue increase from each bill and report the increase in revenues on a quarterly and cumulative basis to the General Assembly. The increased revenue amounted to \$11.8 million in the final quarter of FY 2009-10.

INFORMATIONAL ISSUE: Effectiveness of increased appropriations for audits of out-of-state companies doing business in Colorado.

For FY 2008-09, the General Assembly approved an increase in the appropriation for out-of-state travel for Colorado-based auditors. The Department estimated that audit production would increase by \$22.2 million, resulting in increased General Fund revenues of \$8.9 million in FY 2008-09. Actual audit production increased by \$18.0 million, resulting in additional General Fund revenues of \$7.2 million.

ISSUE: Colorado State Titling and Registration Account

Current projections show that the Colorado State Titling and Registration (CSTAR) Account will be insolvent by the end of FY 2012-13. Titling fees were reduced in FY 2007-08 by \$2.30 million to coincide with the planned end of the CSTAR system re-write project, and in the last several years, the amount of titling activity has fallen by about 10 percent with the economic downturn. The

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Revenue**

Account has received a two-year infusion of funds from the Motorist Insurance Identification Account, which has allowed the account to remain solvent until FY 2012-13.

ISSUE: Programming Costs for Session Legislation in the Department of Revenue

There is a line item in the Department of Revenue called "Programming Costs for Session Legislation, which accounts for the programming costs for legislation during the session. Staff recommends the Joint Budget Committee take action to either continue or discontinue the policy of appropriating the programming costs of implementing legislation in the Long Bill.

ISSUE: Funding Driver and Vehicle Services

The Department has submitted a request to refinance \$11.1 million cash funds to the Licensing Services Cash Fund (LSCF) from the Highway Users Tax Fund (HUTF) "Off-the-top" moneys. This will mitigate funding shortfalls in Driver and Vehicle Services (DVS) that have resulted from lower than expected renewals of driver's licenses, and enable the transfer of \$9.8 million from the LSCF to the General Fund in FY 2011-12 to address revenue shortfalls in the General Fund.

ISSUE: Limited Gaming Commission Appropriation to Gaming Cities and Counties

The Limited Gaming Commission approved an adjustment to the Distribution to Gaming Cities and Counties of \$89,377,364 cash funds from the Limited Gaming Fund. Normally, this would be reflected in the Long Bill, as the JBC normally does. This large increase in the Gaming Commission's appropriation deserves further consideration by the JBC.

ISSUE: Including Lottery Prizes in the Budget

With the ongoing discussion about the size of state government, two line items in the Department of Revenue stand out as distorting state spending. These are: (1) Lottery prizes and (2) Powerball prize variance. In FY 2010-11, these two line items totaled \$413 million cash funds. Section 24-35-210 (1) explicitly states that "Expenses" do not include amounts expended for lottery prizes.

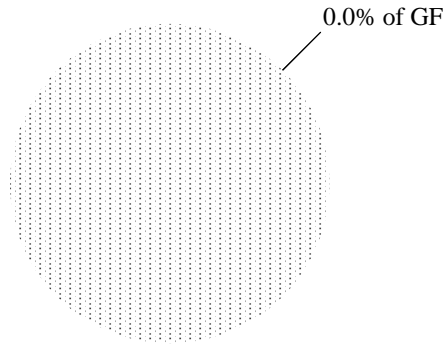
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Revenue**

INFORMATIONAL ISSUE: Status of Colorado Integrated Tax Architecture Project

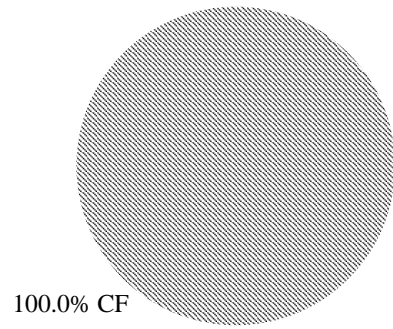
The Colorado Integrated Tax Architecture (CITA) project is an information technology (IT) project to replace the Department of Revenue's aging tax systems and infrastructure. At \$56.4 million, it is one of the most expensive IT projects the State has ever undertaken. The project is scheduled to be completed in five phases, over a five year period. So far the first three (of five) phases of the project were implemented on time and on budget.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of State
GRAPHIC OVERVIEW**

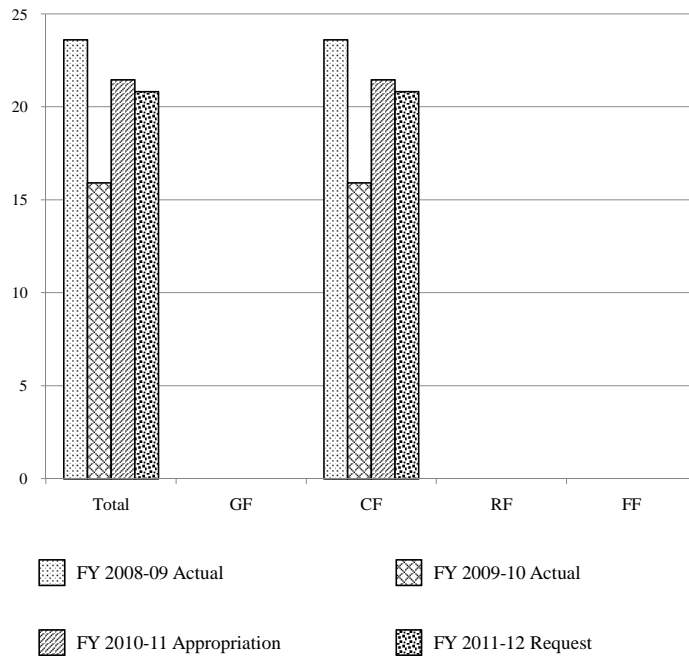
Department's Share of Statewide General Fund



