

**STATE OF COLORADO**

**JOINT BUDGET COMMITTEE**



**Fiscal Year 2004-05**

**APPROPRIATIONS REPORT**

**Representative Brad Young, Chairman**

**Senator Dave Owen, Vice-Chairman**

**Representative John Witwer**

**Senator Ron Teck**

**Representative Tom Plant**

**Senator Peggy Reeves**

**JOINT BUDGET COMMITTEE STAFF**  
**200 EAST 14TH AVENUE, THIRD FLOOR**  
**DENVER, COLORADO 80203**  
**(303) 866-2061**

John Ziegler . . . . . Staff Director  
Carolyn Kampman . . . . . Chief Legislative Analyst  
Alexis Senger . . . . . Chief Legislative Analyst  
Amanda Bickel . . . . . Principal Legislative Analyst  
Melodie Jones . . . . . Principal Legislative Analyst  
Eric Kurtz . . . . . Principal Legislative Analyst  
Karl Spiecker . . . . . Principal Legislative Analyst  
Steve Allen . . . . . Legislative Analyst  
Bill Heiny . . . . . Legislative Analyst  
James McCoy . . . . . Legislative Analyst  
Eric Myers . . . . . Legislative Analyst  
Alex Schatz . . . . . Legislative Analyst  
Jody Smith . . . . . Legislative Analyst  
Stephanie Walsh . . . . . Legislative Analyst  
Sarietha Ormsby . . . . . Administrative Assistant II  
Michelle More . . . . . Administrative Assistant

# FISCAL YEAR 2004-05 APPROPRIATIONS REPORT

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## **INTRODUCTION**

The purpose of this report is to assist members of the General Assembly, state personnel, and other interested parties in understanding state funding decisions made during the 2004 Regular Session. This report provides an overview of state general tax revenues and expenditures, comparative and historical information regarding appropriations made during the 2004 Regular Session, and a detailed explanation of major funding changes for each state department. The FY 2004-05 Appropriations Report includes the following five sections.

### **PART I: OVERVIEW OF REVENUES AND EXPENDITURES**

This section of the report includes: (A) an overview of state General Fund revenues and expenditures, as well as a discussion of related statutory requirements and limitations; (B) a discussion of constitutional revenue and spending limits; and (C) a series of charts identifying the sources of General Fund revenue and comparing the distribution of expenditures by program and fund source over a ten year period.

### **PART II: SUMMARY TABLES**

This section consists of a series of tables that summarize FY 2004-05 appropriations and FTE authorizations by department and funding source. Tables in subsection B provide comparable data for the previous three fiscal years.

### **PART III: EXPENDITURE/APPROPRIATION DETAIL BY DEPARTMENT**

This section contains detailed information regarding funding for the operations of each state department and for capital construction projects. The subsection for each department summarizes funding and FTE authorizations by division for FY 2004-05 and for the previous fiscal year. Narrative sections describe major changes in funding from FY 2003-04 to FY 2004-05. This section includes brief summaries of bills adopted in the 2003 and 2004 Regular Sessions that contained an appropriation or implemented a major policy change.

The format reflects appropriations by bill and by division or program area for each department for FY 2003-04 and FY 2004-05. The narrative describes factors affecting departmental budgets, fund sources for each division, and division activities.

The footnotes to the 2004 Long Bill (H.B. 04-1422) can be found at the end of each departmental section in the 2004 Session Laws, or they can be accessed via the internet at the following address:

<http://www.leg.state.co.us/CLICS2004A/csl.nsf/lbcontainer/HB04-1422?OpenDocument>

Additional information on department activities and funding requests may also be found in Joint Budget Committee staff briefing, supplemental, and figure setting documents. These documents may be accessed via the internet at the following address:

[http://www.state.co.us/gov\\_dir/leg\\_dir/jbc/jbcstaffdocs.htm](http://www.state.co.us/gov_dir/leg_dir/jbc/jbcstaffdocs.htm)

Note that these documents, unlike information included in this appropriations report, reflect staff recommendations rather than final funding decisions made by the General Assembly.

## **APPENDICES**

This section includes: (A) a glossary of terms used in this report; (B) descriptions of the general policies which have been applied to determine funding for operations of state departments; (C) tables summarizing 2004 Session adjustments to operating and capital construction appropriations for years prior to FY 2003-04; (D) a table summarizing appropriations from the State Education Fund; and (E) a table summarizing appropriations from the Highway Users Tax Fund.

## **INDEX**

Finally, this report includes an index to assist the reader in identifying the state department associated with a particular division, service, or program.

## **PART I: OVERVIEW OF REVENUES AND EXPENDITURES**

### **A. GENERAL FUND OVERVIEW**

This section provides an overview of General Fund revenues and expenditures based on Legislative Council's March 2004 revenue estimate. The Legislative Council March 2004 revenue estimate was used to prepare the FY 2004-05 budget. A summary of actions taken by the General Assembly to balance the state budgets in FY 2003-04 and FY 2004-05 is also provided. Table 1 provides an overview of General Fund revenues, spending obligations, and ending reserves for both FY 2003-04 and FY 2004-05. Table 2 provides an overview of the statutory General Fund appropriations limit for FY 2004-05.

#### Summary of Actions Taken to Balance the FY 2003-04 Budget:

Prior to the March revenue estimate, the General Assembly passed H.B. 04-1222 that eliminated the transfer of \$40.0 million from the General Fund to the Controlled Maintenance Trust Fund originally made in S.B. 03-242. This resulted in an increase to the General Fund of \$41.9 million including interest accrued on the \$40.0 million. Additionally, the March revenue forecast anticipated a reversion of \$71.4 million General Fund as a result of the Federal Medical Assistance Enhancement for Medicaid. Both the transfer and the reversion were accounted for in the March revenue estimate and helped to reduce the total FY 2003-04 shortfall. Therefore, based on Legislative Council's March 2004 revenue estimate, the General Fund revenue shortfall for FY 2003-04 was projected to be \$48.0 million. The General Assembly passed H.B. 04-1420 to change the reserve requirement for FY 2003-04. This bill provides the Governor the flexibility to reduce the required reserve by \$48.0 million at the end of the fiscal year, if necessary. These actions combined for total adjustments in the FY 2003-04 budget of \$161.3 million.

#### Summary of Actions Taken to Balance the FY 2004-05 Budgets:

The General Assembly passed three bills during the 2004 Session in order to assist in balancing the state budget. House Bill 04-1267 eliminated the required payback from the General Fund to the Controlled Maintenance Trust Fund of \$138.2 million in FY 2004-05 and \$138.2 million in FY 2005-06. House Bill 04-1412 eliminated the required transfer of General Fund to the Capital Construction Fund in FY 2004-05 (a reduction of \$101.8 million) and decreased the transfer by \$100.7 million in FY 2005-06. House Bill 04-1421 restructured the amounts for various programs funded by moneys received in the annual tobacco settlement payment in order to free up \$40.1 million to transfer to the General Fund in FY 2004-05. The net impact on the General Fund in FY 2004-05 for these three actions was \$280.1 million.

Table 1 provides an overview of General Fund revenues, spending obligations, and ending reserves for both FY 2003-04 and FY 2004-05.

<b>Table 1</b>		
<b>General Fund Overview (In Millions)</b>		
<b>Description</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
<b><u>General Fund Available</u></b>		
Beginning General Fund Reserve	\$225.1	\$175.6
Gross General Fund Revenues	5,605.1	5,955.4
Transfer to Older Colorado Fund	(1.5)	(1.5)
Transfers from/(to) Other Funds	(0.9)	40.4
Excess Article X, Section 20 Revenues	<u>0.0</u>	<u>(25.0)</u>
Total General Fund Available	\$5,827.8	\$6,144.9
<b><u>General Fund Obligations</u></b>		
Capital Construction Transfer	\$9.5	\$0.1
Rebates and Expenditures	114.8	117.1
Excess Reserve to HUTF	5.6	0.0
Excess Reserve to Capital Construction	2.8	0.0
Reimbursement for Senior Property Tax Cut	0.0	0.0
Reversion from Federal Medical Assistance Enhancement for Medicaid	(71.4)	0.0
General Fund Appropriations	<u>5,590.9</u>	<u>5,795.9</u>
Total General Fund Obligations	\$5,652.2	\$5,913.1
<b>Ending General Fund Reserve (Available Funds Less Obligations)</b>	<b>\$175.6</b>	<b>\$231.8</b>
<b><u>General Fund Reserve Information</u></b>		
Statutorily Required General Fund Reserve	\$175.6	\$231.8
General Fund Reserve in Excess of Statutory Requirement	\$0.0	\$0.0



### Beginning General Fund Reserve

These figures represent the projected total balance in the General Fund reserve at the start of the fiscal year, based on the assumptions used for revenues and obligations. The beginning General Fund reserve is the same as the prior year's ending General Fund reserve. Section 24-75-201.1 (1) (d) (III), C.R.S., requires a reserve of at least four percent of General Fund appropriations and Section 24-75-201.5, C.R.S., requires the Governor to take action to reduce state spending during the year if revenue estimates indicate the reserve would fall below two percent. Due to the revenue shortfall, H.B. 04-1420 changed the reserve requirement for FY 2003-04, so that the Governor had the flexibility to reduce the required reserve by \$48.0 million at the end of the fiscal year, if necessary.

### Gross General Fund Revenues

These figures represent estimates of the total General Fund revenues as reflected in Legislative Council's March 2004 revenue estimate. The major components of the State's General Fund revenues are sales and use, individual and corporate income, insurance, and cigarette taxes. General Fund revenues must be applied to statutory obligations before the General Assembly can appropriate the remaining General Fund. These obligations include rebates and expenditures and the capital construction transfer as described below.

### S.B. 97-1 Transfer to Highway Fund

Senate Bill 97-1 allows 10.355 percent of the total sales tax revenue to be transferred to the State Highway Fund for transportation projects as long as there is enough revenue in the General Fund to fund a six percent increase in General Fund appropriations and the four percent statutory reserve. Based on the Legislative Council March 2004 revenue estimate, there is not sufficient General Fund revenue for transfers to occur in either FY 2003-04 or FY 2004-05.

### Transfers to/from Other Funds

This line item identifies miscellaneous transfers to or from the General Fund. The amount shown in FY 2004-05 is primarily due to H.B. 04-1421 that restructured the amounts for various programs funded by moneys received in the annual tobacco settlement payment in order to free up \$40.1 million to transfer to the General Fund in FY 2004-05.

### Excess Article X, Section 20 Revenues

Article X, Section 20 (TABOR) of the Colorado Constitution places restrictions on the amount of total General Fund and cash funds that can be collected and, consequently, spent by the State. Based on the Legislative Council's March 2004 revenue estimate, the State will not meet the allowable amount of total General Fund and cash funds that can be retained by the State in FY 2003-04. It is estimated that \$25.0 million will need to be returned to tax payers in FY 2004-05. This amount is based on the Legislative Council's March 2004 revenue estimate of \$24.6 million adjusted for changes

in the Long Bill (H.B. 04-1422) and other special bills (H.B. 04-1413, H.B. 04-1419, S.B.04-138, and S.B. 04-189) that increase the estimated amount of refund by \$0.4 million.

### Capital Construction Transfer

Section 24-75-302 (2), C.R.S., provides for automatic transfers of General Fund to the Capital Construction Fund through FY 2005-06. These transfers are exempt from the calculation of the statutory General Fund spending limit. The General Assembly can, and has, changed the amount of the annual transfer when necessary. Senate Bill 03-262 reduced the transfer to the Capital Construction Fund from the General Fund by \$91.3 million to a total of \$9.5 million for FY 2003-04. House Bill 04-1412 eliminated the required transfers in FY 2004-05 (a reduction of \$101.8 million) and decreased them by \$100.7 million in FY 2005-06.

### Rebates and Expenditures

These statutory obligations include Old Age Pensions, cigarette tax rebates to local governments, Fire and Police Pension Payments for local governments, and Elderly Property Tax and Heating Credits. The estimates of these statutory obligations are exempt from the calculation of the statutory General Fund spending limit.

### Excess Reserve to HUTF and Capital Construction

Section 24-75-218, C.R.S., provides that any General Fund reserve in excess of the four percent statutory reserve be transferred two thirds to the Highway Users Tax Fund and one third to the capital construction fund. Amounts shown in this line item reflect those transfers.

### Controlled Maintenance Trust Fund Transfer

Senate Bill 93-7 authorized the Capital Development Committee to recommend to the Joint Budget Committee an amount of prior year excess revenues to be transferred to the Controlled Maintenance Trust Fund. Each January, the Capital Development Committee may recommend that half of the excess revenues in the prior year (up to \$50 million) be transferred to the Controlled Maintenance Trust Fund. This recommendation, in the form of a resolution, is voted on by the General Assembly. The original intent was to build a \$300 million trust fund, so that the interest income could be used to fund controlled maintenance projects for state buildings. Historically, there has been a line item on Table 1 to reflect these transfers.

House Bill 95-1359 made a number of changes to the Controlled Maintenance Trust Fund. First, the principal of the Controlled Maintenance Trust Fund may now constitute all or some portion of the state's emergency reserve. Second, the recommendation on the transfer amount now takes place after passage of the Long Bill. Third, on June 30, 1996, \$176 million General Fund was transferred to the Controlled Maintenance Trust Fund. Finally, interest income may now be appropriated for controlled maintenance projects. During the 2001 Session, in order to ensure that the S.B. 97-1 transfer of General Fund to the Highway Fund would occur, H.B. 01-1267 authorized the transfer of \$243.9

million in the Controlled Maintenance Trust Fund to the General Fund on July 1, 2001. The legislation also required that \$276.4 million be repaid to the Controlled Maintenance Trust Fund from the General Fund on July 1, 2002. Due to the revenue shortfall, H.B. 02-1466 changed the repayment to two equal amounts of \$138.2 million on July 1, 2003 and July 1, 2004. As a result of the continuing revenue shortfall, these dates were further delayed during the 2003 Session in S.B. 03-262 to July 1, 2004 and July 1, 2005. Additionally, S.B. 03-342 authorized the transfer of \$40.0 million from the General Fund to the Controlled Maintenance Trust Fund and established this amount as a Cash Flow Emergency Reserve. The Cash Flow Emergency Reserve was only to be used to resolve a cash flow emergency.

In order to balance the FY 2003-04 budget, H.B. 04-1222 eliminated the transfer of \$40.0 million that was made in S.B. 03-242 for the cash flow reserve. This resulted in an increase to the General Fund of \$41.9 million including interest accrued on the \$40.0 million. Additionally, H.B. 04-1267 eliminated the required payback from the General Fund to the Controlled Maintenance Trust Fund of \$138.2 million in FY 2004-05 and \$138.2 million in FY 2005-06. Therefore, this line item has not been included in Table 1 for either FY 2003-04 or FY 2004-05.

#### Reimbursement for Senior Property Tax Cut

In the 2000 General Election, Colorado voters approved a constitutional amendment that reduces property taxes for qualifying senior citizens. The property tax reduction is available to senior citizens 65 years of age or older. Qualifying seniors must have owned and lived in their homes for a least ten years. The cost of the exemption is borne by the State rather than by local governments or other property owners. Beginning in 2003, the State Treasurer is required to annually reimburse local governments by April 15 for property tax revenues lost as a result of the exemption. However, due to the revenue shortfall, S.B. 03-265 suspended this program for three years (FY 2003-04, FY 2004-05, and FY 2005-06). As a result, there will be no costs associated with this program in FY 2003-04 or FY 2004-05.

#### Reversion from Federal Medical Assistance Enhancement for Medicaid

The federal government provided states an enhanced Medicaid rate as part of the Jobs and Growth Tax Relief Reconciliation Act of 2003. This enhanced Medicaid rate increased the proportion of federal funds the states received as a match to the General Fund expended by states. In Colorado, this resulted in reversions of \$15.0 million General Fund in FY 2002-03 and \$71.4 million General Fund in FY 2003-04 that did not need to be used for Medicaid match purposes and helped to balance the state budget in those years.

#### General Fund Appropriations

These figures represent the total appropriations made in the Long Bill and in any separate bills. This amount does not include funds appropriated for Rebates and Expenditures, which are described above and are exempt from the calculation of the statutory General Fund spending limit.

### Ending General Fund Reserve

This figure represents the amount of General Fund in reserve after the transfers and other obligations described above have occurred. The ending General Fund reserve for one fiscal year becomes the beginning General Fund reserve for the next.

### Statutorily Required General Fund Reserve

Section 24-75-201.1 (1) (d) (III), C.R.S., requires a reserve of at least four percent of the total General Fund appropriations at the beginning of the fiscal year. If at any time during the year revenue projections indicate that there would not be sufficient General Fund revenues to maintain at least half of the required four percent (i.e., two percent), the Governor must take steps to reduce or restrict spending pursuant to Section 24-75-201.5, C.R.S. Due to the revenue shortfall, H.B. 04-1420 changed the reserve requirement for FY 2003-04, so that the Governor had the flexibility to reduce the required reserve by \$48.0 million at the end of the fiscal year, if necessary.

### Statutory Limit on General Fund Appropriations

Section 24-75-201.1, C.R.S., restricts the increase in state General Fund appropriations to the lesser of five percent of state personal income or six percent over the total General Fund appropriations of the previous year. The statutes also provide exemptions from the limit for the first year of new federal mandates, requirements of final court orders, and voter approved increases. Since its passage, the lesser amount has been six percent over the previous year's General Fund appropriations, so it is commonly called the "six percent spending limit." It is also referred to as the Arveschoug or Arveschoug/Bird limit after the prime sponsors of the last version of the statute, Representative Arveschoug and Senator Bird.

Table 2 shows the FY 2003-04 General Fund appropriations base used to calculate the allowable General Fund appropriations in FY 2004-05. The table also shows the General Fund appropriations that are exempt from the limit in FY 2004-05, and the amount of General Fund appropriations that could be made within the limit for FY 2004-05 if revenues become available.

<b>Table 2</b> <b>Section 24-75-201.1, C.R.S., Statutory Appropriations Limit (In Millions)</b>	
FY 2003-04 General Fund Appropriations Base	\$5,590.9
Multiplied by: Allowable Growth of Six Percent	<u>1.06</u>
FY 2004-05 General Fund Appropriations Limit	\$5,926.4
 FY 2004-05 General Fund Appropriations	 \$5,795.9
Less: General Fund Appropriations Exempt from Statutory Limitation	<u>0.0</u>
FY 2004-05 General Fund Appropriations Subject to Limit	\$5,795.9
 Over/(Under) FY 2004-05 General Fund Limit	 (\$130.5)

## **B. ARTICLE X, SECTION 20 (TABOR) OVERVIEW**

In addition to the General Fund appropriation limitations imposed by Section 24-75-201.1, C.R.S., Article X, Section 20 of the Colorado Constitution places restrictions on the amount of total General Fund and cash funds that can be collected and, consequently, spent by the State. This section provides information about this constitutional revenue and spending limit.

The provisions of Article X, Section 20 have several key points affecting the state budget:

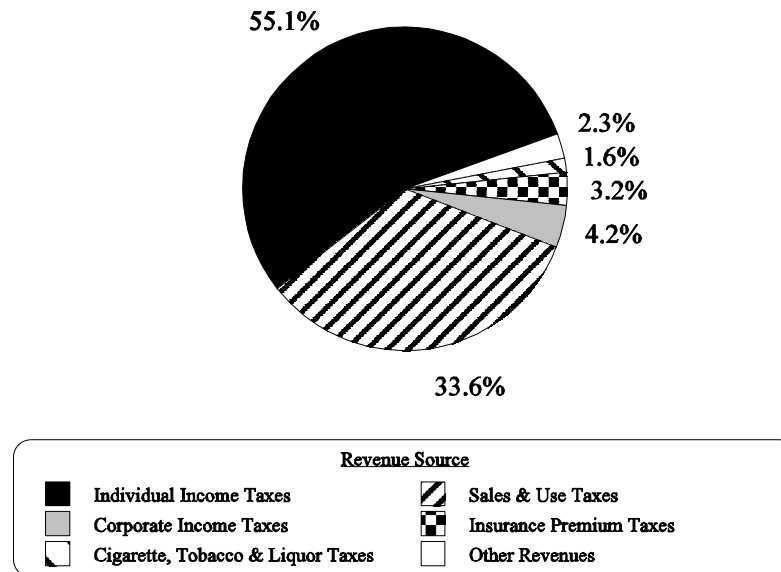
- Fiscal year spending is defined as expenditures or reserve increases. In other words, *all* revenues received by the State that are not specifically exempt are considered "spending";
- The change in fiscal year spending for the next year is restricted to the change in inflation plus the percentage change in state population in the prior calendar year, adjusted for revenue changes approved by the voters after 1991;
- Prior to July 1, 2003, any revenues received in excess of the allowable change in fiscal year spending must be refunded in the next year unless the voters approve the State keeping the excess;
- After July 1, 2003, any revenues received in excess of the allowable change in fiscal year spending must be refunded in the current fiscal year unless the voters approve the State keeping the excess (S.B. 03-222 and H.B. 03-1238 addressed this issue); and
- The base for calculating the allowable growth is the *lesser* of either actual revenues or the allowable limit.

In order to comply with the limits contained in Article X, Section 20, several calculations are necessary. Because this provision makes no distinction between General Fund and cash funds collected by the state, it is necessary to make forecasts of all the separate cash funds as well as the General Fund. The estimated totals of the General Fund and cash funds are then increased by the estimated changes in inflation and population to project the allowable increase in fiscal year spending.

As a result of the 2000 Census, it was discovered that actual population growth in the State was under-counted in prior years, resulting in over-refunds of state revenues. House Bill 02-1310 allows the state to recoup state revenues lost due to over-refunds resulting from the underestimates of population growth. The bill establishes a process which allows the adjustment of population every decade to match the federal census. This process allows the adjustment to occur over more than one fiscal year when the actual amount of state fiscal year spending for the first fiscal year in which such an adjustment can be made is insufficient to allow the state to recoup the full amount of all over-refunds. Therefore, Legislative Council's March 2004 revenue estimate makes adjustments to the calculation of the allowable increase of revenues that the State may retain in FY 2003-04 and FY 2004-05.

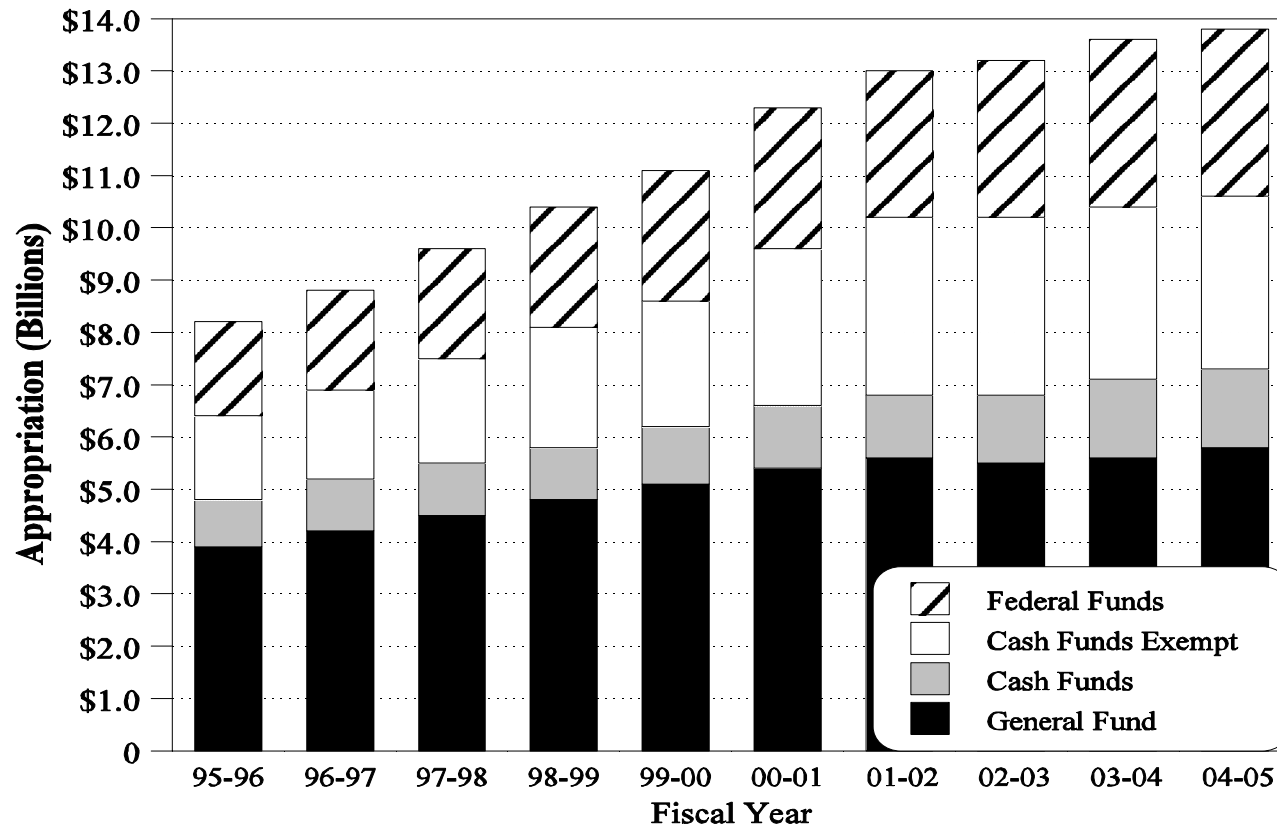
# **COLORADO STATE BUDGET** **SOURCES OF GENERAL FUND REVENUE** **(Fiscal Year 2004-05)**

**Estimated Gross General Fund Revenues = \$5.956 Billion\***



\* Source: Colorado Legislative Council Staff's March 2004 Economic and Revenue Forecast. These percentages are net of income tax receipts that are transferred to the State Education Fund.

**COLORADO STATE OPERATING BUDGET  
HISTORY OF APPROPRIATIONS BY FUNDING SOURCE  
(Fiscal Years 1995-96 through 2004-05)**

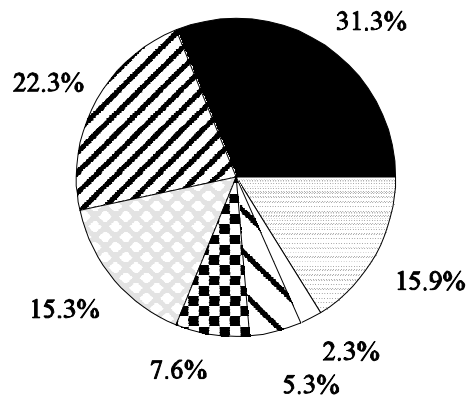


NOTE: Appropriated amounts have not been adjusted for inflation.

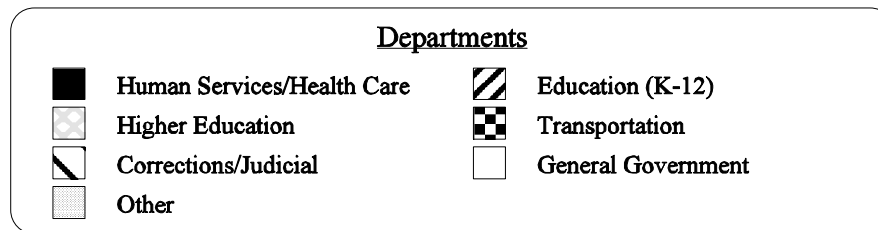
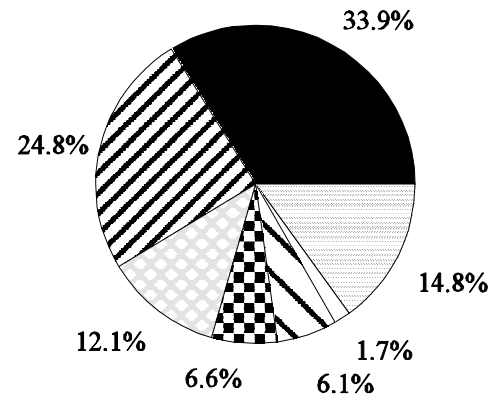


## COLORADO STATE OPERATING BUDGET COMPARISON OF TOTAL APPROPRIATIONS BY PROGRAM

**FY 1994-95 = \$7.73 billion**



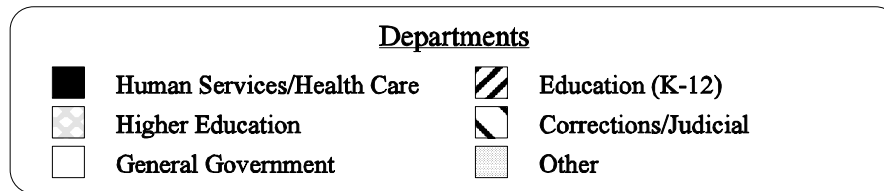
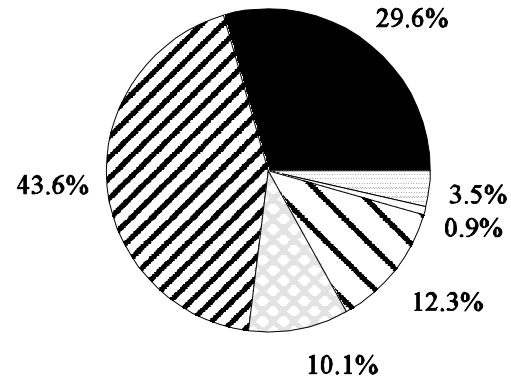
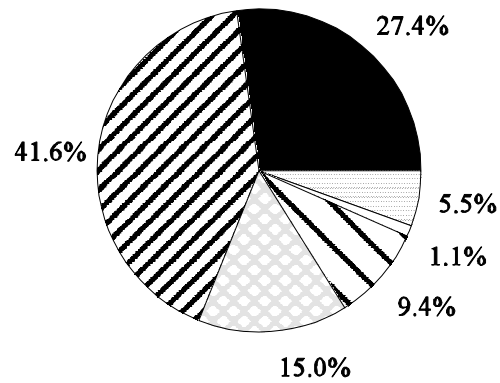
**FY 2004-05 = \$13.83 billion**



# **COLORADO STATE OPERATING BUDGET COMPARISON OF GENERAL FUND APPROPRIATIONS BY PROGRAM**

**FY 1994-95 = \$3.62 billion**

**FY 2004-05 = \$5.83 billion**



## PART II: SUMMARY TABLES

### FY 2004-05 APPROPRIATIONS BY DEPARTMENT AND FUND SOURCE

Department	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	TOTAL
Agriculture	\$4,227,529	\$22,281,732	\$1,535,265	\$1,725,153	\$29,769,679
Corrections	500,199,822	2,371,727	52,274,745	2,915,688	557,761,982
Education	2,539,580,382	14,760,077	455,292,596	413,109,122	3,422,742,177
Governor	15,838,358	225,779	1,706,447	17,527,584	35,298,168
Health Care Policy and Financing	1,258,646,139	11,448,429	265,281,003	1,479,050,526	3,014,426,097
Higher Education	587,972,772	959,812,693	98,694,206	19,805,153	1,666,284,824
Human Services	465,503,517	88,177,547	611,896,853	500,114,343	1,665,692,260
Judicial	219,577,404	59,868,406	7,309,859	1,454,690	288,210,359
Labor and Employment	0	27,113,582	15,797,544	88,829,627	131,740,753
Law	6,856,156	3,222,094	23,745,588	823,591	34,647,429
Legislature	28,541,104	90,000	760,127	0	29,391,231
Local Affairs	4,916,082	25,439,159	99,289,589	48,392,667	178,037,497
Military and Veterans Affairs	3,952,227	26,244	2,461,518	122,220,128	128,660,117
Natural Resources	22,352,945	36,674,275	101,122,425	16,465,643	176,615,288
Personnel and Administration	8,393,430	11,782,730	153,552,160	71,531	173,799,851
Public Health and Environment	13,044,693	31,810,189	64,911,763	170,137,775	279,904,420
Public Safety	56,810,015	10,371,740	110,771,188	42,106,614	220,059,557
Regulatory Agencies	1,032,389	51,232,824	11,415,142	1,087,500	64,767,855
Revenue	89,075,506	44,674,817	387,892,284	1,806,849	523,449,456
State	0	13,078,901	9,120,572	31,897	22,231,370
Transportation	0	64,499,612	553,110,174	299,745,225	917,355,011
Treasury	<u>4,525,569</u>	<u>2,152,689</u>	<u>261,627,000</u>	<u>0</u>	<u>268,305,258</u>
<b>OPERATING TOTAL</b>	<b>\$5,831,046,039</b>	<b>\$1,481,115,246</b>	<b>\$3,289,568,048</b>	<b>\$3,227,421,306</b>	<b>\$13,829,150,639</b>
Capital Construction a/	<u>9,579,540</u>	<u>19,400,000</u>	<u>212,300,354</u>	<u>26,683,562</u>	<u>267,963,456</u>
<b>GRAND TOTAL</b>	<b>\$5,840,625,579</b>	<b>\$1,500,515,246</b>	<b>\$3,501,868,402</b>	<b>\$3,254,104,868</b>	<b>\$14,097,114,095</b>

a/ The General Fund amount also includes appropriations from the Capital Construction Fund.

# FOUR-YEAR SUMMARY OF EXPENDITURES/APPROPRIATIONS:

## TOTAL FUNDS

Department	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Appropriation	FY 2004-05 Appropriation
Agriculture	\$31,849,617	\$30,641,416	\$29,133,822	\$29,769,679
Corrections	506,436,018	497,836,989	536,303,385	557,761,982
Education	2,855,803,568	3,097,489,563	3,274,916,027	3,422,742,177
Governor	38,313,377	49,457,915	34,070,494	35,298,168
Health Care Policy and Financing	2,511,405,526	2,523,155,464	2,943,122,329	3,014,426,097
Higher Education	1,578,125,078	1,623,003,117	1,648,148,926	1,666,284,824
Human Services	1,747,493,635	1,744,645,619	1,850,660,022	1,665,692,260
Judicial	256,686,865	252,920,822	275,986,626	288,210,359
Labor and Employment	127,323,910	133,860,042	116,114,543	131,740,753
Law	32,635,710	32,424,882	33,513,110	34,647,429
Legislature	29,442,683	27,818,653	28,587,781	29,391,231
Local Affairs	144,528,248	161,014,101	180,117,570	178,037,497
Military and Veterans Affairs	125,101,054	126,616,767	128,165,287	128,660,117
Natural Resources	163,185,164	168,273,019	168,939,587	176,615,288
Personnel and Administration	130,852,754	143,098,542	161,476,844	173,799,851
Public Health and Environment	277,195,981	268,413,652	258,253,057	279,904,420
Public Safety	184,541,353	185,065,702	194,975,820	220,059,557
Regulatory Agencies	66,689,101	75,668,709	67,218,961	64,767,855
Revenue	475,567,529	449,450,158	517,151,105	523,449,456
State	12,010,760	17,900,131	51,405,823	22,231,370
Transportation	1,328,766,891	1,412,390,840	846,500,558	917,355,011
Treasury	<u>284,512,817</u>	<u>343,049,340</u>	<u>261,771,989</u>	<u>268,305,258</u>
<b>TOTAL</b>	<b>\$12,908,467,639</b>	<b>\$13,364,195,443</b>	<b>\$13,606,533,666</b>	<b>\$13,829,150,639</b>

# FOUR-YEAR SUMMARY OF EXPENDITURES/APPROPRIATIONS:

## GENERAL FUND

Department	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Appropriation	FY 2004-05 Appropriation
Agriculture	\$10,043,344	\$8,136,745	\$4,112,471	\$4,227,529
Corrections	449,923,942	452,142,967	469,617,009	500,199,822
Education	2,267,438,153	2,311,858,706	2,417,670,435	2,539,580,382
Governor	19,931,831	31,362,772	13,380,007	15,838,358
Health Care Policy and Financing	1,081,902,587	1,023,368,495	1,231,199,613	1,258,646,139
Higher Education	740,162,419	685,415,820	591,409,402	587,972,772
Human Services	489,631,140	472,405,155	458,601,429	465,503,517
Judicial	206,485,128	204,831,317	208,617,893	219,577,404
Labor and Employment	0	0	0	0
Law	9,489,623	8,411,421	6,543,957	6,856,156
Legislature	27,952,979	26,808,192	27,063,281	28,541,104
Local Affairs	10,529,992	7,228,211	4,755,544	4,916,082
Military and Veterans Affairs	4,011,228	4,126,783	3,897,319	3,952,227
Natural Resources	24,934,680	22,320,367	19,710,055	22,352,945
Personnel and Administration	13,844,015	11,381,546	7,986,986	8,393,430
Public Health and Environment	31,775,181	15,667,454	12,500,105	13,044,693
Public Safety	56,596,877	53,403,014	54,171,145	56,810,015
Regulatory Agencies	1,678,287	1,608,495	1,051,133	1,032,389
Revenue	109,289,836	89,778,263	90,654,825	89,075,506
State	0	0	0	0
Transportation	0	0	0	0
Treasury	<u>30,609,757</u>	<u>91,216,155</u>	<u>4,353,913</u>	<u>4,525,569</u>
<b>TOTAL</b>	<b>\$5,586,230,999</b>	<b>\$5,521,471,878</b>	<b>\$5,627,296,522</b>	<b>\$5,831,046,039</b>

# FOUR-YEAR SUMMARY OF EXPENDITURES/APPROPRIATIONS:

## CASH FUNDS

Department	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Appropriation	FY 2004-05 Appropriation
Agriculture	\$17,113,812	\$15,808,567	\$22,334,351	\$22,281,732
Corrections	12,571,427	2,535,074	2,912,102	2,371,727
Education	12,245,432	12,710,475	15,233,415	14,760,077
Governor	103,908	77,086	144,950	225,779
Health Care Policy and Financing	10,589,766	1,010,038	12,181,611	11,448,429
Higher Education	747,490,541	844,391,865	959,399,101	959,812,693
Human Services	71,374,658	84,327,303	85,815,234	88,177,547
Judicial	40,543,942	41,627,577	59,134,676	59,868,406
Labor and Employment	26,044,542	20,291,281	26,134,315	27,113,582
Law	1,115,355	1,045,817	2,413,554	3,222,094
Legislature	90,000	82,410	188,743	90,000
Local Affairs	21,259,717	25,232,766	25,100,161	25,439,159
Military and Veterans Affairs	13,639	10,930	25,117	26,244
Natural Resources	37,423,208	30,423,055	37,884,274	36,674,275
Personnel and Administration	12,792,663	11,036,689	10,847,769	11,782,730
Public Health and Environment	20,927,316	22,908,242	30,914,921	31,810,189
Public Safety	5,963,196	5,970,891	9,948,119	10,371,740
Regulatory Agencies	47,442,782	48,974,331	50,941,141	51,232,824
Revenue	34,829,486	34,245,033	44,804,075	44,674,817
State	11,249,316	10,809,735	13,797,176	13,078,901
Transportation	14,423,116	12,079,479	64,902,123	64,499,612
Treasury	<u>0</u>	<u>644,064</u>	<u>2,205,076</u>	<u>2,152,689</u>
<b>TOTAL</b>	<b>\$1,145,607,822</b>	<b>\$1,226,242,708</b>	<b>\$1,477,262,004</b>	<b>\$1,481,115,246</b>

# FOUR-YEAR SUMMARY OF EXPENDITURES/APPROPRIATIONS:

## CASH FUNDS EXEMPT

Department	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Appropriation	FY 2004-05 Appropriation
Agriculture	\$1,459,284	\$3,906,459	\$1,517,498	\$1,535,265
Corrections	35,055,589	40,112,885	59,904,567	52,274,745
Education	274,508,386	437,828,026	461,334,608	455,292,596
Governor	2,903,780	3,207,886	1,827,420	1,706,447
Health Care Policy and Financing	171,727,704	223,819,939	236,020,640	265,281,003
Higher Education	72,361,910	74,261,623	77,938,125	98,694,206
Human Services	776,769,849	739,204,008	790,839,266	611,896,853
Judicial	7,468,675	5,167,956	6,475,448	7,309,859
Labor and Employment	15,868,423	14,387,052	15,252,400	15,797,544
Law	21,287,083	22,209,880	23,754,809	23,745,588
Legislature	1,399,704	928,051	1,335,757	760,127
Local Affairs	64,818,932	71,453,457	101,519,458	99,289,589
Military and Veterans Affairs	0	1,473,935	2,086,791	2,461,518
Natural Resources	86,065,299	100,083,070	94,945,569	101,122,425
Personnel and Administration	104,144,545	120,578,302	142,570,558	153,552,160
Public Health and Environment	59,942,699	47,194,829	55,108,546	64,911,763
Public Safety	83,936,885	86,096,222	87,771,436	110,771,188
Regulatory Agencies	16,488,478	23,377,370	14,136,326	11,415,142
Revenue	329,871,761	322,716,224	379,766,587	387,892,284
State	761,444	53,000	879,395	9,120,572
Transportation	985,520,724	1,008,872,317	469,487,824	553,110,174
Treasury	<u>253,903,060</u>	<u>251,189,121</u>	<u>255,213,000</u>	<u>261,627,000</u>
<b>TOTAL</b>	<b>\$3,366,264,214</b>	<b>\$3,598,121,612</b>	<b>\$3,279,686,028</b>	<b>\$3,289,568,048</b>

# FOUR-YEAR SUMMARY OF EXPENDITURES/APPROPRIATIONS:

## FEDERAL FUNDS

Department	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Appropriation	FY 2004-05 Appropriation
Agriculture	\$3,233,177	\$2,789,645	\$1,169,502	\$1,725,153
Corrections	8,885,060	3,046,063	3,869,707	2,915,688
Education	301,611,597	335,092,356	380,677,569	413,109,122
Governor	15,373,858	14,810,171	18,718,117	17,527,584
Health Care Policy and Financing	1,247,185,469	1,274,956,992	1,463,720,465	1,479,050,526
Higher Education	18,110,208	18,933,809	19,402,298	19,805,153
Human Services	409,717,988	448,709,153	515,404,093	500,114,343
Judicial	2,189,120	1,293,972	1,758,609	1,454,690
Labor and Employment	85,410,945	99,181,709	74,727,828	88,829,627
Law	743,649	757,764	800,790	823,591
Legislature	0	0	0	0
Local Affairs	47,919,607	57,099,667	48,742,407	48,392,667
Military and Veterans Affairs	121,076,187	121,005,119	122,156,060	122,220,128
Natural Resources	14,761,977	15,446,527	16,399,689	16,465,643
Personnel and Administration	71,531	102,005	71,531	71,531
Public Health and Environment	164,550,785	182,643,127	159,729,485	170,137,775
Public Safety	38,044,395	39,595,575	43,085,120	42,106,614
Regulatory Agencies	1,079,554	1,708,513	1,090,361	1,087,500
Revenue	1,576,446	2,710,638	1,925,618	1,806,849
State	0	7,037,396	36,729,252	31,897
Transportation	328,823,051	391,439,044	312,110,611	299,745,225
Treasury	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL</b>	<b>\$2,810,364,604</b>	<b>\$3,018,359,245</b>	<b>\$3,222,289,112</b>	<b>\$3,227,421,306</b>



# FOUR-YEAR SUMMARY OF EXPENDITURES/APPROPRIATIONS:

## FTE

Department	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Appropriation	FY 2004-05 Appropriation
Agriculture	281.9	269.8	271.2	278.2
Corrections	5,661.0	5,610.8	5,825.6	5,879.9
Education	398.4	421.2	419.7	434.8
Governor	116.1	109.4	106.9	106.9
Health Care Policy and Financing	166.1	167.1	200.4	204.5
Higher Education	18,679.1	18,592.0	18,501.9	18,281.3
Human Services	4,679.8	4,395.4	4,514.4	4,527.7
Judicial	3,038.0	3,249.5	3,197.4	3,285.2
Labor and Employment	1,029.9	1,108.0	1,076.4	1,119.8
Law	324.2	319.6	335.7	337.3
Legislature	272.8	272.8	272.8	273.2
Local Affairs	169.3	167.6	172.1	175.1
Military and Veterans Affairs	1,190.3	1,158.3	1,156.8	1,184.8
Natural Resources	1,442.4	1,461.4	1,532.2	1,538.7
Personnel and Administration	553.5	541.1	570.1	571.8
Public Health and Environment	995.2	1,042.1	1,094.6	1,115.9
Public Safety	1,233.2	1,234.9	1,247.4	1,265.7
Regulatory Agencies	510.5	506.9	518.2	520.1
Revenue	1,463.8	1,395.7	1,455.7	1,448.7
State	95.8	95.8	113.6	128.3
Transportation	3,284.2	3,294.2	3,297.2	3,301.2
Treasury	<u>24.0</u>	<u>24.5</u>	<u>25.5</u>	<u>25.5</u>
<b>TOTAL</b>	<b>45,609.5</b>	<b>45,438.1</b>	<b>45,905.8</b>	<b>46,004.6</b>

## PART III: EXPENDITURE AND APPROPRIATION DETAIL BY DEPARTMENT

### DEPARTMENT OF AGRICULTURE

The Department of Agriculture regulates, promotes and supports various agricultural activities throughout Colorado. Department personnel perform a wide range of services including policy analysis, program inspection, regulation of the State's agricultural industries, and management of the Colorado State Fair.

The Department is comprised of the Commissioner's Office and Administrative Services, the Agricultural Services Division, the Agricultural Markets Division, the Brand Board, Special Purpose, Colorado State Fair, and the Conservation Board, which was transferred from the Department of Natural Resources in FY 2000-01.

#### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Appropriation</b>	<b>FY 2004-05 Appropriation</b>
General Fund	\$10,043,344	\$8,136,745	\$4,112,471	\$4,227,529
Cash Funds	17,113,812	15,808,567	22,334,351	22,281,732
Cash Funds Exempt	1,459,284	3,906,459	1,517,498	1,535,265
Federal Funds	<u>3,233,177</u>	<u>2,789,645</u>	<u>1,169,502</u>	<u>1,725,153</u>
<b>Total Funds</b>	<b>\$31,849,617</b>	<b>\$30,641,416</b>	<b>\$29,133,822</b>	<b>\$29,769,679</b>
Full Time Equivalents	281.9	269.8	271.2	278.2

#### **FY 2004-05 Budget Changes**

Significant changes to the Department's appropriations for FY 2004-05 versus FY 2003-04 include the following:

- ☐ An increase of \$277,000 across all funding sources for salary survey;
- ☐ An increase of \$165,000 across all funding sources for performance-based pay awards; and
- ☐ An increase of \$15,000 cash funds exempt for the Noxious Weed Management Grant Program to manage a cooperative effort to eradicate newly emerging species.

## General Factors Driving the Budget

Funding for this department consists of 14.2 percent General Fund, 74.8 percent cash funds, 5.2 percent cash funds exempt, and 5.8 percent federal funds. Some of the most important factors driving the budget are reviewed below.

### Agricultural Services Division

For FY 2004-05, the Agricultural Services Division is appropriated 35.8 percent of the department's total budget and 51.6 percent of the Department's total General Fund appropriation. The passage of S.B. 03-297, which refinanced the Inspection and Consumer Services program, reduced the Department's total General Fund appropriation by \$3.4 million beginning in FY 2003-04.

This division is divided into the following sections: Inspection and Consumer Services; Plant Industry; and Animal Industry. Historically, a large majority of the Department's additional funding requests are generated by programs within this division. For FY 2004-05, the General Assembly approved the Department's \$15,000 cash funds exempt request related to the Noxious Weed Management Grant Program.

### Cash Funds

The majority of the Department's funding (74.8 percent) is cash funds generated primarily through fees collected from inspection and certification services performed by the Agricultural Services Division and the Brand Board as well as revenue earned from the activities of the State Fair. The Colorado State Fair receives 36.3 percent of the Department's overall cash fund appropriation. The Fair collects the majority of its revenue during the 17-day Colorado State Fair held during August each year. The provisions of S.B. 03-297 have increased the cash funds segment of the Department's total appropriation from 58.1 percent in FY 2002-03 to 74.8 percent in FY 2004-05.

## Summary of FY 2003-04 and FY 2004-05 Appropriations

### Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Total Appropriation:</b>	<b>\$4,112,471</b>	<b>\$22,334,351</b>	<b>\$1,517,498</b>	<b>\$1,169,502</b>	<b>\$29,133,822</b>	<b>271.2</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Commissioner's Office and Administrative Services	872,255	1,254,784	1,338,011	257,574	3,722,624	18.7
Agricultural Services Division	2,187,220	8,251,978	25,000	411,928	10,876,126	146.6
Agricultural Markets Division	388,082	75,337	119,837	0	583,256	5.2

	GF	CF	CFE	FF	Total	FTE
Brand Board	0	4,017,193	0	0	4,017,193	66.3
Special Purpose	0	543,847	34,650	0	578,497	1.0
Colorado State Fair	0	8,080,712	0	0	8,080,712	26.9
Conservation Board	664,914	110,500	0	500,000	1,275,414	6.5
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-258	7,824,798	18,983,393	1,204,587	1,175,556	29,188,334	271.2
SB 03-273	(244,080)	(245,333)	0	(5,015)	(494,428)	0.0
SB 03-297	(3,426,870)	3,437,811	312,911	0	323,852	0.0
HB 03-1316	(1,080)	(1,486)	0	(19)	(2,585)	0.0
HB 04-1316	(40,297)	159,966	0	(1,020)	118,649	0.0
<b>FY 2004-05 Total Appropriation:</b>	<b>\$4,227,529</b>	<b>\$22,281,732</b>	<b>\$1,535,265</b>	<b>\$1,725,153</b>	<b>\$29,769,679</b>	<b>278.2</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Commissioner's Office and Administrative Services	991,946	1,675,926	1,340,778	817,887	4,826,537	26.7
Agricultural Services Division	2,183,149	8,016,835	40,000	407,266	10,647,250	145.6
Agricultural Markets Division	388,000	75,337	119,837	0	583,174	5.2
Brand Board	0	3,781,302	0	0	3,781,302	66.3
Special Purpose	0	543,376	34,650	0	578,026	1.0
Colorado State Fair	0	8,078,677	0	0	8,078,677	26.9
Conservation Board	664,434	110,279	0	500,000	1,274,713	6.5
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1261	0	15,343	0	0	15,343	0.0
HB 04-1422	4,227,529	22,266,389	1,535,265	1,725,153	29,754,336	278.2
<b>Increase/(Decrease)</b>	<b>\$115,058</b>	<b>(\$52,619)</b>	<b>\$17,767</b>	<b>\$555,651</b>	<b>\$635,857</b>	<b>7.0</b>
Percentage Change	2.8%	-0.2%	1.2%	47.5%	2.2%	2.6%

## **Detail of Appropriation by Administrative Section**

### **Commissioner's Office and Administrative Services**

The Commissioner's Office, in conjunction with the Colorado Agricultural Commission, is responsible for the development and implementation of agricultural policies throughout Colorado. The Administrative Services section provides administrative and technical support for various programs within the Department, such as accounting, budgeting, human resources, and computer programming. The adoption of S.B. 03-169 has increased the cash funds exempt appropriation from 10.0 percent in FY 2002-03 to 27.8 percent in FY 2004-05. These moneys are primarily derived from indirect cost recoveries. Cash funds comprise 34.7 percent of funding for the Commissioner's Office and are generated from fees collected by various cash funded programs within the Department.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$1,816,632	\$1,192,214	\$1,025,100	\$263,628	\$4,297,574	18.7
SB 03-273	(244,080)	(245,333)	0	(5,015)	(494,428)	0.0
SB 03-297	(658,920)	356,950	312,911	0	10,941	0.0
HB 03-1316	(1,080)	(1,486)	0	(19)	(2,585)	0.0
HB 04-1316	<u>(40,297)</u>	<u>(47,561)</u>	<u>0</u>	<u>(1,020)</u>	<u>(88,878)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$872,255</b>	<b>\$1,254,784</b>	<b>\$1,338,011</b>	<b>\$257,574</b>	<b>\$3,722,624</b>	<b>18.7</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$991,946</u>	<u>\$1,675,926</u>	<u>\$1,340,778</u>	<u>\$817,887</u>	<u>\$4,826,537</u>	<u>26.7</u>
<b>TOTAL</b>	<b>\$991,946</b>	<b>\$1,675,926</b>	<b>\$1,340,778</b>	<b>\$817,887</b>	<b>\$4,826,537</b>	<b>26.7</b>
<b>Increase/(Decrease)</b>	\$119,691	\$421,142	\$2,767	\$560,313	\$1,103,913	8.0
Percentage Change	13.7%	33.6%	0.2%	217.5%	29.7%	42.8%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Commissioner's Office	6.7	6.7
Administrative Services	12.0	12.0
Federal Grants	<u>0.0</u>	<u>8.0</u>
	18.7	26.7

*FTE Changes:* The increase of 8.0 FTE reflects higher anticipated federal grant program moneys to fund additional positions in FY 2004-05.

*General Fund Changes:* The increase to Commissioner's Office and Administrative Services is primarily comprised of \$76,000 for salary survey and \$47,000 for performance-based pay awards. This is partially offset by higher indirect cost recoveries from other divisions within the Department of \$3,000.

*Cash Funds Changes:* The increase to the cash funds appropriation includes \$190,000 for salary survey, \$118,000 for performance-based pay awards, \$42,000 for workers' compensation, \$32,000 for health, life and dental, \$25,000 for payments to risk management and property funds, and \$9,000 for vehicle lease payments.

*Cash Funds Exempt Changes:* The cash funds exempt appropriation reflects slightly higher indirect cost recoveries within the Department to offset personal services expenses in the Commissioner's Office.

*Federal Funds Changes:* The federal funds appropriation reflects higher anticipated grant receipts in FY 2004-05 from the Natural Resources Conservation Service and the Cooperative Agriculture Pest Survey (CAPS), which are both funded through the United States Department of Agriculture (USDA).

## **Agricultural Services Division**

The Agricultural Services Division administers the bulk of the Department's major programs and various statutory responsibilities. Pursuant to S.B. 03-297, the major source of funding for this division is now cash funds (75.3 percent) rather than General Fund (20.5 percent). These moneys are primarily generated from fees collected for services provided by the Division.

### *Inspection and Consumer Services*

There are several programs within this section. The Fruit and Vegetable Inspection Program determines the grade, size, and quality of more than 2 billion pounds of fruits and vegetables each year. The Consumer and Producer Protection Program includes: the Farm Products Section, which assures a stable agricultural products distribution system; the Laboratory Services Section, which provides detailed analysis of agricultural products and related issues; and the Measurement Standards Section, which tests and inspects all commercial measuring devices within the State.

### *Animal Industry*

The Animal Health Program helps protect the economic viability of livestock producers and oversees several aspects of statewide animal welfare issues. These objectives are accomplished through the Veterinary and Animal Health Lab Section, the Rodent and Predatory Animal Control Section, the Bureau of Animal Protection, and the Pet Care Facilities Program.

### *Plant Industry*

This section manages statewide pest control programs, registers pesticides and related applicators, and inspects plant products intended for domestic and overseas export or import to ensure they are free from pests and disease. Despite the elimination of General Fund dollars for the noxious weed management grant program, the State Weed Coordinator still assists local and regional efforts to manage and control noxious weeds. This section also maintains the State's Insectary, which rears and releases beneficial insects to help control insect and weed pests.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$4,955,170	\$4,963,590	\$25,000	\$411,928	\$10,355,688	146.6
SB 03-297	(2,767,950)	3,080,861	0	0	312,911	0.0
HB 04-1316	<u>0</u>	<u>207,527</u>	<u>0</u>	<u>0</u>	<u>207,527</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,187,220</b>	<b>\$8,251,978</b>	<b>\$25,000</b>	<b>\$411,928</b>	<b>\$10,876,126</b>	<b>146.6</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1261	\$0	\$15,343	\$0	\$0	\$15,343	0.0
HB 04-1422	<u>2,183,149</u>	<u>8,001,492</u>	<u>40,000</u>	<u>407,266</u>	<u>10,631,907</u>	<u>145.6</u>
<b>TOTAL</b>	<b>\$2,183,149</b>	<b>\$8,016,835</b>	<b>\$40,000</b>	<b>\$407,266</b>	<b>\$10,647,250</b>	<b>145.6</b>
<b>Increase/(Decrease)</b>	<b>(\$4,071)</b>	<b>(\$235,143)</b>	<b>\$15,000</b>	<b>(\$4,662)</b>	<b>(\$228,876)</b>	<b>(1.0)</b>
Percentage Change	-0.2%	-2.9%	60.0%	-1.1%	-2.1%	-0.7%

FTE Detail	FY 2003-04	FY 2004-05
Inspection and Consumer Services	84.5	84.5
Animal Industry	19.0	18.0
Plant Industry	<u>43.1</u>	<u>43.1</u>
	146.6	145.6

*FTE Changes:* The reduction of 1.0 FTE reflects an adjustment to federal grants received by the Agricultural Services Division.

*General Fund Changes:* The decrease to the Division's appropriation is the result of a 0.2 percent personal services reduction.

*Cash Funds Changes:* The appropriation reflects the elimination of \$206,000 to correct a technical error related to the 'paydate shift' in FY 2003-04, a reduction of \$30,000 for indirect cost recoveries, and a decrease of \$13,000 for a 0.2 percent personal services reduction. These decreases are partially offset by \$15,000 provided under the provisions of H.B. 04-1261.

*Cash Funds Exempt Changes:* The \$15,000 increase to the appropriation reflects the approval of a new Noxious Weed Management Grant Program initiative to manage a cooperative effort with local governments and private landowners to eradicate newly emerging species.

*Federal Funds Changes:* The \$5,000 decrease to the Division's appropriation represents an adjustment to the receipt of moneys under various federal grant programs.

## Agricultural Markets Division

This division provides marketing assistance and related support to Colorado agricultural-based businesses competing in local, national, and international arenas. It also coordinates various market orders, promotes Colorado agricultural products, and works to assist start-up or expanding food processing companies within the State. Beginning in FY 2003-04, the majority of funding for personal services and operating expenses is directly appropriated to the Division rather than transferred from economic development programs within the Governor's Office. Cash funds comprise 12.9 percent of the Division's total appropriation and are derived from aquaculture licensing fees.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$388,082</u>	<u>\$75,337</u>	<u>\$119,837</u>	<u>\$0</u>	<u>\$583,256</u>	<u>5.2</u>
<b>TOTAL</b>	<b>\$388,082</b>	<b>\$75,337</b>	<b>\$119,837</b>	<b>\$0</b>	<b>\$583,256</b>	<b>5.2</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$388,000</u>	<u>\$75,337</u>	<u>\$119,837</u>	<u>\$0</u>	<u>\$583,174</u>	<u>5.2</u>
<b>TOTAL</b>	<b>\$388,000</b>	<b>\$75,337</b>	<b>\$119,837</b>	<b>\$0</b>	<b>\$583,174</b>	<b>5.2</b>
<b>Increase/(Decrease)</b>	(\$82)	\$0	\$0	\$0	(\$82)	0.0
Percentage Change	0.0%	0.0%	0.0%	n/a	0.0%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Marketing Supervisor and Clerical Support	3.1	3.1
Senior Agricultural Market Specialist	1.6	1.6
Agricultural Market Specialist	<u>0.5</u>	<u>0.5</u>
	5.2	5.2



*General Fund Changes:* This division was previously funded through a General Fund transfer from the Governor's Office that was reflected as cash funds exempt. However, since FY 2003-04, General Fund has been directly appropriated to the Department of Agriculture for personal services and operating expenses. The appropriation is essentially unchanged from the previous fiscal year.

## Brand Board

The Brand Board serves the livestock industry and assists the public with problems related to livestock management and commerce. This division inspects cattle, horse, and alternative livestock brands (such as deer and elk) to verify ownership at the time of sale, transport, or slaughter. It also administers and records livestock brands. Board personnel are also responsible for licensing and inspecting conventional and alternative livestock facilities. The Brand Board is fully funded from service fees.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$4,017,193	\$0	\$0	\$4,017,193	66.3
<b>TOTAL</b>	<b>\$0</b>	<b>\$4,017,193</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,017,193</b>	<b>66.3</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	\$0	\$3,781,302	\$0	\$0	\$3,781,302	66.3
<b>TOTAL</b>	<b>\$0</b>	<b>\$3,781,302</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,781,302</b>	<b>66.3</b>
<b>Increase/(Decrease)</b>	\$0	(\$235,891)	\$0	\$0	(\$235,891)	0.0
Percentage Change	n/a	-5.9%	n/a	n/a	-5.9%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Program Director and Administrative Staff	7.4	7.4
Brand Inspectors	58.9	58.9
	66.3	66.3

*Cash Funds Changes:* The Brand Board's cash funds appropriation includes the elimination of \$208,000 to replace vehicles in FY 2003-04, a reduction of \$21,000 to reflect a lower level of indirect cost recoveries, and a decrease of \$6,000 for a 0.2 percent personal services base reduction.

## Special Purpose

This Section is comprised of the following program lines: the Wine Promotion Board, which promotes wines produced in Colorado; the Vaccine and Service Fund, which provides for the

vaccination of calves against brucellosis; and the Brand Estray Fund, which funds the maintenance and sale or return of stray livestock. Cash funds are from the Colorado Wine Industry Development Fund, the Brand Estray Fund, and the Veterinary Vaccine and Service Fund. The source of cash funds exempt is reserves from the Brand Estray Fund.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$543,847</u>	<u>\$34,650</u>	<u>\$0</u>	<u>\$578,497</u>	<u>1.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$543,847</b>	<b>\$34,650</b>	<b>\$0</b>	<b>\$578,497</b>	<b>1.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$543,376</u>	<u>\$34,650</u>	<u>\$0</u>	<u>\$578,026</u>	<u>1.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$543,376</b>	<b>\$34,650</b>	<b>\$0</b>	<b>\$578,026</b>	<b>1.0</b>
<b>Increase/(Decrease)</b>	\$0	(\$471)	\$0	\$0	(\$471)	0.0
Percentage Change	n/a	-0.1%	0.0%	n/a	-0.1%	0.0%

*Cash Funds Changes:* The appropriation reflects a slight reduction for indirect cost recoveries from the Wine Promotion Board.

## Colorado State Fair

This program includes personal services and operating expenses associated with the Colorado State Fair, which is administered by the State Fair Authority pursuant to Section 35-65-401, C.R.S. Since FY 1999-00, local grants and controlled maintenance funds received by the State Fair have exceeded the ten percent threshold for enterprise status as defined under Article X, Section 20 of the Colorado Constitution. This has resulted in a cash funds designation for the State Fair's Long Bill appropriation, which counts against the State's TABOR revenue limit. The cash funds are from fees collected by the Colorado State Fair during its 17-day run each August and from non-fair events held at the fairgrounds throughout the remainder of the year.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$8,080,712</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,080,712</u>	<u>26.9</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$8,080,712</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,080,712</b>	<b>26.9</b>

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$8,078,677</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,078,677</u>	<u>26.9</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$8,078,677</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,078,677</b>	<b>26.9</b>
<b>Increase/(Decrease)</b>						
	\$0	(\$2,035)	\$0	\$0	(\$2,035)	0.0
<b>Percentage Change</b>						
	n/a	0.0%	n/a	n/a	0.0%	0.0%

FTE Detail	FY 2003-04	FY2004-05
Administrative/Clerical Staff	14.1	14.1
Maintenance and Security	<u>12.8</u>	<u>12.8</u>
	26.9	26.9

*Cash Funds Changes:* The appropriation is essentially unchanged from the previous fiscal year.

## Conservation Board

The Conservation Board is responsible for providing administrative and fiscal oversight to Colorado's 77 conservation districts. The Board also coordinates various federal programs related to natural resource issues, provides guidance on stream bank erosion, and assists farmers and ranchers in implementing a variety of water and energy efficiency practices. In FY 2000-01, the Soil Conservation Board was transferred from the Department of Natural Resources to the Department of Agriculture and renamed the Conservation Board. Federal funds comprise 39.2 percent of the Board's total appropriation and come from the Bureau of Reclamation to assist land owners with conservation practices along the Colorado River.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$664,914</u>	<u>\$110,500</u>	<u>\$0</u>	<u>\$500,000</u>	<u>\$1,275,414</u>	<u>6.5</u>
<b>TOTAL</b>	<b>\$664,914</b>	<b>\$110,500</b>	<b>\$0</b>	<b>\$500,000</b>	<b>\$1,275,414</b>	<b>6.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$664,434</u>	<u>\$110,279</u>	<u>\$0</u>	<u>\$500,000</u>	<u>\$1,274,713</u>	<u>6.5</u>
<b>TOTAL</b>	<b>\$664,434</b>	<b>\$110,279</b>	<b>\$0</b>	<b>\$500,000</b>	<b>\$1,274,713</b>	<b>6.5</b>

	GF	CF	CFE	FF	Total	FTE
<b>Increase/(Decrease)</b>	(\$480)	(\$221)	\$0	\$0	(\$701)	0.0
Percentage Change	-0.1%	-0.2%	n/a	0.0%	-0.1%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Administrative/Clerical Staff	2.5	2.5
Regional Conservation Representatives	1.0	1.0
Irrigation Conservation Representatives	<u>3.0</u>	<u>3.0</u>
	6.5	6.5

*General Fund Changes:* The decrease to the Board's appropriation represents a 0.2 percent personal services base reduction.

*Cash Fund Changes:* The decrease to the Board's appropriation represents a 0.2 percent personal services base reduction to the Irrigation/Conservation Program.

## Recent Legislation

### 2003 Session Bills

**S.B. 03-169:** Removes indirect cost recovery caps for the Brand Inspection, Chemigation, and the Mandatory Fruit and Vegetable Inspection programs. Appropriates \$90,000 cash funds and \$901,000 cash funds exempt, which allows for the transfer of indirect cost recoveries between the Agricultural Services Division and the Commissioner's Office. Reduces the Department's General Fund appropriation by \$495,000. Sunsets effective July 1, 2006, and reinstates the previous indirect cost recovery caps.

**S.B. 03-180:** Appropriates \$94,000 of reserves from the Brand Inspection and the Mandatory Fruit and Vegetable Inspection funds to purchase a measurement standards truck. Eliminates the previous General Fund appropriation to accomplish this purchase.

**S.B. 03-197:** Reduces personal services by \$488,635 General Fund in the Department of Agriculture, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-199:** Supplemental appropriation to the FY 2002-03 Long Bill for the Department of Agriculture.

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-297:** Authorizes the Commissioner of Agriculture, in conjunction with Colorado Agricultural Commission, to increase fees for seven programs related to Inspection and Consumer Services in the Agricultural Services Division. Refinances the General Fund subsidy for these programs with revenue generated from these fee increases. Sunsets these fee increases on July 1, 2005, and returns the fees to their previous levels.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

### **2004 Session Bills**

**H.B. 04-1261:** Requires dangerous dog owners to have a microchip implanted in their pets and pay the State a non-refundable fee of \$50 per animal. Creates a dangerous dog registry to track ownership of these animals. Expands requirements that a court may place on a dangerous dog owner pursuant to violations of applicable statutes. Appropriates \$15,343 cash funds to the Department of Agriculture to implement and enforce this legislation.

**H.B. 04-1316:** Supplemental appropriation for FY 2003-04.

**H.B. 04-1422:** General appropriations act for FY 2004-05.

## DEPARTMENT OF CORRECTIONS

The Department is responsible for the following activities:

- ☐ Managing, supervising, and controlling the penal, correctional, and reformatory institutions operated and supported by the state;
- ☐ Improving, developing, and carrying forward programs of counseling and parole supervision to the end that persons now dependent upon tax-supported programs may be afforded opportunity and encouragement to be restored to productive independence;
- ☐ Developing a systematic building program providing for the projected, long-range needs of the institutions under the Department's control; and
- ☐ Developing correctional industries within the institutions, which have a rehabilitative or therapeutic value for inmates, and which supply necessary products for state institutions and other public purposes, as provided by law.

The Department is comprised of the following divisions:

1. Management
2. Institutions
3. Support Services
4. Inmate Programs
5. Community Services
6. Parole Board
7. Correctional Industries
8. Canteen Operation

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$449,923,942	\$452,142,967	\$469,617,009	\$500,199,822
Cash Funds	12,571,427	2,535,074	2,912,102	2,371,727
Cash Funds Exempt	35,055,589	40,112,885	59,904,567	52,274,745
Federal Funds	<u>8,885,060</u>	<u>3,046,063</u>	<u>3,869,707</u>	<u>2,915,688</u>
<b>Total Funds</b>	<b>\$506,436,018</b>	<b>\$497,836,989</b>	<b>\$536,303,385</b>	<b>\$557,761,982</b>
Full Time Equiv. Staff	5,661.0	5,610.8	5,825.6	5,879.9

## **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 include the following:

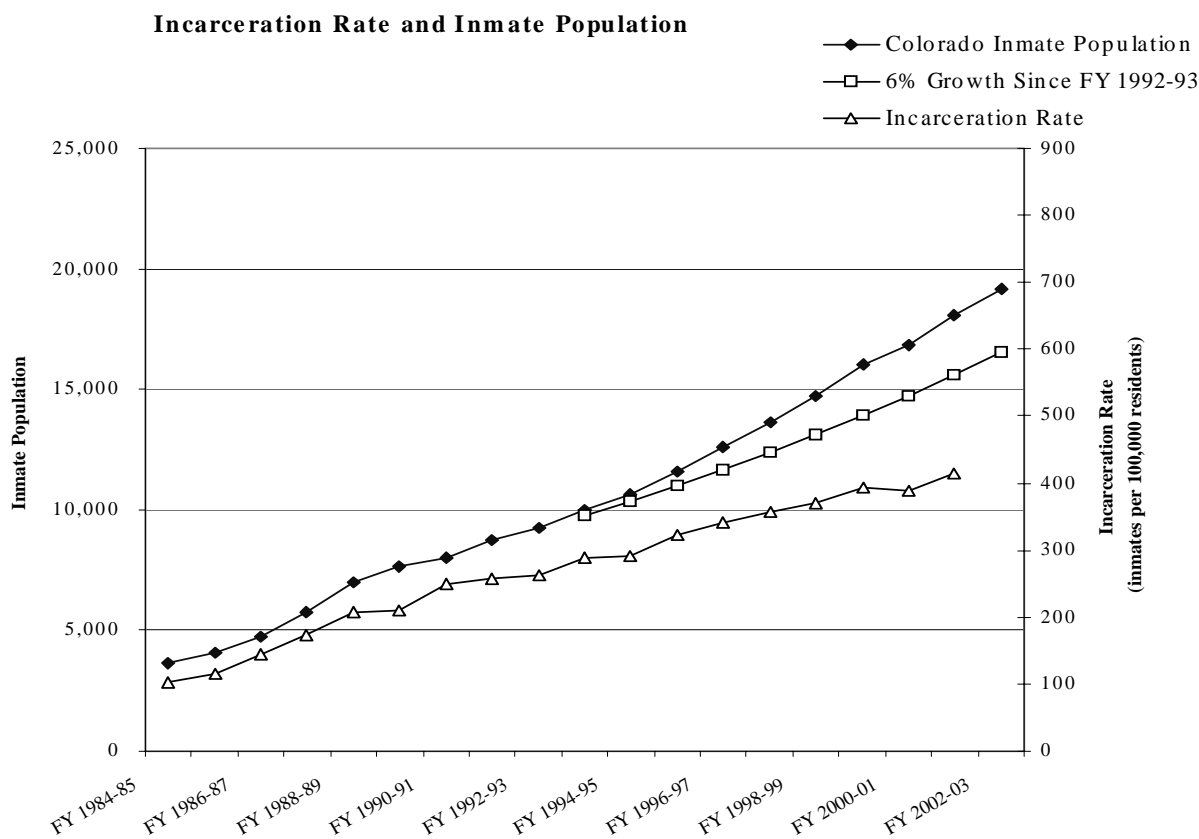
- ☐ A \$16.5 million General Fund increase for housing inmates in private prison facilities (\$950,000 is to offset a reduction in federal funds);
- ☐ An increase of \$10.6 million General Fund for salary survey, performance-based pay awards, and health, life, and dental insurance payments;
- ☐ An increase of \$4.0 million General Fund to annualize the cost of bringing beds online at the Denver Women's Correctional Facility;
- ☐ An increase of \$2.1 million General Fund for workers' compensation payments and payments to risk management and property funds;
- ☐ An increase of \$1.5 million General Fund for 62.8 FTE for additional correctional officers in the Housing and Security Subprogram;
- ☐ An increase of \$1.2 million General Fund for increased medical expenses associated with caseload growth;
- ☐ An increase of \$836,000 General Fund for 12.8 FTE for additional parole officers and community corrections officers due to caseload growth;
- ☐ An increase of \$574,000 General Fund for costs associated with a settlement agreement for a class action lawsuit related to the Americans with Disabilities Act;
- ☐ A \$3.3 million General Fund reduction due to a policy change to place 11.0 percent of the inmate population in community corrections placements;
- ☐ A \$779,000 General Fund reduction for miscellaneous base reductions;
- ☐ A \$559,000 General Fund reduction for a 0.2 percent reduction in personal services lines;
- ☐ A \$342,000 General Fund reduction associated with placing more inmates in community return to custody facilities authorized pursuant to S.B. 03-252; and
- ☐ A \$7.5 million cash funds exempt reduction based on historical reversions from the Canteen Operation and Correctional Industries.

## General Factors Driving the Budget

Funding for this department includes 89.7 percent General Fund, 0.4 percent cash funds, 9.4 percent cash funds exempt, and 0.5 percent federal funds. Factors driving the budget are reviewed below.

### Population Increase - Impact on Operating

The growth in the jurisdictional population is the primary factor driving the Department of Corrections' (DOC's) budget. This population includes the following: (a) inmates including those who are in a transition community corrections placement; and (b) inmates who have been placed on parole. The inmate population growth rate has exceeded 6.0 percent, the limit on General Fund appropriations. Furthermore, the incarceration rate has increased significantly over the past 18 years — a higher percent of Colorado's residents are incarcerated than in prior years.



Inmate Population Data: Legislative Council Staff.

Incarceration Rate Data Sources: FBI, Uniform Crime Reports, prepared by the National Archive of Criminal Justice Data.



### **Population Impacts – Jail Backlog**

Jail backlog occurs when inmates are sentenced to the Department of Corrections (DOC) and the capacity does not exist in state prisons or private contract facilities to hold them. In these instances, counties hold the inmates in the county jail until the DOC has the capacity to take them. Pursuant to Section 17-1-112, C.R.S., the DOC is required to reimburse the counties for holding these inmates, subject to available appropriations. The following information highlights the jail backlog history for the past five years.

	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp.</b>	<b>FY 04-05 Approp.</b>
Average County Jail Backlog	287	316	433	426	374
Cost of Jail Backlog	\$5,284,233	\$5,951,969	\$8,169,693	\$7,245,374	\$6,343,839
Daily Reimbursement Rate	\$50.39	\$51.65	\$51.65	\$46.49	\$46.49
Percent Rate Increase/(Decrease)	n/a	2.5%	0.0%	-10.0%	0.0%

### **Population Impacts – Private Contract Prisons**

In the early 1990's, the DOC began contracting with private prison operators in order to reduce the number of inmates in the jail backlog while state facilities were being constructed. As of April 30, 2004, the DOC had approximately 3,033 inmates in contract facilities. There were 768 inmates in Kit Carson County, 826 inmates in Crowley County, 699 inmates in Bent County, 704 inmates in Huerfano County, and 36 inmates in Guadalupe County, Texas. In FY 2004-05, it is estimated that 3,600 inmates (on average) will be in private prisons. In response to the shortage of high custody prison beds, the Department of Corrections began sending inmates out of state in April 2004 to a county jail in Texas. In May 2004, these inmates were transferred to a private prison in Mississippi. The following information highlights the private contracts over the past five years.

	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp.</b>	<b>FY 04-05 Approp.</b>
Average Daily Population	1,995	2,271	2,447	2,989	3,600
Cost of Private Contracts	\$38,832,679	\$45,301,729	\$46,854,454	\$54,954,451	\$66,192,930
Daily Reimbursement Rate	\$53.33	\$54.66	\$52.47	\$50.37	\$50.37
Percent Rate Increase/(Decrease)	n/a	2.5%	-4.0%	-4.0%	0.0%

### **Population Impacts – Impact on Capital Construction and Certificates of Participation**

Population increases have resulted in the need to build or renovate several prisons. The following information highlights the appropriations for the past six years with regard to prison capacity expansion.

	<b>FY 99-00 Approp.</b>	<b>FY 00-01 Approp.</b>	<b>FY 01-02 Approp.</b>	<b>FY 02-03 Approp.</b>	<b>FY 03-04 COP Authorization</b>	<b>FY 04-05 Approp.</b>
Capital Appropriation	\$0	\$2,088,700	\$12,824,368	\$0	\$102,800,000	\$0

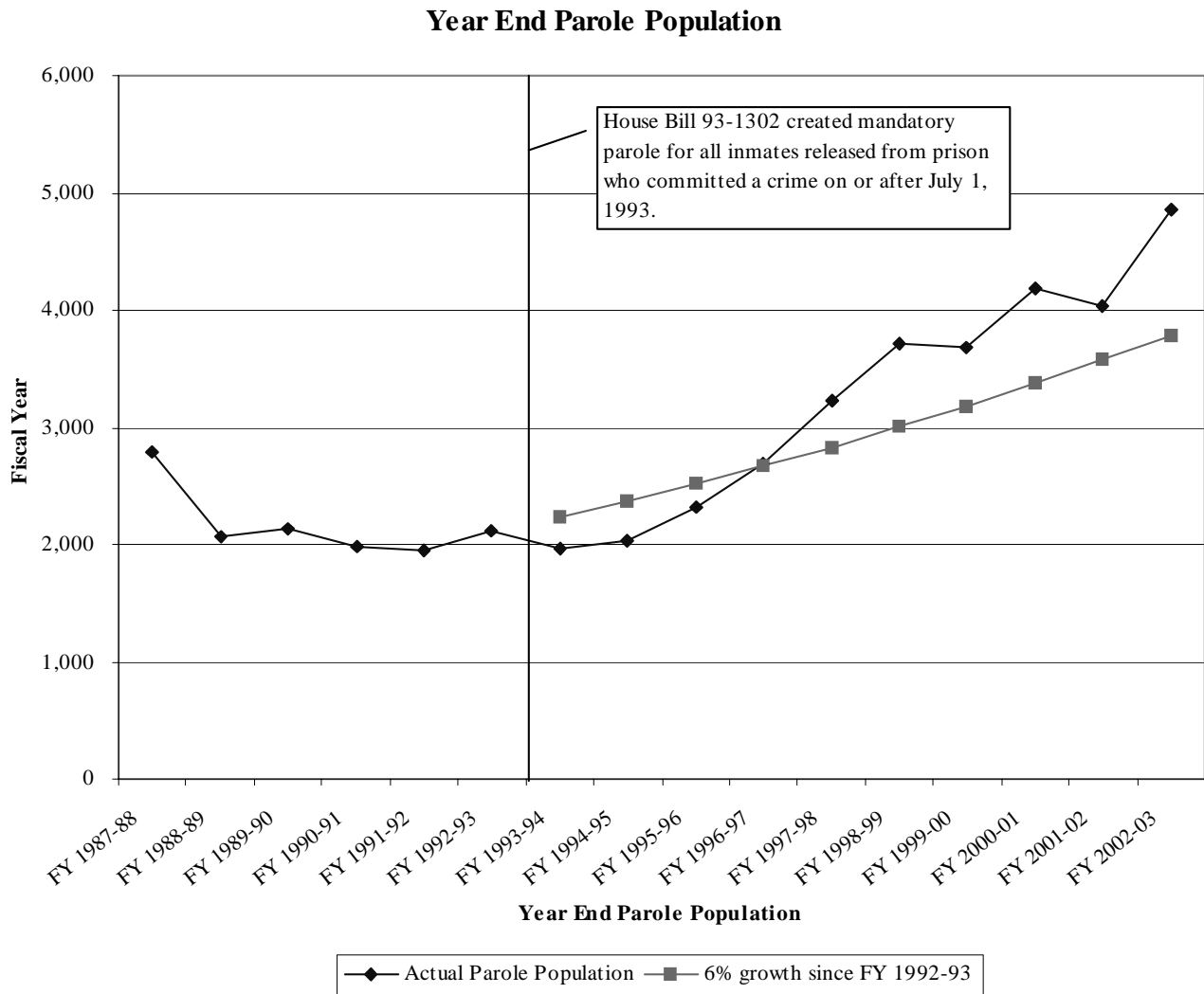
When the Owens administration took office in 1999, the capital construction requests for new prisons were withdrawn. This was done to give the new administration an opportunity to review options other than state prison construction, including the use of private facilities. The FY 2000-01 capital appropriation was for professional services to plan the 250-bed expansion of San Carlos Correctional Facility, which houses mentally ill inmates. During the 2000 Legislative Session, it was determined that DOC should, when feasible, place inmates with classifications of medium and below in private facilities and build state facilities for inmates classified as close and administrative segregation.

The General Assembly originally appropriated \$66.3 million total funds in FY 2001-02 for expansion and new facilities. During the 2001 special session and supplementals in the 2002 session, the capital construction appropriation for FY 2001-02 was reduced to \$12.8 million total funds. These reductions were the result of the decline in state revenues. The FY 2001-02 appropriation provided funding for the conversion of the Fort Lyon Veteran's Hospital to a prison. The expansion projects at San Carlos, Arkansas Valley, and Denver Reception and Diagnostic Center were postponed. As a result of the shortfall of state revenues, no capital construction funding was provided for prison expansion in FY 2002-03, FY 2003-04, or FY 2004-05.

In the 2003 session, H.B. 03-1256 was enacted. This bill authorized the Department of Corrections to enter into a 15-year, lease-purchase agreement (Certificate of Participation) not to exceed \$102.8 million, plus necessary administrative, monitoring, interest, and closing costs. This agreement is intended to fund a high security prison with a 948-bed capacity located on the Cañon City Complex.

## Parole Population Increase

The parole population also has an impact on the Department of Corrections' budget. Since FY 1993-94, the population has grown at a compound annual rate of 7.6 percent.



## Inmate and Parole Population Impacts – Community Services

An expanding population results in an increase in the number of inmates placed on community corrections and parole. Community corrections allows inmates to transition to the community while still classified as a DOC inmate. Inmates assigned to community corrections are either placed in a halfway house or in an intensive supervision program (ISP). The Department of Corrections is responsible for supervision of these offenders.

Pursuant to the provisions of S.B. 03-252, parolees can be revoked to the DOC for 180 days for a technical revocation (a revocation that was not the result of the commission of a new offense), provided that the parolee was serving parole for a nonviolent offense. These offenders are placed in community corrections return to custody beds, which are funded with appropriations to the Department of Corrections. Other community corrections programs are funded with appropriations made to the Division of Criminal Justice in the Department of Public Safety.

Inmates are released to parole based on the discretion of the Parole Board, or under mandatory parole statutes, depending on the statutes under which they were sentenced. There are two types of parole, regular and intensive supervision. The following information highlights the past five years of community corrections and parole activity.