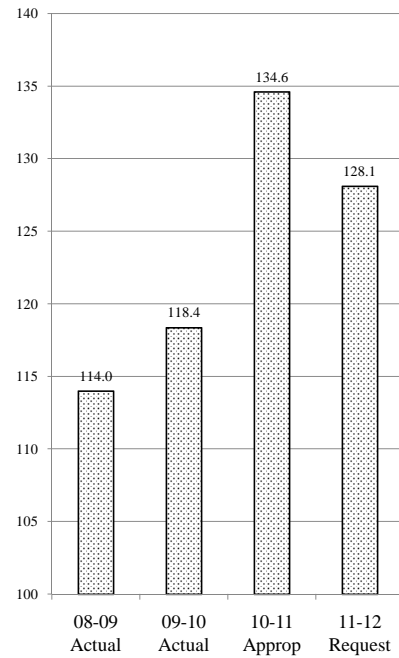
Department Funding Sources



**Budget History
(Millions of Dollars)**



FTE History

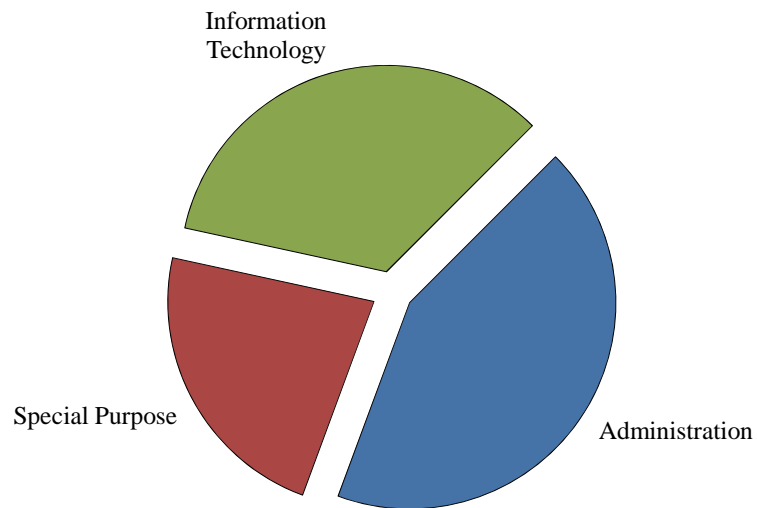


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

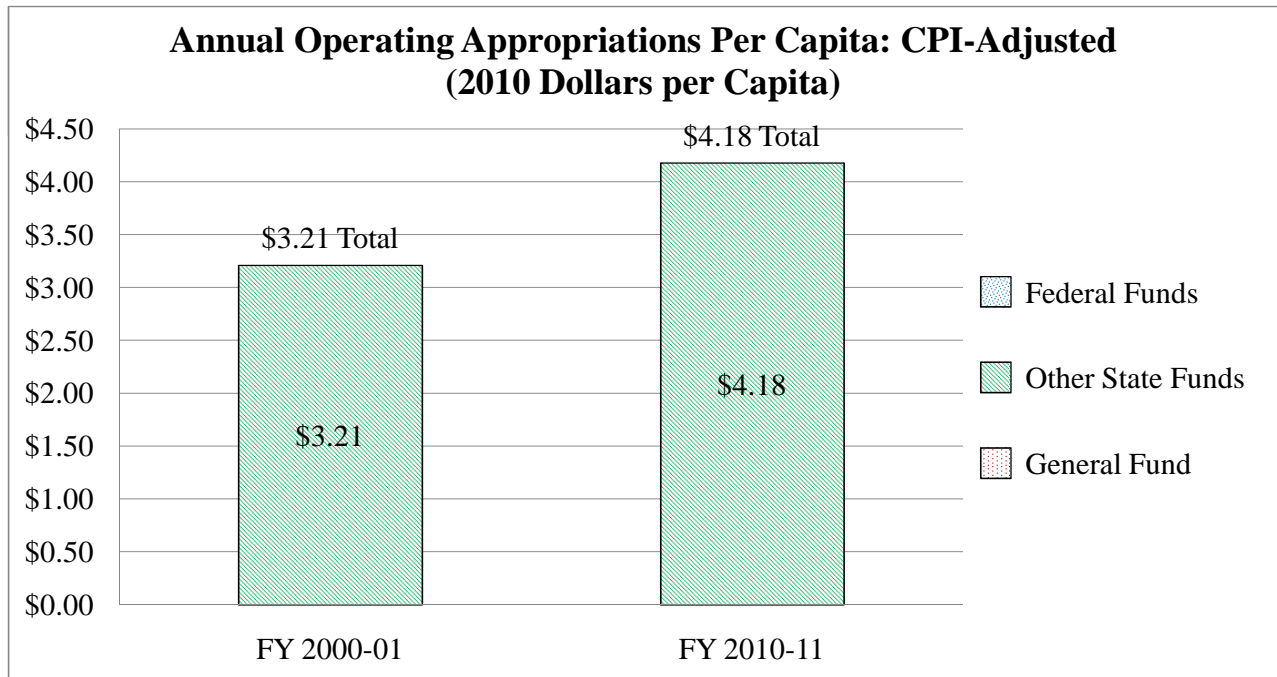
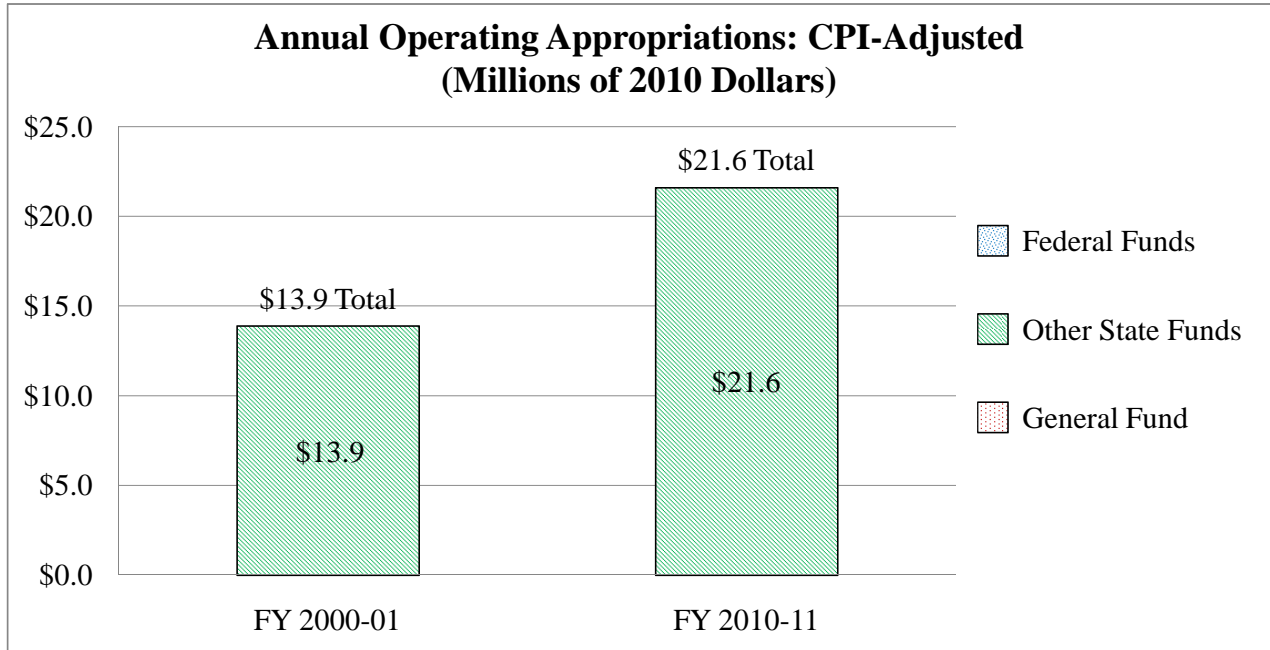
Distribution of General Fund by Division