	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp.</b>	<b>FY 04-05 Approp.</b>
Community Corrections Supervision	\$8,822,768	\$9,230,269	\$9,076,660	\$9,241,676	\$10,385,397
Percent Change	n/a	4.6%	-1.7%	1.8%	12.4%
Community Return to Custody Beds	n/a	n/a	n/a	\$443,153	\$1,688,628
Percentage Change	n/a	n/a	n/a	n/a	281.0%
Parole Supervision	\$8,315,715	\$9,424,032	\$10,044,407	\$10,423,522	\$10,762,745
Percent Change	n/a	13.3%	6.6%	3.8%	3.3%

## Summary of FY 2003-04 and FY 2004-05 Appropriations

### Total Department Appropriations

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Total Appropriation:</b>	<b>\$469,617,009</b>	<b>\$2,912,102</b>	<b>\$59,904,567</b>	<b>\$3,869,707</b>	<b>\$536,303,385</b>	<b>5,825.6</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management	90,631,102	898,545	1,062,283	3,087,747	95,679,677	75.3
Institutions	308,887,181	59,262	997,707	80,000	310,024,150	4,568.7
Support Services	21,358,643	692,418	122,324	0	22,173,385	290.3
Inmate Programs	28,117,619	1,261,877	5,331,303	701,960	35,412,759	436.7
Community Services	19,595,721	0	69,477	0	19,665,198	224.4
Parole Board	1,026,743	0	0	0	1,026,743	13.5

	GF	CF	CFE	FF	Total	FTE
Correctional Industries	0	0	40,332,396	0	40,332,396	191.0
Canteen Operation	0	0	11,989,077	0	11,989,077	25.7
<u>Breakdown of Total Appropriation by Bill</u>						
HB 00-1107	449,151	0	0	0	449,151	0.0
HB 00-1111	134,251	0	0	0	134,251	0.0
HB 00-1158	346,342	0	0	0	346,342	0.0
HB 00-1201	635,069	0	0	0	635,069	0.0
HB 00-1214	409,313	0	0	0	409,313	0.0
HB 00-1247	67,782	0	0	0	67,782	0.0
SB 01-210	176,013	0	0	0	176,013	0.0
HB 01-1205	679,346	0	0	0	679,346	0.0
HB 01-1242	160,134	0	0	0	160,134	0.0
HB 01-1344	26,689	0	0	0	26,689	0.0
SB 02-50	190,757	0	0	0	190,757	0.0
HB 02-1038	190,757	0	0	0	190,757	0.0
HB 02-1283	27,251	0	0	0	27,251	0.0
HB 02-1396	27,251	0	0	0	27,251	0.0
HB 02S1-1006	22,255	0	0	0	22,255	0.0
SB 03-252	(760,997)	0	0	0	(760,997)	1.0
SB 03-258	479,343,050	2,971,704	59,134,708	5,122,655	546,572,117	5,824.6
SB 03-273	(12,240,936)	(56,589)	(372,008)	0	(12,669,533)	0.0
HB 03-1213	(69,467)	0	0	0	(69,467)	0.0
HB 03-1316	(42,503)	(73)	(1,485)	0	(44,061)	0.0
HB 04-1317	(154,499)	(2,940)	1,143,352	(1,252,948)	(267,035)	0.0
<b>FY 2004-05 Total Appropriation:</b>						
	<b>\$500,199,822</b>	<b>\$2,371,727</b>	<b>\$52,274,745</b>	<b>\$2,915,688</b>	<b>\$557,761,982</b>	<b>5,879.9</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management	116,008,623	103,315	1,432,030	2,137,747	119,681,715	72.8
Institutions	312,741,899	224,679	2,060,936	80,000	315,107,514	4,658.3

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
Support Services	20,945,561	640,672	140,338	0	21,726,571	283.2
Inmate Programs	28,354,365	1,403,061	3,766,401	697,941	34,221,768	419.4
Community Services	21,078,665	0	69,477	0	21,148,142	238.0
Parole Board	1,070,709	0	0	0	1,070,709	13.5
Correctional Industries	0	0	34,472,960	0	34,472,960	171.0
Canteen Operation	0	0	10,332,603	0	10,332,603	23.7
<b><u>Breakdown of Total Appropriation by Bill</u></b>						
HB 00-1107	449,151	0	0	0	449,151	0.0
HB 00-1111	134,251	0	0	0	134,251	0.0
HB 00-1158	346,342	0	0	0	346,342	0.0
HB 00-1201	635,069	0	0	0	635,069	0.0
HB 00-1214	409,313	0	0	0	409,313	0.0
HB 00-1247	67,782	0	0	0	67,782	0.0
SB 01-46	23,833	0	0	0	23,833	0.0
SB 01-210	176,013	0	0	0	176,013	0.0
HB 01-1204	10,058	0	0	0	10,058	0.0
HB 01-1242	213,512	0	0	0	213,512	0.0
HB 01-1344	26,689	0	0	0	26,689	0.0
SB 02-50	381,514	0	0	0	381,514	0.0
HB 02-1038	389,462	0	0	0	389,462	0.0
HB 02-1283	27,251	0	0	0	27,251	0.0
HB 02-1301	24,526	0	0	0	24,526	0.0
HB 02-1396	27,251	0	0	0	27,251	0.0
HB 03-1213	28,818	0	0	0	28,818	0.0
HB 04-1419	0	(1,064,340)	0	0	(1,064,340)	0.0
HB 04-1422	496,828,987	3,436,067	52,274,745	2,915,688	555,455,487	5,879.9
<b>Increase/(Decrease)</b>	<b>\$30,582,813</b>	<b>(\$540,375)</b>	<b>(\$7,629,822)</b>	<b>(\$954,019)</b>	<b>\$21,458,597</b>	<b>54.3</b>
Percentage Change	6.5%	-18.6%	-12.7%	-24.7%	4.0%	0.9%

## **Detail of Appropriation by Administrative Section**

### **Management**

The Management division contains the main departmental management functions including the Executive Director's Office and the External Capacity Subprogram. Funding for the Management division is 96.9 percent General Fund. Cash funds and cash funds exempt funding are primarily Correctional Industries sales revenue, Canteen Operation sales revenue, the Sex Offender Surcharge Fund, and the Victims Assistance and Law Enforcement funds. The federal funds are primarily from reimbursement for housing illegal aliens.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-252	(\$799,151)	\$0	\$0	\$0	(\$799,151)	0.0
SB 03-258	106,338,122	955,207	1,491,652	4,117,059	112,902,040	75.3
SB 03-273	(12,240,936)	(56,589)	(372,008)	0	(12,669,533)	0.0
HB 03-1316	(42,503)	(73)	(1,485)	0	(44,061)	0.0
HB 04-1317	<u>(2,624,430)</u>	<u>0</u>	<u>(55,876)</u>	<u>(1,029,312)</u>	<u>(3,709,618)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$90,631,102</b>	<b>\$898,545</b>	<b>\$1,062,283</b>	<b>\$3,087,747</b>	<b>\$95,679,677</b>	<b>75.3</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1419	(\$19,001)	(\$1,045,339)	\$0	\$0	(\$1,064,340)	0.0
HB 04-1422	<u>116,027,624</u>	<u>1,148,654</u>	<u>1,432,030</u>	<u>2,137,747</u>	<u>120,746,055</u>	<u>72.8</u>
<b>TOTAL</b>	<b>\$116,008,623</b>	<b>\$103,315</b>	<b>\$1,432,030</b>	<b>\$2,137,747</b>	<b>\$119,681,715</b>	<b>72.8</b>
<b>Increase/(Decrease)</b>	\$25,377,521	(\$795,230)	\$369,747	(\$950,000)	\$24,002,038	(2.5)
Percentage Change	28.0%	-88.5%	34.8%	-30.8%	25.1%	-3.3%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Executive Director's Office Subprogram	61.8	57.8
External Capacity Subprogram	<u>13.5</u>	<u>15.0</u>
	75.3	72.8

*FTE Changes:* The appropriation includes a net reduction of 2.5 FTE. This amount includes a base reduction of 4.0 FTE from the Executive Director's Office and an increase of 1.5 FTE for the private prison monitoring unit.

*General Fund Changes:* The General Fund increase is attributable to the following increases: (1) \$15.6 million for external capacity to house inmates in private prisons and county jails; (2) \$5.8 million for salary survey for FY 2004-05; (3) \$3.2 million for performance-based pay awards; (4) \$1.7 million for health, life, and dental insurance; (5) \$1.6 million for workers' compensation; (6) \$1.0 million for the private prison monitoring unit pursuant to H.B. 04-1419; (7) \$950,000 for housing inmates to offset an anticipated loss of federal funds; (8) \$664,000 for payments to risk management; (9) \$284,000 to annualize health, life, and dental, short-term disability and salary survey for 63.0 FTE approved for FY 2003-04 at Denver Women's Correctional Facility; (10) \$266,000 for legal expenses for a lawsuit with a contractor that built the Trinidad prison; and (11) \$114,000 for benefits for additional correctional officers.

These amounts are partially offset by the following General Fund reductions: (1) \$3.7 million in savings for a policy change to place 11.0 percent of inmates in community corrections placements; (2) \$1.1 million for the reimbursement of private prisons pursuant to H.B. 04-1419; (3) \$317,000 in savings for placing more inmates in community return to custody beds authorized pursuant to S.B. 03-252; (4) \$308,000 for elimination of one-time expenses in FY 2003-04 related to the issuance of certificates of participation; (5) \$242,000 for a base reduction associated with eliminating 4.0 FTE; and (6) \$8,000 for a 0.2 percent personal services reduction.

*Cash Funds Changes:* The cash funds reduction is attributable to H.B. 04-1419, which required General Fund to be used to pay for the private prison monitoring unit.

*Cash Funds Exempt Changes:* The cash funds exempt increase is attributable to the following changes: (1) a \$183,000 increase for salary survey for employees in Correctional Industries and the Canteen Operation; (2) a \$134,000 increase for performance-based pay awards for employees in Correctional Industries and the Canteen Operation; (3) a \$59,000 increase for workers' compensation; (4) a \$14,000 increase for payments to risk management; (5) a \$37,000 reduction for shift differential; and (6) other miscellaneous changes.

*Federal Fund Changes:* The reduction in federal funds is due to a lower anticipated federal funds from the State Criminal Alien Assistance Program, which reimburses governmental agencies for holding illegal aliens.

## **Institutions**

The Institutions division includes all cost centers directly attributable to operation of the State's adult correctional facilities. These subprogram cost centers include utilities, maintenance, housing and security, food services, medical services, superintendents, the Youth Offender System, and the specialized San Carlos Correctional Facility. Funding for the Institutions division is 99.2 percent General Fund. The cash funds are primarily from fees charged for inmate medical costs. The cash funds exempt are primarily from utilities costs associated with Correctional Industries programs. The federal funds are primarily from donated U.S. Department of Agriculture foods.



	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
HB 00-1107	\$449,151	\$0	\$0	\$0	\$449,151	0.0
HB 00-1111	134,251	0	0	0	134,251	0.0
HB 00-1158	346,342	0	0	0	346,342	0.0
HB 00-1201	635,069	0	0	0	635,069	0.0
HB 00-1214	409,313	0	0	0	409,313	0.0
HB 00-1247	67,782	0	0	0	67,782	0.0
SB 01-210	176,013	0	0	0	176,013	0.0
HB 01-1205	679,346	0	0	0	679,346	0.0
HB 01-1242	160,134	0	0	0	160,134	0.0
HB 01-1344	26,689	0	0	0	26,689	0.0
SB 02-50	190,757	0	0	0	190,757	0.0
HB 02-1038	190,757	0	0	0	190,757	0.0
HB 02-1283	27,251	0	0	0	27,251	0.0
HB 02-1396	27,251	0	0	0	27,251	0.0
HB 02S1-1006	22,255	0	0	0	22,255	0.0
SB 03-258	303,652,142	59,262	744,954	80,000	304,536,358	4,568.7
HB 03-1213	(69,467)	0	0	0	(69,467)	0.0
HB 04-1317	<u>1,762,145</u>	<u>0</u>	<u>252,753</u>	<u>0</u>	<u>2,014,898</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$308,887,181</b>	<b>\$59,262</b>	<b>\$997,707</b>	<b>\$80,000</b>	<b>\$310,024,150</b>	<b>4,568.7</b>
<b>FY 2004-05 Appropriation:</b>						
HB 00-1107	\$449,151	\$0	\$0	\$0	\$449,151	0.0
HB 00-1111	134,251	0	0	0	134,251	0.0
HB 00-1158	346,342	0	0	0	346,342	0.0
HB 00-1201	635,069	0	0	0	635,069	0.0
HB 00-1214	409,313	0	0	0	409,313	0.0
HB 00-1247	67,782	0	0	0	67,782	0.0
SB 01-46	23,833	0	0	0	23,833	0.0

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
SB 01-210	176,013	0	0	0	176,013	0.0
HB 01-1204	10,058	0	0	0	10,058	0.0
HB 01-1242	213,512	0	0	0	213,512	0.0
HB 01-1344	26,689	0	0	0	26,689	0.0
SB 02-50	381,514	0	0	0	381,514	0.0
HB 02-1038	389,462	0	0	0	389,462	0.0
HB 02-1283	27,251	0	0	0	27,251	0.0
HB 02-1301	24,526	0	0	0	24,526	0.0
HB 02-1396	27,251	0	0	0	27,251	0.0
HB 03-1213	28,818	0	0	0	28,818	0.0
HB 04-1422	<u>309,371,064</u>	<u>224,679</u>	<u>2,060,936</u>	<u>80,000</u>	<u>311,736,679</u>	<u>4,658.3</u>
<b>TOTAL</b>	<b>\$312,741,899</b>	<b>\$224,679</b>	<b>\$2,060,936</b>	<b>\$80,000</b>	<b>\$315,107,514</b>	<b>4,658.3</b>
<b>Increase/(Decrease)</b>	\$3,854,718	\$165,417	\$1,063,229	\$0	\$5,083,364	89.6
Percentage Change	1.2%	279.1%	106.6%	0.0%	1.6%	2.0%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Utilities Subprogram	0.5	0.0
Maintenance Subprogram	284.7	287.1
Housing and Security Subprogram	2,699.5	2,800.5
Food Service Subprogram	249.1	251.1
Medical Services Subprogram	434.3	408.8
Laundry Subprogram	35.4	36.4
Superintendents Subprogram	165.2	165.2
Boot Camp Subprogram	32.7	32.7
Youthful Offender System Subprogram	174.4	174.4
Case Management Subprogram	213.0	218.0
Mental Health Services Subprogram	67.3	69.5
San Carlos Subprogram	197.1	197.1

FTE Detail	FY 2003-04	FY 2004-05
Legal Access Subprogram	<u>15.5</u>	<u>17.5</u>
	4,568.7	4,658.3

*FTE Changes:* The appropriation includes a net increase of 89.6 FTE. This increase includes the following changes: (1) an increase of 62.8 FTE for additional correctional officers in the Housing and Security Subprogram; (2) an increase of 55.3 FTE to annualize the cost of 193 beds that were brought online at Denver Women's Correctional Facility in FY 2003-04; and (3) an increase of 2.0 FTE to comply with a settlement agreement from a class action lawsuit regarding the Americans with Disabilities Act. These increases are partially offset by base reductions of 30.5 FTE. Of these reductions, 30.0 FTE were vacant FTE in the Medical Services Subprogram, and 0.5 FTE was a vacant position in the Water Rights Management Subprogram.

*General Fund Changes:* The net increase in General Fund is attributable to the following increases: (1) \$3.1 million to annualize expenses related to bringing 193 beds online at the Denver Women's Correctional Facility in FY 2003-04; (2) \$1.5 million for 62.8 additional correctional officers; (3) \$1.2 million for additional medical expenses related to caseload increases; (4) \$356,000 for expenses associated with a settlement agreement from a class action lawsuit regarding the Americans with Disabilities Act; and (5) \$116,000 for inmate clothing.

These increases are offset by the following General Fund reductions: (1) \$1.1 million associated with refinancing utilities expenses with transfer payments from operating expense line items; (2) \$454,000 due to 0.2 percent reduction for personal services line items; (3) \$265,000 in savings for medical expenses associated with a policy to place 11.0 percent of the inmate population in community corrections programs; (4) \$165,000 in savings associated with refinancing the medical expenses with inmate co-payments; (5) \$151,000 in savings associated with elimination of the Water Rights Management Subprogram (these functions will be performed by the Facility Services Subprogram using the utilities line item to pay for contract costs); (6) \$111,000 in savings for medical expenses associated with the placement of more inmates in community-return-to-custody facilities pursuant to S.B. 03-252; and (7) a \$85,000 reduction for one-time costs in FY 2003-04.

*Cash Funds Changes:* The increase is for an anticipated increase in medical co-pays from inmates.

*Cash Exempt Changes:* The cash funds exempt increase reflects an appropriation of transfer payments from other operating expense line items in the Department for utilities.

## **Support Services**

The Support Services Division includes business operations, personnel, offender services, communications, transportation, training, information systems, and facility services. Funding for the Support Services Division is 96.4 percent General Fund. The cash funds and cash funds exempt are primarily from sales from Canteen operations and Correctional Industries.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$20,785,486	\$695,358	\$193,501	\$0	\$21,674,345	290.3
HB 04-1317	<u>573,157</u>	<u>(2,940)</u>	<u>(71,177)</u>	<u>0</u>	<u>499,040</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$21,358,643</b>	<b>\$692,418</b>	<b>\$122,324</b>	<b>\$0</b>	<b>\$22,173,385</b>	<b>290.3</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1419	\$19,001	(\$19,001)	\$0	\$0	\$0	0.0
HB 04-1422	<u>20,926,560</u>	<u>659,673</u>	<u>140,338</u>	<u>0</u>	<u>21,726,571</u>	<u>283.2</u>
<b>TOTAL</b>	<b>\$20,945,561</b>	<b>\$640,672</b>	<b>\$140,338</b>	<b>\$0</b>	<b>\$21,726,571</b>	<b>283.2</b>
<b>Increase/(Decrease)</b>	<b>(\$413,082)</b>	<b>(\$51,746)</b>	<b>\$18,014</b>	<b>\$0</b>	<b>(\$446,814)</b>	<b>(7.1)</b>
Percentage Change	-1.9%	-7.5%	14.7%	n/a	-2.0%	-2.4%

FTE Detail	FY 2003-04	FY 2004-05
Business Operations Subprogram	108.2	107.7
Personnel Subprogram	24.3	16.7
Offender Services Subprogram	36.8	36.8
Communications Subprogram	8.2	8.2
Transportation Subprogram	27.3	27.3
Training Subprogram	26.3	27.3
Information Systems Subprogram	50.6	50.6
Facility Services Subprogram	<u>8.6</u>	<u>8.6</u>
	290.3	283.2

*FTE Changes:* The appropriation includes a net reduction of 7.1 FTE. Of this amount, 10.6 FTE are base reductions from the following subprograms: (1) 7.6 FTE from the Personnel Subprogram; (2) 2.0 FTE from the Business Operations Subprogram; and (3) 1.0 FTE from the Information Systems Subprogram. These base reductions are partially offset by an increase of 2.0 FTE to comply with a settlement agreement from a class action lawsuit regarding the Americans with Disabilities Act and 1.5 FTE to annualize costs associated with bringing 193 beds online at the Denver Women's Correctional Facility in FY 2003-04.

*General Fund Changes:* The net decrease in General Fund includes the following reductions: (1) \$500,000 for base reductions; (2) \$117,000 for lower costs associated with communications payments to the Department of Personnel and Administration; (3) \$84,000 for one-time expenses in FY 2003-04 associated with a settlement agreement from a class action lawsuit regarding the Americans with Disabilities Act; (4) \$68,000 for lower vehicle lease payments; and (5) \$30,000 for a 0.2 percent personal services reduction.

These reductions are partially offset by the following increases: (1) \$218,000 for expenses associated with a settlement agreement from a class action lawsuit regarding the Americans with Disabilities Act; (2) \$63,000 to annualize FY 2003-04 appropriations associated with bringing 193 beds online at the Denver Women's Correctional Facility; (3) \$43,000 due to lower indirect cost recoveries from cash and cash exempt sources available to offset General Fund; (4) \$30,000 for higher costs associated with the multiuse network; (5) \$19,000 associated with H.B. 04-1419; and (6) \$4,000 for costs associated with additional parole officers and community corrections officers due to caseload increases.

*Cash Funds Changes:* The net cash fund reduction is attributable to the following changes: (1) a \$43,000 reduction for lower indirect cost recoveries; (2) a reduction of \$19,000 associated with H.B. 04-1419; and (3) an increase of \$10,000 for fees paid by private prisons to offset the cost of the private prison monitoring unit.

*Cash Funds Exempt Changes:* The net cash funds exempt increase is attributable to the following changes: (1) an increase of \$16,600 for vehicle lease payments; (2) an increase of \$1,700 for payments to the multiuse network; and (3) a reduction of \$300 due to lower indirect cost recoveries.

## **Inmate Programs**

The Inmate Programs division includes all educational, vocational, recreational, and inmate labor programs operated by the Department. Also included in this division are the Sex Offender Treatment Subprogram and Drug and Alcohol Treatment Subprogram. Funding for the Inmate Programs is 82.9 percent General Fund. The cash funds are primarily from Drug Offender Surcharge funds. The cash funds exempt and federal funds are primarily from educational grants.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$28,091,866	\$1,261,877	\$4,313,651	\$925,596	\$34,592,990	436.7
HB 04-1317	<u>25,753</u>	<u>0</u>	<u>1,017,652</u>	<u>(223,636)</u>	<u>819,769</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$28,117,619</b>	<b>\$1,261,877</b>	<b>\$5,331,303</b>	<b>\$701,960</b>	<b>\$35,412,759</b>	<b>436.7</b>

<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$28,354,365</u>	<u>\$1,403,061</u>	<u>\$3,766,401</u>	<u>\$697,941</u>	<u>\$34,221,768</u>	<u>419.4</u>
<b>TOTAL</b>	<b>\$28,354,365</b>	<b>\$1,403,061</b>	<b>\$3,766,401</b>	<b>\$697,941</b>	<b>\$34,221,768</b>	<b>419.4</b>
<hr/>						
<b>Increase/(Decrease)</b>	\$236,746	\$141,184	(\$1,564,902)	(\$4,019)	(\$1,190,991)	(17.3)
Percentage Change	0.8%	11.2%	-29.4%	-0.6%	-3.4%	-4.0%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Labor Subprogram	98.3	97.3
Education Subprogram	152.6	142.6
Recreation Subprogram	122.7	119.9
Drug and Alcohol Treatment Subprogram	3.5	3.5
Sex Offender Treatment Subprogram	36.1	36.1
Volunteers Subprogram	9.0	9.0
Community Reintegration Subprogram	<u>14.5</u>	<u>11.0</u>
	436.7	419.4

*FTE Changes:* The appropriation includes a reduction of 17.3 FTE due to the following reductions: (1) 10.0 FTE in the Education Subprogram; (2) 3.5 FTE in the Community Reintegration Subprogram; (3) 2.8 FTE in the Recreation Subprogram; and (4) and 1.0 FTE in the Labor Subprogram.

*General Fund Changes:* The net increase in General Fund includes the following increases: (1) \$629,000 to annualize the costs associated with bringing 193 new beds online at Denver Women's Correctional Facility in FY 2003-04; and (2) \$19,000 related to treatment costs for parole caseload increases. These increases are partially offset by the following base reductions: (1) \$149,000 in the Education Subprogram; (2) \$145,000 in the Community Reintegration Subprogram; (3) \$43,000 in the Labor Subprogram; (4) \$42,000 associated with a 0.2 percent reduction to personal services line items; and (5) \$32,000 in the Recreation Subprogram.

*Cash Fund Changes:* The increase in cash funds is attributable to an increase in appropriations from the Drug Offender Surcharge Fund, which is used to pay for the treatment of inmates.

*Cash Funds Exempt Changes:* The reduction in cash funds exempt reflects an anticipated reduction in federal grants received from the Division of Criminal Justice in the Department of Public Safety and from the Alcohol and Drug Abuse Division in the Department of Human Services.

*Federal Funds:* The reduction in federal funds is due to a reduction in anticipated federal grants for vocational education and a reduction in statewide indirect cost recoveries for FY 2004-05.

## Community Services

The Community Services division includes the parole, parole Intensive Supervision Program (ISP), community supervision (transition), and community ISP (transition) subprograms. This major program area is designed to isolate most costs associated with supervising inmates and parolees in a community setting. Other costs associated with residential community corrections placements are appropriated to the Department of Public Safety, Division of Criminal Justice. Funding for the Community Services division is 99.7 percent General Fund. The cash funds exempt are moneys transferred from the Division of Criminal Justice in the Department of Public Safety.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-252	\$38,154	\$0	\$0	\$0	\$38,154	1.0
SB 03-258	19,448,691	0	69,477	0	19,518,168	223.4
HB 04-1317	<u>108,876</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>108,876</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$19,595,721</b>	<b>\$0</b>	<b>\$69,477</b>	<b>\$0</b>	<b>\$19,665,198</b>	<b>224.4</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$21,078,665</u>	<u>\$0</u>	<u>\$69,477</u>	<u>\$0</u>	<u>\$21,148,142</u>	<u>238.0</u>
<b>TOTAL</b>	<b>\$21,078,665</b>	<b>\$0</b>	<b>\$69,477</b>	<b>\$0</b>	<b>\$21,148,142</b>	<b>238.0</b>
<b>Increase/(Decrease)</b>	\$1,482,944	\$0	\$0	\$0	\$1,482,944	13.6
Percentage Change	7.6%	n/a	0.0%	n/a	7.5%	6.1%

FTE Detail	FY 2003-04	FY 2004-05
Parole Subprogram	101.2	100.8
Parole Intensive Supervision Subprogram	42.9	43.7
Community Intensive Supervision Subprogram	42.4	47.5
Community Supervision Subprogram	28.4	36.5
Youthful Offender System Aftercare	<u>9.5</u>	<u>9.5</u>
	224.4	238.0

*FTE Changes:* The appropriation includes an increase of 13.6 FTE, which includes the following increases: (1) 6.9 FTE for community corrections officers based on increased community corrections caseload; (2) 5.6 FTE for community corrections officers based on a policy change to place 11.0 percent of the inmates in community corrections; (3) 0.7 FTE for community corrections officers based on an increase in community return to custody placements pursuant to S.B. 03-252; and (4) 0.4 FTE for parole officers based on an increase in the parole caseload.

*General Fund Changes:* The net General Fund increase is primarily attributable to the following increases: (1) \$655,000 for inmate supervision costs associated with a policy change to place 11.0 percent of the inmate population in community corrections; (2) \$411,000 for supervision costs associated with caseload increases in community corrections; (3) \$354,000 due to a larger parole caseload; and (4) \$85,000 for caseload expenses associated with an increase in community-return-to-custody placements pursuant to S.B. 03-252. These increases are partially offset a \$23,000 reduction associated with a 0.2 percent reduction to personal services line items.

## Parole Board

The Parole Board has discretion to grant or deny parole for persons who were not sentenced under mandatory parole. The Board can stipulate conditions of parole for discretionary and mandatory parolees. When conditions of parole are violated, the Board can revoke a person's parole. Funding for the Parole Board is 100.0 percent General Fund.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$1,026,743</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,026,743</u>	<u>13.5</u>
<b>TOTAL</b>	<b>\$1,026,743</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,026,743</b>	<b>13.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$1,070,709</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,070,709</u>	<u>13.5</u>
<b>TOTAL</b>	<b>\$1,070,709</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,070,709</b>	<b>13.5</b>
<b>Increase/(Decrease)</b>	\$43,966	\$0	\$0	\$0	\$43,966	0.0
Percentage Change	4.3%	n/a	n/a	n/a	4.3%	n/a

*General Fund Changes:* The net increase in General Fund appropriations includes the following three changes: (1) an increase of \$29,000 for a contract hearing officer; (2) an increase of \$17,000 for a contract attorney to represent inmates who are incapable of representing themselves at parole revocation hearings; and (3) a reduction of \$2,000 for a 0.2 percent reduction in personal services.



## Correctional Industries

Correctional Industries manages profit-oriented work programs to provide inmates with training in various job skills while generating revenues to cover its costs. The major businesses operated by Correctional Industries include manufacturing operations for automobile license plates, office furniture, and modular office systems; a print shop; a leather products shop; and a garment production operation. Correctional Industries sells its products primarily to other government agencies. Funding for the Correctional Industries division is 100 percent cash funds exempt from sales of Correctional Industries products and services. Because Correctional Industries is an enterprise for the purposes of Section 20 of Article X of the State Constitution, appropriations in this area are categorized as cash funds exempt (Section 17-24-104, C.R.S.).

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$0</u>	<u>\$40,332,396</u>	<u>\$0</u>	<u>\$40,332,396</u>	<u>191.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$40,332,396</b>	<b>\$0</b>	<b>\$40,332,396</b>	<b>191.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$0</u>	<u>\$34,472,960</u>	<u>\$0</u>	<u>\$34,472,960</u>	<u>171.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$34,472,960</b>	<b>\$0</b>	<b>\$34,472,960</b>	<b>171.0</b>
<b>Increase/(Decrease)</b>	\$0	\$0	(\$5,859,436)	\$0	(\$5,859,436)	(20.0)
Percentage Change	n/a	n/a	-14.5%	n/a	-14.5%	-10.5%

*FTE Changes:* The appropriation eliminates 20.0 FTE to reflect historical utilization of FTE, which included significant reversions in recent years.

*Cash Funds Exempt Changes:* The reduction in cash funds exempt is the result of the following reductions: (1) \$2.5 million for the purchase of raw materials based on historical expenditures for this purpose; (2) \$1.5 million for operating expenses based on historical expenditures; (3) \$1.0 million for personal services based on historical expenditures; (4) \$800,000 for inmate pay based on historical expenditures; and (5) \$40,000 for lower indirect cost recoveries from correctional industries.

## Canteen Operation

The Canteen Operation provides various personal items for purchase by inmates including toiletries, snack foods, phone services, and other approved items. Per court order, all funds remaining after expenses are to be used to provide inmates with additional educational or recreational resources including library materials and cable television services. Funding for the Canteen Operation is 100 percent cash funds exempt from sales of canteen products to inmates. Because the Canteen Operation

is an enterprise for the purposes of Section 20 of Article X of the State Constitution, appropriations are categorized as cash funds exempt (Section 17-24-126, C.R.S.).

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$0	\$11,989,077	\$0	\$11,989,077	25.7
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,989,077</b>	<b>\$0</b>	<b>\$11,989,077</b>	<b>25.7</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	\$0	\$0	\$10,332,603	\$0	\$10,332,603	23.7
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,332,603</b>	<b>\$0</b>	<b>\$10,332,603</b>	<b>23.7</b>
<b>Increase/(Decrease)</b>	\$0	\$0	(\$1,656,474)	\$0	(\$1,656,474)	(2.0)
Percentage Change	n/a	n/a	-13.8%	n/a	-13.8%	-7.8%

*FTE:* The appropriation includes a base reduction of 2.0 FTE for information technology staff. These staff were historically paid from other divisions.

*Cash Funds Exempt Changes:* The reduction in cash funds exempt is the result of the following three reductions: (1) \$1,651,000 for personal services based on historical expenditures and for information technology staff previously paid from other divisions; (2) \$2,000 associated with a 0.2 percent personal services reduction; and (3) \$3,000 for lower indirect cost recoveries from the canteen operation.

## Recent Legislation

### 2003 Session Bills

**S.B. 03-197:** Shifts the date for June paychecks for most state employees to July 1, beginning in 2003. This results in one-time savings for state departments in FY 2002-03, including a reduction in the appropriation to the Department of Corrections of \$25,464,056 General Fund. For additional information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-252:** Allows the Parole Board to temporarily move a person on parole for a nonviolent class 5 or class 6 felony (except for menacing and unlawful sexual behavior), to a community corrections program, or a pre-parole release and revocation center for up to 180 days. Allows DOC to contract with community corrections programs for the placement of such parolees. Limits the time a parolee

can be revoked to the DOC to 180 days for a technical revocation (a revocation that was not the result of the commission of a new offense), provided that the parolee was serving parole for a nonviolent offense. Repeals parts of Section 17-22.5-403 (9), C.R.S., requiring an additional year of parole if a parolee is revoked to prison for the remainder of the parole period. Reduces the appropriation to the Department of Corrections by \$760,997 General Fund. Of this amount, a reduction of \$799,151 is associated with lower costs for housing an estimated average daily population (ADP) of 88.2 inmates in county jails or private prison facilities. This reduction is partially offset by an additional \$38,154 to support 1.0 FTE to supervise an increase of offenders (60.0 ADP) placed in community corrections programs.

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-273:** Eliminates salary survey for FY 2003-04 and reduces the appropriation to the Department of Corrections by \$12,669,533. Of this amount, \$12,240,936 is General Fund, \$56,589 is cash funds, and \$372,008 is cash funds exempt. For a more detailed explanation of this bill, see the Recent Legislation section in the Department of Personnel and Administration.

**S.B. 03-318:** Decreases the penalty for use of a schedule I or II controlled substance to a class 6 felony. Reduces to a class 6 felony the penalty for a first possession offense when the amount of a schedule I through IV controlled substance is one gram or less. Lowers to a class 4 felony the penalty for a second or subsequent possession offense when the amount of a schedule I through IV controlled substance is one gram or less.

Creates the Drug Offender Treatment Fund. Creates an interagency task force responsible for allocating the moneys in the Drug Offender Treatment Fund. Requires the task force to report to the Judiciary Committees of the House and Senate regarding the anticipated savings generated by the act on or before January 31, 2005, and on or before January 31, 2007. Creates judicial district drug offender treatment boards within each judicial district and directs them to distribute Drug Offender Treatment Fund moneys within the judicial district. Compels each board to report to the task force and the Judiciary Committees of the House and Senate each year the amount of Drug Offender Treatment Fund moneys received and how the moneys were distributed. Allows an offender who has 2 previous felony convictions and who is convicted of possession of one gram or less of a schedule I through IV controlled substance to be placed on probation.

Requires all portions of the act to return to existing language if the expected savings from the act of \$2.2 million are not applied to the Drug Offender Treatment Fund in the fiscal year beginning in 2005, or any fiscal year thereafter.

**H.B. 03-1004:** Adds manufacturing or attempting to manufacture a controlled substance, and possessing methamphetamine precursors with the intent to manufacture, in the presence of child, or on the premises where a child is found or resides, to the crime of child abuse. Makes the crime a

class 3 felony. Includes a five- year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ☐ FY 2006-07: Appropriates \$291,761 from the Capital Construction Fund to the Corrections Expansion Reserve Fund; and
- ☐ FY 2007-08: Appropriates \$416,802 from the Capital Construction Fund to the Corrections Expansion Reserve fund and appropriates \$118,516 to the Department of Corrections.

**H.B. 03-1138:** Makes it a class 4 felony to intentionally and unlawfully terminate another person's pregnancy. Prohibits prosecution of a person who provides medical treatment to which the pregnant woman consented. Repeals the requirement that the prosecution prove an underlying factual basis of domestic violence for a court to impose an enhanced sentence on a person convicted of a specified crime against a pregnant woman. Makes intentionally and knowingly killing a pregnant woman an aggravating factor for purposes of imposing the death penalty. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ☐ FY 2005-06: Appropriates \$138,934 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- ☐ FY 2006-07: Appropriates \$125,041 from the Capital Constriction Fund to the Corrections Expansion Reserve Fund and appropriates \$56,436 General Fund to the Department of Corrections; and
- ☐ FY 2007-08: Appropriates \$107,228 General Fund to the Department of Corrections.

**H.B. 03-1213:** Removes the "commercial purpose" qualifier from the crime of sexual exploitation of a child. Includes a five- year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ☐ FY 2003-04: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- ☐ FY 2004-05: Appropriates \$28,818 General Fund to the Department of Corrections;
- ☐ FY 2005-06: Appropriates \$28,818 General Fund to the Department of Corrections;
- ☐ FY 2006-07: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$28,818 General Fund to the Department of Corrections; and
- ☐ FY 2007-08: Appropriates \$56,436 General Fund to the Department of Corrections.

Adjusts appropriations made in the 2003 general appropriations act by decreasing the General Fund appropriation to the Department of Corrections, Institutions, Utilities Subprogram, Utilities line item by \$69,467.

**H.B. 03-1256:** Authorizes lease-purchase agreements for a high-custody correctional facility and several buildings at the University of Colorado Health Sciences Center (UCHSC) at Fitzsimons. Authorizes the executive director of the Department of Corrections to enter into a 15-year, lease-purchase agreement not to exceed \$102.8 million, plus necessary administrative, monitoring, interest, and closing costs. Authorizes the executive director to enter into the agreement with any for-profit or nonprofit institution. Requires the lease-purchase agreement to contain provisions that convey the title of the property to the state for the department's use on or before the term expiration of the agreement. For an explanation of the provisions related to UCHSC, see the Recent Legislation section in the Department of Higher Education.

**H.B. 03-1316:** Reduces the appropriation to the Department of Corrections for Health, Life, and Dental Expenditures in FY 2003-04 by \$44,061. Of this amount, \$42,503 is General Fund, \$73 is cash funds, \$1,485 is cash funds exempt. For a more detailed explanation of this bill, see the Recent Legislation section in the Department of Personnel.

**H.B. 03-1317:** Makes it a felony to sell or distribute chemicals, supplies, or equipment, when the seller or distributor knows or reasonably should know or believes that a person intends to use the materials sold or distributed to illegally manufacture a controlled substance. Specifies that the felony is a crime that presents an extraordinary risk of harm to society. Makes it a misdemeanor crime to sell, purchase, attempt to purchase, fill, refill, deliver, or permit to be delivered an anhydrous ammonia container under certain circumstances. Includes a five- year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ☐ FY 2004-05: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- ☐ FY 2005-06: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$28,218 General Fund to the Department of Corrections;
- ☐ FY 2006-07: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$56,436 General Fund to the Department of Corrections; and
- ☐ FY 2007-08: Appropriates \$55,574 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$84,654 General Fund to the Department of Corrections.

## **2004 Session Bills**

**H.B. 04-1003:** Increases the penalty for impersonating a peace officer to a class 6 felony. Makes the use or possession of red or blue lights that may be affixed to a vehicle a class 1 misdemeanor. Provides an affirmative defense to peace officers, persons specifically authorized by a chief of police or sheriff, a permitted volunteer firefighter, ambulance personnel, or a vendor of red and blue lights. Requires volunteer firefighters and ambulance attendants to obtain a permit prior to using special lights and alarm systems on their personal vehicles. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ☐ FY 2004-05: Appropriates \$152,800 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- ☐ FY 2005-06: Appropriates \$61,200 General Fund to the Department of Corrections;
- ☐ FY 2006-07: Appropriates \$61,200 General Fund to the Department of Corrections;
- ☐ FY 2007-08: Appropriates \$61,200 General Fund to the Department of Corrections; and
- ☐ FY 2008-09: Appropriates \$61,200 General Fund to the Department of Corrections.

**H.B. 04-1016:** Adds wholesale promotion of obscenity to a minor and promotion of obscenity to a minor to the list of offenses requiring sex offender registration after conviction of the offense. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ☐ FY 2006-07: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund; and
- ☐ FY 2007-08: Appropriates \$27,824 General Fund to the Department of Corrections.

**H.B. 04-1021:** Lowers the blood alcohol content level to 0.08 grams of alcohol per 100 milliliters of blood or per 210 liters of breath for the purposes of determining whether a person is driving under the influence of alcohol. Permits a county, city and county, or municipality to adopt an ordinance or resolution that authorizes "tastings" subject to certain limitations. Defines "tastings" to mean the sampling of malt, vinous, or spiritous liquors on the premises of certain liquor licensees. Increases to \$1,000 the amount of malt, vinous, and spiritous liquors that a hotel and restaurant licensee may annually purchase from a retail liquor store. Authorizes a hotel or restaurant licensee to permit a customer to reseal and remove from the premises one opened container of partially consumed vinous liquor under certain circumstances.

For FY 2004-05, appropriates \$83,950 cash funds exempt and 0.4 FTE from the Driver's License Administration Revocation Account in the Highway Users Tax Fund to the Department of Revenue,

and appropriates \$8,377 General Fund and 0.2 FTE to the Judicial Department. Includes a five- year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ☐ FY 2005-06: Appropriates \$76,414 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- ☐ FY 2006-07: Appropriates \$90,307 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$19,445 General Fund to the Department of Corrections;
- ☐ FY 2007-08: Appropriates \$13,893 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$42,245 General Fund to the Department of Corrections; and
- ☐ FY 2008-09: Appropriates \$69,497 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$45,960 General Fund to the Department of Corrections.

**H.B. 04-1317:** Supplemental appropriation to the Department of Corrections to modify the appropriation included in the FY 2003-04 Long Bill.

**H.B. 04-1419:** Reduces the private prison reimbursement rate by \$0.81 per inmate per day in FY 2004-05 from \$50.37 to \$49.56. Eliminates the statutory requirement for private prisons to reimburse the Department of Corrections for the cost of monitoring Colorado inmates in private prisons. Reduces the cash fund revenue and cash fund appropriation to the Department of Corrections by \$1,064,340 (private prison monitoring fees). Increases the appropriation for the private prison monitoring unit by \$1,064,340 General Fund and reduces the appropriation for payments to private prisons by an equal amount. Requires private prisons to continue reimbursing the state for the costs associated with monitoring inmates from other states.

**H.B. 04-1422:** General appropriations act for FY 2004-05.

## DEPARTMENT OF EDUCATION

Article IX of the Colorado Constitution requires the General Assembly to "provide for the establishment and maintenance of a thorough and uniform system of free public schools throughout the state, wherein all residents of the state, between the ages of six and twenty-one years, may be educated gratuitously." The General Assembly is also to provide for the organization of school districts throughout the State. In each district a locally-elected board of education has control over instruction of the public schools within its district. The State Board of Education, currently comprised of seven members representing each of Colorado's congressional districts and one at-large member, is responsible for the general supervision of public schools. The Commissioner of Education, appointed by the State Board, advises the State Board concerning the operation and status of public schools and serves as the executive officer of the Department of Education.

The Department distributes state and federal funds to school districts and is responsible for accrediting school districts and administering educator licensure and professional development programs. The Department also administers a variety of education-related programs, including education programs for children with special needs, English language proficiency programs, the Colorado Preschool Program, adult basic education programs, and a variety of grant programs. The Department is responsible for developing and maintaining state model content standards and administering the associated Colorado Student Assessment Program. Further, the Department is required to issue annual accountability reports for every public school in the state.

In addition to its responsibilities related to public schools, the Department is charged with promoting the improvement of library services statewide to ensure equal access to information, including providing library services to persons who reside in state-funded institutions and to persons who are blind or physically disabled. Finally, the Department operates the Colorado School for the Deaf and the Blind, located in Colorado Springs. Pursuant to S.B. 03-53, however, the School will be managed by a Board of Trustees beginning in FY 2004-05.

In November 2000, a majority of Colorado voters approved Amendment 23, which added Section 17 to Article IX of the Colorado Constitution. This provision requires the General Assembly to provide certain annual inflationary funding increases for kindergarten through twelfth grade education. This provision also creates the State Education Fund, consisting of revenues generated from a tax of one third of one percent on federal taxable income and any interest earned on the Fund balance. The diverted income tax revenue, which averages about seven percent of total state income tax collections, is not subject to the Taxpayer Bill of Rights (TABOR) constitutional limitation on fiscal year spending. Further, any appropriation from the State Education Fund is not subject to the six percent statutory limitation on General Fund appropriations. Further information concerning the State Education Fund, including a table providing a history of appropriations from the Fund, is included in Appendix D.



## Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Approp.	FY 2004-05 Approp.
General Fund	\$2,267,438,153	\$2,311,858,706	\$2,417,670,435	\$2,539,580,382
Cash Funds	12,245,432	12,710,475	15,233,415	14,760,077
Cash Funds Exempt	274,508,386	437,828,026	461,334,608	455,292,596
Federal Funds	<u>301,611,597</u>	<u>335,092,356</u>	<u>380,677,569</u>	<u>413,109,122</u>
<b>Total Funds</b>	<b>\$2,855,803,568</b>	<b>\$3,097,489,563</b>	<b>\$3,274,916,027</b>	<b>\$3,422,742,177</b>
Full Time Equiv. Staff	398.4	421.2	419.7	434.8

## FY 2004-05 Budget Changes

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 are highlighted below. Appropriations for FY 2004-05:

- ❑ Provide for a *total* (combined state and local) increase in funding for schools pursuant to the School Finance Act of 1994, as amended, of \$121.6 million (2.8 percent) based on a 0.7 percent projected increase in student enrollment and a 2.1 percent increase in the statewide base per pupil funding amount (to meet the “inflation plus one” requirement of Section 17 of Article IX of the Colorado Constitution).

It is anticipated that available *local* tax revenues, which are not reflected in appropriations to the Department of Education, will increase by only \$16.2 million (1.0 percent). The appropriation thus reflects a disproportionate increase of \$105.4 million (4.0 percent) for the *state* share of districts' total program funding. The total \$105.4 million increase in state funding includes:

- ✓ an increase of \$120.0 million General Fund (5.3 percent);
- ✓ a decrease of \$8.0 million cash funds exempt from the State Education Fund;
- ✓ a decrease of \$6.1 million cash funds exempt from the State Public School Fund based on projected federal mineral lease revenues and interest earnings on the Public School Fund (often referred to as the "Permanent Fund"); and
- ✓ a decrease of \$0.5 million cash funds based on projected rental income earned on state trust lands;

- ☐ Reflect an overall \$32.4 million net increase in federal funds anticipated to be available, including the following significant increases:
  - ✓ \$21.2 million for special education programs for children with disabilities;
  - ✓ \$7.5 million in federal Title 1 funds; and
  - ✓ \$2.7 million for U.S.D.A. food and nutrition programs;
- ☐ Provide a total of \$10.0 million from the State Education Fund for capital construction programs (a reduction of \$5.0 million compared to FY 2003-04), including \$5.0 million for charter schools, \$2.5 million for the School Capital Construction Expenditures Reserve, and \$2.5 million for the School Construction and Renovation Fund;
- ☐ Reflect an increase of \$5.9 million for the Read-to-Achieve Program (although tobacco settlement funds available for the program are anticipated to *decrease* by \$7.9 million pursuant to H.B. 04-1421 -- see the description of H.B. 04-1421 for further information about this discrepancy);
- ☐ Include increases totaling \$3.4 million from the State Education Fund for the purpose of providing the 2.1 percent increase for categorical programs to meet the “inflation plus one” requirement of Section 17 of Article IX of the Colorado Constitution;
- ☐ Add \$1.3 million General Fund for the Colorado Student Assessment Program (CSAP) as a portion of the federal funds that are being used to support the ongoing administration of existing assessments will need to be used to develop 3rd- and 4th-grade math assessments to comply with federal requirements;
- ☐ Reflect a change in fund sources for 9.0 FTE in the school finance unit, who will now be supported by a \$762,000 cash funds exempt transfer of state funds appropriated for the state share of districts' total program funding rather than with General Fund;
- ☐ Add \$580,00 for salary survey and performance-based pay awards to be distributed in FY 2004-05;
- ☐ Add \$233,000 for workers' compensation costs;
- ☐ Add \$181,000 for health, life, and dental benefits; and
- ☐ Reflect a change in fund sources for 2.0 FTE responsible for tracking student identifiers, who will now be supported by \$180,000 General Fund rather than with federal funds.

## **General Factors Driving the Budget**

Although local government revenues provide a significant source of funding for K-12 education in Colorado, local funds are not reflected in appropriations to the Department of Education. Appropriations to the Department of Education for FY 2004-05 consist of 74.2 percent General Fund, 13.3 percent cash funds exempt, 12.1 percent federal funds, and less than one percent cash funds. Some of the most important factors driving the budget are reviewed below.

### **School Finance - State's Share of Districts' Total Program**

The primary source of funding for public schools in Colorado is provided pursuant to the Public School Finance Act. The state share of funding is the largest single annual appropriation of state General Fund moneys. For FY 2004-05, the General Assembly appropriated \$2.7 billion for this purpose, including nearly \$2.4 billion General Fund -- representing more than 40 percent of all state General Fund operating appropriations. Local government revenues also help pay for public schools, bringing the total amount available for financing public schools for FY 2004-05 to \$4.4 billion. The \$4.4 billion in state and local funds are allocated to school districts through a statutory formula that calculates a specific per pupil level of funding for each school district, as well as a specific state and local share of funding for each district.

The formula provides the same *base* amount of funding per pupil for every district. The General Assembly historically provided for annual increases in the amount of base per pupil funding. However, pursuant to Section 17 of Article IX of the Colorado Constitution, the General Assembly is now required to provide annual inflationary increases in base per pupil funding. Specifically, for FY 2001-02 through FY 2010-11, the base per pupil funding amount (which includes both state and local funds) must increase annually by at least the rate of inflation plus one percent; for FY 2011-12 and each fiscal year thereafter, the base per pupil funding amount must increase annually by at least the rate of inflation. For FY 2004-05, base per pupil funding increased from \$4,570 to \$4,666 (2.1 percent), based on an actual inflation rate of 1.1 percent in calendar year 2003.

The formula increases base per pupil funding for each district based on factors that affect districts' costs of providing educational services. The formula also provides additional funding for districts with students who may be at risk of failing or dropping out of school. Thus, actual per pupil funding varies for each district. For FY 2004-05, actual per pupil funding is estimated to range from \$5,627 to \$13,044, with a statewide average of \$6,067. Each district's per pupil funding is multiplied by its funded pupil count to determine its "total program" funding.

Once the total program funding amount is determined for each district, the state and local share of such funding is calculated for each district. Local property and specific ownership taxes provide the first source of revenue for each district's total program funding, and the remainder is covered by state funds. Property taxes are based on each district's mill levy and the assessed, or taxable, value of property in each district. Specific ownership taxes are paid on motor vehicles.

In summary, the following factors directly affect the amount of state funding necessary to fund the School Finance Act:

- ✓ the number of pupils enrolled in public schools (including the number of slots statutorily authorized for state-funded preschool and full-day kindergarten programs);
- ✓ the rate of inflation;
- ✓ the number of at-risk students attending public schools;
- ✓ changes in the relative cost-of-living in various regions of the state;
- ✓ changes in statutory definitions, procedures, or mathematical factors that impact the calculation of per-pupil funding or state aid for each district; and
- ✓ fluctuations in local property and specific ownership tax revenues.

The following table summarizes the key components of the school finance formula since FY 2000-01:

School Finance Funding	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Approp.	FY 04-05 Approp.
Funded Pupil Count	693,644	707,202	717,465	723,230	728,575
<i>Annual Percent Change</i>	<i>1.7%</i>	<i>2.0%</i>	<i>1.5%</i>	<i>0.8%</i>	<i>0.7%</i>
<i>Denver-Boulder Inflation Rate for Previous CY</i>	<i>2.9%</i>	<i>4.0%</i>	<i>4.7%</i>	<i>1.9%</i>	<i>1.1%</i>
Statewide <u>Base</u> Per Pupil Funding	\$4,002	\$4,202	\$4,442	\$4,570	\$4,666
<i>Annual Percent Change</i>	<i>3.2%</i>	<i>5.0%</i>	<i>5.7%</i>	<i>2.9%</i>	<i>2.1%</i>
Statewide <u>Average</u> Per Pupil Funding	\$5,168	\$5,451	\$5,796	\$5,943	\$6,066
<i>Annual Percent Change</i>	<i>3.5%</i>	<i>5.5%</i>	<i>6.3%</i>	<i>2.5%</i>	<i>2.1%</i>
<b>Total Program Funding</b>	<b>\$3,584,664,712</b>	<b>\$3,854,831,914</b>	<b>\$4,158,114,214</b>	<b>\$4,298,271,399</b>	<b>\$4,419,898,658</b>
<i>Annual Percent Change</i>	<i>5.3%</i>	<i>7.5%</i>	<i>7.9%</i>	<i>3.4%</i>	<i>2.8%</i>
<u>State Share</u> of Districts' Total Program Funding	\$2,047,855,564	\$2,230,036,235	\$2,484,103,386	\$2,627,074,052	\$2,732,460,144
<i>Annual Percent Change</i>	<i>6.1%</i>	<i>8.9%</i>	<i>11.4%</i>	<i>5.8%</i>	<i>4.0%</i>
<i>State Share as Percent of Districts' Total Program</i>	<i>57.1%</i>	<i>57.9%</i>	<i>59.7%</i>	<i>61.1%</i>	<i>61.8%</i>
General Fund Portion of State Share Approp.	\$1,974,673,211	\$2,073,406,872	\$2,137,582,405	\$2,247,917,791	\$2,367,928,437
<i>Annual Percent Change</i>	<i>4.6%</i>	<i>5.0%</i>	<i>3.1%</i>	<i>5.2%</i>	<i>5.3%</i>

Please note that the annual appropriation for school finance is based on estimates of pupil counts and local property tax revenues. Thus, the annual appropriation typically requires a mid-year adjustment once the actual data is available.

### **Categorical Programs**

Programs designed to serve particular groups of students (e.g., students with limited proficiency in English) or particular student needs (e.g., transportation) have traditionally been referred to as "categorical" programs. Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase total state funding for all categorical programs annually by at least the rate of inflation plus one percent for FY 2001-02 through FY 2010-11, and by at least the rate of inflation for subsequent fiscal years. For FY 2000-01, state appropriations for categorical programs totaled \$142.2 million. Based on the actual inflation rate for CY 2000 (4.0 percent), the General Assembly was required to provide an additional \$7.1 million for such programs for FY 2001-02. Most recently, based on the actual inflation rate for CY 2003 (1.1 percent), the General Assembly was required to provide an additional \$3.4 million for such programs for FY 2004-05. The following table details increases in the annual appropriation of state funds since FY 2000-01, by program area.

<b>Required Increases in State Funding for Categorical Programs</b>			
<b>Long Bill Line Item</b>	<b>FY 2004-05 Appropriation</b>	<b>Change in Annual Appropriation of State Funds Since FY 2000-01</b>	
Special education - children with disabilities	\$86,669,717	\$15,158,944	21.2%
English Language Proficiency Program	3,766,630	665,032	21.4%
Public school transportation	41,418,393	4,496,166	12.2%
Colorado Vocational Act distributions	19,959,556	2,166,706	12.2%
Special education - gifted and talented children	6,258,744	758,744	13.8%
Expelled and at-risk student services grant program	6,285,171	496,364	8.6%
Small attendance center aid*	808,089	(140,051)	-14.8%
Comprehensive health education	600,000	0	0.0%
<b>Total</b>	<b>\$165,766,300</b>	<b>\$23,601,905</b>	<b>16.6%</b>

\* Although funding provided for small attendance center aid has declined, the amount appropriated for FY 2004-05 is estimated to be sufficient to fully fund the program.

### **School Capital Construction Funding**

Pursuant to S.B. 00-181, the General Assembly is required to appropriate a total of \$190.0 million from the General Fund over an eleven-year period to assist school districts with capital improvements. The \$190.0 million is to be split between two funds. A total of \$105.0 million is to be appropriated to the *School Capital Construction Expenditures Reserve* (the Construction Reserve) for capital expenditures of school districts that: (a) address immediate safety hazards or health concerns; (b)

relieve excessive operating costs created by insufficient maintenance or construction spending; or (c) relieve conditions that detract from an effective learning environment. The remaining \$85.0 million is to be appropriated to the *School Construction and Renovation Fund*. Such moneys are to be used to provide matching grants to districts for qualified capital construction projects. Senate Bill 00-181 does not, however, require any General Fund appropriation in a fiscal year in which General Fund revenues do not exceed certain annual obligations by more than \$80.0 million. In addition, in 2001 the General Assembly created a new program to distribute State Education Fund moneys to charter schools for capital construction while also increasing the funding available to school districts through the existing Construction Reserve. Under current law, the General Assembly is required to appropriate \$5.0 million from the State Education Fund annually for charter school capital construction, plus \$5.0 million to the Construction Reserve (in addition to amounts appropriated pursuant to S.B. 00-181).

Due to revenue shortfalls, the General Assembly has not been statutorily obligated to appropriate General Fund moneys for school capital construction since FY 2001-02. However, the General Assembly has elected to appropriate moneys from the State Education Fund for such purpose. In addition, lottery proceeds have been available for capital construction needs in both FY 2002-03 and FY 2003-04. The following table provides a summary of funding available to date for capital construction programs (excluding charter school capital construction), as well as projected appropriations that will be required in future fiscal years based on existing law.

Fiscal Year	Appropriations Required Pursuant to S.B. 00-181 if General Fund Revenues are Sufficient	Funding Available for Capital Construction			
		General Fund	State Education Fund	Lottery Proceeds	Total
00-01	\$5,000,000	\$5,000,000	\$0	\$0	\$5,000,000
01-02	10,000,000	10,000,000	6,471,052	0	16,471,052
02-03	15,000,000	0	6,500,060	8,499,940	15,000,000
03-04	20,000,000	0	10,000,000	3,690,377	13,690,377
04-05	20,000,000	0	5,000,000	n/a	5,000,000
05-06	20,000,000				n/a
06-07	20,000,000				n/a
07-08	20,000,000				n/a
08-09	20,000,000				n/a
09-10	20,000,000				n/a
10-11	<u>20,000,000</u>				<u>n/a</u>
<b>Total</b>	<b>\$190,000,000</b>	<b>\$15,000,000</b>	<b>\$27,971,112</b>	<b>\$12,190,317</b>	<b>\$55,161,429</b>

## Summary of FY 2003-04 and FY 2004-05 Appropriations

### Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Total Appropriation:</b>	<b>\$2,417,670,435</b>	<b>\$15,233,415</b>	<b>\$461,334,608</b>	<b>\$380,677,569</b>	<b>\$3,274,916,027</b>	<b>419.7</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management and Administration	19,811,606	2,526,130	1,616,642	6,896,414	30,850,792	105.3
Assistance to Public Schools	2,389,683,265	12,622,285	456,496,970	373,781,155	3,232,583,675	154.3
Library Programs	359,796	0	713,800	0	1,073,596	0.0
School for the Deaf and the Blind	7,815,768	85,000	2,507,196	0	10,407,964	160.1
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-19	0	0	(50,298)	0	(50,298)	0.0
SB 03-248	(27,340,825)	0	(1,314,474)	0	(28,655,299)	0.0
SB 03-258	2,445,353,900	14,940,515	454,839,556	380,988,262	3,296,122,233	419.7
SB 03-273	(348,331)	(29,872)	(42,025)	(318,030)	(738,258)	0.0
SB 03-282	0	0	(14,425,518)	0	(14,425,518)	0.0
HB 03-1114	0	327,467	0	0	327,467	0.0
HB 03-1316	(2,087)	(93)	(314)	(1,252)	(3,746)	0.0
HB 04-1318	7,778	(4,602)	22,322,739	8,589	22,334,504	0.0
HB 04-1331	0	0	4,942	0	4,942	0.0
<b>FY 2004-05 Total Appropriation:</b>	<b>\$2,539,580,382</b>	<b>\$14,760,077</b>	<b>\$455,292,596</b>	<b>\$413,109,122</b>	<b>\$3,422,742,177</b>	<b>434.8</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management and Administration	21,017,070	2,600,077	2,589,872	7,401,712	33,608,731	110.0
Assistance to Public Schools	2,509,693,911	12,075,000	449,776,234	405,707,410	3,377,252,555	164.7
Library Programs	959,796	0	113,800	0	1,073,596	0.0

	GF	CF	CFE	FF	Total	FTE
School for the Deaf and the Blind	7,909,605	85,000	2,812,690	0	10,807,295	160.1
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1104	0	16,283	0	0	16,283	0.0
HB 04-1202	0	0	10,000	0	10,000	0.0
HB 04-1360	0	0	78,228	0	78,228	0.0
HB 04-1362	0	0	150,000	0	150,000	0.0
HB 04-1397	(16,091,207)	0	(1,965,037)	0	(18,056,244)	0.0
HB 04-1421*	0	0	0	0	0	0.0
HB 04-1422	2,555,671,589	14,743,794	457,019,405	413,109,122	3,440,543,910	433.8
HB 04-1464	0	0	0	0	0	1.0
<b>Increase/(Decrease)</b>	\$121,909,947	(\$473,338)	(\$6,042,012)	\$32,431,553	\$147,826,150	15.1
Percentage Change	5.0%	-3.1%	-1.3%	8.5%	4.5%	3.6%

\* House Bill 04-1421 reduces the FY 2004-05 appropriation of tobacco settlement funds to the Read-to-Achieve Cash Fund by \$12,728,215 and reduces the associated spending authority out of the Read-to-Achieve Cash Fund for the Read-to-Achieve Grant Program by \$12,728,215. However, the Governor vetoed the provisions making these reductions to Long Bill appropriations.

## **Detail of Appropriation by Administrative Section**

### **Management and Administration**

This section of the budget provides funding and staff for the State Board of Education, for the administration of a variety of education- and library-related programs, and for general department administration, including human resources, budgeting, accounting, information management, and facilities maintenance. This section also includes funding for administration of the Colorado Student Assessment Program. The primary source of cash funds is the Educator Licensure Cash Fund, which consists of fees paid by applicants for educator licenses and certificates. Cash funds exempt sources consist primarily of indirect cost recoveries and transfers of funds from various cash- and federally-funded line items. Federal funds reflected in this section are from a variety of sources.



	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-248	\$0	\$0	(\$318,635)	\$0	(\$318,635)	0.0
SB 03-258	20,154,246	2,233,230	1,997,714	7,207,107	31,592,297	105.3
SB 03-273	(348,331)	(29,872)	(42,025)	(318,030)	(738,258)	0.0
HB 03-1114	0	327,467	0	0	327,467	0.0
HB 03-1316	(2,087)	(93)	(314)	(1,252)	(3,746)	0.0
HB 04-1318	<u>7,778</u>	<u>(4,602)</u>	<u>(20,098)</u>	<u>8,589</u>	<u>(8,333)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$19,811,606</b>	<b>\$2,526,130</b>	<b>\$1,616,642</b>	<b>\$6,896,414</b>	<b>\$30,850,792</b>	<b>105.3</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1104	\$0	\$16,283	\$0	\$0	\$16,283	0.0
HB 04-1360	0	0	78,228	0	78,228	0.0
HB 04-1362	0	0	150,000	0	150,000	0.0
HB 04-1422	<u>21,017,070</u>	<u>2,583,794</u>	<u>2,361,644</u>	<u>7,401,712</u>	<u>33,364,220</u>	<u>110.0</u>
<b>TOTAL</b>	<b>\$21,017,070</b>	<b>\$2,600,077</b>	<b>\$2,589,872</b>	<b>\$7,401,712</b>	<b>\$33,608,731</b>	<b>110.0</b>
<b>Increase/(Decrease)</b>	\$1,205,464	\$73,947	\$973,230	\$505,298	\$2,757,939	4.7
Percentage Change	6.1%	2.9%	60.2%	7.3%	8.9%	4.5%

FTE Detail	FY 2003-04	FY 2004-05
Commissioner / General Management	33.0	33.0
Educator Licensure and Certification	17.0	17.0
Library Programs	13.7	13.7
Academic Standards and Student Assessments	12.3	17.0
Public School Finance / School District Audits	10.0	10.0
Budget / Accounting / Purchasing	10.0	10.0
Information Technology	<u>9.3</u>	<u>9.3</u>
	105.3	110.0

*FTE Changes:* The appropriation includes an increase of 4.7 FTE associated with the federal grant for state assessments and related activities.

*General Fund Changes:* The appropriation reflects a net increase in General Fund, including the following significant increases:

- a \$1,318,000 increase in the General Fund share of Colorado Student Assessment Program costs as a portion of the federal funds that are being used to support the ongoing administration of existing assessments will need to be used to begin developing 3rd- and 4th-grade math assessments to comply with federal requirements;
- a \$228,000 increase in the General Fund share of administrative costs (primarily related to workers' compensation costs);
- a \$180,000 increase due to the reversal of a one-time fund source change for the unit responsible for tracking individual student identifiers; and
- a \$161,000 increase for salary survey and performance-based pay awards to be distributed in FY 2004-05.

The above General Fund increases are partially offset by a \$762,000 decrease based on a change in fund sources for 9.0 FTE in the school finance unit. These FTE will be supported by a cash funds exempt transfer of state funds appropriated for the state share of districts' total program funding rather than with direct General Fund.

*Cash Funds Changes:* The cash funds appropriation includes a \$29,000 increase for salary survey and performance-based pay awards to be distributed in FY 2004-05, as well as \$16,000 from the Educator Licensure Cash Fund pursuant to H.B. 04-1104. The remainder of the increase in cash funds appropriation reflects an increase in the cash funds share of various administrative costs (primarily workers' compensation and capitol complex leased space).

*Cash Funds Exempt Changes:* The appropriation reflects a \$762,000 increase in cash funds exempt based on the change in funding sources for 9.0 FTE in the school finance unit, as well as a \$17,000 increase for salary survey and performance-based pay awards to be distributed in FY 2004-05. The appropriation also includes \$189,000 from gifts, grants, and donations pursuant to H.B. 04-1360 and H.B. 04-1362, \$39,000 from the State Education Fund pursuant to H.B. 04-1360, and a net increase in the cash funds exempt share of various administrative costs.

*Federal Funds Changes:* The increase in federal funds includes \$316,000 for salary survey and performance-based pay awards to be distributed in FY 2004-05, and a \$189,000 increase in the federal funds share of various administrative costs.

## Assistance to Public Schools

This section includes all funding that is distributed to public schools or is used to directly support public schools (e.g., federally-funded Department staff that provide technical assistance to districts concerning special education programs). This section is comprised of the following four subsections:

- Public School Finance - funding for the *state* share of districts' total program funding required under the School Finance Act (local funding is not reflected in appropriations to the Department);
- Categorical Programs - funding for all programs defined as "categorical programs" pursuant to Section 17 of Article IX of the Colorado Constitution;
- Grant Programs and Other Distributions - other funding that is distributed to public schools or is used to directly support public schools; and
- Appropriated Sponsored Programs - federal funds and transfers from other departments that support a variety of programs.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-19	\$0	\$0	(\$50,298)	\$0	(\$50,298)	0.0
SB 03-248	(27,340,825)	0	(995,839)	0	(28,336,664)	0.0
SB 03-258	2,417,024,090	12,622,285	450,220,846	373,781,155	3,253,648,376	154.3
SB 03-282	0	0	(15,025,518)	0	(15,025,518)	0.0
HB 04-1318	0	0	22,342,837	0	22,342,837	0.0
HB 04-1331	<u>0</u>	<u>0</u>	<u>4,942</u>	<u>0</u>	<u>4,942</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,389,683,265</b>	<b>\$12,622,285</b>	<b>\$456,496,970</b>	<b>\$373,781,155</b>	<b>\$3,232,583,675</b>	<b>154.3</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1202	\$0	\$0	\$10,000	\$0	\$10,000	0.0
HB 04-1397	(16,091,207)	0	(1,965,037)	0	(18,056,244)	0.0
HB 04-1421*	0	0	0	0	0	0.0
HB 04-1422	2,525,785,118	12,075,000	451,731,271	405,707,410	3,395,298,799	163.7

	GF	CF	CFE	FF	Total	FTE
HB 04-1464	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
<b>TOTAL</b>	<b>\$2,509,693,911</b>	<b>\$12,075,000</b>	<b>\$449,776,234</b>	<b>\$405,707,410</b>	<b>\$3,377,252,555</b>	<b>164.7</b>
<b>Increase/(Decrease)</b>	\$120,010,646	(\$547,285)	(\$6,720,736)	\$31,926,255	\$144,668,880	10.4
Percentage Change	5.0%	-4.3%	-1.5%	8.5%	4.5%	6.7%

\* House Bill 04-1421 reduces the FY 2004-05 appropriation of tobacco settlement funds to the Read-to-Achieve Cash Fund by \$12,728,215, and reduces the associated spending authority out of the Read-to-Achieve Cash Fund for the Read-to-Achieve Grant Program by the same amount. However, the Governor vetoed the provisions making these reductions to Long Bill appropriations.

FTE Detail	FY 2003-04	FY 2004-05
Categorical Programs	54.6	58.9
Grant Programs and Other Distributions	2.4	12.2
Appropriated Sponsored Programs	<u>97.3</u>	<u>93.6</u>
	154.3	164.7

### *Public School Finance*

This section consists of appropriations for the state share of funding required under the School Finance Act of 1994, as amended. The local share of funding (38.2 percent of the amount required for FY 2004-05 or \$1.7 billion), is not reflected in appropriations to the Department. For FY 2004-05, 86.7 percent of the state share is funded from the General Fund. Cash funds appropriations reflect anticipated rental income earned on public school lands. Cash funds exempt appropriations consist of moneys in the State Education Fund, federal mineral lease revenues, interest earned on the Public School Fund, spending from reserves in the State Public School Fund, and school district audit recoveries. For further information concerning the State Education Fund, including a table providing a history of appropriations from the Fund, see Appendix D.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$2,247,917,791</b>	<b>\$12,047,285</b>	<b>\$367,108,976</b>	<b>\$0</b>	<b>\$2,627,074,052</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$2,367,928,437</b>	<b>\$11,500,000</b>	<b>\$353,031,707</b>	<b>\$0</b>	<b>\$2,732,460,144</b>	<b>0.0</b>

	GF	CF	CFE	FF	Total	FTE
<b>Increase/(Decrease)</b>	\$120,010,646	(\$547,285)	(\$14,077,269)	\$0	\$105,386,092	0.0
Percentage Change	5.3%	-4.5%	-3.8%	0.0%	4.0%	0.0%

The appropriation provides for a *total* increase in funding for schools pursuant to the School Finance Act of 1994, as amended, of \$121.6 million (2.8 percent) based on the following:

- a 0.7 percent projected increase in student enrollment (\$31.8 million); and
- a 2.1 percent increase in the statewide base per pupil funding amount, based on the actual 1.1 percent inflation rate for the Denver-Boulder area for calendar year 2003 plus an additional one percent as required by Section 17 of Article IX of the Colorado Constitution (\$89.8 million).

The following table details the data and figures related to overall school finance funding.

School Finance: Total Program	FY 03-04 Amended Appropriation	FY 04-05 Appropriation	Change
Funded Pupil Count	723,230.0	728,575.3	5,345.3
<i>Annual Percent Change</i>	<i>0.8%</i>	<i>0.7%</i>	
Statewide <u>Base</u> Per Pupil Funding	\$4,570.31	\$4,666.29	\$95.98
<i>Annual Percent Change</i>	<i>2.9%</i>	<i>2.1%</i>	
Statewide <u>Average</u> Per Pupil Funding	\$5,943.16	\$6,066.50	\$123.34
<i>Annual Percent Change</i>	<i>2.5%</i>	<i>2.1%</i>	
Total Program Funding	\$4,298,271,399	\$4,419,898,658	\$121,627,259
<i>Annual Percent Change</i>	<i>3.4%</i>	<i>2.8%</i>	
<u>Local Share</u> of Districts' Total Program Funding (excluding amounts related to BIAs)	\$1,671,197,347	\$1,687,438,514	\$16,241,167
<i>Annual Percent Change</i>	<i>-0.2%</i>	<i>1.0%</i>	
<u>State Share</u> of Districts' Total Program Funding (including amount related to BIAs)	\$2,627,074,052	\$2,732,460,144	\$105,386,092
<i>Annual Percent Change</i>	<i>5.8%</i>	<i>4.0%</i>	
<i>State Share as % of Districts' Total Program</i>	<i>61.1%</i>	<i>61.8%</i>	

Although current law requires *total* funding to increase by 2.8 percent in FY 2004-05, it is anticipated that *local* property and specific ownership tax revenues (which are not reflected in the Long Bill) will increase by only 1.0 percent (\$16.2 million). The appropriation thus reflects a 4.0 percent (\$105.4

million) increase in *state* share of funding for districts' total program funding to provide the total required increase of \$121.6 million. The appropriation of state funds includes \$2.3 million to partially offset the \$4.7 million in local property tax revenues that are estimated to be foregone in FY 2004-05 due to locally-negotiated business incentive agreements.

Of the total \$105,386,000 increase in *state* funding, the appropriation reflects the following fund source changes:

- an increase of \$120,011,000 million General Fund (5.3 percent);
- a decrease of \$547,000 cash funds based on projected state trust lands rental income;
- a decrease of \$8,016,000 cash funds exempt from the State Education Fund; and
- a reduction of \$6,061,000 cash funds exempt from the State Public School Fund based on projected federal mineral lease revenues and interest earnings on the Public School Fund.

### *Categorical Programs*

This section includes appropriations for all "categorical programs", a term traditionally used to refer to programs designed to serve particular groups of students (e.g., students with limited proficiency in English) or particular student needs (e.g., transportation). Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase total state funding for all categorical programs annually by at least the rate of inflation plus one percent for FY 2001-02 through FY 2010-11, and by at least inflation for subsequent fiscal years.

Categorical programs are funded primarily with General Fund and various sources of federal funds. Cash funds exempt sources include moneys in the State Education Fund, funds transferred from other departments, local funds, and spending from reserves in the Colorado Comprehensive Health Education Fund.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$141,765,474</b>	<b>\$0</b>	<b>\$21,212,584</b>	<b>\$110,534,882</b>	<b>\$273,512,940</b>	<b>54.6</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$141,765,474</b>	<b>\$0</b>	<b>\$24,516,827</b>	<b>\$131,439,569</b>	<b>\$297,721,870</b>	<b>58.9</b>
<b>Increase/(Decrease)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,304,243</b>	<b>\$20,904,687</b>	<b>\$24,208,930</b>	<b>4.3</b>
Percentage Change	0.0%	n/a	15.6%	18.9%	8.9%	7.9%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Special Education for Children with Disabilities	45.3	49.1
Federal Special Education Grant for Infants, Toddlers, and Their Families	5.6	5.6
English Language Proficiency Programs	<u>3.7</u>	<u>4.2</u>
	54.6	58.9

*FTE Changes:* The appropriation reflects an increase in federally-funded staff, including 3.8 FTE for special education programs for children with disabilities and 0.5 FTE for English language proficiency programs.

*Cash Funds Exempt Changes:* The net increase in cash funds exempt reflects a \$3.4 million increase in appropriations from the State Education Fund for the purpose of providing the 2.1 percent increase required by Section 17 of Article IX of the Colorado Constitution. This increase is offset by a \$105,000 decrease in anticipated transfers from the Department of Human Services. The following table details the allocation of the required inflationary increase for FY 2004-05, by program area.

<b>Required Increase in State Funding for Categorical Programs for FY 2004-05</b>				
<b>Long Bill Line Item</b>	<b>FY 2003-04 Appropriation of State Funds</b>	<b>Allocation of Required FY 2004-05 Increase in State Funds</b>		<b>FY 2004-05 Appropriation of State Funds</b>
Special education - children with disabilities	\$84,172,756	\$2,496,961	3.0%	\$86,669,717
English Language Proficiency Program	3,658,392	108,238	3.0%	3,766,630
Public school transportation	40,967,748	450,645	1.1%	41,418,393
Colorado Vocational Act distributions	19,742,390	217,166	1.1%	19,959,556
Special education - gifted and talented children	6,190,647	68,097	1.1%	6,258,744
Expelled and at-risk student services grant program	6,216,786	68,385	1.1%	6,285,171
Small attendance center aid	808,089	0	0.0%	808,089
Comprehensive health education	600,000	0	0.0%	600,000
<b>Total</b>	<b>\$162,356,808</b>	<b>\$3,409,492</b>	<b>2.1%</b>	<b>\$165,766,300</b>

*Federal Funds Changes:* The appropriation reflects a \$21,225,000 increase in federal funds anticipated to be available for special education programs for children with disabilities. This increase is partially offset by \$320,000 decrease in federal funds anticipated to be available for English language proficiency programs.

*Grant Programs and Other Distributions*

This section includes funding for a variety of state-funded programs. A portion of the cash funds exempt appropriations are duplicative, simply providing the Department with the authority to spend moneys that are appropriated to various cash funds. For example, for FY 2004-05, \$2.5 million from the State Education Fund is appropriated to the School Construction and Renovation Fund, and a \$2.5 million cash funds exempt appropriation is also provided to authorize the Department to spend moneys in the School Construction and Renovation Fund to provide matching grants for eligible projects. Other cash funds exempt sources include the State Education Fund, the Tobacco Litigation Settlement Cash Fund, federal Medicaid funds appropriated to the Department of Health Care Policy and Financing that are used to reimburse participating school districts for health care services provided to Medicaid-eligible students, and reserves in the State Public School Fund.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$64,510,003</b>	<b>\$9,001,783</b>	<b>\$73,511,786</b>	<b>2.4</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$68,839,671</b>	<b>\$9,650,058</b>	<b>\$78,489,729</b>	<b>12.2</b>
<b>Increase/(Decrease)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,329,668</b>	<b>\$648,275</b>	<b>\$4,977,943</b>	<b>9.8</b>
Percentage Change	n/a	n/a	6.7%	0.0%	6.8%	408.3%

FTE Detail	FY 2003-04	FY 2004-05
Federal Reading First Program	0.0	8.8
School Construction Programs	1.0	2.0
Public School Health Services	<u>1.4</u>	<u>1.4</u>
	2.4	12.2

*FTE Changes:* The appropriation includes an increase of 8.8 FTE to reflect staff that are currently funded with a portion of the federal Title 1 Reading First grant to assist school districts in meeting federal requirements related to "adequate yearly progress". The appropriation also includes an



increase of 1.0 FTE to enhance the Department's ability to administer capital construction programs and to provide related technical consultation and administrative services to school districts.

*Cash Funds Exempt Changes:* The appropriation reflects a net increase in cash funds exempt, including the following significant changes:

- an increase of \$10,734,000 for the Read-to-Achieve Program, consisting of \$4,817,000 in the appropriation of tobacco settlement funds to the Read-to-Achieve Cash Fund and \$5,917,000 in the appropriation providing spending authority out of the Read-to-Achieve Cash Fund;
- a \$2,500,000 reduction in the amount appropriated from the State Education Fund to the School Capital Construction Expenditures Reserve, and a decrease of \$2,500,000 in the appropriation providing spending authority out of the School Capital Construction Expenditures Reserve;
- a \$2,500,000 reduction in the amount appropriated from the State Education Fund to the School Construction and Renovation Fund, and a decrease of \$2,500,000 in the appropriation providing spending authority out of the School Construction and Renovation Fund;
- an increase of \$3,586,000 to reflect the amount potentially available to the State Board of Education if school districts reimburse the State for amounts awarded from the Contingency Reserve in previous fiscal years; and
- an increase of \$10,000 from the State Education Fund pursuant to H.B. 04-1202.

*Federal Funds Changes:* The increase in federal funds reflects an anticipated increase in the federal Title 1 Reading First grant.

### *Appropriated Sponsored Programs*

This section reflects the majority of federal funds available to the Department and the associated federally-funded department staff. This section also provides cash funds spending authority for the Department to receive fees related to conferences, as well as cash funds exempt spending authority for the Department to receive transfers from other state agencies. Over 90 percent of the funds reflected in this section are distributed directly to local school districts, with the balance utilized by the Department to provide technical assistance to school districts and to cover department administrative costs.

The most significant sources of federal funds currently reflected in this section include:

- Title I of the Elementary and Secondary Education Act -- funding to improve education for children at risk of school failure, including those who live in low income communities, migrant children, and those who are neglected and delinquent;

- U.S. Department of Agriculture Food and Nutrition Service -- funding for the National School Lunch Program, which provides for reduced-cost or free lunches to students; and
- Title II Teacher and Principal Training and Recruiting Funds -- funding for a variety of activities designed to improve teacher/principal quality.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$0</b>	<b>\$575,000</b>	<b>\$3,665,407</b>	<b>\$254,244,490</b>	<b>\$258,484,897</b>	<b>97.3</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$0</b>	<b>\$575,000</b>	<b>\$3,388,029</b>	<b>\$264,617,783</b>	<b>\$268,580,812</b>	<b>93.6</b>
<b>Increase/(Decrease)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$277,378)</b>	<b>\$10,373,293</b>	<b>\$10,095,915</b>	<b>(3.7)</b>
Percentage Change	n/a	0.0%	-7.6%	4.1%	3.9%	-3.8%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Library Services and Technology Act	20.1	19.2
Programs for Low-Income, Migratory, Neglected, and Delinquent Children - Title I	20.4	18.3
Improving Teacher Quality	6.7	9.5
U.S.D.A. Food and Nutrition Services	8.5	8.7
Improving America's Schools Act - Title V	10.3	8.5
Adult Education - Workforce Investment Act	7.6	7.5
Early Childhood / Child Care / After-School Programs	4.9	4.8
Charter Schools	3.1	3.0
Other	<u>15.7</u>	<u>14.1</u>
	97.3	93.6

*FTE Changes:* The appropriation reflects a net decrease of 3.0 federally-funded FTE based on anticipated changes in federal grants, as well as a 0.7 decrease in FTE supported by cash funds exempt sources.

*Cash Funds Exempt Changes:* The reduction in the cash funds exempt appropriation reflects a net decrease in anticipated donations, grants, and transfers from other state agencies for a variety of programs.

*Federal Funds Changes:* The increase in federal funds reflects a net increase in the amount of federal funds the Department anticipates receiving for a variety of programs, including the following significant changes in funding for programs reflected in this section of the Long Bill:

- an increase of \$7.5 million in federal Title 1 funding;
- an increase of \$2.7 million for U.S.D.A. food and nutrition service programs;
- an increase of \$1.5 million for adult education; and
- the elimination of \$1.3 million for an advanced placement incentive program.

## Library Programs

This section contains appropriations for all library-related programs, with the exception of department staff, who have historically been funded through two other line items. Specifically, library program staff supported by state funds (13.7 FTE) are included in the consolidated General Department and Program Administration line item in the Management and Administration section; library program staff supported by federal funds (19.2 FTE) are included in the Appropriated Sponsored Programs line item in the Assistance to Public Schools section. Library programs reflected in this section are primarily supported by General Fund. Cash funds exempt sources include transfers from the Colorado Disabled Telephone Users Fund to support privately operated reading services for the blind, as well as grants and donations. In addition, FY 2003-04 appropriations included a cash funds exempt appropriation from the Read-to-Achieve Cash Fund.

	GF	CF	CFE	FF	Total	FTE*
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$359,796	\$0	\$113,800	\$0	\$473,596	0.0
SB 03-282	<u>0</u>	<u>0</u>	<u>600,000</u>	<u>0</u>	<u>600,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$359,796</b>	<b>\$0</b>	<b>\$713,800</b>	<b>\$0</b>	<b>\$1,073,596</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$959,796</u>	<u>\$0</u>	<u>\$113,800</u>	<u>\$0</u>	<u>\$1,073,596</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$959,796</b>	<b>\$0</b>	<b>\$113,800</b>	<b>\$0</b>	<b>\$1,073,596</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$600,000	\$0	(\$600,000)	\$0	\$0	0.0
Percentage Change	166.8%	n/a	-84.1%	n/a	0.0%	n/a

*General Fund Changes:* The appropriation reflects a General Fund increase to support regional library service systems.

*Cash Funds Exempt Changes:* The reduction in cash funds exempt appropriations reflects the elimination of one-time funding that was provided for regional library services systems for FY 2003-04, pursuant to S.B. 03-282.

### **School for the Deaf and the Blind**

This section contains appropriations for the operation of the Colorado School for the Deaf and the Blind (CSDB), which is located in Colorado Springs. The CSDB provides educational services for children throughout the state who are hearing impaired, deaf, visually impaired, or blind. In FY 2002-03, the CSDB had a total enrollment of 457 children, including 225 infants and toddlers and 232 students (ages 3 to 21) who received services on-campus. The on-campus enrollment included 122 residential students (who return home on weekends and for the Summer) and 110 students who only attended classes during the day. The majority of children who receive services through the CSDB (81.8 percent in FY 2002-03) are deaf or hearing impaired.

The primary source of funding for the CSDB is General Fund. However, for each student eligible for funding under the School Finance Act (an estimated 200 students for FY 2004-05)<sup>1</sup>, the CSDB receives funding from each student's "home" school district. The amount the CSDB receives for each eligible pupil is equal to the statewide per pupil *operating* revenue (which excludes capital and insurance reserve allocations), estimated at \$5,798 per pupil for FY 2004-05. The Department effects such transfers by withholding funds appropriated for the state share of districts' total program funding that would otherwise be paid to the home school district. This source of funding is reflected in the Long Bill as a cash funds exempt transfer from the State Share of Districts' Total Program Funding line item. In addition, the appropriation includes other cash funds exempt transfers from the Assistance to Public Schools section of the Long Bill, including state and federal funding for special education services, federal Medicaid funds, federal child nutrition funds, and various federal grants. Cash funds appropriations consist of fees paid by individuals for workshops and conferences and housing reimbursements.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$7,815,768</u>	<u>\$85,000</u>	<u>\$2,507,196</u>	<u>\$0</u>	<u>\$10,407,964</u>	<u>160.1</u>
<b>TOTAL</b>	<b>\$7,815,768</b>	<b>\$85,000</b>	<b>\$2,507,196</b>	<b>\$0</b>	<b>\$10,407,964</b>	<b>160.1</b>

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<sup>1</sup> CSDB students who are not eligible for funding under the School Finance Act include preschool students and students ages 18 through 21 who participate in a transition program.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$7,909,605</u>	<u>\$85,000</u>	<u>\$2,812,690</u>	<u>\$0</u>	<u>\$10,807,295</u>	<u>160.1</u>
<b>TOTAL</b>	<b>\$7,909,605</b>	<b>\$85,000</b>	<b>\$2,812,690</b>	<b>\$0</b>	<b>\$10,807,295</b>	<b>160.1</b>
<hr/>						
<b>Increase/(Decrease)</b>	\$93,837	\$0	\$305,494	\$0	\$399,331	0.0
Percentage Change	1.2%	0.0%	12.2%	n/a	3.8%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Teachers / Special Education Technicians / Teacher Aides	78.8	78.8
Facility Maintenance / Other Operational Support Staff	31.1	31.1
Superintendent / Accountants / Administrative	24.9	24.9
Counselors / Nurses / Other Specialists	16.2	16.2
Staff Funded with Grants and Federal Funds	<u>9.1</u>	<u>9.1</u>
	160.1	160.1

*General Fund Changes:* The net increase in General Fund includes an increase of \$206,000 for salary survey increases awarded in FY 2003-04 to employees whose salaries are tied to those of the local school district. This increase is partially offset by a reduction of \$99,000 due to an increase in the amount of funding anticipated to be available from districts' total program funding, and a \$15,000 (0.2 percent) base reduction.

*Cash Funds Exempt Changes:* The increase in cash funds exempt includes \$205,000 in federal grants anticipated to be available to the School plus a \$99,000 increase in amounts anticipated to be received from districts' total program funding.

## Recent Legislation

### 2003 Session Bills

**S.B. 03-19:** Adjusts the method of funding costs incurred by the State Auditor's Office in reviewing tobacco settlement programs. With regard to the Department of Education, reduces the FY 2003-04 appropriation of tobacco settlement funds to the Read-to-Achieve Cash Fund by \$25,149, and reduces the associated spending authority out of the Read-to-Achieve Cash Fund by the same amount. For more information, refer to the bill description in the Department of Public Health and Environment.

**S.B. 03-53:** Establishes, by a Type 1 transfer, a seven-member Board of Trustees (the Board) for the Colorado School for the Deaf and the Blind (CSDB) which shall have complete jurisdiction over the management of the CSDB. Authorizes the Board to grant charters to schools serving deaf or blind children. Authorizes the CSDB to provide additional educational services on a local or regional basis. Creates the Colorado School for the Deaf and the Blind Trust Fund, which shall consist of gifts, grants, and donations. Authorizes the Board to expend moneys in the Trust Fund.

**S.B. 03-183:** Modifies or repeals several education-related programs in order to reduce expenditures in FY 2002-03 and future fiscal years, including: funding for the purchase of new textbooks, the Teacher Pay Incentive Program, the Summer School Grant Program, the federal School Breakfast Program, the Facility Summer School Grant Program, the Colorado Preschool Program, additional funding for certain school districts with increasing enrollments, and the School Improvement Grant Program. Eliminates and amends several FY 2002-03 appropriations. Transfers moneys from the Summer School Grant Program Fund, the Facility Summer School Grant Program Fund, and the Science and Technology Education Fund back to the State Education Fund.