The Department does not have any General Fund appropriation

Distribution of Total Funds by Division



FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of State
COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS



NOTES: (1) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(2) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of State**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 budget request. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	\$0.0	\$21.5	\$0.0	\$0.0	\$21.5	134.6
FY 2011-12 Request	0.0	20.8	0.0	0.0	20.8	128.1
Increase / (Decrease)	\$0.0	(\$0.7)	\$0.0	\$0.0	(\$0.7)	(6.5)
Percentage Change	n/a	(3.3)%	n/a	n/a	(3.3)%	(4.8)%

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	RF	FF	Total	FTE
1 Increase Spending Authority and FTE for Address Confidentiality Program (ACP)	0	88,153	0	0	88,153	1.0
2 Voluntary FTE Reduction	0	(318,738)	0	0	(318,738)	(5.5)
Total	\$0	(\$230,585)	\$0	\$0	(\$230,585)	(4.5)

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of State have increased since FY 2007-08 due to legislation that expanded information technology services related to elections and campaign finance filings, legislation that established the Address Confidentiality Program, and contracted increases in leased space expenditures. There was also a transfer of expenditures between cash fund sources that is reflected as an appropriations increase for the purposes of this analysis. The combination of these factors caused the Department's cash fund appropriation to increase by \$4.1 million (28.7 percent) between FY 2007-08 and FY 2010-11.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of State**

SUMMARY: The Department is completely cash funded, and therefore the General Assembly was unable to take any actions to reduce General Fund expenditures. However, the General Assembly transferred cash funds from the Department of State Cash Fund and the Notary Administration Cash Fund to the General Fund to increase General Fund revenue.

- The General Assembly transferred \$575,000 from the Notary Administration Cash Fund, and \$2,175,000 from the Department of State Cash Fund, to the General Fund for FY 2008-09.

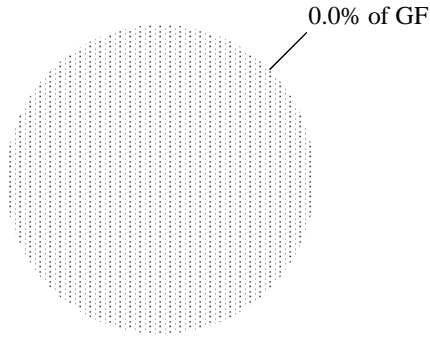
ISSUE: Department of State Cash Fund Revenue

The Department of State is entirely cash funded, primarily by the Department of State Cash Fund. This issue brief provides the amount of revenue generated by filings within each division, and also provides a four-year trend for the Department's top ten cash fund revenue sources.

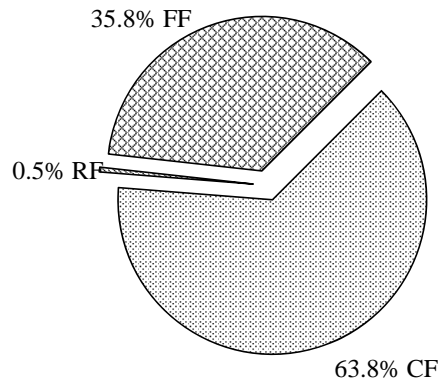
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Transportation**

GRAPHIC OVERVIEW

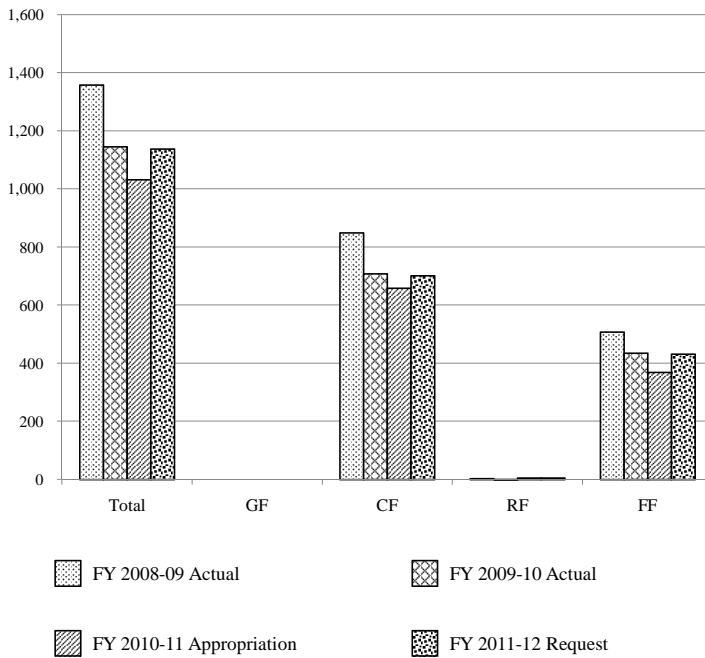
Department's Share of Statewide General Fund



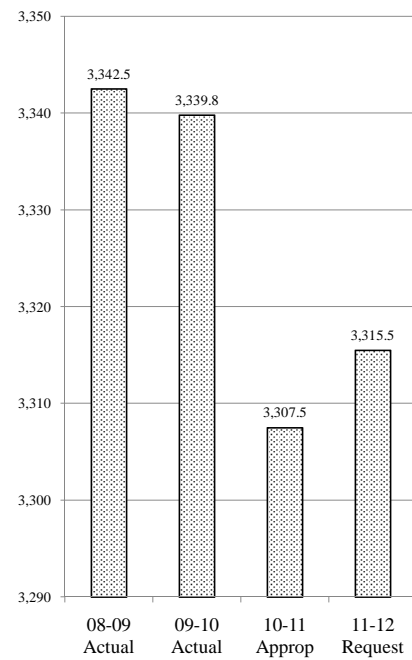
Department Funding Sources



**Budget History
(Millions of Dollars)**

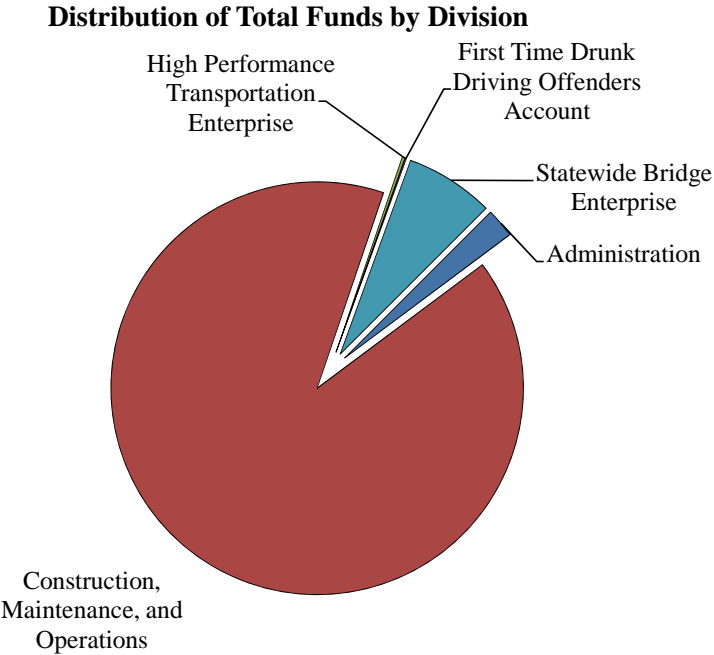


FTE History

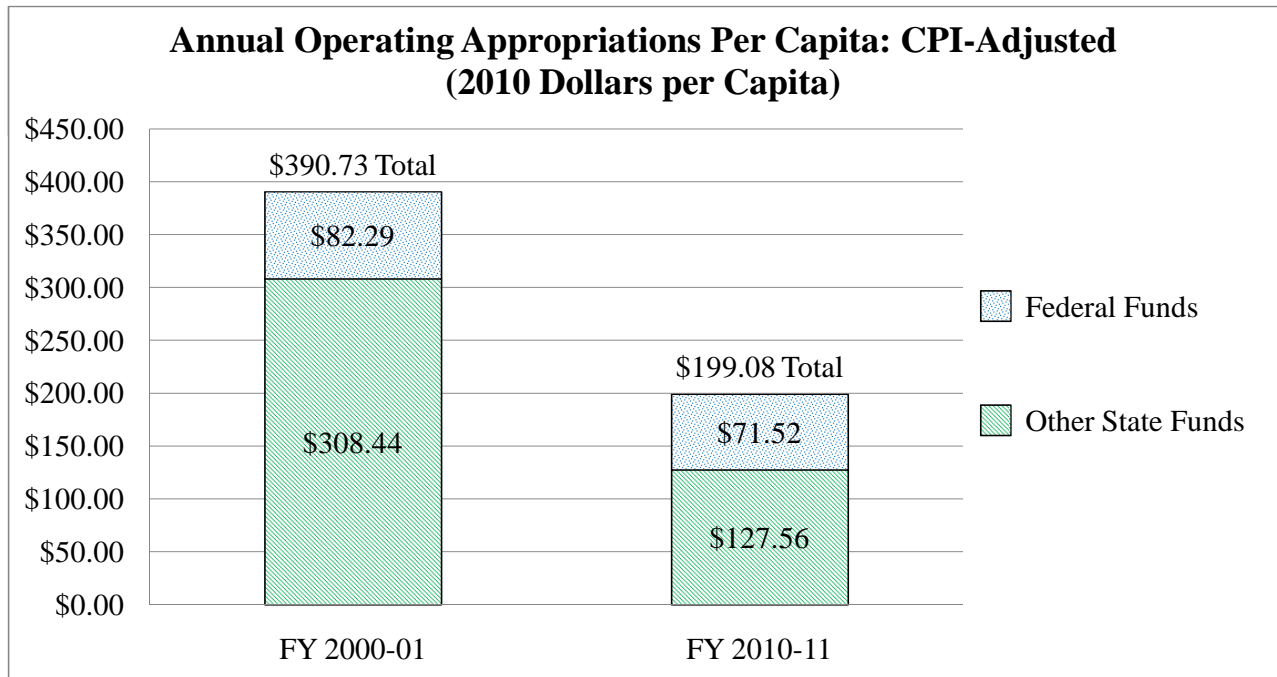
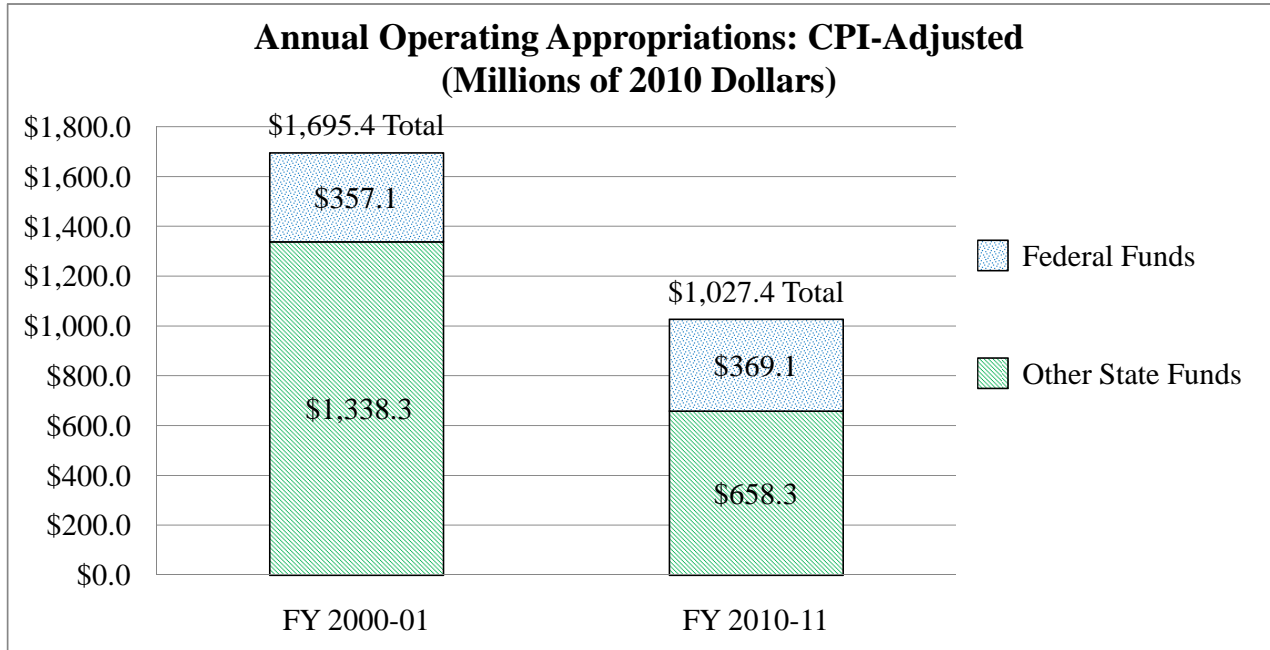


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

The Department of Transportation received no General Fund appropriation in FY 2010-11.