Requires that any moneys received by school districts in FY 2001-02 for charter school capital construction that are not expended by January 31, 2003, revert to the State Education Fund. Requires that any moneys anticipated to be received in FY 2002-03 for charter school capital construction that are not expended, encumbered, or obligated as of January 31, 2003, remain in the State Education Fund. Reduces FY 2002-03 appropriations from the State Education Fund for school district capital construction by \$4,399,940 based on a higher than anticipated amount of lottery proceeds being available for district capital construction.

**S.B. 03-190:** Transfers a total of \$39.5 million of payments the State receives pursuant to the Tobacco Settlement Agreement into the General Fund for FY 2002-03. With regard to the Department of Education, reduces the FY 2002-03 appropriation of tobacco settlement funds to the Read-to-Achieve Cash Fund by \$2,816,562 and reduces the associated spending authority out of the Read-to-Achieve Cash Fund by the same amount. For more information, refer to the bill description in the Department of Public Health and Environment.

**S.B. 03-191:** For purposes of augmenting General Fund revenues for FY 2002-03, requires the State Treasurer to transfer a total of \$203,592,024 from various cash funds to the General Fund. Also requires the State Treasurer to transfer \$10.0 million from the General Fund to the Major Medical Insurance Fund on July 1, 2003. Transfers from cash funds administered by the Department of Education are detailed in the table below.

Name of Fund	Description of Transfer Authorized by S.B. 03-191	Amount
<b>Department of Education:</b>		
Educator Licensure Cash Fund	Transfer the portion of the Fund balance that exceeds the target fee reserve balance of \$330,091.	\$143,535

Name of Fund	Description of Transfer Authorized by S.B. 03-191	Amount
Read-to-Achieve Cash Fund	Transfer remainder of original General Fund appropriation to the Fund (\$14,861) plus interest earnings on the Fund balance (\$1,425,760).	1,440,621
State Grants to Publicly-Supported Libraries Fund	Transfer the balance of the Fund, consisting of amounts reverted in previous years and any interest earnings.	12,875
Teacher Development Fund	Transfer the balance of the Fund, consisting of \$228,775 reverted in previous years and approximately \$158,385 in interest earnings.	387,160
<b>Total: Education</b>		<b>\$1,984,191</b>

For a complete list of transfers authorized by the act, see the table beginning on page 93 of the FY 2003-04 Appropriations Report.

**S.B. 03-195:** Eliminates the statutory provision requiring the General Assembly to increase the General Fund appropriation for the state share of districts' total program funding by at least 7.39 percent above the FY 2001-02 appropriation. Adjusts the FY 2002-03 appropriation for the State Share of Districts' Total Program Funding by reducing the General Fund appropriation by \$45,593,242, and increasing the State Education Fund appropriation by the same amount.

**S.B. 03-197:** Reduces personal services by \$1,018,001 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, see page 364 of the FY 2003-04 Appropriations Report.

**S.B. 03-201:** Supplemental appropriation to the Department of Education to modify FY 2002-03 appropriations included in the FY 2002-03 Long Bill and in H.B. 02-1349.

**S.B. 03-248 (annual "school finance act"):** Amends the Public School Finance Act of 1994, as amended, to provide funding for school districts for FY 2003-04, making the following changes (effective beginning in FY 2003-04 unless indicated otherwise):

- Increases the statewide *base* per pupil funding from \$4,441.51 to \$4,570.31 (2.9 percent);
- Increases the *minimum* per-pupil funding from \$5,435 to \$5,511 (an increase of 1.4 percent rather than 2.9 percent as statutorily required in the absence of this change);
- Reduces the *size factor* for all districts by 0.0045 while maintaining the "L-curve";
- Modifies the definition of "*at-risk pupils*" to include only those pupils eligible for free lunch, eliminates the definition of "at-risk funded pupil count", and eliminates the authority of districts to average at-risk pupil count for up to three years;

- For FY 2003-04 and FY 2004-05 only, reduces the number of available *Colorado Preschool Program* slots from 11,050 to 9,050;
- Reduces the number of Preschool Program slots to be used for full-day kindergarten programs from 1,500 to 1,000;
- Eliminates preschool pupils funded through the Colorado Preschool Program from the definition of "pupil enrollment", thus removing such pupils for purposes of averaging pupil enrollment over a 2-, 3-, or 4-year period;
- Repeals the *Full-day Kindergarten Pilot Program*, effective July 1, 2003;
- Specifies that school districts may receive per pupil funding for FY 2002-03 only (eliminating the authority for subsequent fiscal years) for up to a statewide total of 135 students enrolled in *on-line programs* for whom districts would otherwise not receive funding; and
- Eliminates a school district's authority to enter into new *business incentive agreements* with a taxpayer who either establishes a new business facility in the district or expands an existing facility, and eliminates the state replacement of school district revenues lost due to business incentive agreements entered into after the effective date of the Act.

Reduces the FY 2003-04 appropriation for the state share of districts' total program funding by \$28,885,022 (including \$27,130,825 General Fund and \$1,754,197 State Education Fund) based on the above changes.

Adjusts the FY 2002-03 Long Bill appropriation for the state share of districts' total program funding, reducing the General Fund appropriation by \$3.0 million and increasing State Education Fund appropriation by \$3.0 million. Appropriates \$3.0 million General Fund to the Contingency Reserve (within the State Public School Fund), and adds a footnote specifying that the amount is to be used to provide supplemental assistance to the Denver school district for the purpose of mitigating the property tax revenue loss attributable to the United Airlines bankruptcy.

Makes a number of changes to various education-related statutory provisions, as well as associated changes to FY 2003-04 appropriations, including the following:

- School district accreditation requirements;
- Appropriations of interest earned on the Public School Fund;
- Funding for the biennial cost of living analysis conducted by Legislative Council staff;
- Appropriations to the School Capital Construction Expenditures Reserve and the School Construction and Renovation Fund;
- Administration of and funding for charter school capital construction;
- Grants to boards of cooperative services;



- Funding for the National Credentials Fee Assistance Program;
- Funding for the Academic Growth Pilot Program; and
- Delivery and printing of school accountability reports.

For a description of the above changes, see page 95 of the FY 2003-04 Appropriations Report.

**S.B. 03-258:** General appropriations act for FY 2003-04. Also includes supplemental adjustments to the FY 2002-03 Long Bill appropriation to the Department of Education as amended by S.B. 03-183, S.B. 03-195, S.B. 03-197, and S.B. 03-201.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-282:** Reduces FY 2002-03 and FY 2003-04 appropriations for various programs funded with tobacco settlement funds, and appropriates tobacco settlement funds for six additional programs for FY 2003-04. Transfers funds from the Tobacco Litigation Settlement Cash Fund into the General Fund for FY 2002-03. With regard to the Department of Education, reduces the FY 2003-04 appropriation of tobacco settlement funds to the Read-to-Achieve Cash Fund by \$6,962,759, and reduces the associated spending authority out of the Read-to-Achieve Cash Fund for the Read-to-Achieve Grant Program by \$8,062,759. Appropriates \$600,000 from the Read-to-Achieve Cash Fund for regional library service systems for FY 2003-04. Also appropriates \$500,000 from the Read-to-Achieve Cash Fund to the Department of Public Safety for the Juvenile Diversion Program for FY 2003-04. For more information, refer to the bill description in the Department of Public Health and Environment.

**H.B. 03-1021:** Makes both technical and substantive changes to the "Charter School Facilities Financing Act". For more information, see page 99 of the FY 2003-04 Appropriations Report.

**H.B. 03-1032:** Requires a school district's superintendent and chief financial officer to inform the school district's board of education of each loan requested through the state interest-free loan program and the amount of the loan. Requires the district's board to approve the school district's application to participate in the loan program.

**H.B. 03-1114:** Makes modifications to the lists of circumstances under which the Department is either required or permitted to deny, annul, suspend, or revoke an educator license, authorization, or endorsement. Permits the Department to grant a new type of authorization for a person employed as a teacher in a teacher-in-residence program. Allows the Department to require an educator to submit fingerprints under certain circumstances. Permits the Department to use the ICON system at the state Judicial Department, the Federal Bureau of Investigation, and other available sources when investigating the criminal history of educators. Directs the court to notify the Department if a person who holds a teacher license, or who is a current or former employee of a school district or a charter school, is convicted of a felony or is convicted of incest and the victim is younger than 18 years of

age, and requires the Department to notify a school district of a person's conviction for a felony or a certain misdemeanor. Appropriates \$327,467 from the Educator Licensure Cash Fund to the Department of Education for FY 2003-04, including \$91,667 for the Department's related administrative costs and \$235,800 for the purchase of fingerprint background checks from the Department of Public Safety. Provides \$235,800 cash funds exempt spending authority to the Department of Public Safety.

**H.B. 03-1160:** Establishes the Colorado Opportunity Contract Pilot Program, which specifies procedures for a school district to provide financial assistance for certain children to attend a participating nonpublic school under the terms of an opportunity contract between the child's parent and the school district. Permits any school district to voluntarily participate in the Program, but requires a school district that had eight or more schools that received an academic performance rating of "low" or "unsatisfactory" in the 2001-02 school year to participate in the Program. Specifies the criteria to be met by a nonpublic school to qualify as a participating nonpublic school in the Program.

This act, as amended by H.B. 03-1369, specifies eligibility criteria for a child to participate in the Program and caps the number of children participating in the pilot program. Permits the school district to count an eligible child attending a participating nonpublic school in its pupil enrollment for purposes of the "Public School Finance Act of 1994". Requires the district to pay the parent of an eligible child enrolled in the Program the lesser of: (a) the participating nonpublic school's actual educational cost per pupil; or (b) a percent of the district's per pupil operating revenues, based on the grade level the child is enrolled in (37.5 percent for kindergarten, 75.0 percent for grades one through eight, or 85.0 percent for grades nine through twelve).

Requires the State Auditor to conduct a performance and financial audit of the Program and to report findings on or before January 1, 2008. Requires a school district, on or before January 1, 2008, to evaluate the academic performance of children participating in the Program and to report certain information to the General Assembly.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. Reduces the FY 2003-04 appropriation to the Department of Education by \$3,746, including \$2,087 General Fund. For more information, see page 365 of the FY 2003-04 Appropriations Report.

### **2004 Session Bills**

**S.B. 04-144:** Requires the State Auditor to conduct a review of up to three school districts to identify administrative savings that may be realized through implementation of best practices in organization, service delivery, and non-instructional expenditures. Allows school districts to participate in the efficiency reviews on a voluntary basis. Requires the State Auditor's Office to submit its findings, conclusions, and recommendations to participating school districts and to members of the Legislative Audit Committee and the Education Committees by August 31, 2005. Authorizes the State Auditor's Office to accept gifts, grants, or donations for the purpose of

conducting the reviews and authorizes the Office to spend up to \$100,000 in donations received and credited to the School District Pilot Efficiency Review Fund for such purpose. Repeals the language added by the act in the event that no donations are received.

**H.B. 04-1104:** Repeals and reenacts the statutory provision for issuance of teaching authorizations, renaming and amending criteria for existing authorizations and creating several new authorizations. Modifies requirements related to alternative teacher licensure and teacher in residence programs, and authorizes school districts to implement alternative principal programs for persons employed under the principal authorization. Repeals the Educator Professional Standards Board, as well as the annual survey of educators who are in their first and third years of employment as teachers. Directs the Department of Education to provide information annually to the Department of Higher Education concerning individuals who receive or hold educator licenses. For FY 2004-05, appropriates \$16,283 from the Educator Licensure Cash Fund to the Department of Education for implementation of provisions related to the issuance of teaching authorizations and appropriates \$7,703 of such amount to the Department of Public Safety, Colorado Bureau of Investigation, for related fingerprint card processing services.

**H.B. 04-1202:** Requires the Department of Education to assist school districts in developing and promoting programs that engage students in the process of discovery and interpretation of historical topics. Appropriates \$10,000 cash funds exempt from the State Education Fund for FY 2004-05 and authorizes the Department to accept gifts, grants, and donations for such purpose.

**H.B. 04-1318:** Supplemental appropriation to the Department of Education to modify FY 2003-04 appropriations included in the FY 2003-04 Long Bill (as amended by S.B. 03-248).

**H.B. 04-1331:** Supplemental appropriation to the Department of Public Health and Environment. With regard to the Department of Education, increases the FY 2003-04 appropriation of tobacco settlement funds to the Read-to-Achieve Cash Fund by \$2,471, and increases the associated spending authority out of the Read-to-Achieve Cash Fund for the Read-to-Achieve Grant Program by \$2,471. For more information, refer to bill description in the Department of Public Health and Environment.

**H.B. 04-1360:** Requires the State Board of Education to create and maintain a resource bank of materials pertaining to financial literacy, and to make materials in the resource bank available to school districts. Requires the Department to provide technical assistance related to curriculum design upon the request of a school district or a charter school. Authorizes the Department to accept and expend any gifts, grants, or donations for purposes of implementing the act, and requires that any such moneys be credited to the Financial Literacy Cash Fund. Authorizes the Department to spend up to \$39,114 cash funds exempt from the Financial Literacy Cash Fund in FY 2004-05. Further, in the event that insufficient moneys are credited to the Financial Literacy Cash Fund, appropriates up to \$39,114 cash funds exempt from the State Education Fund to the Department of Education for FY 2004-05.

**H.B. 04-1362:** Allows a school district to retain exclusive authority to authorize charter schools within the school district's boundaries if the school district meets certain specified criteria. Makes an exception to meeting the criteria, if the total enrollment of the school district is less than 3,000 students or if the percentage of free or reduced-cost lunch students enrolled in the district's charter schools is near to or exceeds the overall percentage of free or reduced-cost students enrolled in the district as a whole.

Creates the State Charter School Institute ("Institute") as an independent agency in the Department of Education. Permits the Institute to authorize "institute charter schools" located within a school district's boundaries if the school district has not retained exclusive authority to authorize charter schools. Allows a school district to voluntarily share jurisdiction with the Institute. Encourages the Institute to emphasize the authorization of institute charter schools that serve at-risk students. Creates a board to oversee the operations of the Institute, and permits the Institute to hire staff and contract for services. Authorizes the Institute to receive gifts, grants, and donations and creates the State Charter School Institute Fund. Specifies that the Institute does not have to receive applications until there is \$50,000 in the Fund and does not have to review applications until there is \$150,000 in the Fund.

Directs the Department to withhold a portion of the state share of equalization funding from the school district where an institute charter school is located and to forward the withheld amount to the Institute. Permits the Department to retain up to 2.0 percent of the amount for administrative costs, and permits the Institute to retain up to 3.0 percent of the amount for oversight and management costs. Creates a graduated reimbursement to school districts that have retained exclusive authority to authorize charter schools of the direct costs of authorizing charter schools based on the percentage of the district's funded pupil count that is enrolled in charter schools.

Appropriates \$150,000 cash funds exempt to the Institute from the State Charter School Institute Fund. Appropriates \$5,000 cash funds exempt to the Department of Law for the provision of legal services to the State Board.

**H.B. 04-1397 (annual "school finance act"):** Amends the Public School Finance Act of 1994, as amended, to provide funding for school districts for FY 2004-05, making the following changes:

- Increases the statewide *base* per pupil funding from \$4,570.31 to \$4,666.29 (2.1 percent);
- Reduces the *at-risk factor* in the total program funding formula from 11.5 percent to 11.2 percent for three fiscal years (FY 2004-05 through FY 2006-07);
- Allows an adjustment to the *cost of living factor* in the total program funding formula based on the increase in teacher income rather than on inflation; and

- Specifies that a school district shall only count and receive funding for preschool, kindergarten, and first-grade pupils who reach a specified age (e.g., age 5 for kindergarten) on or before October 1 of the applicable school year. This provision becomes effective beginning in FY 2005-06.

Reduces the FY 2004-05 Long Bill appropriation for the state share of districts' total program funding by \$18,056,244 (including \$16,091,207 General Fund and \$1,965,037 State Education Fund).

*Administration of the School Finance Act.* Allows the Department to transfer a portion of the amount appropriated annually in the Long Bill for the state share of districts' total program funding to offset the direct and indirect administrative costs incurred by the Department in implementing the provisions of the finance act. Requires the state aid of each district to be reduced proportionately.

*School District Capital Construction.* Acknowledges that, for FY 2003-04, a total of \$3,690,377 in lottery proceeds was made available to school districts for capital expenditures to address immediate safety hazards or health concerns within school facilities. For FY 2004-05, requires the General Assembly to appropriate a total of \$5.0 million from the State Education Fund for public school capital construction, including \$2.5 million to the School Construction and Renovation Fund and \$2.5 million to the School Capital Construction Expenditures Reserve. Adjusts the FY 2004-05 Long Bill (H.B. 04-1422) appropriation to split the \$5.0 million appropriated from the State Education Fund for public school capital construction between the two funds as required by the act.

*State Board Oversight, School District & Charter School Requirements.* Allows the State Board to put a school district on accreditation notice if the school district fails to comply with a written directive or order from the State Board. Precludes a charter school and the State Board from waiving requirements of the School Finance Act. Allows a charter school to seek a determination from the State Board regarding whether the school district has improperly withheld funding from the charter school, and allows the Department to withhold the amount of the improperly withheld funds from the funding due to the school district and pay it directly to the charter school.

*Special Education.* Modifies and clarifies districts' financial responsibilities for tuition costs for children with disabilities who enroll in and attend a charter school, an on-line program, or a school in a district other than the child's district of residence. Requires the State Board to adopt certain rules pertaining to the education of children with disabilities.

**H.B. 04-1421:** Changes the allocation formula for the state's annual tobacco settlement payment, beginning in FY 2004-05. Adjusts FY 2004-05 Long Bill appropriations accordingly. With regard to the Department of Education, H.B. 04-1421 reduced the appropriation to the Read-to-Achieve Cash Fund and the associated spending authority out of the Read-to-Achieve Cash Fund from \$16,592,664 to \$3,864,449 (a reduction of \$12,728,215). However, the Governor lined through the provisions making these reductions to Long Bill appropriations. House Bill 04-1421 modifies the statutory formula for allocating the annual payment and caps the FY 2004-05 allocation to the Read-to-Achieve Program at \$7,500,000. It is currently estimated that the actual allocation to the Read-to-

Achieve Grant Program in FY 2004-05 pursuant to this revised allocation formula will total \$3,864,449. Thus, the FY 2004-05 appropriation for the Read-to-Achieve Grant Program exceeds the amount anticipated to be statutorily available for the Program by \$12,728,215. For more information refer to the bill description in the Department of Public Health and Environment.

**H.B. 04-1422:** General appropriations act for FY 2004-05. Also includes a supplemental adjustment to the FY 2003-04 Long Bill appropriation to the Department of Education, School for the Deaf and the Blind.

**H.B. 04-1433:** Repeals the existing Academic Growth Pilot Program and school improvement measurement. Requires the Department to choose a public or private entity to develop a model to calculate students' annual academic growth for diagnostic purposes and convene a technical advisory panel of experts to review the model. Requires the State Board, on or before August 15, 2004, to adopt a statistical model to calculate diagnostically annual academic growth. Directs the Department to calculate annually the amount of each student's and each school's academic growth in reading, writing, and mathematics over the periods between the administration of the CSAP assessments. Beginning with the 2004-05 school year, directs the Department to provide diagnostic academic growth information for each public school and each student. Adds the academic growth of students rating to the school accountability reports beginning with the 2003-04 school year.

**H.B. 04-1464:** Amends an appropriation to the Department of Education in the FY 2004-05 Long Bill (H.B. 04-1422), increasing the FTE authorization associated with the "State Public School Fund, School Capital Construction Expenditures Reserve" line item from 1.0 FTE to 2.0 FTE. Adds a corresponding footnote stating the purpose of increasing the FTE authorization and requesting that the Department provide information to the Joint Budget Committee by November 1, 2004, concerning any recommended statutory changes that may enhance the Department's ability to provide technical consultation to school districts or to ensure the efficient administration of the School District Capital Construction Program and the School Capital Construction Expenditures Reserve. [The Governor vetoed this footnote.]

## GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING

The Department is comprised of the Office of the Governor, the Office of the Lieutenant Governor, the Office of State Planning and Budgeting, Economic Development Programs, and the Office of Innovation and Technology.

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$19,931,831	\$31,362,772	\$13,380,007	\$15,838,358
Cash Funds	103,908	77,086	144,950	225,779
Cash Funds Exempt	2,903,780	3,207,886	1,827,420	1,706,447
Federal Funds	<u>15,373,858</u>	<u>14,810,171</u>	<u>18,718,117</u>	<u>17,527,584</u>
<b>Total Funds</b>	<b>\$38,313,377</b>	<b>\$49,457,915</b>	<b>\$34,070,494</b>	<b>\$35,298,168</b>
Full Time Equiv. Staff	116.1	109.4	106.9	106.9

### **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 are highlighted below. Appropriations for FY 2004-05:

- ☐ Restore funding for the Tourism Office, increasing the Colorado Promotion line item by \$2.5 million General Fund;
- ☐ Restore funding for salary survey (\$91,000) and performance-based pay (\$57,000); and
- ☐ Reduce base funding for operations of the International Trade Office by \$91,000 General Fund to reflect historical usage of operating funds and recent reductions in FTE.

### **General Factors Driving the Budget**

Funding for this department consists of 44.9 percent General Fund, 0.6 percent cash funds, 4.8 percent cash funds exempt, and 49.7 percent federal funds.

### **Federal Funds**

Federally-funded programs comprised over 55 percent of the Office's budget in FY 2003-04, and slightly less than 50 percent in FY 2004-05. These programs generally have no state match and funding is provided at the discretion of federal authorities. Historically, federal funding has fluctuated significantly and has included a wide variety of programs, ranging from job training to energy conservation.

## **Summary of FY 2003-04 and FY 2004-05 Appropriations**

### **Total Department Appropriations**

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Total Appropriation:</b>	<b>\$13,380,007</b>	<b>\$144,950</b>	<b>\$1,827,420</b>	<b>\$18,718,117</b>	<b>\$34,070,494</b>	<b>106.9</b>
<b><u>Breakdown of Total Appropriation by Administrative Section</u></b>						
Office of the Governor	2,887,143	75,000	228,158	17,676,983	20,867,284	35.4
Office of the Lieutenant Governor	268,902	0	1,500	0	270,402	5.0
Office of State Planning and Budgeting	0	0	1,287,684	0	1,287,684	19.5
Economic Development Programs	9,322,921	69,950	310,078	1,041,134	10,744,083	37.0
Office of Innovation and Technology	901,041	0	0	0	901,041	10.0
<b><u>Breakdown of Total Appropriation by Bill</u></b>						
SB 03-258	13,369,628	144,950	1,838,665	18,722,318	34,075,561	106.9
SB 03-273	(203,657)	0	(43,423)	(3,971)	(251,051)	0.0
HB 03-1316	(752)	0	(140)	(230)	(1,122)	0.0
HB 04-1319	214,788	0	32,318	0	247,106	0.0
<b><u>FY 2004-05 Total Appropriation:</u></b>						
<b>FY 2004-05 Total Appropriation:</b>	<b>\$15,838,358</b>	<b>\$225,779</b>	<b>\$1,706,447</b>	<b>\$17,527,584</b>	<b>\$35,298,168</b>	<b>106.9</b>
<b><u>Breakdown of Total Appropriation by Administrative Section</u></b>						
Office of the Governor	2,936,811	81,359	198,703	16,326,079	19,542,952	35.4



	GF	CF	CFE	FF	Total	FTE
Office of the Lieutenant Governor	268,468	0	1,500	0	269,968	5.0
Office of State Planning and Budgeting	0	0	1,285,245	0	1,285,245	19.5
Economic Development Programs	11,733,519	144,420	220,999	1,201,505	13,300,443	37.0
Office of Innovation and Technology	899,560	0	0	0	899,560	10.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1422	15,838,358	225,779	1,706,447	17,527,584	35,298,168	106.9
<b>Increase/(Decrease)</b>	\$2,458,351	\$80,829	(\$120,973)	(\$1,190,533)	\$1,227,674	0.0
<b>Percentage Change</b>	18.4%	55.8%	-6.6%	-6.4%	3.6%	0.0%

## **Detail of Appropriation by Administrative Section**

### **Office of the Governor**

As the chief executive of the State, the Governor is responsible for the overall operation of the executive branch of government. This office provides for coordination, direction, and planning of agency operations; maintains a liaison with local governments and the federal government; and exercises the executive powers of the State. The cash funds are from the Mansion Activity Fund. The cash funds exempt funding is primarily from indirect cost recoveries. The federal funds represent grants received, or estimated to be received, by the Governor's Office for the Office of Energy Conservation, the Head Start Program, and other initiatives.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$2,876,764	\$75,000	\$239,403	\$17,681,184	\$20,872,351	35.4
SB 03-273	(203,657)	0	(43,423)	(3,971)	(251,051)	0.0
HB 03-1316	(752)	0	(140)	(230)	(1,122)	0.0
HB 04-1319	<u>214,788</u>	<u>0</u>	<u>32,318</u>	<u>0</u>	<u>247,106</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,887,143</b>	<b>\$75,000</b>	<b>\$228,158</b>	<b>\$17,676,983</b>	<b>\$20,867,284</b>	<b>35.4</b>

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$2,936,811</u>	<u>\$81,359</u>	<u>\$198,703</u>	<u>\$16,326,079</u>	<u>\$19,542,952</u>	<u>35.4</u>
<b>TOTAL</b>	<b>\$2,936,811</b>	<b>\$81,359</b>	<b>\$198,703</b>	<b>\$16,326,079</b>	<b>\$19,542,952</b>	<b>35.4</b>
<b>Increase/(Decrease)</b>	\$49,668	\$6,359	(\$29,455)	(\$1,350,904)	(\$1,324,332)	0.0
Percentage Change	1.7%	8.5%	-12.9%	-7.6%	-6.3%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Governor	1.0	1.0
Chief of Staff/Deputy Chief of Staff	2.0	2.0
Program Directors	8.5	8.5
Policy/Program Staff	6.9	6.9
Accounting Staff	2.0	2.0
Staff Assistants/Support Staff	12.5	12.5
Domestics	<u>2.5</u>	<u>2.5</u>
	35.4	35.4

*General Fund Changes:* The General Fund appropriation for the Office of the Governor includes the following increases: (1) \$91,000 for salary survey; (2) \$57,000 for performance-based pay; (3) \$33,000 for administration, to compensate for a lower amount of offsetting indirect cost recoveries; (4) \$13,000 in risk management and property fund payments; and (5) \$12,000 in contributions for Capitol Complex leased space.

General Fund increases are partially offset by: (1) a \$138,000 legal services reduction compared with the total FY 2003-04 appropriated amount; (2) a \$18,000 reduction in health, life and dental costs; and (3) a \$4,000 reduction to implement the 0.2 percent personal services base reduction.

*Cash Funds Changes:* The increase in cash funds is due to a technical adjustment to reflect the proper classification of Division of Insurance Cash Funds used to pay for CAPCO administration.

*Cash Funds Exempt Changes:* The cash funds exempt appropriation reflects: (1) a \$33,000 decrease in indirect cost recoveries; (2) a \$32,000 reduction in legal services; and (3) a \$4,000 reduction in health, life and dental. Decreases in cash funds exempt are partially offset by increases of (1) \$24,000 for salary survey and (2) \$17,000 for performance-based pay.

*Federal Fund Changes:* The decrease in reflected federal funds reflects a reduction in the amount of federal grants the office expects to receive.

## Office of the Lieutenant Governor

Colorado's Constitution provides for the Lieutenant Governor to become Governor in the case of the death, impeachment, felony conviction, incapacitation, or resignation of the Governor. The Lieutenant Governor serves as chairperson of the Colorado Commission of Indian Affairs and handles additional responsibilities assigned by the Governor. The cash exempt funds are from donations.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$268,902</u>	<u>\$0</u>	<u>\$1,500</u>	<u>\$0</u>	<u>\$270,402</u>	<u>5.0</u>
<b>TOTAL</b>	<b>\$268,902</b>	<b>\$0</b>	<b>\$1,500</b>	<b>\$0</b>	<b>\$270,402</b>	<b>5.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$268,468</u>	<u>\$0</u>	<u>\$1,500</u>	<u>\$0</u>	<u>\$269,968</u>	<u>5.0</u>
<b>TOTAL</b>	<b>\$268,468</b>	<b>\$0</b>	<b>\$1,500</b>	<b>\$0</b>	<b>\$269,968</b>	<b>5.0</b>
<b>Increase/(Decrease)</b>	(\$434)	\$0	\$0	\$0	(\$434)	0.0
Percentage Change	-0.2%	n/a	0.0%	n/a	-0.2%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Lieutenant Governor	1.0	1.0
Administration	1.7	1.7
Commission of Indian Affairs	<u>2.3</u>	<u>2.3</u>
	5.0	5.0

*General Fund Changes:* The General Fund decrease is due to a 0.2 percent personal services base reduction for the staff of the Lieutenant Governor and the Commission of Indian Affairs.

## Office of State Planning and Budgeting

The Office of State Planning and Budgeting is responsible for the development of executive budget requests, the review and analysis of departmental expenditures, and preparation of revenue and economic forecasts for the State. The cash exempt funds are from indirect cost recoveries collected from the State Highway Fund in the Department of Transportation pursuant to Section 43-1-113(8)(a), C.R.S.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$0</u>	<u>\$1,287,684</u>	<u>\$0</u>	<u>\$1,287,684</u>	<u>19.5</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,287,684</b>	<b>\$0</b>	<b>\$1,287,684</b>	<b>19.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$0</u>	<u>\$1,285,245</u>	<u>\$0</u>	<u>\$1,285,245</u>	<u>19.5</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,285,245</b>	<b>\$0</b>	<b>\$1,285,245</b>	<b>19.5</b>
<b>Increase/(Decrease)</b>	\$0	\$0	(\$2,439)	\$0	(\$2,439)	0.0
Percentage Change	n/a	n/a	-0.2%	n/a	-0.2%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Director	1.0	1.0
Deputy Director	1.0	1.0
Analysts	13.0	13.5
Economists	2.5	2.0
Financial Manager	0.5	0.5
Support Staff	<u>1.5</u>	<u>1.5</u>
	19.5	19.5

*Cash Funds Exempt Changes:* The cash funds exempt appropriation provides continuation funding for the Office of State Planning and Budgeting and includes a 0.2 percent personal services base reduction.

## **Economic Development Programs**

The Office of Economic Development was formed in 1988 to centralize and coordinate the state's business assistance, retention, expansion, and recruitment programs. Other activities include international trade assistance and Colorado tourism promotion. The cash funds are from the Minority Business Cash Fund, fees, gifts, and donations. The cash exempt funds are from indirect cost recoveries from federal grants, reserves from the Colorado Travel and Tourism Fund, transfers from the Division of Insurance Cash Fund (for the capital company incentives program), donations, and gifts. The federal funds are grants from the Small Business Association and grants passed through from the Department of Transportation for the Construction Development Center.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$9,322,921</u>	<u>\$69,950</u>	<u>\$310,078</u>	<u>\$1,041,134</u>	<u>\$10,744,083</u>	<u>37.0</u>
<b>TOTAL</b>	<b>\$9,322,921</b>	<b>\$69,950</b>	<b>\$310,078</b>	<b>\$1,041,134</b>	<b>\$10,744,083</b>	<b>37.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$11,733,519</u>	<u>\$144,420</u>	<u>\$220,999</u>	<u>\$1,201,505</u>	<u>\$13,300,443</u>	<u>37.0</u>
<b>TOTAL</b>	<b>\$11,733,519</b>	<b>\$144,420</b>	<b>\$220,999</b>	<b>\$1,201,505</b>	<b>\$13,300,443</b>	<b>37.0</b>
<b>Increase/(Decrease)</b>	\$2,410,598	\$74,470	(\$89,079)	\$160,371	\$2,556,360	0.0
Percentage Change	25.9%	106.5%	-28.7%	15.4%	23.8%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Administration	6.0	6.0
Business Development	9.2	9.2
Grand Junction Satellite Office	1.0	1.0
Minority Business Office	2.0	2.0
Small Business Development Centers	3.5	3.5
International Trade Office	6.0	6.0
Colorado Welcome Centers	3.3	3.3
Colorado Tourism Office	3.0	3.0
Economic Development Commission	2.0	2.0
Certified Capital Company Program	<u>1.0</u>	<u>1.0</u>
	37.0	37.0

*General Fund Changes:* The increase in General Fund is due to: (1) an increase of \$2.5 million for Colorado Promotion (tourism promotion); and (2) an increase of \$14,000 for the Administration line because indirect cost recoveries used to offset General Fund will be less than in FY 2003-04. These General Fund increases are partially offset by decreases of: (1) \$91,000 in reduced operating expenses for the International Trade Office; and (2) a total 0.2 personal services base reduction (\$5,000) for the Office of Economic Development.

*Cash Funds Changes:* The increase in cash funds is primarily due to a technical adjustment to reflect the proper classification of \$74,000 in Division of Insurance cash funds used for Certified Capital Company (CAPCO) administration.

*Cash Funds Exempt Changes:* The decrease in cash funds exempt is due to (1) a reduction of \$14,000 in indirect cost recoveries; and (2) reclassification of \$74,000 CAPCO administration costs to cash funds.

*Federal Funds Changes:* The increase in federal funds is due to an anticipated increase in federal funds received by the state's Small Business Development Centers.

## Office of Innovation and Technology

The Office of Innovation and Technology was established in 1999 and is responsible for oversight of state communications and information systems policy, including support of the Commission on Information Management (IMC).

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$901,041</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$901,041</u>	<u>10.0</u>
<b>TOTAL</b>	<b>\$901,041</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$901,041</b>	<b>10.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$899,560</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$899,560</u>	<u>10.0</u>
<b>TOTAL</b>	<b>\$899,560</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$899,560</b>	<b>10.0</b>
<b>Increase/(Decrease)</b>	(\$1,481)	\$0	\$0	\$0	(\$1,481)	0.0
Percentage Change	-0.2%	n/a	n/a	n/a	-0.2%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Deputy Director	1.0	1.0
Staff Assistant	1.0	1.0
Supervising Policy & Budget Analyst	5.0	5.0
Standards & Technology Analyst	<u>3.0</u>	<u>3.0</u>
	10.0	10.0

*General Fund Changes:* The General Fund appropriation includes a \$1,500 personal services base reduction.

## **Recent Legislation**

### **2003 Session Bills**

**S.B. 03-143:** Transfers 3.0 FTE, but no funding, from the Motion Picture and Television Commission to the Tourism Office beginning in FY 2002-03. The bill results in no net change to the Department's appropriation.

**S.B. 03-197:** Reduces personal services by \$419,749 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-202:** Modifies appropriations included in the FY 2002-03 Long Bill.

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

### **2004 Session Bills**

**S.B. 04-11:** Enacts reforms to the Certified Capital Company (CAPCO) program based on the October 2003 audit report. Prohibits the use of CAPCO money for taxes or lobbying and litigation related to CAPCO regulation.

**S.B. 04-106:** Creates the Venture Capital Authority and gives the Authority the ability to grant tax credits. Replaces the Certified Capital Company program with the Venture Capital Authority as an available tax credit as of January 31, 2004.

**S.B. 04-244:** Creates the Statewide Internet Portal Authority. Authorizes the Authority to oversee the development, management, and operations of a centralized service agency for web-based information systems and electronic business. Authorizes funding from a variety of sources, including public and private grants, as well as through services contracts with public and private entities.

**S.B. 04-247:** Reforms the definition of a "qualified business" prospectively under the current CAPCO program and strengthens certain ownership requirements.

**S.B. 04-256:** Directs the state Treasury to liquidate securities held in the Unclaimed Property Fund. Includes provisions to protect the owner who discovers and reclaims unclaimed securities after their sale by the state. Directs proceeds from the sale of unclaimed securities to tourism promotion funding beginning in FY 2005-06.

**H.B. 04-1190:** Reforms the first pool of CAPCO investments, including provisions regarding the use of distributions to pay certain taxes. Specifies the use of state portions of distributions, including increased state funding for low income housing developments.

**H.B. 04-1228:** Repeals statutory language creating the Office of the Coordinator of Environmental Problems.

**H.B. 04-1319:** Authorizes supplemental appropriations for the Governor - Lieutenant Governor - State Planning and Budgeting FY 2004-05 budget.

**H.B. 04-1422:** General appropriations act for FY 2004-05.



## DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

The Department of Health Care Policy and Financing administers the State's Medicaid medical and mental health programs, the Colorado Indigent Care program, the Children's Basic Health Plan, the Comprehensive Primary and Preventive Care Grant program, and the Home Care Allowance and Adult Foster Care programs. The Medicaid and Children's Basic Health Plan programs are federal and state partnerships and the Department receives approximately \$1.5 billion in federal matching funds for these programs. As the designated single state agency for federal Medicaid dollars, the Department *transfers* approximately 14 percent of its appropriation to other state agencies administering programs eligible for Medicaid funding (most notably, \$419.0 million in FY 2004-05 to the Department of Human Services).

The Department's budget is comprised of the following sections: (1) Executive Director's Office, (2) Medical Services Premiums, (3) Medicaid Mental Health Community Programs, (4) Indigent Care Program, (5) Other Medical Services, and (6) Department of Human Services Medicaid-Funded Programs.

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual <sup>1</sup></b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$1,081,696,172	\$1,023,114,159	\$1,231,171,329	\$1,258,646,139
General Fund Exempt <sup>2</sup>	206,415	254,336	28,285	0
Cash Funds	10,589,766	1,010,038	12,181,611	11,448,429
Cash Funds Exempt	171,727,704	223,819,939	236,020,640	265,281,003
Federal Funds	<u>1,247,185,469</u>	<u>1,274,956,992</u>	<u>1,463,720,465</u>	<u>1,479,050,526</u>
<b>Total Funds</b>	<b>\$2,511,405,526</b>	<b>\$2,523,155,464</b>	<b>\$2,943,122,330</b>	<b>\$3,014,426,097</b>
Full Time Equiv. Staff	166.1	167.1	200.4	204.5

<sup>1</sup> Pursuant to S.B. 03-196, beginning in FY 2002-03 the State changed from an accrual basis of accounting to a cash basis of accounting for Medicaid health care services. At the time S.B. 03-196 was enacted, it was estimated that the bill would result in one-time savings in FY 2002-03 of \$154.0 million (including \$77.0 million General Fund). Largely as a result of this accounting change, FY 2002-03 expenditures were only 0.4 percent higher than the FY 2001-02 expenditures.

<sup>2</sup> Actual expenditures shown as General Fund Exempt are expenditures that are excluded from the term "fiscal year spending" as such term is defined in Section 20 (2) (e) of Article X of the Colorado Constitution.

## **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 are highlighted below. The FY 2004-05 appropriation:

### *Executive Director's Office*

- ☐ Reflects a decrease of \$27.0 million to eliminate one-time supplemental funding in FY 2003-04 associated with the settlement payments for the Kaiser and Colorado Health Plan of the Rockies lawsuits;
- ☐ Provides a net decrease of \$1.4 million for various technical issues related to common policies, annualization of prior year funding, transferring non-emergency transportation funding to this division from the Medical Services Premiums Division, and special legislation;

### *Medical Services Premiums*

- ☐ Provides an increase of \$135.1 million (an increase of 7.3 percent of the Medical Service Premium line item) to fund projected caseload growth and cost-per-client increases for the Medicaid medical program. The Medicaid program is projected to provide health care services to 375,411 Medicaid clients, which is a caseload increase of 15,627 clients (4.3 percent) over FY 2003-04;
- ☐ Includes an increase of \$3.0 million for an inflationary increase to the reimbursement rates for Federal Qualifying Health Centers;
- ☐ Provides an increase of \$1.4 million for a rate increase for primary care physicians;
- ☐ Reflects a net increase of \$1.2 million for Medicare Upper Payment Limit refinancing;
- ☐ Includes the following significant reductions:
  - ✓ A decrease of \$46.7 million to eliminate one-time supplemental funding provided in FY 2003-04 due to the "roll over" of FY 2002-03 expenses into FY 2003-04 when the Medicaid payment system was shut down during the last week in June 2003;
  - ✓ A decrease of \$9.8 million to reflect the implementation of S.B. 03-176 (related to Medicaid coverage for legal immigrants) and for policy initiatives to reduce payments for inpatient hospitals, private duty nursing, and durable medical equipment; and

- ✓ A decrease of \$4.4 million to reflect the transfer of non-emergency transportation from the Medical Services Premiums division to the Executive Director's Office division;

#### *Medicaid Mental Health Community Programs*

- ☐ Reflects \$191.6 million in a new division, pursuant to the transfer of authority for Medicaid mental health community programs authorized by H.B. 04-1265. Appropriations for this area were previously appropriated in the "Department of Human Services Medicaid-Funded Programs" division, for transfer to the Department of Human Services. The appropriation to this new division's reflects the following changes in funding for Medicaid mental health community programs:
  - ✓ An increase of \$5.2 million cash funds exempt Medicaid dollars for anti-psychotic pharmaceutical costs (shown in this section for informational purposes only);
  - ✓ An increase \$3.8 million Medicaid cash funds exempt associated with elimination of the one-time FY 2001-02 Medicaid cost recoupment assessed in FY 2003-04;
  - ✓ An increase of \$1.0 million and 9.0 FTE for program administration;
  - ✓ A reduction of \$3.7 million Medicaid cash funds exempt associated with discontinuing a one-time FY 2003-04 rate enhancement for Medicaid capitation contracts;
  - ✓ A reduction of \$3.0 million Medicaid cash funds exempt associated with discontinuing FY 2002-03 Medicaid over-expenditures paid in FY 2003-04; and
  - ✓ A reduction of \$1.0 million Medicaid cash funds exempt associated with discontinuing one-time capitation rate increases provided pursuant to S.B. 03-282;

#### *Indigent Care Program*

- ☐ Reflects a decrease of \$6.2 million in payments to private hospitals participating in the Colorado Indigent Care Program;
- ☐ Reflects a net decrease of \$5.6 million for the Comprehensive Primary and Preventive Care Fund and Grant Program;
- ☐ Includes a net decrease of \$2.1 million for the Children's Basic Health Plan primarily due to a lower projected average children's caseload in FY 2004-05 than what was funded in FY 2003-04. However, the appropriation provides sufficient funding to remove the cap on the children's caseload and to add back the adult prenatal program beginning July 1, 2004;

- ❑ Reflects a decrease of \$0.3 million to eliminate funding for the State-only Adult Prenatal Care program that is no longer necessary because of the re-establishment of the Children's Basic Health Plan Adult Prenatal Program;

#### *Other Medical Services*

- ❑ Provides an increase of \$0.8 million for the State Nursing Facility Service program to provide nursing home care to legal immigrants that lost Medicaid coverage when S.B. 03-176 was enacted;
- ❑ Reflects a decrease of \$10.0 million to eliminate a double count of appropriations for the Old Age Pension State Medical Program that resulted when legislation in FY 2003-04 transferred the program from the Department of Human Services to the Department of Health Care Policy and Financing. There is no change to the program from this correction;
- ❑ Contains a decrease of \$1.9 million to eliminate the Primary Care Physician Incentive Program;
- ❑ Includes a decrease of \$0.1 million for reduced funding for the Family Medicine Residency Training program and the Enhanced Prenatal Care Training and Technical Assistance program; and

#### *Department of Human Services Medicaid-Funded Programs*

- ❑ Provides a net decrease of \$146.3 million for programs in the Department of Human Services that receive Medicaid funding through the Department of Health Care Policy and Financing. The majority of this decrease relates to the transfer of administrative authority for the Medicaid Mental Health programs from the Department of Human Services to this Department. For more detail on other changes to the Department of Human Services programs that are funded through Medicaid, please see the Department of Human Services section of this report.

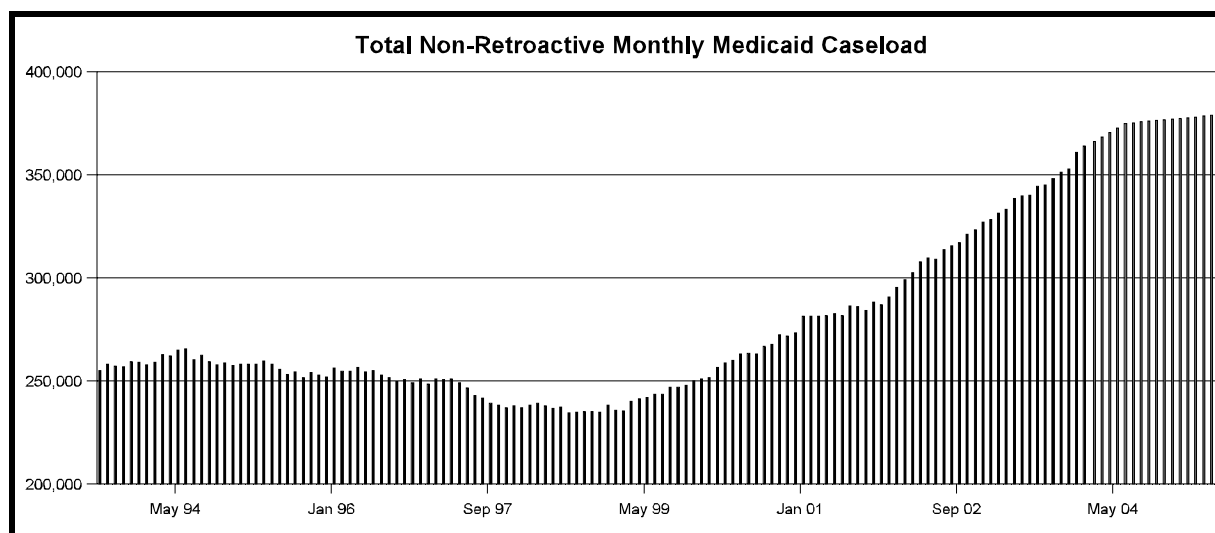
## General Factors Driving the Budget

Funding for this department consists of 41.8 percent General Fund, 49.1 percent federal funds, 8.8 percent cash funds exempt, and 0.3 percent cash funds. Some of the most important factors driving the budget are reviewed below.

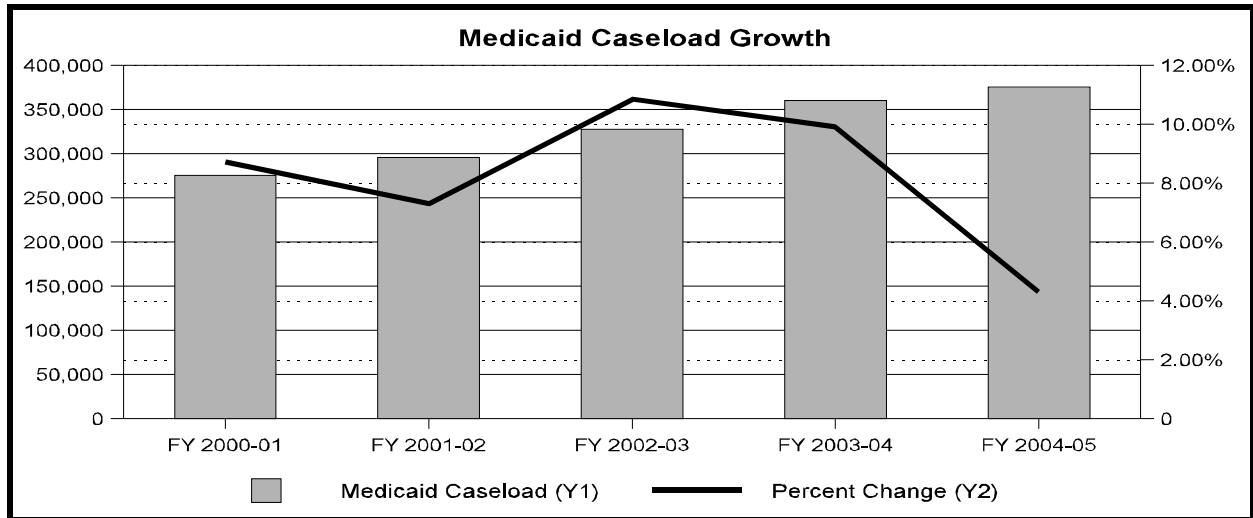
### Medical Services Premiums

Medical services premiums reflect the health care services costs for qualifying individuals in the Medicaid program. Services include acute care (such as physician visits and hospital visits) as well as long-term care (such as nursing facility and community long-term care alternatives). The Department contracts with health care providers in both fee-for-service and health maintenance organization (HMOs) arrangements in order to provide services to eligible clients.

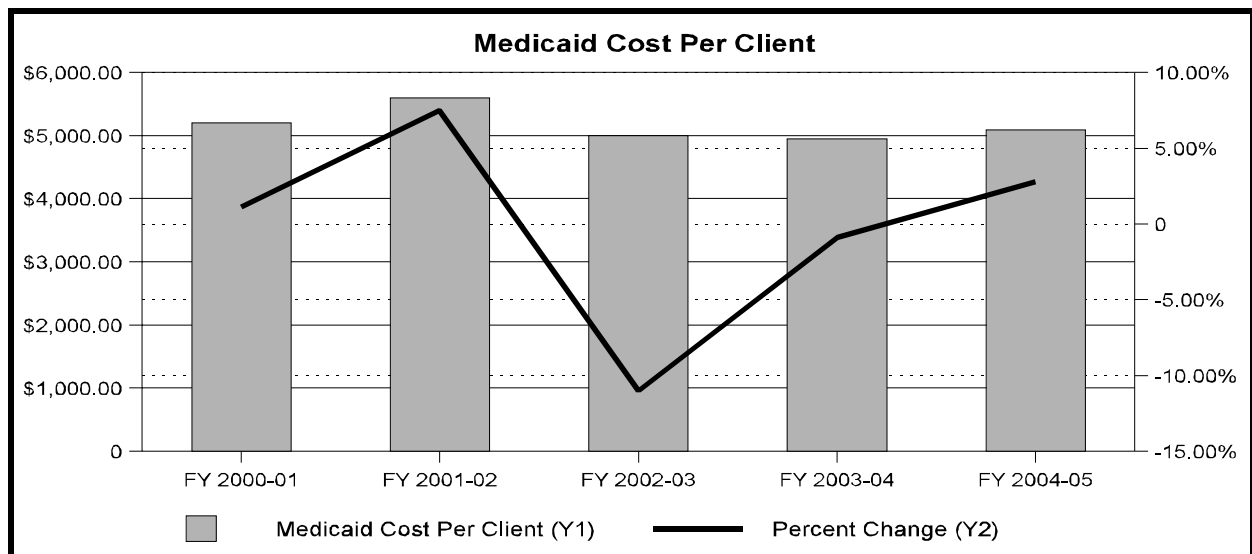
Total costs for the program are a function of the number of clients and the cost-per-client. During the late 1990s, the Medicaid caseload declined due to the impacts of federal welfare reform and a robust economy. However, since early 1999 the Medicaid caseload has sharply increased. This is partly due to legislation authorizing new populations to become eligible (mainly children) and the worsening economic climate. The chart below shows the monthly Medicaid caseload growth from FY 1993-94 through the forecast period for FY 2004-05.



As the chart above shows, there has been significant growth in the Medicaid caseload since early 1999. However, the growth in the caseload is forecasted to stabilize at a rate of 4.3 percent in FY 2004-05, in contrast to the double digit increases experienced in FY 2002-03 and FY 2003-04. The chart on the next page shows the average fiscal year caseload and percent growth for FY 2000-01 through the forecast period of FY 2004-05.



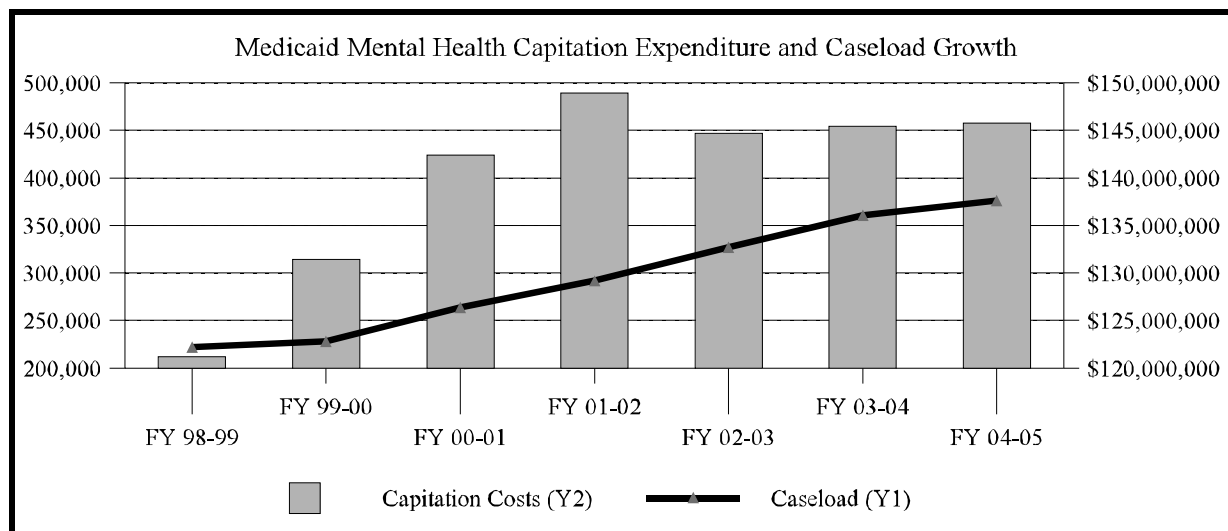
In addition to increased costs due to caseload growth, the Medicaid budget has also grown as a result of higher medical costs and greater utilization of medical services. Recent budget increases for medical services are primarily related to nursing home rate increases and utilization increases in the areas of community long-term care and pharmaceuticals. However, because of recent budget reduction initiatives and the fact that the majority of the new caseload has been in the lower risk low-income children and adult categories, the average cost per Medicaid client for FY 2004-05 is actually lower than it was in FY 2000-01. The following chart provides a five-year history of average cost-per-client.



### **Medicaid Mental Health Capitation**

Pursuant to H.B. 04-1265, responsibility for the Medicaid-funded mental health community programs (except for the Goebel lawsuit) has been transferred to the Department of Health Care Policy and Financing. Medicaid mental health services throughout Colorado are delivered through a managed care, "capitated" program. Under the capitation program, the State pays a regional entity—a mental health assessment and service agency (MHASA)—a contracted amount for each Medicaid-eligible person in the entity's geographic area; the MHASA is then required to provide appropriate mental health services to all Medicaid-eligible persons needing such services. The rate paid to each MHASA for each class of Medicaid-eligible person (*e.g.*, children in foster care, children, elderly, disabled) in each geographic region is established through a competitive bid process. Under the capitated system, changes in per-eligible rates and changes in overall Medicaid eligibility and case mix in the state are important drivers in overall state appropriations for mental health services. As a result of statewide revenue shortfalls, Medicaid capitation rates were reduced significantly in FY 2002-03 and FY 2003-04 compared to FY 2001-02 levels, leading to associated service reductions. These reductions have been tempered by increases in the Medicaid caseload and funding for alternatives to inpatient hospitalization at the state mental health institutes.

The following chart and graph provide information on the recent expenditures and caseload for the Medicaid mental health capitation.



	<b>FY 99-00 Actual</b>	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp.</b>	<b>FY 04-05 Approp.</b>
Medicaid Mental Health Capitation Funding	\$131,428,234	\$142,393,225	\$148,906,860	\$144,704,276	\$145,441,193	\$145,739,678
Annual Dollar Change	\$10,191,820	\$10,964,991	\$6,513,635	(\$4,202,584)	\$736,917	\$298,485
<i>Annual Dollar Percent Change</i>	<i>8.4%</i>	<i>8.3%</i>	<i>4.6%</i>	<i>-2.8%</i>	<i>0.5%</i>	<i>0.2%</i>
Individuals Eligible for Medicaid Mental Health Services (Caseload)	228,464	264,141	291,910	327,451	360,554	376,174
Annual Caseload Change	6,438	35,677	27,769	35,541	33,103	15,620
<i>Annual Caseload Percent Change</i>	<i>2.9%</i>	<i>15.6%</i>	<i>10.5%</i>	<i>12.2%</i>	<i>10.1%</i>	<i>4.3%</i>

### **Indigent Care Program**

*Safety Net Provider Program:* In FY 2003-04, the Department established new methodologies for distributing disproportionate share payments and major medical teaching hospitals payments. The payments were collapsed into one line-item called Safety Net Provider Payments. In FY 2003-04, the methodology change resulted in an additional \$11.3 million in federal funds becoming available for hospitals providing care to Colorado's indigent population. However, due to budget constraints in FY 2004-05, funding for this program was reduced by \$6.2 million, impacting the private hospitals participating in the program.

*Children Basic Health Plan:* The Children's Basic Health Plan (CBHP) provides health care insurance to uninsured children from families at or below 185 percent of the federal poverty level (currently \$34,040 for a family of four). A 65 percent federal match is available for the program. Beginning in FY 2002-03, the program was expanded to include an adult prenatal benefit. Under Colorado law, the Children Basic Health Plan is not an entitlement program and enrollment into the program can be capped. However, federal regulation requires services for adult populations be eliminated before children enrollment in the program can be capped. Because of budget constraints, in FY 2003-04 the adult prenatal program was suspended for the entire year and no new enrollment was accepted into the children's program beginning in November 2003. In FY 2003-04, the CBHP is anticipated to serve an average children's caseload of 49,250 and 2,417 adult prenatal member months and 342 births. While the FY 2004-05 appropriation reinstates the adult prenatal program and uncaps enrollment for the children's program, the enrollment in the children's program is anticipated to be lower than in FY 2003-04. This is due to the drastic drop in enrollment that occurred after new applicants were turned away in November 2003. The FY 2004-05 appropriation



is forecasted to serve an average children's caseload of 48,168 children and 9,565 adult prenatal member months and 874 births.

### **Department of Human Services Medicaid-Funded Programs**

Many programs in the Department of Human Services are financed with Medicaid funds. The General Fund share of Medicaid funds is appropriated in this section, matched with anticipated federal funds, and transferred to the Department of Human Services as Medicaid *cash funds exempt*. Thus, two dollars of Medicaid cash funds exempt shown in another department, such as the Department of Human Services, contain a dollar originally appropriated as General Fund in the Department of Health Care Policy and Financing. In order to describe the true statewide General Fund impact of Medicaid-funded programs, the term “net General Fund” is used to describe the General Fund portion of Medicaid funds used in “receiving” departments. The following table details the General Fund and federal fund amounts transferred to the Department of Human Services.

	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp.</b>	<b>FY 04-05<sup>/1</sup> Approp.</b>
Expenditures	\$505,177,681	\$532,132,957	\$529,215,363	\$565,444,861	\$419,307,363
Percent Increase	n/a	5.3%	-0.5%	6.8%	-25.8%

<sup>/1</sup> The majority of this decrease relates to the transfer of Medicaid mental health services from this section to the newly created Medicaid Mental Health Community Programs section.

## **Summary of FY 2003-04 and FY 2004-05 Appropriations**

### **Total Department Appropriations**

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Total Appropriation:</b>	<b>\$1,231,199,614</b>	<b>\$12,181,611</b>	<b>\$236,020,640</b>	<b>\$1,463,720,465</b>	<b>\$2,943,122,330</b>	<b>200.4</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	32,646,413	425,659	451,032	52,621,432	86,144,536	200.4
Medical Services Premiums	898,923,379	68,094	28,160,727	927,767,577	1,854,919,777	0.0
Medicaid Mental Health Community Programs	0	0	0	0	0	0.0
Indigent Care Program	17,064,113	220,514	171,718,317	179,792,856	368,795,800	0.0
Other Medical Services	12,277,608	10,739,344	27,177,352	17,882,326	68,076,630	0.0

	GF	CF	CFE	FF	Total	FTE
Department of Human Services Medicaid-Funded Programs	270,288,101	728,000	8,513,212	285,656,274	565,185,587	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-011	(582,232)	0	0	(52,294)	(634,526)	0.8
SB 03-019	0	0	(39,343)	0	(39,343)	0.0
SB 03-022	0	10,750,000	0	0	10,750,000	0.0
SB 03-258	1,195,137,503	635,517	238,651,413	1,414,315,399	2,848,739,832	196.6
SB 03-259	(970,963)	994,140	0	23,175	46,352	1.0
SB 03-266	(9,934,000)	30,517,016	0	15,280,508	35,863,524	2.0
SB 03-273	(170,286)	0	(3,656)	(204,650)	(378,592)	0.0
SB 03-282	0	0	1,660,537	2,534,503	4,195,040	0.0
SB 03-291	(4,995,208)	0	(5,039,393)	(8,949,348)	(18,983,949)	0.0
SB 03-294	(506,900)	0	0	(447,787)	(954,687)	0.0
HB 03-1292	(398,047)	796,094	0	398,047	796,094	0.0
HB 03-1316	(610)	0	(7)	(752)	(1,369)	0.0
SB 04-138	96,357	(204,304)	0	96,358	(11,589)	(0.3)
HB 04-1265	0	0	0	0	0	2.3
HB 04-1320	13,994,079	(234,164)	7,748,017	27,137,365	48,645,297	0.0
HB 04-1331	0	0	(22,980)	0	(22,980)	0.0
HB 04-1422	39,529,921	(31,072,688)	(6,933,948)	13,589,941	15,113,226	(2.0)
<b>FY 2004-05 Total Appropriation:</b>						
	<b>\$1,258,646,139</b>	<b>\$11,448,429</b>	<b>\$265,281,003</b>	<b>\$1,479,050,526</b>	<b>\$3,014,426,097</b>	<b>204.5</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	20,017,462	417,366	392,419	36,667,839	57,495,086	195.5
Medical Services Premiums	936,641,159	72,180	30,181,738	967,749,482	1,934,644,559	0.0
Medicaid Mental Health Community Programs	74,678,287	0	41,992,061	74,900,956	191,571,304	9.0
Indigent Care Program	15,788,710	210,400	166,221,195	172,283,599	354,503,904	0.0

	GF	CF	CFE	FF	Total	FTE
Other Medical Services	12,100,409	10,748,483	17,188,199	16,866,790	56,903,881	0.0
Department of Human Services Medicaid- Funded Programs	199,420,112	0	9,305,391	210,581,860	419,307,363	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-028	0	0	21,741	21,741	43,482	0.0
SB 04-138	385,431	(817,216)	0	385,433	(46,352)	(1.0)
SB 04-206	0	0	22,000	22,000	44,000	0.0
HB 04-1075	0	0	47,902	47,903	95,805	0.0
HB 04-1219	(28,863)	0	0	(28,862)	(57,725)	0.4
HB 04-1415	838,528	0	0	0	838,528	0.0
HB 04-1416	(1,015,048)	0	1,015,048	0	0	0.0
HB 04-1421	0	0	(1,560,216)	209,066	(1,351,150)	0.0
HB 04-1422	1,258,466,091	12,265,645	265,610,328	1,478,162,591	3,014,504,655	205.1
HB 04-1447	0	0	124,200	230,654	354,854	0.0
<b>Increase/(Decrease)</b>	\$27,446,525	(\$733,182)	\$29,260,363	\$15,330,061	\$71,303,767	4.1
Percentage Change	2.2%	-6.0%	12.4%	1.0%	2.4%	2.0%

## **Detail of Appropriation by Administrative Section**

### **Executive Director's Office**

The appropriation for the Executive Director's Office (EDO) contains the administrative funding for the Department except for funding associated with administering the Medicaid mental health community programs. Beginning in FY 2003-04, the EDO Division and the Medical Program Administration Division were combined into one administrative division to allow more flexibility in managing personnel and operating funding for the Department. Therefore, funding for the majority of the Department's administrative functions, including the personnel costs for 195.5 FTE positions, is found in the EDO Division.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-011	\$219,525	\$0	\$0	\$658,576	\$878,101	0.8

	GF	CF	CFE	FF	Total	FTE
SB 03-022 <sup>1</sup>	0	10,656	0	0	10,656	0.0
SB 03-258	18,779,954	415,003	435,941	38,414,944	58,045,842	196.6
SB 03-259	0	23,177	0	23,175	46,352	1.0
SB 03-266	0	66,000	0	22,000	88,000	2.0
SB 03-273	(170,286)	0	(3,656)	(204,650)	(378,592)	0.0
SB 03-294	29,556	0	0	88,669	118,225	0.0
HB 03-1316	(610)	0	(7)	(752)	(1,369)	0.0
SB 04-138	(5,795)	0	0	(5,794)	(11,589)	(0.3)
HB 04-1265	112,415	0	0	146,859	259,274	2.3
HB 04-1320	13,736,396	0	19,329	13,618,952	27,374,677	0.0
HB 04-1422	<u>(54,742)</u>	<u>(89,177)</u>	<u>(575)</u>	<u>(140,547)</u>	<u>(285,041)</u>	<u>(2.0)</u>
<b>TOTAL</b>	<b>\$32,646,413</b>	<b>\$425,659</b>	<b>\$451,032</b>	<b>\$52,621,432</b>	<b>\$86,144,536</b>	<b>200.4</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-028	\$0	\$0	\$21,741	\$21,741	\$43,482	0.0
SB 04-138	(23,177)	0	0	(23,175)	(46,352)	(1.0)
SB 04-206	0	0	22,000	22,000	44,000	0.0
HB 04-1219	10,962	0	0	10,962	21,924	0.4
HB 04-1422	<u>20,029,677</u>	<u>417,366</u>	<u>348,678</u>	<u>36,636,311</u>	<u>57,432,032</u>	<u>196.1</u>
<b>TOTAL</b>	<b>\$20,017,462</b>	<b>\$417,366</b>	<b>\$392,419</b>	<b>\$36,667,839</b>	<b>\$57,495,086</b>	<b>195.5</b>
<b>Increase/(Decrease)</b>	<b>(\$12,628,951)</b>	<b>(\$8,293)</b>	<b>(\$58,613)</b>	<b>(\$15,953,593)</b>	<b>(\$28,649,450)</b>	<b>(4.9)</b>
Percentage Change	-38.7%	-1.9%	-13.0%	-30.3%	-33.3%	-2.4%

<sup>1</sup> This appropriation is double counted because the appropriation is contained in both S.B. 03-258 and S.B. 03-022. Senate Bill 03-022 transferred the administration of the Old Age Pension Health and Medical funds from the Department of Human Services to the Department of Health Care Policy and Financing. Because the funds are no longer transferred from the Department of Human Services, they are no longer considered cash funds exempt. However, a corresponding reduction to the cash funds exempt Long Bill (S.B. 03-258) appropriation was not made.

FTE Detail	FY 2003-04	FY 2004-05
Executive Director	1.0	1.0
External Affairs	1.5	1.5

FTE Detail	FY 2003-04	FY 2004-05
Communications, Customer Service, Executive Projects, and Facility Coordinator	15.0	15.0
Medical Assistance Office	12.5	12.5
Health Benefits	31.7	32.1
Rates and Analysis	22.1	21.6
Long Term Benefits	18.5	18.5
Client Services	20.0	20.0
Operations and Finance Office	2.5	2.5
Mental Health Administration	2.3	0.0
Safety Net Financing Section	4.0	4.0
Budget Unit	13.0	13.0
Controller and Operations	17.0	17.0
Child Health Plan Plus	9.0	9.0
Information Technology Division	<u>30.3</u>	<u>27.8</u>
	200.4	195.5

*FTE Changes:* The appropriation reflects a decrease of 4.9 FTE. The reduction results mainly from (1) eliminating 2.5 FTE positions due to the completion of the implementation phase of the Colorado Benefits Management System project and reduction, (2) transferring 2.5 FTE to the Medicaid Mental Health Community Programs division, and (3) annualizing 0.1 FTE from prior year appropriations.

*General Fund Changes:* The General Fund net decrease is attributed to the following reductions: (1) \$13.5 million to eliminate the one-time FY 2003-04 Kaiser and Colorado Health Plan of the Rockies HMO lawsuit settlement payments; (2) \$878,000 to eliminate one-time expenses associated with implementing the Privacy and Transaction and Code Sets rules for the Health Insurance Portability and Accountability Act of 1996 (HIPAA); (3) \$396,000 for technical adjustments associated with the Medical Management Information System; (4) \$241,000 for cost savings associated with using plastic Medicaid identification cards; (5) \$12,000 for administrative expenses contained in S.B. 04-138 and H.B. 04-1219; and (6) \$7,000 for savings associated with the nurse aid certification programs and for a decrease in telecommunication rates.

The above decreases are partially offset by the following increases: (1) \$2.2 million to reflect the transfer of non-emergency transportation from a medical benefit to an administrative expense; (2) \$207,500 for personnel related expenses including salary survey, performance-based pay, and employee benefits (e.g. health, life, and dental); (3) \$61,000 for costs associated with the new HIPAA

security rule; and (4) \$39,000 for increased costs for technical issues related to common policy operating expense appropriations and for annualizing prior year expenses.

*Cash Funds Changes:* The net cash funds decrease is attributable to a decrease of \$9,000 for cost savings associated with using plastic identification cards for the Old Age Pension Medical Program offset by an increase of \$800 for technical issues related to common policy appropriations.

*Cash Fund Exempt Changes:* The cash funds exempt decrease is primarily attributable to eliminating \$92,000 for one-time expenses associated with implementing the HIPAA privacy and transaction and code sets rules and \$14,000 for technical adjustments including adjusting for a double count of an appropriation in S.B. 03-258. These decreases are partially offset by a \$43,700 appropriation of gifts, grants, and donations to fund waiver applications for a Native American substance abuse programs and a children's hospice program.

*Federal Funds Changes:* The federal funds decrease includes the following reductions: (1) \$13.5 million to eliminate the one-time FY 2003-04 Kaiser and Colorado Health Plan of the Rockies HMO lawsuit settlement payments; (2) \$4.9 million to eliminate one-time expenses associated with implementing the privacy and transaction and code sets rules for HIPAA; (3) \$241,000 for cost savings associated with using plastic Medicaid identification cards; and (4) \$6,000 for savings associated with the nurse aid certification program and for a decrease in telecommunication rates.

The above decreases are partially offset by the following increases: (1) \$2.2 million to reflect the transfer of non-emergency transportation from a medical benefit to an administrative expense; (2) \$247,000 to annualize prior year expenses associated with the Medical Management Information System; (3) \$236,000 for personnel related increases including salary survey, performance-based pay, and employee benefits; (4) \$66,000 for common policy and technical adjustments related to non-personnel line items; (5) \$63,000 for costs associated with complying with the HIPAA security rule; and (6) \$31,500 for administrative expenses associated with S.B. 04-138 and H.B. 04-1219.

## **Medical Services Premiums**

This section provides the health care funding for Medicaid clients. Clients are determined eligible for services based on 11 different eligibility categories. Caseload estimates for each eligibility category are listed in the related data table in this section.

In general, Medicaid health care services are funded with 50 percent state funds (General Fund, cash funds, or cash funds exempt) and 50 percent federal funds. In May 2003 the Congress passed and the President signed the Job and Growth Tax Relief Reconciliation Act of 2003. This Act increased the federal matching rate to 52.95 percent for Medicaid medical services that do not currently have an enhanced match rate. This increased federal match rate was available from April 1, 2003 through June 30, 2004 (i.e. three months in FY 2002-03 and 12 months in FY 2003-04). However, because of the one-time nature of this federal funds increase, the General Assembly elected not to change the

federal match rate used in the Long Bill. Therefore, the appropriations contained in this report *do not* reflect the increased federal match rate.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-011	(\$801,757)	\$0	\$0	(\$710,870)	(\$1,512,627)	0.0
SB 03-258	876,423,596	0	35,051,922	905,010,583	1,816,486,101	0.0
SB 03-259	(717,719)	717,719	0	0	0	0.0
SB 03-266	(9,934,000)	25,192,508	0	15,258,508	30,517,016	0.0
SB 03-294	(536,456)	0	0	(536,456)	(1,072,912)	0.0
HB 03-1292	(34,047)	68,094	0	34,047	68,094	0.0
SB 04-138	92,612	(185,224)	0	92,612	0	0.0
HB 04-1320	(35,629)	0	42,178	6,549	13,098	0.0
HB 04-1422	<u>34,466,779</u>	<u>(25,725,003)</u>	<u>(6,933,373)</u>	<u>8,612,604</u>	<u>10,421,007</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$898,923,379</b>	<b>\$68,094</b>	<b>\$28,160,727</b>	<b>\$927,767,577</b>	<b>\$1,854,919,777</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-138	\$370,448	(\$740,896)	\$0	\$370,448	\$0	0.0
HB 04-1219	(39,825)	0	0	(39,824)	(79,649)	0.0
HB 04-1416	(1,015,048)	0	1,015,048	0	0	0.0
HB 04-1422	<u>937,325,584</u>	<u>813,076</u>	<u>29,166,690</u>	<u>967,418,858</u>	<u>1,934,724,208</u>	<u>0.0</u>
<b>TOTAL</b>	<b>936,641,159</b>	<b>72,180</b>	<b>30,181,738</b>	<b>967,749,482</b>	<b>1,934,644,559</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$37,717,780	\$4,086	\$2,021,011	\$39,981,905	\$79,724,782	0.0
Percentage Change	4.2%	6.0%	7.2%	4.3%	4.3%	n/a

The \$79.7 million increase in the Medical Services Premiums appropriation can be explained mainly by increases in costs due to caseload growth and cost-per-client increases. The caseload and service cost increases are partially offset by the elimination of one-time expenses in FY 2003-04 and from budget reductions enacted by the General Assembly.

*General Fund, Cash Funds, Cash Funds Exempt and Federal Funds Changes:* The overall changes, by fund source, are summarized in the table; explanations for each item follow the table.

Description	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	Total Funds
<b>FY 2003-04 Approp.</b>	<b>\$898,923,379</b>	<b>\$68,094</b>	<b>\$28,160,727</b>	<b>\$927,767,577</b>	<b>\$1,854,919,777</b>
Caseload increase and cost-per-client	67,377,569	740,896	(226,085)	67,255,840	135,148,220
Increase to Federal Qualifying Health Center Rates	1,500,000	0	0	1,500,000	3,000,000
Increase to primary care physician rates	731,065	0	0	731,066	1,462,131
Eliminate one-time expense associated with FY 2002-03 rollover	(23,350,000)	0	0	(23,350,000)	(46,700,000)
Implement S.B. 03-176 beginning January 2004	(2,638,343)	0	0	(2,503,674)	(5,142,017)
Transfer non-emergency transportation to EDO	(2,200,389)	0	0	(2,200,389)	(4,400,778)
Hospital inpatient rate reduction of 1 percent	(1,530,355)	0	0	(1,530,355)	(3,060,710)
Legislation Adjustments	(684,425)	(740,896)	1,015,048	330,624	(79,649)
Medicare Upper Payment Limit Adjustment	(616,024)	0	1,232,048	616,024	1,232,048
Private duty nursing reduction (112 hour/week)	(495,594)	0	0	(495,594)	(991,188)
Reduction to durable medical equipment	(373,680)	0	0	(373,680)	(747,360)
Technical adjustment to intermediate care facility provider rates	(2,043)	4,086	0	2,043	4,086
<b>FY 2004-05 Approp.</b>	<b>936,641,160</b>	<b>72,180</b>	<b>30,181,738</b>	<b>967,749,482</b>	<b>1,934,644,560</b>

## Explanation of Budget Changes

*Caseload and Cost-Per-Client increases:* The base *increase* for caseload and cost-per-client cost changes is \$135.1 million. This represents a continuation of the Medicaid program before any policy changes, refinancing mechanisms, or statutory changes. The \$135.1 million increase includes \$45.5 million for caseload growth (before implementing S.B. 03-176) and \$89.6 million for cost-per-client increases. Of the total base funding increase of \$135.1 million, \$67.4 million is General Fund,



\$741,000 is cash funds (fees from S.B. 03-259), and \$67.3 million is matching federal funds. These increases are offset by a decrease of \$226,000 in cash funds exempt from the Breast and Cervical Cancer Treatment Fund. Additional data concerning caseload and cost-per-client increases is provided at the end of the Medical Services Premiums section.

*Federal Qualifying Health Centers Rate Increase:* The FY 2004-05 appropriation includes a total fund increase of \$3.0 million to increase the inflation factor used in determining the reimbursement rates for Federal Qualifying Health Centers.

*Primary Care Physician Rate Increase:* The FY 2004-05 appropriation includes a total fund increase of \$1.4 million for a primary care physician rate increase. This appropriation partially offsets a decrease of \$1.9 million (\$975,000 General Fund) from eliminating the primary care physician incentive program in the Other Medical Programs division.

*Eliminate One-time Expense Associated with FY 2002-03 Rollover:* The FY 2004-05 appropriation contains a decrease of \$46.7 million to eliminate the one-time impact in FY 2003-04 of paying for prior year expenses. In June 2003, the Executive Branch stopped Medicaid payments during the last week of June. This action was taken to ensure that enough cash would be available to close FY 2002-03. However, the action had the effect of transferring FY 2002-03 expenses into FY 2003-04. This transfer of expenses is anticipated to be a one-time event and, therefore, the funding is eliminated from the FY 2004-05 appropriation.

*Implement S.B. 03-176 Beginning January 2004:* The FY 2004-05 appropriation contains a decrease of \$5.1 million to implement S.B. 03-176. Senate Bill 03-176 was passed in 2003 by the General Assembly to exclude certain legal immigrants from Medicaid coverage. The bill was challenged in federal court and an injunction was placed on the State, delaying implementation of the bill. In January 2004, the federal court lifted the injunction and the State may implement the bill once sufficient due process and appeal rights are provided to the affected clients. Therefore, the FY 2003-04 supplemental restores the initial savings that were anticipated from passing S.B. 03-176. The appropriation assumes that all appeal rights will be completed by January 2005. Therefore, the appropriation reflects a decrease of \$5.1 million associated with eliminating Medicaid coverage for 1,757 legal immigrant clients.

*Transfer of Non-emergency Transportation:* The FY 2004-05 appropriation reflects the transfer of funding for non-emergency transportation from the Medical Services Premiums division to the Executive Director's Office.

*Hospital Rate Reduction:* The FY 2004-05 appropriation reflects a \$43.1 million reduction resulting from a 1.0 percent rate reduction to inpatient hospital reimbursement rates.

*Special Legislation:* The appropriation also includes adjustments through three bills passed by the General Assembly in 2004:

- ✓ S.B. 04-138: Increases the General Fund appropriation by \$370,448, reduces cash funds by \$740,896, and reduces federal funds by \$370,448. The bill repealed S.B. 03-259 which allowed a premium fee to be charged to families with children in the Children's Home and Community-Based Service Waiver programs;
- ✓ H.B. 04-1219: Decreases the General Fund appropriation by \$39,825 and federal funds appropriation by a corresponding \$39,825. This bill allows the Department to pay some of the transitional costs associated with moving individuals from institutional care into community settings; and
- ✓ H.B. 04-1416: Decreases the General Fund appropriation by \$1,015,048 and increased the cash funds exempt appropriation by \$1,015,048. This bill allowed the Breast and Cervical Cancer Treatment Fund to continue to provide 100 percent of the state match for one additional year. Beginning in FY 2005-06, the General Fund by statute will have to provide 50 percent of the state match for this program.

*Medicare Upper Payment Limit adjustment:* The FY 2004-05 appropriation includes a net increase of \$1.2 million for Medicare Upper Payment Limit refinancing. The refinancing results from "certifying" expenditures at public hospitals, nursing facilities, and home health agencies. This change does not decrease or increase funding for the public hospitals, nursing facilities, or home health agencies.

*Private Duty Nursing reduction:* The FY 2004-05 appropriation includes a total fund reduction of \$991,000 to limit private duty nursing hours to no more than 112 hours per week (i.e. 16 hours per day on average).

*Durable Medical Equipment decrease:* The FY 2004-05 appropriation includes a total fund reduction of \$747,000 for durable medical equipment. Of this amount, \$374,000 is General Fund and \$373,000 is matching federal funds.

*Adjustment to Intermediate Care Facility Provider Rates:* The FY 2004-05 appropriation includes a technical adjustment of \$4,086 total funds.

### **Additional Information**

*Caseload Information:* The FY 2004-05 appropriation supports medical services for an estimated 375,411 clients. This equates to approximately one out of every 12 Colorado residents receiving health care services through Medicaid. The FY 2004-05 caseload estimate represents an increase of 4.3 percent compared to the FY 2003-04 caseload. The forecast represents a significant slowing of the Medicaid caseload growth rates when compared to increases of 10.8 percent in FY 2002-03 and 9.9 percent in FY 2003-04.

Through H.B. 04-1422, the General Assembly adjusted the FY 2003-04 caseload to reflect a net increase of 19,393 clients over the original FY 2003-04 appropriation of 340,391.<sup>1</sup> The net increase of 19,393 clients primarily resulted from increases in the low-income children and adult eligibility categories.

The following table shows the growth the anticipated growth for each eligibility category from the adjusted FY 2003-04 appropriation to the FY 2004-05 appropriation.

Category of Eligibles	FY 2003-04 As adjusted	FY 2004-05	Difference	% Change
Supplemental Security Income 65 +	34,147	34,048	(99)	(0.3)
Supplemental Security Income 60 to 64	5,539	5,648	109	2.0
Qualified Medicare Beneficiaries (QMBs) and Special Low-income Medicare Beneficiaries (SLIMBs)	9,740	10,353	613	6.3
Supplemental Security Income Disabled	46,390	46,226	(164)	(0.4)
Categorically Eligible Low Income Adults	46,312	49,019	2,707	5.8
Baby Care-Adult	8,156	8,026	(130)	(1.6)
Breast and Cervical Cancer Treatment Clients	111	176	65	58.6
Eligible Children	190,265	202,001	11,736	6.2
Foster Care Children	14,652	15,130	478	3.3
Non-Citizens	<u>4,472</u>	<u>4,784</u>	<u>312</u>	<u>7.0</u>
Total Annual Caseload Estimates	359,784	375,411	15,627	4.3

Note: This table shows the impact of implementing S.B. 03-176 in January 2005 (S.B. 03-176 excludes certain categories of legal immigrants from coverage). Implementing this bill reduces caseload by 1,757.

*Information About Cost of Services:* After the caseload is projected, the cost for serving the clients is calculated. The cost-per-client is a function of both cost and utilization projections based on prior years' experience, as adjusted by initiatives to increase the type, range, or cost of services. The cost-

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<sup>1</sup>The method for counting caseload was changed in FY 2002-03. Prior to FY 2002-03, caseload was adjusted for retroactivity. Under federal regulations, a Medicaid client's eligibility can be retroactive three months prior to their application. However with the move to cash accounting in FY 2002-03, caseload is no longer adjusted to reflect retroactivity. The original FY 2003-04 caseload appropriation has been adjusted to reflect this change.

per-client is based on: (1) the cost of acute and long-term care services; (2) the utilization of services for each caseload category; and (3) the number of clients in each caseload category. This base cost-per-client increase is calculated before policy adjustments or bottom-line financing adjustments are included. The appropriation includes an overall increase in cost-per-client of approximately \$130.13 or 2.6 percent.

### Medicaid Mental Health Community Programs

Medicaid Mental Health Community Programs is a new division established in the FY 2004-05 Long Bill appropriation (H.B. 04-1422). Pursuant to H.B. 04-1265, Medicaid funded mental health community programs (except for those related to the Goebel lawsuit) are transferred to the Department of Health Care Policy and Financing. This section provides for mental health services through the purchase of services from mental health assessment and service agencies (MHASAs), which coordinate mental health services for Medicaid recipients and fee-for-service payments.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b> <sup>1/</sup>						
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
H.B. 04-1422	<u>\$74,678,287</u>	<u>\$0</u>	<u>\$41,992,061</u>	<u>\$74,900,956</u>	<u>\$191,571,304</u>	<u>9.0</u>
<b>TOTAL</b>	<b>\$74,678,287</b>	<b>\$0</b>	<b>\$41,992,061</b>	<b>\$74,900,956</b>	<b>\$191,571,304</b>	<b>9.0</b>
<b>Increase/(Decrease)</b>	\$74,678,287	\$0	\$41,992,061	\$74,900,956	\$191,571,304	9.0
Percentage Change	n/a	n/a	n/a	n/a	n/a	n/a

<sup>1/</sup> A total of \$259,274 and 2.3 FTE is appropriated to the Executive Director's Office in FY 2003-04 for the administration of Medicaid mental health community programs.

*Overall Funding Changes:* Pursuant to H.B. 04-1265, the administration and appropriation for Medicaid community mental health programs (except for the Goebel lawsuit program) are transferred from the Department of Human Services. However, because the Department of Health Care Policy and Financing is the single state agency for Medicaid funding, the General Fund appropriation and matching federal funds were previously reflected in the Department of Human Services Medicaid-funded Programs (a division within this department) and were then transferred to the Department of Human Services as a cash funds exempt appropriation. In keeping with the statutory transfer of responsibilities, the funds appropriated in this department for this purpose are no longer transferred as cash funds exempt to the Department of Human Services.

The overall increase in the appropriations to this department for Medicaid mental health community programs, as compared to FY 2003-04 appropriations, includes the following: (1) \$1.0 million

associated with the transfer of administrative funding and staff from the Department of Human Services; (2) \$3.86 million associated with Medicaid mental health eligible client capitation caseload changes of 15,691 clients; and (3) an increase of \$3.78 million Medicaid cash funds exempt associated with the elimination of the one-time FY 2001-02 Medicaid cost recoupment assessed in FY 2003-04.