**FY 2011-12 Joint Budget Committee Staff Budget Briefing
 Department of Transportation
 COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS**



NOTES: (1) All appropriations above *exclude* duplicate appropriations (i.e., these appropriations exclude reappropriated funds for FY 2010-11 and, for FY 2000-01, exclude amounts that would have been classified as reappropriated funds). For this department, these excluded amounts primarily reflect payments for services within the Department, such as for the Department's Print Shop in FY 2000-01 and for the Print Shop and multi-agency fleet vehicle maintenance in FY 2010-11

(2) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(3) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Transportation**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2010-11 Appropriation	\$0.0	\$658.3	\$5.0	\$369.1	\$1,032.4	3,307.5
FY 2011-12 Request	0.0	701.3	5.0	431.9	1,138.2	3,315.5
Increase / (Decrease)	\$0.0	\$43.0	\$0.0	\$62.8	\$105.8	8.0
Percentage Change	n/a	6.5%	0.0%	17.0%	10.2%	0.2%

SUMMARY OF DECISION ITEMS

Decision Item	GF	CF	RF	FF	Total	FTE
NP-1	0	0	(11,587)	0	(11,587)	0.0
Statewide PERA Adjustment						
Total	0	0	(11,587)	0	(11,587)	0.0

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of Transportation have decreased since FY 2007-08 due to a decline in federal funds that has not been fully offset by increased state funding. Since the most recent economic downturn started in 2008, the General Assembly has enacted transfers of approximately \$8.1 million from Department-related cash funds to the General Fund. The General Assembly has also refinanced general funded activities in other departments with revenues that would otherwise have been deposited into the HUTF.

SUMMARY:

- The General Assembly has taken a variety of actions associated with and/or impacting the CDOT budget to balance the General Fund from FY 2008-09 through FY 2011-12. The actions include transferring approximately \$8.1 million from Department-related cash funds

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Transportation**

to the General Fund over that four year period and refinancing driver's license activities at the Department of Revenue that were previously funded with General Fund with revenues that would otherwise have been credited to the HUTF.

- ❑ The Department does not receive General Fund appropriations and HUTF dollars are constitutionally required to be utilized for the supervision and maintenance of the state highway system. As a result, the Department's budget presents limited options to assist with General Fund shortfalls.

ISSUE: Statewide Bridge Enterprise Bonding

The Statewide Bridge Enterprise is proceeding with plans to issue bonds based on FASTER bridge safety surcharges and federal bridge program revenues to accelerate the repair and reconstruction of bridges.

INFORMATIONAL ISSUE: Background on the Department's Appropriation Structure

This issue provides a brief background on the Department's unique appropriation structure and the role of the General Assembly in setting the annual budget.

ISSUE: Recommended Changes to Staff Presentation of Administration Budget

This issue includes staff's recommendations to change the format of the JBC Staff presentation of the Department's annual budget for Administration.

INFORMATIONAL ISSUE: State Transportation Revenue Status

Implementation of FASTER has provided additional predictable revenue to the Department but total state revenues for transportation remain below FY 2000-01 levels both with and without adjusting for inflation.

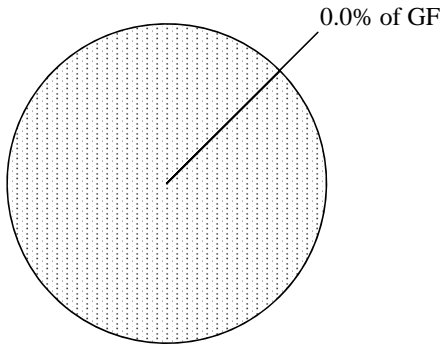
**FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of Transportation**

INFORMATIONAL ISSUE: Declining condition of the State Highway System

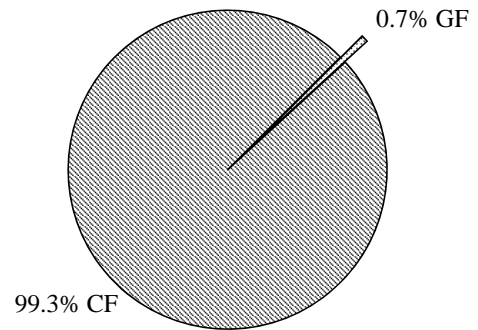
The Department's major performance measures indicate that the condition of the State Highway System is declining and will continue to do so under anticipated revenue levels. Bridge condition represents the lone major performance area where conditions are expected to sustain or improve.

**FY 2011-12 Joint Budget Committee Staff Budget Briefing
 Department of the Treasury
 GRAPHIC OVERVIEW**

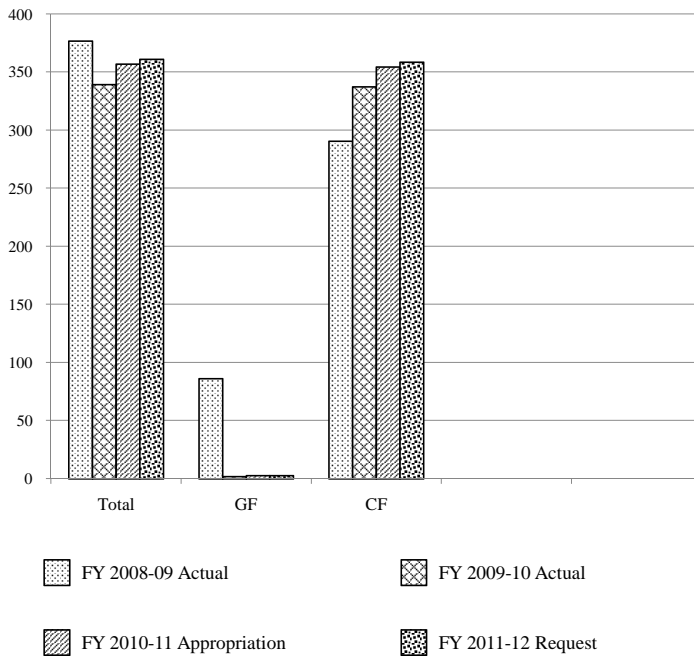
Department's Share of Statewide General Fund