These increases are offset by the following decreases: (1) \$3.7 million Medicaid cash funds exempt associated with the discontinuation of one-time rate enhancement for Medicaid capitation contracts; (2) \$3.0 million Medicaid cash funds exempt associated with the discontinuation of FY 2002-03 Medicaid over-expenditures paid in FY 2003-04; (3) \$1.0 million Medicaid cash funds exempt associated with the discontinuation of one-time capitation rate increases provided in S.B. 03-282; and (4) a decrease of \$0.8 million associated with the fee-for-service program, including the discontinuation of \$0.5 million in one-time FY 2002-03 fee-for-service over expenditures paid in FY 2003-04. With the exception of the \$1.0 million administrative increase, the remainder of the increases are all 50-50 General Fund/federal funds match.

*FTE Changes:* The FTE increase is solely attributable to the transfer of administrative functions as authorized by H.B. 04-1265.

*Other Information: Capitation Program*

As noted earlier, Medicaid mental health care services are largely delivered through the capitation program, administered by mental health assessment and service agencies (MHASAs). Given that the cost per client is established by bid and other adjustments, caseload (e.g., Medicaid clients eligible for mental health services) is the primary driver of the changes in the appropriation. The following table shows the total number of clients eligible caseload for Medicaid mental health services; not all eligible clients will seek mental health services.

Number of Medicaid Clients Eligible for Mental Health Services <sup>1/</sup>			
Medicaid Mental Health Eligible Category	FY 2002-03 Actual	FY 2003-04 Approp.	FY 2004-05 Approp.
Elderly	34,952	34,610	34,509
Disabled	52,550	52,646	52,590
Adults	47,408	54,474	57,276
Children	177,997	203,358	215,901
Children in Foster Care	14,545	15,395	15,898
Total	327,452	360,483	376,174
<i>Annual Caseload Change</i>	<i>n/a</i>	<i>33,031</i>	<i>15,691</i>
<i>Percent Annual Caseload Change</i>	<i>n/a</i>	<i>10.1%</i>	<i>4.4%</i>

<sup>1/</sup> Please note, this caseload is based on: (1) the Medicaid populations that are eligible for mental health services that are included in the capitation program (e.g., QMB and non-citizens for instance are excluded); and (2) the FY 2002-03 known Medicaid mental health caseload adjusted using the Medicaid projected growth rates for the respective populations.

The following table shows the calculation for the Medicaid mental health capitation program. This program represents the bulk of mental health community program funding.

<b>Medicaid Mental Health Capitation Base Calculation</b>				
	<b>Total</b>	<b>General Fund</b>	<b>Cash Exempt</b>	<b>Federal Funds</b>
<b>FY 2003-04:</b>				
Caseload Estimate	136,909,930	68,454,965	0	68,454,965
S.B. 03-282	1,000,000		500,000	500,000
FY 2001-02 Recoupment	(3,775,624)	(1,887,812)	0	(1,887,812)
FY 2002-03 Over expenditure	3,011,686	1,505,843	0	1,505,843
FY 2003-04 One-time Rate Relief	3,695,818	1,847,909	0	1,847,909
Forensics Carve-out Adjustment	(141,752)	(70,876)	0	(70,876)
<b>Total FY 2003-04 Capitation Payment<sup>1/</sup></b>	<b>140,700,058</b>	<b>69,850,029</b>	<b>500,000</b>	<b>70,350,029</b>
<b>FY 2004-05:</b>				
Caseload Change over FY 2003-04	3,857,550	1,928,775	0	1,928,775
Elimination of S.B. 03-282 One-time Funding	(1,000,000)		(500,000)	(500,000)
Elimination of FY 2001-02 Recoupment	3,775,624	1,887,812	0	1,887,812
Elimination of FY 2002-03 Over expenditure	(3,011,686)	(1,505,843)	0	(1,505,843)
Elimination of FY 2003-04 One-time Rate Increase	(3,695,818)	(1,847,909)	0	(1,847,909)
Additional Forensics Carve-out Adjustment	(928)	(464)	0	(464)
<b>Total FY 2004-05 Capitation Payment</b>	<b>140,624,800</b>	<b>70,312,400</b>	<b>0</b>	<b>70,312,400</b>

<sup>1/</sup> This appropriation was made in the "Department of Human Services Medicaid-Funded Programs" division within this department. This sum was then transferred in a cash funds exempt appropriation to the Department of Human Services. For FY 2004-05, the capitation program is appropriated in the Medicaid Mental Health Community Programs Division.

## **Indigent Care Program**

This division contains funding for the Safety Net Provider Payment Program, the Children's Basic Health Plan, the State-only Children's Basic Health Plan Prenatal Program, and the Comprehensive Primary and Preventive Care Grant Program.

The Safety Net Provider Payment Program provides reimbursement to participating hospitals and clinics that serve uninsured or under-insured people using funding from the disproportionate share, major teaching hospital, and Medicare Upper Payment Limit payments made through the Colorado Indigent Care Program. To be eligible for the Colorado Indigent Care Program, individuals must have income or assets equal to or lower than 185 percent of the federal poverty level and may not qualify for assistance through the Medicaid program. The FY 2004-05 appropriation reduces funding to the safety net provider program by \$6.2 million. The reduced funding will impact the privately-owned hospitals that participate in the CICP. Public hospitals that participate in the CICP are able to "certify" their own expenditures in order to receive the federal match and do not receive any General Fund. Therefore, public hospitals will not be impacted by this reduction.

The Children's Basic Health Plan (CBHP) provides health care insurance to otherwise uninsured children from families at or below 185 percent of the federal poverty level. Beginning in October 2002, a prenatal care program for eligible adult women was enacted. However, because of the budget shortfalls in FY 2003-04, the adult prenatal women program was suspended in May 2003 and the children's program stopped accepting new enrollees in November 2003. Beginning in July 2004, the adult prenatal program and the children's program will again accept new enrollees into the program. The FY 2004-05 appropriation provides funding for 48,168 children, 9,565 prenatal member months for adult pregnant women, and 874 births to adult women.

The State-only CBHP Prenatal Program provided prenatal care to the adult pregnant women who were enrolled in the CBHP program before May 2003 but had not delivered or finished post-partum care by November 2003. The federal waiver that allows the State to serve adult women in the CBHP program does not allow the children's population to be capped if adults remain in the program. Therefore, a state-only program was established for any adult women still enrolled in the CBHP program when the children's program was capped on November 1, 2003. All of the women in this program will have received post-partum care by July 1, 2004. Therefore, funding for this program is eliminated in FY 2004-05.

The Comprehensive Primary and Preventive Care Grant Program provides grants to providers that serve a designated medically underserved area or population, up to 185 percent of poverty. This program is funded with tobacco settlement funds. The FY 2004-05 appropriation reduces funding for the fund and grant program by \$5.6 million.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-019	\$0	\$0	(\$39,343)	\$0	(\$39,343)	0.0
SB 03-258	21,818,977	220,514	175,837,214	186,885,419	384,762,124	0.0
SB 03-282	0	0	982,819	1,856,785	2,839,604	0.0
SB 03-291	(4,995,208)	0	(5,039,393)	(8,949,348)	(18,983,949)	0.0
HB 04-1320	240,344	0	0	0	240,344	0.0
HB 04-1331	<u>0</u>	<u>0</u>	<u>(22,980)</u>	<u>0</u>	<u>(22,980)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$17,064,113</b>	<b>\$220,514</b>	<b>\$171,718,317</b>	<b>\$179,792,856</b>	<b>\$368,795,800</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1421	\$0	\$0	(\$1,769,282)	\$0	(\$1,769,282)	0.0
HB 04-1422	15,788,710	210,400	167,866,277	172,052,945	355,918,332	0.0
HB 04-1447	<u>0</u>	<u>0</u>	<u>124,200</u>	<u>230,654</u>	<u>354,854</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$15,788,710</b>	<b>\$210,400</b>	<b>\$166,221,195</b>	<b>\$172,283,599</b>	<b>\$354,503,904</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	<b>(\$1,275,403)</b>	<b>(\$10,114)</b>	<b>(\$5,497,122)</b>	<b>(\$7,509,257)</b>	<b>(\$14,291,896)</b>	<b>0.0</b>
Percentage Change	-7.5%	-4.6%	-3.2%	-4.2%	-3.9%	n/a

*General Fund Changes:* The decrease in the General Fund appropriation results from a budget reduction of \$3.1 million in funding for private hospitals participating in the Safety Net Provider Program and the elimination of \$284,000 for eliminating the State-only CBHP Prenatal Program. These decreases are offset by an increase of \$2.1 million appropriated to the CBHP Trust Fund.

*Cash Funds Changes:* The decrease in the cash funds appropriation is solely due to a decrease in anticipated enrollment fees for CBHP due to a lower caseload estimate for FY 2004-05 compared to FY 2003-04.

*Cash Funds Exempt Changes:* The decrease in the cash funds exempt appropriation results from the following reductions: (1) \$2.8 million in tobacco settlement funds to the Comprehensive Primary and Preventive Care Fund; (2) \$2.8 million to the spending authority for the Comprehensive Primary and Preventive Care Grant Program; and (3) \$2.5 million to the CBHP line items due to lower caseload. These reductions are offset by a \$2.5 million net increase in tobacco settlement funds to the CBHP Trust Fund appropriation.



*Federal Funds Changes:* The decrease in the federal funds appropriation results from the following reductions: (1) \$4.3 million to the CBHP line items due to lower caseload, and (2) \$3.1 million for the private hospitals participating in the safety net provider program.

## Other Medical Services

This section contains the funding for the following programs: (1) Old Age Pensioner Health and Medical Program; (2) Home Care Allowance; (3) Adult Foster Care; (4) Primary Care Physician Reimbursements; (5) H.B. 92-1208 Immunizations, administered by the Department of Public Health and Environment; (6) Family Medicine Residency Training, administered by the Commission on Family Medicine at the University of Colorado; and (7) S.B. 97-101 Public School Health Services, administered jointly with the Department of Education. For those programs administered by another department, the funds are reflected in this division to receive the federal Medicaid match and are transferred to the other department as Medicaid cash funds exempt. The Old Age Pensioner Health and Medical Program is a state-only medical program funded solely from the Old Age Pensioner Medical Fund. The Home Care Allowance and Adult Foster Care programs are state-only programs funded with 95.0 percent General Fund and 5.0 percent local match. The S.B. 97-101 Public School Health Services program is a Medicaid program funded with certified cash funds exempt which are used to draw down the federal funds match.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-022	\$0	\$10,739,344	\$0	\$0	\$10,739,344	0.0
SB 03-258	14,099,277	0	27,274,019	17,882,326	59,255,622	0.0
SB 03-266	0	5,258,508	0	0	5,258,508	0.0
HB 04-1320	(1,821,669)	0	(96,667)	0	(1,918,336)	0.0
HB 04-1422	<u>0</u>	<u>(5,258,508)</u>	<u>0</u>	<u>0</u>	<u>(5,258,508)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$12,277,608</b>	<b>\$10,739,344</b>	<b>\$27,177,352</b>	<b>\$17,882,326</b>	<b>\$68,076,630</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1415	\$838,528	\$0	\$0	\$0	\$838,528	0.0
HB 04-1422	<u>11,261,881</u>	<u>10,748,483</u>	<u>17,188,199</u>	<u>16,866,790</u>	<u>56,065,353</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$12,100,409</b>	<b>\$10,748,483</b>	<b>\$17,188,199</b>	<b>\$16,866,790</b>	<b>\$56,903,881</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$177,199)	\$9,139	(\$9,989,153)	(\$1,015,536)	(\$11,172,749)	0.0
Percentage Change	-1.4%	0.1%	-36.8%	-5.7%	-16.4%	n/a

*General Fund Changes:* The FY 2004-05 appropriation includes a reduction of \$975,000 to eliminate the Primary Care Physician Program, which provided a \$3.00 per client incentive payment for the case management services physicians provided in the Primary Care Physician Program. [This decrease in funding was partially offset by an increase of \$1.4 million to primary care physician rates in the Medical Services Premiums section.] The appropriation also includes reductions of \$38,000 to the Commission on Family Medicine Residencies and \$3,000 for the Enhanced Prenatal Care Training and Technical Assistance program. These decreases are offset by an increase of \$839,000 for the State Nursing Facility Service Program, which provides nursing home care to the legal immigrants that were in nursing home care before the passage of S.B. 03-176.

*Cash Funds Changes:* The increase in the cash funds appropriation results solely from transferring the administrative savings that result from utilizing plastic identification cards to the medical expenses funded within this section.

*Cash Funds Exempt Changes:* The decrease in the cash funds exempt appropriation results from correcting a double-count of the same appropriation. In FY 2003-04, the Old Age Pension State Medical Program was moved from the Department of Human Services to the Department of Health Care Policy and Financing. However, the bill transferring the program did not adjust the Long Bill (S.B. 03-258) appropriation. Thus, the appropriation for the program was counted both as cash funds and cash funds exempt. The FY 2004-05 appropriation corrects this double count by eliminating the cash funds exempt (i.e. transfer) appropriation.

*Federal Funds Changes:* The reduction in federal funds includes the following decreases: (1) \$975,000 to eliminate the Primary Care Physician Program; (2) \$38,000 for the Commission on Family Medicine Residencies; and (3) \$3,000 for the Enhanced Prenatal Care Training and Technical Assistance Program.

## **Department of Human Services Medicaid-Funded Programs**

This section contains funding for programs administered by the Department of Human Services that are funded with Medicaid dollars. General Fund is appropriated in this section, matched with anticipated federal funds, and is then transferred to the Department of Human Services as Medicaid cash funds exempt. Pursuant to H.B. 04-1265, the FY 2004-05 appropriation reflects the transfer of funding for Medicaid mental health community programs appropriations from this section to a new section under the administration of the Department of Health Care Policy and Financing.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$264,015,699	\$0	\$52,317	\$266,122,127	\$530,190,143	0.0
SB 03-259	(253,244)	253,244	0	0	0	0.0
SB 03-282	0	0	677,718	677,718	1,355,436	0.0

	GF	CF	CFE	FF	Total	FTE
HB 03-1292	(364,000)	728,000	0	364,000	728,000	0.0
SB 04-138	9,540	(19,080)	0	9,540	0	0.0
HB 04-1265	(112,415)	0	0	(146,859)	(259,274)	0.0
HB 04-1320	1,874,637	(234,164)	7,783,177	13,511,864	22,935,514	0.0
HB 04-1422	<u>5,117,884</u>	<u>0</u>	<u>0</u>	<u>5,117,884</u>	<u>10,235,768</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$270,288,101</b>	<b>\$728,000</b>	<b>\$8,513,212</b>	<b>\$285,656,274</b>	<b>\$565,185,587</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-138	\$38,160	(\$76,320)	\$0	\$38,160	\$0	0.0
SB 04-1075	0	0	47,902	47,903	95,805	0.0
SB 04-1421	0	0	209,066	209,066	418,132	0.0
SB 04-1422	<u>199,381,952</u>	<u>76,320</u>	<u>9,048,423</u>	<u>210,286,731</u>	<u>418,793,426</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$199,420,112</b>	<b>\$0</b>	<b>\$9,305,391</b>	<b>\$210,581,860</b>	<b>\$419,307,363</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$70,867,989)	(\$728,000)	\$792,179	(\$75,074,414)	(\$145,878,224)	0.0
Percentage Change	-26.2%	-100.0%	9.3%	-26.3%	-25.8%	n/a

Medicaid funds used by other departments statewide must originate in the Department of Health Care Policy and Financing, the single state agency for receiving federal Medicaid funds. These dollars are then transferred to the respective departments that utilize Medicaid funding. When these Medicaid funds are transferred, they are reflected in the recipient department as cash funds exempt. The Department of Human Services is the largest user of these transferred dollars. The General Fund appropriated in this division represents over 4.7 percent of the State's General Fund operating appropriation.

The appropriation reflects funding for Department of Human Services (DHS) programs funded with Medicaid dollars. Every division in the DHS receives some Medicaid funding from DHCPF, except for the Division of Child Care. Significant changes in this funding are outlined below. Additional detail on these items can be found in the Department of Human Services section of this report.

#### *Mental Health and Alcohol and Drug Abuse Services*

Medicaid mental health adjustments for FY 2004-05 reflect the transfer of authority for the Medicaid community mental health program to this Department (except for the Goebel lawsuit programs), pursuant to H.B. 04-1265. Specifically, \$149,579,243 (including \$74,678,287 General Fund and \$74,900,956 federal funds) is appropriated in the Medicaid Mental Health Community Programs

Division within this department, instead of this section. This transfer also accounts for the \$148 million reduction in the FY 2004-05 appropriation to the Department of Human Services.

The funding which remains in this section is for the following areas: Mental health administration, the Goebel lawsuit settlement, the mental health institutes, and the High Risk Pregnant Women Program in the Division of Alcohol and Drug Abuse. Funding for these remaining programs decreased by \$989,000, including the following: (1) \$779,000 for Medicaid mental health administration (transferred to the Medicaid Mental Health Community Programs Division); (2) \$125,000 associated with the financing of the mental health institutes; and (3) \$85,000 in the Alcohol and Drug Abuse Division programs, associated with the discontinuation of a FY 2002-03 Over expenditure paid in FY 2003-04.

#### *Executive Director's Office*

The appropriation includes an increase of \$3.4 million, including approximately \$1.6 million General Fund and a matching amount of federal funds, for the Executive Director's Office. These increases are primarily attributable to three significant funding changes: (1) centrally appropriated items such as salary survey, performance-based pay, and workers' compensation are increased by \$3.3 million; (2) funding associated with compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) security rules increased by \$531,000; and, (3) \$318,000 in base reductions in the Office of Performance Improvement and the HIPAA privacy line item.

#### *Services for People with Disabilities*

The appropriation includes an increase of \$0.6 million, including \$0.3 million General Fund, for services for adults with developmental disabilities and a matching amount of federal funds. This includes an increase of \$1.3 million to provide 36 new residential resources for persons transitioning from foster care to the developmental disability system. This increase is partially offset by: (1) reduced Medicaid costs associated with increases in client cash payments to providers; and (2) elimination of funding in FY 2003-04 for costs associated with a leap year.

The appropriation also includes an increase of \$1.0 million, including \$0.5 million cash funds exempt and a matching amount of federal funds, associated with local funds expended for services for people with developmental disabilities that draw a federal Medicaid match.

Finally, the appropriation includes the reclassification of \$0.7 million from cash funds in FY 2003-04 to cash funds exempt in FY 2004-05. This amount is for fees paid by intermediate care facilities for the mentally retarded authorized by H.B. 03-1292 and reflects a technical correction in how these amounts are counted.

#### *Division of Child Welfare*

The appropriation adds \$1.8 million, including \$0.9 million General Fund, for child welfare services for anticipated caseload increases. This increase is partially offset by the elimination of \$0.2 million, including \$0.1 million General Fund, that was provided in FY 2003-04 for costs associated with a leap year.

### *Division of Youth Corrections*

The appropriation includes an increase of \$0.9 million General Fund and a matching amount of federal funds associated with using more residential treatment centers as contract providers.

## **Recent Legislation**

### **2003 Session Bills**

**S.B. 03-11:** Required the generic drug equivalent of a brand-name drug to be prescribed in the Medicaid program if the generic drug is a therapeutic equivalent to the brand-name drug and authorizes the Department of Health Care Policy and Financing to adopt rules to allow for a mail order prescription drug program. The bill is estimated to save \$582,232 in General Fund and \$52,294 in federal funds in FY 2003-04.

**S.B. 03-19:** Provided the auditing of programs funded by the Tobacco Litigation Settlement Fund. The bill reduces funding from these programs in order to pay for the audit. In the Department of Health Care Policy and Financing, the Child's Basic Health Plan Trust Fund is reduced in FY 2003-04 by \$39,343 in order to pay for the audit.

**S.B. 03-22:** Transferred administrative responsibilities for the Old Age Pension Health and Medical Program from the Department of Human Services to the Department of Health Care Policy and Financing.

**S.B. 03-173:** Repealed the nursing facility administrative incentive payments for FY 2002-03. The administrative incentive payments were reinstated in FY 2003-04. The bill created estimated savings of \$762,635 General Fund and \$762,636 federal funds in FY 2002-03.

**S.B. 03-175:** Allowed the use of Nursing Home Penalty Cash Fund moneys for inspecting and investigating complaints of nursing facilities for FY 2002-03. Allowed the Nursing Home Penalty Cash Fund to offset \$558,514 in General Fund expenditures in FY 2002-03 for the purpose of inspecting and investigating complaints at previously cited nursing home facilities.

**S.B. 03-176:** Eliminated the optional legal immigrant population from State Medicaid coverage. Medicaid eligibility for legal immigrants was impacted by the passage of the federal welfare reform act in 1996. Federal law makes a distinction between legal immigrants who were in the country before August 22, 1996 and after August 22, 1996. As such, federal law classifies legal immigrants as either "qualified" or "not qualified" as a "mandatory" Medicaid population. However, under welfare reform, states were allowed to offer coverage to the "not qualified" population as an "optional" Medicaid population. S.B. 03-176 eliminates this group of legal immigrants from Medicaid coverage in Colorado. The estimated number of legal immigrants losing Medicaid coverage under this bill is estimated at 3,479. Because of legal challenges to this bill, the provision of this bill

were not implemented in FY 2002-03 or FY 2003-04. However, savings from implementing this bill are anticipated to begin in January 2005.

**S.B. 03-187:** Eliminated the requirement for the enrollment broker for managed care services to consider a client's historic sources of care, linguistic needs, special medical needs, and transportation needs when providing information or counseling about managed care options. By eliminating this provision and because of the reduced enrollment in managed care organizations, the bill reduced the FY 2002-03 appropriation for the enrollment broker contract by a total of \$254,860. Of this amount, \$127,430 is General Fund and \$127,430 is federal funds.

**S.B. 03-190:** Augmented the amount of state General Fund money for FY 2002-03 by transferring specified amounts from certain trust funds receiving Tobacco Litigation Settlement appropriations and by reducing the appropriations for certain state programs funded by the Tobacco Litigation Settlement Fund. In the Department of Health Care Policy and Financing, the bill reduced FY 2002-03 appropriations by \$1,358,260 cash fund exempt.

**S.B. 03-196:** Changed the method of accounting for certain Medicaid services from an accrual basis to a cash basis. This change results in a one-time cost savings in FY 2002-03 of \$154,000,000. Of this amount, \$77,000,000 is General Fund and \$77,000,000 is federal funds.

**S.B. 03-197:** Reduced FY 2002-03 personal services by \$4,936,686 total funds, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-203:** Supplemental appropriation to the Department of Health Care Policy and Financing to modify the appropriation included in the FY 2002-03 Long Bill.

**S.B. 03-258:** General appropriations act for FY 2003-04. Also adjusts FY 2002-03 appropriations to the Department.

**S.B. 03-259:** Allowed the Department to charge a sliding scale premium fee to families with children enrolled in a home- and community-based Medicaid waiver program. The provisions of this bill were repealed in S.B. 04-138.

**S.B. 03-266:** Allowed the Department to establish a nursing home provider fee on a "selected class" of nursing facilities. The provisions of this bill were repealed in H.B. 04-1415.

**S.B. 03-273:** Eliminated the salary survey appropriation for FY 2003-04.

**S.B. 03-282:** Made changes to the FY 2003-04 appropriations for programs supported by the Tobacco Litigation Settlement Fund. Increases the appropriation to the Children's Basic Health Plan Trust Fund by \$1,000,000 and makes corresponding appropriation into the program line items

including matching federal fund appropriations. Reduces the Comprehensive Primary and Preventive Care Fund by \$508,494 and makes a corresponding appropriation to the Grant Program. Also, increases the appropriation for mental health community programs by \$500,000 cash fund exempt with a corresponding increase in federal funds.

**S.B. 03-291:** Made the following changes to the Children's Basic Health Plan (CBHP): (1) requires the Department to suspend enrollment of adult pregnant women in the CBHP from the effective date of the act until June 30, 2004; (2) allows adult women enrolled before the effective date of the act to continue enrollment through their pregnancy in either the CBHP program or in a state-only prenatal program established for these women; and (3) allows the CBHP adult woman prenatal program to be capped in the future. By suspending enrollment in the adult prenatal program the State is allowed under federal rules to cap the children's program. Reduces the FY 2003-04 appropriation for CBHP by \$20.2 million. Of this amount, \$5.3 million is General Fund.

**S.B. 03-294:** Required the Department to implement drug utilization mechanisms, including but not limited to prior authorization, to control prescription drug costs in the Medicaid program. Reduces FY 2003-04 appropriations by \$506,900 in General Fund and \$447,787 federal funds.

**H.B. 03-1292:** Authorized the Department of Human Services to charge a provider fee on Intermediate Care Facility Beds. Reduces FY 2003-04 General Fund appropriations to the Department of Health Care Policy and Financing by \$398,000.

**H.B. 03-1316:** Altered the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. Reduces FY 2003-04 appropriations to the Department by \$1,369.

### **2004 Session Bills**

**S.B. 04-28:** Requires the Department of Health Care Policy and Financing to seek a state plan amendment to include a substance abuse treatment benefit for Native Americans. Provides an appropriation of \$43,482 for administrative expenses related to requesting the state plan amendment. Of this amount, \$21,741 shall be from gifts, grants, and donations, and \$21,741 shall be federal funds. If the gifts, grants, and donations do not materialize, then the Department does not need to submit the state plan amendment.

**S.B. 04-65:** Extends the H.B. 99-1116 Child Mental Health Treatment Act to July 1, 2009.

**S.B. 04-138:** Repeals statutory changes included in S.B. 03-259, which required the Department of Health Care Policy and Financing to collect a monthly premium fee from families to pay a portion of the direct and indirect costs of the Medicaid Children's Home and Community-Based Services (CHCBS) Program and the Children's Extensive Support (CES) waiver program. For FY 2003-04, appropriates, to the Department of Health Care Policy and Financing, \$192,714 General Fund and \$192,716 federal funds, and reduces the appropriation to the Department by \$434,107 cash funds and

0.6 FTE. For FY 2004-05, appropriates, to the Department of Health Care Policy and Financing, \$385,431 General Fund and \$385,433 federal funds, and reduces the appropriation to the Department by \$817,216 cash funds and 1.0 FTE. Also reduces the appropriation to the Department of Personnel and Administration by \$25,499 in FY 2003-04 and FY 2004-05.

**S.B. 04-177:** Establishes the "Home- and Community-based Services (HCBS) for Children with Autism Act" and requires the Department of Health Care Policy and Financing to seek the federal authorization necessary to implement the act. The fiscal note for the bill assumed that the waiver application would be written using existing staff resources. If the waiver is approved, then it is anticipated that the bill will have a fiscal impact of \$851,181 and 1.0 FTE in FY 2005-06. Of this amount, \$394,191 will be cash funds exempt (tobacco settlement funds) and \$456,990 will be federal matching funds.

**S.B. 04-206:** Requires the Department of Health Care Policy and Financing to submit a federal waiver to add a hospice care benefit to the Medicaid program for children. The bill provides an appropriation of \$44,000 for administrative expenses associated with submitting a waiver application. Of this amount, \$22,000 shall be from gifts, grants, and donations, and \$22,000 shall be federal funds. If the gifts, grants, and donations do not materialize, then the Department does not need to submit the waiver.

**H.B. 04-1075:** Authorizes the Department of Health Care Policy and Financing to seek a state plan amendment to expand substance abuse treatment services to Medicaid eligible women from two months to 12 months following a pregnancy. It is anticipated that the expanded services will begin in October 2004 and increase expenditures by \$95,805 in FY 2004-05. The bill authorizes a transfer from the state funds within the substance abuse block grant program to be used as the state match for the program expansion.

**H.B. 04-1219:** Adds community transition services to the Home- and Community-Based Services for the Elderly, Blind, and Disabled program, and provides that such services shall not exceed \$2,000 per eligible person per year unless authorized by the Department of Health Care Policy and Financing. The bill authorizes the Department to seek the necessary federal authorization for the program. The bill reduces the Department's FY 2004-05 appropriation by \$57,725, including \$28,863 in General Fund and \$28,862 in matching federal funds. The reduction in funding results from the lower costs of serving clients in a community-setting rather than a traditional nursing home setting.

**H.B. 04-1220:** Provides that non-emergency transportation shall be an administrative expense rather than an optional medical benefit under the State Medicaid Plan. The conforms statute to budget reductions that began in FY 2003-04. As an administrative expense, the state has additional flexibility in managing and controlling the costs for non-emergency transportation.

**H.B. 04-1265:** Transfers the administration of the Medicaid mental health community program from the Department of Human Services to the Department of Health Care Policy and Financing, except



for the Goebel lawsuit settlement program. Adjusts the FY 2003-04 Long Bill appropriation in the following manner: (1) increases the appropriation to the Department of Health Care Policy and Financing, Executive Director's Office, by \$259,274 (including \$112,415 General Fund and \$146,859 federal funds) and 2.3 FTE; decreases the appropriation to the Department of Health Care Policy and Financing, Department of Human Services Medicaid-funded Programs by \$259,274 (including \$112,415 General Fund and \$146,859 federal funds); and (3) decreases the appropriation to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Administration by \$259,274 Medicaid cash funds exempt and 2.3 FTE. Please note, for FY 2004-05, the associated administrative and programmatic appropriations changes are incorporated in the 2004 Long Bill (H.B. 04-1422).

**H.B. 04-1320:** Supplemental appropriation to the Department of Health Care Policy and Financing to modify the appropriation included in the FY 2003-04 Long Bill.

**H.B. 04-1415:** Repeals H.B. 03-266 which established the Nursing Home Provider Fee Program. This program was repealed because the State did not receive the necessary federal approval to implement the program. The bill also contains an appropriation of \$838,528 to fund the State-Only Nursing Home Program established in S.B. 03-176. This program provides nursing home care to legal immigrants who were in a nursing home when S.B. 03-176 was enacted.

**H.B. 04-1416:** Delays by one year the phase-in of General Fund support for the Breast and Cervical Cancer Treatment Program. Increases the appropriation from the Breast and Cervical Cancer Prevention Treatment Fund by \$1,015,048 and reduced the General Fund support for this program by \$1,015,048. The bill does not affect the later year phase-in schedule for General Fund support for this program.

**H.B. 04-1421:** Changes the allocation formula for the state's annual tobacco settlement payment, beginning in FY 2004-05. Adjusts FY 2004-05 Long Bill appropriations accordingly. With regard to the Department of Health Care Policy and Financing, increases the appropriation to the Children's Basic Health Plan Trust by \$3,472,958 cash funds exempt. Decreases the appropriation to the Comprehensive Primary and Preventive Care Fund and the subsequent appropriation to the Comprehensive Primary and Preventive Care Grants Program by \$2,621,120 cash funds exempt. Increases the appropriation to Mental Health, Residential Treatment for Youth by \$209,066 cash funds exempt – this increase is expected to generate an additional \$209,066 in federal matching funds. For more information, refer to the bill description in the Department of Public Health and Environment.

**H.B. 04-1422:** General appropriations act for FY 2004-05. Also includes supplemental adjustments to the FY 2003-04 Long Bill appropriation to the Department of Health Care Policy and Financing, as amended by H.B. 04-1320.

**H.B. 04-1447:** Requires the Department of Health Care Policy and Financing to notify the families of legal immigrant children losing coverage under the Medicaid program pursuant to S.B. 03-176 that they are eligible for coverage under the Children's Basic Health Plan (CBHP). Appropriates \$124,200 from the CBHP Trust Fund and \$230,654 in matching federal funds for an additional 568 children anticipated to be enrolled in CBHP program from January 2004 through June 2004 due to the provisions of this bill.

## DEPARTMENT OF HIGHER EDUCATION

This department is responsible for higher education and vocational training programs in the state. The Colorado Commission on Higher Education (CCHE) serves as the central policy and coordinating board for the Department. Financial aid programs also fall under the purview of CCHE. The executive director of CCHE is also the executive director of the Department and appoints the directors of the Colorado Student Loan Program and the Colorado Student Obligation Bond Authority, which are both statutorily authorized state enterprises within the Department.

Appropriations for state-run public higher education institutions and the two public local district junior colleges can be found in the Governing Boards and Local District Junior Colleges section of this report.

The Division of Occupational Education oversees Colorado Vocational Act programs, the Area Vocational Schools, federal Perkins technical training programs, and resources available for the promotion of job development, job training, and job retraining in the state.

The Department also includes: the Advisory Commission on Family Medicine, which funds and promotes family medicine residency programs; the Council on the Arts; the State Historical Society; and the Auraria Higher Education Center, which maintains the single shared campus of the Community College of Denver, Metropolitan State College of Denver, and the University of Colorado at Denver.

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$740,162,419	\$685,415,820	\$591,409,402	\$587,972,772
Cash Funds	747,490,541	844,391,865	959,399,101	959,812,693
Cash Funds Exempt	72,361,910	74,261,623	77,938,125	98,694,206
Federal Funds	<u>18,110,208</u>	<u>18,933,809</u>	<u>19,402,298</u>	<u>19,805,153</u>
<b>Total Funds</b>	<b>\$1,578,125,078</b>	<b>\$1,623,003,117</b>	<b>\$1,648,148,926</b>	<b>\$1,666,284,824</b>
Full Time Equiv. Staff	18,679.1	18,592.0	18,501.9	18,281.3

## **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 are highlighted below. Appropriations for FY 2004-05:

- ☐ Provide a constant level of General Fund for all of the governing boards and local district junior colleges except the University of Colorado;
- ☐ Enable a 1.1 percent increase in resident and nonresident tuition rates, except at the University of Colorado;
- ☐ For the University of Colorado, reduce General Fund by \$4.5 million, and increase tuition spending authority to support an 8.0 percent increase in resident and nonresident tuition rates plus another \$4.5 million in tuition revenue, contingent on designation of the institution as an enterprise;
- ☐ Adjust estimates of the number of FTE employed by higher education institutions to reflect current practice;
- ☐ Provide a constant level of General Fund for financial aid programs;
- ☐ Increase General Fund support for the arts by \$400,000; and
- ☐ Increase General Fund by \$634,000 due to a decrease in indirect cost recoveries available to offset the need for General Fund.

## **General Factors Driving the Budget**

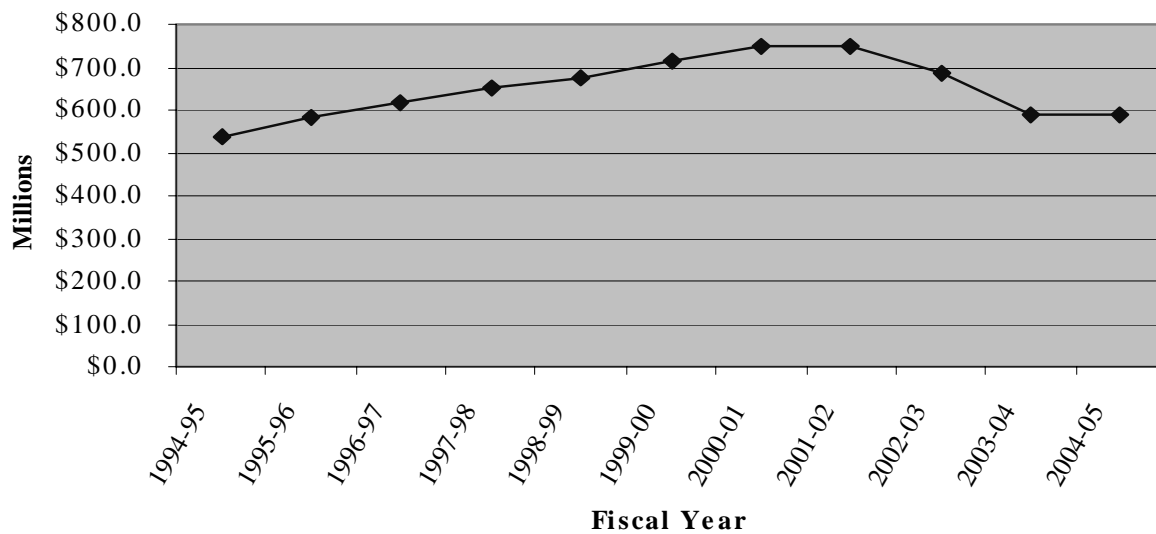
Funding for this department consists of 35.3 percent General Fund, 57.6 percent cash funds, 5.9 percent cash funds exempt, and 1.2 percent federal funds.

### **Constitutional Budget Limitations and Statewide General Fund Revenues**

The Department of Higher Education receives the third largest General Fund appropriation for operations, behind the Department of Education and the Department of Health Care Policy and Financing. It competes with these and other departments for limited resources. Reduced state revenues during the 2001-2003 economic downturn, combined with (1) Taxpayer Bill of Rights (TABOR) rules that have limited state revenue growth during the subsequent economic recovery and (2) Amendment 23 rules that mandate increasing state K-12 expenditures, have combined to place substantial downward pressure on all non-K-12 areas of the state budget. The pressure has been particularly acute on the State's higher education system, as evidenced in the chart on the following page.

Significantly for higher education, the TABOR limitations apply to tuition as well as General Fund. When a TABOR surplus is forecast, raising tuition increases the amount that must be refunded from the General Fund to the taxpayers.

### Higher Education General Fund Appropriations



#### **Senate Bill 04-189**

Beginning in FY 2005-06, S.B. 04-189 eliminates the subsidies for higher education institutions and replaces them with: (1) stipends provided directly to the students that can be used at any public higher education institution and, under certain conditions, a private institution located in the state; and (2) fee for service contracts between the Department of Higher Education and institutions for graduate education, remedial education, rural education, and other state needs.

The bill allows higher education institutions to be designated as enterprises, or state-run businesses, under TABOR. If schools qualify for enterprise status by receiving less than 10 percent of their revenue from state and local grants, then the tuition raised by the schools will no longer count against the State's TABOR limit.

Because money will be provided to students directly instead of institutions, the bill is likely to increase the emphasis on enrollment as a factor in determining the budget for higher education.

#### **Enrollment**

Enrollment growth affects operating costs for higher education institutions and tuition revenue. This growth is a consideration in determining the overall level of funding and the distribution of funding.

<b>Resident Student Full-time Equivalents (SFTE) in Colorado Public Higher Education Institutions Undergraduate and Graduate</b>									
	<b>95-96</b>	<b>96-97</b>	<b>97-98</b>	<b>98-99</b>	<b>99-00</b>	<b>00-01</b>	<b>01-02</b>	<b>02-03</b>	<b>03-04</b>
Resident SFTE	116,980	117,890	118,964	120,976	122,708	123,257	128,218	136,634	141,692
SFTE Increase	n/a	910	1,074	2,012	1,732	549	4,961	8,416	5,058
Percent Increase	n/a	0.8%	0.9%	1.7%	1.4%	0.4%	4.0%	6.6%	3.7%

### **Financial Aid**

In the past the General Assembly has appropriated significant increases for financial aid, but budget constraints have limited funding the last few years.

<b>General Fund Appropriations for Financial Aid</b>						
	<b>FY 99-00</b>	<b>FY 00-01</b>	<b>FY 01-02</b>	<b>FY 02-03</b>	<b>FY 03-04</b>	<b>FY 04-05</b>
Need Based Aid*	\$38,423,152	\$42,199,077	\$47,598,002	\$51,550,101	\$46,002,682	\$45,935,202
Merit Based Aid	13,826,078	14,371,810	14,874,498	14,874,498	6,877,309	6,434,287
Work Study	14,248,944	14,811,367	15,359,754	16,612,357	15,030,062	15,003,374
Other	6,513,899	7,177,010	7,424,066	7,983,044	8,230,701	8,767,891
<b>Total</b>	<b>\$73,012,073</b>	<b>\$78,559,264</b>	<b>\$85,256,320</b>	<b>\$91,020,000</b>	<b>\$76,140,754</b>	<b>\$76,140,754</b>
Dollar Change	n/a	\$5,547,191	\$6,697,056	\$5,763,680	(\$14,879,246)	\$0
Percent Increase	n/a	7.6%	8.5%	6.8%	-16.3%	0.0%

\* Including the Governor's Opportunity Scholarship and Grants for Part-time Students

### **Tuition**

The total increase in tuition revenue is a result of increases in enrollment and the tuition rate. Pursuant to statute, the governing boards have flexibility to establish tuition policy, but through the appropriations process the Legislature caps the maximum revenue that schools may earn. For the last several years, a footnote in the Long Bill has expressed legislative intent with regard to tuition rates. For FY 2004-05 the footnote authorizes tuition increases for most schools that are calculated to generate up to a 1.1 percent increase in resident tuition revenues, not including the impacts of enrollment, and for schools designated as an enterprise an 8.0 percent increase in revenue. In addition, S.B. 04-189 and S.B. 04-252 authorize another \$4.5 million in tuition spending authority for the University of Colorado.

<b>Resident, Undergraduate, Full-time, Academic Year Tuition at Selected Institutions</b>								
	<b>96-97</b>	<b>97-98</b>	<b>98-99</b>	<b>99-00</b>	<b>00-01</b>	<b>01-02</b>	<b>02-03</b>	<b>03-04</b>
<u>Rates:</u>								
University of Colorado at Boulder	2,322	2,356	2,386	2,440	2,514	2,614	2,776	3,192
Colorado State University	2,224	2,258	2,286	2,340	2,408	2,502	2,655	2,908
Average 4-year Colleges	1,524	1,546	1,566	1,623	1,650	1,715	1,801	1,895
Average 2-Year Colleges	1,284	1,303	1,320	1,351	1,386	1,441	1,510	1,585
<u>Percent Change:</u>								
University of Colorado at Boulder	n/a	1.5%	1.3%	2.3%	3.0%	4.0%	6.2%	15.0%
Colorado State University	n/a	1.5%	1.2%	2.4%	2.9%	3.9%	6.1%	9.5%
Average 4-year Colleges	n/a	1.4%	1.3%	3.6%	1.7%	3.9%	5.0%	5.2%
Average 2-Year Colleges	n/a	1.5%	1.3%	2.3%	2.6%	4.0%	4.8%	5.0%

## Summary of FY 2003-04 and FY 2004-05 Appropriations

### Total Department Appropriations

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Total Appropriation:</b>	<b>\$591,409,402</b>	<b>\$959,399,101</b>	<b>\$77,938,125</b>	<b>\$19,402,298</b>	<b>\$1,648,148,926</b>	<b>18,501.9</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Department Administrative Office	0	128,594	639,011	142	767,747	0.0
Colorado Commission on Higher Education	0	28,616,810	3,539,741	0	32,156,551	36.7
Colorado Commission on Higher Education Financial Aid	76,140,754	0	66,000	1,300,000	77,506,754	0.0
Governing Boards and Local District Junior Colleges	506,829,685	928,609,572	3,123,621	0	1,438,562,878	18,090.6
Advisory Commission on Family Medicine	0	0	1,751,668	0	1,751,668	0.0

	GF	CF	CFE	FF	Total	FTE
Division of Occupational Education	8,328,963	0	23,206,013	16,952,156	48,487,132	34.2
Auraria Higher Education Center	0	50,000	17,553,070	0	17,603,070	211.0
Council on the Arts	100,000	0	100,000	200,000	400,000	2.0
State Historical Society	10,000	1,994,125	27,959,001	950,000	30,913,126	127.4
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-19 <sup>1</sup>	0	0	0	0	0	0.0
SB 03-258	591,513,165	959,429,852	86,029,229	19,302,298	1,656,274,544	18,500.9
SB 03-273	(84,855)	(37,458)	(148,799)	0	(271,112)	0.0
SB 03-282	0	0	(7,799,440)	100,000	(7,699,440)	1.0
HB 03-1316 <sup>2</sup>	0	(185)	(115)	0	(300)	0.0
HB 04-1321	(18,908)	(5)	(300,524)	0	(319,437)	0.0
HB 04-1331 <sup>3</sup>	0	0	0	0	0	0.0
HB 04-1454	0	6,897	157,774	0	164,671	0.0

<sup>1</sup> Senate Bill 03-19 directed that cash funds exempt appropriations in the FY 2003-04 Long Bill for the Regents of the University of Colorado from the Tobacco Litigation Settlement Cash Fund be reduced by \$10,589. When combined with the impact of S.B. 03-282 (which transferred all of Higher Education's tobacco funds to the General Fund), this would have resulted in a negative appropriation, which could not be fully implemented. Since the effective date of S.B. 03-19 was later than the effective date of S.B. 03-282, the cash funds exempt impact of S.B. 03-19 on the Department of Higher Education is shown in this report as \$0. Subsequently, H.B. 04-1331 struck the portion of S.B. 03-019 that could not be implemented. The fiscal impact of this portion of H.B. 04-1331 is reflected as \$0.

<sup>2</sup> House Bill 03-1316 stipulated that General Fund appropriations in the FY 2003-04 Long Bill for the Department of Higher Education for health, life, and dental expenditures be reduced by \$1,012. However, there were no General Fund appropriations in the Long Bill for health, life, and dental expenditures in the Department of Higher Education. Therefore, the General Fund impact of H.B. 03-1316 is shown as \$0.

<sup>3</sup> See footnote #1.



	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Total Appropriation:</b>	<b>\$587,972,772</b>	<b>\$959,812,693</b>	<b>\$98,694,206</b>	<b>\$19,805,153</b>	<b>\$1,666,284,824</b>	<b>18,281.3</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Department Administrative Office	0	187,372	968,870	4,457	1,160,699	0.0
Colorado Commission on Higher Education	0	692,236	3,401,505	0	4,093,741	36.7
Colorado Commission on Higher Education Financial Aid	76,140,754	0	22,222	1,300,000	77,462,976	0.0
Governing Boards and Local District Junior Colleges	502,329,685	956,890,359	28,085,027	0	1,487,305,071	17,952.7
Advisory Commission on Family Medicine	0	0	1,576,501	0	1,576,501	0.0
Division of Occupational Education	8,992,333	0	22,759,809	16,952,156	48,704,298	34.2
Auraria Higher Education Center	0	50,000	14,333,380	0	14,383,380	128.3
Council on the Arts	500,000	0	16,000	600,000	1,116,000	2.0
State Historical Society	10,000	1,992,726	27,530,892	948,540	30,482,158	127.4
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-189 <sup>4</sup>	(4,500,000)	4,500,000	0	0	0	0.0
SB 04-252 <sup>5</sup>	0	0	0	0	0	0.0
HB 04-1347	0	0	0	0	0	0.0

<sup>4</sup> Both SB 04-189 and SB 04-252 reduced General Fund appropriations and increased tuition spending authority for the University of Colorado by \$4.5 million. However, the changes to appropriations in each bill were dependent on the University of Colorado being designated as an enterprise pursuant to the provisions of the respective bill. For this report, it is assumed that the University of Colorado will be designated as an enterprise in FY 2004-05, and that the designation will be made pursuant to S.B. 04-189. Therefore, the changes to appropriations for the University of Colorado authorized in S.B. 04-189 will take effect, but the changes to appropriations in S.B. 04-252 will not.

<sup>5</sup> See footnote #4.

	GF	CF	CFE	FF	Total	FTE
HB 04-1422 <sup>6</sup>	592,472,772	955,312,693	98,694,206	19,805,153	1,666,284,824	18,281.3
<b>Increase/(Decrease)</b>	(\$3,436,630)	\$413,592	\$20,756,081	\$402,855	\$18,135,898	(220.6)
Percentage Change	-0.6%	0.0%	26.6%	2.1%	1.1%	-1.2%

## **Detail of Appropriation by Administrative Section**

### **Department Administrative Office**

Centrally appropriated items for the agencies that are not part of the governing boards are funded in the Department Administrative Office. These items include salary survey, risk management, leased space, health benefits, and other miscellaneous expenses. The source of cash funds for this division is a combination of money from the Private Occupational Schools Fund for the Division of Private Occupational Schools, and various sources related to the activities of the Historical Society. The source of cash funds exempt is Limited Gaming Funds received by the Historical Society and indirect cost recoveries. The federal funds are related to activities of the Historical Society.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$84,855	\$166,242	\$811,594	\$142	\$1,062,833	0.0
SB 03-273	(84,855)	(37,458)	(148,799)	0	(271,112)	0.0
HB 03-1316 <sup>7</sup>	0	(185)	(115)	0	(300)	0.0
HB 04-1321	<u>0</u>	<u>(5)</u>	<u>(23,669)</u>	<u>0</u>	<u>(23,674)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$128,594</b>	<b>\$639,011</b>	<b>\$142</b>	<b>\$767,747</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$187,372</u>	<u>\$968,870</u>	<u>\$4,457</u>	<u>\$1,160,699</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$187,372</b>	<b>\$968,870</b>	<b>\$4,457</b>	<b>\$1,160,699</b>	<b>0.0</b>

<sup>6</sup> Section 16 of H.B. 04-1422 (the Long Bill) included cash funds exempt spending authority for an 8.0 percent tuition rate increase for any school designated as an enterprise in FY 2004-05. This table reflects the amount for the University of Colorado only, as it is assumed that only the University of Colorado will qualify for enterprise status.

<sup>7</sup> See footnote #2.

	GF	CF	CFE	FF	Total	FTE
<b>Increase/(Decrease)</b>	\$0	\$58,778	\$329,859	\$4,315	\$392,952	0.0
Percentage Change	n/a	45.7%	51.6%	3038.7%	51.2%	n/a

*Cash Funds Changes:* The cash funds increase is attributable to funding salary survey, performance-based pay, and health, life and dental increases.

*Cash Funds Exempt Changes:* The cash funds exempt increase is attributable to funding salary survey, performance-based pay, and health, life and dental increases.

### Colorado Commission on Higher Education (CCHE)

This section includes funding for the Commission's staff, the Division of Private Occupational Schools, and special purpose initiatives of the Department. Sources of cash funds include the Private Occupational Schools fund and indirect cost recoveries. The sources of cash funds exempt include indirect cost recoveries, waste tire funds deposited in the Advanced Technology Fund, and reserves in the Private Occupational Schools Fund.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$28,609,913	\$3,381,967	\$0	\$31,991,880	36.7
HB 04-1454	<u>0</u>	<u>6,897</u>	<u>157,774</u>	<u>0</u>	<u>164,671</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$28,616,810</b>	<b>\$3,539,741</b>	<b>\$0</b>	<b>\$32,156,551</b>	<b>36.7</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$692,236</u>	<u>\$3,401,505</u>	<u>\$0</u>	<u>\$4,093,741</u>	<u>36.7</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$692,236</b>	<b>\$3,401,505</b>	<b>\$0</b>	<b>\$4,093,741</b>	<b>36.7</b>
<b>Increase/(Decrease)</b>	\$0	(\$27,924,574)	(\$138,236)	\$0	(\$28,062,810)	0.0
Percentage Change	n/a	-97.6%	-3.9%	n/a	-87.3%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
CCHE Administration	28.9	28.9
Division of Private Occupational Schools	<u>7.8</u>	<u>7.8</u>
	36.7	36.7

*Cash Funds Changes:* The decrease in cash funds reflects a policy decision to eliminate the Enrollment/Cash Fund Contingency line item, and a 10 percent (\$56,000) reduction to the Division of Private Occupational Schools spending authority. The Enrollment/Cash Fund Contingency line item previously provided extra spending authority if enrollment, and thus revenues, at one of the higher education institutions exceeded the projections used for the appropriation. With the elimination of the line item, schools will need to request supplemental spending authority for an unexpected increase in enrollment.

*Cash Funds Exempt Changes:* The cash funds exempt increase is primarily attributable to an increase in the amount of indirect cost recoveries applied to cover payments for optometry students through the Western Interstate Commission on Higher Education exchange program.

### **Colorado Commission on Higher Education Financial Aid**

This section includes the state funded financial aid programs administered by CCHE. The source of cash funds exempt is federal Child Care Development Fund moneys transferred from the Department of Human Services. The source of federal funds is Perkins Act and other programs requiring a state match.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$76,140,754	\$0	\$66,000	\$1,300,000	\$77,506,754	0.0
HB 04-1321	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$76,140,754</b>	<b>\$0</b>	<b>\$66,000</b>	<b>\$1,300,000</b>	<b>\$77,506,754</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1347	\$0	\$0	\$0	\$0	\$0	0.0
HB 04-1422	<u>76,140,754</u>	<u>0</u>	<u>22,222</u>	<u>1,300,000</u>	<u>77,462,976</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$76,140,754</b>	<b>\$0</b>	<b>\$22,222</b>	<b>\$1,300,000</b>	<b>\$77,462,976</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$0	\$0	(\$43,778)	\$0	(\$43,778)	0.0
Percentage Change	0.0%	n/a	-66.3%	0.0%	-0.1%	n/a

*General Fund Changes:* While the total General Fund remained the same, there were changes in the allocation of funds. Merit based grants were reduced by \$431,000 to pay for an increase in grants for Native American tuition assistance at Fort Lewis College. Also, H.B. 04-1347 created a new financial aid funding priority for members of the Colorado National Guard, requiring other programs

to be reduced by amounts to be determined by the Colorado Commission on Higher Education in order to fund an estimated \$410,207 in scholarships for members of the Colorado National Guard.

*Cash Funds Exempt Changes:* The cash funds exempt decrease is attributable to a drop in the amount of federal Child Care Development Funds transferred from the Department of Human Services for the Early Childhood Professional Loan Repayment Program.

## Governing Boards and Local District Junior Colleges

This section includes funding for the higher education institutions. The source of cash funds is primarily tuition, fees, and non-exempt auxiliary revenues. The source of cash funds exempt includes several miscellaneous revenues, including money from the Tobacco Litigation Settlement Cash Fund.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-19 <sup>8</sup>	\$0	\$0	\$0	\$0	\$0	0.0
SB 03-258	506,829,685	928,609,572	11,023,061	0	1,446,462,318	18,090.6
SB 03-282	0	0	(7,899,440)	0	(7,899,440)	0.0
<u>HB 04-1331<sup>9</sup></u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$506,829,685</b>	<b>\$928,609,572</b>	<b>\$3,123,621</b>	<b>\$0</b>	<b>\$1,438,562,878</b>	<b>18,090.6</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-189 <sup>10</sup>	(\$4,500,000)	\$4,500,000	\$0	\$0	\$0	0.0
SB 04-252 <sup>11</sup>	0	0	0	0	0	0.0
HB 04-1422 <sup>12</sup>	<u>506,829,685</u>	<u>952,390,359</u>	<u>28,085,027</u>	<u>0</u>	<u>1,487,305,071</u>	<u>17,952.7</u>
<b>TOTAL</b>	<b>\$502,329,685</b>	<b>\$956,890,359</b>	<b>\$28,085,027</b>	<b>\$0</b>	<b>\$1,487,305,071</b>	<b>17,952.7</b>

<sup>8</sup> See footnote #1.

<sup>9</sup> See footnote #1.

<sup>10</sup> See footnote #4.

<sup>11</sup> See footnote #4.

<sup>12</sup> See footnote #6.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>Increase/(Decrease)</b>	(\$4,500,000)	\$28,280,787	\$24,961,406	\$0	\$48,742,193	(137.9)
Percentage Change	-0.9%	3.0%	799.1%	n/a	3.4%	-0.8%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Adams State College	277.0	276.1
Mesa State College	409.7	408.4
Metropolitan State College of Denver	986.0	964.2
Western State College	202.0	201.3
Colorado State University System	3,630.4	3,636.5
Fort Lewis College	402.9	389.3
Regents of the University of Colorado	6,037.5	6,140.3
Colorado School of Mines	570.1	563.7
University of Northern Colorado	1,079.9	986.8
Community Colleges	<u>4,495.1</u>	<u>4,386.1</u>
	18,090.6	17,952.7

*FTE Changes:* The FTE for the higher education institutions are included for informational purposes. Each governing board retains control over the number of employees hired. The updated staffing estimates for each governing board reflect changes in hiring practices as a result of budget reductions since FY 2001-02 and shifting enrollment patterns.

*General Fund Changes:* The \$4.5 million reduction in General Fund results from S.B. 04-189. It affects the University of Colorado (CU) and compensates for the TABOR ramifications of making the University an enterprise in FY 2004-05. Without enterprise status, tuition rates at CU would have been held to 1.1 percent growth in FY 2004-05. This slow growth in tuition was projected to allow more growth in General Fund TABOR expenditures by approximately \$4.5 million. With enterprise status for CU, the tuition is removed from the TABOR calculation along with the benefit to General Fund expenditures.

The General Fund for all governing boards other than the University of Colorado is unchanged from FY 2003-04.

*Cash Fund Changes:* The cash funds appropriation for all schools except the University of Colorado reflects projected revenues from a 1.1 percent increase in resident and nonresident tuition rates. It also reflects projected enrollment changes by institution, which total statewide to 2.9 percent growth in resident students and 0.6 percent growth in nonresident students.

For the University of Colorado, S.B. 04-189 and S.B. 04-252 authorized a total of \$4.5 million additional tuition spending authority if the school is designated as an enterprise in FY 2004-05. Also, H.B. 04-1422 (the Long Bill) authorized tuition spending authority increases of up to 8.0 percent for any school designated as an enterprise in FY 2004-05. This report assumes that the only school that will be designated as an enterprise in FY 2004-05 is the University of Colorado.

In addition to tuition rate increases, the change in cash funds reflects revised estimates of "other than tuition" and "non-exempt auxiliary" revenues. In net, these changes are \$390,000 more than the estimates used last year, but changes by school may be more significant. Other than tuition revenue includes such items as student fees, gains and losses on investments, interest earnings, and non-enterprise rental revenues. Appropriations are based on the assumption that, on average, fees will increase 1.1 percent. Non-exempt auxiliary revenues come from business ventures by the schools that are not exempt from Article X, Section 20 of the Colorado Constitution (TABOR).

Due to the timing of legislation authorizing enterprise status for the University of Colorado, some of the cash spending authority for the institution was identified in legislation as "cash funds" and some was identified as "cash funds exempt". The table below shows how the funds were identified in legislation and reflected in this report. In actuality, all of the funds for the University of Colorado will be exempt from the TABOR limit if it is designated as an enterprise.

		<u>Identified as:</u>	
University of Colorado Spending Authority	Total	Cash Funds	Cash Funds Exempt
Tuition	395,200,277	370,238,871	24,961,406
Other Than Tuition	48,315,427	47,657,896	657,531
Auxiliary	37,824,330	37,824,330	0

*Cash Funds Exempt Changes:* The cash funds exempt increase is due to the characterization of some of the tuition increase for the University of Colorado as cash funds exempt described above.

The following table summarizes General Fund and tuition appropriations by governing board.

General Fund and Tuition by Governing Board						
Governing Board	General Fund Tuition		Changes if Designated As An Enterprise		Projected Spending Authority Assuming Only CU is an Enterprise	
			General Fund	Tuition	General Fund	Tuition
Adams State College	\$10,316,691	\$5,635,382		\$384,611	\$10,316,691	\$5,635,382
Mesa State College	15,775,165	11,392,916		777,558	15,775,165	11,392,916
Metropolitan State College	33,951,845	39,410,987		2,689,770	33,951,845	39,410,987

General Fund and Tuition by Governing Board						
Governing Board	General Fund      Tuition		Changes if Designated As An Enterprise		Projected Spending Authority Assuming Only CU is an Enterprise	
			General Fund	Tuition	General Fund	Tuition
Western State College	6,896,788	8,224,023		561,284	6,896,788	8,224,023
Colorado State University System	109,183,992	141,896,639		9,684,340	109,183,992	141,896,639
Fort Lewis College	7,435,161	21,820,346		1,489,222	7,435,161	21,820,346
University of Colorado Regents	155,172,841	365,738,871	(4,500,000)	29,461,409	150,672,841	395,200,280
Colorado School of Mines	17,187,980	31,444,623		2,146,073	17,187,980	31,444,623
University of Northern Colorado	33,590,909	40,590,646		2,770,282	33,590,909	40,590,646
Community Colleges	106,279,979	113,861,596		7,770,969	106,279,979	113,861,596
Local District Junior Colleges	11,038,334	n/a		n/a	11,038,334	n/a
<b>TOTAL</b>	<b>\$506,829,685</b>	<b>\$780,016,029</b>	<b>(\$4,500,000)</b>	<b>\$57,735,518</b>	<b>\$502,329,685</b>	<b>\$809,477,438</b>

### Advisory Commission on Family Medicine

The Commission distributes funds for the support of ten family medicine residency programs throughout the state and assists in the recruitment of family medicine residents. All but one of the family medicine residencies receives a cash funds exempt transfer of Medicaid funding to support the program. Federal Medicaid dollars used by other departments statewide originate in the Department of Health Care Policy and Financing, the single state agency for Medicaid, where they receive their General Fund match. These dollars are then transferred to the respective departments that utilize Medicaid funding. When these Medicaid funds are transferred, they are reflected in the recipient department as cash funds exempt. All of the cash funds exempt appropriated for this program are Medicaid dollars.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$0</u>	<u>\$1,751,668</u>	<u>\$0</u>	<u>\$1,751,668</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,751,668</b>	<b>\$0</b>	<b>\$1,751,668</b>	<b>0.0</b>



	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$0</u>	<u>\$1,576,501</u>	<u>\$0</u>	<u>\$1,576,501</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,576,501</b>	<b>\$0</b>	<b>\$1,576,501</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>						
	\$0	\$0	(\$175,167)	\$0	(\$175,167)	0.0
Percentage Change	n/a	n/a	-10.0%	n/a	-10.0%	n/a

*Cash Funds Exempt Changes:* The decrease in cash funds exempt is attributable to a ten percent reduction to the ten family medicine residency programs.

## Division of Occupational Education

The Division of Occupational Education supervises and administers the occupational education programs of the state and approves the allocation and distribution of state and federal vocational education funds to the community colleges, local district junior colleges, area vocational schools, secondary school districts, and any other appropriate state and local educational agencies or institutions. This division also coordinates resources available for the promotion of job development, job training, and job retraining in the state. Sources of cash funds exempt include General Fund and State Education Fund moneys transferred from the Department of Education for Colorado Vocational Act programs and General Fund transferred from the Governor's Office of Economic Development for job training programs. The source of federal funds is primarily Perkins Act money for vocational training.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$8,347,871	\$0	\$23,582,868	\$16,952,156	\$48,882,895	34.2
HB 04-1321	<u>(18,908)</u>	<u>0</u>	<u>(376,855)</u>	<u>0</u>	<u>(395,763)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$8,328,963</b>	<b>\$0</b>	<b>\$23,206,013</b>	<b>\$16,952,156</b>	<b>\$48,487,132</b>	<b>34.2</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$8,992,333</u>	<u>\$0</u>	<u>\$22,759,809</u>	<u>\$16,952,156</u>	<u>\$48,704,298</u>	<u>34.2</u>
<b>TOTAL</b>	<b>\$8,992,333</b>	<b>\$0</b>	<b>\$22,759,809</b>	<b>\$16,952,156</b>	<b>\$48,704,298</b>	<b>34.2</b>
<b>Increase/(Decrease)</b>						
	\$663,370	\$0	(\$446,204)	\$0	\$217,166	0.0
Percentage Change	8.0%	n/a	-1.9%	0.0%	0.4%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Division Administration	9.0	9.0
Sponsored Programs	<u>25.2</u>	<u>25.2</u>
	34.2	34.2

*General Fund Changes:* The General Fund increase is due to a decrease in indirect cost recoveries available to offset the General Fund.

*Cash Funds Exempt Changes:* The cash funds exempt decrease reflects the decrease in indirect cost recoveries noted above, and a \$217,000 increase in the transfer from the Department of Education for the Colorado Vocational Act.

### **Auraria Higher Education Center**

Established by statute in 1974, the Auraria Higher Education Center is governed by a Board of Directors who oversee the centralized operations of the Auraria Higher Education Center complex located in Denver. The Center houses and provides common services to the Community College of Denver, Metropolitan State College of Denver, and the University of Colorado at Denver. The sources of cash funds and cash funds exempt are payments by the schools located on the Auraria campus.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$50,000</u>	<u>\$17,553,070</u>	<u>\$0</u>	<u>\$17,603,070</u>	<u>211.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$17,553,070</b>	<b>\$0</b>	<b>\$17,603,070</b>	<b>211.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$50,000</u>	<u>\$14,333,380</u>	<u>\$0</u>	<u>\$14,383,380</u>	<u>128.3</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$14,333,380</b>	<b>\$0</b>	<b>\$14,383,380</b>	<b>128.3</b>
<b>Increase/(Decrease)</b>	\$0	\$0	(\$3,219,690)	\$0	(\$3,219,690)	(82.7)
Percentage Change	n/a	0.0%	-18.3%	n/a	-18.3%	-39.2%

*FTE Changes:* The FTE for the higher education institutions are included for informational purposes. Each governing board retains control over the number of employees hired. The updated staffing estimates for each governing board reflect changes in hiring practices as a result of budget reductions since FY 2001-02 and shifting enrollment patterns.

*Cash Funds Exempt Changes:* The cash funds exempt appropriation reflects the maximum estimated payments from the three institutions that share the campus.

## Council on the Arts

The Council on the Arts provides grants to support and encourage development of the arts; offers technical assistance to artists and arts organizations; and administers the Art in Public Places Program, which uses a percentage of state capital construction dollars to beautify state buildings and grounds. The source of cash funds exempt is gifts. Federal funds are from the National Endowment for the Arts.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$100,000	\$0	\$0	\$100,000	\$200,000	1.0
SB 03-282	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>	<u>200,000</u>	<u>1.0</u>
<b>TOTAL</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$200,000</b>	<b>\$400,000</b>	<b>2.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$500,000</u>	<u>\$0</u>	<u>\$16,000</u>	<u>\$600,000</u>	<u>\$1,116,000</u>	<u>2.0</u>
<b>TOTAL</b>	<b>\$500,000</b>	<b>\$0</b>	<b>\$16,000</b>	<b>\$600,000</b>	<b>\$1,116,000</b>	<b>2.0</b>
<b>Increase/(Decrease)</b>	\$400,000	\$0	(\$84,000)	\$400,000	\$716,000	0.0
Percentage Change	400.0%	n/a	-84.0%	200.0%	179.0%	0.0%

*General Fund Changes:* The increase in General Fund will provide state matching funds for \$600,000 in federal grants.

*Cash Funds Exempt Changes:* The cash funds exempt decrease is attributable to the end of one-time support for the arts from tobacco funds in FY 2003-04.

*Federal Fund Changes:* The increase in anticipated federal funds is based on estimated revenues with a General Fund contribution of \$500,000.

## State Historical Society

The State Historical Society, founded in 1879, is an educational institution of the State and acts as trustee for the State in collecting, preserving, exhibiting and interpreting collections and properties of state historical significance. The Society maintains museums and historical sites throughout Colorado and provides assistance to local and regional historical societies and museums. It also distributes gaming revenue to gaming cities and through a state-wide grant program for historic

preservation. The primary source of cash funds is museum fees and gift shop revenues. The main source of cash funds exempt is gaming revenue.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$10,000	\$1,994,125	\$27,859,001	\$950,000	\$30,813,126	127.4
HB 04-1321	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$10,000</b>	<b>\$1,994,125</b>	<b>\$27,959,001</b>	<b>\$950,000</b>	<b>\$30,913,126</b>	<b>127.4</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$10,000</u>	<u>\$1,992,726</u>	<u>\$27,530,892</u>	<u>\$948,540</u>	<u>\$30,482,158</u>	<u>127.4</u>
<b>TOTAL</b>	<b>\$10,000</b>	<b>\$1,992,726</b>	<b>\$27,530,892</b>	<b>\$948,540</b>	<b>\$30,482,158</b>	<b>127.4</b>
<b>Increase/(Decrease)</b>	\$0	(\$1,399)	(\$428,109)	(\$1,460)	(\$430,968)	0.0
Percentage Change	0.0%	-0.1%	-1.5%	-0.2%	-1.4%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Administration	89.9	89.9
Sponsored and Auxiliary	19.5	19.5
Historic Preservation Grant Program	<u>18.0</u>	<u>18.0</u>
	127.4	127.4

*Cash Funds Changes:* The slight decrease in cash funds is based on application of common policies for base reductions applied to salaries for employees paid from contracts, museum shop sales, and other miscellaneous sources.

*Cash Funds Exempt Changes:* The decrease in cash funds exempt reflects lower estimates of limited gaming revenues deposited in the State Historical Fund compared to the estimates used for the FY 2003-04 appropriation.

## Recent Legislation

### 2003 Session Bills

**S.B. 03-19:** Reduce by \$10,589 the Tobacco and Substance Abuse Related Research Grant Program administered by the Regents of the University of Colorado. When combined with the impact of S.B. 03-282 (which transfers all of Higher Education's tobacco funds to the General Fund), this would result in a negative appropriation from this source for the Department. Thus, the appropriations clauses of both bills cannot be fully implemented. Since the effective date of S.B. 03-19 is later than the effective date of S.B. 03-282, the cash funds exempt impact of S.B. 03-19 on the Department of Higher Education is shown in this report as \$0. For more information, refer to the bill description in the Department of Public Health and Environment.

**S.B. 03-170:** Allows appropriations for Fort Lewis College and Metropolitan State College of Denver to be made directly to the institutions starting in FY 2002-03, one year earlier than originally called for by H.B. 02-1419 and H.B. 02-1165, in order to better reflect historic base funding.

**S.B. 03-189:** Clarifies that the cash funds appropriation for higher education acts as a cap on gross tuition revenue, including financial aid and scholarships used to pay tuition. Also, adjusts appropriations to reflect gross tuition. This returns the accounting for tuition in the Long Bill to the method used prior to FY 2002-03.

**S.B. 03-190:** Transfers a total of \$39.5 million of payments the State receives pursuant to the Tobacco Settlement Agreement into the General Fund for FY 2002-03, including \$4,918,729 cash funds exempt from the Tobacco and Substance Abuse Related Research Grant Program administered by the Regents of the University of Colorado. For more information, refer to the bill description in the Department of Public Health and Environment.

**S.B. 03-191:** Augments General Fund revenues for FY 2002-03 with \$213.6 million in transfers from various cash funds, including \$886,189 from the Advanced Technology Fund. For a complete list of transfers authorized by the act, see the table beginning on page 93 of the FY 2003-04 Appropriations Report.

**S.B. 03-193:** Refinances General Fund appropriations for the Historical Society with limited gaming funds deposited in the State Historical Fund.

**S.B. 03-197:** Reduces personal services by \$23,139,192 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-198:** Transfers \$314,670 to the General Fund from funding earmarked for the Technology Learning Grant and Revolving Loan Program in the Department of Higher Education. The bill also repeals the program 30 days after the effective date of the bill.

**S.B. 03-204:** Supplemental appropriation to the Department of Higher Education to modify the appropriation included in the FY 2002-03 Long Bill.

**S.B. 03-258:** General appropriations act for FY 2003-04. Includes supplemental adjustments to the FY 2002-03 Long Bill.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-282:** Transfers a total of \$27.3 million from the balance in the Tobacco Litigation Settlement Cash Fund into the General Fund for FY 2002-03. For the Department of Higher Education for FY 2003-04 the bill reduces the appropriation to the Regents of the University of Colorado for the Tobacco and Substance Abuse Related Research Grant Program by \$7,899,440 cash funds exempt, and appropriates \$100,000 of tobacco settlement payment funds for the Council on the Arts. The Department anticipates receiving \$100,000 in federal funds as a result of the appropriation for the Council on the Arts. For more information, refer to the bill description in the Department of Public Health and Environment.

**S.B. 03-308:** Changes the allowable uses of the Advanced Technology Fund to include biotechnology and other advanced technology projects or environmental research, research and development, and technology transfer. Specifies that no less than 20 percent of moneys in the Advanced Technology Fund must be used for the original purpose of waste diversion and recycling strategies, including projects involving waste tires.

**H.B. 03-1093:** Repeals the Board of Trustees of the State Colleges in Colorado and establishes separate governing boards for Adams State College, Mesa State College, and Western State College.

**H.B. 03-1256:** Authorizes the Board of Regents of the University of Colorado to enter lease-purchase agreements to finance the construction of academic buildings at the University of Colorado Health Sciences Center (UCHSC) Fitzsimons campus. The lease-purchase agreements may be for terms of up to twenty-five years, and may not exceed a total value of \$202,876,109, plus reasonable administrative, monitoring, and closing costs and interest; annual aggregate rentals may not exceed \$15.1 million. Specifically, the bill authorizes lease-purchase agreements for: Education Facility IB; Education Facility II; Library at Fitzsimons; Academic Office Complex; Environmental Health and Safety II; Facility Support; and, Education Bridge.

Requires UCHSC to enter an agreement with a third-party master developer by June 30, 2006, to dispose of the real estate interests of the University at Ninth Avenue and Colorado Boulevard. The

first \$15 million of net proceeds from the property shall be deposited in the General Fund, and thereafter 50 percent is to be deposited in the General Fund and 50 percent retained by the University of Colorado for development of the Fitzsimons campus.

Requires that eight percent of moneys received from the Tobacco Master Settlement Agreement, up to \$8.0 million, be appropriated annually to the Fitzsimons Trust Fund. Expands the allowable uses of the Fitzsimons Trust Fund to include making payments on any lease-purchase agreement.

Authorizes the Department of Corrections to enter into a lease-purchase agreement for a high-custody correctional facility. The lease-purchase agreement may be for a term of up to fifteen years, and may not exceed a total value of \$102.8 million, plus necessary administrative, monitoring, interest, and closing costs.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

#### **2004 Session Bills**

**S.B. 04-007:** Delegates authority from the Department of Personnel and Administration to higher education institutions to make decisions about exempting positions from the state classified personnel system.

**S.B. 04-189:** Replaces subsidies for higher education institutions with stipends for students and fee for service contracts beginning in FY 2005-06. Authorizes governing boards to designate institutions that receive less than 10 percent of their revenue from state and local grants as enterprises under TABOR beginning in FY 2004-05. Requires schools to set aside 20 percent of any increase in tuition rates above inflation for financial aid. Reduces General Fund appropriations and increases tuition appropriations for the University of Colorado by \$4.5 million, dependent on the institution being designated as an enterprise in FY 2004-05.

**S.B. 04-252:** Allows governing boards of state institutions designated as enterprises to pledge up to 10 percent of tuition revenues and revenues from a facilities construction fee toward the advancement of funds on behalf of capital projects at an institution. In the event of a civil action or court order staying the implementation of S.B. 04-189, the bill authorizes governing boards to designate schools that receive less than 10 percent of their revenue from state and local grants as enterprises under TABOR. If the University of Colorado is designated as an enterprise pursuant to S.B. 04-252, reduces General Fund appropriations and increases tuition appropriations for the school by \$4.5 million. Either the changes to the University of Colorado's appropriation in S.B. 04-189 will take effect, or the changes in S.B. 04-252 will take effect, but not both.

**H.B. 04-1006:** Expands the conditions under which a dependent of a member of the United States armed forces qualifies to pay in-state tuition rates. The bill does not include an appropriations clause, but the fiscal note projected a \$405,334 decline in tuition revenue to higher education institutions.

**H.B.04-1009:** Authorizes higher education institutions and the Colorado Commission on Higher Education to exempt themselves from the state motor vehicle fleet system, the Division of Risk Management, and the state procurement code as administered by the Department of Personnel and Administration. The fiscal impact will depend on which institutions exempt themselves from which programs.

**H.B. 04-1039:** Expands the teacher loan forgiveness pilot program to teachers not in their first year of teaching, so long as the teacher contracts for a qualified position between June 2004 and July 2006. The fiscal note projects an increase of \$131,875 in expenditures by CollegeInvest from the borrower benefits program.

**H.B. 04-1086:** Requires the Community College Board to reduce administrative costs by 35 percent in FY 2004-05. Stipulates how the cost savings will be applied for information technology and other purposes with specific implementation dates. Requires the Board to develop a master plan for the use, development, or sale of the real property at the Lowry campus, except that used by the Aurora and Denver community colleges, by June 30, 2005. Authorizes the Board to enter an agreement with a third party to carry out the plan. Allows net proceeds from the disposition to be maintained by the Board for capital construction-related projects of the system office of colleges.

**H.B. 04-1166:** Expands from 50 percent to 100 percent the amount of moneys appropriated that the Community College Board may transfer from the Colorado Customized Job Training program to the Colorado Existing Industries Training Program.

**H.B. 04-1321:** Supplemental appropriation to the Department of Higher Education to modify the appropriation included in the FY 2003-04 Long Bill.

**H.B. 04-1331:** Supplemental appropriation to the Department of Public Health and Environment, which includes adjustments to appropriations from tobacco funds in the Department of Higher Education.

**H.B. 04-1347:** Creates a new priority for financial aid programs to first fund tuition assistance for members of the Colorado National Guard up to a total of \$650,000. Reduces General Fund for financial aid programs by \$410,207, and appropriates this amount in the Department of Higher Education for tuition assistance for members of the Colorado National Guard. Appropriates \$410,207 cash funds exempt to the Department of Military Affairs to reflect a transfer from the Department of Higher Education for tuition assistance to members of the Colorado National Guard.



**H.B. 04-1350:** Changes the name of the Colorado Student Obligation Bond Authority to CollegeInvest, allows CollegeInvest to make loans to nonresidents, and makes other changes to the operations of the enterprise.

**H.B. 04-1381:** Allows Black Hawk, Central City, and Cripple Creek to make preservation grants from the State Historical Fund in excess of \$100,000 for a single property under certain conditions.

**H.B. 04-1422:** General appropriations act for FY 2004-05.

**H.B. 04-1454:** Second supplemental appropriation to the Department of Higher Education to modify the appropriation included in the FY 2003-04 Long Bill.

## DEPARTMENT OF HUMAN SERVICES

The Department of Human Services (DHS) is charged with the administration and supervision of all non-medical public assistance and welfare activities of the State, including assistance payments, food stamps, child welfare services, rehabilitation programs, alcohol and drug treatment programs, and programs for the aging. The Department is also responsible for inspecting and licensing child care facilities and for the care and treatment of the state's dependent citizens who are mentally ill, developmentally disabled, or who are juvenile offenders. The Department operates two Mental Health Institutes, three Regional Centers for the developmentally disabled, and ten institutions for juvenile delinquents. The Department also provides funding for nonprofit Community Mental Health Centers and Community Centered Boards for the Developmentally Disabled, supervises managed care contracts for Medicaid mental health services, and contracts for the supervision and treatment of delinquent juveniles.

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$489,631,140	\$472,405,155	\$458,601,429	\$465,503,517
Cash Funds	71,374,658	84,327,303	85,815,234	88,177,547
Cash Funds Exempt	776,769,849	739,204,008	790,839,266	611,896,853
Federal Funds	<u>409,717,988</u>	<u>448,709,153</u>	<u>515,404,093</u>	<u>500,114,343</u>
<b>Total Funds</b>	<b>\$1,747,493,635</b>	<b>\$1,744,645,619</b>	<b>\$1,850,660,022</b>	<b>\$1,665,692,260</b>
Full Time Equiv. Staff	4,679.8	4,395.4	4,514.4	4,527.7

### **FY 2004-05 Budget Changes**

Note: The Department of Human Services administers a number of programs that receive funding from Medicaid dollars. For most programs, the state must contribute a designated amount of General Fund (a "match") in order to receive Medicaid dollars. The Department of Health Care Policy and Financing (HCPF) is the single state agency to receive Medicaid dollars from the federal government. Therefore, the General Assembly appropriates the necessary amount of General Fund to HCPF for DHS Medicaid-funded programs. The HCPF uses that General Fund to collect Medicaid federal funds, and then transfers the combined General Fund and corresponding federal funds to DHS to pay for its programs. Funds appropriated in one department and transferred to another are shown in the receiving department as cash funds exempt. Periodically, throughout the Human Services section of this report, the term "net General Fund" is used to convey the total amount of General Fund change to a specific area. "Net General Fund" is the sum of the General Fund appropriated directly to the

Department of Human Services and the General Fund that has been appropriated to HCPF to fund DHS Medicaid-funded programs.

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 include the following:

*Executive Director's Office*

- ☐ Add \$8.3 million, including \$4.0 million net General Fund, for salary survey, performance-based pay, and state contributions to health, life, and dental insurance for the department;
- ☐ An increase of \$2.6 million, including \$1.7 million net General Fund, associated with workers' compensation costs;
- ☐ A net decrease of \$1.3 million, including \$888,000 net General Fund and 16.9 FTE, associated with base reductions to the Office of Performance Improvement and the Department's budget office;
- ☐ Reduce funding to the risk management and property funds by \$427,000, including \$294,000 net General Fund, pursuant to statewide policy;
- ☐ A transfer of \$270,000 cash funds and 5.0 FTE from the Division of Child Welfare to reflect the transfer of staff responsible for conducting background screenings using records and reports of child abuse or neglect and for administrative functions related to associated appeals;

*Office of Information Technology Services*

- ☐ Eliminate \$1.7 million, including \$893,000 General Fund, in funding to legacy systems affected by the roll-out of the Colorado Benefits Management System, including the Client-Oriented Information Network and the Food Stamp Information System;

*Office of Operations*

- ☐ A reduction of \$375,000 General Fund for personal services to assist in balancing the state budget;

*County Administration*

- ☐ Reduce county contingency funding by \$3.7 million General Fund (25.0 percent);
- ☐ A \$1,249,000 cash funds exempt decrease in the amount anticipated to be available for county incentive payments for child support collection efforts, and a \$1,659,000 cash funds exempt

decrease in the anticipated county share of "offsetting revenues" (primarily child support collections available to fund the costs of the Colorado Works Program);

#### *Division of Child Welfare*

- ☐ An increase of \$6.9 million, including \$3.1 million net General Fund, for anticipated caseload increases;
- ☐ An increase of \$4.1 million cash funds exempt, derived from excess federal Title IV-E reimbursements, pursuant to H.B. 04-1414;
- ☐ A \$494,000 decrease in General Fund appropriations for the Expedited Permanency Planning Project, consistent with the implementation schedule;
- ☐ A transfer of \$270,000 cash funds to the Executive Director's Office, along with 5.0 FTE who are responsible for conducting background screenings using records and reports of child abuse or neglect and for administrative functions related to associated appeals;
- ☐ The elimination of \$198,000 cash funds and 2.1 FTE who were responsible for functions associated with the Central Registry of Child Protection, which was repealed pursuant to H.B. 04-1211;
- ☐ An increase of 2.0 FTE to allow the Department to convert contract staff responsible for working with county and court staff to appropriately claim and earn federal Title IV-E funds;

#### *Division of Child Care*

- ☐ An increase of \$1.0 million federal funds for the Child Care Assistance Program;
- ☐ An increase of \$799,000 cash funds exempt to better reflect the actual county share of administrative costs associated with the Child Care Assistance Program;
- ☐ An increase of \$253,000 federal funds for the Department to develop a new automated system to support child care licensing functions;

#### *Office of Self Sufficiency*

- ☐ The elimination of a \$19.8 million one-time appropriation from the federal Temporary Assistance for Needy Families (TANF) bonus related to a reduction in Colorado's out-of-wedlock birth rate;

- ☐ An increase of \$1,249,000 General Fund for the Works Program to offset a \$1,249,000 decrease in cash funds exempt revenues, thereby ensuring that state and local expenditures meet the minimum federal maintenance of effort requirement for TANF programs;
- ☐ The elimination of \$84,000 federal funds and 1.0 FTE for the Works Program Community Resource Investment Liaison line item;
- ☐ An increase of 2.0 FTE in the appropriation for the Low-income Energy Assistance Program and a corresponding decrease in personal services funding by \$78,500 to reflect conversion of contract services to state employees;

*Mental Health and Alcohol and Drug Abuse Services*

- ☐ An increase of \$1.2 million General Fund associated with decreases in patient revenues applied at the mental health institutes;
- ☐ An increase of \$1.0 million General Fund for community mental health services to serve an additional 435 severely mentally ill medically indigent clients;
- ☐ An increase of \$0.5 million General Fund and 10.9 FTE associated with annualization of FY 2003-04 staffing increases at the mental health institutes;
- ☐ An increase of \$0.3 million cash funds for prevention services in the Alcohol and Drug Abuse Division;
- ☐ A reduction of \$0.9 million General Fund in detoxification and treatment services in the Alcohol and Drug Abuse Division;
- ☐ A reduction of \$100,000 General Fund associated with the application of a 0.2 percent personal services base reduction at the mental health institutes;

*Services for People with Disabilities*

- ☐ An increase of \$1.4 million cash funds exempt (primarily Medicaid cash funds) for a decision item to provide 36 new community resources for youth with developmental disabilities transitioning from foster care to the developmental disability system;
- ☐ An increase of \$1.0 million cash funds exempt for federally-matched local program costs, due to anticipated increases in local cash exempt funds and matching federal Medicaid funds used to serve persons with developmental disabilities;
- ☐ A reduction of \$124,000 General Fund and \$300,000 Medicaid cash funds exempt in miscellaneous developmental disability program costs (including staff training, and consumer

employment incentives, among others) to help offset costs of new community resources for persons with developmental disabilities;

- ☐ A reduction of 24.2 FTE appropriated to the Division of Vocational Rehabilitation to more accurately reflect the impact of General Fund reductions taken in FY 2002-03 and FY 2003-04;
- ☐ The reclassification of \$1.2 million in Division of Vocational Rehabilitation program costs from cash funds to cash funds exempt, based on changes in how funds for the School to Work Alliance Program (SWAP) will be managed;

#### *Adult Assistance Programs*

- ☐ An increase of \$4.3 million General Fund to the Aid to the Needy Disabled State Supplement program to meet federal Supplemental Security Income maintenance-of-effort requirements;
- ☐ An increase of \$2.1 million cash funds for caseload growth and rising average payments in the Old Age Pension (OAP) program;
- ☐ A decrease of \$1.5 million General Fund for the Older Coloradans Program;

#### *Division of Youth Corrections (DYC)*

- ☐ A base reduction of \$1.0 million General Fund for S.B. 91-94 programs;
- ☐ A reduction of \$682,000 General Fund attributable to savings from converting contract commitment beds to state-operated commitment beds on the Mount View campus and the Lookout Mountain campus;
- ☐ A base reduction of \$491,000 General Fund attributable to contract placements. This reduction was used to fund juvenile intensive supervision probation;
- ☐ An increase of \$2.0 million General Fund increase attributable to increases in the commitment population and to restore base reductions for contract placements for committed youths;
- ☐ An increase of \$275,000 General Fund to fund client managers and juvenile parole officers;
- ☐ An increase of \$136,000 General Fund attributable to an increase in the parole population; and
- ☐ An increase of \$43,000 General Fund attributable to an increase in medical expenses based on caseload increases in the juvenile commitment population.

## **General Factors Driving the Budget**

Funding for this department consists of approximately 25.0 percent General Fund, 5.0 percent cash funds, 43.0 percent cash funds exempt, and 27.0 percent federal funds. Some of the most important factors driving the budget are reviewed below.

### **Salary Survey Awards**

Each year the Executive Director's Office requests salary increases for its employees based on a salary survey of comparable positions in the private sector. In FY 2003-04, the Department salary survey awards were delayed pursuant to S.B. 03-273.

### **Community Provider Rate Increases**

Some departments of state government contract with community providers to provide services of the State to eligible clients. To ensure that community provider arrangements are viable over the long term, the General Assembly has generally awarded annual inflationary increases, also known as cost of living adjustments (COLAs) for community provider programs. The rate increases awarded to providers each year are determined by the Joint Budget Committee in a "common policy" decision. The provider rate increase policy is then applied to each program operated by community providers. In the Department of Human Services, the following programs would receive community provider rate increases in a normal year: county administration, child welfare, mental health community programs, developmental disability services, vocational rehabilitation and community programs in youth corrections. Due to the revenue shortfall, no COLAs were provided to community providers for FY 2004-05.

### **Major Information System Projects**

For the past several years, the General Assembly has provided significant funding to the Department of Human Services for three major information system projects that are used by staff at the Department and at county departments of social services to administer various social service programs. The budgets for the County Financial Management System, which tracks county expenditures for various social service programs, and for the Colorado Trails System, which provides case management and tracking for county child welfare staff and the Division of Youth Corrections, now require only ongoing maintenance funding.

The Colorado Benefits Management System (CBMS) is expected to become operational during FY 2004-05. This system will replace multiple systems used by county staff to determine eligibility for financial, medical, and food stamp benefits. The table below reflects the appropriations to date for the planning and development of the system, including capital construction appropriations. In addition to the costs below, there will be additional costs in FY 2004-05 due to the shutdown of the legacy systems CBMS replaces (the Client-Oriented Information Network, the Food Stamps Information System, and the Colorado Automated Client Tracking System). The shutdown is expected to last six months and will end in December 2004. The total appropriation for the shutdown is \$499,983, including \$126,300 General Fund.

Colorado Benefits Management System Appropriations			
	FY 96-97 through FY 03-04	FY 04-05	TOTAL
Capital*	\$69,447,784	\$0	\$69,447,784
Operating*	<u>65,736,321</u>	<u>15,267,749</u>	<u>81,004,070</u>
Total	135,184,105	15,267,749	150,451,854
<i>General Fund Share</i>	<i>42,412,444</i>	<i>5,168,515</i>	<i>47,580,959</i>

\*Includes appropriations to the Department of Health Care Policy and Financing; does not include double-counting associated with funds transfers between departments.

### **Child Welfare Services**

County departments of human services are required to investigate reports of intra-familial abuse or neglect of a child, third-party abuse or neglect by persons under age ten, and institutional abuse of a child. Following an investigation, a county is required to provide necessary and appropriate child welfare services to the child and the family. If the court determines that a child's removal from the home is necessary and in the best interests of the child and the community, the court may place the child in the legal custody of the county department for placement in a foster care home or child care facility. Appropriations related to child welfare programs (\$364.2 million for FY 2004-05) consist of 49 percent state funds, 36 percent federal funds, and 15 percent county funds and other cash fund sources. Of the total amount appropriated, over 97 percent is allocated to county departments of human services for the provision of child welfare services.

While approximately one-third of child welfare funding is expended for county staff and administrative costs, 60 percent is paid directly to families and providers who care for children who have been removed from their homes. The costs of out-of-home care increased significantly -- more than doubling -- from FY 1993-94 to FY 1996-97. These cost increases were driven by growth in both the average number of children receiving care and the average monthly payment for such care. Largely in response to these cost increases, the General Assembly adopted legislation in 1997 to cap the State's reimbursement to counties for the cost of providing child welfare services. This bill also authorized counties to use capped allocation moneys without category restriction and to negotiate rates, services, and outcomes with providers. Thus, counties now receive a "block grant" to cover the costs of out-of-home care, subsidized adoptions, and child welfare-related administrative functions.

From FY 1997-98 through FY 2003-04, the total amount appropriated for counties to provide child welfare services (including out-of-home care) increased an average of 4.8 percent per year. Despite these increases, county child welfare expenditures have exceeded the annual appropriation for the last four fiscal years.



	State Fiscal Year							
	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05
Appropriation for Child Welfare Services line item (\$ millions)	\$217.2	\$232.8	\$241.2	\$263.1	\$280.9	\$289.9	\$297.1	\$302.0
<i>Percent Change</i>		7.2%	3.6%	9.1%	6.8%	3.2%	2.5%	1.6%
Shortfall: County Expenditures In Excess of Appropriation (\$ millions)	\$0.0	\$0.0	\$20.6	\$21.4	\$33.4	\$24.4	n/a	n/a
<i>Shortfall / Capped Allocations</i>	0.0%	0.0%	8.7%	8.3%	12.4%	8.8%	n/a	n/a

Note: For purposes of providing comparable information, the FY 2002-03 appropriation excludes adjustments associated with the change in Medicaid accruals.

### **The Mental Health Institutes**

Costs at the state's two Mental Health Institutes (Fort Logan and Pueblo) have been driven in recent years by two opposing trends: (1) reductions in beds; and (2) demands for increased staffing intensity for the remaining beds. Beginning in the mid-1990s, as the Mental Health Assessment and Service Agency (MHASA) took greater control of Medicaid funding, demand for bed space at the state's two mental health institutes began to decline. The decline in beds has been greatest on child and adolescent beds, since most of these beds are funded by Medicaid. Between FY 1994-95 and FY 2002-03, 144 child and adolescent acute treatment beds were eliminated due to insufficient demand, including 18 eliminated in FY 2002-03. Although most adult beds are excluded under Medicaid and are therefore directly supported by General Fund, changes in service patterns and decline in demand also led to elimination of 40 adult beds in FY 1995-96.

More recent reductions in adult beds have been driven by budget constraints and studies indicating that a significant portion of persons served in the institutes could be effectively served in community placements. During FY 2002-03, 59 adult acute treatment beds were closed, with funding provided for community alternatives. In addition, ten treatment beds for persons dually diagnosed with mental illness and substance abuse were closed due to budget constraints. As of July 1, 2004, the institutes have 611 beds, including 278 forensics beds; 178 adult, 65 geriatric and 50 youth civil commitment beds; a 20-bed youth residential treatment center; and a 20-bed general hospital.

While the overall number of beds at the institutes has shrunk, there has been an increase in staffing needs associated with patient severity and patient management techniques (reduced use of seclusion and restraint). Staffing was increased by 58.2 FTE in FY 2001-02, 53.2 FTE in FY 2002-03, and 20.7 FTE in FY 2003-04 (associated with the settlement of a lawsuit on the forensics units and other factors) and 10.9 FTE in FY 2004-05 which annualized the partial year increases made in FY 2003-04. Such increases have been offset by staffing reductions associated with bed closures. The average annual cost per bed at the mental health institutes was \$147,120 in 2003, including costs associated with physical plant operations and central administration.

	<b>FY 99-00 Actual</b>	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp.*</b>	<b>FY 04-05 Approp.*</b>
Institute Budget	\$74,647,222	\$76,076,161	\$80,538,488	\$79,762,631	\$80,364,881	\$80,738,596
FTE	1,273.5	1,268.0	1,316.6	1,286.4	1,235.3	1,246.2
Ft. Logan Avg. Daily Census	198	196	188	171	135	143
Pueblo Avg. Daily Census	<u>510</u>	<u>502</u>	<u>494</u>	<u>439</u>	<u>391</u>	<u>395</u>
Total Avg. Daily Census*	708	697	682	610	527	539

\*Census based on data through April 2004; projections adjusted for bed closures.

### **Developmental Disability Services**

The State funds residential and family support services for persons with developmental disabilities who are unable to care for themselves without assistance. Most of these services are provided through contracts with 20 local non-profit agencies known as community centered boards (CCBs). The demand for state-funded services has grown significantly over time, reflecting the aging of family members who care for persons with disabilities and state population growth. Service costs have also risen over time based on inflation. The General Assembly has responded to the increase in demand for services and funding, taking into consideration statewide revenue and spending constraints.

The State has had discretion over the growth of programs for persons with developmental disabilities, based on state and federal law. The vast majority of services are funded through federal Medicaid waivers for home and community based services. These Medicaid waivers enable the state to support services for persons with developmental disabilities using Medicaid funds that originate as 50 percent state General Fund and 50 percent federal funds. However, they differ from other parts of the Medicaid program in that the State may limit the total number of program participants. As a result, there are waiting lists for services.

The majority of funding provided is for residential services for adults with developmental disabilities. The table below reflects, for FY 2004-05, the total number of participant resources<sup>1</sup> funded, associated dollars, average cost per participant resource, and waiting list per resource for community programs for persons with disabilities. The first three programs are funded primarily or entirely by Medicaid. Family Support Services are funded entirely with state General Fund and Early Intervention primarily by state General Fund.

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<sup>1</sup> A program "resource" is the funding required to provide services to an individual for a year.

<b>Adult and Children's Community Programs:<sup>1</sup></b>	<b>FY 04-05 Funding (millions)</b>	<b># Resources Funded June 2005</b>	<b>Avg. Cost per Resource</b>	<b>Waiting list March 2004<sup>3</sup></b>
Adult Comprehensive Services	\$200,178,721	3,597	\$55,913	899
Adult Supported Living Services	\$54,300,846	3,477	\$15,637	1,581
Children's Extensive Support	\$4,151,613	212	\$19,485	139
Family Support Services	\$3,786,118	1,176	\$3,220	4,088
Early Intervention	\$8,384,532	1,459	\$5,747	**
<b>Total</b>	<b>\$270,801,830</b>	<b>9,921</b>	<b>n/a</b>	

<sup>1</sup>Does not include 403 adult residential resources at the regional centers, services for children with developmental disabilities residing in out-of-home placement who are served through the child welfare system, locally-generated funds and associated federal match except where local amounts are used to match state moneys, or state funding for various "special purpose" activities.

<sup>2</sup>Needed by the end of FY 2004-05.

\*\*The quality of waiting list data in this category is currently too poor to be included.

The table below reflects the overall growth in state funding for community services for persons with developmental disabilities.

<b>State Funding -- Community Services for Persons with Developmental Disabilities</b>						
<b>Adult and Children's Community Programs:</b>	<b>FY 99-00 Approp.</b>	<b>FY 00-01 Approp.</b>	<b>FY 01-02 Approp.</b>	<b>FY 02-03 Approp.*</b>	<b>FY 03-04 Approp.</b>	<b>FY 04-05 Approp.</b>
Total Funding (\$ millions)	\$224.9	\$239.3	\$260.7	\$273.0	\$271.3	\$272.0
Total Funding Change (\$ millions)	n/a	\$14.4	\$21.4	\$12.3	(\$1.7)	\$0.7
Percent Change	n/a	6.4%	8.9%	4.7%	-0.6%	0.3%

\*Amount shown for FY 2002-03 *does not* include a reduction of \$6.7 million in one time savings associated with a switch from accrual to cash accounting for the Medicaid program. This accounting change provided savings for accounting purposes but did not affect programs.

As shown in the table above, funding for community-based programs for persons with developmental disabilities increased substantially each year through FY 2002-03. The increases shown were driven primarily by increases in the number of adult residential resources funded as well as rate increases provided to assist community providers in coping with payment levels that had not historically kept up with service cost increases. Due to statewide budget constraints, funding dropped between FY 2002-03 and FY 2003-04. Reductions included the elimination of rate increases provided in FY 2002-03 and a rate cut in the adult supported living services program, among other reductions.

### *Increases in Number of Participants*

The table below reflects the growth in the number of participant resources available for adults with developmental disabilities. Note that: (1) Most new resources are initially funded for a part of year and funding is then annualized in the subsequent year to cover a full year of services. The table below reflects the number of persons receiving services and the number of funded resources *as of June* of each year. (2) The cost of new resources added is often considerably higher than the current average cost of resource based on the anticipated severity levels of the new clients. Thus, for FY 2004-05, the average cost for an existing adult comprehensive resources was \$55,823, but new resources for clients transitioning from foster care were added at an average cost of \$77,368.

Adults Served							
	FY 99-00 # Served June	FY 00-01 # Served June	FY 01-02 # Served June	FY 02-03 # Served June*	FY 02-03 # Funded June*	FY 03-04 # Funded June	FY 04-05 # Funded June
Adult Comprehensive Resources**	3,070	3,134	3,371	3,496	3,551	3,561	3,597
Percent Change	n/a	2.1%	7.6%	3.7%	n/a	1.9%	1.0%
Adult Supported Living Resources	3,465	3,474	3,529	3,598	3,477	3,477	3,477
Percent Change	n/a	0.3%	1.6%	2.0%	n/a	0.0%	0.0%

\*The number of persons actually receiving service may differ from the number of resources funded based on provider decisions to serve additional numbers of persons with the same dollars (the case of supported living services) or unanticipated placement delays associated with new resources and resource turnover (the case of adult comprehensive services in June 2002-03).

\*\*Does not include 403 residential resources located at the state regional centers for the developmentally disabled.

### *Rate Increases*

The table below reflects the impact of provider rate increases on the budget from FY 1999-00 through FY 2004-05. Provider rate increases were significant until statewide revenue constraints led rates to be returned to FY 2001-02 levels in FY 2003-04. No increase was provided in FY 2004-05 due to budget constraints.

Rate Increases						
	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05
Provider Rate Increase	2.0%	2.0%	2.5%	0.0%	0.0%	0.0%
Base Rate Increase	0.0%	0.0%	5.3%	2.0%	-2.0%	0.0%
Total Impact on base of DD Community Programs (\$ millions)	\$4.3	\$4.7	\$11.6	\$3.5	(\$3.5)	\$0.0

### **Adult Assistance Programs**

#### *Old Age Pension Program*

The Old Age Pension (OAP) Program, authorized by the State Constitution, provides cash assistance to low-income individuals over the age of 59. The OAP Program is primarily funded through excise taxes, revenues that are not utilized for the OAP Program "spill over" into the General Fund. As the earmarked revenues are "continuously appropriated" by the State Constitution, the General Assembly does not directly control program expenditures; the Long Bill simply reflects anticipated program expenditures for informational purposes.

Old Age Pension Program	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Appropriation	FY 04-05 Appropriation
Total Non-Medical Costs*	\$53,547,783	\$59,465,177	\$59,515,177	\$68,291,308	\$71,380,186
<u>Ages 60-64:</u>					
Avg. Number of Persons	6,886	6,223	6,880	5,344	4,985
Avg. Mo. Payment/Person	\$251.81	\$280.11	\$259.32	\$290.25	\$297.00
<u>Age 65 and over:</u>					
Avg. Number of Persons	17,410	18,478	17,837	19,981	20,680
Avg. Mo. Payment/Person	\$132.50	\$152.76	\$138.72	\$181.52	\$191.15

\*Total costs exclude the Old Age Pension State Medical Program, which is administered in the Department of Health Care Policy and Financing and costs for implementation of the Colorado Benefits Management System.

#### *Aid to the Needy Disabled -Colorado Supplement (AND-CS)*

This program provides supplemental income to individuals receiving Supplemental Security Income (SSI) payments, up to a maximum of \$513 per month. The federal SSI program is an entitlement program that provides financial assistance to persons with a disability that precludes them from securing or retaining employment for at least 12 months. The AND-CS program is one of a number of programs that provide additional state assistance to SSI recipients. The State is subject to a federal maintenance of effort agreement with the Social Security Administration to provide at least as much

assistance to SSI recipients in each calendar year as it did in the previous calendar year. In calendar 2003, the state fell short of the required spending level by \$4.3 million. In order to make up for that shortfall (and to avoid potential federal sanctions if the shortfall is not made up), the AND-CS appropriation is increased from \$1.6 million General Fund and cash funds exempt in FY 2003-04 to \$5.9 million in FY 2004-05. Those additional funds will be distributed to AND-CS recipients in the last six months of calendar year 2004 and will temporarily raise the maximum monthly payment to \$745.

### *Community Services for the Elderly*

This division administers federal Older Americans Act programs, which are available to individuals who are age 60 or over and targeted to those who are homebound, frail or isolated, or have difficulty with some aspects of daily living. In order to receive these federal funds, the state must provide a minimum five percent match from the General Fund.

Historically, the General Assembly appropriated the minimum match amount; however, in FY 1999-00, the General Fund match was increased to 8.75 percent. This increase was part of a plan submitted by the Department to increase the General Fund match from five percent to 20 percent over four years in order to improve service levels for Colorado seniors. The Older Coloradans Cash Fund, funded by a diversion of sales and use tax revenues, was created by H.B. 00-1072 and subsequently modified by H.B. 01-1079, H.B. 02-1209 and S.B. 03-295. The ongoing funding of the Older Coloradans Cash Fund, despite cuts in many other human services programs, demonstrates the priority given senior services by past general assemblies. In FY 2003-04, the General Assembly provided an additional \$2.5 million General Fund for Older Coloradans programs. This increased funding was prompted, in part, by concerns about the impact of the suspension of the homestead exemption for senior homeowners. For FY 2004-05, General Fund support for senior services was reduced by \$1.5 million. The table below summarizes state funding levels for community services for seniors. It does not include federal Older Americans Act grants.

	<b>FY 99-00 Actual</b>	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp</b>	<b>FY 04-05 Approp</b>
General Fund	\$1,044,754	\$1,567,873	\$1,112,739	\$1,311,292	\$3,868,014	\$2,373,769
Cash Funds	<u>0</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,000,000</u>	<u>1,566,000</u>	<u>1,566,000</u>
Total State Support	\$1,044,754	\$4,567,873	\$4,112,739	\$3,311,292	\$5,434,014	\$3,939,769

### **Increasing Youth Corrections Populations**

The Division of Youth Corrections provides for the housing, treatment and education of juveniles who are detained while awaiting adjudication (similar to adult jail), or committed for a period of time as a result of a criminal conviction (similar to adult prison). Also, the Division supervises juveniles during a mandatory parole following all commitment sentences. Increases in the number of detained, committed and paroled juveniles significantly impact funding requirements. Measurements in the table

below are based on the average daily population (ADP) and the Legislative Council Staff population projections.

	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Projection</b>	<b>FY 04-05 Projection</b>
Detention*	529.1	538.6	545.0	479.0	479.0
<i>Percent Difference</i>	<i>n/a</i>	<i>1.8%</i>	<i>1.2%</i>	<i>-12.1%</i>	<i>0.0%</i>
Commitment	1,252.9	1,266.8	1,327.8	1,345.6	1,377.8
<i>Percent Difference</i>	<i>n/a</i>	<i>1.1%</i>	<i>4.8%</i>	<i>1.3%</i>	<i>2.4%</i>
Parole**	720.7	692.9	567.2	602.0	546.4
<i>Percent Difference</i>	<i>n/a</i>	<i>-3.9%</i>	<i>-18.1%</i>	<i>6.1%</i>	<i>-9.2%</i>

\* Senate Bill 03-286 capped the population at 479.0.

\*\* Senate Bill 03-284 reduced the period of mandatory parole from 9 months to 6 months.

## Summary of FY 2003-04 and FY 2004-05 Appropriations

### Total Department Appropriations

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Total Appropriation:</b>	<b>\$458,601,429</b>	<b>\$85,815,234</b>	<b>\$790,839,266</b>	<b>\$515,404,093</b>	<b>\$1,850,660,022</b>	<b>4,514.4</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	15,849,275	521,723	7,246,383	6,366,224	29,983,605	134.6
Office of Information Technology Services	18,356,752	1,285,381	10,395,508	17,575,286	47,612,927	151.1
Office of Operations	17,837,980	716,408	13,452,654	3,598,317	35,605,359	481.0
County Administration	27,664,281	0	26,642,920	12,679,368	66,986,569	0.0
Division of Child Welfare	134,394,901	467,601	128,546,778	89,588,600	352,997,880	35.1
Division of Child Care	17,621,841	575,880	8,183,488	58,341,304	84,722,513	62.5
Office of Self Sufficiency	5,555,343	1,206,760	32,147,009	238,687,936	277,597,048	277.5
Mental Health and Alcohol and Drug Abuse Services	91,123,199	3,895,223	221,494,073	45,898,838	362,411,333	1,303.4

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
Services for People with Disabilities	24,792,601	4,937,685	311,775,237	28,045,742	369,551,265	1,179.9
Adult Assistance Programs	11,149,919	72,119,147	19,476,015	13,343,914	116,088,995	13.1
Division of Youth Corrections	94,255,337	89,426	11,479,201	1,278,564	107,102,528	876.2
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-22	0	(10,750,000)	0	0	(10,750,000)	0.0
SB 03-258	468,194,510	94,029,359	772,712,598	492,021,562	1,826,958,029	4,516.3
SB 03-273	(5,835,897)	(50,301)	(2,530,585)	(1,132,432)	(9,549,215)	0.0
SB 03-282	0	0	1,451,354	0	1,451,354	0.0
SB 03-284	(384,574)	0	0	0	(384,574)	(3.2)
SB 03-286	(1,670,343)	0	0	0	(1,670,343)	0.0
SB 03-295	0	(500,000)	0	0	(500,000)	0.0
SB 03-299	0	(250,000)	0	0	(250,000)	0.0
HB 03-1292	0	0	728,000	0	728,000	0.0
HB 03-1316	(21,358)	(117)	(8,171)	(4,050)	(33,696)	0.0
HB 04-1265	0	0	(259,274)	0	(259,274)	(2.3)
HB 04-1322	770,401	3,425,603	7,638,213	24,503,324	36,337,541	3.6
HB 04-1422	(2,451,310)	(89,310)	11,107,131	15,689	8,582,200	0.0
<b>FY 2004-05 Total Appropriation:</b>						
	<b>\$465,503,517</b>	<b>\$88,177,547</b>	<b>\$611,896,853</b>	<b>\$500,114,343</b>	<b>\$1,665,692,260</b>	<b>4,527.7</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	21,648,085	1,117,265	12,991,137	7,986,734	43,743,221	123.7
Office of Information Technology Services	17,242,453	1,307,774	6,425,078	17,179,363	42,154,668	144.3
Office of Operations	17,085,949	715,183	12,483,988	4,428,786	34,713,906	481.0
County Administration	23,974,507	0	23,734,579	12,679,368	60,388,454	0.0
Division of Child Welfare	135,794,176	0	135,270,796	91,463,706	362,528,678	30.0
Division of Child Care	17,681,114	676,990	8,867,687	60,494,013	87,719,804	62.5



	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
Office of Self Sufficiency	6,796,036	1,206,081	30,730,550	218,377,862	257,110,529	277.9
Mental Health and Alcohol and Drug Abuse Services	92,338,792	4,906,371	34,220,967	45,693,304	177,159,434	1,309.3
Services for People with Disabilities	24,608,509	3,925,713	314,376,286	27,190,145	370,100,653	1,155.7
Adult Assistance Programs	14,017,502	74,232,744	19,480,657	13,342,498	121,073,401	27.5
Division of Youth Corrections	94,316,394	89,426	13,315,128	1,278,564	108,999,512	915.8
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1030	0	0	0	500,000	500,000	0.0
HB 04-1075	0	0	95,805	0	95,805	0.0
HB 04-1107	0	0	0	0	0	1.0
HB 04-1277	0	0	26,100	0	26,100	0.0
HB 04-1414	0	0	4,100,000	(4,100,000)	0	0.0
HB 04-1421	0	0	508,521	0	508,521	0.0
HB 04-1422	465,503,517	88,177,547	607,166,427	503,714,343	1,664,561,834	4,526.7
<b>Increase/(Decrease)</b>	\$6,902,088	\$2,362,313	(\$178,942,413)	(\$15,289,750)	(\$184,967,762)	13.3
Percentage Change	1.5%	2.8%	-22.6%	-3.0%	-10.0%	0.3%

## **Detail of Appropriation by Administrative Section**

### **Executive Director's Office**

This office is responsible for the management and administration of the Department, performing such functions as budgeting, human resources, quality control, as well as some program supervision, coordination, and evaluation. This section includes centrally appropriated line items, such as workers' compensation, legal services, administrative law judge services, and payments related to risk management. In addition, this office includes funding for specific functions including: (1) the Juvenile Parole Board; (2) the Developmental Disabilities Council; (3) child welfare-related training; (4) funding for the state to comply with the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA); and (5) the child welfare administrative review unit, which performs case reviews of children and youth who are placed in out-of-home residential care.

Cash fund sources are primarily patient payments collected by the Mental Health Institutes, in addition to other various sources. Cash funds exempt sources include Medicaid cash funds transferred from the Department of Health Care Policy and Financing, patient payments collected by the Mental Health Institutes, and other various sources. Federal fund sources include indirect cost recoveries, the Temporary Assistance for Needy Families Block Grant, Section 110 vocational rehabilitation funds, the Substance Abuse Prevention and Treatment Block Grant, and other various sources.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$21,802,839	\$574,602	\$9,811,616	\$7,528,782	\$39,717,839	134.6
SB 03-273	(5,835,897)	(50,301)	(2,530,585)	(1,132,432)	(9,549,215)	0.0
HB 03-1316	(21,358)	(117)	(8,171)	(4,050)	(33,696)	0.0
HB 04-1322	<u>(96,309)</u>	<u>(2,461)</u>	<u>(26,477)</u>	<u>(26,076)</u>	<u>(151,323)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$15,849,275</b>	<b>\$521,723</b>	<b>\$7,246,383</b>	<b>\$6,366,224</b>	<b>\$29,983,605</b>	<b>134.6</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$21,648,085</u>	<u>\$1,117,265</u>	<u>\$12,991,137</u>	<u>\$7,986,734</u>	<u>\$43,743,221</u>	<u>123.7</u>
<b>TOTAL</b>	<b>\$21,648,085</b>	<b>\$1,117,265</b>	<b>\$12,991,137</b>	<b>\$7,986,734</b>	<b>\$43,743,221</b>	<b>123.7</b>
<b>Increase/(Decrease)</b>	\$5,798,810	\$595,542	\$5,744,754	\$1,620,510	\$13,759,616	(10.9)
Percentage Change	36.6%	114.1%	79.3%	25.5%	45.9%	-8.1%

FTE Detail	FY 2003-04	FY 2004-05
Executive Director's Office	4.4	4.4
Budget	11.0	7.0
Office of Performance Improvement	90.0	77.1
Child Welfare Administrative Review Unit	20.0	20.0
Developmental Disability Council	6.0	6.0
Records and Reports of Child Abuse or Neglect	0.0	5.0
Juvenile Parole Board	2.2	2.2
Health Insurance Portability and Accountability Act (HIPPA)	<u>1.0</u>	<u>2.0</u>
	134.6	123.7

*FTE Changes:* The FTE appropriation includes a net reduction of 10.9 FTE, resulting from: (1) a reduction of 12.9 FTE in the Office of Performance Improvement; (2) an increase of 5.0 FTE transferred from the Division of Child Welfare to reflect the transfer of staff responsible for conducting background screenings using records and reports of child abuse or neglect and for administrative functions related to associated appeals; (3) a decrease of 4.0 FTE in the budget office of the division; (4) an increase of 2.0 FTE for compliance with Health Insurance Portability and Accountability Act of 1996 (HIPAA) security rules; and (5) a decrease of 1.0 FTE associated with HIPAA privacy rules.

*General Fund Changes:* The General Fund appropriation increase of \$5.8 million is attributable to the following increases: (1) \$3.3 million for health, life and dental insurance costs, salary survey, and performance-based pay; (2) \$1.8 million for compliance with HIPAA security rules; (3) \$1.1 million for workers' compensation costs; and (4) \$856,000 associated with increases to the department's shift pay. These increases are partially offset by General Fund decreases of \$1.1 million due base reductions in the Office of Performance Improvement and the personal services line of the General Administration section of the division, and \$277,000 for decreased payments to risk management and property funds.

*Cash Funds Changes:* The increase in cash funds appropriation includes increases of: (1) \$262,000 for health, life and dental insurance costs, salary survey, and performance-based pay; (2) \$270,000 associated with the 5.0 FTE that were transferred from the Division of Child Welfare; and (3) \$51,000 associated with the department's shift pay. These increases are partially offset by a reduction of \$71,000 due to base reductions in the Office of Performance Improvement.

*Cash Funds Exempt Changes:* The increase in cash funds exempt includes increases of: (1) \$3.3 million for health, life and dental insurance costs, salary survey, and performance-based pay; (2) \$1.3 million for workers' compensation costs; (3) \$1.1 million associated with the department's shift pay; and (4) \$531,000 for compliance with HIPAA security rules. These increases are partially offset by decreases of \$398,000 due to base reductions in the Office of Performance Improvement and for the HIPAA privacy officer, and \$102,000 for payments to the risk management and property funds.

*Federal Fund Changes:* The \$1.6 million increase in federal funds includes increases of: (1) \$1.4 million for health, life and dental insurance costs, salary survey, and performance-based pay; (2) \$152,000 for compliance with HIPAA security rules; and (3) \$130,000 workers' compensation cost adjustments. These increases are partially offset by a decrease \$49,000 due to reductions in the Office of Performance Improvement and a decrease of \$45,000 for payments to risk management and property funds.

## **Office of Information Technology Services**

This section includes funding for expenses associated with departmental information systems, including systems that support public benefits programs administered through the state's 64 counties and other local entities. Appropriations in this section include personnel and operating funds that

support information systems used by over 8,800 Department and county staff; development and maintenance costs (software and hardware) for the Department's numerous information technology systems, and purchase of services from the general government computer center. Collectively, the data systems managed by this section process case management files for approximately 634,000 Colorado citizens. Major systems funded through this section of the budget include the Colorado Benefits Management System, the Colorado Financial Management System, and the Colorado Trails information system, among others. Because this section includes information systems that support multiple program areas, there are multiple sources of cash funds, cash funds exempt, and federal funds. The most important source of cash exempt funds is Medicaid transferred from the Department of Health Care Policy and Financing. Important sources of federal funds include Title IV-E of the Social Security Act and Temporary Assistance for Needy Families.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$17,950,806	\$1,287,473	\$6,322,241	\$16,849,381	\$42,409,901	151.1
HB 04-1322	<u>405,946</u>	<u>(2,092)</u>	<u>4,073,267</u>	<u>725,905</u>	<u>5,203,026</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$18,356,752</b>	<b>\$1,285,381</b>	<b>\$10,395,508</b>	<b>\$17,575,286</b>	<b>\$47,612,927</b>	<b>151.1</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$17,242,453</u>	<u>\$1,307,774</u>	<u>\$6,425,078</u>	<u>\$17,179,363</u>	<u>\$42,154,668</u>	<u>144.3</u>
<b>TOTAL</b>	<b>\$17,242,453</b>	<b>\$1,307,774</b>	<b>\$6,425,078</b>	<b>\$17,179,363</b>	<b>\$42,154,668</b>	<b>144.3</b>
<b>Increase/(Decrease)</b>	(\$1,114,299)	\$22,393	(\$3,970,430)	(\$395,923)	(\$5,458,259)	(6.8)
Percentage Change	-6.1%	1.7%	-38.2%	-2.3%	-11.5%	-4.5%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Management/General Support	82.2	82.2
Colorado Benefits Management System	21.5	36.1
Colorado Trails	23.0	23.0
Client-Oriented Information System	14.0	0.0
Food Stamp Information System	10.4	0.0
Legacy System Shutdown	<u>0.0</u>	<u>3.0</u>
	151.1	144.3

*FTE Changes:* The reduction of 6.8 FTE is attributable to the roll-out of the Colorado Benefits Management System (CBMS), including the elimination of 14.0 FTE associated with the Client-Oriented Information Network and 10.4 FTE associated with the Food Stamp Information System. These reductions are offset by increases of 14.6 FTE for CBMS and 3.0 FTE for the shutdown of the legacy systems affected by CBMS implementation.

*General Fund Changes:* The \$1.1 million decrease in General Fund is attributable to the following reductions: (1) \$893,000 for the elimination of legacy computer programs associated with the roll-out of CBMS; (2) \$236,000 in payments to the General Government Computing Center, consistent with statewide policy; and (3) \$186,000 for a refinance of the department's leases for computers. These reductions are partially offset by the following increases: (1) \$148,000 to upgrade the operating system and chart of accounts for the County Financial Management System; (2) \$51,000 to migrate off of System Network Architecture infrastructure; and (3) \$10,000 for base reductions to personal services line items in the Division.

*Cash Funds Changes:* The increase of \$22,000 in the cash funds appropriation is primarily attributable to a refinance of the department's leases for computers.

*Cash Funds Exempt Changes:* The reduction in the appropriation for cash funds exempt is primarily due to a decrease of \$4.1 million in transfers from the Department of Health Care Policy and Financing associated with one-time funding for data conversion related to CBMS implementation. This decrease is partially offset by an increase of \$234,000 due to a refinance of the Health Information Management System and the lease payments for computers in the department.

*Federal Funds Changes:* The federal funds decrease includes reductions of: (1) \$655,000 associated with final development and implementation costs for the CBMS, including the proper shutdown of legacy systems; and (2) \$305,000 associated with the purchase of services from the General Government Computer Center, consistent with statewide policy. These reductions are partially offset by the following increases: (1) \$358,000 for adjustments in Systems Network Architecture billings; (2) \$149,000 to upgrade the operating system and chart of accounts for the County Financial Management System; and (3) \$59,000 for a refinance of the lease payments for computers in the department.

## Office of Operations

This section contains appropriations for central departmental functions such as accounting, auditing, contracting, purchasing, vehicle leases, and facility management.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$17,516,912	\$716,561	\$13,368,636	\$3,569,546	\$35,171,655	481.0
SB 03-284	(18,968)	0	0	0	(18,968)	0.0

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
HB 04-1322	<u>340,036</u>	<u>(153)</u>	<u>84,018</u>	<u>28,771</u>	<u>452,672</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$17,837,980</b>	<b>\$716,408</b>	<b>\$13,452,654</b>	<b>\$3,598,317</b>	<b>\$35,605,359</b>	<b>481.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$17,085,949</u>	<u>\$715,183</u>	<u>\$12,483,988</u>	<u>\$4,428,786</u>	<u>\$34,713,906</u>	<u>481.0</u>
<b>TOTAL</b>	<b>\$17,085,949</b>	<b>\$715,183</b>	<b>\$12,483,988</b>	<b>\$4,428,786</b>	<b>\$34,713,906</b>	<b>481.0</b>
<b>Increase/(Decrease)</b>	<b>(\$752,031)</b>	<b>(\$1,225)</b>	<b>(\$968,666)</b>	<b>\$830,469</b>	<b>(\$891,453)</b>	<b>0.0</b>
Percentage Change	-4.2%	-0.2%	-7.2%	23.1%	-2.5%	0.0%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Management	2.0	2.0
Professional Engineer	3.0	3.0
Accounting/Auditing	114.5	114.5
Architect	3.0	3.0
Program Assistant	9.0	9.0
Planner/ Estimator	5.0	5.0
Telecommunications Specialist	3.0	3.0
Electrician	11.0	11.0
Social Work Associate	1.0	1.0
Pipefitter Mechanical Trades	28.0	28.0
Groundskeeper	13.0	13.0
Structural Trades	53.0	53.0
Administrative Assistant/ Data Specialist	11.8	11.8
Materials Handler	17.0	17.0
Equipment Operator	2.0	2.0
Custodian	133.1	133.1
Utility Worker	35.0	35.0
General Professional	28.0	28.0
State Garage	2.1	2.1

FTE Detail	FY 2003-04	FY 2004-05
Buildings and Grounds	<u>6.5</u>	<u>6.5</u>
	481.0	481.0

*General Fund Changes:* The net decrease in General Fund is the result of: (1) a decrease of \$397,000 in personal services, including a common policy reduction of \$22,000 and an additional reduction of \$375,000 to assist in balancing the budget; (2) a decrease of \$351,000 to eliminate the FY 2003-04 supplemental increase for utility costs; and (3) a reduction of \$35,000 for vehicle lease rates and vehicle replacements. These reductions are partially offset by an increase of \$30,000 for capitol complex leased space rates.

*Cash Funds Changes:* The decrease in cash funds reflects a 0.2 percent common policy personal services reduction.

*Cash Funds Exempt Changes:* The decrease in cash funds exempt includes the following reductions: (1) \$800,000 to eliminate miscellaneous cash exempt revenue that has not been received in recent years; this reduction is matched by an \$800,000 increase in federal funds; (2) \$118,000 to eliminate the FY 2003-04 supplemental increase for utility costs; (3) \$32,000 associated with common policy on vehicle lease rates and vehicle replacements; and (4) \$19,000 for common policy personal services reductions.

*Federal Funds Changes:* The increase in federal funds is due to: (1) an increase of \$800,000 to more accurately reflect the level of federal revenue received in recent years; this is matched by an \$800,000 decrease in cash funds exempt; and (2) an increase of \$30,000 associated with common policy on capitol complex leased space rates.

## County Administration

This section contains appropriations for 64 county departments of social services to administer several programs including: Food Stamps, Adult Cash Assistance Programs (except Old Age Pension), Adult Protection, Low Income Energy Assistance, Child Support Enforcement, and Medicaid eligibility determination. Counties administer the Colorado "Works" Program; however, administrative funding is reflected with general Works program funding because counties have the authority to use Works Program block grant funds for either administrative or program purposes. Counties also administer the state's child welfare and child care programs; like the Works program, administrative funding and program funding are reflected in the same section.

Cash fund exempt sources include the county share of administrative costs, Medicaid funds transferred from the Department of Health Care Policy and Financing, retained child support collections, and other fraud refunds. Federal fund sources include the Title XX Social Services Block Grant and other various sources.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$27,664,281</u>	<u>\$0</u>	<u>\$26,642,920</u>	<u>\$12,679,368</u>	<u>\$66,986,569</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$27,664,281</b>	<b>\$0</b>	<b>\$26,642,920</b>	<b>\$12,679,368</b>	<b>\$66,986,569</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$23,974,507</u>	<u>\$0</u>	<u>\$23,734,579</u>	<u>\$12,679,368</u>	<u>\$60,388,454</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$23,974,507</b>	<b>\$0</b>	<b>\$23,734,579</b>	<b>\$12,679,368</b>	<b>\$60,388,454</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$3,689,774)	\$0	(\$2,908,341)	\$0	(\$6,598,115)	0.0
Percentage Change	-13.3%	n/a	-10.9%	0.0%	-9.9%	n/a

*General Fund Changes:* The reduced appropriation is due to a 25.0 percent reduction in county contingency funding.

*Cash Funds Exempt Changes:* The decrease in the cash funds exempt appropriation is the result of a \$1,249,000 decrease in the amount anticipated to be available for county incentive payments for child support collection efforts, and a \$1,659,000 decrease in the anticipated county share of "offsetting revenues" (primarily child support collections available to fund the costs of the Colorado Works Program).

## Division of Child Welfare

This section provides funding and state staff associated with the state supervision and county administration of programs which protect children from harm and assist families in caring for and protecting their children. Prior to FY 2004-05, this section included cash and cash exempt appropriations of fees paid by individuals and agencies requesting information from the Central Registry of Child Protection. For FY 2004-05, appropriations for these functions are reflected in the Executive Director's Office section of the budget. Other cash funds exempt sources include Medicaid funds transferred from the Department of Health Care Policy and Financing, county tax revenues, excess federal Title IV-E reimbursements to counties (appropriated pursuant to H.B. 04-1414), and grants and donations. Federal fund sources include those available pursuant to Titles IV-B, IV-E, and XX of the Social Security Act, and the Child Abuse Prevention and Treatment Act.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$134,583,184	\$650,219	\$128,546,778	\$89,356,291	\$353,136,472	37.0
HB 04-1322	(188,283)	(182,618)	0	216,620	(154,281)	(1.9)



	GF	CF	CFE	FF	Total	FTE
HB 04-1422	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,689</u>	<u>15,689</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$134,394,901</b>	<b>\$467,601</b>	<b>\$128,546,778</b>	<b>\$89,588,600</b>	<b>\$352,997,880</b>	<b>35.1</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1414	\$0	\$0	\$4,100,000	(\$4,100,000)	\$0	0.0
HB 04-1422	<u>135,794,176</u>	<u>0</u>	<u>131,170,796</u>	<u>95,563,706</u>	<u>362,528,678</u>	<u>30.0</u>
<b>TOTAL</b>	<b>\$135,794,176</b>	<b>\$0</b>	<b>\$135,270,796</b>	<b>\$91,463,706</b>	<b>\$362,528,678</b>	<b>30.0</b>
<b>Increase/(Decrease)</b>	\$1,399,275	(\$467,601)	\$6,724,018	\$1,875,106	\$9,530,798	(5.1)
Percentage Change	1.0%	-100.0%	5.2%	2.1%	2.7%	-14.5%

FTE Detail	FY 2003-04	FY 2004-05
State Administration	19.0	21.0
Child Abuse Registry / Records and Reports	7.1	0.0
Family and Children's Programs	3.0	3.0
Child Abuse Grants	3.0	3.0
Family Preservation/ Family Support Program	2.0	2.0
Foster and Adoptive Parent Recruitment, Training, and Support	<u>1.0</u>	<u>1.0</u>
	35.1	30.0

*FTE Changes:* The reduction in appropriated FTE is due to the following: (a) the elimination of 2.1 FTE responsible for functions associated with the Central Registry of Child Protection (which was eliminated pursuant to H.B. 03-1211); and (b) the transfer of 5.0 FTE to the Executive Director's Office to reflect the transfer of staff responsible for conducting background/employment screenings using records and reports of child abuse or neglect as well as administrative functions related to associated appeals. These reductions are partially offset by an increase of 2.0 FTE to allow the Department to convert contract staff responsible for working with county and court staff to appropriately claim and earn federal Title IV-E funds. The Department was notified by the Department of Personnel that it could no longer use contract staff to perform this function in FY 2004-05.

*General Fund Changes:* The appropriation includes \$2,208,000 General Fund to provide for projected caseload increases. This increase is partially offset by a decrease of \$494,000 in funding for the Expedited Permanency Planning Project, consistent with the implementation schedule, and by

the elimination of \$313,000 that was provided for out-of-home placement care required due to the leap year.

*Cash Funds Changes:* The appropriation includes a decrease of \$198,000 cash funds associated with the elimination of 2.1 FTE who were responsible for functions associated with the Central Registry of Child Protection, and a transfer of \$270,000 cash funds associated with the 5.0 FTE that are now reflected in the Executive Director's Office section of the budget.

*Cash Funds Exempt Changes:* The cash funds exempt appropriation includes \$2,895,000 to provide for projected caseload increases. In addition, \$4,100,000 cash funds exempt, derived from excess federal Title IV-E reimbursements, is now reflected in the appropriation pursuant to H.B. 04-1414. These increases are partially offset by the elimination of \$271,000 that was provided for out-of-home placement care required due to the leap year.

*Federal Funds Changes:* The appropriation reflects an increase in federal funds provide for projected caseload increases.

## Division of Child Care

This section provides funding and state staff associated with the state supervision and the county administration of the Colorado Child Care Assistance Program, through which counties provide child care subsidies to low income families and families transitioning from the Colorado Works Program. In addition, this section provides funding and state staff for the administration of various child care grant programs, and for licensing and monitoring child care facilities. Cash funds sources reflect fees and fines paid by child care facilities. Cash funds exempt sources reflect county tax revenues. Federal fund sources include Child Care Development Funds, and Title IV-E and Title XX of the Social Security Act.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$17,817,841	\$520,880	\$8,042,488	\$57,741,769	\$84,122,978	62.5
HB 04-1322	<u>(196,000)</u>	<u>55,000</u>	<u>141,000</u>	<u>599,535</u>	<u>599,535</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$17,621,841</b>	<b>\$575,880</b>	<b>\$8,183,488</b>	<b>\$58,341,304</b>	<b>\$84,722,513</b>	<b>62.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1277	\$0	\$0	\$26,100	\$0	\$26,100	0.0

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
HB 04-1422	<u>17,681,114</u>	<u>676,990</u>	<u>8,841,587</u>	<u>60,494,013</u>	<u>87,693,704</u>	<u>62.5</u>
<b>TOTAL</b>	<b>\$17,681,114</b>	<b>\$676,990</b>	<b>\$8,867,687</b>	<b>\$60,494,013</b>	<b>\$87,719,804</b>	<b>62.5</b>
<b>Increase/(Decrease)</b>	\$59,273	\$101,110	\$684,199	\$2,152,709	\$2,997,291	0.0
Percentage Change	0.3%	17.6%	8.4%	3.7%	3.5%	0.0%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Management / Program Assistants	5.0	5.0
Licensing Professionals and Specialists	50.0	50.0
Administrative Support	<u>7.5</u>	<u>7.5</u>
	62.5	62.5

*General Fund Changes:* The increase in the General Fund appropriation is due to the reversal of a one-time fund source adjustment.

*Cash Funds Changes:* The appropriation includes an increase to reflect the amount of child care licensure-related fee and fine revenue anticipated to be available to FY 2004-05.

*Cash Funds Exempt Changes:* The cash funds exempt appropriation includes an increase of \$799,000 to better reflect the actual county share of administrative costs associated with the Child Care Assistance Program, as well as a \$26,000 increase for the Early Childhood and School Readiness Commission (pursuant to H.B. 04-1277). These increases are partially offset by a reduction of \$141,000 to reverse a one-time fund source adjustment.

*Federal Funds Changes:* The appropriation includes the following increases in federal fund sources: (1) \$1,000,000 for the Child Care Assistance Program; (2) \$866,000 for child care grants to ensure that the Department has sufficient spending authority to meet federal requirements related to the expenditure of certain "earmarked" federal funds; (3) \$253,000 for the Department to develop a new automated system to support child care licensing functions; and (4) \$80,000 to allow the Department to conduct a feasibility study to research automation options for the Child Care Assistance Program. These increases are partially offset by a \$44,000 reduction in funding for the Early Childhood Professional Loan Repayment Program.

## **Office of Self Sufficiency**

This section contains appropriations for cash assistance programs for specific populations, including the Colorado Works, child support enforcement, and disability determination programs.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$5,233,234	\$1,533,307	\$32,044,166	\$218,733,077	\$257,543,784	278.1
HB 04-1322	<u>322,109</u>	<u>(326,547)</u>	<u>102,843</u>	<u>19,954,859</u>	<u>20,053,264</u>	<u>(0.6)</u>
<b>TOTAL</b>	<b>\$5,555,343</b>	<b>\$1,206,760</b>	<b>\$32,147,009</b>	<b>\$238,687,936</b>	<b>\$277,597,048</b>	<b>277.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1030	\$0	\$0	\$0	\$500,000	\$500,000	0.0
HB 04-1422	<u>6,796,036</u>	<u>1,206,081</u>	<u>30,730,550</u>	<u>217,877,862</u>	<u>256,610,529</u>	<u>277.9</u>
<b>TOTAL</b>	<b>\$6,796,036</b>	<b>\$1,206,081</b>	<b>\$30,730,550</b>	<b>\$218,377,862</b>	<b>\$257,110,529</b>	<b>277.9</b>
<b>Increase/(Decrease)</b>	\$1,240,693	(\$679)	(\$1,416,459)	(\$20,310,074)	(\$20,486,519)	0.4
Percentage Change	22.3%	-0.1%	-4.4%	-8.5%	-7.4%	0.1%

FTE Detail	FY 2003-04	FY 2004-05
Administration	30.2	29.6
Colorado Works Program	4.0	3.0
Special Purpose	34.2	36.2
Child Support Enforcement	62.4	62.4
Disability Determination	<u>146.7</u>	<u>146.7</u>
	277.5	277.9

### *Administration*

This section includes the State's share of administrative funding for self sufficiency programs. Cash funds exempt funding is from various sources and the primary federal fund source is Temporary Assistance for Needy Families (TANF) funds.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$489,041</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,874,647</b>	<b>\$2,363,688</b>	<b>30.2</b>

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$488,301</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,855,845</b>	<b>\$2,344,146</b>	<b>29.6</b>
<b>Increase/(Decrease)</b>	<b>(\$740)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$18,802)</b>	<b>(\$19,542)</b>	<b>(0.6)</b>
<b>Percentage Change</b>	<b>-0.2%</b>	<b>n/a</b>	<b>n/a</b>	<b>-1.0%</b>	<b>-0.8%</b>	<b>-2.0%</b>

*FTE Changes:* The 0.6 FTE decrease is due to the elimination of the 0.2 FTE associated with the Department-wide training function and 0.4 FTE which is currently assigned to (and funded by) the Governor's Office to work on policy issues related to TANF.

*General Fund Changes:* The General Fund decrease results from the 0.2 percent base reduction to personal services.

*Federal Funds Changes:* The \$19,000 decrease in federal funds is caused by the removal of \$15,000 associated with the 0.2 FTE allocated to the Department-wide training and \$4,000 as part of the 0.2 percent base reduction to personal services.

### *Colorado Works Program*

This section provides funding and spending authority associated with the Colorado Works Program, through which counties provide cash and other benefits and services intended to promote sustainable employment for low income families with children. The primary source of funding for the Works Program is federal Temporary Assistance for Needy Families (TANF) funds. Cash funds exempt sources include county tax revenues as well as the state and county shares of retained child support collections and refunds.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$97,871</b>	<b>\$0</b>	<b>\$26,989,804</b>	<b>\$175,147,716</b>	<b>\$202,235,391</b>	<b>4.0</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$1,346,813</b>	<b>\$0</b>	<b>\$25,575,862</b>	<b>\$155,082,758</b>	<b>\$182,005,433</b>	<b>3.0</b>
<b>Increase/(Decrease)</b>	<b>\$1,248,942</b>	<b>\$0</b>	<b>(\$1,413,942)</b>	<b>(\$20,064,958)</b>	<b>(\$20,229,958)</b>	<b>(1.0)</b>
<b>Percentage Change</b>	<b>1276.1%</b>	<b>n/a</b>	<b>-5.2%</b>	<b>-11.5%</b>	<b>-10.0%</b>	<b>-25.0%</b>

*FTE Changes:* The 1.0 FTE reduction is due to the elimination of the community resource investment liaison.

*General Fund Changes:* The appropriation includes an increase in General Fund to offset continued reductions in the state's share of "offsetting revenues" (primarily child support collections) available for the Works Program. Appropriations for FY 2004-05 are intended to ensure that state and local expenditures meet the minimum federal maintenance of effort for federal Temporary Assistance for Needy Families (TANF) programs.

*Cash Funds Exempt Changes:* The reduction in the appropriation of cash funds exempt includes a \$1,249,000 reduction in the state's share of "offsetting revenues" anticipated to be available for the Works Program, and a \$165,000 reduction in anticipated donations for the Domestic Abuse Program.

*Federal Funds Changes:* The appropriation of federal TANF funds includes the following reductions: (1) the elimination of a one-time \$19,822,000 appropriation from the federal bonus related to a reduction in Colorado's out-of-wedlock birth rate; (2) the elimination of \$223,000 for an automated system currently used to track work participation rates, as these functions will be performed with the Colorado Benefits Management System; and (3) a decrease of \$84,000 due to the elimination of the community resource investment liaison. These reductions are partially offset by an increase of \$65,000 to provide funding for the Works Program share of costs of the Workforce Development Council; these moneys will be transferred to the Department of Local Affairs, where the program is administered.

### *Special Purpose Welfare Programs*

This section contains appropriations for cash assistance programs for specific purposes, such as energy assistance, food stamp job search, food distribution, telephone assistance, income tax offset, and refugee assistance. This section also contains funding for Systematic Alien Verification for Eligibility (SAVE) and the electronic benefits transfer service (EBTS).

Cash fund sources are fees paid by agencies participating in the food distribution program and a \$1 monthly fee paid by individuals who receive benefits through EBTS cards. Cash fund exempt sources include: Energy Outreach Colorado Energy Assistance Foundation; county matching and other local funds; in-kind donations; and payments from HCPF for SAVE services. Federal fund sources include: the Office of Energy Assistance; the U.S. Department of Agriculture; Temporary Assistance to Needy Families; and various other sources.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$605,218</b>	<b>\$1,061,750</b>	<b>\$3,709,749</b>	<b>\$37,451,921</b>	<b>\$42,828,638</b>	<b>34.2</b>

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$604,716</b>	<b>\$1,061,071</b>	<b>\$3,709,537</b>	<b>\$37,371,189</b>	<b>\$42,746,513</b>	<b>36.2</b>
<b>Increase/(Decrease)</b>	(\$502)	(\$679)	(\$212)	(\$80,732)	(\$82,125)	2.0
Percentage Change	-0.1%	-0.1%	0.0%	-0.2%	-0.2%	5.8%

*FTE Changes:* The 2.0 FTE increase results from the conversion of contracted services to state employees in the Low-income Energy Assistance Program (LEAP).

*General Fund Changes:* The General Fund decrease is due to a 0.2 percent base reduction to personal services for Food Stamp Job Search (Employment First) and the Electronic Benefits Transfer Service (EBTS) .

*Cash Fund Changes:* The decrease in cash funds reflects the 0.2 percent base reduction to personal services for the Food Distribution Program.

*Cash Fund Exempt Changes:* The decrease in cash funds exempt appropriations is due to a 0.2 percent base reduction to personal services in LEAP, the Low-income Telephone Assistance Program and the Electronic Benefits Transfer Service.

*Federal Funds:* The \$81,000 decrease in federal funds results from: (1) the conversion of contract services to state FTE in the LEAP program (\$78,000); and (2) a 0.2 percent base reduction to personal services in LEAP, Food Stamp Job Search, Food Distribution, EBTS and Refugee Assistance.

#### *Child Support Enforcement*

This section contains appropriations for the computer system used by county staff to establish paternity, locate absent parents, manage child support enforcement caseloads, track collection efforts, and several administrative programs.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$4,363,213</b>	<b>\$145,010</b>	<b>\$281,489</b>	<b>\$8,571,119</b>	<b>\$13,360,831</b>	<b>62.4</b>

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$4,356,206</b>	<b>\$145,010</b>	<b>\$281,489</b>	<b>\$8,456,164</b>	<b>\$13,238,869</b>	<b>62.4</b>
<b>Increase/(Decrease)</b>	<b>(\$7,007)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$114,955)</b>	<b>(\$121,962)</b>	<b>0.0</b>
Percentage Change	-0.2%	0.0%	0.0%	-1.3%	-0.9%	0.0%

*General Fund Changes:* The \$7,000 decrease in General Fund results from a 0.2 percent base reduction to personal services.

*Federal Fund Changes:* The \$115,000 decrease in federal funds is caused by the \$101,000 reduction required to achieve the 66 percent federal funding limit and a \$14,000 decrease due to a 0.2 percent base reduction to personal services.

#### *Disability Determination Services*

Disability Determination Services provides the federal Social Security Administration with medical disability decisions for Colorado residents applying for Social Security Disability Insurance and Supplemental Security Income Programs. Disability Determination Services also makes medical disability determinations for the Colorado Medicaid program. Cash funds exempt funding consists of Medicaid moneys from the Department of Health Care Policy and Financing. Federal funding for this program is from the Social Security Administration.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,165,967</b>	<b>\$15,642,533</b>	<b>\$16,808,500</b>	<b>146.7</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,163,662</b>	<b>\$15,611,906</b>	<b>\$16,775,568</b>	<b>146.7</b>
<b>Increase/(Decrease)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,305)</b>	<b>(\$30,627)</b>	<b>(\$32,932)</b>	<b>0.0</b>
Percentage Change	n/a	n/a	-0.2%	-0.2%	-0.2%	0.0%

*Cash Funds Exempt Changes:* The decrease in cash funds exempt spending authority is caused by the 0.2 percent base reduction in personal services.

*Federal Funds Changes:* The decrease in federal funds reflects the 0.2 percent base reduction in personal services.



## Mental Health and Alcohol and Drug Abuse Services

This section includes largely non-Medicaid funded Mental Health Community Programs, the Mental Health Institutes, the Alcohol and Drug Abuse Division, Supportive Housing and Homelessness programs, and funds for central administration of these programs. Pursuant to H.B. 04-1265, Medicaid funded mental health community programs (except for the Goebel lawsuit) have been moved to the Department of Health Care Policy and Financing.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$93,398,447	\$3,710,513	\$219,563,548	\$45,898,838	\$362,571,346	1,305.4
SB 03-282	0	0	1,451,354	0	1,451,354	0.0
HB 04-1265	0	0	(259,274)	0	(259,274)	(2.3)
HB 04-1322	176,062	274,020	(12,287,022)	0	(11,836,940)	0.3
HB 04-1422	<u>(2,451,310)</u>	<u>(89,310)</u>	<u>13,025,467</u>	<u>0</u>	<u>10,484,847</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$91,123,199</b>	<b>\$3,895,223</b>	<b>\$221,494,073</b>	<b>\$45,898,838</b>	<b>\$362,411,333</b>	<b>1,303.4</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1075	\$0	\$0	\$95,805	\$0	\$95,805	0.0
HB 04-1107	0	0	0	0	0	1.0
HB 04-1421	0	0	508,521	0	508,521	0.0
HB 04-1422	<u>92,338,792</u>	<u>4,906,371</u>	<u>33,616,641</u>	<u>45,693,304</u>	<u>176,555,108</u>	<u>1,308.3</u>
<b>TOTAL</b>	<b>\$92,338,792</b>	<b>\$4,906,371</b>	<b>\$34,220,967</b>	<b>\$45,693,304</b>	<b>\$177,159,434</b>	<b>1,309.3</b>
<b>Increase/(Decrease)</b>	\$1,215,593	\$1,011,148	(\$187,273,106)	(\$205,534)	(\$185,251,899)	5.9
Percentage Change	1.3%	26.0%	-84.6%	-0.4%	-51.1%	0.5%

FTE Detail	FY 2003-04	FY 2004-05
Administration	39.1	34.1
Mental Health Community Programs	2.0	2.0
Mental Health Institutes	1,235.3	1,246.2
Alcohol and Drug Abuse Division	<u>27.0</u>	<u>27.0</u>
	1,303.4	1,309.3

### *Administration*

This section contains appropriations for the central administration of mental health and alcohol and drug abuse services for adults and children. It also includes funding for federal housing programs for low income and indigent persons who require specialized care. In FY 2004-05, an estimated 2,800 Section 8 federal rental subsidies (also referred to as housing vouchers) will be managed by the Department through 65 local services providers across the state. The source of the cash funds exempt in this section is Medicaid cash funds transferred from the Department of Health Care Policy and Financing and patient revenues from the mental health institutes. Pursuant to H.B. 04-1265, the Medicaid mental health community programs are transferred to the Department of Health Care Policy and Financing. The primary source of federal funds is the U.S. Department of Housing and Urban Development.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$422,445</b>	<b>\$274,020</b>	<b>\$1,145,718</b>	<b>\$17,668,185</b>	<b>\$19,510,368</b>	<b>39.1</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$421,640</b>	<b>\$970,463</b>	<b>\$366,112</b>	<b>\$17,665,363</b>	<b>\$19,423,578</b>	<b>34.1</b>
<b>Increase/(Decrease)</b>	<b>(\$805)</b>	<b>\$696,443</b>	<b>(\$779,606)</b>	<b>(\$2,822)</b>	<b>(\$86,790)</b>	<b>(5.0)</b>
<b>Percentage Change</b>	<b>-0.2%</b>	<b>n/a</b>	<b>-68.0%</b>	<b>0.0%</b>	<b>-0.4%</b>	<b>-12.8%</b>

*FTE Changes:* The appropriation includes a net decrease of 5.0 FTE, including 6.7 FTE reduced subsequent to the passage of H.B. 04-1265, which transferred the administration of the Medicaid mental health community program to the Department of Health Care Policy and Financing. This reduction is partially offset by an increase of 0.7 FTE, annualized from the FY 2003-04 appropriation for the Traumatic Brain Injury program, authorized in H.B. 02-1281 and an increase of 1.0 FTE associated with H.B. 04-1107.

*General Fund Changes:* The slight decrease in the General Fund appropriation is attributable to a 0.2 percent personal services reduction.

*Cash Funds Changes:* The increase in the cash funds appropriation is attributable to the annualization of the Traumatic Brain Injury funding, established pursuant to H.B. 02-1281.

*Cash Funds Exempt Changes:* The decrease in the cash funds exempt appropriation is primarily attributable to the annualization of H.B. 04-1265's transfer of administrative dollars from the Department of Human Services to the Department of Health Care Policy and Financing.

*Federal Funds Changes:* The decrease in federal funds reflected is attributable to the application of a 0.2 percent personal services base reduction.

### *Mental Health Community Programs*

Pursuant to H.B. 04-1265, administration of Medicaid mental health community programs (including capitation and fee-for-service) are moved to the Department of Human Services. Funding for indigent clients and for the Goebel Lawsuit Settlement remains in this section. The cash funds exempt are primarily from Medicaid funds transferred from the Department of Health Care Policy and Financing (for Goebel clients). The federal funds are primarily from the Mental Health Services Block Grant.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$23,506,955</b>	<b>\$0</b>	<b>\$198,782,001</b>	<b>\$5,424,187</b>	<b>\$227,713,143</b>	<b>2.0</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$24,056,790</b>	<b>\$0</b>	<b>\$13,108,016</b>	<b>\$5,424,187</b>	<b>\$42,588,993</b>	<b>2.0</b>
<b>Increase/(Decrease)</b>	<b>\$549,835</b>	<b>\$0</b>	<b>(\$185,673,985)</b>	<b>\$0</b>	<b>(\$185,124,150)</b>	<b>0.0</b>
Percentage Change	2.3%	n/a	-93.4%	0.0%	-81.3%	0.0%

*General Fund Changes:* The net General Fund increase of \$0.5 million includes an increase of \$1.0 million to serve an additional 435 severely mentally ill indigent clients. This increase is partially offset by a reduction of \$0.25 million in Goebel lawsuit settlement legal expenses incurred in FY 2003-04, and \$0.2 million associated with eligibility changes in programs serving clients deinstitutionalized from the mental health institutes (such clients became Medicaid eligible).

*Cash Funds Exempt Changes:* The cash funds exempt decrease is attributable to the transfer of Medicaid mental health community programs to the Department of Health Care Policy and Financing, pursuant to H.B. 04-1265. Budget changes for the Medicaid mental health community programs are discussed in the Department of Health Care Policy and Financing section of this Appropriations Report.

### *Mental Health Institutes*

This section contains appropriations for inpatient mental health services provided at the state mental health institute in Pueblo and the state mental health institute at Fort Logan in Denver. The mental health institute at Pueblo is expected to have an average daily census of 395 in FY 2004-05 and the mental health institute at Fort Logan is expected to have an average daily census of 143 in FY 2004-05. The average cost per bed for the institutes was \$147,120 in FY 2002-03. Cash fund revenue

sources include patient fees and payments from school districts for residential treatment center services for adolescents. Cash funds exempt amounts consist primarily of exempt patient revenues, such as federal Medicare payments, and other payments received from other state agencies including the Department of Health Care Policy and Financing for Medicaid-eligible patients and payments from the Department of Corrections.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$58,410,964</b>	<b>\$2,092,048</b>	<b>\$19,861,869</b>	<b>\$0</b>	<b>\$80,364,881</b>	<b>1,235.3</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$59,979,406</b>	<b>\$2,098,079</b>	<b>\$18,661,111</b>	<b>\$0</b>	<b>\$80,738,596</b>	<b>1,246.2</b>
<b>Increase/(Decrease)</b>	\$1,568,442	\$6,031	(\$1,200,758)	\$0	\$373,715	10.9
Percentage Change	2.7%	0.3%	-6.0%	n/a	0.5%	0.9%

*FTE Changes:* The increase of 10.9 FTE is attributable to annualization of staffing increases added in FY 2003-04 for the mental health institutes.

*General Fund Changes:* The net General Fund increase of \$1.6 million is attributable to increases of \$1.2 million associated with changes in the level of patient revenues applied against the General Fund (including the discontinuation of a one-time 2003 Medicare cost settlement recovery) and an increase of \$0.5 million associated with annualization of FY 2003-04 staffing increases. These increases are partially offset by approximately \$100,000 attributable to a 0.2 percent personal services base reduction.

*Cash Funds Changes:* The cash funds increase reflects a change in the anticipated patient revenues.

*Cash Funds Exempt Changes:* The net decrease in the cash funds exempt appropriation is attributable to the discontinuation of \$1.7 million in one-time 2003 Medicare cost settlement recoveries in FY 2003-04, partially offset by other increases in patient revenues, including a \$0.9 million 2004 Medicare cost settlement.

### *Alcohol and Drug Abuse Division*

This section contains appropriations for alcohol and drug abuse prevention, intervention, and treatment services. Treatment, prevention, and detoxification services are provided primarily through six managed service organizations, each of which is responsible for managing the provision of services to residents of a specified geographic area of the state. The Division also funds and oversees involuntary commitments into detoxification facilities and substance abuse treatment programs. Sixty-

five percent of total division funding is federal funds, with the substance abuse prevention and treatment block grant being the primary source. Cash funds sources include the Drug Offender Surcharge Fund, the Law Enforcement Assistance Fund, and the Persistent Drunk Driver Cash Fund, among others. Cash funds exempt sources include the Judicial Department's Alcohol and Drug Driving Safety program and the Department of Public Safety. The program is anticipated to fund approximately 26,034 detox admissions and 16,109 treatment admissions in FY 2004-05.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$8,782,835</b>	<b>\$1,529,155</b>	<b>\$1,704,485</b>	<b>\$22,806,466</b>	<b>\$34,822,941</b>	<b>27.0</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$7,880,956</b>	<b>\$1,837,829</b>	<b>\$2,085,728</b>	<b>\$22,603,754</b>	<b>\$34,408,267</b>	<b>27.0</b>
<b>Increase/(Decrease)</b>	<b>(\$901,879)</b>	<b>\$308,674</b>	<b>\$381,243</b>	<b>(\$202,712)</b>	<b>(\$414,674)</b>	<b>0.0</b>
Percentage Change	-10.3%	20.2%	22.4%	-0.9%	-1.2%	0.0%

*General Fund Changes:* The decrease in the General Fund appropriation reflects a 10 percent reduction in the Division's net General Fund. This reduction is spread amongst both detoxification services and treatment services.

*Cash Funds Changes:* The cash funds increase is associated with Drug Offender Surcharge Cash Fund increases of \$250,000 for treatment and detox contracts, and Persistent Drunk Driver Cash Fund increases of \$58,000 for prevention services.

*Cash Funds Exempt Changes:* The net cash funds exempt increase reflects an increase of \$721,000 associated with a \$471,000 transfer from the Department of Public Safety (for the ARTS program) and a \$250,000 increase of Persistent Drunk Driver Cash Fund reserves (out of funds appropriated but not expended in FY 2003-04) and \$96,000 appropriated pursuant to H.B. 04-1075. This increase is partially offset by the discontinuation of \$350,000 in spending from Fund reserves and the discontinuation of \$85,000 in one-time FY 2003-04 spending for the High Risk Pregnant Women Program associated with a FY 2002-03 Medicaid over-expenditure.

*Federal Funds Changes:* The federal funds appropriation reflects the decrease in the available federal funds, per the state's maintenance-of-effort (MOE). This decrease is associated with the General Fund reduction noted above.

## Services for People with Disabilities

This section includes all funding for Developmental Disability Services, the Division of Vocational Rehabilitation, and the Homelake Domiciliary. Funding changes to these areas are described in the relevant sections below.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$24,785,761	\$4,916,461	\$295,496,653	\$26,164,042	\$351,362,917	1,179.9
HB 03-1292	0	0	728,000	0	728,000	0.0
HB 04-1322	<u>6,840</u>	<u>21,224</u>	<u>15,550,584</u>	<u>1,881,700</u>	<u>17,460,348</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$24,792,601</b>	<b>\$4,937,685</b>	<b>\$311,775,237</b>	<b>\$28,045,742</b>	<b>\$369,551,265</b>	<b>1,179.9</b>
<b>FY 2004-05 Appropriations</b>						
HB 04-1422	<u>\$24,608,509</u>	<u>\$3,925,713</u>	<u>\$314,376,286</u>	<u>\$27,190,145</u>	<u>\$370,100,653</u>	<u>1,155.7</u>
<b>TOTAL</b>	<b>\$24,608,509</b>	<b>\$3,925,713</b>	<b>\$314,376,286</b>	<b>\$27,190,145</b>	<b>\$370,100,653</b>	<b>1,155.7</b>
<b>Increase/(Decrease)</b>	\$184,092	\$1,011,972	(\$2,601,049)	\$855,597	(\$549,388)	24.2
Percentage Change	0.7%	25.8%	-0.8%	3.1%	-0.1%	2.1%

FTE Detail	FY 2003-04	FY 2004-05
Developmental Disability Services	923.8	923.8
Division of Vocational Rehabilitation	239.7	215.5
Homelake Domiciliary for Veterans	<u>16.4</u>	<u>16.4</u>
	1,179.9	1,155.7

### *Developmental Disability Services*

This section includes funding for community and institutional services for adults with developmental disabilities, services for children with developmental disabilities, and the work therapy program, which provides supportive employment for people with developmental disabilities. Overall funding changes are reflected in the table immediately below. The details of these changes are discussed in the relevant subsections that follow.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$21,117,230</b>	<b>\$3,025,105</b>	<b>\$307,994,987</b>	<b>\$0</b>	<b>\$332,137,322</b>	<b>923.8</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$20,958,573</b>	<b>\$3,200,919</b>	<b>\$309,622,500</b>	<b>\$0</b>	<b>\$333,781,992</b>	<b>923.8</b>
<b>Increase/(Decrease)</b>	<b>(\$158,657)</b>	<b>\$175,814</b>	<b>\$1,627,513</b>	<b>\$0</b>	<b>\$1,644,670</b>	<b>0.0</b>
Percentage Change	-0.8%	5.8%	0.5%	n/a	0.5%	0.0%

*Community Services (Subsection of Developmental Disabilities Services)*

This section includes all funding associated with community-based services available to adults with developmental disabilities. Most of this funding is distributed to 20 Community Centered Boards (CCBs) located throughout the state to provide case management, "comprehensive" (24-hour residential care), and supported living services (day-time care and employment support) to adults with developmental disabilities. Of the total funding in this section, over \$200 million (72 percent) is for residential resources for adults. This supports 3,597 adult comprehensive residential resources at an average cost of \$55,913 per year. An additional \$54 million (20 percent) is for adult supported living services. This supports 3,477 adult supported living service resources at an average cost of \$15,637 per year. The balance of funding includes: (1) local funds for direct care that receive a federal Medicaid match (6 percent of total funding); and (2) state administrative costs, funds distributed to providers for case management of children's resources, and miscellaneous related programs (2 percent of total funding). Most of the cash exempt funding is Medicaid funds transferred from the Department of Health Care Policy and Financing where these funds originate as General Fund and federal funds. Some local and client cash funds are also reflected.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$11,148,466</b>	<b>\$0</b>	<b>\$263,805,018</b>	<b>\$0</b>	<b>\$274,953,484</b>	<b>30.0</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$10,989,850</b>	<b>\$0</b>	<b>\$265,663,692</b>	<b>\$0</b>	<b>\$276,653,542</b>	<b>30.0</b>
<b>Increase/(Decrease)</b>	<b>(\$158,616)</b>	<b>\$0</b>	<b>\$1,858,674</b>	<b>\$0</b>	<b>\$1,700,058</b>	<b>0.0</b>
Percentage Change	-1.4%	n/a	0.7%	n/a	0.6%	0.0%

*General Fund Changes:* The General Fund appropriation decreases include: (1) \$74,000 to eliminate employment incentives for persons with developmental disabilities; (2) \$50,000 to eliminate state funding for training community providers who serve the developmentally disabled; and (3) \$25,000 (18 percent) in funding for short-term emergency placements for persons with developmental disabilities; and (4) \$10,000 associated with increases in federal funding for room and board for eligible persons with developmental disabilities.

*Cash Funds Exempt Changes:* The cash funds exempt appropriation includes: (1) an increase of \$976,000 for a projected increase in local funding for persons with developmental disabilities that draws a federal match; and (2) a net increase of \$887,000 for state-funded community services for adults with developmental disabilities. This portion of the increase includes the following components: (a) an increase of \$1,393,000 for a decision item to provide 36 new community resources for youth with developmental disabilities transitioning from foster care to the developmental disability system; (b) an increase of \$378,000 to annualize 10 emergency resources that were funded for six months in FY 2003-04; (c) a decrease of \$533,000 to eliminate FY 2003-04 leap year funding; (d) a decrease of \$445,000 for a technical correction to eliminate certain client cash amounts shown for informational purposes; and (e) a decrease of \$300,000 that offsets increases in revenue received by providers from consumers who are able to contribute to their cost of care.

The overall cash funds exempt increase for adult program costs includes an increase of \$547,000 in Medicaid funds transferred from the Department of Health Care Policy and Financing that originate as 50 percent General Fund and 50 percent federal funds.

*Regional Centers (Subsection of Developmental Disabilities Services)*

This section contains appropriations for three regional centers operated by the Department for persons with developmental disabilities. Persons served by the regional centers at Wheat Ridge (Denver), Grand Junction, and Pueblo usually have multiple disabling conditions that may include maladaptive behaviors or severe, chronic medical conditions that require specialized and intensive levels of services. Traditionally, the regional centers have served persons with developmental disabilities where appropriate community programs are not available. The regional centers provide residential services, medical care, and active treatment programs based on individual assessments and habilitation plans. The regional centers support 403 residential resources, including 102 on-campus intermediate care facility (ICF) resources and 301 Medicaid waiver resources. The average annual cost per resource, including costs that are charged to other parts of the department and depreciation costs, is projected to be \$137,381 in FY 2004-05.

Cash fund sources are exclusively client cash revenue. Cash fund exempt sources are exclusively Medicaid funds transferred from the Department of Health Care Policy and Financing.



	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,397,366</b>	<b>\$39,593,264</b>	<b>\$0</b>	<b>\$41,990,630</b>	<b>891.3</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,573,334</b>	<b>\$39,362,220</b>	<b>\$0</b>	<b>\$41,935,554</b>	<b>891.3</b>
<b>Increase/(Decrease)</b>	\$0	\$175,968	(\$231,044)	\$0	(\$55,076)	0.0
Percentage Change	n/a	7.3%	-0.6%	n/a	-0.1%	n/a

*Cash Funds Changes:* The increase in cash funds reflects an anticipated increase in revenue collected from people in institutions and state-run group homes. Cash fund sources include room and board payments from persons in state-run group homes (primarily from their federal SSI allocations), payments from group home clients who must turn over excess income to maintain eligibility for Medicaid waiver services, and payments from consumers in institutional placements who are required to turn over a portion of their wages to offset their cost of care. Cash fund revenue offsets cash exempt Medicaid revenue otherwise required.

*Cash Funds Exempt Changes:* The cash funds exempt amount includes a decrease of \$176,000 based on the increases in cash funds revenue from consumers discussed above and a decrease of \$72,000 associated with common policy personal services reductions. These amounts are offset by an increase of \$20,000 for anticipated increases in facility fees for regional centers enacted pursuant to H.B. 03-1292.

*Services for Children and Families (Subsection of Developmental Disabilities Services)*

This section contains appropriations for the Early Intervention, Family Support Services and Children's Extensive Support programs for children with developmental disabilities. Cash fund exempt sources include Medicaid funds transferred from the Department of Health Care Policy and Financing and local sources. Taking into consideration an additional \$2.5 million for case management of children's services that is funded in the adult community programs section, the State supports the following programs: 212 Children's Extensive Support resources at an average cost of \$19,485; 1,459 early intervention resources at an average cost of \$5,747; and 1,176 family support resources at an average cost of \$3,220.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$9,968,764</b>	<b>\$0</b>	<b>\$4,456,549</b>	<b>\$0</b>	<b>\$14,425,313</b>	<b>1.0</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$9,968,723</b>	<b>\$0</b>	<b>\$4,456,466</b>	<b>\$0</b>	<b>\$14,425,189</b>	<b>1.0</b>
<b>Increase/(Decrease)</b>	<b>(\$41)</b>	<b>\$0</b>	<b>(\$83)</b>	<b>\$0</b>	<b>(\$124)</b>	<b>0.0</b>
Percentage Change	0.0%	n/a	0.0%	n/a	0.0%	0.0%

*Overall Funding Changes:* The decrease in General Fund and cash funds exempt is based on the 0.2 percent common policy reduction to personal services.

*Work Therapy Program (Subsection of Developmental Disabilities Services)*

This section contains appropriations for the Work Therapy Enterprise Funds for the Colorado Mental Health Institute at Fort Logan and the Regional Centers for persons with Developmental Disabilities at Grand Junction, Pueblo, and Wheat Ridge. These funds support sheltered workshop programs for training and employment of clients. Revenue is derived from contracts with area businesses and organizations for custodial services, printing, packaging, mailing, and other types of manual processing that can be performed by program clients. Enrolled clients are paid from funds received in proportion to the work performed.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$0</b>	<b>\$627,739</b>	<b>\$140,156</b>	<b>\$0</b>	<b>\$767,895</b>	<b>1.5</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$0</b>	<b>\$627,585</b>	<b>\$140,122</b>	<b>\$0</b>	<b>\$767,707</b>	<b>1.5</b>
<b>Increase/(Decrease)</b>	<b>\$0</b>	<b>(\$154)</b>	<b>(\$34)</b>	<b>\$0</b>	<b>(\$188)</b>	<b>0.0</b>
Percentage Change	n/a	0.0%	0.0%	n/a	0.0%	0.0%

*Overall Funding Changes:* The decrease in General Fund and cash funds exempt is based on the 0.2 percent common policy reduction to personal services.

### *Division of Vocational Rehabilitation*

This section contains appropriations to assist persons with physical and mental disabilities in overcoming barriers to employment. Vocational counseling services are provided statewide through 17 satellite offices, and associated educational and medical services are purchased for program participants. In addition to providing vocational services, the Division assists persons with disabilities in achieving independent living and integrating successfully in their communities. Most funding for the Division is based on a match of 78.7 percent federal vocational rehabilitation funds to 21.3 percent non-federal funds. Matching non-federal funds are provided through General Fund appropriations and cash and cash exempt funds received from a wide variety of sources, including school districts and other local entities. In FY 2004-05, 1,653 clients are projected to be rehabilitated as a result of Division programs.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$3,469,627</b>	<b>\$1,912,580</b>	<b>\$3,312,296</b>	<b>\$27,797,779</b>	<b>\$36,492,282</b>	<b>239.7</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$3,465,726</b>	<b>\$724,794</b>	<b>\$4,276,810</b>	<b>\$26,942,553</b>	<b>\$35,409,883</b>	<b>215.5</b>
<b>Increase/(Decrease)</b>	<b>(\$3,901)</b>	<b>(\$1,187,786)</b>	<b>\$964,514</b>	<b>(\$855,226)</b>	<b>(\$1,082,399)</b>	<b>(24.2)</b>
<b>Percentage Change</b>	<b>-0.1%</b>	<b>-62.1%</b>	<b>29.1%</b>	<b>-3.1%</b>	<b>-3.0%</b>	<b>-10.1%</b>

*FTE Changes:* The reduction in FTE reflects the impact of General Fund reductions taken in FY 2002-03 and FY 2003-04 on the Division's capacity to employ staff, as reflected in the Division's actual number of employees.

*General Fund Changes:* The General Fund decrease reflects the 0.2 percent common policy personal services reduction.

*Cash Funds Changes:* The cash funds decrease reflects administrative changes that will enable revenue from school districts for the School to Work Alliance Program (SWAP), that is counted as cash funds in FY 2003-04, to be counted as cash funds exempt in FY 2004-05.

*Cash Funds Exempt Changes:* The cash funds exempt increase includes administrative changes (reviewed above under cash funds) that will enable \$1,188,000 in revenue that is counted as cash funds in FY 2003-04 to be counted as cash funds exempt in FY 2004-05. This increase is partially offset by: (1) a reduction of \$109,000 in anticipated revenue from cash exempt sources, as reflected in the Department's budget request, and (2) a reduction of \$114,000 based anticipated expenditures

from the Colorado Commission for the Deaf and Hard of Hearing Cash Fund for the Telecommunications Equipment Distribution Program.

*Federal Funds Changes:* The federal funds decrease includes: (1) a reduction of \$433,000 for a technical correction to more accurately reflect the federal matching revenue associated with General Fund, cash, and cash exempt appropriations; and (2) a reduction of \$407,000 for the federal match associated with the reduction of \$109,000 in anticipated revenue from cash exempt sources; and (3) a reduction of \$16,000 associated with the 0.2 percent common policy personal services reduction.

### *Homelake Domiciliary for Veterans*

The Homelake Domiciliary is a 46-bed group living facility which serves residents who do not require continuous nursing or medical care, but may need assistance with meals, housekeeping, personal care, laundry, and access to a physician. Residents pay rental fees which provide the source of cash funds exempt to the program. The U.S. Veteran's Administration accounts for the source of federal funds. Most residents are veterans or their relations.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$205,744</b>	<b>\$0</b>	<b>\$467,954</b>	<b>\$247,963</b>	<b>\$921,661</b>	<b>16.4</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$184,210</b>	<b>\$0</b>	<b>\$476,976</b>	<b>\$247,592</b>	<b>\$908,778</b>	<b>16.4</b>
<b>Increase/(Decrease)</b>	<b>(\$21,534)</b>	<b>\$0</b>	<b>\$9,022</b>	<b>(\$371)</b>	<b>(\$12,883)</b>	<b>0.0</b>
Percentage Change	-10.5%	n/a	1.9%	-0.2%	-1.4%	0.0%

*General Fund Changes:* The General Fund appropriation reflects: (1) elimination of \$12,000 in supplemental funding for utility cost increases provided in FY 2003-04; and (2) a reduction of \$10,000 for a budget amendment that reduces costs to the General Fund and increases patient revenue by the same amount

*Cash Funds Exempt Changes:* The cash funds exempt increase includes an increase of \$10,000 for a budget amendment that reduces General Fund costs and increases patient revenue by the same amount, based on patient rate increases. This increase is partially offset by the 0.2 percent common policy reduction for personal services.

*Federal Funds Changes:* The federal funds decrease reflects the impact of the 0.2 percent common policy reduction for personal services.

## Adult Assistance Programs

This section includes funding for the Old Age Pension Program, for various adult cash assistance programs and for community services for the elderly, including Older Americans Act programs.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-22	\$0	(\$10,750,000)	\$0	\$0	(\$10,750,000)	0.0
SB 03-258	11,149,919	80,029,917	21,394,351	12,221,904	124,796,091	13.1
SB 03-295	0	(500,000)	0	0	(500,000)	0.0
SB 03-299	0	(250,000)	0	0	(250,000)	0.0
HB 04-1322	0	3,589,230	0	1,122,010	4,711,240	0.0
HB 04-1422	<u>0</u>	<u>0</u>	<u>(1,918,336)</u>	<u>0</u>	<u>(1,918,336)</u>	<u>0</u>
<b>TOTAL</b>	<b>\$11,149,919</b>	<b>\$72,119,147</b>	<b>\$19,476,015</b>	<b>\$13,343,914</b>	<b>\$116,088,995</b>	<b>13.1</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>14,017,502</u>	<u>74,232,744</u>	<u>19,480,657</u>	<u>13,342,498</u>	<u>121,073,401</u>	<u>27.5</u>
<b>TOTAL</b>	<b>\$14,017,502</b>	<b>\$74,232,744</b>	<b>\$19,480,657</b>	<b>\$13,342,498</b>	<b>\$121,073,401</b>	<b>27.5</b>
<b>Increase/(Decrease)</b>	\$2,867,583	\$2,113,597	\$4,642	(\$1,416)	\$4,984,406	14.4
Percentage Change	25.7%	2.9%	0.0%	0.0%	4.3%	109.9%

FTE Detail	FY 2003-04	FY 2004-05
Administration	5.1	5.0
Old Age Pension Program	0.0	14.0
Community Services for the Elderly	<u>8.0</u>	<u>8.5</u>
	13.1	27.5

### *Administration*

This subsection includes funding and staffing for management of all programs within Adult Assistance and for oversight of programs within the Other Grant Programs subsection.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$35,742</b>	<b>\$0</b>	<b>\$90,231</b>	<b>\$330,782</b>	<b>\$456,755</b>	<b>5.1</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$35,676</b>	<b>\$0</b>	<b>\$90,064</b>	<b>\$330,169</b>	<b>\$455,909</b>	<b>5.0</b>
<b>Increase/(Decrease)</b>	<b>(\$66)</b>	<b>\$0</b>	<b>(\$167)</b>	<b>(\$613)</b>	<b>(\$846)</b>	<b>(0.1)</b>
Percentage Change	-0.2%	n/a	-0.2%	-0.2%	-0.2%	-2.0%

*FTE Changes:* The 0.1 FTE decrease reflects actual staffing patterns in this line.

*General Fund Changes:* The decrease in General Fund results from 0.2 percent personal services base reduction.