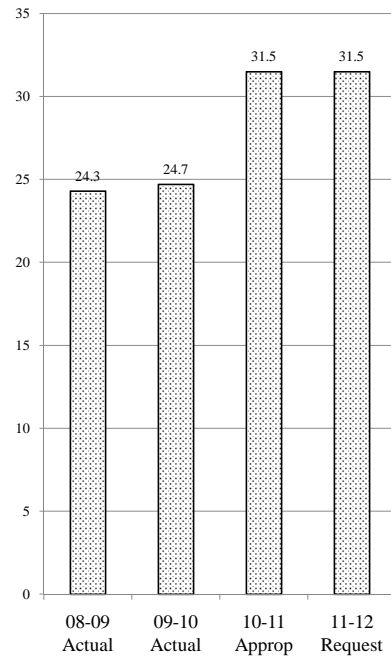
Department Funding Sources



**Budget History
 (Millions of Dollars)**

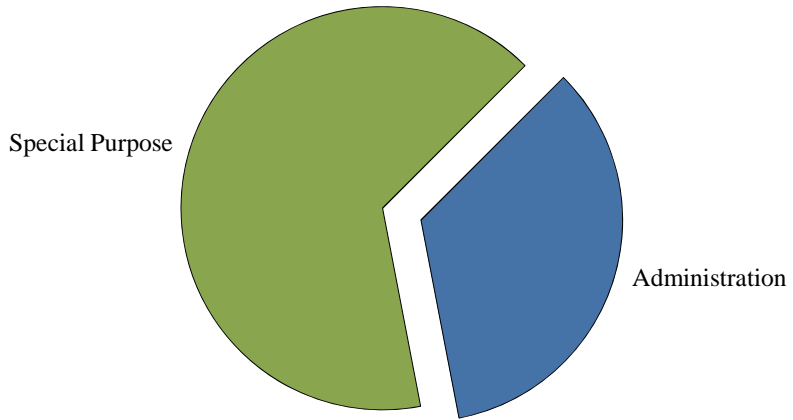


FTE History

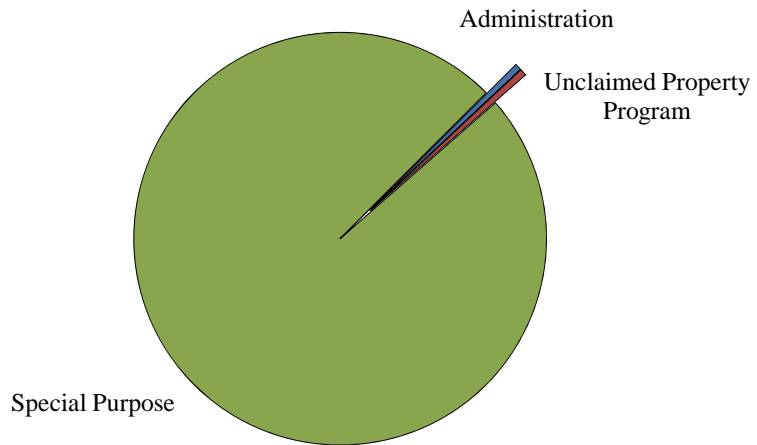


Unless otherwise noted, all charts are based on the FY 2010-11 appropriation.