*Cash Funds Exempt and Federal Funds Changes:* The decreases in cash funds exempt and federal funds reflect the 0.2 percent base reduction in personal services.

#### *Old Age Pension Program*

This program, authorized by the State Constitution, provides cash assistance, up to a maximum of \$589 per person, per month (as of January 2004) to eligible individuals age 59 and older. Old Age Pension recipients receive a cash payment each month that reflects the maximum grant available less any income from other sources. This program appropriation includes grant payments, state and county program administration costs, reimbursements for burial expenses, an allocation for electronic benefit transfer service (EBTS) costs; and expenditures related to the Colorado Benefits Management System (CBMS). Revenue for the Fund is generated through 85 percent of license fees, liquor and excise taxes, and 100 percent of inheritance and incorporation taxes; revenues that are not utilized for the OAP Program "spill over" into the General Fund. As a result, greater expenditures in the OAP Program mean less revenue in the General Fund to be used for other purposes. As the earmarked revenues are "continuously appropriated" by the State Constitution, the General Assembly does not directly control program expenditures; the Long Bill simply reflects anticipated program expenditures for informational purposes, because the level of these expenditures can have an impact on the revenue available to the General Fund.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$0</b>	<b>\$70,553,147</b>	<b>\$583,553</b>	<b>\$0</b>	<b>\$71,136,700</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$0</b>	<b>\$72,666,744</b>	<b>\$588,362</b>	<b>\$0</b>	<b>\$73,255,106</b>	<b>14.0</b>
<b>Increase/(Decrease)</b>	\$0	\$2,113,597	\$4,809	\$0	\$2,118,406	14.0
Percentage Change	n/a	3.0%	0.8%	n/a	3.0%	n/a

*FTE Changes:* The 14.0 FTE shown does not represent an increase in staffing; it shows the FTE responsible for administering the OAP program, which were previously not included in the Long Bill.

*Cash Fund Changes:* The net increase of \$2.1 million in cash funds is associated with a \$3.1 million caseload increase in OAP cash assistance and a \$975,000 decrease in the OAP share of CBMS development costs.

*Cash Fund Exempt Changes:* The caseload increase in the OAP program will produce increased refunds of OAP payments that are collected by the program as cash funds exempt.

### *Other Grant Programs*

This section contains appropriations for programs providing cash assistance to disabled individuals and individuals needing assistance with the activities of daily living. Cash fund exempt sources include county matching funds and interim assistance reimbursements from the federal government for individuals who become eligible for Supplemental Security Income (SSI).

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$7,246,163</b>	<b>\$0</b>	<b>\$15,547,659</b>	<b>\$0</b>	<b>\$22,793,822</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$11,608,057</b>	<b>\$0</b>	<b>\$15,547,659</b>	<b>\$0</b>	<b>\$27,155,716</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$4,361,894	\$0	\$0	\$0	\$4,361,894	0.0
Percentage Change	60.2%	n/a	0.0%	n/a	19.1%	n/a

*General Fund Changes:* The net General Fund increase reflects a \$4.3 million increase to the Aid to the Needy Disabled State Supplement (AND-SS) program and a \$17,000 increase to the Aid to the Blind State Supplement (AB-SS) program. These increases were necessitated by a \$4.4 million shortfall in qualifying expenditures for the 2003 federal Supplemental Security Income (SSI) maintenance of effort requirement. A shortfall in one calendar year must be made up in the following year. To ensure that the State provides the required level of assistance to SSI recipients during calendar 2004, the payments to AND-SS and AB-SS recipients will be increased during the first six months of FY 2004-05.

### *Community Services for the Elderly*

This section includes appropriations for programs associated with the Older Americans Act including the Older Coloradans Program established by H.B. 00-1072. These programs are administered by 16 Area Agencies on Aging (AAA) located throughout the state. The state's responsibilities include developing a state plan on aging, overseeing federal grants, and providing assistance to the AAAs and other local service providers. Services include: supportive services, senior centers, nutrition services, in-home services for persons above the eligibility thresholds for Medicaid, and disease prevention and health promotion services. The cash funds exempt sources are local funds and the Older Coloradans Cash Fund created by H.B. 00-1072. The federal funds source is Older Americans Act grants.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$3,868,014</b>	<b>\$1,566,000</b>	<b>\$3,254,572</b>	<b>\$13,013,132</b>	<b>\$21,701,718</b>	<b>8.0</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$2,373,769</b>	<b>\$1,566,000</b>	<b>\$3,254,572</b>	<b>\$13,012,329</b>	<b>\$20,206,670</b>	<b>8.5</b>
<b>Increase/(Decrease)</b>	<b>(\$1,494,245)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$803)</b>	<b>(\$1,495,048)</b>	<b>0.5</b>
Percentage Change	-38.6%	0.0%	0.0%	0.0%	-6.9%	6.3%

*FTE Changes:* The 0.5 FTE allocated to the Colorado Commission on Aging had not been shown previously in the Long Bill; thus the change is not an actual staffing increase.

*General Fund Changes:* The General Fund decrease is caused by a \$1.5 million decrease in the State Funding for Senior Services line.

*Federal Fund:* The \$1,000 decrease in federal funds reflects the 0.2 percent decrease in personal services in the Administration and Colorado Commission on Aging lines.



## Division of Youth Corrections

The Division of Youth Corrections (DYC) is responsible for the supervision, care, and treatment of: (1) detained juveniles awaiting adjudication; (2) juveniles committed or sentenced to the Department of Human Services by courts; and (3) juveniles on parole from a facility operated or contracted for by the Division. The Division is not responsible for juveniles sentenced as adults to the Department of Corrections' Youthful Offender System. In addition to treating incarcerated and paroled juveniles, DYC administers the S.B. 91-94 grant program intended to divert juveniles from detention and commitment, or to reduce their length of stay. DYC maintains institutional centers and augments this capacity with contracts for community placements, secure placements, and detention placements.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$96,291,286	\$89,426	\$11,479,201	\$1,278,564	\$109,138,477	873.6
SB 03-284	(365,606)	0	0	0	(365,606)	(3.2)
SB 03-286	(1,670,343)	0	0	0	(1,670,343)	0.0
HB 04-1322	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5.8</u>
<b>TOTAL</b>	<b>\$94,255,337</b>	<b>\$89,426</b>	<b>\$11,479,201</b>	<b>\$1,278,564</b>	<b>\$107,102,528</b>	<b>876.2</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$94,316,394</u>	<u>\$89,426</u>	<u>\$13,315,128</u>	<u>\$1,278,564</u>	<u>\$108,999,512</u>	<u>915.8</u>
<b>TOTAL</b>	<b>\$94,316,394</b>	<b>\$89,426</b>	<b>\$13,315,128</b>	<b>\$1,278,564</b>	<b>\$108,999,512</b>	<b>915.8</b>
<b>Increase/(Decrease)</b>	\$61,057	\$0	\$1,835,927	\$0	\$1,896,984	39.6
Percentage Change	0.1%	0.0%	16.0%	0.0%	1.8%	4.5%

FTE Detail	FY 2003-04	FY 2004-05
Administration	15.9	15.9
Institutional Programs	749.4	791.1
Community Programs	<u>110.9</u>	<u>108.8</u>
	876.2	915.8

*FTE Changes:* The increase of 39.6 FTE is attributable to the following three changes: (1) an increase of 30.7 FTE to convert 48 contract beds at Lookout Mountain to state-operated beds; (2) an increase of 11.0 FTE to annualize a supplemental appropriation in FY 2003-04 to convert 24 contract beds at Mount View to state-operated beds; and (3) a reduction of 2.1 FTE for client managers based on caseload.

*General Fund Changes:* The General Fund changes include the following increases: (1) \$2.0 million for an increase in caseload and to restore FY 2003-04 budget reductions related to caseload; (2) \$275,000 for funds to fill unfunded FTE for client managers and parole officers; (3) \$136,000 for an increase in the parole population; and (4) and \$43,000 for an increase in medical expenses associated with caseload increases. These General Fund increases are partially offset by the following reductions: (1) \$1.0 million associated with an 11.0 percent reduction in the S.B. 91-94 program; (2) \$551,000 in savings associated with the conversion of contract beds to state-operated beds at the Lookout Mountain campus; (3) \$491,000 for a base reduction in the purchase of contract placement line item, which is used to place committed and detained youth in residential programs operated by private contractors; this reduction funded a corresponding increase in juvenile intensive supervision probation programs in the Judicial Department; (4) \$131,000 to annualize the conversion of 24 contract beds to state-operated beds on the Mount View campus; (5) \$90,000 for a 0.2 percent base reduction in personal services line items; and (6) \$84,000 for savings associated with the leap year – FY 2004-05 has one fewer day than FY 2003-04, which results in savings for contract programs that are reimbursed based on a daily reimbursement rate.

*Cash Funds Exempt Changes:* The increase in cash funds exempt is due to the increase in Medicaid cash funds associated with using more residential treatment centers as contract providers.

## **Recent Legislation**

### **2003 Session Bills**

**S.B. 03-22:** Transfers the administration and associated funding (\$10,750,000 cash funds) for the Old Age Pension Health and Medical Care Fund and the Supplemental Old Age Pension Health and Medical Care Fund from the Department of Human Services to the Department of Health Care Policy and Financing.

**S.B. 03-37:** Changes a county's required maintenance of effort for the Child Care Assistance Program so that by FY 2005-06, the ratio of required county spending to total state and federal funds received for the Program will be the same for all counties. Specifies that the statewide county maintenance of effort required for each fiscal year shall be set in the annual Long Bill.

**S.B. 03-172:** Delays the transfer of docket fees to the Family Stabilization Services Fund (which was created through S.B. 01-12 and modified through H.B. 02-1138) for two years, from July 1, 2002, to July 1, 2004. As a result, this bill is estimated to increase General Fund revenues by \$1,382,900 in FY 2002-03 and \$2,120,500 FY 2003-04.

**S.B. 03-191:** For purposes of augmenting General Fund revenues for FY 2002-03, requires the State Treasurer to transfer a total of \$203,592,024 from various cash funds to the General Fund. With four specified exceptions, requires all of the transfers to occur on the effective date of the act. Requires

the State Treasurer to transfer \$10.0 million from the General Fund to the Major Medical Insurance Fund on July 1, 2003. With regard to the Department of Human Services, transfers \$357,000 from the Law Enforcement Assistance Fund Cash Fund. For a complete list of transfers authorized by the act, see the table beginning on page 93 of the FY 2003-04 Appropriations Report

**S.B. 03-196:** Requires the use of the cash system (rather than accrual system) of accounting for most components of the state's Medicaid program. This change results in one-time savings in FY 2002-03, as payments for services rendered during FY 2002-03 but not paid until FY 2003-04 are eliminated from the FY 2002-03 budget. Includes a reduction to the appropriation to the Department of Human Services of \$14,500,000 Medicaid cash funds exempt, consisting of a reduction of \$15.0 million in various programs offset by an appropriation of \$500,000 to the Executive Director's Office associated with implementation costs. For additional information, refer to the bill description in the Department of Health Care Policy and Financing.

**S.B. 03-246:** Authorizes the Department of Human Services to charge a \$1.00 monthly administrative fee to all clients receiving cash assistance payments from the state. This bill results in General Fund savings of \$589,000 in FY 2003-04, which were accounted for in the General Appropriations Act for FY 2003-04.

**S.B. 03-258:** General appropriations act for FY 2003-04. Includes supplemental adjustments to the FY 2002-03 Long Bill appropriation to the Department of Human Services as amended by S.B. 02-1474, S.B. 03-176, S.B. 03-196, S.B. 03-197, and S.B. 03-205.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-282:** Transfers funds from the Tobacco Litigation Settlement Cash Fund into the General Fund for FY 2002-03; reduces funding for programs that receive tobacco settlement funds for FY 2002-03 and FY 2003-04; makes adjustments to account for lower estimated tobacco payment revenue; and provides additional funding for six programs, including two programs in the Department of Human Services described below. *Child Mental Health Treatment Act:* Appropriates \$451,358 cash funds exempt funding to the Department of Human Services for the "Child Mental Health Treatment Act". This funding includes \$95,918 in tobacco settlement funds that are appropriated directly to the Department of Human Services and an additional \$355,436 in Medicaid funds transferred from the Department of Health Care Policy Financing that originate as \$177,718 tobacco settlement funds and \$177,718 matching federal funds. *Mental Health Capitation:* Appropriates \$1.0 million to the Department of Human Services, transferred from the Department of Health Care Policy and Financing, for the mental health capitation program. This amount originates in the Department of Health Care Policy and Financing as \$500,000 cash funds exempt out of tobacco settlement funding and \$500,000 in matching federal funds. For additional information on this bill, see the bill description in the Department of Public Health and Environment.

**S.B. 03-284:** Reduces the length of mandatory parole for juveniles from 9 months to 6 months. Reduces the appropriation used to supervised juveniles on parole by \$315,545 General Fund and 3.2 FTE in FY 2003-04.

**S.B. 03-286:** Caps the number of detention beds in the state at 479, a reduction of 39 beds (7.5 percent) relative to the number of detention beds anticipated for FY 2002-03. Reduces the appropriation to the "Purchase of Contract Placements" line item by \$1,670,343 General Fund in FY 2003-04.

**S.B. 03-295:** Reduces the transfer of sales and use tax revenue to the Older Coloradans Fund by 25 percent (\$500,000 cash funds) for FY 2003-04 and FY 2004-05 only.

**S.B. 03-299:** Reduces the transfer of sales and use tax revenue to the Supplemental Old Age Pension Health and Medical Care Fund by 25 percent (\$250,000 cash funds) for FY 2003-04 and subsequent years.

**H.B. 03-1024:** Requires the Department of Human Services, within available appropriations, to monitor county department of social services' certification of foster homes on at least a quarterly basis. Requires certain employees of county departments of social services to submit a set of fingerprints and pay for the costs of conducting a criminal history record check. Appropriates \$24,300 (including \$21,000 cash funds and \$3,300 cash funds exempt) to the Department of Public Safety, Colorado Bureau of Investigation, for FY 2003-04, for the purpose of providing fingerprint processing services required by this act.

**H.B. 03-1211:** Repeals the Central Registry of Child Protection, effective January 1, 2004, and substitutes the use of records and reports of child abuse or neglect maintained by the Department for use in providing information to certain individuals and agencies. Creates the Records and Reports Fund, which shall consist of moneys transferred from the Central Registry Fund and fees assessed for providing information to certain persons and agencies using records and reports of child abuse or neglect (e.g., for screening prospective employees or volunteers). The act does not include an appropriation clause; the fiscal note assumed that FY 2003-04 Long Bill appropriations associated with the Central Registry of Child Protection would be adjusted through the supplemental process.

**H.B. 03-1292:** Authorizes the Department of Human Services to charge a "provider fee" to public and private Intermediate Care Facilities for the Mentally Retarded. The fee can be no more than five percent of the current costs of the facility. Appropriates \$728,000 cash funds exempt in FY 2003-04 to reflect the collection of the fee, additional federal Medicaid dollars collected as a result of increased costs associated with paying the fee, and the reduction of General Fund in an amount equal to the additional federal dollars collected.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

### **2004 Session Bills**

**S.B. 04-14:** Eliminates the statutory threshold associated with County Reserve Accounts, thereby allowing each county to retain, at the end of each fiscal year, the balance of Works Program county block grant funds remaining in its County Reserve Account.

**S.B. 04-65:** Extends the H.B. 99-1116 Child Mental Health Treatment Act to July 1, 2009. Creates the Child Mental Health Treatment Fund and authorizes a \$1.6 million expenditure from the Tobacco Litigation Settlement Cash Fund to the Child Mental Health Treatment Fund. Makes the following appropriations for FY 2004-05: (1) \$1.6 million from the Tobacco Litigation Settlement Cash Fund to the Child Mental Health Treatment Fund in the Department of Human Services; (2) \$800,000 from the Tobacco Litigation Settlement Cash Fund to the Department of Public Health and Environment, Tony Grampas Youth Services Program; (3) \$449,491 (\$223,745 cash funds exempt and \$223,746 federal funds) to the Department of Health Care Policy and Financing, Department of Human Services Medicaid-funded programs (for transfer to the Department of Human Services); and (4) \$559,739 cash funds exempt to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Community Programs, including \$110,248 cash funds exempt from the Child Mental Health Treatment Fund and \$449,491 Medicaid funds transferred from the Department of Health Care Policy and Financing. The bill contains an effective date that provides that S.B. 04-65 takes effect upon passage except that the provisions addressing the fiscal mechanisms (Sections 3, 5, and 6 of the bill) do not take effect if H.B. 04-1421 (tobacco bill) becomes law.

**H.B. 04-1030:** Continues the evaluation of the Colorado Works Program for five years. Requires the Department of Human Services, with input from an independent advisory committee, to oversee the administration of an annual independent evaluation designed to obtain systematic data concerning program outcomes. Appropriates \$500,000 federal Temporary Assistance for Needy Families (TANF) funds for FY 2004-05.

**H.B. 04-1075:** Authorizes the Department to seek a state plan amendment to expand substance abuse treatment services to Medicaid eligible women from two months to 12 months following a pregnancy. It is anticipated that the expanded services will begin in October 2004 and adds \$95,805 cash funds exempt in FY 2004-05. The bill authorizes a transfer from the state funds within the substance abuse block grant program to be used as the state match for the program.

**H.B. 04-1107:** Transfers the Office of Homeless Youth Services from the Department of Public Health and Environment to the Department of Human Services. The bill adds 1.0 FTE to the Department of Human Services for FY 2004-05.

**H.B. 04-1265:** Transfers the administration of the Medicaid mental health community program from the Department of Human Services to the Department of Health Care Policy and Financing, except for the Goebel lawsuit settlement program. Adjusts the FY 2003-04 Long Bill appropriation in the following manner: (1) increases the appropriation to the Department of Health Care Policy and Financing, Executive Director's Office, by \$259,274 (including \$112,415 General Fund and \$146,859 federal funds) and 2.3 FTE; decreases the appropriation to the Department of Health Care Policy and Financing, Department of Human Services Medicaid-funded Programs by \$259,274 (including \$112,415 General Fund and \$146,859 federal funds); and (3) decreases the appropriation to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Administration by \$259,274 Medicaid cash funds exempt and 2.3 FTE. Please note, for FY 2004-05, the administrative and programmatic appropriations changes are incorporated in the FY 2004-05 Long Bill (H.B. 04-1422).

**H.B. 04-1277:** Continues the Child Care Commission (renamed the Early Childhood and School Readiness Commission) through June 30, 2006. Modifies the membership and duties of the Commission. Authorizes the Department to receive gifts, grants, and donations for the Commission, and requires that such moneys be credited to the Early Childhood and School Readiness Cash Fund. Appropriates \$26,100 cash funds exempt to the Department of Human Services to cover the costs of contract staff assistance and to provide reimbursement for non-legislative members of the Commission, as well as \$600 cash funds exempt to the Legislative Department for FY 2004-05 to provide reimbursement for Commission members who are members of the General Assembly.

**H.B. 04-1322:** Supplemental appropriation to the Department of Human Services to modify the appropriation included in the FY 2003-04 Long Bill.

**H.B. 04-1414:** Requires federal Title IV-E reimbursements earned in excess of amounts appropriated to be credited to a new fund, entitled "Excess Federal Title IV-E Reimbursements Cash Fund". Makes moneys in the new Fund subject to annual appropriation by the General Assembly to the Department for allocation to counties for two purposes: (1) To help defray the costs of performing administrative functions related to obtaining federal Title IV-E reimbursements; and (2) for the provision of assistance (as defined for the Colorado Works Program), child care assistance, social services, and child welfare services. Specifies that for FY 2004-05 (and in subsequent fiscal years if so specified by the General Assembly through the annual Long Bill) counties shall spend excess federal Title IV-E funds received for the provision of assistance, child care assistance, social services, and child welfare services on the types of expenditures that can be counted toward the federal maintenance of effort requirement for Temporary Assistance for Needy Families (TANF) programs.

Requires the Department to submit a report to the Joint Budget Committee by October 1 each year concerning the amount of federal Title IV-E revenues earned, the amount and purposes of amounts expended, and the amount credited to the new fund. Replaces a \$4,100,000 federal funds appropriation in the FY 2004-05 Long Bill that was intended to reflect excess Title IV-E funds

anticipated to be paid to counties with two cash funds exempt appropriations from the new fund: (1) \$1,600,000 for counties' costs of performing administrative functions related to obtaining federal Title IV-E reimbursements; and (2) \$2,500,000 for county expenditures for that can be counted toward the federal TANF maintenance of effort requirement.

**H.B. 04-1421:** Changes the allocation formula for the state's annual tobacco settlement payment and transfers the FY 2003-04 year-end balance in the Tobacco Litigation Settlement Trust Fund, \$20.6 million, to the General Fund. Also transfers unappropriated remainder of 2004 payment and all subsequent payments to the General Fund. With respect to the Department of Human Services, increases the appropriation for mental health, residential treatment for youth by \$508,521 cash funds exempt—\$90,389 from the tobacco litigation settlement cash funds and a \$418,132 transfer from the Department of Health Care Policy and Financing. For more information on the impact to other departments, please see the bill description in the Department of Public Health and Environment.

**H.B. 04-1422:** General appropriations act for FY 2004-05. Also includes supplemental adjustments to the FY 2003-04 Long Bill appropriation to the Department of Human Services as amended by H.B. 04-1322.

**H.B. 04-1451:** Authorizes each county department of social services and local representatives of the judicial districts, health departments, school districts, community mental health centers, and mental health assessment and service agencies to enter into a memorandum of understanding ("MOU") to promote a collaborative system of treatment and services for children and families. Authorizes parties to an MOU to reinvest any state General Fund savings that result from such collaboration. Creates the Performance-based Collaborative Management Incentive Cash Fund to provide incentives, beginning in FY 2005-06, to parties to an MOU. On and after July 1, 2005, transfers moneys in the Performance Incentive Cash Fund, the Family Stabilization Services Fund, and moneys received through civil docket fees to the new fund. Repeals the Integrated Care Management Program.

## JUDICIAL DEPARTMENT

The Colorado Judicial Department is a constitutionally separate branch of state government. The state court system includes the Supreme Court, the Court of Appeals, district courts in 22 judicial districts, and 64 county courts (Denver County Court is not part of the state court system). The Judicial Department is also responsible for the operation of the State's probation system and monitoring and regulating the practice of law within the State. The Judicial Department also includes three independent agencies, the Colorado State Public Defender, the Office of Alternate Defense Counsel, and the Office of the Child's Representative. The Chief Justice of the Supreme Court is the head of the state judicial system. The Office of the State Court Administrator provides management supervision and support for the court system and the probation department, pursuant to the policies, guidelines, and directives promulgated by the Chief Justice.

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$206,485,128	\$204,831,317	\$208,617,893	\$219,577,404
Cash Funds	40,543,942	41,627,577	59,134,676	59,868,406
Cash Funds Exempt	7,468,675	5,167,956	6,475,448	7,309,859
Federal Funds	<u>2,189,120</u>	<u>1,293,972</u>	<u>1,758,609</u>	<u>1,454,690</u>
<b>Total Funds</b>	<b>\$256,686,865</b>	<b>\$252,920,822</b>	<b>\$275,986,626</b>	<b>\$288,210,359</b>
Full Time Equiv. Staff	3,038.0	3,249.5	3,197.4	3,285.2

### **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 include the following:

- ☐ Increase the FTE appropriation by 63.0 to more correctly account for long-term contract FTE in various programs (long-term contract FTE are allowed under the Judicial Department's personnel system but not the Executive Branch's personnel system; there was no funding change associated with these FTE);
- ☐ Restore funding for salary survey increases and anniversary increases (\$5,754,000 General Fund and \$224,000 cash funds);
- ☐ Increase the State's contribution for health, life, and dental by \$1,556,000 General Fund and \$158,000 cash funds;



- ☐ Restore the Juvenile Intensive Supervision Probation Program (\$895,000 General Fund) and partially restore the Adult Intensive Supervision Probation Program (\$653,000 General Fund);
- ☐ Provide increases of \$538,000 General Fund for statewide caseload growth to the Office of the Child's Representative (OCR), and \$192,000 General Fund for the OCR's El Paso County Guardian ad Litem Office;
- ☐ Provide an increase of \$495,000 General Fund to the Alternate Defense Counsel for court appointed counsel and mandated costs due to an increase in caseload;
- ☐ Provide \$271,000 General Fund to pay for increased retired judge use during FY 2003-04 (retired judges fill-in for sitting judges on vacation, sick leave, who have a conflict of interest, and on other occasions);
- ☐ Fund a new water court referee and two staff in Water Court Division One (\$211,000 General Fund and 3.0 FTE);
- ☐ Reduce the District Attorney mandated cost appropriation by \$113,000 General Fund and \$125,000 cash funds;
- ☐ Implement 0.2 percent personal services base reductions of \$111,000 General Fund and \$10,000 cash funds;
- ☐ Reinstate 34.0 Trial Courts FTE that were lost due the FY 2003-04 General Fund shortfall (\$553,000 cash funds);
- ☐ A \$600,000 cash funds reduction to account for the one-time supplemental appropriation from the Judicial Stabilization Fund for county courthouse furnishings in FY 2003-04;
- ☐ A \$500,000 cash funds exempt reduction to account for the discontinuation of a one-time appropriation from tobacco settlement money to the Family Violence Program in FY 2003-04; and
- ☐ Restore the Female Offender Probation Program using \$239,000 cash funds exempt.

## General Factors Driving the Budget

Fiscal year 2004-05 funding for this department consists of 76.2 percent General Fund, 20.8 percent cash funds, 2.5 percent cash funds exempt, and 0.5 percent federal funds. Some of the most important factors driving the budget are reviewed below.

The main factor driving the budget of the Judicial Department is caseload. Judges, magistrates, probation officers, public defenders, and staff can only handle so many cases per year. Caseload is related to increases in the overall population in Colorado, the number of each type of case type (a misdemeanor requires fewer resources than a civil case, which requires fewer resources than a homicide), and changes in state laws and sentencing provisions. The *Annual Statistical Report of the Colorado Judicial Branch* for FY 2002-03 provides a detailed history of caseloads for that fiscal year, and can be obtained from the State Court Administrator's Office.

The Judicial Department receives cash funds from a few main sources, including fees charged to use the court system. These moneys are used to fund operating expenses of the courts. Senate Bill 03-186 raised certain docket fees, refinanced \$3,421,000 General Fund with cash funds for FY 2002-03, and refinanced approximately \$9.3 million of the Department's General Fund appropriation with cash funds for subsequent fiscal years. Probation receives cash funds from individuals sentenced to probation who pay fees that are put towards their supervision and treatment. Attorney licensing fees are used by the Supreme Court to regulate the practice of law in Colorado.

### Supreme Court Caseload

The Supreme Court is comprised of seven justices. The majority of its cases are from requests to review decisions of the Court of Appeals. It has direct appellate jurisdiction over: cases in which a statute has been held to be unconstitutional; cases involving decisions of the Public Utilities Commission; writs of habeas corpus; cases involving adjudication of water rights; summary proceedings initiated under the election code; and prosecutorial appeals concerning search and seizure questions in pending criminal proceedings. In addition to deciding various appellate matters, the Supreme Court regulates the practice of law in Colorado by investigating grievances filed against attorneys, regulating attorney conduct, and monitoring and upgrading the rules of court procedure. Recent caseloads have been as follows:

	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Est.	FY 2004-05 Est.
New filings	1,367	1,368	1,401	1,276	1,300
Pending July 1	530	472	425	385	386
Total Caseload	1,897	1,840	1,826	1,661	1,686

### **Court of Appeals Caseload**

The Court of Appeals is composed of 16 judges. The Court of Appeals receives cases from several different venues: District Courts, Denver probate and juvenile courts, state agencies, and the Industrial Appeal Claims Office. Recent caseloads have been as follows:

	<b>FY 2000-01 Actual</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Est.</b>	<b>FY 2004-05 Est.</b>
New filings	2,335	2,673	2,589	2,533	2,584
Pending July 1	2,343	2,264	2,474	2,528	2,578
Total	4,678	4,937	5,063	5,061	5,162

### **Trial Courts Caseload**

House Bill 01-1075 created 24 new district court judgeships over 4 years (beginning in FY 2001-02). However, due to a lack of funding, no new judgeships were funded in FY 2003-04 or FY 2004-05. As of FY 2002-03, district courts had 73 percent of the total judgeships needed based on caseload. The District Courts preside over felony criminal matters, civil claims, all juvenile matters, probate, mental health, divorce proceedings, and water cases. They also preside over jury trials, handle appeals from Colorado's municipal and county courts, and review decisions of administrative boards and agencies. Recent caseloads have been as follows:

<b>New Cases Filed</b>					
	<b>FY 2000-01 Actual</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Est.</b>	<b>FY 2004-05 Est.</b>
District Court Total	155,220	164,237	169,458	179,328	182,914
County Court Total	444,629	469,993	498,515	517,579	527,930

### **Probation and Related Services Caseload**

Probation is a sentencing alternative to incarceration in the Department of Corrections or in the Division of Youth Corrections. Individuals sentenced to probation remain under the supervision of the court which sentenced them. Failure to meet the terms of probation set forth in the court's sentencing order may result in incarceration. There are different types of probation which cater to defendants' assessed risk levels. Recent caseloads have been as follows:

<b>Regular Probation Caseloads as of July 1</b>					
	<b>FY 2000-01 Actual</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Est.</b>	<b>FY 2004-05 Est.</b>
Adult - Regular	36,635	37,259	39,751	42,101	42,200
Juvenile - Regular	9,041	8,524	8,558	8,040	8,150
Adult - Intensive	1,450	1,551	1,600	1,760	1,600
Juvenile - Intensive	606	567	525	513	520
Sex Offender	135	430	739	885	1,115
Total	47,867	48,331	51,173	53,299	53,585

### **Public Defender Caseload**

The Public Defender represents criminal defendants who have inadequate resources to pay for their own defense. As in the court system, more complicated felony cases consume more resources than simpler cases; felonies cost more than misdemeanors, and homicides more than assaults or robbery cases. Recent caseloads have been as follows:

<b>Public Defender Closed Cases</b>						
	<b>FY 99-00 Actual</b>	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Est.</b>	<b>FY 04-05 Est.</b>
Felony	35,959	38,173	40,789	43,421	45,158	46,061
Misdemeanor/Traffic	18,535	19,698	20,607	23,119	24,044	24,525
Juvenile (All)	10,244	9,701	9,524	9,569	9,952	10,151
Total	64,738	67,572	70,920	76,109	79,154	80,737

### **Alternate Defense Counsel Caseload**

The Alternate Defense Counsel (ADC) contracts with private attorneys to represent indigent defendants in cases where the Public Defender has a conflict of interest and may not ethically represent a defendant. Representation in this situation is more expensive because private attorneys represent the defendants. Here too, complexity of case as well as overall caseload determines the amount of resources required. Representation in a death penalty case costs far more than an assault or burglary case. Recent caseloads have been as follows:

ADC Caseload					
	FY 2000-01 Actual	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Est.	FY 2004-05 Est.
Felony	553	485	429	379	342
Appeals	477	470	468	476	477
Rule 35(c) motions	5,121	5,424	6,465	7,074	7,641
Total	6,151	6,379	7,362	7,929	8,460

### **Office of the Child's Representative Caseload**

The Office of the Child's Representative (OCR) is responsible for representing the best interests of children who are participants before courts, but who do not have counsel. Appointments of guardians ad-litem, the attorneys who represent the best interest of the child, drive the budget of this agency. The OCR began full operations in FY 2001-02.

OCR Caseload				
	FY 2001-02 Actual	FY 2002-03 Actual	FY 2003-04 Est.	FY 2004-05 Est.
Dependency and Neglect	5,773	5,634	7,165	8,240
Juvenile Delinquency & Truancy	3,801	3,391	2,762	2,549
Domestic Relations & Paternity	730	860	1,189	1,398
Probate & Other	447	157	168	168
Total	10,751	10,042	11,284	12,355

## **Summary of FY 2003-04 and FY 2004-05 Appropriations**

### **Total Department Appropriations**

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Total Appropriation:</b>	<b>\$208,617,893</b>	<b>\$59,134,676</b>	<b>\$6,475,448</b>	<b>\$1,758,609</b>	<b>\$275,986,626</b>	<b>3,197.4</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Supreme Court/Court of Appeals	7,962,897	4,698,000	355,000	0	13,015,897	168.7

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
Courts Administration	17,471,976	7,363,240	1,203,801	233,653	26,272,670	170.0
Trial Courts	90,389,540	33,356,083	383,469	370,158	124,499,250	1,558.3
Probation and Related Services	41,058,290	13,638,213	4,468,282	1,154,798	60,319,583	950.5
Public Defender	30,935,874	76,140	64,896	0	31,076,910	342.9
Alternate Defense Counsel	11,931,602	3,000	0	0	11,934,602	3.0
Office of the Child's Representative	8,867,714	0	0	0	8,867,714	4.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-76	0	239,753	0	0	239,753	5.5
SB 03-258	213,487,078	56,918,305	6,372,361	1,838,654	278,616,398	3,216.6
SB 03-273	(6,164,153)	(517,306)	0	0	(6,681,459)	0.0
SB 03-282	0	0	500,000	0	500,000	0.0
HB 03-1316	(25,441)	(2,329)	0	0	(27,770)	0.0
HB 03-1378	0	538,000	23,042	0	561,042	0.0
HB 04-1323	1,320,409	1,958,253	(419,955)	(80,045)	2,778,662	(24.7)
<hr/>						
<b>FY 2004-05 Total Appropriation:</b>	<b>\$219,577,404</b>	<b>\$59,868,406</b>	<b>\$7,309,859</b>	<b>\$1,454,690</b>	<b>\$288,210,359</b>	<b>3,285.2</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Supreme Court/Court of Appeals	7,972,648	4,698,000	355,000	0	13,025,648	166.7
Courts Administration	23,807,458	7,690,715	1,544,892	233,778	33,276,843	183.0
Trial Courts	90,695,792	33,793,927	383,469	295,158	125,168,346	1,588.8
Probation	42,524,836	13,603,624	4,936,331	925,754	61,990,545	990.8
Public Defender	32,452,353	79,140	62,167	0	32,593,660	348.9
Alternate Defense Counsel	12,440,302	3,000	0	0	12,443,302	3.0
Office of the Child's Representative	9,684,015	0	28,000	0	9,712,015	4.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1021	8,377	0	0	0	8,377	0.2

	GF	CF	CFE	FF	Total	FTE
HB 04-1256	0	10,000	0	0	10,000	0.0
HB 04-1422	219,569,027	59,858,406	7,309,859	1,454,690	288,191,982	3,285.0
<b>Increase/(Decrease)</b>	\$10,959,511	\$733,730	\$834,411	(\$303,919)	\$12,223,733	87.8
Percentage Change	5.3%	1.2%	12.9%	-17.3%	4.4%	2.7%

## **Detail of Appropriation by Administrative Section**

### **Supreme Court/Court of Appeals**

This division is comprised of the Supreme Court and the Court of Appeals. The Supreme Court is the highest court in the State and has general supervisory control over the lower courts. The Supreme Court provides appellate review of final judgements of lower courts and has original jurisdiction over cases relating to the constitutionality of a statute, ordinance, or charter; decisions of the state Public Utilities Commission; writs of habeas corpus; certain water cases; certain proceedings arising from the state election code; and some prosecutorial appeals.

The Supreme Court has rule-making authority over the state court system, both procedural and administrative, and it is responsible for promulgating civil and criminal rules of procedure. There are seven justices appointed to the Supreme Court. The Chief Justice is elected by the members of the Supreme Court. The Supreme Court is also responsible for overseeing the state law library, the law examiner board, the attorney regulation committees, and the continuing legal education program.

The Supreme Court receives nearly all of its cash funds from fees charged to attorneys for the Colorado Bar Examination, and for licenses to practice law. These cash funds are used to monitor the legal profession to ensure that attorneys practicing in Colorado are competent and ethical. Cash funds exempt are from reserves in those funds.

The Court of Appeals has initial appellate jurisdiction over appeals from district courts and Denver's probate and juvenile courts. In addition, the Court of Appeals has initial statutory jurisdiction over appeals of certain final orders from various state agencies. The Court of Appeals is comprised of 16 judges who serve eight-year terms. The Court sits in panels of three judges and the Chief Judge of the Court of Appeals is appointed by the Chief Justice of the Supreme Court.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$7,962,897</u>	<u>\$4,698,000</u>	<u>\$355,000</u>	<u>\$0</u>	<u>\$13,015,897</u>	<u>168.7</u>

	GF	CF	CFE	FF	Total	FTE
<b>TOTAL</b>	<b>\$7,962,897</b>	<b>\$4,698,000</b>	<b>\$355,000</b>	<b>\$0</b>	<b>\$13,015,897</b>	<b>168.7</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$7,972,648</u>	<u>\$4,698,000</u>	<u>\$355,000</u>	<u>\$0</u>	<u>\$13,025,648</u>	<u>166.7</u>
<b>TOTAL</b>	<b>\$7,972,648</b>	<b>\$4,698,000</b>	<b>\$355,000</b>	<b>\$0</b>	<b>\$13,025,648</b>	<b>166.7</b>
<b>Increase/(Decrease)</b>	\$9,751	\$0	\$0	\$0	\$9,751	(2.0)
Percentage Change	0.1%	0.0%	0.0%	n/a	0.1%	-1.2%

FTE Detail	FY 2003-04	FY 2004-05
Judges and Staff	119.0	119.0
Attorney Regulation Committees	35.5	35.5
Continuing Legal Education	4.0	4.0
Law Examiner Board	8.2	8.2
Law Library	<u>2.0</u>	<u>0.0</u>
	168.7	166.7

*FTE Changes:* The appropriation for the state law library was reduced by 2.0 FTE because that appropriation is used to support the library's collection by paying for subscriptions and copies of law books, not to fund FTE. This change is for accounting purposes only; there is no associated funding change. The law library's 4.0 FTE are already accounted for in the appropriation for the Supreme Court judges and staff.

*General Fund Changes:* The General Fund appropriation includes an increase of \$25,500 for a 1.0 percent increase in the state's contribution rate to PERA for sitting judges. This increase is partially offset by a \$15,700 reduction as part of a 0.2 percent personal services base reduction.

## Courts Administration

This division contains appropriations for the administration of Colorado's courts and probation department. It also includes several specialized programs. Formerly, the Division included the following subdivisions: Administration (State Court Administrator's Office), Administrative Special Purpose (centralized appropriations and assorted administrative programs), Judicial/Heritage Complex (buildings housing the Supreme Court and Court of Appeals) and Integrated Information Services (the Judicial Department's information technology department). However, during the FY 2003-04 supplemental process, the Judicial/Heritage Complex subdivision was eliminated and the appropriation moved to the Administration subdivision. In addition, during the FY 2004-05 figure-



setting process, the appropriation for the Judicial Performance program was removed from the Administrative Special Purpose subdivision into its own subdivision.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
<b>TOTAL</b>	<b>\$17,471,976</b>	<b>\$7,363,240</b>	<b>\$1,203,801</b>	<b>\$233,653</b>	<b>\$26,272,670</b>	<b>170.0</b>
<b>FY 2004-05 Appropriation:</b>						
<b>TOTAL</b>	<b>\$23,807,458</b>	<b>\$7,690,715</b>	<b>\$1,544,892</b>	<b>\$233,778</b>	<b>\$33,276,843</b>	<b>183.0</b>
<b>Increase/(Decrease)</b>	\$6,335,482	\$327,475	\$341,091	\$125	\$7,004,173	13.0
Percentage Change	36.3%	4.4%	28.3%	0.1%	26.7%	7.6%

*Administration (State Court Administrator's Office)*

Responsibilities of the State Court Administrator's Office include coordination and control of budgeting, human resources, data processing, and management services for the entire Judicial Department; internal audits of court programs, judicial districts, and probation offices; training and technical assistance; and support for the probation offices. Cash funds are from the Family Friendly Court Program Cash Fund, and the collection of fees, cost recoveries, parking receipts at the Judicial/Heritage Complex, and departmental and statewide indirect cost recoveries. Cash funds exempt and federal funds are from the collection of departmental and statewide indirect cost recoveries.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$3,961,804	\$166,415	\$61,408	\$143	\$4,189,770	48.5
SB 03-282	0	0	500,000	0	500,000	0.0
HB 04-1323	<u>575,372</u>	<u>801,700</u>	<u>0</u>	<u>0</u>	<u>1,377,072</u>	<u>4.0</u>
<b>TOTAL</b>	<b>\$4,537,176</b>	<b>\$968,115</b>	<b>\$561,408</b>	<b>\$143</b>	<b>\$6,066,842</b>	<b>52.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$3,871,307</u>	<u>\$777,314</u>	<u>\$925,520</u>	<u>\$535</u>	<u>\$5,574,676</u>	<u>55.5</u>
<b>TOTAL</b>	<b>\$3,871,307</b>	<b>\$777,314</b>	<b>\$925,520</b>	<b>\$535</b>	<b>\$5,574,676</b>	<b>55.5</b>

	GF	CF	CFE	FF	Total	FTE
<b>Increase/(Decrease)</b>	(\$665,869)	(\$190,801)	\$364,112	\$392	(\$492,166)	3.0
Percentage Change	-14.7%	-19.7%	64.9%	274.1%	-8.1%	5.7%

FTE Detail	FY 2003-04	FY 2004-05
Administration	10.0	14.0
Court Services	8.0	8.0
Financial Services	14.5	14.5
Planning	7.0	7.0
Human Resources	9.0	9.0
Judicial/Heritage Complex	<u>4.0</u>	<u>3.0</u>
	52.5	55.5

*FTE Changes:* The increase of 3.0 FTE includes an increase on 4.0 FTE for Administration Personal Services to more correctly account for long-term contract FTE. This increase is partially offset by a reduction of 1.0 FTE for the Judicial/Heritage Complex to remove the appropriation for a security guard who is not a Judicial Department employee. Both of these changes are accounting changes; there are no associated funding changes.

*General Fund Changes:* The General Fund decrease includes reductions of: (1) \$334,000 to the Judicial/Heritage Program due to refinancing with cash funds exempt from the State Historical Fund; (2) \$326,000 due to refinancing with cash funds exempt from departmental indirect cost assessments; and (3) \$8,000 as part of a 0.2 percent personal services base reduction.

*Cash Funds Changes:* The cash funds decrease includes reductions of \$600,000 to account for the one-time supplemental appropriation of cash funds from the Judicial Stabilization Fund for county courthouse furnishings in FY 2003-04, and \$70,000 due to a reduction in anticipated revenues to the Family Friendly Courts program. These reductions are partially offset by an increase of \$479,000 due to an increase in statewide indirect cost assessments and a new line item to account for departmental indirect costs.

*Cash Funds Exempt Changes:* The net increase in cash funds exempt includes increases of: (1) \$483,000 in statewide and departmental indirect cost assessments; (2) \$378,000 to the Judicial/Heritage Complex due to refinancing of General Fund from reserves in the State Historical Fund; and (3) \$3,000 due to an increase in statewide indirect cost assessments. These increases are partially offset by a \$500,000 reduction to account for the discontinuation of a one-time appropriation from tobacco settlement money to the Family Violence Program in FY 2003-04.

### *Administrative Special Purpose*

This section includes several programs within the Judicial Department, such as the Office of Dispute Resolution, the child support enforcement program, and the retired judge program. This section also includes centrally appropriated line items, such as salary survey, workers' compensation, legal services, and payments related to risk management. Cash funds are from the Offender Services Fund, the Fines Collection Fund, the Drug Offender Surcharge Fund, the Alcohol and Drug Driving Safety Program Fund, the Judicial Collection Enhancement Fund, the Dispute Resolution Fund, the sale of pattern jury instructions, and parking fees. Exempt cash funds are from reserves in the Dispute Resolution Fund, local Victims and Witness Assistance Law Enforcement (VALE) Boards, and General Fund and federal funds appropriated to the Department of Human Services that are transferred to the Judicial Department for the Child Support Enforcement Program.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$14,259,956	\$4,871,352	\$619,351	\$100,000	\$19,850,659	74.7
SB 03-273	(5,220,582)	(517,306)	0	0	(5,737,888)	0.0
HB 03-1316	(22,168)	(2,329)	0	0	(24,497)	0.0
HB 03-1378	0	538,000	23,042	0	561,042	0.0
HB 04-1323	<u>(433,325)</u>	<u>95,408</u>	<u>0</u>	<u>0</u>	<u>(337,917)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$8,583,881</b>	<b>\$4,985,125</b>	<b>\$642,393</b>	<b>\$100,000</b>	<b>\$14,311,399</b>	<b>74.7</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$15,610,984</u>	<u>\$4,942,359</u>	<u>\$619,372</u>	<u>\$100,000</u>	<u>\$21,272,715</u>	<u>83.7</u>
<b>TOTAL</b>	<b>\$15,610,984</b>	<b>\$4,942,359</b>	<b>\$619,372</b>	<b>\$100,000</b>	<b>\$21,272,715</b>	<b>83.7</b>
<b>Increase/(Decrease)</b>	\$7,027,103	(\$42,766)	(\$23,021)	\$0	\$6,961,316	9.0
Percentage Change	81.9%	-0.9%	-3.6%	0.0%	48.6%	12.0%

FTE Detail	FY 2003-04	FY 2004-05
Collections Investigators	69.2	78.2
Office of Dispute Resolution	4.5	4.5
Child Support Enforcement	<u>1.0</u>	<u>1.0</u>
	74.7	83.7

*FTE Changes:* The increase in FTE is due an additional 9.0 FTE to account for mediators in the Office of Dispute Resolution. This change is for accounting purposes only; there is no associated funding change.

*General Fund Changes:* The increase in General Fund is due to the following increases: (1) \$4,858,000 for salary survey and anniversary increases (none was appropriated in FY 2003-04); (2) \$1,321,000 for the State's contribution to health, life, and dental; (3) \$556,000 for centrally-appropriated items such as worker's compensation, risk management, and short-term disability; (4) \$271,000 for the Retired Judges Program; and (5) \$18,000 for lease purchase payments.

*Cash Funds Changes:* The decrease in cash funds spending authority is due to a reduction of \$538,000, caused by the transfer of the appropriation for Judicial Performance from this subdivision to a new subdivision. This reduction is partially offset by the following increases: (1) \$224,000 for salary survey and anniversary increases (none was appropriated in FY 2003-04); (2) \$158,000 for the State's contribution to health, life, and dental; (3) \$109,000 for collections investigators; and (4) \$5,000 for short-term disability.

*Cash Funds Exempt Changes:* The decrease in cash funds exempt spending authority is due to a reduction of \$23,000, caused by the transfer of the appropriation for Judicial Performance from this subdivision to a new subdivision.

### *Judicial/Heritage Program*

The State Court Administrator's Office is responsible for supervising the maintenance, security, and other related services at the Judicial Heritage Complex in Denver. The Judicial Heritage Complex consists of the Judicial Building (Two East Fourteenth Avenue), and the Colorado History Museum (1300 Broadway). Prior to the FY 2003-04 supplemental process, the Judicial/Heritage Complex was a subsection within the Courts Administration Division. However, since the program was so small, the appropriations were merged into a single program line item and moved to the Administration subsection of the Courts Administration Division to allow the Department more flexibility to manage its appropriation.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$575,372	\$1,700	\$0	\$0	\$577,072	4.0
HB 04-1323	<u>(575,372)</u>	<u>(1,700)</u>	<u>0</u>	<u>0</u>	<u>(577,072)</u>	<u>(4.0)</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
This program was moved to the Administration subprogram of the Courts Administration Division in FY 2004-05 (see above).						

### *Judicial Performance*

This program provides a system of evaluating judicial performance in order to: (1) provide persons who are voting on the retention of justices and judges with fair, responsible, and constructive information about judicial performance; and (2) provide justices and judges with useful information concerning their own performances. Judicial Performance Commissions evaluate all judges up for retention, and subject to available appropriation, provide interim evaluations of judges not up for retention during each even-numbered year. Narrative profiles of judges up for retention are published in the Legislative Council's Blue Book.

Prior to FY 2004-05, the appropriation for Judicial Performance was within the Administrative Special Purpose subdivision of the Courts Administration Division. The FY 2004-05 appropriation for the program was moved to a new subdivision and is equal to the FY 2003-04 appropriation. The source of cash funds is the Judicial Performance Cash Fund.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
This program was part of the Courts Administration Division, Administrative Special Purpose during FY 2003-04 (see above).						
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	\$0	\$561,042	\$0	\$0	\$561,042	1.0
<b>TOTAL</b>	<b>\$0</b>	<b>\$561,042</b>	<b>\$0</b>	<b>\$0</b>	<b>\$561,042</b>	<b>1.0</b>

### *Integrated Information Services (IIS)*

This subdivision provides automated data processing services to the state courts and probation offices. Major systems supported by IIS include the Integrated Colorado On-line Network (ICON), which handles case tracking and financial functions for the trial courts and probation departments; the Colorado Integrated Criminal Justice Information System (CICJIS), which shares and tracks data concerning offenders among the various criminal justice agencies, including law enforcement, district attorneys, courts, and adult and youth corrections; the appellate case tracking system; the court-appointed counsel system; and the state court administrator's local-area network. Cash funds are from revenues from fees and cost recoveries.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$4,352,379	\$1,010,000	\$0	\$133,510	\$5,495,889	42.8
HB 04-1323	<u>(1,460)</u>	<u>400,000</u>	<u>0</u>	<u>0</u>	<u>398,540</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,350,919</b>	<b>\$1,410,000</b>	<b>\$0</b>	<b>\$133,510</b>	<b>\$5,894,429</b>	<b>42.8</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$4,325,167</u>	<u>\$1,410,000</u>	<u>\$0</u>	<u>\$133,243</u>	<u>\$5,868,410</u>	<u>42.8</u>
<b>TOTAL</b>	<b>\$4,325,167</b>	<b>\$1,410,000</b>	<b>\$0</b>	<b>\$133,243</b>	<b>\$5,868,410</b>	<b>42.8</b>
<b>Increase/(Decrease)</b>	(\$25,752)	\$0	\$0	(\$267)	(\$26,019)	0.0
Percentage Change	-0.6%	0.0%	n/a	-0.2%	-0.4%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Admin./Support	3.0	3.0
Programmers/Technical	27.8	27.8
Programming/Tech Supervisors	4.0	4.0
Customer Support	<u>8.0</u>	<u>8.0</u>
	42.8	42.8

*General Fund Changes:* The net decrease in General Fund is due to the following reductions (1) \$30,000 for computer integrated courtrooms; (2) \$14,000 for the Multi Use Network; and (3) \$5,000 as part of a 0.2 percent personal services base reduction. These reductions are partially offset by a \$22,000 increase for the purchase of services from the government computing center, and a \$1,000 increase for communications services.

## Trial Courts

The Trial Courts Division represents the largest portion of the Judicial Department's budget. This division includes district courts in 22 judicial districts, 64 county courts, and 7 water courts. Each judicial district includes one district court and a county court in each county served by the district. The Second Judicial District (Denver) also includes a probate court and a juvenile court. However, the Denver County Court is not part of the state court system. The district courts are trial courts of general jurisdiction and have appellate jurisdiction over final judgements of county courts and municipal courts. The county courts have limited jurisdiction, as set by statute. County courts have appellate jurisdiction over municipal courts. Water courts are separately created by the Water Right

Determination and Administration Act of 1969 and have general jurisdiction over water use, water rights, and water administration.

Cash funds are from the Judicial Stabilization Fund, The Crime Victim Compensation Funds, the Victims and Witnesses Assistance and Law Enforcement Funds, and various fees and cost recovery charges to those who use the court system. Cash funds exempt are from federal funds appropriated to other departments and transferred to the Judicial Department.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$89,646,860	\$32,693,238	\$74,380	\$679,247	\$123,093,725	1,561.9
HB 04-1323	<u>742,680</u>	<u>662,845</u>	<u>309,089</u>	<u>(309,089)</u>	<u>1,405,525</u>	<u>(3.6)</u>
<b>TOTAL</b>	<b>\$90,389,540</b>	<b>\$33,356,083</b>	<b>\$383,469</b>	<b>\$370,158</b>	<b>\$124,499,250</b>	<b>1,558.3</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1021	\$8,377	\$0	\$0	\$0	\$8,377	0.2
HB 04-1256	0	10,000	0	0	10,000	0.0
HB 04-1422	<u>90,687,415</u>	<u>33,783,927</u>	<u>383,469</u>	<u>295,158</u>	<u>125,149,969</u>	<u>1,588.6</u>
<b>TOTAL</b>	<b>\$90,695,792</b>	<b>\$33,793,927</b>	<b>\$383,469</b>	<b>\$295,158</b>	<b>\$125,168,346</b>	<b>1,588.8</b>
<b>Increase/(Decrease)</b>	\$306,252	\$437,844	\$0	(\$75,000)	\$669,096	30.5
Percentage Change	0.3%	1.3%	0.0%	-20.3%	0.5%	2.0%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
District Court Judges	132.0	132.0
County Court Judges	83.0	83.0
Magistrates & Water Referee	63.0	64.0
Division Staff	399.3	403.6
Court Reporters	135.8	135.8
Clerks' Offices	609.6	609.6
Language Interpreters	0.0	25.0
Administrative/Office Support	127.1	127.1

FTE Detail	FY 2003-04	FY 2004-05
Grants and Federal Funds	<u>8.5</u>	<u>8.5</u>
	1,558.3	1,588.6

*FTE Changes:* The net increase in FTE is primarily due to an additional 25.0 FTE to account for language interpreters in the Mandated Costs line item. This change is for accounting purposes only; there is no associated funding change. There are also an increases of: (1) 3.6 FTE due to an anticipated change in federal grant receipts; (2) 3.0 FTE for a new water court referee and associated staff in Water Court Division One; and (3) 0.2 FTE per H.B. 04-1021 for an anticipated increase in court cases due to the lowering of the legal blood alcohol limit. These increases are partially offset by a decrease of 1.3 FTE due to the elimination of the Family Preservation Matching Funds line item.

*General Fund Changes:* The net increase in General Fund includes the following increases: (1) \$221,000 for a 1.0 percent increase in the state's contribution rate to PERA for sitting judges only; (2) \$211,000 for the new water court referee and staff; and (3) \$5,000 for the Sex Offender Surcharge Fund Program. These increases are partially offset by a reduction of \$113,000 for District Attorney mandated costs, and a reduction of \$25,000 for family preservation matching funds.

*Cash Funds Changes:* The net cash funds increase is due to an increase of \$553,000 to reinstate funding for trial courts staff lost due to budget cuts in FY 2003-04 (these 34.0 FTE are currently appropriated but unfunded, so an additional FTE appropriation was not necessary), and an increase of \$10,000 for H.B. 04-1256 which repealed certain water supply agreement restrictions and increased water court caseload. These increases are partially offset by a reduction of \$125,000 for District Attorney mandated costs.

*Federal Funds Changes:* The reduction in the federal funds is due to the elimination of the Family Preservation Matching Funds line item.

## **Probation and Related Services**

Probation is a sentencing alternative available to the courts. The offender serves a sentence in the community under the supervision of a probation officer, subject to the conditions imposed by the court. There are varying levels of supervision that may be required under a probation sentence, and there are numerous services, ranging from drug counseling to child care, that may be provided to offenders sentenced to probation. The amount of supervision and the types of services vary depending on the profile and history of each offender. In addition, probation officers are responsible for investigating the background of persons brought before the court for sentencing.

Cash funds are primarily generated by supervision and testing fees charged to probationers. The sources of cash funds are the Offender Services Fund, the Drug Offender Surcharge Fund, the Alcohol and Drug Driving Safety Fund, the Sex Offender Surcharge Fund, and various fees and cost recoveries. Cash funds exempt are from reserves from the cash funds listed above; funds transferred



from the Departments of Education, Human Services, and Public Safety; victim assistance surcharges collected from offenders and administered by the Victim Assistance and Law Enforcement (VALE) Board and by local VALE boards; and gifts, grants, and donations.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-76	\$0	\$239,753	\$0	\$0	\$239,753	5.5
SB 03-258	41,058,290	13,398,460	5,197,326	925,754	60,579,830	966.1
HB 04-1323	<u>0</u>	<u>0</u>	<u>(729,044)</u>	<u>229,044</u>	<u>(500,000)</u>	<u>(21.1)</u>
<b>TOTAL</b>	<b>\$41,058,290</b>	<b>\$13,638,213</b>	<b>\$4,468,282</b>	<b>\$1,154,798</b>	<b>\$60,319,583</b>	<b>950.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$42,524,836</u>	<u>\$13,603,624</u>	<u>\$4,936,331</u>	<u>\$925,754</u>	<u>\$61,990,545</u>	<u>990.8</u>
<b>TOTAL</b>	<b>\$42,524,836</b>	<b>\$13,603,624</b>	<b>\$4,936,331</b>	<b>\$925,754</b>	<b>\$61,990,545</b>	<b>990.8</b>
<b>Increase/(Decrease)</b>	\$1,466,546	(\$34,589)	\$468,049	(\$229,044)	\$1,670,962	40.3
Percentage Change	3.6%	-0.3%	10.5%	-19.8%	2.8%	4.2%

FTE Detail	FY 2003-04	FY 2004-05
Chief Officers	21.0	21.0
Probation Supervisors	63.0	63.0
Probation Officers	537.0	546.0
Admin. / Support	146.9	146.9
Offender Services	7.5	7.5
Alcohol/Drug Driving Safety	75.8	91.8
Drug Offender Assessment	11.5	11.5
Victims Grants	17.3	17.3
Demonstration Drug Court	0.0	4.2
S.B. 91-94	49.3	49.3
Grants and Federal Funds	<u>21.2</u>	<u>32.3</u>
Total	950.5	990.8

*FTE Changes:* The increase in FTE is due to an additional 16.0 FTE to account for contract alcohol evaluators and language interpreters for the Alcohol and Drug Driving Safety Program, 11.1 FTE for grants and federal funds, and 9.0 FTE to account for contract probation officers. These changes are for accounting purposes only; there are no associated funding changes. In addition, the Demonstration Drug Court Program was made permanent, including its 4.2 FTE that formerly were not accounted for in the Department's appropriation.

*General Fund Changes:* The net increase in the General Fund appropriation includes increases of \$895,000 to restore the Juvenile Intensive Supervision Probation Program, and \$653,000 to partially restore the Adult Intensive Supervision Probation Program. These increases are partially offset by a reduction of \$82,000 as a part of a 0.2 percent personal services base reduction.

*Cash Funds Changes:* The decrease in the cash funds spending authority is due to a reduction of \$25,000 for the Offender Services Program to better reflect anticipated expenditures, and a reduction of \$10,000 as part of a 0.2 percent personal services base reduction.

*Cash Funds Exempt Changes:* The increase to cash funds exempt spending authority includes \$239,000 to restore the Female Offender Program, and \$229,000 to reflect anticipated grant receipts.

*Federal Funds Changes:* The decrease in federal funds is due to an anticipated reduction in grant receipts.

## Public Defender

The Public Defender is responsible for providing legal counsel for criminal defendants whom the courts have found to be indigent and who are facing the possibility of incarceration. The Public Defender maintains 21 regional offices and an appellate division. The Public Defender is appointed by an independent Public Defender Commission. The sources of cash funds are the Offender Services Fund and training fees. The source of cash funds exempt is federal funds appropriated to the Department of Public Safety and transferred to the Public Defender's Office.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$31,815,422	\$76,140	\$64,896	\$0	\$31,956,458	342.9
SB 03-273	(876,676)	0	0	0	(876,676)	0.0
HB 03-1316	(3,056)	0	0	0	(3,056)	0.0
HB 04-1323	<u>184</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>184</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$30,935,874</b>	<b>\$76,140</b>	<b>\$64,896</b>	<b>\$0</b>	<b>\$31,076,910</b>	<b>342.9</b>

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$32,452,353</u>	<u>\$79,140</u>	<u>\$62,167</u>	<u>\$0</u>	<u>\$32,593,660</u>	<u>348.9</u>
<b>TOTAL</b>	<b>\$32,452,353</b>	<b>\$79,140</b>	<b>\$62,167</b>	<b>\$0</b>	<b>\$32,593,660</b>	<b>348.9</b>
<b>Increase/(Decrease)</b>						
	\$1,516,479	\$3,000	(\$2,729)	\$0	\$1,516,750	6.0
<b>Percentage Change</b>						
	4.9%	3.9%	-4.2%	n/a	4.9%	1.8%

FTE Detail	FY 2003-04	FY 2004-05
State Public Defender and Deputies	3.0	3.0
Public Defenders	205.1	211.1
Investigators	62.6	62.6
Paralegals	7.0	7.0
Admin./Support	<u>65.2</u>	<u>65.2</u>
	342.9	348.9

*FTE Changes:* The increase of 6.0 FTE is for additional attorneys due to caseload growth.

*General Fund Changes:* The net increase in General Fund includes the following increases: (1) \$849,000 for salary survey and anniversary increases (none was appropriated in FY 2003-04); (2) \$346,000 to fund six additional attorneys; (3) \$187,000 for the State's contribution to health, life, and dental; (4) \$123,000 for leased space; and (5) \$14,000 for the multiuse network.

*Cash Funds Changes:* The increase in cash funds spending authority is for \$3,000 in operating expenses to better reflect historic receipts paid by private attorneys for training.

*Cash Funds Exempt Changes:* The decrease in cash fund exempt spending authority is due to a \$3,000 decrease in the amount of grants the Public Defender's Office expects to receive (funding is transferred from the Department of Public Safety).

### **Alternate Defense Counsel**

The Office of Alternate Defense Counsel (ADC) is an independent agency that was established by S.B. 96-205. The ADC provides representation for indigent defendants when the Public Defender is precluded from doing so because of a conflict of interest. Private attorneys are appointed by the courts and are hired on a per hour contract basis by the ADC. The Office also contracts with private investigators to assist in the defense of the appointed cases, and the Office is responsible for the payment of expenses for discovery and interpreters in the appointed cases. The Office is governed

by a nine-member advisory commission appointed by the Supreme Court. Cash funds are from fees for training provided by the ADC.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$11,938,766	\$3,000	\$0	\$0	\$11,941,766	3.0
SB 03-273	(7,130)	0	0	0	(7,130)	0.0
HB 03-1316	<u>(34)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(34)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$11,931,602</b>	<b>\$3,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,934,602</b>	<b>3.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$12,440,302</u>	<u>\$3,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$12,443,302</u>	<u>3.0</u>
<b>TOTAL</b>	<b>\$12,440,302</b>	<b>\$3,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,443,302</b>	<b>3.0</b>
<b>Increase/(Decrease)</b>	\$508,700	\$0	\$0	\$0	\$508,700	0.0
Percentage Change	4.3%	0.0%	n/a	n/a	4.3%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Alternate Defense Counsel	1.0	1.0
Admin./Support	<u>2.0</u>	<u>2.0</u>
	3.0	3.0

*General Fund Changes:* The net increase in General Fund includes increases of \$448,500 for conflict of interest contracts and \$46,500 for mandated costs due to an increase in caseload. In addition, there were increases of \$14,000 for salary survey and anniversary increases (none was appropriated in FY 2003-04).

### Office of the Child's Representative

The Office of the Child's Representative (OCR) was created by H.B. 00-1371 and is an independent agency within the Judicial Department. The OCR is responsible for providing legal representation for children involved in the court system due to abuse, neglect, high conflict divorce, or delinquency. In most of the state, legal representation is provided through contract guardians ad-litem (GALs). The OCR has an office in El Paso County that provides guardian ad-litem services through a centralized office rather than through contracted services. The source of cash funds exempt is reserves from the Guardian Ad Litem Fund.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$7,915,332	\$0	\$0	\$0	\$7,915,332	4.0
SB 03-273	(59,765)	0	0	0	(59,765)	0.0
HB 03-1316	(183)	0	0	0	(183)	0.0
HB 04-1323	<u>1,012,330</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,012,330</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$8,867,714</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,867,714</b>	<b>4.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$9,684,015</u>	<u>\$0</u>	<u>\$28,000</u>	<u>\$0</u>	<u>\$9,712,015</u>	<u>4.0</u>
<b>TOTAL</b>	<b>\$9,684,015</b>	<b>\$0</b>	<b>\$28,000</b>	<b>\$0</b>	<b>\$9,712,015</b>	<b>4.0</b>
<b>Increase/(Decrease)</b>	\$816,301	\$0	\$28,000	\$0	\$844,301	0.0
Percentage Change	9.2%	n/a	n/a	n/a	9.5%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Executive Director	1.0	1.0
Admin./Support	<u>3.0</u>	<u>3.0</u>
	4.0	4.0

*General Fund Changes:* The increase in General Fund is primarily due to increases of \$192,000 for caseload growth for the El Paso County Guardian ad Litem Office and \$538,000 for caseload increases in the remainder of the state. Other increases include: (1) \$49,000 for the State's contribution to health, life, and dental; (2) \$33,000 for salary survey and anniversary increases (none was appropriated in FY 2003-04); and (3) \$4,000 for leased space.

*Cash Fund Exempt Changes:* The increase in cash funds exempt is due to a \$28,000 increase for the Training line item.

## Recent Legislation

### 2003 Session Bills

**S.B. 03-76:** Amends Section 42-2-126, C.R.S., to allow an alternative penalty of a one-month license revocation followed by a five-month license suspension (rather than the current penalty of three-month revocation) for a first adult DUI offense; amends Section 42-4-1301, C.R.S., to limit subsequent offenses for alcohol-related traffic offenses to those that occur within ten years after the first offense; and amends Section 18-18-104, C.R.S., to authorize the court to defer sentencing and order participation in a treatment program from a maximum of one year to a maximum of four years for a drug use conviction.

**S.B. 03-186:** Raises civil docket fees by 50 percent. Refinances \$3.4 million in FY 2002-03 General Fund expenditures with cash funds generated by the increased fees. Refinances approximately \$9.3 million General Fund with cash funds in subsequent fiscal years. Creates the Judicial Stabilization Cash Fund to receive the increased revenues.

**S.B. 03-191:** For purposes of augmenting General Fund revenues for FY 2002-03, requires the State Treasurer to transfer a total of \$203,592,024 from various cash funds to the General Fund. With four specified exceptions, requires all of the transfers to occur on the effective date of the act. Requires the State Treasurer to transfer \$10.0 million from the General Fund to the Major Medical Insurance Fund on July 1, 2003. With regard to the Judicial Department, transfers \$1 million from the Alcohol and Drug Driving Safety Program Fund, and transfers \$357,000 from the Law Enforcement Assistance Fund. For a complete list of transfers authorized by the act, see the table beginning on page 93 of the FY 2003-04 Appropriations Report.

**S.B. 03-197:** Reduces personal services by \$13.3 million General Fund by delaying June payroll (FY 2002-03) to July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-206:** Supplemental appropriation to the Judicial Department to modify the appropriation included in the FY 2002-03 Long Bill.

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-271:** Transfers the following amounts to the General Fund: \$240,000 from the Infant Immunization Fund on July 1, 2003; the balance of moneys in the Advanced Technology Fund on June 1, 2003, and at the end of each quarter for FY 2003-04; \$486,613 from the Emergency Response Cash Fund on July 1, 2003; \$700,000 from the Off-Highway Vehicle Recreation Fund on January 1, 2004; \$4.6 million from the operational account of the Severance Tax Trust Fund on June 30, 2004; and the balance of the Victims and Witness Assistance and Law Enforcement Fund on June

30, 2004, but not more than \$1.0 million of unencumbered funds. Increases surcharges levied on criminal and traffic offenses by 30 percent.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-282:** Provides \$500,000 of tobacco moneys to the Judicial Department to provide grants for programs that provide legal services to victims of family violence. For a complete description of this bill, please see the description for SB 03-282 in the Department of Health and Environment.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

**H.B. 03-1378:** Increases the docket fees in criminal actions in all courts of record except for the Court of Appeals, and the Supreme Court. Specifies that the additional revenue shall be deposited into the State Commission on Judicial Performance Cash Fund, created by the bill.

#### **2004 Session Bills**

**H.B. 04-1021:** Lowers the blood alcohol content (BAC) for the offense of driving under the influence of alcohol from 0.10 grams per 100 ml of blood to 0.08 grams per 100 ml in order to qualify for federal highway funding pursuant to federal requirements contained in 23 U.S.C. sec. 163. Allows for "tastings" of alcohol beverages in retail liquor stores and liquor-licensed drugstores, and allows hotel or restaurant customers to reseal and remove from the premises one partially consumed bottle of wine up to 750 milliliters. Appropriates \$8,377 General Fund and 0.2 FTE for the Trial Courts.

**H.B. 04-1256:** Repeals certain restrictions on water supply agreements, resulting in an increase in water court caseload. Appropriates \$10,000 to the Judicial Department from the Water Adjudication Cash Fund. See Recent Legislation for the Department of Natural Resources for more details.

**H.B. 04-1323:** Supplemental appropriations act for FY 2003-04.

**H.B. 04-1422:** General appropriations act for FY 2004-05.

## DEPARTMENT OF LABOR AND EMPLOYMENT

The Department is responsible for: administering state and federal employment and training programs; enforcing state and federal labor laws; operating state regulatory programs for the petroleum industry, school construction and boilers; and administering the workers' compensation program. The Department is comprised of the following divisions: the Executive Director's Office, the Division of Employment and Training, the Division of Labor, the Division of Oil and Public Safety, and the Division of Workers' Compensation. The Department maintains a comprehensive economic database which can be reached at [www.state.co.us](http://www.state.co.us).

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$0	\$0	\$0	\$0
Cash Funds	26,044,542	20,291,281	26,134,315	27,113,582
Cash Funds Exempt	15,868,423	14,387,052	15,252,400	15,797,544
Federal Funds	<u>85,410,945</u>	<u>99,181,709</u>	<u>74,727,828</u>	<u>88,829,627</u>
<b>Total Funds</b>	<b>\$127,323,910</b>	<b>\$133,860,042</b>	<b>\$116,114,543</b>	<b>\$131,740,753</b>
Full Time Equiv. Staff	1,029.9	1,108.0	1,076.4	1,119.8

### **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 include the following:

- ☐ A \$7.6 million increase in reflected federal funds for unemployment insurance programs;
- ☐ A \$5.5 million increase in reflected Workforce Investment Act federal funds available for FY 2004-05;
- ☐ A \$5.0 million reduction in reflected federal funds for welfare-to-work block grants;
- ☐ A \$3.4 million increase in total reflected federal funds for county run one-stop job centers;
- ☐ An increase of \$2.7 million in reflected federal funds and 8.0 associated FTE for administration of the Executive Director's Office;



- ☐ An increase of \$2.0 million split between cash funds, cash funds exempt, and federal funds for salary survey and performance-based pay;
- ☐ An \$800,000 increase in reflected Trade Adjustment Act assistance federal funds;
- ☐ A decrease of \$449,000 in reflected federal funds for Labor Market Information programs; and
- ☐ An increase of \$214,000 cash funds and 6.0 FTE in the Unemployment Insurance Fraud program, to create an Unemployment Benefits Overpayment Collections Unit.

## **General Factors Driving the Budget**

Funding for this department consists of 20.6 percent cash funds, 12.0 percent cash funds exempt, and 67.4 percent federal funds. There is no General Fund appropriation for the Department of Labor. Some of the most important factors driving the budget are reviewed below.

### **Unemployment Insurance**

The provision of unemployment insurance services is a major component of the Department's budget. The State collects unemployment taxes and then deposits them into Colorado's federal Unemployment Insurance Trust Fund, which is maintained by the U.S. government for Colorado. The state of the economy locally and nationally affects the degree to which unemployment insurance services are needed and how high these taxes need to be. The state maintains a fraud investigation unit, as well as collections specialists to recapture all varieties of unemployment insurance benefit overpayments.

	<b>FY 2000-01 Actual</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Estimate</b>	<b>FY 2004-05 Projected</b>
Number of Initial Claims Established	121,397	215,776	264,234	217,268	176,270
Number of New Employer Accounts	25,722	25,737	22,895	24,158	25,581
Number of Appeals Decisions Rendered	15,050	22,940	26,128	20,614	16,724
Percentage of Cases Involving Fraud	1.1%	1.1%	0.8%	1.0%	1.0%

### **Employment and Training**

The Department provides employment and training services including welfare-to-work programs at "one-stop" centers run by either the state or the counties. Under the federal Workforce Investment

Act of 1998, there is a much greater emphasis on working to match employers with employees. This reflects the notion that, while a poor economy increases the number of workers seeking assistance, a strong economy increases the number of employers seeking qualified employees.

<b>Fiscal Year</b>	<b>97-98</b>	<b>98-99</b>	<b>99-00</b>	<b>00-01</b>	<b>01-02</b>	<b>02-03</b>	<b>03-04 est.</b>	<b>04-05 est.</b>
Individuals Served	227,948	209,267	194,905	201,323	210,567	351,982	240,000	240,000
Number Entering Employment	47,304	42,941	42,467	37,404	39,415	30,791	75,000	75,000
Percent Entering Employment	20.8%	20.5%	21.8%	18.6%	18.7%	8.7%	31.3%	31.3%

### **Workers' Compensation/Major Medical and Subsequent Injury**

This program's budget is driven by the number of workers injured in a given year, and the number of hearings requested by an employer/insurance company or an injured employee to determine the benefits provided. The Workers' Compensation program offers claims intervention, mediation, pre-hearing conferences, settlement conferences, and arbitration to assist with claims dispute resolution. Colorado employers are mandated to have workers' compensation insurance. This insurance pays medical expenses for work-related injuries as well as partial wage replacement while the worker recovers. The Division of Workers' Compensation provides various services to support this mandate including customer service, oversight, claims resolution, employer and employee education, and assistance to employers to reduce accident frequency and thus contain costs.

<b>Fiscal Year</b>	<b>00-01</b>	<b>01-02</b>	<b>02-03</b>	<b>03-04 est.</b>	<b>04-05 est.</b>
Applications for Workers' Compensation Hearings	14,011	12,828	12,772	10,500	10,500
Hearings Held	1,287	1,422	1,572	1,035	1,035
Customer Contacts	78,546	75,196	70,964	76,000	76,000
Work Related Accident Cost Reduction (savings)	\$9,612,606	\$12,989,877	\$10,000,000	\$11,000,000	\$11,000,000

The Major Medical Insurance Fund program provides benefits to workers who sustained catastrophic injuries between July 1, 1971 and June 30, 1981. There are expected to be 1,367 of these cases still open as of July 1, 2004. The Subsequent Injury Fund program provides compensation to injured workers who have become permanently, totally disabled by more than one work-related injury. There are expected to be 443 open cases as of July 1, 2004. The Major Medical and Subsequent Injury programs are continuously appropriated.

## Summary of FY 2003-04 and FY 2004-05 Appropriations

### Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Total Appropriation:</b>	<b>\$0</b>	<b>\$26,134,315</b>	<b>\$15,252,400</b>	<b>\$74,727,828</b>	<b>\$116,114,543</b>	<b>1,076.4</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	0	7,104,305	866,837	12,400,725	20,371,867	161.4
Division of Employment and Training	0	6,844,583	653,555	61,773,445	69,271,583	719.9
Division of Labor	0	815,233	0	0	815,233	13.5
Division of Oil and Public Safety	0	2,980,480	306,117	553,658	3,840,255	53.3
Division of Workers' Compensation	0	8,389,714	13,425,891	0	21,815,605	128.3
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-258	0	25,561,464	15,448,665	75,814,714	116,824,843	1,062.9
SB 03-273	0	(400,553)	(228,860)	(1,315,019)	(1,944,432)	0.0
HB 03-1099	0	143,823	0	0	143,823	0.0
HB 03-1316	0	(1,616)	(948)	(5,225)	(7,789)	0.0
HB 03-1347	0	815,233	0	0	815,233	13.5
SB 04-1324	0	15,964	33,543	233,358	282,865	0.0
<b>FY 2004-05 Total Appropriation:</b>						
	<b>\$0</b>	<b>\$27,113,582</b>	<b>\$15,797,544</b>	<b>\$88,829,627</b>	<b>\$131,740,753</b>	<b>1,119.8</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	0	8,008,459	1,472,952	15,091,951	24,573,362	169.4
Division of Employment and Training	0	6,940,354	654,418	73,186,289	80,781,061	755.3
Division of Labor	0	813,602	0	0	813,602	13.5
Division of Oil and Public Safety	0	2,968,253	304,861	551,387	3,824,501	53.3

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
Division of Workers' Compensation	0	8,382,914	13,365,313	0	21,748,227	128.3
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1422	0	27,113,582	15,797,544	88,829,627	131,740,753	1,119.8
<b>Increase/(Decrease)</b>	\$0	\$979,267	\$545,144	\$14,101,799	\$15,626,210	43.4
Percentage Change	n/a	3.7%	3.6%	18.9%	13.5%	4.0%

## **Detail of Appropriation by Administrative Section**

### **Executive Director's Office**

The Executive Director's Office performs departmental administrative functions including public relations, information management, accounting, budgeting, data processing, and personnel management. The Office also administers three programs: (1) the Industrial Claims Appeal Panel, which adjudicates appeals relating to unemployment insurance and workers' compensation issues; (2) the Public Employees' Social Security Program, which administers the federal-state agreement with the U.S. Social Security Administration; and (3) Investigations and Criminal Enforcement, which investigates potential fraud in the Unemployment Insurance and the Workers' Compensation programs.

Cash funds used for administration of the Department's programs are primarily from the Workers' Compensation Cash Fund, the Employment Support Fund, and the Petroleum Storage Tank Fund. Cash funds exempt used for administration are from reserves in the Major Medical Insurance Fund, the Subsequent Injury Fund and reserves in the Petroleum Storage Tank and Unemployment Revenue Funds. Federal funds are used to administer unemployment programs. As the Executive Director's Office administers programs throughout the Department, its funding sources reflect the funding sources for programs in other divisions. For example, an increase in federally funded activity in other divisions will be reflected by an increase in federal funding for the Executive Director's Office.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$7,420,288	\$1,063,102	\$13,487,611	\$21,971,001	161.4
SB 03-273	0	(400,553)	(228,860)	(1,315,019)	(1,944,432)	0.0
HB 03-1316	0	(1,616)	(948)	(5,225)	(7,789)	0.0
HB 04-1324	<u>0</u>	<u>86,186</u>	<u>33,543</u>	<u>233,358</u>	<u>353,087</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$7,104,305</b>	<b>\$866,837</b>	<b>\$12,400,725</b>	<b>\$20,371,867</b>	<b>161.4</b>

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$8,008,459</u>	<u>\$1,472,952</u>	<u>\$15,091,951</u>	<u>\$24,573,362</u>	<u>169.4</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$8,008,459</b>	<b>\$1,472,952</b>	<b>\$15,091,951</b>	<b>\$24,573,362</b>	<b>169.4</b>
<b>Increase/(Decrease)</b>	\$0	\$904,154	\$606,115	\$2,691,226	\$4,201,495	8.0
Percentage Change	n/a	12.7%	69.9%	21.7%	20.6%	5.0%

FTE Detail	FY 2003-04	FY 2004-05
Director's Office	27.4	27.4
Industrial Claims Appeals	9.5	9.5
Information Services	65.5	73.5
Finance	18.0	18.0
Human Resources	11.0	11.0
Investigations/ Criminal Enforcement	7.0	7.0
Budget	6.0	6.0
Facilities	<u>17.0</u>	<u>17.0</u>
	161.4	169.4

*FTE Changes:* The increase of 8.0 FTE is due to an increase in available federal funds. The Department intends to hire information technology support staff and fill other administrative positions.

*All Funds Changes:* The Executive Director's Office is budgeted with bottom-line fund splits based on a cost allocation plan. In the Executive Director's Office, this cost allocation plan accounts for the proportion of demand for centrally appropriated services generated by programs with cash fund, cash fund exempt, and federally funded FTE in the Department.

The net increase in bottom line funds is primarily due to: (1) the restoration of salary survey and performance-based pay appropriations for FY 2004-05, which increase the base appropriation by \$1.3 million for salary survey and \$705,000 for performance-based pay; (2) an increase of \$1.0 million in federal funds for personal services; (3) an increase of \$433,000 for health, life, and dental; (4) an increase of \$255,000 due to moving the appropriation for all statewide indirect cost assessments into

one line under the Executive Director's Office; (5) an increase of \$222,000 for workers' compensation coverage; and (6) an increase of \$177,000 for payments to the computer center.

These increases are partially offset by a decrease of \$28,340 for property and risk management payments.

Within the Executive Director's Office, to comply with federal cost allocation accounting practices, \$406,000 of the base budget is transferred from the Operating Expenses line to the Leased Space line.

## Division of Employment and Training

The Division administers three major program areas: (1) the unemployment insurance program, which is responsible for administering all aspects of unemployment insurance, including benefits, taxes, appeals, and fraud detection; (2) employment and training programs, which provide job placement and related services to job-seeking applicants and employers; and (3) the labor market information section, which tracks and disseminates labor market and economic trend information and statistics.

Cash funds are from the Employment Support Fund, and the Unemployment Revenue Fund, cash funds exempt are from reserves in the Employment Revenue Fund, and federal funds are from Workforce Investment Act grants and other federal grants designated for unemployment programs.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$6,844,583</u>	<u>\$653,555</u>	<u>\$61,773,445</u>	<u>\$69,271,583</u>	<u>719.9</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$6,844,583</b>	<b>\$653,555</b>	<b>\$61,773,445</b>	<b>\$69,271,583</b>	<b>719.9</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$6,940,354</u>	<u>\$654,418</u>	<u>\$73,186,289</u>	<u>\$80,781,061</u>	<u>755.3</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$6,940,354</b>	<b>\$654,418</b>	<b>\$73,186,289</b>	<b>\$80,781,061</b>	<b>755.3</b>
<b>Increase/(Decrease)</b>	\$0	\$95,771	\$863	\$11,412,844	\$11,509,478	35.4
Percentage Change	n/a	1.4%	0.1%	18.5%	16.6%	4.9%

FTE Detail	FY 2003-04	FY 2004-05
<u>Unemployment Insurance</u>		
Administration	4.0	4.0
Tax Collection	138.0	138.0

FTE Detail	FY 2003-04	FY 2004-05
Benefits	227.0	246.2
Appeals	45.0	45.0
Quality Control	14.0	14.0
<u>Unemployment Insurance Fraud</u>		
Criminal Investigators	4.0	4.0
Labor & Employment Specialists	16.0	16.0
Overpayment Collections Unit	0.0	6.0
<u>Employment and Training</u>		
Management	1.5	1.5
Labor and Employment Specialists	132.3	132.4
General Professionals	5.1	10.0
Support Staff / Administrators	4.5	4.5
One Stop County Contracts	36.0	36.0
Workforce Investment Act	40.0	53.5
Welfare to Work Block Grant	5.0	0.0
<u>Labor Market Information</u>		
Total Staff	<u>47.5</u>	<u>44.2</u>
	719.9	755.3

*FTE Changes:* The FY 2004-05 appropriation to the Division of Employment and Training provides for a net increase of 35.4 FTE. Of this amount, 6.0 FTE are attributable to new hires, creating the Unemployment Benefits Overpayment Collections Unit. The reflected increase includes 19.2 FTE for unemployment benefits, and 13.5 FTE for the Workforce Investment Act program represents a more accurate reflection of actual employees in recent years. The Labor Market Information line is decreased by 3.3 FTE to reflect decreased federal funding for this program.

The appropriation also transfers 5.0 FTE to the State Operations line from the deleted Welfare-to-Work Block Grant line, which program is being phased out to reallocate resources to other employment and training programs.

*Cash Funds Changes:* Cash funds are increased by \$214,000 for the implementation of the Unemployment Benefits Overpayment Collections Unit.

This cash funds increase is partially offset by a decrease of \$115,000 for statewide indirect cost recoveries, which have been transferred to the Executive Director's Office.

*Cash Funds Exempt Changes:* A small increase in cash funds exempt is associated with the creation of the new Unemployment Benefits Overpayment Collections Unit.

*Federal Funds Changes:* The FY 2004-05 appropriation of federal funds to the Division of Employment and Training includes the following increases: (1) \$7.6 million to the unemployment benefits program; (2) \$5.5 million to reflect anticipated federal Workforce Investment Act funding; (3) \$2.6 million for workforce development centers; (4) \$805,000 for county-run one-stop job centers; and (5) \$800,000 for Trade Adjustment Act funding.

Federal fund increases in the FY 2004-05 appropriations act are partially offset by: (1) a \$5.0 million decrease for Welfare-to-Work Block Grants, phasing out the program; (2) an anticipated federal funds decrease of \$449,000 for Labor Market Information programs; and (3) a decrease of \$371,000 for statewide indirect costs now accounted for in the Executive Director's Office.

## Division of Labor

Pursuant to H.B. 01-1373, the Division of Labor now consists of a single unit responsible for labor administration and standards. Public safety functions and the responsibilities of the Office of State Inspector of Oils were moved into a new division pursuant to that legislation. The labor administration and standards program ensures compliance with wage, youth employment, and labor practice laws. This division also administers labor relations programs in the public and private sectors.

Cash funds are from the Employment Support Fund.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
HB 03-1347	<u>\$0</u>	<u>\$815,233</u>	<u>\$0</u>	<u>\$0</u>	<u>\$815,233</u>	<u>13.5</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$815,233</b>	<b>\$0</b>	<b>\$0</b>	<b>\$815,233</b>	<b>13.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$813,602</u>	<u>\$0</u>	<u>\$0</u>	<u>\$813,602</u>	<u>13.5</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$813,602</b>	<b>\$0</b>	<b>\$0</b>	<b>\$813,602</b>	<b>13.5</b>
<b>Increase/(Decrease)</b>	\$0	(\$1,631)	\$0	\$0	(\$1,631)	0.0
Percentage Change	n/a	-0.2%	n/a	n/a	-0.2%	0.0%



<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Director	0.5	0.5
Labor Relations	11.0	11.0
Investigations	<u>2.0</u>	<u>2.0</u>
	13.5	13.5

*Cash Funds Changes:* The cash funds appropriation reflects a \$1,631 reduction for the 0.2 percent personal services base reduction.

### **Division of Oil and Public Safety**

The Division of Oil and Public Safety was created pursuant to H.B. 01-1373. This legislation combined the duties of the Office of State Inspector of Oils with the public safety functions of the Division of Labor, and moved those functions from the Division of Labor into a new division.

The public safety unit conducts annual inspections of all boilers and pressure vessels in commercial and multi-unit residential buildings, regulates the distribution and storage of petroleum products, regulates the remediation of contamination caused by leaking underground storage tanks, and enforces statutory requirements pertaining to safety in public schools, carnivals, explosives, and bungee jumping. The Office of the State Oil Inspector is responsible for monitoring and expediting the clean-up of leaking petroleum storage tanks and monitoring the sale and distribution of petroleum products.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$2,836,657	\$306,117	\$553,658	\$3,696,432	53.3
HB 03-1099	<u>0</u>	<u>143,823</u>	<u>0</u>	<u>0</u>	<u>143,823</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,980,480</b>	<b>\$306,117</b>	<b>\$553,658</b>	<b>\$3,840,255</b>	<b>53.3</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$2,968,253</u>	<u>\$304,861</u>	<u>\$551,387</u>	<u>\$3,824,501</u>	<u>53.3</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,968,253</b>	<b>\$304,861</b>	<b>\$551,387</b>	<b>\$3,824,501</b>	<b>53.3</b>
<b>Increase/(Decrease)</b>	\$0	(\$12,227)	(\$1,256)	(\$2,271)	(\$15,754)	0.0
Percentage Change	n/a	-0.4%	-0.4%	-0.4%	-0.4%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Boiler Inspection	13.0	13.0
Public Safety Inspection	2.0	2.0
Oil Inspection	<u>38.3</u>	<u>38.3</u>
	53.3	53.3

*All Funds Changes:* The Division of Oil and Public Safety is budgeted with bottom line funding, proportionally split between cash funds, cash funds exempt, and federal funds for all lines.

The decrease in bottom line funding is due to \$26,000 of statewide indirect cost recoveries now accounted for under the Executive Director's Office and a \$7,000 reduction for the 0.2 percent personal services base reduction. These decreases are partially offset by an increase of \$17,000 in federal funds available for the personal services line.

### **Division of Workers' Compensation**

The Division of Workers' Compensation is responsible for assuring the quick and efficient delivery of disability and medical benefits to injured workers at a reasonable cost to employers. The Division is comprised of five major sections: customer service, dispute resolution, medical cost containment, employer services, and special funds.

The customer service unit provides administrative oversight of injury claims to assure compliance with all benefit and reporting requirements. This unit provides information and technical assistance, and audits insurers' claims handling practices.

The dispute resolution unit provides mediation, arbitration, pre-hearing, and settlement services. These services are designed to resolve frequently contested issues, thus reducing the need for administrative hearings and/or litigation. This unit also coordinates with the Division of Administrative Hearings in the Department of Personnel for those cases requiring an administrative hearing.

The medical cost containment unit oversees several programs including physician accreditation, medical utilization review, medical treatment guidelines, medical fee schedule, and independent medical examinations. These programs are intended to ensure that medical services are provided in a cost-effective manner.

The employer services section administers the self-insurance and premium cost-containment programs, and ensures employer compliance with workers' compensation coverage requirements.

The special funds section administers two large insurance programs. The Major Medical Insurance Fund, which covers workers who sustained catastrophic injuries between July 1971 and June 1981,

has approximately 1,404 open cases. The Subsequent Injury Fund provides compensation to injured workers who have become permanently and completely disabled from more than one industrial injury as well as those workers who are disabled from certain occupational diseases. This fund, which was closed to new incidents in April 1994, has approximately 477 open cases.

The primary sources of cash funds are the Workers' Compensation Cash Fund and the Subsequent Injury and Major Medical Insurance Cash Funds. Cash funds exempt are from reserves in the same funds.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$8,459,936	\$13,425,891	\$0	\$21,885,827	128.3
HB 04-1324	<u>0</u>	<u>(70,222)</u>	<u>0</u>	<u>0</u>	<u>(70,222)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$8,389,714</b>	<b>\$13,425,891</b>	<b>\$0</b>	<b>\$21,815,605</b>	<b>128.3</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$8,382,914</u>	<u>\$13,365,313</u>	<u>\$0</u>	<u>\$21,748,227</u>	<u>128.3</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$8,382,914</b>	<b>\$13,365,313</b>	<b>\$0</b>	<b>\$21,748,227</b>	<b>128.3</b>
<b>Increase/(Decrease)</b>	\$0	(\$6,800)	(\$60,578)	\$0	(\$67,378)	0.0
Percentage Change	n/a	-0.1%	-0.5%	n/a	-0.3%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Customer Service	27.0	27.0
Dispute Resolution	13.0	13.0
Medical Cost Containment	5.0	5.0
Employer Services	15.0	15.0
Administration / Technical Operations	46.3	46.3
Accounting	5.0	5.0
Program Administration	1.0	1.0
Compensation Insurance Specialists	12.0	12.0
Support Staff	<u>4.0</u>	<u>4.0</u>
	128.3	128.3

*Cash Funds Changes:* The decrease in cash funds is due to an \$11,900 personal services base reduction and a \$48,000 reduction in statewide indirect cost recoveries now accounted for under the Executive Director's Office.

These cash funds decreases in the Workers' Compensation program are partially offset by a cash funds increase of \$53,000 for Administrative Law Judge Services.

*Cash Funds Exempt Changes:* The decrease in the cash funds exempt appropriation includes the following decreases in the Major Medical Insurance and Subsequent Injury Fund program: (1) \$56,000 for statewide indirect cost recoveries now accounted for under the Executive Director's Office; and (2) \$2,600 for the 0.2 percent personal services base reduction. A decrease of \$3,000 for indirect cost recoveries in the Workers' Compensation program also contributes to the decrease in the cash funds exempt appropriation.

The cash funds exempt decreases are partially offset by a small increase of \$2,000 for legal costs in the Major Medical and Subsequent Injury program.

## **Recent Legislation**

### **2003 Session Bills**

**S.B. 03-191:** For purposes of augmenting General Fund revenues for FY 2002-03, requires the State Treasurer to transfer funds from various cash funds to the General Fund. With regard to the Department of Labor and Employment, transfers: \$6.0 million from the Workers Compensation Cash Fund to the General Fund; \$5.4 million from the Employment Support Fund to the General Fund; \$20 million from the Subsequent Injury Fund to the General Fund; \$150 million from the Major Medical Fund to the General Fund. For more information, refer to the bill description in the Department of Education.

**S.B. 03-207:** Supplemental appropriations act for FY 2002-03 to modify appropriations included for the Department of Labor in the FY 2002-03 Long Bill.

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-324:** Conforms statutory language concerning the procedure by which the Division of Oil and Public Safety sets the fee that generates revenue to the Petroleum Storage Tank Fund, to current Division practice, by basing the fee on the "available fund balance" rather than "revenues." Also allows moneys in the Fund to be used in place of statewide indirect cost recoveries.

**H.B. 03-1099:** Sets forth the authority of the Director of the Division of Oil and Public Safety to enforce regulations pertaining to the sale, distribution, and storage of liquified petroleum gas. Creates the liquified petroleum gas inspection fund, and appropriates \$143,823 from that fund to the Department of Labor to implement the program.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

**H.B. 03-1347:** Eliminates a sunset provision for Section 8-77-109, C.R.S., which would have prevented the Employment Support Fund from being used to fund the Division of Labor. Makes an appropriation of \$815,233 and 13.5 FTE for the Department of Labor so that the Division of Labor has funding for FY 2003-04.

#### **2004 Session Bills**

**S.B. 04-23:** Defines "wages" for the purpose of the unemployment insurance program to exclude payments made by employers for supplemental unemployment insurance.

**S.B. 04-226:** Directs the Division of Oil and Public Safety to conduct a criminal history check on all applicants for an explosives permit and appropriates \$2,963 to the Colorado Bureau of Investigation for this purpose.

**S.B. 04-249:** Provides a statement of legislative intent regarding liability for workers' compensation between contracting business entities.

**H.B. 04-1068:** Alters rights and liability for costs between parties to a subornation claim in a workers' compensation case.

**H.B. 04-1090:** Addresses the liability of independent construction contractors to provide workers' compensation coverage for all employees.

**H.B. 04-1324:** Authorizes supplemental appropriations for the Department of Labor and Employment FY 2003-04 budget. Adjusts common policy expenditures in the Executive Director's Office and decreases the expenditure for administrative law judge services in the Division of Workers' Compensation. Also includes a FY 2002-03 add-on to extend spending authority for the Reed Act Distribution to One-Stop Employment Centers.

**H.B. 04-1422:** General appropriations act for FY 2004-05.

## DEPARTMENT OF LAW

The Attorney General's Office serves as the chief legal counsel for the State's various agencies and departments. The Department represents the State in criminal appeals; in legal actions before the Colorado Supreme Court, the State Court of Appeals, and federal courts; and in other circumstances as required by law. The Department is comprised of the following divisions: Administration, Legal Services to State Agencies, Criminal Justice and Appellate, Water and Natural Resources, Consumer Protection, and Special Purpose.

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Appropriation</b>	<b>FY 2004-05 Appropriation</b>
General Fund	\$9,489,623	\$8,411,421	\$6,543,957	\$6,856,156
Cash Funds	1,115,355	1,045,817	2,413,554	3,222,094
Cash Funds Exempt	21,287,083	22,209,880	23,754,809	23,745,588
Federal Funds	<u>743,649</u>	<u>757,764</u>	<u>800,790</u>	<u>823,591</u>
<b>Total Funds</b>	<b>\$32,635,710</b>	<b>\$32,424,882</b>	<b>\$33,513,110</b>	<b>\$34,647,429</b>
Full Time Equiv. Staff	324.2	319.6	335.7	337.3

### **FY 2004-05 Budget Changes**

Significant changes to the Department's appropriations for FY 2004-05 versus FY 2003-04 include:

- ☐ An increase of \$514,000 across all funding sources for salary survey for both classified and exempt employees;
- ☐ An increase of \$286,000 across all funding sources for performance-based pay awards for both classified and exempt employees;
- ☐ An increase of \$200,000 cash and cash funds exempt for information technology asset maintenance to purchase courtroom presentation technology and the replacement of critical systems; and
- ☐ An increase of \$100,000 cash funds exempt spending authority for the Litigation Management and Technology Fund, which allows the Department to address unanticipated legal issues and implement certain information technology projects as approved by the General Assembly.

## General Factors Driving the Budget

In FY 2004-05, funding for this department consists of 19.8 percent General Fund, 9.3 percent cash funds, 68.5 percent cash funds exempt, and 2.4 percent federal funds.

### **Legal Services to State Agencies**

In FY 2004-05, the provision of legal services to state agencies will cost roughly \$18.7 million (including centrally appropriated line items) and represents 54.0 percent of the Department of Law's budget. As shown below, seven departments account for 78.0 percent of the total legal services used by state agencies in FY 2004-05. These amounts include centrally appropriated line items that are not reflected in the Legal Services to State Agencies section.

#### **Legal Services by State Agency**

	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp.</b>	<b>FY 04-05 Approp.</b>
Regulatory Agencies	\$4,452,017	\$4,867,117	\$4,968,961	\$5,031,406	\$5,219,104
Natural Resources	2,072,094	2,134,532	2,335,788	2,281,510	2,258,757
Personnel	226,649	2,142,488	2,110,462	2,145,402	2,172,928
Public Health & Environment	1,503,409	1,541,077	1,500,262	1,686,193	1,698,840
Corrections	987,124	1,086,653	1,074,785	1,083,703	1,091,451
Human Services	1,041,762	1,183,866	1,172,977	1,085,215	1,135,289
Transportation	915,668	916,724	994,594	998,902	1,011,719
Other	<u>3,130,867</u>	<u>3,817,360</u>	<u>4,091,756</u>	<u>3,972,111</u>	<u>4,116,126</u>
Total	\$14,329,590	\$17,689,817	\$18,249,585	\$18,284,442	\$18,704,214

### **Criminal Justice and Appellate**

The bulk of this division's FTE and funding are comprised of the Special Prosecutions Unit, which primarily handles cases related to insurance, securities and workers compensation fraud; and the Appellate Unit, which represents the State in the civil and criminal appeals process. Criminal Justice and Appellate represents nearly 45.4 percent of the Department's total General Fund appropriation for FY 2004-05.

### **Water and Natural Resources**

This division is comprised of the Federal and Interstate Water Unit and moneys appropriated to represent the State in specific water rights litigation such as the Arkansas River compact. Lawsuits and remediation contracts related to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) also represent a significant portion of the Long Bill appropriation made to this division.

## Summary of FY 2003-04 and FY 2004-05 Appropriations

### Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Total Appropriation:</b>	<b>\$6,543,957</b>	<b>\$2,413,554</b>	<b>\$23,754,809</b>	<b>\$800,790</b>	<b>\$33,513,110</b>	<b>335.7</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	864,580	24,814	3,675,963	38,934	4,604,291	37.7
Legal Services to State Agencies	0	520,000	16,676,120	0	17,196,120	194.2
Criminal Justice and Appellate	3,175,237	1,284,998	731,472	761,856	5,953,563	65.0
Water and Natural Resources	525,019	0	1,154,294	0	1,679,313	9.8
Consumer Protection	680,232	583,742	1,091,960	0	2,355,934	29.0
Special Purpose	1,298,889	0	425,000	0	1,723,889	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-45	0	0	10,000	0	10,000	0.0
SB 03-50	0	0	119,600	0	119,600	0.0
SB 03-103	0	937,592	0	0	937,592	2.0
SB 03-258	7,251,317	1,480,187	23,424,375	821,516	32,977,395	332.6
SB 03-273	(225,788)	(4,799)	(503,715)	(22,191)	(756,493)	0.0
SB 03-278	0	0	12,158	0	12,158	0.1
SB 03-280	(503,258)	0	503,258	0	0	0.0
SB 03-297	0	0	10,945	0	10,945	0.0
HB 03-1316	(863)	(16)	(1,779)	(51)	(2,709)	0.0
HB 03-1318	0	0	75,000	0	75,000	0.7
HB 03-1356	0	0	26,910	0	26,910	0.3
HB 04-1325	22,549	590	78,057	1,516	102,712	0.0
<b>FY 2004-05 Total Appropriation:</b>	<b>\$6,856,156</b>	<b>\$3,222,094</b>	<b>\$23,745,588</b>	<b>\$823,591</b>	<b>\$34,647,429</b>	<b>337.3</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	1,112,253	217,148	4,412,085	64,505	5,805,991	38.7
Legal Services to State Agencies	0	520,000	16,265,745	0	16,785,745	194.8
Criminal Justice and Appellate	3,110,262	1,400,782	675,273	759,086	5,945,403	65.0



	GF	CF	CFE	FF	Total	FTE
Water and Natural Resources	613,989	0	1,019,004	0	1,632,993	9.8
Consumer Protection	677,664	1,084,164	582,281	0	2,344,109	29.0
Special Purpose	1,341,988	0	791,200	0	2,133,188	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-176	0	0	3,040	0	3,040	0.0
SB 04-225	0	0	8,511	0	8,511	0.0
SB 04-257	0	0	5,471	0	5,471	0.0
HB 04-1309	0	0	1,500	0	1,500	0.0
HB 04-1362	0	0	5,000	0	5,000	0.0
HB 04-1422	6,856,156	3,222,094	23,722,066	823,591	34,623,907	337.3
<b>Increase/(Decrease)</b>	\$312,199	\$808,540	(\$9,221)	\$22,801	\$1,134,319	1.6
Percentage Change	4.8%	33.5%	0.0%	2.8%	3.4%	0.5%

## **Detail of Appropriation by Division**

### **Administration**

This division covers overhead costs for the entire Department as well as personal services and operating costs for the following centralized functions: the Attorney General's staff, human resources, accounting/budgeting, information technology services, and text management. Cash funds and cash funds exempt sources consist of indirect cost recoveries used to offset general administrative expenses associated with various Department programs. Federal fund dollars represent centralized appropriations for the Medicaid Fraud Control Unit.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$1,094,003	\$29,039	\$4,079,104	\$57,914	\$5,260,060	37.7
SB 03-273	(225,788)	(4,799)	(503,715)	(22,191)	(756,493)	0.0
SB 03-280	(25,902)	0	25,902	0	0	0.0
HB 03-1316	(863)	(16)	(1,779)	(51)	(2,709)	0.0
HB 04-1325	<u>23,130</u>	<u>590</u>	<u>76,451</u>	<u>3,262</u>	<u>103,433</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$864,580</b>	<b>\$24,814</b>	<b>\$3,675,963</b>	<b>\$38,934</b>	<b>\$4,604,291</b>	<b>37.7</b>

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$1,112,253</u>	<u>\$217,148</u>	<u>\$4,412,085</u>	<u>\$64,505</u>	<u>\$5,805,991</u>	<u>38.7</u>
<b>TOTAL</b>	<b>\$1,112,253</b>	<b>\$217,148</b>	<b>\$4,412,085</b>	<b>\$64,505</b>	<b>\$5,805,991</b>	<b>38.7</b>
<b>Increase/(Decrease)</b>	\$247,673	\$192,334	\$736,122	\$25,571	\$1,201,700	1.0
Percentage Change	28.6%	775.1%	20.0%	65.7%	26.1%	2.7%

FTE Detail	FY 2003-04	FY 2004-05
Office of the Attorney General	8.0	8.0
Human Resources	2.5	2.5
Fiscal and Accounting	5.5	5.5
Information Services Unit	11.7	12.7
Text Management	7.0	7.0
Administrative	<u>3.0</u>	<u>3.0</u>
	37.7	38.7

*FTE Changes:* The increase of 1.0 FTE is related to the implementation of a decision item to purchase and administer courtroom presentation technology.

*General Fund Changes:* The increase to the appropriation includes \$151,000 for salary survey; \$77,000 for performance-based pay awards; and \$30,000 for health, life and dental. These amounts are minimally offset by \$12,000 of operating expenses refinanced with indirect cost recoveries.

*Cash Funds Changes:* The appropriation reflects the following increases: (1) \$54,000 for capitol complex leased space; (2) \$47,000 related to health, life and dental; (3) \$36,000 for information technology asset maintenance; (4) \$27,000 for salary survey; (5) \$15,000 for performance-based pay awards; (6) \$5,000 for administrative law judges; (7) \$5,000 for the purchase of central computer services; and (8) \$4,000 for workers' compensation.

*Cash Funds Exempt Changes:* The appropriation includes the following increases: (1) \$323,000 for salary survey; (2) \$186,000 for performance-based pay awards; (3) \$164,000 for information technology asset maintenance; (4) \$46,000 for a new FTE as previously described; and (5) \$22,000 for health, life and dental. These amounts are partially offset by a decrease of \$8,000 for capitol complex leased space costs.

*Federal Funds Changes:* The federal funds appropriation includes increases for salary survey and performance-based pay awards.

## Legal Services to State Agencies

This division receives appropriations for attorneys, paralegals, and other support personnel who provide legal services to state agencies as well as to other state enterprises such as the Public Employees Retirement Association, Correctional Industries, the State Lottery, the Colorado Student Obligation Bonding Authority, and the Auraria Higher Education Center. Under the Oregon Plan, legal services are provided on a fee-for-service basis. In FY 2004-05, the Department anticipates providing 303,763 hours of legal services to state agencies and enterprises through the Legal Services to State Agencies program at a blended legal rate of \$61.57 per hour. This is a 1.3 percent increase over the blended legal rate of \$60.79 per hour in FY 2003-04. The Division's cash funds appropriation represents moneys earned through the provision of legal services to state enterprises, while the cash funds exempt appropriation reflects revenue earned from various state agencies.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-45	\$0	\$0	\$10,000	\$0	\$10,000	0.0
SB 03-50	0	0	119,600	0	119,600	0.0
SB 03-258	0	520,000	16,203,701	0	16,723,701	193.1
SB 03-278	0	0	12,158	0	12,158	0.1
SB 03-297	0	0	10,945	0	10,945	0.0
HB 03-1318	0	0	75,000	0	75,000	0.7
HB 03-1356	0	0	26,910	0	26,910	0.3
HB 04-1325	<u>0</u>	<u>0</u>	<u>217,806</u>	<u>0</u>	<u>217,806</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$520,000</b>	<b>\$16,676,120</b>	<b>\$0</b>	<b>\$17,196,120</b>	<b>194.2</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-176	\$0	\$0	\$3,040	\$0	\$3,040	0.0
SB 04-225	0	0	8,511	0	8,511	0.0
SB 04-257	0	0	5,471	0	5,471	0.0
HB 04-1309	0	0	1,500	0	1,500	0.0
HB 04-1362	0	0	5,000	0	5,000	0.0
HB 04-1422	<u>0</u>	<u>520,000</u>	<u>16,242,223</u>	<u>0</u>	<u>16,762,223</u>	<u>194.8</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$520,000</b>	<b>\$16,265,745</b>	<b>\$0</b>	<b>\$16,785,745</b>	<b>194.8</b>
<b>Increase/(Decrease)</b>	\$0	\$0	(\$410,375)	\$0	(\$410,375)	0.6
Percentage Change	n/a	0.0%	-2.5%	n/a	-2.4%	0.3%

FTE Detail	FY 2003-04	FY 2004-05
Attorneys	141.5	142.4
Paralegals	30.7	30.4
Support Staff	<u>22.0</u>	<u>22.0</u>
	194.2	194.8

*FTE Changes:* The increase of 0.6 FTE reflects additional legal services hours provided to state agencies in FY 2004-05.

*Cash Funds Exempt Changes:* The cash funds exempt appropriation reflects the elimination of \$255,000 for special bills in FY 2003-04 and \$180,000 related to the Department's FY 2003-04 supplemental to provide additional legal services to the Governor's Office and the Department of the Treasury. These decreases are partially offset by an increase of \$24,000 related to various special bills for FY 2004-05.

## **Criminal Justice and Appellate**

The Criminal Justice and Appellate section consists of the following programs:

- **Special Prosecution Unit** - Investigates and prosecutes various legal issues including securities, insurance, and workers' compensation fraud; gang-related criminal activity; election fraud; misappropriation of state funds; and environmental crimes. This unit also coordinates the activities of the state's grand jury and works with the Mexican government to prosecute fugitives under Article IV of the Mexican penal code.
- **Appellate Unit** - Defends Colorado in state and federal appellate courts related to prosecution and defense of convictions for homicide, assault, sexual assault, kidnaping, drug-related crimes, crimes against children, and other felonies.
- **Medicaid Fraud Control Unit** - Investigates and prosecutes criminal fraud against the Medicaid program as well as patient abuse at Medicaid-funded facilities in Colorado.
- **Capital Crimes Unit** - Provides assistance to local district attorneys in reviewing, investigating, and prosecuting death penalty cases. In addition, this unit participates in defending death penalty cases on appeal in both state and federal courts.
- **Peace Officers Standards and Training (P.O.S.T.) Board** - Responsible for the training and certification of peace officers appointed by state and local law enforcement agencies.
- **Victims' Assistance** - Provides case status and trial schedules as well as explanations and liaison services to victims of specific crimes.

Cash funds in this section are primarily generated from training fees paid by peace officers as well as the 25 cent vehicle registration fee authorized by S.B. 03-103. Cash funds exempt are from the Department of Regulatory Agencies for the prosecution of securities and insurance fraud. The section also receives federal moneys to operate the Medicaid Fraud Control Unit.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-103	\$0	\$937,592	\$0	\$0	\$937,592	2.0
SB 03-258	3,175,818	347,406	731,472	763,602	5,018,298	63.0
HB 04-1325	<u>(581)</u>	<u>0</u>	<u>0</u>	<u>(1,746)</u>	<u>(2,327)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,175,237</b>	<b>\$1,284,998</b>	<b>\$731,472</b>	<b>\$761,856</b>	<b>\$5,953,563</b>	<b>65.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$3,110,262</u>	<u>\$1,400,782</u>	<u>\$675,273</u>	<u>\$759,086</u>	<u>\$5,945,403</u>	<u>65.0</u>
<b>TOTAL</b>	<b>\$3,110,262</b>	<b>\$1,400,782</b>	<b>\$675,273</b>	<b>\$759,086</b>	<b>\$5,945,403</b>	<b>65.0</b>
<b>Increase/(Decrease)</b>	<b>(\$64,975)</b>	<b>\$115,784</b>	<b>(\$56,199)</b>	<b>(\$2,770)</b>	<b>(\$8,160)</b>	<b>0.0</b>
Percentage Change	-2.0%	9.0%	-7.7%	-0.4%	-0.1%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Special Prosecutions Unit	17.0	17.0
Appellate Unit	26.0	26.0
Medicaid Fraud Control Unit	11.0	11.0
Capital Crimes Prosecution Unit	4.0	4.0
POST Board	6.0	6.0
Victims' Assistance	<u>1.0</u>	<u>1.0</u>
	65.0	65.0

*General Fund Changes:* The appropriation reflects the elimination of \$57,000 for the Peace Officers Standards and Training (P.O.S.T.) Board, and \$8,000 related to personal services base reductions.

*Cash Fund Changes:* The appropriation reflects an increase of \$61,000 for indirect cost recoveries, and the addition of \$55,000 for the P.O.S.T. Board.

*Cash Funds Exempt Changes:* The appropriation reflects the elimination of fund reserves from the P.O.S.T. Board appropriation.

*Federal Funds Changes:* The federal funds appropriation remains essentially unchanged from that of the prior fiscal year.

## Water and Natural Resources

The Water and Natural Resources Division includes the following two programs:

- **Federal and Interstate Water Unit** - Provides legal counsel and representation for cases related to federal water rights, compliance with federal regulatory programs, and interstate water allocation agreements such as the Arkansas River compact. Appropriations for this division include payments to private attorneys and consultants assisting the State in water rights litigation.
- **CERCLA Litigation Unit** - Leads enforcement actions at sites contaminated with hazardous substances under the federal Comprehensive Environmental Response, Compensation, and Liability Act.

Cash funds exempt in this section are from site-specific subaccounts in the Hazardous Substance Response Fund as well as the transfer of revenue earned under the provisions of S.B. 03-280, which is scheduled to sunset at the end of FY 2005-06.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$1,002,375	\$0	\$676,938	\$0	\$1,679,313	9.8
SB 03-280	<u>(477,356)</u>	<u>0</u>	<u>477,356</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$525,019</b>	<b>\$0</b>	<b>\$1,154,294</b>	<b>\$0</b>	<b>\$1,679,313</b>	<b>9.8</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$613,989</u>	<u>\$0</u>	<u>\$1,019,004</u>	<u>\$0</u>	<u>\$1,632,993</u>	<u>9.8</u>
<b>TOTAL</b>	<b>\$613,989</b>	<b>\$0</b>	<b>\$1,019,004</b>	<b>\$0</b>	<b>\$1,632,993</b>	<b>9.8</b>
<b>Increase/(Decrease)</b>	\$88,970	\$0	(\$135,290)	\$0	(\$46,320)	0.0
Percentage Change	16.9%	n/a	-11.7%	n/a	-2.8%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Federal and Interstate Water Unit	5.0	5.0
Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) Litigation Unit	<u>4.8</u>	<u>4.8</u>
	9.8	9.8

*General Fund Changes:* The appropriation includes an increase of \$100,000 for the CERCLA program due to a revenue shortfall in the Hazardous Substance Response Fund. This increase is partially offset by a \$10,000 decrease for consultant expenses.

*Cash Funds Exempt Changes:* The appropriation includes a decrease of \$112,000 to reflect a revenue shortfall in the Hazardous Substance Response Fund as well as a reduction of \$60,000 for the Arkansas and Republican River lawsuits. These amounts are partially offset by an increase of \$36,000 for indirect cost recoveries.

## Consumer Protection

The Consumer Protection section includes the following programs:

- **Antitrust Program** - Investigates and prosecutes antitrust violations including price fixing, bid rigging, and attempts to monopolize a market or industry.
- **Consumer Protection Program** - Investigates and prosecutes deceptive or fraudulent trade and advertising practices. This staff also administers bonding programs involving telephone solicitors, health clubs, automobile repossessioners, and manufactured home sales as well as responding to consumer complaints.
- **Collection Agency Board** - Enforces Colorado's Fair Debt Collection Practices Act, which regulates collection agencies. This board also seeks to protect the rights of lending businesses and the consumers who owe them money.
- **Uniform Consumer Credit Code** - Protects the rights of consumers who borrow money, which includes setting fair limits on interest rates, ensuring creditors are adequately disclosing all costs associated with credit, and protecting consumers from deceptive and fraudulent 'credit repair' businesses and 'rent-to-own' practices.

Cash funds in this section include fees paid by non-depository lenders, collection agencies, and debt collectors. Additional cash funds are from the Building Regulation Fund to enforce the registration and bonding of persons selling manufactured homes. Cash funds exempt are from the Defense Account of the Tobacco Litigation Settlement Cash Fund, and custodial funds awarded to the Department for consumer protection purposes.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$680,232	\$583,742	\$1,066,960	\$0	\$2,330,934	29.0
HB 04-1325	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>0</u>	<u>25,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$680,232</b>	<b>\$583,742</b>	<b>\$1,091,960</b>	<b>\$0</b>	<b>\$2,355,934</b>	<b>29.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$677,664</u>	<u>\$1,084,164</u>	<u>\$582,281</u>	<u>\$0</u>	<u>\$2,344,109</u>	<u>29.0</u>
<b>TOTAL</b>	<b>\$677,664</b>	<b>\$1,084,164</b>	<b>\$582,281</b>	<b>\$0</b>	<b>\$2,344,109</b>	<b>29.0</b>
<b>Increase/(Decrease)</b>	(\$2,568)	\$500,422	(\$509,679)	\$0	(\$11,825)	0.0
Percentage Change	-0.4%	85.7%	-46.7%	n/a	-0.5%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Consumer Protection and Anti-Trust	16.0	16.0
Collection Agency Board	3.5	3.5
Uniform Consumer Credit Code	<u>9.5</u>	<u>9.5</u>
	29.0	29.0

*General Fund Changes:* The General Fund appropriation is essentially unchanged from that of the prior fiscal year.

*Cash Funds and Cash Funds Exempt Changes:* These appropriations reflect a shift from fund reserves to fee revenue in both the Collection Agency Board and the Uniform Consumer Credit Code programs. Sources from cash funds have increased, while moneys from cash funds exempt have decreased.

### Special Purpose

This section contains the 'pass-through' appropriation for the twenty-two district attorneys' salaries across Colorado, as well as separate line item funding for large lawsuits. The FY 2004-05 appropriation continues to include the Trinidad Correctional Facility Construction Litigation as well as a new line item for statewide Health Insurance Portability and Accountability Act (HIPAA) compliance.



The Litigation Management Fund, which was reinstated in FY 2003-04, has been renamed the Litigation Management and Technology Fund. Additionally, the spending authority for this line item has been increased to \$325,000 cash funds exempt for FY 2004-05. This fund enables the Department to address unanticipated legal issues and to implement specific information technology projects as approved by the General Assembly. The expanded purpose of this fund is accompanied by a footnote that requires the Department to inform the Joint Budget Committee about how moneys from this fund have been spent. Cash funds exempt are General Fund dollars transferred from the Department of Corrections for the Trinidad Correctional Facility Construction Litigation as well as surplus revenue earned in the Legal Services to State Agencies program for supporting the Litigation Management and Technology Fund.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$1,298,889	\$0	\$666,200	\$0	\$1,965,089	0.0
HB 04-1325	<u>0</u>	<u>0</u>	<u>(241,200)</u>	<u>0</u>	<u>(241,200)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,298,889</b>	<b>\$0</b>	<b>\$425,000</b>	<b>\$0</b>	<b>\$1,723,889</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$1,341,988</u>	<u>\$0</u>	<u>\$791,200</u>	<u>\$0</u>	<u>\$2,133,188</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,341,988</b>	<b>\$0</b>	<b>\$791,200</b>	<b>\$0</b>	<b>\$2,133,188</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$43,099	\$0	\$366,200	\$0	\$409,299	0.0
Percentage Change	3.3%	n/a	86.2%	n/a	23.7%	n/a

*General Fund Changes:* The increased appropriation reflects the creation of a line item for statewide legal services hours to ensure compliance with the provisions of the Health Insurance Portability and Accountability Act (HIPAA).

*Cash Funds Exempt Changes:* The appropriation reflects the restoration of \$266,000 for the Trinidad Correctional Facility Construction Litigation and an increase of \$100,000 in spending authority for the Litigation Management and Technology Fund.

## Recent Legislation

### 2003 Session Bills

**S.B. 03-45:** Appropriates \$10,000 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Natural Resources.

**S.B. 03-50:** Appropriates \$119,600 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Regulatory Agencies.

**S.B. 03-103:** Institutes a 25 cent fee related to the registration of certain classes of vehicles to provide additional funding for the purposes of the Peace Officers Standards and Training (P.O.S.T.) Board. Appropriates \$937,592 cash funds and 2.0 FTE to the P.O.S.T. Board in the Criminal Justice and Appellate division.

**S.B. 03-197:** Reduces personal services by \$448,012 General Fund in the Department of Law, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-208:** Supplemental appropriation to the FY 2002-03 Long Bill for the Department of Law.

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-278:** Appropriates \$12,158 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Natural Resources.

**S.B. 03-280:** Authorizes a two-cent fee increase per cubic yard for commercial vehicles utilizing solid waste disposal facilities through July 1, 2006, to offset the General Fund moneys related to litigation expenses in the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

**S.B. 03-297:** Appropriates \$10,945 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Agriculture.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the corresponding bill description in the Department of Personnel and Administration.

**H.B. 03-1318:** Appropriates \$75,000 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Natural Resources.

**H.B. 03-1356:** Appropriates \$26,910 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of State.

#### **2004 Session Bills**

**S.B. 04-176:** Appropriates \$3,040 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Local Affairs.

**S.B. 04-225:** Appropriates \$8,511 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Natural Resources.

**S.B. 04-257:** Appropriates \$5,471 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Personnel.

**H.B. 04-1309:** Appropriates \$1,500 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Transportation.

**H.B. 04-1325:** Supplemental appropriation to the FY 2003-04 Long Bill for the Department of Law.

**H.B. 04-1362:** Appropriates \$5,000 cash funds exempt to the Department of Law for the provision of legal services. For more information, refer to the corresponding bill description in the Department of Education.

**H.B. 04-1422:** General appropriations act for FY 2004-05.

## LEGISLATIVE BRANCH

The Legislative Branch includes the elected officials of the House of Representatives and the Senate and the necessary staff to support them in their duties and responsibilities. The staff includes those assigned to both the House and the Senate; the State Auditor's Office; the Joint Budget Committee; the Legislative Council; the Office of Legislative Legal Services; and the Colorado Reapportionment Commission. The service agency staffs are full-time nonpartisan professionals, while a majority of the House and Senate staff serve only when the General Assembly is in session.

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$27,952,979	\$26,808,192	\$27,063,281	\$28,541,104
Cash Funds	90,000	82,410	188,743	90,000
Cash Funds Exempt	1,399,704	928,051	1,335,757	760,127
Federal Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Funds</b>	<b>\$29,442,683</b>	<b>\$27,818,653</b>	<b>\$28,587,781</b>	<b>\$29,391,231</b>
Full Time Equiv. Staff	272.8	272.8	272.8	273.2

### **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 include the following:

- ☐ An increase of \$1.3 million General Fund for personnel-related expenses including salary increases, health, life, and dental increases, and workers' compensation increases;
- ☐ An increase of \$162,000 General Fund for increased capitol complex rates;
- ☐ An increase of \$50,000 General Fund for expenses associated with the property tax study required by Section 39-1-104 (16), C.R.S.;
- ☐ A decrease of \$416,000 cash funds exempt due to lower funds anticipated for a State Auditor's Office evaluation of the Works Program in the Department of Human Services; and
- ☐ A decrease of \$169,000 cash funds exempt due to the elimination of moneys transferred to Legislative Council from the Department of Education to fund the school cost-of-living study that the Legislative Council is required to perform every two years.

## General Factors Driving the Budget

Funding for this department consists of 97.1 percent General Fund, 0.3 percent cash funds, and 2.6 percent cash funds exempt. Some of the most important factors driving the budget are reviewed below.

### Special Studies or Functions

The appropriation for the majority of the functions and activities for the Legislature are contained in a separate legislative appropriation bill. This separate appropriation funds the staff and operating expenses for: (1) the House of Representatives and the Senate; (2) the Legislative Council; (3) the State Auditor's Office; (4) the Joint Budget Committee; and (5) the Office of Legislative Legal Services. Typically, the legislative appropriation bill provides funding for the 120-day regular session, staffing of four interim committees, and up to 20 days of a special session. Outside of staff or salary increases, funding for special studies or functions account for the factors driving the budget.

	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Actual</b>	<b>FY 04-05 Approp.</b>
Property Tax Study	\$804,350	\$792,000	\$684,453	\$622,000	\$700,000
Ballot Analysis	399,121	1,501,333	475,027	1,795,000	492,322
Reapportionment Commission	334,547	602,792	0	0	0

## Summary of FY 2003-04 and FY 2004-05 Appropriations

### Total Department Appropriations

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Total Appropriation:</b>	<b>\$27,063,281</b>	<b>\$188,743</b>	<b>\$1,335,757</b>	<b>\$0</b>	<b>\$28,587,781</b>	<b>272.8</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
General Assembly	10,737,955	90,000	0	0	10,827,955	73.2
State Auditor	5,412,639	98,743	1,153,757	0	6,665,139	73.0
Joint Budget Committee	1,183,340	0	0	0	1,183,340	16.0
Legislative Council	5,255,901	0	182,000	0	5,437,901	54.6
Committee on Legal Services	4,473,446	0	0	0	4,473,446	56.0

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-19	0	98,743	0	0	98,743	0.0
SB 03-248	0	0	182,000	0	182,000	0.0
SB 03-258	2,132,486	0	0	0	2,132,486	0.0
SB 03-305	24,837,949	90,000	1,153,757	0	26,081,706	272.8
HB 04-1326	92,846	0	0	0	92,846	0.0
HB 04-1369	0	0	0	0	0	0.0
<b>FY 2004-05 Total Appropriation:</b>						
	<b>\$28,541,104</b>	<b>\$90,000</b>	<b>\$760,127</b>	<b>\$0</b>	<b>\$29,391,231</b>	<b>273.2</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
General Assembly	11,590,734	90,000	2,862	0	11,683,596	73.2
State Auditor	5,775,332	0	737,701	0	6,513,033	73.0
Joint Budget Committee	1,256,007	0	0	0	1,256,007	16.0
Legislative Council	5,508,231	0	13,429	0	5,521,660	54.9
Committee on Legal Services	4,410,800	0	6,135	0	4,416,935	56.1
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-37	0	0	21,826	0	21,826	0.4
SB 04-144	0	0	100,000	0	100,000	0.0
HB 04-1277	0	0	600	0	600	0.0
HB 04-1369	26,182,897	90,000	637,701	0	26,910,598	272.8
HB 04-1422	2,358,207	0	0	0	2,358,207	0.0
<b>Increase/(Decrease)</b>	<b>\$1,477,823</b>	<b>(\$98,743)</b>	<b>(\$575,630)</b>	<b>\$0</b>	<b>\$803,450</b>	<b>0.4</b>
Percentage Change	5.5%	-52.3%	-43.1%	n/a	2.8%	0.1%

## **Detail of Appropriation by Administrative Section**

### **General Assembly**

Comprised of 35 members in the Senate and 65 members in the House of Representatives, the General Assembly meets annually beginning in early January and, per the Colorado Constitution, must

adjourn within 120 days. The Colorado Constitution vests all legislative power in the General Assembly, except those powers specifically reserved by the people.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$990,164	\$0	\$0	\$0	\$990,164	0.0
SB 03-305	9,946,070	90,000	0	0	10,036,070	73.2
HB 04-1326	92,846	0	0	0	92,846	0.0
HB 04-1369	<u>(291,125)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(291,125)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$10,737,955</b>	<b>\$90,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,827,955</b>	<b>73.2</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-37	\$0	\$0	\$2,862	\$0	\$2,862	0.0
HB 04-1369	10,424,849	90,000	0	0	10,514,849	73.2
HB 04-1422	<u>1,165,885</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,165,885</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$11,590,734</b>	<b>\$90,000</b>	<b>\$2,862</b>	<b>\$0</b>	<b>\$11,683,596</b>	<b>73.2</b>
<b>Increase/(Decrease)</b>	\$852,779	\$0	\$2,862	\$0	\$855,641	0.0
Percentage Change	7.9%	0.0%	n/a	n/a	7.9%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
House Staff	36.0	36.0
Senate Staff	30.2	30.2
Legislative Information Services	<u>7.0</u>	<u>7.0</u>
	73.2	73.2

*General Fund Changes:* The General Fund appropriation includes increases due to the elimination of a one-time General Fund reduction associated with a negative supplemental in FY 2003-04, workers' compensation insurance increases, capitol complex leased space payment increases, health, life, and dental increases, and salary increases.

*Cash Funds Exempt Changes:* The increase in cash funds exempt is from the appropriation in S.B. 04-37 for the oversight committee and staff associated with the task force on the Examination and Treatment of Persons with Mental Illness in the Criminal Justice System. The source of the cash

funds exempt is gifts, grants and donations to the Examination of the Treatment of Persons with Mental Illness in the Criminal Justice System Cash Fund.

## State Auditor

The duties of the State Auditor are to conduct post audits of all financial transactions and accounts of all state departments, institutions, and agencies of the executive, legislative, and judicial branches; conduct performance post audits; and prepare summary audit reports and recommendations concerning each agency. Legislative oversight is provided by the Legislative Audit Committee, which is comprised of four senators, two from each major political party, and four representatives, two from each major political party.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-19	\$0	\$98,743	\$0	\$0	\$98,743	0.0
SB 03-305	5,459,219	0	1,153,757	0	6,612,976	73.0
HB 04-1369	<u>(46,580)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(46,580)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$5,412,639</b>	<b>\$98,743</b>	<b>\$1,153,757</b>	<b>\$0</b>	<b>\$6,665,139</b>	<b>73.0</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-144	\$0	\$0	\$100,000	\$0	\$100,000	0.0
HB 04-1369	<u>5,775,332</u>	<u>0</u>	<u>637,701</u>	<u>0</u>	<u>6,413,033</u>	<u>73.0</u>
<b>TOTAL</b>	<b>\$5,775,332</b>	<b>\$0</b>	<b>\$737,701</b>	<b>\$0</b>	<b>\$6,513,033</b>	<b>73.0</b>
<b>Increase/(Decrease)</b>	\$362,693	(\$98,743)	(\$416,056)	\$0	(\$152,106)	0.0
Percentage Change	6.7%	-100.0%	-36.1%	n/a	-2.3%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Audit Staff	66.0	66.0
Support Staff	<u>7.0</u>	<u>7.0</u>
	73.0	73.0

*General Fund Changes:* The overall General Fund increase is due to the elimination of a one-time General Fund reduction associated with a negative supplemental in FY 2003-04, salary increases, and health, life, and dental increases.



*Cash Funds Changes:* The cash fund reduction is the result of designating funds associated with audit of the programs supported with tobacco moneys as cash fund exempt rather than cash funds.

*Cash Funds Exempt Changes:* The overall cash funds exempt decrease is due to lower funds received for an evaluation of the Works Program in the Department of Human Services.

## Joint Budget Committee

The Joint Budget Committee is the permanent fiscal and budget review agency of the General Assembly. The six-member committee is comprised of three members from the House and three members from the Senate. The Committee, through its staff, is responsible for analyzing the programs, management, operations, and fiscal needs of state agencies. After holding budget hearings with all state departments and agencies, the Committee and its staff prepare the annual appropriations bill. The staff is also responsible for providing support for both the House and Senate Appropriations Committees.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-305	\$1,190,793	\$0	\$0	\$0	\$1,190,793	16.0
HB 04-1369	<u>(7,453)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(7,453)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,183,340</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,183,340</b>	<b>16.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1369	<u>\$1,256,007</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,256,007</u>	<u>16.0</u>
<b>TOTAL</b>	<b>\$1,256,007</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,256,007</b>	<b>16.0</b>
<b>Increase/(Decrease)</b>	\$72,667	\$0	\$0	\$0	\$72,667	0.0
Percentage Change	6.1%	n/a	n/a	n/a	6.1%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Analysts	14.0	14.0
Support Staff	<u>2.0</u>	<u>2.0</u>
	16.0	16.0

*General Fund Changes:* The overall General Fund increase is due to salary increases, health, life, and dental increases, and the elimination of a one-time General Fund reduction associated with a negative supplemental in FY 2003-04.

## Legislative Council

The Legislative Council is comprised of 18 legislators, nine from the House and nine from the Senate. The staff of the Council provides fact-finding and information-collecting services for all members of the General Assembly. In addition, the staff provides support for all standing committees except Appropriations, and for most interim committees. The staff maintains a reference library for all legislators and staff, and the Council contracts for special studies as needed. The state capitol building tour guide coordinator is an employee of the Council. The Council staff is also responsible for preparing fiscal notes on new legislation and for providing revenue estimates.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-248	\$0	\$0	\$182,000	\$0	\$182,000	0.0
SB 03-258	1,142,322	0	0	0	1,142,322	0.0
SB 03-305	4,121,032	0	0	0	4,121,032	54.6
HB 04-1369	<u>(7,453)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(7,453)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$5,255,901</b>	<b>\$0</b>	<b>\$182,000</b>	<b>\$0</b>	<b>\$5,437,901</b>	<b>54.6</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-37	\$0	\$0	\$12,829	\$0	\$12,829	0.3
HB 04-1277	0	0	600	0	600	0.0
HB 04-1369	4,315,909	0	0	0	4,315,909	54.6
HB 04-1422	<u>1,192,322</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,192,322</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$5,508,231</b>	<b>\$0</b>	<b>\$13,429</b>	<b>\$0</b>	<b>\$5,521,660</b>	<b>54.9</b>
<b>Increase/(Decrease)</b>	\$252,330	\$0	(\$168,571)	\$0	\$83,759	0.3
Percentage Change	4.8%	n/a	-92.6%	n/a	1.5%	0.5%

FTE Detail	FY 2003-04	FY 2004-05
Administration	4.0	4.0
Economics and Forecasting	5.5	5.5
Fiscal Notes	9.0	9.0
Policy Research and Committee Staff	24.5	24.8

FTE Detail	FY 2003-04	FY 2004-05
Support Staff	<u>11.6</u>	<u>11.6</u>
	54.6	54.9

*FTE Changes:* The increase of 0.3 FTE is due to an appropriation from S.B. 04-37 for staff support and per diem for the oversight committee for the task force on the Examination and Treatment of Persons with Mental Illness in the Criminal Justice System.

*General Fund Changes:* The overall General Fund increase is due to salary increases, health, life, and dental increases, an increase associated with the required property tax study, and the elimination of a one-time General Fund reduction associated with a negative supplemental in FY 2003-04.

*Cash Funds Exempt Changes:* The decrease in cash funds exempt is the result of elimination of moneys transferred from the Department of Education to fund the school cost-of-living-study that the Legislative Council is required to perform every two years. Partially offsetting the decrease is an increase from the appropriation in S.B. 04-37 for the oversight committee and staff associated with the task force on the Examination and Treatment of Persons with Mental Illness in the Criminal Justice System. The source of the cash funds exempt is gifts, grants and donations to the Examination of the Treatment of Persons with Mental Illness in the Criminal Justice System Cash Fund.

### **Committee on Legal Services**

The Committee on Legal Services consists of ten members, five from the House of Representatives and five from the Senate. It provides legislative oversight to the Office of Legislative Legal Services and coordinates litigation involving the General Assembly.

The Office of Legislative Legal Services drafts and prepares bills, resolutions, amendments, conference committee reports, and digests of enacted bills. The Office also reviews rules promulgated by executive agencies to determine whether they are within the powers delegated to the agency; performs legal research; aids in legal representation of the General Assembly; participates in the review of and comments on the titles given to initiated measures; and assists in staffing interim committees.

The Office is also responsible for compiling, editing, arranging and preparing for publication all of the laws of the State of Colorado, and for assisting in publication and distribution of portions of the statutes in accordance with Section 2-5-118, C.R.S. Annually, the Office prepares the session laws and supplements to the statutes as necessary. The staff of the Committee on Legal Services also prepares the index and case law annotations for the Colorado Revised Statutes.

The Colorado Commission of Uniform State Laws, comprised of seven members who are attorneys-at-law in Colorado (three of whom are state legislators) represent Colorado at the National

Conference of Commissioners on Uniform State Laws. The purpose of the conference is to promote uniformity of state laws on all subjects where uniformity is deemed desirable and practical.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-305	\$4,120,835	\$0	\$0	\$0	\$4,120,835	56.0
HB 04-1369	<u>352,611</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>352,611</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,473,446</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,473,446</b>	<b>56.0</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-37	\$0	\$0	\$6,135	\$0	\$6,135	0.1
HB 04-1369	<u>4,410,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,410,800</u>	<u>56.0</u>
<b>TOTAL</b>	<b>\$4,410,800</b>	<b>\$0</b>	<b>\$6,135</b>	<b>\$0</b>	<b>\$4,416,935</b>	<b>56.1</b>
<b>Increase/(Decrease)</b>	<b>(\$62,646)</b>	<b>\$0</b>	<b>\$6,135</b>	<b>\$0</b>	<b>(\$56,511)</b>	<b>0.1</b>
<b>Percentage Change</b>	<b>-1.4%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-1.3%</b>	<b>0.2%</b>

FTE Detail	FY 2003-04	FY 2004-05
Administration	4.8	4.8
Attorneys	26.0	26.1
Legislative Assistants	<u>25.2</u>	<u>25.2</u>
	56.0	56.1

*FTE Changes:* The increase of 0.1 FTE is due to an appropriation from S.B. 04-37 for staff support and per diem for the oversight committee for the task force on the Examination and Treatment of Persons with Mental Illness in the Criminal Justice System.

*General Fund Changes:* The General Fund appropriation decrease is primarily due to elimination of a one-time General Fund increase associated with a positive supplemental in FY 2003-04 to fund defense of lawsuits to which the General Assembly is a party. This General Fund decrease was partially offset by increases associated with salary increases and health, life and dental increases.

*Cash Funds Exempt Changes:* The increase in cash funds exempt is from the appropriation in S.B. 04-37 for the oversight committee and staff associated with the task force on the Examination and Treatment of Persons with Mental Illness in the Criminal Justice System. The source of the cash funds exempt is gifts, grants and donations to the Examination of the Treatment of Persons with Mental Illness in the Criminal Justice System Cash Fund.

## Recent Legislation

### 2003 Session Bills

**S.B. 03-19:** Authorizes the State Auditor's Office to conduct a performance audit of the programs funded with tobacco moneys. For a full explanation of the bill refer to the bill description in the Department of Public Health and Environment.

**S.B. 03-197:** Reduces personal services by \$1,522,871 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-222:** Requires that for state fiscal years commencing on or after July 1, 2003, the state General Fund surplus must be determined based upon the accrual system of accounting and repeals a statutory provision that required the state to reserve the lessor of the total amount of General Fund revenues in excess of the amount needed to fund General Fund obligations for the current fiscal year, or \$25.0 million, in order to collect enough funds to eventually resume the use of accrual accounting. This bill is similar in nature to H.B. 03-1238.

**S.B. 03-248:** 2003 School Finance Act. Provides \$182,000 cash funds exempt spending authority to the Legislative Council to complete a school cost-of-living study. For a full explanation of the bill refer to the bill description in the Department of Education.

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-305:** Separate legislative appropriation bill for FY 2003-04.

**H.B. 03-1328:** Requires that for state fiscal years commencing on or after July 1, 2003, the state General Fund surplus must be determined based upon the accrual system of accounting and repeals a statutory provision that required the state to reserve the lessor of the total amount of General Fund revenues in excess of the amount needed to fund General Fund obligations for the current fiscal year, or \$25.0 million, in order to collect enough funds to eventually resume the use of accrual accounting. This bill is similar in nature to S.B. 03-222.

### 2004 Session Bills

**S.B. 04-37:** Creates a 6-member legislative oversight committee and a 29-member task force for the continuing examination of the treatment of persons with mental illness who are involved in the criminal justice and juvenile justice systems through July 1, 2010. Establishes the Examination of the Treatment of Persons with Mental Illness in the Criminal Justice System Cash Fund (comprised of gifts, grants and donations). Appropriates \$21,826 cash funds exempt spending authority to the Legislative Branch for staff assistance to the task force.

**S.B. 04-144:** Requires the State Auditor to conduct a review of up to three school districts to identify administrative savings that may be realized through implementation of best practices in organization, service delivery, and several non-instructional expenditures. Allows school districts to participate in the efficiency reviews on a voluntary basis. Requires the State Auditor's Office to submit its findings, conclusions, and recommendations to participating school districts and to members of the Legislative Audit Committee and the Education Committees by August 31, 2005. Authorizes the State Auditor's Office to accept gifts, grants, or donations for the purpose of conducting the reviews and authorizes the Office to spend up to \$100,000 in donations received and credited to the School District Pilot Efficiency Review Fund for such purpose. Repeals the language added by the bill September 1, 2005, or January 1, 2005, in the event that no donations are received to implement the act.

**H.B. 04-1098:** Clarifies that custodial moneys do not include moneys granted by the federal government to the state for the support of state government services of the type for which expenditures are made in the most recently approved Long Bill, including, but not limited to, federal relief payments under the federal "Jobs and Growth Tax Relief Reconciliation Act of 2003". Requires this type of federal moneys to be credited and paid to the General Fund, unless otherwise provided by law, and subjects the moneys to annual appropriation. Specifies that the act shall not cause federal relief payments received by the state prior to the effective date of the act to be credited or transferred to the General Fund.

**H.B. 04-1277:** Continues the Child Care Commission (renamed the Early Childhood and School Readiness Commission) through June 30, 2006. Modifies the membership and duties of the Commission. Authorizes the Department to receive gifts, grants, and donations for the Commission, and requires that moneys received be credited to the Early Childhood and School Readiness Cash Fund. Appropriates \$26,100 cash funds exempt to the Department of Human Services to cover the costs of contract staff assistance and to provide reimbursement for non-legislative members of the Commission, as well as \$600 cash funds exempt to the Legislative Department for FY 2004-05 to provide reimbursement for Commission members who are members of the General Assembly.

**H.B. 04-1326:** Supplemental legislative appropriation bill for FY 2003-04.

**H.B. 04-1369:** Separate legislative appropriation bill for FY 2004-05 that also included legislative supplemental appropriations for FY 2003-04.

**H.B. 04-1422:** General appropriations act for FY 2004-05.

## DEPARTMENT OF LOCAL AFFAIRS

The Department is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. Major divisions include the Executive Director's Office, Property Taxation, the Division of Housing, and the Division of Local Government.

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$10,529,992	\$7,228,211	\$4,755,544	\$4,916,082
Cash Funds	21,259,717	25,232,766	25,100,161	25,439,159
Cash Funds Exempt	64,818,932	71,453,457	101,519,458	99,289,589
Federal Funds	<u>47,919,607</u>	<u>57,099,667</u>	<u>48,742,407</u>	<u>48,392,667</u>
<b>Total Funds</b>	<b>\$144,528,248</b>	<b>\$161,014,101</b>	<b>\$180,117,570</b>	<b>\$178,037,497</b>
Full Time Equiv. Staff	169.3	167.6	172.1	175.1

### **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 are highlighted below. Appropriations for FY 2004-05:

- ☐ Add 1.0 FTE to administer the Conservation Trust Fund;
- ☐ Add 1.5 FTE to reflect additional federal funds to administer workforce improvement grants and housing programs;
- ☐ Refinance with federal funds 1.0 FTE assigned to housing programs and currently funded with General Fund and mineral and energy impact funds; and
- ☐ Reflect projected changes in statutorily dedicated cash revenues and federal funds, including:
  - ✓ a \$1.2 million increase in federal Community Development Block Grant funds administered by the Department;
  - ✓ a \$1.0 million increase in expenditures from the Disaster Emergency Response Fund;
  - ✓ an \$890,000 increase in federal Section 8 rental assistance vouchers;

- ✓ a \$184,000 increase in federal Community Services Block Grant funds administered by the Department;
- ✓ a \$3.7 million decrease in estimated Conservation Trust Fund Disbursements from the estimate at this point in time last year;
- ✓ a \$1.9 million decrease in federal affordable housing construction grants and loans;
- ✓ a \$561,000 decrease in federal disaster emergency response funds; and
- ✓ an \$88,000 decrease in estimated Local Government Limited Gaming Impact Grants from the estimate at this point in time last year.

## General Factors Driving the Budget

Funding for this department consists of 2.8 percent General Fund, 14.3 percent cash funds, 55.7 percent cash funds exempt, and 27.2 percent federal funds.

### Dedicated Funding Sources

The Department of Local Affairs is responsible for a number of programs with dedicated cash and cash exempt revenue sources. The largest of these include: the Conservation Trust Fund (a portion of state lottery proceeds distributed to local entities on a formula basis for parks and open space purposes); Local Government Mineral and Energy Impact grants (a portion of the state severance tax as well as federal mineral royalties distributed to local governments affected by mineral extraction activities); Limited Gaming grants (a portion of limited gaming tax revenues distributed on a competitive basis to communities impacted by gaming activities); and Waste Tire Recycling, Reuse and Removal grants (a portion of waste tire fees distributed on a competitive basis to assist with conservation efforts). Program expenditures fluctuate with changes in the revenue earned from these various dedicated funding sources. The table below summarizes recent actual revenues and estimates supplied by the Department. In FY 2001-02 and FY 2002-03, a portion of waste tire funds were diverted to the General Fund. In FY 2003-04, all of the Department's share of limited gaming funds was diverted to the General Fund, but then it was paid back pursuant to S.B. 03-274 when revenue from the tax amnesty program was higher than expected.

	<b>FY 99-00 Actual</b>	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Estimate</b>	<b>FY 04-05 Estimate</b>
Conservation Trust Fund	\$35,790,712	\$31,716,837	\$44,016,237	\$41,911,625	\$48,000,000	\$49,000,000
Severance Tax & Mineral Impact	33,816,047	46,267,614	46,472,606	29,869,837	39,269,000	35,300,000



	<b>FY 99-00 Actual</b>	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Estimate</b>	<b>FY 04-05 Estimate</b>
Limited Gaming	4,126,019	4,630,112	4,933,292	5,920,694	6,187,718	6,100,000
Waste Tire Fund	2,450,018	2,159,288	1,475,496	786,117	2,680,978	3,358,334

### **Federal Funds**

Federally-funded programs make up 27.2 percent of the Department of Local Affairs' FY 2004-05 appropriation. These programs generally have no state match, and funding is provided at the discretion of federal authorities. Major on-going federal grants are summarized in the table below.

	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Estimate</b>	<b>FY 04-05 Estimate</b>
Housing and Urban Development (HUD) affordable housing development	\$11,094,020	\$10,844,528	\$7,981,035	\$9,573,934	\$9,671,808
HUD Section 8 rental assistance	8,631,081	13,306,317	15,144,626	15,820,248	15,429,040
HUD Emergency Shelter Program	942,345	929,042	892,170	962,000	962,000
HUD Community Development Block Grants (CDBG) economic development and infrastructure	8,038,116	8,980,140	10,968,689	8,569,717	8,974,687
Health and Human Services (HHS) Community Services Block Grants	4,509,297	5,007,390	5,973,077	5,712,855	5,999,423
Federal Emergency Management Agency	16,919,159	8,368,967	15,684,746	5,231,889	5,974,539

### **Summary of FY 2003-04 and FY 2004-05 Appropriations**

#### **Total Department Appropriations**

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Total Appropriation:</b>	<b>\$4,755,544</b>	<b>\$25,100,161</b>	<b>\$101,519,458</b>	<b>\$48,742,407</b>	<b>\$180,117,570</b>	<b>172.1</b>

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	1,543,792	70,960	1,063,138	953,271	3,631,161	18.0
Property Taxation	1,714,542	635,300	902,263	0	3,252,105	53.5
Division of Housing	184,504	957,753	332,184	27,161,565	28,636,006	27.9
Division of Local Government	1,312,706	23,436,148	99,221,873	20,627,571	144,598,298	72.7
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-258	5,713,935	24,050,340	101,136,707	48,806,705	179,707,687	172.1
SB 03-261	(706,300)	706,300	0	0	0	0.0
SB 03-273	(226,460)	(11,919)	(17,079)	(55,465)	(310,923)	0.0
SB 03-274	0	0	(5,790,000)	0	(5,790,000)	0.0
HB 03-1316	(1,221)	(69)	(83)	(283)	(1,656)	0.0
HB 03-1329	0	355,978	0	0	355,978	0.0
HB 04-1327	(24,410)	(469)	6,189,913	(8,550)	6,156,484	0.0
<hr/>						
<b>FY 2004-05 Total Appropriation:</b>	<b>\$4,916,082</b>	<b>\$25,439,159</b>	<b>\$99,289,589</b>	<b>\$48,392,667</b>	<b>\$178,037,497</b>	<b>175.1</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	991,265	128,430	1,867,466	730,883	3,718,044	19.0
Property Taxation	1,758,890	634,029	804,931	0	3,197,850	53.5
Division of Housing	415,222	909,873	152,324	26,282,612	27,760,031	28.4
Division of Local Government	1,750,705	23,766,827	96,464,868	21,379,172	143,361,572	74.2
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-176	(39,162)	0	89,163	0	50,001	1.0
HB04-1422	4,955,244	25,439,159	99,200,426	48,392,667	177,987,496	174.1
<hr/>						
<b>Increase/(Decrease)</b>	<b>\$160,538</b>	<b>\$338,998</b>	<b>(\$2,229,869)</b>	<b>(\$349,740)</b>	<b>(\$2,080,073)</b>	<b>3.0</b>
Percentage Change	3.4%	1.4%	-2.2%	-0.7%	-1.2%	1.7%

## **Detail of Appropriation by Administrative Section**

### **Executive Director's Office**

This division is responsible for the management and administration of the Department, including accounting, budgeting, and human resources. The appropriation to this office includes centrally-appropriated funds which are further distributed to the various divisions. The Division also conducts several miscellaneous functions statutorily assigned to the Department, including administration of the Moffat Tunnel Improvement District and support of the federal Workforce Development Council. Cash funds, cash funds exempt, and federal funds appropriations consist of direct and indirect cost recoveries used to cover the general administrative costs associated with cash, cash exempt, and federal programs within the Department. Funding in this division also consists of cash funds and cash funds exempt spending from lease revenues generated from the operation of the Moffat Tunnel, as well as from the cash funds exempt transfer of federal funds from other agencies to support the Workforce Development Council.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$1,795,883	\$83,417	\$1,080,400	\$1,017,569	\$3,977,269	18.0
SB 03-273	(226,460)	(11,919)	(17,079)	(55,465)	(310,923)	0.0
HB 03-1316	(1,221)	(69)	(83)	(283)	(1,656)	0.0
HB 04-1327	<u>(24,410)</u>	<u>(469)</u>	<u>(100)</u>	<u>(8,550)</u>	<u>(33,529)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,543,792</b>	<b>\$70,960</b>	<b>\$1,063,138</b>	<b>\$953,271</b>	<b>\$3,631,161</b>	<b>18.0</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-176	(\$2,016)	\$0	\$5,056	\$0	\$3,040	0.0
HB 04-1422	<u>993,281</u>	<u>128,430</u>	<u>1,862,410</u>	<u>730,883</u>	<u>3,715,004</u>	<u>19.0</u>
<b>TOTAL</b>	<b>\$991,265</b>	<b>\$128,430</b>	<b>\$1,867,466</b>	<b>\$730,883</b>	<b>\$3,718,044</b>	<b>19.0</b>
<b>Increase/(Decrease)</b>	<b>(\$552,527)</b>	<b>\$57,470</b>	<b>\$804,328</b>	<b>(\$222,388)</b>	<b>\$86,883</b>	<b>1.0</b>
Percentage Change	-35.8%	81.0%	75.7%	-23.3%	2.4%	5.6%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Executive Director's Staff and Help Desk Staff	4.0	4.0
Accounting / Budgeting	8.0	8.0
Human Resources	2.0	2.0

FTE Detail	FY 2003-04	FY 2004-05
Workforce Development Council	<u>4.0</u>	<u>5.0</u>
	18.0	19.0

*FTE Changes:* The increase of 1.0 FTE reflects additional federally funded staff to administer workforce improvement grants.

*General Fund Changes:* The decrease in General Fund is primarily attributable to consolidation in the Executive Director's Office all of the indirect cost recoveries allocated in the Department to offset the need for General Fund. This action has no statewide impact as each division in the Department where indirect cost recoveries were previously allocated has a corresponding increase in General Fund expenditures. Small miscellaneous changes in centrally appropriated items also contribute to the dollar change.

*Cash Funds Changes:* The increase in cash funds is attributable to small miscellaneous changes in centrally appropriated items.

*Cash Funds Exempt Changes:* The increase in cash funds exempt is primarily due to consolidating in the Executive Director's Office all of the indirect cost recoveries allocated in the Department to offset the need for General Fund. Also contributing to the dollar change is a \$26,000 increase in information technology asset maintenance paid for with mineral and energy impact funds, a \$146,000 increase for salary increases and health benefits, and small miscellaneous changes in centrally appropriated items.

*Federal Fund Changes:* The decrease in federal funds is attributable to an anticipated \$300,000 reduction in Workforce Improvement Grants, partially offset by the net impact of small miscellaneous changes in centrally appropriated items.

## **Property Taxation**

This division supervises property tax collection by local governments to ensure property tax laws are administered consistently and fairly throughout the State. This includes training county assessors, calculating property tax for certain multi-county companies such as utilities, pipelines, and railroads, as well as determining eligibility for property tax exemptions. The Division includes the Board of Assessment Appeals, which is responsible for hearing appeals of decisions by county boards of equalization, county boards of commissioners, and the State Property Tax Administrator on the valuation of real and personal property, property tax abatements, and property tax exemptions.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$2,349,842	\$0	\$902,263	\$0	\$3,252,105	53.5
SB 03-261	<u>(635,300)</u>	<u>635,300</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,714,542</b>	<b>\$635,300</b>	<b>\$902,263</b>	<b>\$0</b>	<b>\$3,252,105</b>	<b>53.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$1,758,890</u>	<u>\$634,029</u>	<u>\$804,931</u>	<u>\$0</u>	<u>\$3,197,850</u>	<u>53.5</u>
<b>TOTAL</b>	<b>\$1,758,890</b>	<b>\$634,029</b>	<b>\$804,931</b>	<b>\$0</b>	<b>\$3,197,850</b>	<b>53.5</b>
<b>Increase/(Decrease)</b>	\$44,348	(\$1,271)	(\$97,332)	\$0	(\$54,255)	0.0
Percentage Change	2.6%	-0.2%	-10.8%	n/a	-1.7%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Board of Assessment Appeals	15.0	15.0
Property Taxation	<u>38.5</u>	<u>38.5</u>
	53.5	53.5

*General Fund Changes:* The increase in General Fund and most of the decrease in Cash Funds Exempt is attributable to consolidating in the Executive Director's Office all of the indirect cost recoveries allocated in the Department to offset the need for General Fund.

*Cash Funds Exempt Changes:* The decrease in cash funds exempt is attributable to consolidating in the Executive Director's Office all of the indirect cost recoveries allocated in the Department to offset the need for General Fund, and a decrease in the indirect cost assessment against this division.

## Division of Housing

The mission of the Division of Housing (DOH) is to ensure that Coloradans live in safe, decent, and affordable housing. The Division provides financial and technical assistance to help communities meet their goal of providing affordable housing to low-income, elderly, and disabled people. Financial assistance programs include state and federal grants, loans, loan guarantees, and other means to provide incentives for the construction, acquisition, and rehabilitation of affordable housing. The Division also develops and updates various studies on the availability and affordability of housing in Colorado. Finally, DOH regulates the manufacture of factory-built residential and commercial buildings.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$255,504	\$886,753	\$329,889	\$27,161,565	\$28,633,711	27.9
SB 03-261	(71,000)	71,000	0	0	0	0.0
HB 04-1327	<u>0</u>	<u>0</u>	<u>2,295</u>	<u>0</u>	<u>2,295</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$184,504</b>	<b>\$957,753</b>	<b>\$332,184</b>	<b>\$27,161,565</b>	<b>\$28,636,006</b>	<b>27.9</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$415,222</u>	<u>\$909,873</u>	<u>\$152,324</u>	<u>\$26,282,612</u>	<u>\$27,760,031</u>	<u>28.4</u>
<b>TOTAL</b>	<b>\$415,222</b>	<b>\$909,873</b>	<b>\$152,324</b>	<b>\$26,282,612</b>	<b>\$27,760,031</b>	<b>28.4</b>
<b>Increase/(Decrease)</b>	\$230,718	(\$47,880)	(\$179,860)	(\$878,953)	(\$875,975)	0.5
Percentage Change	125.0%	-5.0%	-54.1%	-3.2%	-3.1%	1.8%

FTE Detail	FY 2003-04	FY 2004-05
Director	1.0	1.0
Housing Programs	18.0	18.5
Manufactured Building Regulation	<u>8.9</u>	<u>8.9</u>
	27.9	28.4

*FTE Changes:* The change in FTE is attributable to an anticipated increase of 0.5 FTE to administer federally funded housing programs. The appropriation also reflects refinancing 1.0 FTE previously funded with General Fund and mineral and energy impact funds using federal funds.

*General Fund Changes:* The General Fund increase represents the net impact of: 1) a \$100,000 increase for Colorado Affordable Housing Construction Grants and Loans; 2) a \$171,000 increase to compensate for consolidating in the Executive Director's Office all of the indirect cost recovery allocations; and 3) a \$39,000 decrease for refinancing 1.0 FTE housing program staff with federal funds.

*Cash Funds Changes:* The cash funds change to the appropriation is primarily attributable to a decrease in the indirect cost assessment against this division.

*Cash Funds Exempt Changes:* The cash funds exempt decrease is primarily attributable to consolidating in the Executive Director's Office all of the indirect cost recovery allocations. Also contributing to the change is a \$13,000 decrease for refinancing 1.0 FTE with federal funds.

*Federal Funds Changes:* The decrease in federal funds is primarily due to a projected \$1.9 million decrease in federal affordable housing construction grants and loans, partially offset by an anticipated \$890,000 increase in Section 8 rental assistance vouchers administered by the Department, and \$79,000 for the increases in federally funded FTE described above.

## **Division of Local Government**

This division includes programs to assist local governments in identifying and responding to financial issues, problem-solving, administrative, and leadership development needs. To provide this assistance to local governments, the Division of Local Government operates eight field offices. Specific programs operated by the Division include: (a) training and technical assistance for local governments on such issues as budget review, property tax limitations, the Taxpayers Bill of Rights (TABOR), water and sewer financing, election rules, purchasing, and land use planning; (b) providing demographic and economic information, statistics, and analysis to public and private organizations; (c) administration of the local government funding and technical assistance programs, including the Community Services Block Grant program, the Local Utility Management Assistance program, Conservation Trust Fund disbursements, waste tire recycling grants, and the Non-rated Public Securities program; and (d) provision of technical and financial assistance, through the Division of Emergency Management (formerly the Office of Emergency Management), to support communities in preparing for, responding to, recovering from, and mitigating the effect of emergencies.

Cash funds in this division include: (1) local severance tax revenues; (2) revenues generated by the \$0.75 waste tire recycling development fee imposed pursuant to Section 25-17-202 (1) (a) (II), C.R.S.; (3) revenues from the various Search and Rescue surcharges on various outdoor licenses, registrations, and tickets; (4) moneys from the Water Resources and Power Development Authority for the Local Utility Management Assistance program; and (5) miscellaneous revenues generated from product sales and fees charged for participation in training seminars conducted by the Department.

Cash funds exempt consist primarily of: (1) moneys distributed from the Local Government Mineral Impact Fund; (2) grants made from reserves in the Local Government Severance Tax Fund; (3) grants made from the Limited Gaming Fund; (4) indirect cost on federal grants used to offset divisional overhead; and (5) spending of reserves in the Waste Tire Recycling Development Cash Fund.

Federal funds in this section include the Community Development Block Grant, the Community Services Block Grant, and various emergency preparedness, response, recovery, and mitigation grants administered through the state Division of Emergency Management.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$1,312,706	\$23,080,170	\$98,824,155	\$20,627,571	\$143,844,602	72.7
SB 03-274	0	0	(5,790,000)	0	(5,790,000)	0.0

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
HB 03-1329	0	355,978	0	0	355,978	0.0
HB 04-1327	<u>0</u>	<u>0</u>	<u>6,187,718</u>	<u>0</u>	<u>6,187,718</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,312,706</b>	<b>\$23,436,148</b>	<b>\$99,221,873</b>	<b>\$20,627,571</b>	<b>\$144,598,298</b>	<b>72.7</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-176	(\$37,146)	\$0	\$84,107	\$0	\$46,961	1.0
HB 04-1422	<u>1,787,851</u>	<u>23,766,827</u>	<u>96,380,761</u>	<u>21,379,172</u>	<u>143,314,611</u>	<u>73.2</u>
<b>TOTAL</b>	<b>\$1,750,705</b>	<b>\$23,766,827</b>	<b>\$96,464,868</b>	<b>\$21,379,172</b>	<b>\$143,361,572</b>	<b>74.2</b>
<b>Increase/(Decrease)</b>	\$437,999	\$330,679	(\$2,757,005)	\$751,601	(\$1,236,726)	1.5
Percentage Change	33.4%	1.4%	-2.8%	3.6%	-0.9%	2.1%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Local Government and Community Services	24.1	25.6
Field Services	25.6	25.6
Office of Emergency Management	<u>23.0</u>	<u>23.0</u>
	72.7	74.2

*FTE Changes:* The increase in FTE reflects an additional 1.0 FTE to administer the Conservation Trust Fund pursuant to S.B. 04-176, and 0.5 FTE for a federal grant from the Environmental Protection Agency.

*General Fund Changes:* The General Fund increase compensates for the reduction of indirect cost recovery allocations which offset General Fund in the division.

*Cash Funds Changes:* The cash funds increase is due to a projected increase in waste tire funds for recycling, reuse, and removal grants.

*Cash Funds Exempt Changes:* The cash funds exempt decrease is primarily attributable to: 1) a \$3,700,000 decrease in estimated Conservation Trust Fund Disbursements; 2) an \$88,000 decrease in estimated Local Government Limited Gaming Impact Grants; and 3) a \$478,000 decrease due to consolidating in the Executive Director's Office all of the indirect cost recovery allocations. These decreases are partially offset by an \$1,001,000 increase in expenditures from the Disaster Emergency Response Fund for reimbursements to local responders for disasters that occurred in prior years.



*Federal Funds Changes:* The federal funds increase reflects the following anticipated changes: 1) a \$1,173,000 increase in Community Development Block Grant funds administered by the Department; 2) a \$184,000 increase in Community Services Block Grant funds administered by the Department; 3) a \$50,000 increase for an Environmental Protection Agency Water/Sewer File Project. These increases are partially offset by a \$561,000 decrease in federal disaster emergency response funds, and a \$102,000 decrease in indirect cost assessments charged to federal funds in this division.

## **Recent Legislation**

### **2003 Session Bills**

**S.B. 03-182:** Consolidates manufactured building regulation programs, creates the Manufactured Building Regulation Fund to which all fees are deposited, and increases fees.

**S.B. 03-191:** Augments General Fund revenues for FY 2002-03 with \$213.6 million in transfers from various cash funds, including \$1,468,152 from the waste tire cleanup fund. For a complete list of transfers authorized by the act, see the table beginning on page 93 of the FY 2003-04 Appropriations Report.

**S.B. 03-197:** Reduces personal services by \$504,840 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-210:** Supplemental appropriation to the Department of Local Affairs to modify the appropriation included in the FY 2002-03 Long Bill.

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-261:** Increases various fees collected by the Department of Local Affairs. Adds an administrative fee for receiving tax exempt bonding authority from the private activity bond allocation committee, and uses the increase in revenue, plus existing revenue, to refinance \$71,000 General Fund. Increases fees for the Board of Assessment Appeals to raise a projected \$198,395 additional revenue for the General Fund. Increases fees for processing property tax exemptions and uses the increase in revenue, plus existing revenue, to refinance \$635,300 General Fund.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-274:** Transfers the FY 2002-03 unencumbered balance in the Local Government Limited Gaming Impact Fund (estimated to be \$270,000) to the General Fund. For FY 2003-04, diverts

limited gaming revenues from the Local Government Limited Gaming Impact Fund and the Colorado Travel and Tourism Promotion Fund to the General Fund (estimated at \$6,592,000). If the total amount of revenues collected by the Department of Revenue for state taxes paid pursuant to the tax amnesty program established by S.B. 03-185 exceeds \$5.0 million, any excess (up to the amount transferred to the General Fund from the Local Government Limited Gaming Impact Fund) would be transferred from the General Fund to the Local Government Limited Gaming Impact Fund on or before September 1, 2003. Reduces cash funds exempt spending authority for the Department of Local Affairs from the Limited Gaming Impact Fund by \$5,790,000 in FY 2003-04.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

**H.B. 03-1329:** Imposes an additional 25 cent surcharge on the disposal of motor vehicle tires to reimburse processors and end users of raw waste tires. Provides \$355,978 cash funds spending authority to the Department of Local Affairs from the Processors and End Users of Waste Tires Cash Fund.

#### **2004 Session Bills**

**S.B. 04-176:** Requires local government financial officers to certify to the Department of Local Affairs that expenditures from the Conservation Trust Fund comply with the law. Authorizes the Division to utilize the state Conservation Trust Fund to recover its direct and indirect costs to administer moneys in the fund. Appropriates \$112,860 and 2.0 FTE from the Conservation Trust Fund to the Department of Local Affairs and from this amount \$3,040 to the Department of Law. Reduces General Fund appropriations to the Department of Local Affairs by \$39,162 and reduces appropriations from the mineral and energy impact program by \$23,697.

**S.B. 04-198:** Transfers administration of the volunteer firefighter pension and the death and disability insurance programs from the Fire and Police Pension Association to the Department of Local Affairs. Authorizes the Department of Local Affairs to assess an application fee for administrative costs.

**S.B. 04-236:** Makes the Office of Emergency Management a division within the Department of Local Affairs.

**H.B. 04-1327:** Supplemental appropriation to the Department of Local Affairs to modify the appropriation included in the FY 2003-04 Long Bill.

**H.B. 04-1417:** Transfers the balance in the Colorado Heritage Communities Fund to the General Fund on July 1, 2004, projected to be \$73,968.

**H.B. 04-1422:** General appropriations act for FY 2004-05.

## DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans Affairs consists of the Executive Director's Office and the Army National Guard, the Division of Veterans Affairs, the Air National Guard, and the Civil Air Patrol. The Adjutant General is the administrative head of the Department as well as the Chief of Staff of the Colorado National Guard. The Colorado National Guard is a federal and state military organization whose primary mission is to support the federal, state, and local governments in times of need.

The Department receives federal funds from the U.S. Department of Defense for maintenance and construction of military facilities. In addition, the Adjutant General is responsible for managing federal funds that do not pass through the state's accounting system, but are used for recruiting, training, and retaining members of the Colorado National Guard. Federal funds and the associated FTE are shown in the Long Bill under the Federal Funded Programs section for informational purposes only. The Department also receives a nominal amount of federal funds from the U.S. Department of Veterans Affairs for the Western Slope Veterans Cemetery.

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$4,011,228	\$4,126,783	\$3,897,319	\$3,952,227
Cash Funds	13,639	10,930	25,117	26,244
Cash Funds Exempt	0	1,473,935	2,086,791	2,461,518
Federal Funds	<u>121,076,187</u>	<u>121,005,119</u>	<u>122,156,060</u>	<u>122,220,128</u>
<b>Total Funds</b>	<b>\$125,101,054</b>	<b>\$126,616,767</b>	<b>\$128,165,287</b>	<b>\$128,660,117</b>
Full Time Equiv. Staff	1,190.3	1,158.3	1,156.8	1,184.8

### **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 include the following:

- ☐ A General Fund increase of \$47,000 for salary survey and \$24,000 for performance-based pay;
- ☐ An increase of \$410,000 cash funds exempt for the National Guard Tuition Fund, pursuant to H.B. 04-1347;

- ❑ A decrease of \$55,000 cash funds exempt from the Colorado State Veterans Trust Fund. The decreases are attributable to a \$27,000 reduction in funding to the Trust Fund from the Tobacco Litigation Settlement Cash Fund pursuant to statutory and other legislative provisions and a \$28,000 reduction in the allowable expenditures the Division of Veterans Affairs and the State Board of Veterans Affairs can use from the Trust Fund;
- ❑ An increase of \$289,000 federal funds and 6.0 FTE associated with the cooperative agreements the Department has with the federal government; and
- ❑ An increase of 22.0 FTE for federally-funded positions in the Federal Funded Programs division.

## **General Factors Driving the Budget**

Funding for this department consists of 95.0 percent federal funds, 3.1 percent General Fund, 1.9 percent cash funds exempt, and a nominal percentage of cash funds. Some important factors driving the budget are reviewed below.

### **Federal Funding**

The vast majority of resources, 95.0 percent (\$122.2 million) of total funding and 96.0 percent (1,137.8) of total FTE for the department's organizations and programs come from the federal government. Efforts to reduce the size of the federal government require the state budget to partially support many FTE that are funded with federal dollars resulting in "federally-funded state FTE." As such, many of these positions are funded by a split of state and federal funds (e.g., 80/20, 75/25, 50/50) which is based on predetermined classifications that estimate the overall federal versus state support functions for any given position.

### **State Support**

Most state-funded FTE in the Department's budget, those funded by the General Fund as well as by the National Guard Bureau, primarily provide administrative and maintenance support for buildings and facilities used by the Colorado National Guard and the Civil Air Patrol. Of state funding (\$4.0 million for FY 2004-05), 57.0 percent (\$2.3 million) is allocated to personnel (44.7 FTE), 20.9 percent (\$826,000) is used for property and equipment maintenance, general office expenses, and repair costs, 10.5 percent (\$415,000) is used for utility costs, and 4.4 percent (\$174,000) is allocated to the Colorado National Guard Tuition Fund. The remaining General Fund (approximately \$283,000, or 7.2 percent) is for statewide administrative overhead for items such as workers' compensation, health insurance, and property and liability insurance. General Fund also supports the administrative personnel of the Division of Veterans Affairs, and an additional \$410,000 in state funding for the National Guard Tuition Fund is cash funds exempt transferred from the Department of Higher Education (which originates in Higher Education as a General Fund appropriation).

## Summary of FY 2003-04 and FY 2004-05 Appropriations

### Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Total Appropriation:</b>	<b>\$3,897,319</b>	<b>\$25,117</b>	<b>\$2,086,791</b>	<b>\$122,156,060</b>	<b>\$128,165,287</b>	<b>1,156.8</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director and Army National Guard	2,982,435	25,117	84,012	2,562,258	5,653,822	44.2
Division of Veterans Affairs	375,554	0	2,002,779	36,000	2,414,333	10.5
Air National Guard	429,365	0	0	2,830,598	3,259,963	46.1
Federal Funded Programs	0	0	0	116,727,204	116,727,204	1,055.0
Civil Air Patrol	109,965	0	0	0	109,965	1.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-19	0	0	(2,648)	0	(2,648)	0.0
SB 03-258	3,919,135	25,119	1,474,915	122,225,385	127,644,554	1,154.8
SB 03-273	(79,580)	(2)	(2,784)	(72,741)	(155,107)	0.0
SB 03-282	0	0	(112,330)	0	(112,330)	0.0
HB 03-1316	(263)	0	0	(300)	(563)	0.0
HB 04-1328	58,027	0	730,826	3,716	792,569	2.0
HB 04-1331	0	0	(1,188)	0	(1,188)	0.0
<b>FY 2004-05 Total Appropriation:</b>	<b>\$3,952,227</b>	<b>\$26,244</b>	<b>\$2,461,518</b>	<b>\$122,220,128</b>	<b>\$128,660,117</b>	<b>1,184.8</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director and Army National Guard	3,023,904	26,244	516,477	2,851,380	6,418,005	50.2
Division of Veterans Affairs	374,875	0	1,945,041	36,000	2,355,916	10.5
Air National Guard	428,506	0	0	2,605,544	3,034,050	46.1
Federal Funded Programs	0	0	0	116,727,204	116,727,204	1,077.0

	GF	CF	CFE	FF	Total	FTE
Civil Air Patrol	124,942	0	0	0	124,942	1.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1347	0	0	410,207	0	410,207	0.0
HB 04-1421	0	0	(510)	0	(510)	0.0
HB 04-1422	3,952,227	26,244	2,051,821	122,220,128	128,250,420	1,184.8
<b>Increase/(Decrease)</b>	\$54,908	\$1,127	\$374,727	\$64,068	\$494,830	28.0
Percentage Change	1.4%	4.5%	18.0%	0.1%	0.4%	2.4%

## **Detail of Appropriation by Administrative Section**

### **Executive Director and Army National Guard**

This division is responsible for the overall management and administration of the Department. The appropriation includes the operating budget for the Executive Director as well as all centrally appropriated items for the Department. In addition, this section includes appropriations for tuition assistance for National Guard members attending college and the state's share of maintenance upkeep for the state's Army National Guard facilities.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$3,009,153	\$25,119	\$3,338	\$2,631,583	\$5,669,193	44.2
SB 03-273	(79,580)	(2)	(2,784)	(72,741)	(155,107)	0.0
HB 03-1316	(263)	0	0	(300)	(563)	0.0
HB 04-1328	<u>53,125</u>	<u>0</u>	<u>83,458</u>	<u>3,716</u>	<u>140,299</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,982,435</b>	<b>\$25,117</b>	<b>\$84,012</b>	<b>\$2,562,258</b>	<b>\$5,653,822</b>	<b>44.2</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1347	\$0	\$0	\$410,207	\$0	\$410,207	0.0
HB 04-1422	<u>3,023,904</u>	<u>26,244</u>	<u>106,270</u>	<u>2,851,380</u>	<u>6,007,798</u>	<u>50.2</u>
<b>TOTAL</b>	<b>\$3,023,904</b>	<b>\$26,244</b>	<b>\$516,477</b>	<b>\$2,851,380</b>	<b>\$6,418,005</b>	<b>50.2</b>

	GF	CF	CFE	FF	Total	FTE
<b>Increase/(Decrease)</b>	\$41,469	\$1,127	\$432,465	\$289,122	\$764,183	6.0
Percentage Change	1.4%	4.5%	514.8%	11.3%	13.5%	13.6%

FTE Detail	FY 2003-04	FY 2004-05
Administration and Staff Support	12.0	15.0
Financial	6.6	7.6
Information Technology	1.0	2.0
Physical Plant	<u>24.6</u>	<u>25.6</u>
	44.2	50.2

*FTE Changes:* The change in FTE reflects an increase of 6.0 federally-funded FTE as a part of the Army National Guard Cooperative Agreements.