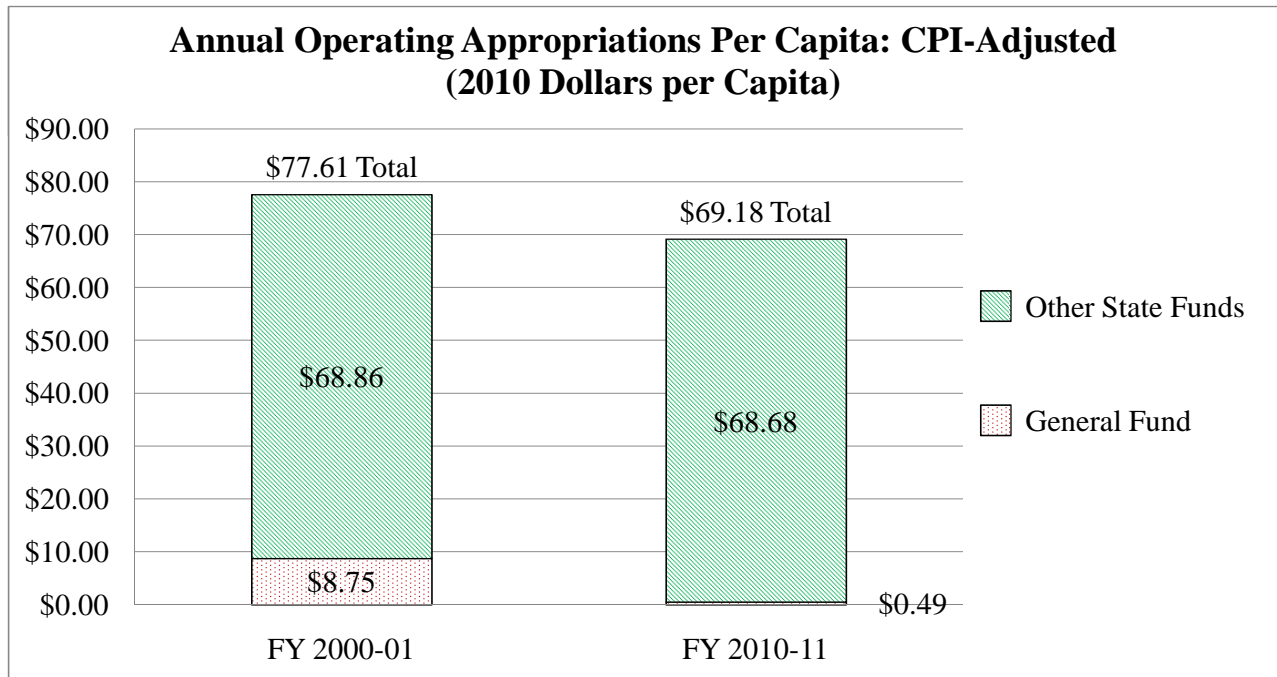
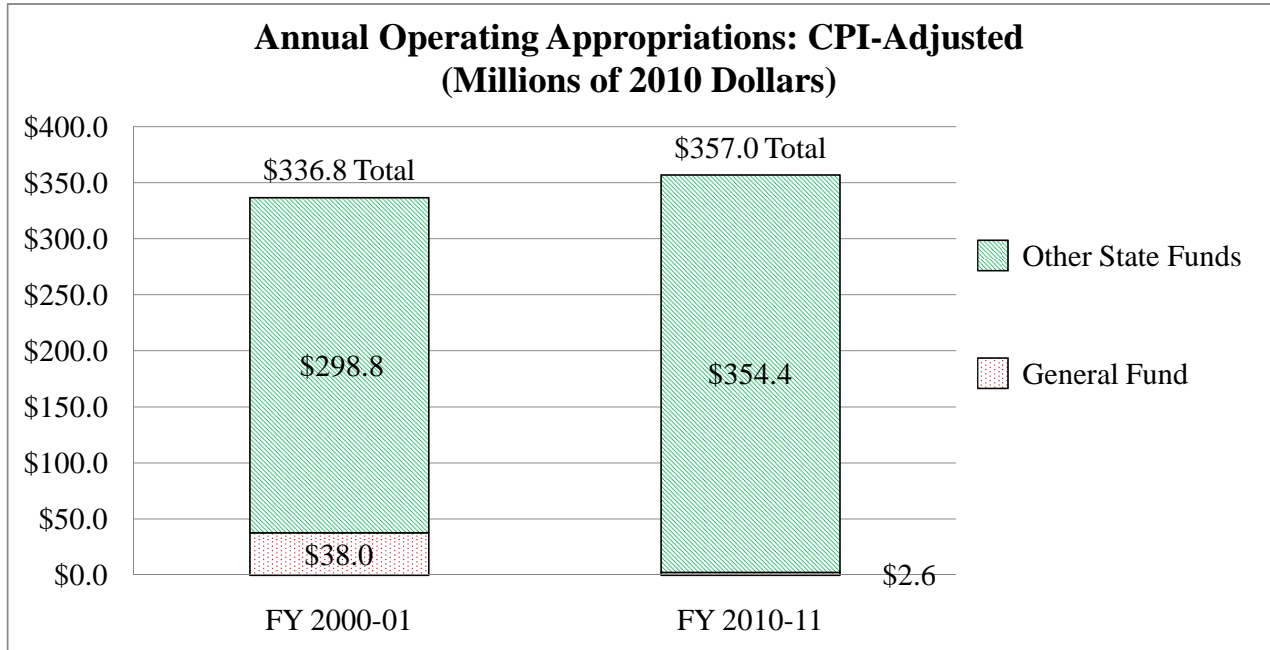
Distribution of General Fund by Division



Distribution of Total Funds by Division



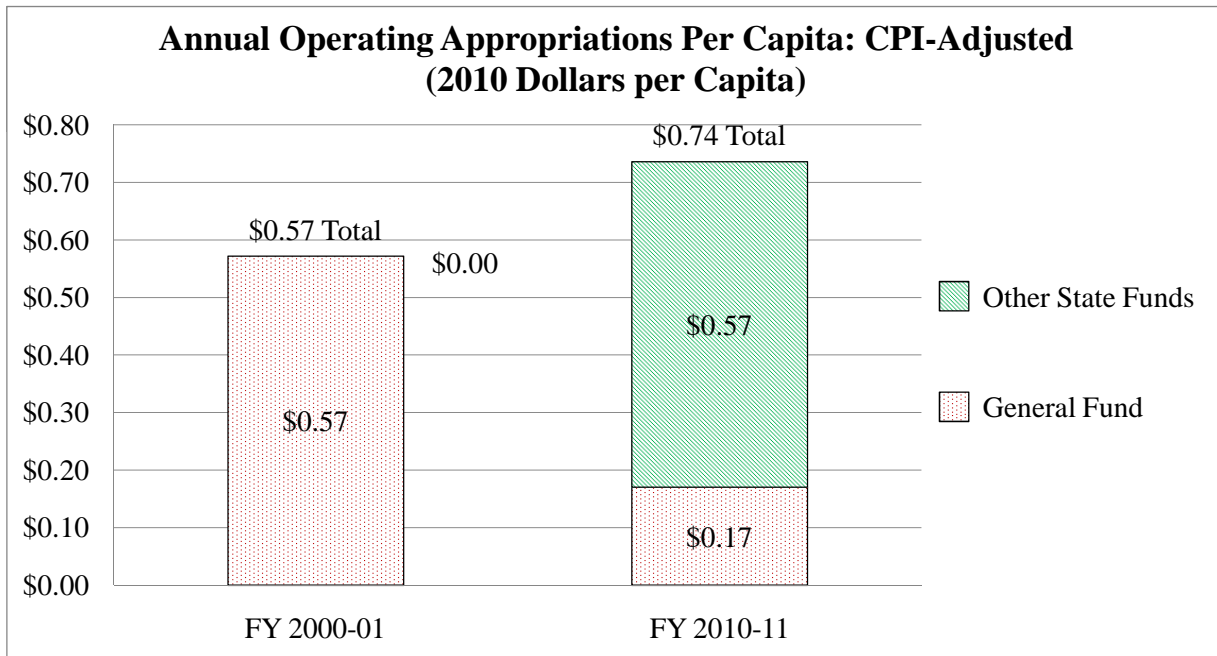
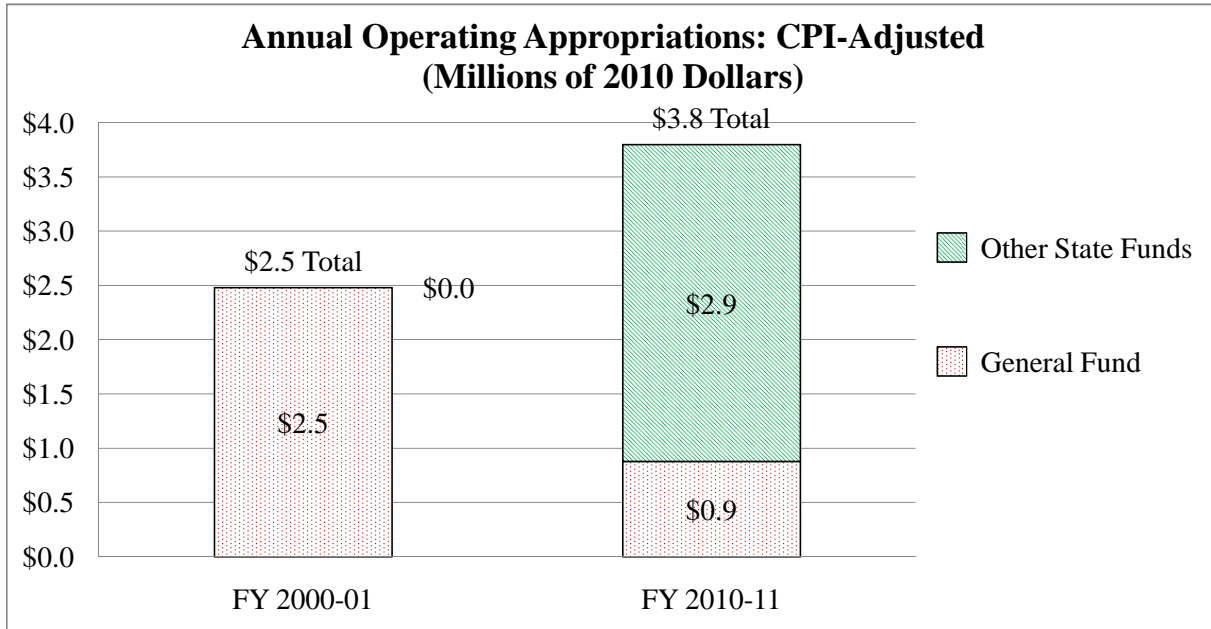
FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of the Treasury
COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS



NOTES: (1) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(2) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

FY 2011-12 Joint Budget Committee Staff Budget Briefing
Department of the Treasury
(Administration and Unclaimed Property division only)
COMPARISON OF FY 2000-01 AND FY 2010-11 APPROPRIATIONS
(CORRECTED)



NOTES: (1) For the purpose of providing comparable figures, FY 2000-01 appropriations are adjusted to reflect changes in the Denver-Boulder-Greeley consumer price index (CPI) from 2000 to 2010. Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, the CPI is projected to increase 21.9 percent over this period.

(2) In the per capita chart, above, appropriations are divided by the Colorado population (for 2000 and 2010, respectively). Based on the Legislative Council Staff September 2010 Economic and Revenue Forecast, Colorado population is projected to increase by 18.9 percent over this period.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Treasury**

OVERVIEW OF BUDGET REQUEST

The following table summarizes the total change, in dollars and as a percentage, between the Department FY 2010-11 appropriation and its FY 2011-12 request. The General Fund Exempt column is for appropriation for the state payment to the Fire and Police Pension Association "old-hire" pension plans. For more detailed information, see the staff briefing write-up on the Joint Budget Committee's website.

Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)

Category	GF	CF	RF	FF	Total	GFE *	FTE
FY 2010-11 Appropriation	\$2.6	\$354.4	\$0.0	\$0.0	\$357.0	\$0.0	31.5
FY 2011-12 Request	2.6	358.5	0.0	0.0	361.1	0.0	31.5
Increase / (Decrease)	\$0.0	\$4.1	\$0.0	\$0.0	\$4.1	\$0.0	0.0
Percentage Change	0.0%	1.2%	n/a	n/a	1.1%	n/a	0.0%

* Current law requires a payment of \$25.3 GFE for the FPPA "old-hire" pension plans. The Department has requested a decision item to suspend that payment for FY 2011-12.

SUMMARY OF DECISION ITEMS

Base Reduction	GF	CF	RF	FF	Total	FTE
1 Suspend FPPA payment for FY 2011-12 and FY 2012-13	(\$25,321,079)	\$0	\$0	\$0	(\$25,321,079)	0.0
2 Funding for Unclaimed Property Leased Office Space	\$0	\$1,733	\$0	\$0	\$1,733	0.0
3 Change in Funding Mix (Cash Management Transaction Fees)	(129,999)	129,999	0	0	\$0	0.0
Non Prioritized Non-prioritized Statewide Common Policy Adjustments	102,408	58	0	0	\$102,466	0.0
Total	(\$25,348,670)	\$131,790	\$0	\$0	(\$25,216,880)	0.0

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Treasury**

SUMMARY OF ISSUES PRESENTED TO THE JBC

ISSUE: Significant Actions Taken from FY 2007-08 to FY 2010-11 to Balance the Budget

Total appropriations to the Department of The Treasury have decreased since FY 2007-08 due to primarily to the suspension of the Senior Citizen Property Tax Exemption and suspension of payments for the Fire and Police Pension Association (FPPA) "Old-hire" pension plans. Since the most recent economic downturn started in 2008, the General Assembly has taken several actions to reduce General Fund expenditures in this department. As a result, the General Fund appropriation to the Department of The Treasury decreased by \$111.6 million (97.8 percent) from FY 2007-08 to FY 2010-11.

SUMMARY:

- The General Assembly, pursuant to S.B. 09-276, suspended the Senior Citizen Homestead Property Tax Exemption for FY 2009-10, and pursuant to S.B. 10-190 suspended the exemption for FY 2010-11 and FY 2011-12.
 - The General Assembly reduced payments to the FPPA "old-hire" pension plan.
 - The General Assembly, pursuant to S.B. 09-227, suspended state payments to the FPPA for three fiscal years (FY 2008-09 through FY 2010-11).
 - The General Assembly reduced funding for the Department's Operations.
-

ISSUE: "Old Hire" Fire and Police Pension Plans

Economic conditions, specifically the State's General Fund revenue shortfall, along with the recent decline in markets, significantly affect the State's obligations to fund contributions to the "old hire" fire and police pension plans.

ISSUE: Request to Suspend Payment to the Fire and Police Pension Association "Old-hire" plans.

The current General Fund shortfall reduces the ability of the State to make the required payments to the Fire and Police Pension Association (FPPA) "old-hire" pension plans.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of Treasury**

ISSUE: CoverColorado

CoverColorado is the State's plan to provide medical insurance to citizens of the state who cannot obtain insurance in the markets. The program requires a State subsidy of \$34.7 million from the Unclaimed Property Trust Fund for FY 2011-12, an increase of \$11.9 million from FY 2010-11. Growth of the subsidy in coming years will deplete the Unclaimed Property Trust Fund, endangering the State subsidy.