*General Fund Changes:* The General Fund appropriation includes a net increase of \$41,000 that is due to: (1) \$71,000 for salary survey and senior executive service and performance-based pay; (2) \$33,000 for workers' compensation costs; (3) \$12,000 for the Department's contribution to Capitol Complex costs; (4) \$6,000 for health, life and dental; (5) \$1,000 for computer services, and (6) \$1,000 for leased space.

General Fund increases are partially offset by the following decreases: (1) \$64,000 in utilities costs (due to not including the FY 2003-04 supplemental in the base); (2) \$10,000 for reduced statewide costs for property insurance and risk management; (3) \$5,000 for vehicle leases; (4) \$3,000 in the personal services line; and (5) \$1,000 for communication services.

*Cash Funds Changes:* A total of \$1,000 in new cash funds spending authority is provided for a program to use National Guard facilities and equipment for distance learning activities.

*Cash Funds Exempt Changes:* A transfer from the Department of Higher Education for the National Guard Tuition Assistance program is the largest change in cash funds exempt funding for this division, increasing the appropriation by \$410,000. A total of \$2,000 is also provided for the program to use National Guard facilities and equipment for distance learning activities. The remaining increase primarily reflects centrally appropriated items, including health, life and dental; short-term disability; salary survey; and performance-based pay.

*Federal Funds Changes:* The \$289,000 increase in federal funds includes the following increases: (1) \$105,000 in National Guard cooperative agreements; (2) \$71,000 for health, life and dental; (3) \$80,000 for salary survey and performance-based pay; (5) \$28,000 for workers' compensation coverage; and (6) \$17,000 for capitol complex leased space. These increases are partially offset by a federal funds decrease of \$16,000 for utilities.

## Division of Veterans Affairs

The Division of Veterans Affairs is responsible for acquiring the necessary services the state's veterans need from the federal government based on reports from division case workers and the County Veterans Services Officers. The Division also works with the State Board of Veterans Affairs to administer the Western Slope Veterans Cemetery and the State Veterans Trust Fund which consists of a portion of the tobacco settlement money the State receives each year.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-19	\$0	\$0	(\$2,648)	\$0	(\$2,648)	0.0
SB 03-258	375,554	0	1,471,577	36,000	1,883,131	8.5
SB 03-282	0	0	(112,330)	0	(112,330)	0.0
HB 04-1328	0	0	647,368	0	647,368	2.0
HB 04-1331	<u>0</u>	<u>0</u>	<u>(1,188)</u>	<u>0</u>	<u>(1,188)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$375,554</b>	<b>\$0</b>	<b>\$2,002,779</b>	<b>\$36,000</b>	<b>\$2,414,333</b>	<b>10.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1421	\$0	\$0	(\$510)	\$0	(\$510)	0.0
HB 04-1422	<u>374,875</u>	<u>0</u>	<u>1,945,551</u>	<u>36,000</u>	<u>2,356,426</u>	<u>10.5</u>
<b>TOTAL</b>	<b>\$374,875</b>	<b>\$0</b>	<b>\$1,945,041</b>	<b>\$36,000</b>	<b>\$2,355,916</b>	<b>10.5</b>
<b>Increase/(Decrease)</b>	(\$679)	\$0	(\$57,738)	\$0	(\$58,417)	0.0
Percentage Change	-0.2%	n/a	-2.9%	0.0%	-2.4%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Administration and Staff Support	8.0	8.0
Western Slope Veterans Cemetery	<u>2.5</u>	<u>2.5</u>
	10.5	10.5

*General Fund Changes:* The General Fund appropriation for the Division of Veterans Affairs includes a 0.2 percent base reduction for Veterans Service Operations personal services.

*Cash Funds Exempt Changes:* The cash funds exempt decrease of \$58,000 is due to: (1) a \$28,000 reduction in allowable expenditures from the Colorado State Veterans Trust Fund; (2) an anticipated \$27,000 reduction in revenues transferred into the Colorado State Veterans Trust Fund; and (3) a



\$3,000 decrease due to the 0.2 percent personal services base reduction. The FY 2004-05 Long Bill appropriates 75 percent of Colorado State Veterans Trust Fund revenues for expenditures in the Division of Veterans Affairs, as authorized in S.B. 03-282.

## Air National Guard

This division provides funding for the operations of the Buckley and Greeley Air National Guard bases. The state's share of operating and maintenance costs for facilities varies under agreements with the federal government based on the type of building, how it is used, and whether it is on state or federal land. For Air National Guard (ANG) facilities, the state share is typically 25.0 percent. In FY 2004-05, funding was revised to separately account for Air National Guard programs requiring a state match versus 100 percent federally-funded ANG programs.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$429,365</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,830,598</u>	<u>\$3,259,963</u>	<u>46.1</u>
<b>TOTAL</b>	<b>\$429,365</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,830,598</b>	<b>\$3,259,963</b>	<b>46.1</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$428,506</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,605,544</u>	<u>\$3,034,050</u>	<u>46.1</u>
<b>TOTAL</b>	<b>\$428,506</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,605,544</b>	<b>\$3,034,050</b>	<b>46.1</b>
<b>Increase/(Decrease)</b>	(\$859)	\$0	\$0	(\$225,054)	(\$225,913)	0.0
Percentage Change	-0.2%	n/a	n/a	-8.0%	-6.9%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Administrative Support	2.0	2.0
Air Traffic Controllers	7.0	7.0
Physical Plant	32.1	32.1
Security Guards	<u>5.0</u>	<u>5.0</u>
	46.1	46.1

*General Fund Changes:* A \$1,000 decrease in General Fund is the result of a 0.2 percent personal services base reduction.

*Federal Funds Changes:* The decrease of \$225,000 in federal funds includes a reduction of \$222,000 in operating costs for Security for Space Command Facility at Greeley. The remaining decrease of \$3,000 in federal funds is the result of 0.2 percent personal services base reductions.

## Federal Funded Programs

Federal Funded Programs include funding for weekend and annual training for all members of the National Guard. These federal funds do not flow through the State's accounting system, but are shown for informational purposes to demonstrate the full scope of the Department's activities.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$0	\$0	\$116,727,204	\$116,727,204	1,055.0
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$116,727,204</b>	<b>\$116,727,204</b>	<b>1,055.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	\$0	\$0	\$0	\$116,727,204	\$116,727,204	1,077.0
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$116,727,204</b>	<b>\$116,727,204</b>	<b>1,077.0</b>
<b>Increase/(Decrease)</b>	\$0	\$0	\$0	\$0	\$0	22.0
Percentage Change	n/a	n/a	n/a	0.0%	0.0%	2.1%

The appropriation reflects an estimate of federal funds available for federal FY 2003-04 (July - September of state FY 2004-05) and federal FY 2004-05 (October - June of state FY 2004-05) for the programs of the National Guard, which include weekend and two weeks per year training for each member of the Colorado National Guard. All figures are estimates based on the federal fiscal year and do not reflect any changes from the state FY 2003-04 appropriation. The federal appropriations to this division do not flow through the state's accounting system and are shown for informational purposes.

*FTE Changes:* The FY 2004-05 appropriation reflects an increase of 22.0 FTE for federal funded programs. This reflects anticipated increases in Congressional funding for federal military missions not subject to the state appropriation process.

## Civil Air Patrol

The Civil Air Patrol provides skilled volunteer personnel to assist in the following activities: search and rescue of missing and lost persons, the search and rescue of missing and downed aircraft, the airlift of blood, drugs, and medical supplies, the transport of Red Cross and state emergency personnel to disaster areas, and activities of the Office of Emergency Management during natural disasters.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$105,063	\$0	\$0	\$0	\$105,063	1.0
HB 04-1328	<u>4,902</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,902</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$109,965</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$109,965</b>	<b>1.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$124,942</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$124,942</u>	<u>1.0</u>
<b>TOTAL</b>	<b>\$124,942</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$124,942</b>	<b>1.0</b>
<b>Increase/(Decrease)</b>	\$14,977	\$0	\$0	\$0	\$14,977	0.0
Percentage Change	13.6%	n/a	n/a	n/a	13.6%	0.0%

*General Fund Changes:* The General Fund increase of \$15,000 includes an increase of \$20,000 to provide state funding for replacement of two radio communications repeaters in FY 2004-05. The General Fund increase is partially offset by the discontinuation of \$5,000 General Fund related to the paydate shift in July 2003.

## Recent Legislation

### 2003 Session Bills

**S.B 03-19:** For an explanation of this bill please see the Recent Legislation section in the Department of Public Health and Environment.

**S.B. 03-197:** Reduces personal services by \$202,228 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-211:** Supplemental appropriation to the Department of Military and Veterans Affairs to modify the appropriation included in the FY 2002-03 Long Bill.

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-282:** For an explanation of this bill please see the Recent Legislation section in the Department of Public Health and Environment.

**H.B. 03-1249:** Authorizes the Adjutant General to appoint assistant adjutant generals for army, air, and space, and those that may be authorized for other purposes by the federal National Guard Bureau. The bill also establishes the Military and Veterans Affairs Fund, which supports the activities of the Department, and the Distance Learning Cash Fund, which will be used to defray costs associated with the operations of distance learning facilities. Both cash funds are continuously appropriated and thus the bill does not contain an appropriations clause affecting the Department for FY 2003-04.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

### **2004 Session Bills**

**S.B. 04-126:** Defines the position of Commanding Officer of the Colorado Wing of the Civil Air Patrol under the Adjutant General to clarify state authority over state operating expenditures related to the Civil Air Patrol.

**H.B. 04-1328:** Authorizes supplemental appropriations for the Department of Military and Veterans Affairs FY 2003-04 budget. Increases expenditures for the Executive Director's Office (e.g., common policy items) and the Division of Veterans' Affairs (e.g., restoration of funding for County Service Officer payments, increased funding and new FTEs for Veterans Service Operations). An increased distribution to the Colorado State Veterans Trust Fund is also included.

**H.B. 04-1347:** Adjusts appropriations to the Colorado Commission on Higher Education Financial Aid and the Colorado National Guard Tuition Fund in the FY 2004-05 budget. Creates a statutory priority for National Guard members in tuition grants made by the financial aid commission, and appropriating at least \$410,207 in FY 2004-05 for the National Guard Tuition Assistance program.

**H.B. 04-1421:** Revises the allocation formula for the state's annual tobacco settlement payment, beginning in FY 2004-05. Maintains the current distribution of one percent of the annual tobacco payment, up to a maximum of \$1.0 million, to the Colorado State Veterans Trust Fund. Makes minor adjustments to the FY 2004-05 Veterans Trust Fund and Veterans Trust Fund Expenditures to account for costs related to the State Auditor.

**H.B. 04-1422:** General appropriations act for FY 2004-05.

## DEPARTMENT OF NATURAL RESOURCES

The Department is responsible for developing, protecting and enhancing Colorado's natural resources for the use and enjoyment of the state's present and future residents and visitors. The Department is comprised of the following agencies and divisions: Executive Director's Office, Minerals and Geology, Geological Survey, Oil and Gas Conservation Commission, State Board of Land Commissioners, Parks and Outdoor Recreation, Colorado Water Conservation Board, Water Resources (State Engineer's Office), and the Division of Wildlife.

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$24,795,740	\$22,320,367	\$19,710,055	\$22,352,945
General Fund Exempt	138,940	0	n/a	n/a
Cash Funds	37,423,208	30,423,055	37,884,274	36,674,275
Cash Funds Exempt	86,065,299	100,083,070	94,945,569	101,122,425
Federal Funds	<u>14,761,977</u>	<u>15,446,527</u>	<u>16,399,689</u>	<u>16,465,643</u>
<b>Total Funds</b>	<b>\$163,185,164</b>	<b>\$168,273,019</b>	<b>\$168,939,587</b>	<b>\$176,615,288</b>
Full Time Equiv. Staff	1,442.4	1,461.4	1,532.2	1,538.7

### **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 include the following:

- ☐ An increase of \$1.6 million cash funds exempt from the Colorado Water Conservation Board Construction Fund for state water projects pursuant to H.B. 04-1221 (water projects);
- ☐ An increase of \$1.6 million cash funds exempt in the Division of Wildlife pursuant to S.B. 04-97;
- ☐ An increase of \$1.4 million General Fund for the Division of Water Resources and a decrease of \$1.7 million cash funds pursuant to H.B. 04-1402 (repeal of the water administration fee authorized by S.B. 03-278);
- ☐ An increase of \$0.2 million cash funds and 1.0 FTE for the Oil and Gas Conservation Commission to address permitting workload-related increases;

- ❑ A net increase of \$0.2 million for the State Board of Land Commissioners for an imaging project and for land use planning and engineering contract resources;
- ❑ A refinancing of \$360,000 General Fund in the Parks and Outdoor Recreation Division with a \$260,000 from the Parks and Outdoor Recreation Cash Fund and \$100,000 cash funds exempt from excess statewide indirect cost recoveries not appropriated in the Executive Director's Office;
- ❑ An increase of \$90,000 General Fund and 2.0 FTE in the Division of Water Resources (State Engineer's Office) to address workload issues in Water Divisions 2 and 7;
- ❑ An increase of \$18,000 cash funds in the Weather Permitting Program in the Colorado Water Conservation Board;
- ❑ A reduction of \$100,000 cash funds exempt (statewide indirect cost recoveries) and 1.0 FTE in the Executive Director's Office; and
- ❑ A reduction of \$400,000 cash funds exempt in the Division of Wildlife by to better reflect anticipated spending in light of significant historical reversions of spending authority.

### **General Factors Driving the Budget**

Funding for this department consists of 12.7 percent General Fund, 20.8 percent cash funds, 57.3 percent cash funds exempt, and 9.3 percent federal funds. Some of the most important factors driving the budget are reviewed below.

#### **Great Outdoors Colorado (GOCO) Board Grants**

Both the Division of Parks and Outdoor Recreation and the Division of Wildlife receive funding from the GOCO Board, as established in Article XXVII of the Colorado Constitution. The GOCO grants are not subject to legislative authority, and thus are reflected for information only. The GOCO grants to the Division of Parks and Outdoor Recreation are used for developing new parks (capital) as well as enhancing and maintaining existing parks (operating). The GOCO grants to the Division of Wildlife are used for species protection, habitat development, watchable wildlife, and wildlife education.

<b>Great Outdoors Colorado Board Grants</b>	<b>FY 00-01</b>	<b>FY 01-02</b>	<b>FY 02-03</b>	<b>FY 03-04</b>	<b>FY 04-05</b>
Parks Capital Budget	\$0	\$4,636,600	\$2,942,000	\$11,360,000	\$9,183,000
Parks Operating Budget	<u>4,224,011</u>	<u>4,147,452</u>	<u>3,239,000</u>	<u>2,212,000</u>	<u>3,418,000</u>
Total GOCO Grants to Parks	\$4,224,011	\$8,784,052	\$6,181,000	\$13,572,000	\$12,601,000
<i>Percent of Parks' Expenditures</i>	<i>9.5%</i>	<i>18.6%</i>	<i>13.3%</i>	<i>21.7%</i>	<i>21.1%</i>
Wildlife Capital Budget	\$3,883,946	\$1,261,713	\$3,220,000	\$7,440,000	\$6,940,000
Wildlife Operating Budget	<u>7,048,192</u>	<u>6,998,261</u>	<u>7,180,000</u>	<u>8,060,000</u>	<u>8,060,000</u>
Total Grants to Wildlife	\$10,932,138	\$8,259,974	\$10,400,000	\$15,500,000	\$15,000,000
<i>Percent of DOW Expenditures</i>	<i>12.5%</i>	<i>9.4%</i>	<i>10.4%</i>	<i>17.9%</i>	<i>17.2%</i>

### **Division of Water Resources General Fund**

This division, also referred to as the Office of the State Engineer, receives approximately 60.9 percent of the Department's total General Fund appropriation. The majority of the Division's General Fund appropriation is attributable to personal services costs.

<b>Division of Water Resources Long Bill General Fund</b>	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp.</b>	<b>FY 04-05 Approp.</b>
General Fund - Division	\$14,894,023	\$14,926,815	\$13,326,454	\$12,116,578	\$13,621,971
<i>Percent Change</i>	<i>0.0%</i>	<i>0.2%</i>	<i>-10.7%</i>	<i>-9.1%</i>	<i>12.4%</i>
Total Department General Fund	\$29,092,602	\$24,795,740	\$22,320,367	\$19,710,055	\$22,352,945
<i>Division GF as % of Department GF</i>	<i>51.2%</i>	<i>60.2%</i>	<i>59.7%</i>	<i>61.5%</i>	<i>60.9%</i>

### **Division of Wildlife**

For FY 2004-05, the Division of Wildlife's \$80.2 million appropriation represents about 45.4 percent of the Department's total operating budget. The table below describes the various revenue sources used to fund the Division of Wildlife.

<b>Division of Wildlife Revenue Sources</b>	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp.</b>	<b>FY 04-05 Approp.</b>
Wildlife Cash Fund	\$47,141,607	\$50,753,499	\$54,209,041	\$57,701,074	\$58,659,193
Federal Funds	8,391,165	9,295,986	10,335,358	10,246,134	10,236,556
Great Outdoors Colorado (GOCO) Board Grants	7,048,192	6,998,261	6,563,731	8,060,000	8,060,000
Habitat Partnership Cash Fund	1,340,102	0	1,094,730	1,800,004	1,979,758

<b>Division of Wildlife Revenue Sources</b>	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp.</b>	<b>FY 04-05 Approp.</b>
Species Conservation Trust Fund	0	0	938,977	0	0
Colorado Outdoor Magazine Subscription Revenue	413,152	527,526	0	550,000	550,000
Nongame Wildlife Voluntary Tax Contributions	388,651	462,319	388,651	500,000	500,000
Other	<u>315,434</u>	<u>174,424</u>	<u>48,000</u>	<u>183,430</u>	<u>180,430</u>
<b>Total DOW Budget</b>	<b>\$65,038,303</b>	<b>\$68,212,015</b>	<b>\$73,578,488</b>	<b>\$79,040,642</b>	<b>\$80,165,937</b>

### **Severance Tax (Operational Account) Expenditures**

The Operational Account of the Severance Tax Trust Fund was created to fund programs within the Department that promote responsible resource development, offset the environmental impacts of mineral and mineral fuel development, and encourage sound management of natural resources. Pursuant to S.B. 96-170, the distribution of funds among the programs is established by statute. As can be seen below, significant growth in severance tax expenditures occurred beginning in FY 2001-02, largely as a result of the refinancing of General Fund appropriations with severance tax dollars.

	<b>FY 99-00 Actual</b>	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp.</b>	<b>FY 04-05 Approp.</b>
Oil & Gas Conservation Commission	\$2,174,019	\$2,061,999	\$1,843,747	\$918,003	\$1,404,719	\$912,754
Minerals & Geology	671,770	755,771	2,165,890	2,738,548	2,392,026	2,634,802
Geological Survey	1,312,601	1,226,364	2,139,326	2,119,508	1,966,091	2,028,247
Water Conservation Bd.	<u>500,000</u>	<u>585,000</u>	<u>627,963</u>	<u>614,330</u>	<u>628,752</u>	<u>628,752</u>
<b>DNR Expenditures <sup>1/</sup></b>	<b>\$4,658,390</b>	<b>\$4,629,134</b>	<b>\$6,776,926</b>	<b>\$6,390,389</b>	<b>\$6,391,588</b>	<b>\$6,204,555</b>
<i>Annual % Change</i>	<i>0.0%</i>	<i>-0.6%</i>	<i>46.4%</i>	<i>-5.7%</i>	<i>0.0%</i>	<i>-2.9%</i>
Total Severance Tax Revenues <sup>2/</sup>	41,697,000	74,703,000	57,481,000	32,600,000	101,200,000	47,400,000
DNR Operational Account Revenues	10,424,250	18,675,750	14,370,250	8,150,000	25,300,000	11,850,000
<i>DNR Expenditures / Operational Account Revenues</i>	<i>44.7%</i>	<i>24.8%</i>	<i>47.2%</i>	<i>78.4%</i>	<i>25.3%</i>	<i>52.4%</i>

<sup>1/</sup> Division expenditures only; does not reflect special legislation, including transfers to the General Fund.

<sup>2/</sup> Reflects the Legislative Council Staff June 2004 Severance Tax Forecast.



## Summary of FY 2003-04 and FY 2004-05 Appropriations

### Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Total Appropriation:</b>	<b>\$19,710,055</b>	<b>\$37,884,274</b>	<b>\$94,945,569</b>	<b>\$16,399,689</b>	<b>\$168,939,587</b>	<b>1,532.2</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director	4,363,111	5,288,155	9,814,111	1,024,900	20,490,277	57.6
Minerals and Geology	0	2,875,729	93,798	2,723,221	5,692,748	65.7
Geological Survey	0	2,260,865	1,162,392	1,166,479	4,589,736	37.0
Oil and Gas	0	2,778,453	412,640	99,133	3,290,226	34.0
State Land Board	0	40,000	3,335,513	0	3,375,513	34.0
Parks	3,230,366	17,891,874	4,403,326	1,027,915	26,553,481	246.4
Water Conservation	0	931,879	5,834,092	96,358	6,862,329	38.5
Water Resources	12,116,578	5,817,319	1,095,189	15,549	19,044,635	254.8
Wildlife	0	0	68,794,508	10,246,134	79,040,642	764.2
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-45	0	401,460	0	0	401,460	8.0
SB 03-110	0	0	2,303,460	0	2,303,460	0.0
SB 03-258	21,623,217	36,559,993	93,148,085	16,593,248	167,924,543	1,524.0
SB 03-273	(648,209)	(233,131)	(1,353,682)	(163,245)	(2,398,267)	0.0
SB 03-278	(1,414,539)	1,689,539	0	0	275,000	0.0
SB 03-290	0	0	200,000	0	200,000	0.0
HB 03-1316	(4,792)	(1,511)	(5,911)	(951)	(13,165)	0.0
HB 03-1318	0	0	100,000	0	100,000	0.0
HB 03-1320	0	5,000	0	0	5,000	0.0
HB 03-1334	0	65,280	0	0	65,280	0.0
HB 04-1329	154,378	(440,266)	553,617	(29,363)	238,366	0.2
HB 04-1402	0	(162,090)	0	0	(162,090)	0.0

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Total Appropriation:</b>	<b>\$22,352,945</b>	<b>\$36,674,275</b>	<b>\$101,122,425</b>	<b>\$16,465,643</b>	<b>\$176,615,288</b>	<b>1,538.7</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	5,899,211	5,520,226	12,220,369	1,171,692	24,811,498	56.6
Minerals and Geology	0	2,962,451	87,493	2,708,197	5,758,141	65.7
Geological Survey	0	2,257,989	1,159,473	1,166,479	4,583,941	37.0
Oil and Gas	0	2,497,127	900,000	104,993	3,502,120	35.0
State Land Board	0	40,000	3,527,843	0	3,567,843	34.0
Parks	2,831,763	18,150,983	4,940,060	888,931	26,811,737	250.6
Water Conservation	0	949,777	7,819,265	100,195	8,869,237	38.5
Water Resources	13,621,971	4,295,722	538,541	88,600	18,544,834	257.1
Wildlife	0	0	69,929,381	10,236,556	80,165,937	764.2
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-32	0	300	0	0	300	0.0
SB 04-97	0	0	1,600,000	0	1,600,000	0.0
SB 04-225	0	10,000	0	0	10,000	0.0
HB 04-1135	0	0	6,997	0	6,997	0.0
HB 04-1221	0	0	3,920,500	0	3,920,500	0.0
HB 04-1402	1,414,539	(1,689,539)	0	0	(275,000)	0.0
HB 04-1422	20,938,406	38,353,514	95,594,928	16,465,643	171,352,491	1,538.7
<b>Increase/(Decrease)</b>	<b>\$2,642,890</b>	<b>(\$1,209,999)</b>	<b>\$6,176,856</b>	<b>\$65,954</b>	<b>\$7,675,701</b>	<b>6.5</b>
Percentage Change	13.4%	-3.2%	6.5%	0.4%	4.5%	0.4%

## **Detail of Appropriation by Administrative Section**

### **Executive Director's Office**

This office is responsible for the management and administration of the Department, including the following functional areas: departmental administration and policy development, human resources, accounting and purchasing, budgeting, and information technology services. The majority of funding comes from cash funds and cash funds exempt collected from various divisions, either from direct and indirect cost recoveries assessed to the divisions or from funding centrally appropriated line items on behalf of the divisions (e.g., salary survey, vehicles).

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-45	\$0	\$36,112	\$0	\$0	\$36,112	0.0
SB 03-258	4,989,346	5,546,068	11,027,715	1,218,459	22,781,588	57.6
SB 03-273	(648,209)	(233,131)	(1,353,682)	(163,245)	(2,398,267)	0.0
SB 03-278	0	12,158	0	0	12,158	0.0
HB 03-1316	(4,792)	(1,511)	(5,911)	(951)	(13,165)	0.0
HB 03-1318	0	0	75,000	0	75,000	0.0
HB 04-1329	<u>26,766</u>	<u>(71,541)</u>	<u>70,989</u>	<u>(29,363)</u>	<u>(3,149)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,363,111</b>	<b>\$5,288,155</b>	<b>\$9,814,111</b>	<b>\$1,024,900</b>	<b>\$20,490,277</b>	<b>57.6</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-225	\$0	\$8,511	\$0	\$0	\$8,511	0.0
HB 04-1402	0	(12,158)	0	0	(12,158)	0.0
HB 04-1422	<u>5,899,211</u>	<u>5,523,873</u>	<u>12,220,369</u>	<u>1,171,692</u>	<u>24,815,145</u>	<u>56.6</u>
<b>TOTAL</b>	<b>\$5,899,211</b>	<b>\$5,520,226</b>	<b>\$12,220,369</b>	<b>\$1,171,692</b>	<b>\$24,811,498</b>	<b>56.6</b>
<b>Increase/(Decrease)</b>	<b>\$1,536,100</b>	<b>\$232,071</b>	<b>\$2,406,258</b>	<b>\$146,792</b>	<b>\$4,321,221</b>	<b>(1.0)</b>
Percentage Change	35.2%	4.4%	24.5%	14.3%	21.1%	-1.7%

FTE Detail	FY 2003-04	FY 2004-05
Administration and Policy	10.0	9.0
Budgeting	2.0	2.0
Human Resources	10.0	10.0
Accounting	21.6	21.6
Information Technology Services	<u>14.0</u>	<u>14.0</u>
	57.6	56.6

*FTE Changes:* The appropriation reflects a 1.0 FTE reduction, associated with the reduction of \$100,000 cash funds exempt from statewide indirect cost assessments.

*General Fund Changes:* The General Fund increase appropriated is attributable to increases in centrally appropriated items such as health, life, dental, salary survey and performance based pay.

*Cash Funds Changes:* The cash funds appropriation includes increases in centrally appropriated items such as health, life, dental salary survey and performance-based pay.

*Cash Funds Exempt Changes:* The net cash funds exempt increase includes increases in centrally appropriated items such as health, life, dental salary survey and performance based pay. Slightly offsetting these increases is a reduction of \$100,000 funded with statewide indirect cost assessments that is added instead to the Division of Parks and Outdoor Recreation.

*Federal Funds Changes:* The federal funds increase reflected is attributable to increases in centrally appropriated items, as noted above.

## Minerals and Geology

This division includes the following four programs:

- ❑ **Coal Land Reclamation** - This program protects society and the environment from the adverse effects of coal mining, as well as complying with the requirements of the federal Surface Mining Control and Reclamation Act. This includes the requirement that lands impacted by coal operations are reclaimed in such a manner that the land may be beneficially used after the mining is completed. Cash funding for this program is from the Operational Account of the Severance Tax Trust Fund.
- ❑ **Inactive Mines** - This program safeguards mine openings, inspects and monitors mine sites, and reclaims abandoned mines. Cash funding for this program is from the Operational Account of the Severance Tax Trust Fund.
- ❑ **Minerals** - This program issues and enforces mining and reclamation permits for all non-coal mines in Colorado on state, federal, and private lands. Cash Funds are from the Operational Account of the Severance Tax Trust Fund and from permit fees. Cash Funds Exempt expenditures are from spending reserves in the Mined Land Reclamation Fund.
- ❑ **Mine Safety Training** - This program regulates active mines for safety, inspects tourist mines, performs safety audits, administers certification programs for mining employees, provides training in mine rescue/safety, and regulates underground diesel equipment and mining explosives. Cash funds are from fees for certification of electricians, foremen, and other underground mining professionals, as well as from the Operational Account of the Severance Tax Trust Fund.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$2,875,729	\$93,798	\$2,723,221	\$5,692,748	65.7
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,875,729</b>	<b>\$93,798</b>	<b>\$2,723,221</b>	<b>\$5,692,748</b>	<b>65.7</b>

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$2,962,451</u>	<u>\$87,493</u>	<u>\$2,708,197</u>	<u>\$5,758,141</u>	<u>65.7</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,962,451</b>	<b>\$87,493</b>	<b>\$2,708,197</b>	<b>\$5,758,141</b>	<b>65.7</b>
<b>Increase/(Decrease)</b>	\$0	\$86,722	(\$6,305)	(\$15,024)	\$65,393	0.0
Percentage Change	n/a	3.0%	-6.7%	-0.6%	1.1%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Coal Reclamation	23.0	23.0
Inactive Mines	13.8	13.8
Minerals	22.9	22.9
Mine Safety Training	<u>6.0</u>	<u>6.0</u>
	65.7	65.7

*Cash Funds Changes:* The net cash funds increase is primarily attributable to increased departmental and statewide indirect cost assessments, offset slightly by the application of a 0.2 percent personal services base reduction.

*Cash Funds Exempt Changes:* The cash funds exempt decrease is attributable to a slight change in financing to reflect lower spending from the Mined Land Reclamation Fund reserves.

*Federal Funds Changes:* The decrease in federal funds reflected is attributable to lower federal funds anticipated.

## Geological Survey

This division includes the following three programs:

- ❑ **Environmental and Geological Hazards** - This program is designed to lessen the impact of, and increase the awareness and understanding of, geological hazards in Colorado. This program includes three main activities: (1) providing technical assistance on geological hazards; (2) acquiring data to better understand geological conditions and hazards; and (3) performing mandatory geological land use reviews of subdivisions and school sites, as well as other non-mandatory reviews performed upon request for local governments and state agencies. Cash funds for this program are from the Operational Account of the Severance Tax Trust Fund and from fees for geological services. Cash funds exempt reflect moneys

earned for performing geological work for other state agencies, including moneys from the Colorado Department of Transportation for rock fall mitigation work along state highways.

- ❑ **Mineral Resources and Mapping** - This program promotes the development of the state's mineral resources through the publication and distribution of maps, reports, and presentations on geological conditions, mineral potential, mineral reserves, and actual mineral production. This program also includes the geological mapping subprogram, which provides information on the basic geological structures and formations in mapped areas.
- ❑ **Colorado Avalanche Information Center** - This program provides avalanche forecasting services and education to back country recreation users, industry, and travelers. The cash funds for this program are from the Operational Account of the Severance Tax Trust Fund as well as from training and publication fees. Cash funds exempt funding includes: (1) the transfer of money from the Colorado Department of Transportation to provide assistance in monitoring and mitigating avalanche dangers along State Highways; and (2) donations from recreational user groups and other individuals and groups.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$2,260,865</u>	<u>\$1,162,392</u>	<u>\$1,166,479</u>	<u>\$4,589,736</u>	<u>37.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,260,865</b>	<b>\$1,162,392</b>	<b>\$1,166,479</b>	<b>\$4,589,736</b>	<b>37.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$2,257,989</u>	<u>\$1,159,473</u>	<u>\$1,166,479</u>	<u>\$4,583,941</u>	<u>37.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,257,989</b>	<b>\$1,159,473</b>	<b>\$1,166,479</b>	<b>\$4,583,941</b>	<b>37.0</b>
<b>Increase/(Decrease)</b>	\$0	(\$2,876)	(\$2,919)	\$0	(\$5,795)	0.0
Percentage Change	n/a	-0.1%	-0.3%	0.0%	-0.1%	0.0%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Environmental Geology and Geological Hazards	18.2	18.2
Mineral Resources and Mapping	11.5	11.5
Colorado Avalanche Information Center	<u>7.3</u>	<u>7.3</u>
	37.0	37.0

*Cash Fund and Cash Funds Exempt Changes:* The cash fund and cash funds exempt net decreases are attributable to the application of a 0.2 percent personal services base reduction.

## Oil and Gas Conservation Commission

The Commission is responsible for promoting the exploration, development, and conservation of Colorado's oil and natural gas resources. To achieve these goals, the Commission promulgates regulations governing oil and gas development, issues permits, enforces laws and regulations, maintains a financial surety program to ensure proper reclamation of well sites, and provides information to the public and industry pertaining to oil and gas production. The Commission also has the authority to regulate oil and gas operations so as to protect public health, prevent significant adverse environmental impacts, prevent waste, and protect correlative rights. In addition to enforcement, this responsibility involves answering complaints and inquiries, responding to oil and gas spills and other environmental emergencies at production sites, managing plugging and reclamation work at abandoned well sites, and performing baseline water quality studies. There are an estimated 25,300 active oil and gas wells in Colorado and an estimated 2,200 drilling permits issued annually. Cash funds are provided by a mix of severance tax revenues and a mill levy on the value of oil and gas production. Cash funds exempt are from reserves in the Oil and Gas Environmental Response Fund created pursuant to Section 34-60-124 (1), C.R.S. Federal funds are from the U.S. Environmental Protection Agency for regulating the underground injection of oil and gas production wastes, as well as the injection of liquids underground to enhance fuel recovery.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$3,178,453	\$12,640	\$99,133	\$3,290,226	34.0
HB 04-1329	<u>0</u>	<u>(400,000)</u>	<u>400,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,778,453</b>	<b>\$412,640</b>	<b>\$99,133</b>	<b>\$3,290,226</b>	<b>34.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$2,497,127</u>	<u>\$900,000</u>	<u>\$104,993</u>	<u>\$3,502,120</u>	<u>35.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,497,127</b>	<b>\$900,000</b>	<b>\$104,993</b>	<b>\$3,502,120</b>	<b>35.0</b>
<b>Increase/(Decrease)</b>	\$0	(\$281,326)	\$487,360	\$5,860	\$211,894	1.0
Percentage Change	n/a	-10.1%	118.1%	5.9%	6.4%	2.9%

FTE Detail	FY 2003-04	FY 2004-05
Oil and Gas Conservation Commission (State funded)	32.0	33.0
Underground Injection Control Program (federally funded)	<u>2.0</u>	<u>2.0</u>
	34.0	35.0

*FTE Changes:* The 1.0 FTE increase is associated with increased workload at the Division resulting from increases in active wells and drilling permits.

*Cash Funds Changes:* The net decrease in cash funds is primarily attributable to the refinancing of cash funds from the Operational Account of the Severance Tax Trust Fund with \$0.5 million cash funds exempt funds from the Oil and Gas Environmental Response Fund reserves for FY 2004-05. Partially offsetting this decrease is approximately \$0.2 million to fund oil and gas permitting workload increases and to fund an indexing and scanning project.

*Cash Funds Exempt Changes:* The increase in cash funds exempt is attributable to the refinancing with Oil and Gas Environmental Response Fund reserves for FY 2004-05. This refinancing also maintains the balance of the Fund closer to the statutory authorized level of \$1.0 million.

*Federal Funds Changes:* The federal funds increase reflects the anticipated federal receipts.

### **State Board of Land Commissioners**

The five member volunteer Board is responsible for managing 2.6 million surface acres and 4.5 million mineral acres of state lands for the benefit of eight trusts, as well as managing 300,000 acres for a Stewardship Trust ("Amendment 16") designed to preserve the long-term value of designated lands. Appropriations to this division support daily management of state lands carried out by the Director and staff in the six district offices throughout the state, and minerals, real estate, finance, and operations sections. Funding includes cash funds and cash funds exempt from revenue earned.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$40,000</u>	<u>\$3,335,513</u>	<u>\$0</u>	<u>\$3,375,513</u>	<u>34.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$40,000</b>	<b>\$3,335,513</b>	<b>\$0</b>	<b>\$3,375,513</b>	<b>34.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$40,000</u>	<u>\$3,527,843</u>	<u>\$0</u>	<u>\$3,567,843</u>	<u>34.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$40,000</b>	<b>\$3,527,843</b>	<b>\$0</b>	<b>\$3,567,843</b>	<b>34.0</b>
<b>Increase/(Decrease)</b>	\$0	\$0	\$192,330	\$0	\$192,330	0.0
Percentage Change	n/a	0.0%	5.8%	n/a	5.7%	0.0%



FTE Detail	FY 2003-04	FY 2004-05
Director/Operations	6.0	6.0
Field Operations	12.0	12.0
Minerals Section	6.0	6.0
Real Estate Section	5.0	5.0
Financial Section	<u>5.0</u>	<u>5.0</u>
	34.0	34.0

*Cash Funds Exempt Changes:* The increase in the cash funds exempt appropriation is attributable to increases of: (1) \$199,000 for an imaging project; (2) \$92,000 for land use planning and engineering contract resources; and (3) \$10,800 for indirect cost assessments. These increases are partially offset by: (1) the discontinuation of \$104,000 in one-time FY 2003-04 funding for the Stewardship Trust administration and baseline inventory; (2) reductions of \$4,300 associated with the application of a 0.2 percent personal services base reduction; and (3) the discontinuation of \$1,700 in one-time start-up expenses for the Lowry Range Project.

## Parks and Outdoor Recreation

This division manages approximately 41 established parks, five new park projects, and statewide recreation programs, including the snowmobile program, off-highway vehicle program, river outfitters regulation, and the Colorado Natural Areas Program. State parks are estimated to have 11,190,201 visitors in FY 2004-05, a 2.4 percent increase over FY 2003-04. Cash fee revenue comprises approximately 67 percent of the total operating budget funding, excluding centrally appropriated items in the Executive Director's Office. For FY 2004-05, the General Fund supports approximately 10.6 percent of the division's costs, excluding centrally appropriated items in the Executive Director's Office (17.6 percent including centrally appropriated items), and grants from Great Outdoors Colorado represent the bulk of cash funds exempt.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$3,230,366	\$17,860,599	\$4,234,601	\$1,027,915	\$26,353,481	246.4
SB 03-290	0	0	200,000	0	200,000	0.0
HB 04-1329	<u>0</u>	<u>31,275</u>	<u>(31,275)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,230,366</b>	<b>\$17,891,874</b>	<b>\$4,403,326</b>	<b>\$1,027,915</b>	<b>\$26,553,481</b>	<b>246.4</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$2,831,763</u>	<u>\$18,150,983</u>	<u>\$4,940,060</u>	<u>\$888,931</u>	<u>\$26,811,737</u>	<u>250.6</u>

	GF	CF	CFE	FF	Total	FTE
<b>TOTAL</b>	<b>\$2,831,763</b>	<b>\$18,150,983</b>	<b>\$4,940,060</b>	<b>\$888,931</b>	<b>\$26,811,737</b>	<b>250.6</b>
<b>Increase/(Decrease)</b>	(\$398,603)	\$259,109	\$536,734	(\$138,984)	\$258,256	4.2
Percentage Change	-12.3%	1.4%	12.2%	-13.5%	1.0%	1.7%

FTE Detail	FY 2003-04	FY 2004-05
Administration	19.0	19.0
Field Services	13.5	13.5
Established Parks Field Staff	192.6	193.6
New State Parks and Other Programs	<u>21.3</u>	<u>24.5</u>
	246.4	250.6

*FTE Changes:* The 4.2 FTE increase is due to increases of 1.0 FTE for the Navajo State Park marina operations, 1.0 FTE for the opening of Cheyenne Mountain State Park, and 2.2 FTE for Great Outdoors Colorado (GOCO) projects.

*General Fund Changes:* The General Fund decrease is attributable to refinancing with \$260,000 from the Parks and Outdoor Recreation Cash Fund for FY 2004-05, \$100,000 from excess statewide indirect cost recoveries, and \$37,000 in Great Outdoors Colorado (GOCO) cash funds exempt.

*Cash Funds Changes:* The cash funds increase is attributable to the \$260,000 refinance of General Fund with Parks and Outdoor Recreation Cash Funds, noted above, and to funding of new initiatives.

*Cash Funds Exempt Changes:* The cash funds exempt increase is primarily attributable to increased GOCO grants and \$100,000 in statewide indirect cost recoveries used in this division instead of in the Executive Director's Office.

*Federal Funds Changes:* The federal fund decrease reflects a more realistic estimate of the amount of federal funds anticipated to be received from the United States Coast Guard.

## Colorado Water Conservation Board

Under the guidance of the Board, this division is responsible for protecting, conserving, and developing the state's water resources, and to minimize the risk of flood damage and associated economic loss. The Colorado Water Conservation Board is divided into two main functional areas: administration and special purpose programs. From FY 1994-95 until FY 2000-01, funding for the administration section was supported by 50 percent General Fund and 50 percent cash funds exempt from reserves in the Colorado Water Conservation Board Construction Fund. Beginning in FY 2001-

02, all General Fund was replaced with cash funds exempt from the Colorado Water Conservation Board Construction Fund. Special purpose programs are generally supported by specific cash funds or cash funds exempt sources and/or federal funds.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-110	\$0	\$0	\$1,900,460	\$0	\$1,900,460	0.0
SB 03-258	<u>0</u>	<u>931,879</u>	<u>3,933,632</u>	<u>96,358</u>	<u>4,961,869</u>	<u>38.5</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$931,879</b>	<b>\$5,834,092</b>	<b>\$96,358</b>	<b>\$6,862,329</b>	<b>38.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1221	\$0	\$0	\$3,920,500	\$0	\$3,920,500	0.0
HB 04-1422	<u>0</u>	<u>949,777</u>	<u>3,898,765</u>	<u>100,195</u>	<u>4,948,737</u>	<u>38.5</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$949,777</b>	<b>\$7,819,265</b>	<b>\$100,195</b>	<b>\$8,869,237</b>	<b>38.5</b>
<b>Increase/(Decrease)</b>	\$0	\$17,898	\$1,985,173	\$3,837	\$2,006,908	0.0
Percentage Change	n/a	1.9%	34.0%	4.0%	29.2%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Administration	7.8	7.8
Water Supply Protection	7.9	7.9
Water Supply Planning and Finance	8.5	8.5
Flood Protection	4.3	4.3
Stream and Lake Protection	7.0	7.0
Water Information	<u>3.0</u>	<u>3.0</u>
	38.5	38.5

*Cash Funds Changes:* The cash funds increase is attributable to an increase in funding for the Weather Modification Program.

*Cash Funds Exempt Changes:* The cash funds exempt increase is primarily attributable to the increase of \$2.02 million from the Colorado Water Conservation Board Construction Fund reserves associated with H.B. 04-1221 (water projects) as compared to projects funded in FY 2003-04, pursuant to S.B. 03-110. Offsetting the increase slightly are the following decreases: (1) \$16,000 associated with

lower anticipated receipts for the Colorado Watershed Protection Fund based on historical experience; (2) \$7,500 associated with indirect cost assessment financing; (3) \$6,600 attributable to the application of a 0.2 percent personal services base reduction; and (4) \$4,700 associated with the elimination of dam site inventory funding, given that such inventories were completed in 1997.

*Federal Funds Changes:* The slight increase in federal funds reflected is associated with the slightly higher federal funds anticipated to pay for the higher indirect cost assessment.

## Water Resources Division

This division, also called the Office of the State Engineer, is primarily responsible for administration of water resources. This includes daily oversight of allocation within the state and downstream interstate compact compliance, monitoring of water supply through streamflow measurements, and groundwater regulation. The Division administers 88,487 direct flow water rights. The Division is also responsible for ensuring public safety through regulating dam safety and groundwater well construction. Finally, the Office collects, preserves, and provides current and historic water records and information. The General Fund provides approximately 73 percent of the Division's funding, excluding associated items appropriated centrally ("POTS") in the Executive Director's Office for the Division, and 76.8 percent including POTS. The Colorado Water Conservation Board Construction Fund provides the bulk of cash funds exempt.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-45	\$0	\$365,348	\$0	\$0	\$365,348	8.0
SB 03-110	0	0	403,000	0	403,000	0.0
SB 03-258	13,403,505	3,866,400	553,286	15,549	17,838,740	246.6
SB 03-278	(1,414,539)	1,677,381	0	0	262,842	0.0
HB 03-1318	0	0	25,000	0	25,000	0.0
HB 03-1320	0	5,000	0	0	5,000	0.0
HB 03-1334	0	65,280	0	0	65,280	0.0
HB 04-1329	127,612	0	113,903	0	241,515	0.2
HB 04-1402	<u>0</u>	<u>(162,090)</u>	<u>0</u>	<u>0</u>	<u>(162,090)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$12,116,578</b>	<b>\$5,817,319</b>	<b>\$1,095,189</b>	<b>\$15,549</b>	<b>\$19,044,635</b>	<b>254.8</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-32	\$0	\$300	\$0	\$0	\$300	0.0
SB 04-225	0	1,489	0	0	1,489	0.0

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
HB 04-1402	1,414,539	(1,677,381)	0	0	(262,842)	0.0
HB 04-1422	<u>12,207,432</u>	<u>5,971,314</u>	<u>538,541</u>	<u>88,600</u>	<u>18,805,887</u>	<u>257.1</u>
<b>TOTAL</b>	<b>\$13,621,971</b>	<b>\$4,295,722</b>	<b>\$538,541</b>	<b>\$88,600</b>	<b>\$18,544,834</b>	<b>257.1</b>
<b>Increase/(Decrease)</b>	\$1,505,393	(\$1,521,597)	(\$556,648)	\$73,051	(\$499,801)	2.3
Percentage Change	12.4%	-26.2%	-50.8%	469.8%	-2.6%	0.9%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
State Engineer and Deputies	4.0	3.0
Administration	28.5	29.5
Water Division Staff	171.1	173.1
Engineering Technology, Investigations	17.0	17.0
Water Supply, Interstate Compacts, Ground Water	<u>34.2</u>	<u>34.5</u>
	254.8	257.1

*FTE Changes:* The 2.3 FTE increase is comprised of 2.0 FTE to address water administration workload issues in Water Divisions 2 and 7 and annualization of 0.3 FTE for Republican River Compact Compliance staff added in FY 2003-04.

*General Fund Changes:* The General Fund increase is primarily attributable to H.B. 04-1402 which repealed the water administration fee and appropriated \$1.4 million General Fund in lieu of the cash fund expenditure. Also contributing to the increase is the 2.0 FTE workload related increase in Water Divisions 2 and 7.

*Cash Funds Changes:* The decrease in cash funds is primarily attributable to H.B. 04-1402 which repealed the water administration fee authorized in S.B. 03-278.

*Cash Funds Exempt Changes:* The cash funds exempt decrease is primarily attributable to: (1) the discontinuation of \$403,000 in one-time FY 2003-04 appropriations authorized in S.B. 03-110 (water projects bill); (2) the elimination of \$56,000 in FY 2003-04 one-time costs associated with the payday shift technical corrections; (3) the elimination of \$58,000 associated with one-time funding for mileage increases in FY 2003-04; (4) the elimination of \$25,000 authorized in H.B. 03-1318 (water banking); and (5) a \$14,000 decrease associated with changes in the financing for indirect cost assessments.

*Federal Funds Changes:* The federal funds increase reflected is attributable to anticipated increases in federal grants.

## **Division of Wildlife**

This section contains appropriations for thirteen major programs, including the following: Wildlife Habitat, Wildlife Species, Hunting Recreation, Fishing Recreation, Watchable Wildlife, Law Enforcement, Licensing, Wildlife Education, Wildlife Information, Customer Service, Public Policy, Human Resources, and Internal Systems. These programs are funded through the following budget sections:

- ☐ **Director's Office** - The Director's Office is responsible for the overall management and oversight of Division activities. The section works closely with the Wildlife Commission, the Executive Director of the Department, the Governor, the Legislature, constituents, and employees in the development and implementation of wildlife policies and regulations. This program includes division-wide planning, budgeting and evaluation activities, and management of the division grant programs. This program also includes support to the Colorado Wildlife Commission. Special projects, most of which involve extensive public participation and involvement, are managed under this section.
- ☐ **Biological Programs** - This section manages Colorado's aquatic and terrestrial wildlife and their habitats to provide a diversity of fishing and hunting opportunities to the public while preserving and protecting species and habitats.
- ☐ **Fish Hatcheries** - This section is responsible for managing and operating the Division's 18 fish hatchery facilities located across the state. The hatchery system produces, transports and stocks Colorado's waters with a variety of native and non-native fish.
- ☐ **Regional Operations** - The Division's three Regions (and 18 Areas within those regions) serve as the central point of contact for the public at the local level. Regional focus is on providing quality customer service, enforcing wildlife statutes, working with county land use planners, managing division properties, informing the public, and providing educational opportunities in their respective areas.
- ☐ **Information and Education** - This section is responsible for providing the public with information on wildlife and wildlife related issues through the production and publication of a variety of information materials, interaction with the media, and access to the Division's internet site. This section also designs and provides public outreach and education programs to increase the public's knowledge and appreciation of wildlife.
- ☐ **Law Enforcement** - This section directs the division's law enforcement activities at a statewide level. The section is responsible for law enforcement planning and policy development, internal and external training of law enforcement personnel on wildlife related

laws, evaluation and revision of internal law enforcement procedures, coordination of all special investigations, collection of law enforcement data, and criminal records management. This program is funded entirely from the Wildlife Cash Fund.

- ☐ **Information Technology** - This section supports the Division's information technology (IT) systems necessary for core division-wide activities by providing computer and communications infrastructure, asset management, user support, standardized software applications, internet oversight, development of IT policies and plans, and the development and maintenance of new and existing business applications.
- ☐ **Engineering Services** - The engineering section is responsible for managing all aspects of the Division's capital construction program including the project selection, planning, project design and construction on Division-owned properties and facilities. The section also manages the agency's Dam Safety Program, which requires working closely with the Division of Water Resources. Activities include periodic dam maintenance inspections, emergency action plan development, monitoring, construction improvement and restoration.
- ☐ **Support Services** - This section supports the agency by providing various administrative services (human resources, procurement, accounting, contracting, licensing) to all division programs. Support functions include accounting of financial transactions, procuring goods and services, preparing contracts and legal documents, operating and maintaining non-regional administrative facilities and vehicles, issuing and accounting for the hunting and fishing licenses, and all human resource activities associated with maintaining a highly qualified and diverse workforce.

Cash funds exempt in the Division include the following: (1) hunting and fishing license revenue deposited into the Wildlife Cash Fund; (2) GOCO Board grant awards; and (3) voluntary nongame wildlife income tax checkoff contributions. Federal funding is predominantly from the federal Aid in Wildlife Restoration ("Pittman-Robertson") funds and from Sportfish Restoration Act ("Dingell-Johnson") funds.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$0</u>	<u>\$68,794,508</u>	<u>\$10,246,134</u>	<u>\$79,040,642</u>	<u>764.2</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$68,794,508</b>	<b>\$10,246,134</b>	<b>\$79,040,642</b>	<b>764.2</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-97	\$0	\$0	\$1,600,000	\$0	\$1,600,000	0.0
HB 04-1135	0	0	6,997	0	6,997	0.0

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
HB 04-1422	<u>0</u>	<u>0</u>	<u>68,322,384</u>	<u>10,236,556</u>	<u>78,558,940</u>	<u>764.2</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$69,929,381</b>	<b>\$10,236,556</b>	<b>\$80,165,937</b>	<b>764.2</b>
<b>Increase/(Decrease)</b>	\$0	\$0	\$1,134,873	(\$9,578)	\$1,125,295	0.0
Percentage Change	n/a	n/a	1.7%	-0.1%	1.4%	0.0%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Director's Office	18.0	18.0
Biological Programs	235.3	235.3
State Fish Hatcheries	93.6	93.6
Regional Operations	289.7	289.7
Information and Education	36.5	36.5
Law Enforcement	10.3	10.3
Information Technology	18.0	18.0
Engineering	21.3	21.3
Support Services	<u>41.5</u>	<u>41.5</u>
	764.2	764.2

*Cash Funds Exempt Changes:* The net cash funds exempt increase appropriated primarily reflects an increase of \$1.6 million pursuant to S.B. 04-97. Partially offsetting this increase are the following reductions: (1) \$200,000 in unnecessary spending authority in the Information and Education, Operating Expenses line item; (2) \$200,000 in Support Services, Operating Expenses based on anticipated savings from the Total Licensing System implementation; and (3) \$72,000 associated with application of a 0.2 percent personal services base reduction.

*Federal Funds Changes:* The federal funds decrease reflects a reduction in federal grants anticipated to be received.



## Recent Legislation

### 2003 Session Bills

**S.B. 03-45:** Expands the regulation of water well construction contractors and pump installers by creating a well inspection program. Increases well-permit fees and establishes new fees. Appropriates \$401,460 cash funds from the Well Inspection Cash Fund and 8.0 FTE to the Department of Natural Resources for FY 2003-04.

**S.B. 03-110:** Authorizes new loans from the Water Conservation Board Construction Fund (Construction Fund) for three projects totaling \$20,800,000, and three projects totaling \$13,361,531 from the Severance Tax Trust Fund Perpetual Base Account (Perpetual Account). Decreases the amount of a prior loan from the Colorado Water Conservation Board Construction Fund by \$300,000 and decreases the amount of a prior loan from the Perpetual Account of the Severance Tax Trust Fund by \$77,000. Transfers \$200,000 from the unreserved cash in the Colorado Water Conservation Board Construction Fund to the Small Project Feasibility Study Grant Fund; transfers \$2,000,000 from the Colorado Water Conservation Board Construction Fund to the Emergency Infrastructure Repair Loan Fund; and transfers \$150,000 from the Colorado Water Conservation Board Construction Fund to the Flood Response Fund. Modifies the use of moneys in the Litigation Fund in the Colorado Water Conservation Board Construction Fund by changing authorized expenditure from a cap of \$4.0 million to the balance of the fund and expanding the use to other federal threats in addition to bypass flows.

Appropriates \$3,500,000 cash funds exempt from the Construction Fund to the Water Conservation Board that are anticipated to be expended in FY 2002-03. Specific projects include: (1) \$3,000,000 for a statewide water supply initiative study; and (2) \$500,000 for the Colorado River Return Reconnaissance Study. Appropriates \$1,900,460 cash funds exempt from the Construction Fund to the Water Conservation Board that are anticipated to be expended in FY 2003-04. Specific projects include: (1) \$500,000 for local communities, floodplain map modernization; (2) \$440,000 for instream flow decision support system; (3) \$295,000 for Local Communities, for technical assistance to covered entities (water conservation support); (4) \$231,000 for satellite monitoring and data collection related to instream flow; (5) \$150,000 for document imaging; (6) \$150,000 for the City of Greeley, Cache la Poudre River Floodway Project; (7) \$75,000 for the database pilot program; and (8) \$59,460 for the United States Geological Survey, for the Gunnison River Streamflow Study. Appropriates \$403,000 cash funds exempt from the Construction Fund to the Division of Water Resources for Satellite monitoring and data collection - flood forecasting. This amount is anticipated to be expended in FY 2003-04.

**S.B. 03-181:** Increases well-permitting fees in order to enhance the self-sufficiency of the Division of Water Resources (State Engineer's Office) in the Department of Natural Resources. Reduces the FY 2002-03 Long Bill appropriation by \$1,284,820 General Fund and increases it by \$1,284,820 cash funds from the Ground Water Management Cash Fund.

**S.B. 03-191:** For purposes of augmenting General Fund revenues for FY 2002-03, requires the State Treasurer to transfer a total of \$203,592,024 from various cash funds to the General Fund. With four specified exceptions, requires all of the transfers to occur on the effective date of the act. Requires the State Treasurer to transfer \$10.0 million from the General Fund to the Major Medical Insurance Fund on July 1, 2003. With regard to the Department of Natural Resources, transfers \$7.1 million from the Operational Account of the Severance Tax Trust Fund. For a complete list of transfers authorized by the act, see the table beginning on page 93 of the FY 2003-04 Appropriations Report.

**S.B. 03-197:** Reduces personal services by \$1,316,324 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-212:** Supplemental appropriation to the Department of Natural Resources to modify appropriations included in the FY 2002-03 Long Bill, H.B. 02-1420. Also includes a FY 2001-02 add-on appropriation that amends the appropriations included in the FY 2001-02 Long Bill, S.B. 01-212, as amended by H.B. 02-1379 and H.B. 02-1451.

**S.B. 03-236:** Submits a ballot measure to the voters at the 2003 general election to allow the Colorado Water Conservation Board to issue up to \$2.0 billion of water infrastructure revenue bonds to finance water infrastructure projects, with a total state repayment cost of \$4.0 billion. Provides that the bond proceeds be utilized by 2005 to begin construction of projects.

**S.B. 03-258:** General appropriations act for FY 2003-04. Note that the head notes to this act include provisions to set aside various funds administered by the Department of Natural Resources as portions of the state emergency reserve required under Section 20 of Article X of the state constitution.

**S.B. 03-271:** Transfers the following amounts to the General Fund: (1) \$240,000 from the Infant Immunization Fund on July 1, 2003; (2) the balance of moneys in the Advanced Technology Fund on June 1, 2003, and at the end of each quarter for FY 2003-04; (3) \$486,613 from the Emergency Response Cash Fund on July 1, 2003; (4) \$700,000 from the Off-Highway Vehicle Recreation Fund on January 1, 2004; and, (5) \$4.6 million from the operational account of the Severance Tax Trust Fund on June 30, 2004. Also transfers the balance of the Victims and Witness Assistance and Law Enforcement Fund to the General Fund on June 30, 2004, but not more than \$1.0 million of unencumbered funds. Also, the bill increases surcharges levied on criminal and traffic offenses by 30 percent, which should generate about \$4.5 million for the General Fund.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-278:** Authorizes the State Engineer to establish and collect annual water administration fees to cover costs associated with administration of appropriative water rights and creates the Water Administration Cash Fund to receive such fees. Reduces the FY 2003-04 Long Bill appropriation to the Department of Natural Resources, Division of Water Resources by \$1,414,539 General Fund and increases the appropriation by \$1,689,539 cash funds from the Water Administration Cash Fund. Also appropriates \$12,158 cash funds exempt (transferred from the appropriation made to the Department of Natural Resources) and 0.7 FTE to the Department of Law for the provision of legal services to the Department of Natural Resources. [Please note, H.B. 04-1420 repealed this legislation. See the "2004 Legislation" which follows for more information.]

**S.B. 03-290:** Provides the Parks Board with additional flexibility for fees and appropriates \$200,000 cash funds exempt from the Stores Revolving Fund to the Division of Parks and Outdoor Recreation.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

**H.B. 03-1318:** Authorizes the creation of water banks within each water division and authorizes the State Engineer to promulgate rules necessary. Specifies that such rules shall delegate administration of said bank to the water conservancy district or water conservation district that submitted the request for the bank. Appropriates \$100,000 cash funds exempt from the Colorado Water Conservation Board Construction Fund to the Department of Natural Resources for FY 2003-04. Also appropriates \$75,000 cash funds exempt (transferred from the appropriation made to the Department of Natural Resources) and 0.7 FTE to the Department of Law for the provision of legal services to the Department of Natural Resources.

**H.B. 03-1319:** Revises statutes governing the Division of Wildlife and the Division of Parks and Outdoor Recreation in the Department of Natural Resources. Results in estimated FY 2003-04 revenue increases of the following: \$200,905 General Fund, \$3,805 cash funds (various cash funds), and \$197,100 cash funds exempt (Wildlife Cash Fund).

**H.B. 03-1320:** Authorizes water right owners in any basin or county in which an emergency has been declared to loan water to the Colorado Water Conservation Board for use as instream flows for a defined time period, subject to the State Engineer's determination that such temporary instream flows will not injure existing water rights of others. Appropriates \$5,000 cash funds from filing fees collected to the Department of Natural Resources, Division of Water Resources for FY 2003-04.

**H.B. 03-1334:** Authorizes the State Engineer to approve and administer interruptible water supply agreements for certain specified purposes without the need for an adjudication, subject to certain conditions. Appropriates \$65,280 cash funds from the Ground Water Management Cash Fund to the Department of Natural Resources, Division of Water Resources for FY 2003-04.

## **2004 Session Bills**

**S.B. 04-32:** Authorizes the owner of an agricultural irrigation water right to loan such right for up to 180 days during a calendar year to another owner on the same stream. Appropriates \$300 cash funds from the Ground Water Management Cash fund to the Department of Natural Resources, Division of Water Resources, for FY 2004-05.

**S.B. 04-40:** Authorizes the Division of Wildlife to purchase three parcels of land commonly referred to as the Frisco Creek Wildlife Hospital and Rehabilitation Center and to purchase water and mineral rights. Provides that the sales price shall not exceed \$1,200,000, paid with moneys previously allocated by the Great Outdoors Colorado Trust Fund (GOCO).

**S.B. 04-97:** Authorizes the Division of Wildlife to purchase a building in Colorado Springs without engaging in a competitive bid process. Appropriates \$1,600,000 cash funds exempt from the Wildlife Cash Fund to the Department of Natural Resources, Division of Wildlife for FY 2004-05.

**S.B. 04-222:** Provides the State Engineer wide discretion to permit the continued use of underground water consistent with a reasonable lessening of material injury to senior surface water rights. Carries a fiscal impact to the Judicial Department of \$25,814 General Fund and 0.3 FTE, conditioned upon various factors, including the following: (1) if ground water management subdistricts do not adopt a ground water management plan; (2) if the State Engineer responds to this inaction by passing rules; and (3) if such rules are litigated, then there could be a fiscal impact to the Judicial Department at such date.

**S.B. 04-225:** Revises statutes governing underground water by authorizing the State Engineer to issue orders to owners/users of wells as necessary; to administer the movement of water in any Ground Water Commission-issued replacement plan; and order any person supplying energy to pump ground water to provide records of such energy. Appropriates \$10,000 cash funds from the newly created Well Enforcement Cash Fund to the Department of Natural Resources for FY 2004-05. Further appropriates \$8,511 cash funds exempt to the Department of Law for the provision of legal services to the Department of Natural Resources.

**S.B. 04-235:** Creates the Republican River Water Conservation District and provides for the respective duties of said district. Authorizes the Board to assess a tax on property within the District, subject to voter approval. Requires the Department of Revenue to perform the collection, administration, and enforcement of the tax. The conditional fiscal impact to the Department of Revenue of \$15,316 General Fund, \$101,925 cash funds exempt and 0.6 FTE could occur no earlier than FY 2005-06, conditioned upon voter approval of said tax.

**H.B. 04-1135:** Authorizes the Division of Wildlife to regulate wildlife sanctuaries. Appropriates \$6,997 cash funds exempt from the Division of Wildlife Cash Fund to the Department of Natural Resources, Division of Wildlife for FY 2004-05.

**H.B. 04-1221:** Authorizes \$24,320,800 in new loans comprised of the following: (1) \$11,110,000 from the Perpetual Base Account of the Severance Tax Trust Fund for the Colorado River Water Conservation District - Elkhead Reservoir Enlargement; (2) \$7,272,000 from the Water Conservation Board Construction Fund (Construction Fund) for the New Cache La Poudre Irrigating Company - Barnesville, Cornish Plains and Drury Reservoir Construction; and (3) \$5,938,800 from the Colorado River Recovery Program Loan Fund for Western Area Power Administration - Capital projects of the Upper Colorado and San Juan River Basins Recovery Implementation Program. Decreases the amount of specified prior loans from the Construction Fund by \$2,235,000. Transfers \$150,000 from the Construction Fund to the Flood Response Fund. Repeals the Emergency Infrastructure Repair Cash Fund and transfers any unreserved amount to the Construction Fund. Repeals the Arkansas River Augmentation Loan Fund and transfers any remaining reserves to the Construction Fund.

Appropriates \$3,920,500 cash funds exempt from the Construction Fund to the Colorado Water Conservation Board for projects in FY 2004-05. These appropriations include the following: (1) \$2,500,000 for the South Platte Decision Support System; (2) \$353,000 for satellite monitoring maintenance; (3) \$215,000 for flood plain studies and maps; (4) \$210,000 for satellite monitoring; (5) \$200,000 for the El Paso County Cooperative Study; (6) \$150,000 for the decision support system database; (7) \$145,000 for the document imaging system; (8) \$75,000 for stream restoration planning and engineering; (9) \$52,500 for a Tamarisk inventory; and (10) \$20,000 for cloud seeding programs.

**H.B. 04-1256:** Eliminates current statutory restrictions on when an interruptible water supply agreement may be operated. Based on an additional ten appeals anticipated to be filed per year in water court in response to the State Engineer's decisions, the bill appropriates \$10,000 from the Water Adjudication Cash Fund to the Judicial Department for FY 2004-05.

**H.B. 04-1329:** Supplemental appropriation to the Department of Natural Resources to modify the appropriation included in the FY 2003-04 Long Bill.

**H.B. 04-1365:** Expands the duties of the Colorado Water Conservation Board's newly renamed Office of Water Conservation and Drought Planning. Provides that the Office shall provide technical and financial assistance to water providers for conservation plans and programs and drought mitigation planning and implementation. Requires each water provider that does not already have a water use efficiency plan to develop and implement such a plan. On or after July 1, 2006, a water provider seeking financial assistance from the Colorado Water Conservation Board or from the Colorado Water Resources and Power Development Authority shall be required to submit a new or revised plan for approval. It is anticipated that funds to implement the provisions of the bill will be requested by the Department as a decision item for FY 2006-07 or later. Pursuant to the bill, these moneys would come from the Operational Account of the Severance Tax Trust Fund from the existing 5.0 percent proportion currently authorized for, but not expended by, the Colorado Water Conservation Board.

**H.B. 04-1402:** Repeals the water administration fee (authorized in S.B. 03-278) and requires the State Engineer to refund all such moneys collected by June 30, 2004. Amends the FY 2003-04 appropriations clause in S.B. 03-278. This eliminates the appropriation of \$1,689,539 cash funds from the Water Administration Cash Fund to the Department of Natural Resources in FY 2003-04 and increases the appropriation by \$1,527,449 cash funds from a one-time use of the Operational Account of the Severance Tax Trust Fund. Also amends the FY 2004-05 Long Bill to eliminate the \$1,689,539 cash funds appropriation to the Department of Natural Resources from the Water Administration Cash Fund and increases the General Fund appropriation to the Department by \$1,414,539 for FY 2004-05.

**H.B. 04-1422:** General appropriations act for FY 2004-05. Note that the head notes to this act include provisions to set aside various funds administered by the Department of Natural Resources as portions of the state emergency reserve required under Section 20 of Article X of the state constitution.

## DEPARTMENT OF PERSONNEL AND ADMINISTRATION

The Department of Personnel and Administration is responsible for administering the state personnel system, which includes approximately 27,700 full time equivalent (FTE) staff, excluding the Department of Higher Education. Such responsibilities include development of the annual employee compensation plan; maintenance of the classification system; maintenance of the information system for classified employees; provision of recruiting, testing, and selection services to state agencies; review of services performed by agencies with delegated personnel authority; and provision of technical services such as training, career development, affirmative action, and disability assistance. The Department provides for the administration of all classified employee benefits programs, except the Public Employees Retirement Association (PERA). These benefit programs include group health, life, and dental insurance, short-term disability insurance, and deferred and defined compensation retirement plans. The Department also provides support to the State Personnel Board, which is responsible for ensuring compliance with the state personnel system as authorized in Article XII, Sections 13 through 15 of the Colorado Constitution.

In addition, the Department provides general support services for state agencies. These functions include: control of the State's purchasing activities; maintenance of state financial activities; maintenance of state archives and public records; maintenance of the buildings in the capitol complex and two other campuses; provision of central services to agencies in the Denver metropolitan area, including mail, printing, copying and motor pool services; maintenance of the state's telecommunications system; provision of centralized computer services; provision of administrative law judge services; coordination of capital construction and controlled maintenance projects; management of the State's motor vehicle fleet; centralized lease management for state agencies; and oversight of the State's liability, property, and workers' compensation insurance program.

The Department is comprised of the following divisions: (1) Executive Office; (2) Human Resources; (3) Personnel Board; (4) Central Services; (5) Finance and Procurement; (6) Information Technology; and (7) Administrative Hearings.

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$13,844,015	\$11,381,546	\$7,986,986	\$8,393,430
Cash Funds	12,792,663	11,036,689	10,847,769	11,782,730
Cash Funds Exempt	104,144,545	120,578,302	142,570,558	153,552,160
Federal Funds	<u>71,531</u>	<u>102,005</u>	<u>71,531</u>	<u>71,531</u>
<b>TOTAL</b>	<b>\$130,852,754</b>	<b>\$143,098,542</b>	<b>\$161,476,844</b>	<b>\$173,799,851</b>
Full Time Equiv. Staff	553.5	541.1	570.1	571.8

## **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 include the following:

- ☐ An increase in statewide payments of \$5.0 million cash funds and cash funds exempt for the State's workers' compensation premiums;
- ☐ An increase in statewide vehicle lease payments of \$1.7 million to provide for the annualization of Colorado State Patrol vehicles replaced in FY 2003-04 and for new replacements of non-General Fund vehicles in FY 2004-05;
- ☐ An increase in statewide payments of \$1.6 million cash funds and cash funds exempt for the State's property premiums;
- ☐ An increase of appropriations of \$964,000, including \$384,000 General Fund, for salary survey and performance-based pay;
- ☐ An increase in statewide payments of \$514,000 cash funds and cash funds exempt for the State's liability premiums;
- ☐ An increase of \$577,000, including \$96,000 General Fund and 2.0 FTE, for compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) security rule;
- ☐ An increase of \$1.4 million cash funds exempt for various imaging and data entry projects in the Document Solutions Group;
- ☐ A refinance of \$569,000 General Fund with other fund sources, including indirect cost recoveries;
- ☐ A reduction of \$312,000, including \$144,000 General Fund associated with one-time increases related to the pay-date shift in FY 2003-04; and
- ☐ The elimination of \$1.0 million cash funds exempt in one-time funding for audits of the State's telecommunications billings.

## **General Factors Driving the Budget**

Funding for this department consists of 4.8 percent General Fund, 6.8 percent cash funds, and 88.3 percent cash funds exempt. In addition, the Department receives a small amount of federal funding, about 0.1 percent of its total budget, from the National Oceanic and Atmospheric Administration (NOAA). The Department is primarily funded through transfers received from other



state agencies for the provision of centralized services or products. All of these transfers are exempt from revenue limitations, except transfers received from entities such as authorities or enterprises, that are considered non-state agencies for the purposes of complying with the TABOR amendment, Article X, Section (20) (1) of the Colorado Constitution. Such transfers are classified as cash funds when used to purchase services or products from this department. Three of the most important factors driving the budget are reviewed below.

### **Number of State Employees**

The Department administers and oversees the State's workforce and programs related to compensation and benefits. The number of state employees affects many areas of the budget (such as the State's contributions for benefit and retirement programs). Presently, there is not a central database that tracks and monitors statewide human resources. Consequently, it is difficult to reconcile full-time equivalent positions (FTE) appropriated by the General Assembly with the actual number of state employees. The following table provides a comparison of the number of FTE appropriated statewide, *excluding* all employees in the Department of Higher Education.

<b>State Employees</b>	<b>FY 00-01</b>	<b>FY 01-02</b>	<b>FY 02-03</b>	<b>FY 03-04</b>	<b>FY 04-05</b>
Total Number of FTE Appropriated by the General Assembly	27,462.8	27,958.6	27,970.1	27,403.9	27,723.3

### **State Fleet Program**

This program provides light duty vehicles to all state agencies on a long-term basis, maintains a statewide network of service providers (including maintenance, repairs, and fuel) and manages a self-insured accident fund for comprehensive/collision damages. Since the mid-1990s, the program has acquired private-sector funding for additional and replacement vehicles, rather than using treasury loans. It also manages a centralized information system for state fleet assets. The central coordination of statewide vehicles began on January 1, 1993.

<b>Fiscal Year</b>	<b>Actual FY 00-01</b>	<b>Actual FY 01-02</b>	<b>Actual FY 02-03</b>	<b>Appropriated FY 03-04</b>	<b>Appropriated FY 04-05</b>
Number of Fleet Vehicles	5,608	5,650	5,695	5,515	5,540
Total Cost of Fleet Management (Includes Vehicles, Maintenance, and Fuel)	\$26,093,202	\$26,929,127	\$26,119,093	\$28,278,860	\$28,041,992
<i>Staff Estimated Net General Fund Share of Vehicle Costs</i>	<i>\$10,729,394</i>	<i>\$11,073,122</i>	<i>\$10,740,040</i>	<i>\$11,628,126</i>	<i>\$11,530,727</i>

### **Risk Management**

The State's Risk Management program provides insurance coverage to departments and agencies for workers' compensation and property and liability insurance. The Department of Personnel and Administration administers and maintains this coverage through the Risk Management program. The State is self-insured for workers' compensation and liability and it purchases property insurance from the private sector.

<b>Fiscal Year</b>	<b>Actual FY 00-01</b>	<b>Actual FY 01-02</b>	<b>Actual FY 02-03</b>	<b>Appropriated FY 03-04</b>	<b>Appropriated FY 04-05</b>
Workers' Compensation	\$26,574,106	\$19,015,364	\$22,232,501	\$30,053,741	\$35,083,244
Property	\$3,045,479	\$4,419,329	\$5,958,000	\$10,019,126	\$11,586,965
Liability	\$6,263,393	\$4,487,738	\$7,456,916	\$9,705,880	\$10,220,094

### **Summary of FY 2003-04 and FY 2004-05 Appropriations**

#### **Total Department Appropriations**

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Total Appropriation:</b>	<b>\$7,986,986</b>	<b>\$10,847,769</b>	<b>\$142,570,558</b>	<b>\$71,531</b>	<b>\$161,476,844</b>	<b>570.1</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Office	3,263,947	250,100	4,894,272	0	8,408,319	26.0
Division of Human Resources	155,990	4,605,399	51,764,646	0	56,526,035	58.4
Personnel Board	216,211	1,200	212,218	0	429,629	4.8
Central Services	0	3,270,013	47,616,571	0	50,886,584	194.3
Finance and Procurement	580,639	906,210	3,267,992	0	4,754,841	65.5
Division of Information Technology	3,770,199	1,814,847	31,695,943	71,531	37,352,520	181.8
Administrative Hearings	0	0	3,118,916	0	3,118,916	39.3
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-45	0	0	26,112	0	26,112	0.0
SB 03-258	8,286,223	10,898,088	145,324,893	71,531	164,580,735	568.8
SB 03-259	0	25,499	0	0	25,499	0.0

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
SB 03-273	(395,712)	(18,361)	(493,259)	0	(907,332)	0.0
HB 03-1316	(1,813)	(120)	(2,591)	0	(4,524)	0.0
SB 04-138	0	(25,499)	0	0	(25,499)	0.0
HB 04-1330	98,288	(31,838)	(2,962,574)	0	(2,896,124)	1.3
HB 04-1422	0	0	677,977	0	677,977	0.0
<b>FY 2004-05 Total Appropriation:</b>						
	<b>\$8,393,430</b>	<b>\$11,782,730</b>	<b>\$153,552,160</b>	<b>\$71,531</b>	<b>\$173,799,851</b>	<b>571.8</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Office	3,339,253	106,989	6,868,085	0	10,314,327	28.0
Division of Human Resources	155,990	5,285,200	58,171,602	0	63,612,792	58.2
Personnel Board	225,564	1,200	190,098	0	416,862	4.8
Central Services	0	3,277,930	51,115,909	0	54,393,839	191.0
Finance and Procurement	1,032,949	920,822	2,735,889	0	4,689,660	65.5
Division of Information Technology	3,639,674	2,190,589	31,087,455	71,531	36,989,249	185.3
Administrative Hearings	0	0	3,383,122	0	3,383,122	39.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-138	0	(25,499)	0	0	(25,499)	0.0
SB 04-257	0	117,891	0	0	117,891	0.0
HB 04-1422	8,393,430	11,690,338	153,552,160	71,531	173,707,459	571.8
<b>Increase/(Decrease)</b>	<b>\$406,444</b>	<b>\$934,961</b>	<b>\$10,981,602</b>	<b>\$0</b>	<b>\$12,323,007</b>	<b>1.7</b>
Percentage Change	5.1%	8.6%	7.7%	0.0%	7.6%	0.3%

## **Detail of Appropriation by Administrative Section**

### **Executive Office**

This division is responsible for personnel appeals, affirmative action, and disability issues affecting all classified state employees, and is charged with reviewing the overall management and programs of state government. It provides centralized accounting, personnel, and budgeting services for the department. The executive director (also known as the State Personnel Director) has administrative

responsibility for the Total Compensation Advisory Council, the Deferred Compensation Committee, and the Short-term Disability Fund. The primary source of funding, cash funds exempt (66.6 percent), is from indirect cost recoveries originating in other divisions throughout the Department and user fees from other state agencies. General Fund accounts for 32.4 percent of the Division's funding in FY 2004-05.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$3,707,071	\$222,068	\$5,937,526	\$0	\$9,866,665	26.0
SB 03-273	(395,712)	(18,361)	(493,259)	0	(907,332)	0.0
HB 03-1316	(1,813)	(120)	(2,591)	0	(4,524)	0.0
HB 04-1330	<u>(45,599)</u>	<u>46,513</u>	<u>(547,404)</u>	<u>0</u>	<u>(546,490)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,263,947</b>	<b>\$250,100</b>	<b>\$4,894,272</b>	<b>\$0</b>	<b>\$8,408,319</b>	<b>26.0</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-257	\$0	\$10,471	\$0	\$0	\$10,471	0.0
HB 04-1422	<u>3,339,253</u>	<u>96,518</u>	<u>6,868,085</u>	<u>0</u>	<u>10,303,856</u>	<u>28.0</u>
<b>TOTAL</b>	<b>\$3,339,253</b>	<b>\$106,989</b>	<b>\$6,868,085</b>	<b>\$0</b>	<b>\$10,314,327</b>	<b>28.0</b>
<b>Increase/(Decrease)</b>	\$75,306	(\$143,111)	\$1,973,813	\$0	\$1,906,008	2.0
Percentage Change	2.3%	-57.2%	40.3%	n/a	22.7%	7.7%

FTE Detail	FY 2003-04	FY 2004-05
Director and Administrative Staff	5.0	6.0
Accounting and Budgeting Staff	9.0	10.0
Human Resource Services	5.0	5.0
Computer Support	1.0	2.0
Contract Administration	1.0	1.0
Clerical Support	<u>5.0</u>	<u>4.0</u>
	26.0	28.0

*FTE Changes:* The FTE appropriation includes a net increase of 2.0 FTE, which results from additional FTE needed for compliance with HIPAA security rules. Additionally, the appropriation includes a transfer from other divisions of 1.0 FTE for assistance in budget preparation and a decrease of 1.0 FTE for departmental communications.

*General Fund Changes:* The \$75,000 General Fund net increase includes the following changes: (1) an increase of \$384,000 in salary survey and performance-based pay; (2) an increase of \$198,000 for the Department's use of services provided by the Computer Center; (3) an increase of \$96,000 for compliance with HIPAA security rules; (4) an increase of \$38,000 in costs for leased space in the capitol complex; and (5) an increase of \$35,000 in costs for legal services.

These increases are partially offset by decreases in the following areas: (1) \$509,000 due to increased indirect cost recoveries used to offset General Fund; (2) \$87,000 due to a refinance of the vehicle lease payment line item; (3) \$46,000 in state contributions to health, life, and dental insurance; (4) \$19,000 in risk management, including workers' compensation; and (5) a transfer of \$19,000 to the Division of Information Technology associated with costs for the Document Solutions Group - Pueblo.

*Cash Funds Changes:* The net decrease of \$143,000 in the cash funds appropriation is attributable to the following changes: (1) a decrease of \$123,000 for the financing of the Department's leased space in the capitol complex; (2) a decrease of \$62,000 associated with services purchased for the Document Solutions Group - Pueblo; and (3) a decrease of \$10,000 for privately leased commercial space. These decreases are partially offset by a \$39,000 increase for salary survey, performance-based pay, and State contributions to health, life, and dental insurance, an increase of \$10,000 for legal services pursuant to S.B. 04-257, and an increase of \$2,000 in costs associated with the Department's use of legal services.

*Cash Funds Exempt Changes:* The cash funds exempt appropriation represents a net increase of \$2.0 million that reflects: (1) an increase of \$655,000 in salary survey, performance-based pay, and the State's contribution for health, life, and dental insurance; (2) an increase of \$481,000 associated with the Department's compliance with HIPAA security rules; (3) an increase of \$448,000 in indirect costs recoveries used to offset the need for General Fund; (4) an increase of \$156,000 for the Department's share of its leased space in the capitol complex; (5) an increase of \$132,000 for the Department's leased space of commercial property, which includes a transfer from Central Services; (6) an increase of \$107,000 for both a refinance of and costs for replacing a portion of the Department's vehicle fleet; (7) \$48,000 associated with an additional FTE for budget preparation; and, (8) \$36,000 in risk management payments, including workers' compensation.

These increases are partially offset by decreases in the following areas: (1) \$62,000 in base reductions; (2) \$24,000 for the Department's share of payments to the Computer Center; and (3) \$16,000 for a transfer to the Division of Finance and Procurement of spending authority associated with the department's use of the Document Solutions Group - Pueblo.

## **Division of Human Resources**

This division is responsible for administration of the State's selection, classification, and compensation programs and administration of the state's employee benefit programs (including health, life, dental, and disability benefits and the deferred and defined compensation programs). It also administers the

risk management program for all state agencies, which involves supervising the investigation, adjustment, and legal defense of property, liability, and workers' compensation claims, as well as administering loss-control programs designed to decrease the state's claims exposure and liability. The majority of funding for this division comes from user fees from state agencies.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$155,990	\$4,683,750	\$53,226,931	\$0	\$58,066,671	58.4
HB 04-1330	<u>0</u>	<u>(78,351)</u>	<u>(1,462,285)</u>	<u>0</u>	<u>(1,540,636)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$155,990</b>	<b>\$4,605,399</b>	<b>\$51,764,646</b>	<b>\$0</b>	<b>\$56,526,035</b>	<b>58.4</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-257	\$0	\$107,420	\$0	\$0	\$107,420	0.0
HB 04-1422	<u>155,990</u>	<u>5,177,780</u>	<u>58,171,602</u>	<u>0</u>	<u>63,505,372</u>	<u>58.2</u>
<b>TOTAL</b>	<b>\$155,990</b>	<b>\$5,285,200</b>	<b>\$58,171,602</b>	<b>\$0</b>	<b>\$63,612,792</b>	<b>58.2</b>
<b>Increase/(Decrease)</b>	\$0	\$679,801	\$6,406,956	\$0	\$7,086,757	(0.2)
Percentage Change	0.0%	14.8%	12.4%	n/a	12.5%	-0.3%

FTE Detail	FY 2003-04	FY 2004-05
State Agency Services	30.9	30.7
Training Services	3.0	3.0
Colorado State Employee Assistance Program	4.5	4.5
Employee Benefits Services	11.0	11.0
Risk Management Services	<u>9.0</u>	<u>9.0</u>
	58.4	58.2

*FTE Changes:* The decrease of 0.2 FTE is attributable to a transfer from the State Agency Services section of the division to the Executive Office for assistance in budget preparation.

*Cash Funds Changes:* The \$680,000 increase in the cash funds appropriation is attributable to the following: (1) an increase of \$437,000 for workers' compensation premiums statewide; (2) an additional \$107,000 associated with the implementation of S.B. 04-257; (3) an increase of \$77,000 for property premiums statewide; and (4) an increase of \$59,000 for liability premiums statewide.

*Cash Funds Exempt Changes:* The appropriations for cash funds exempt contain a net increase of \$6.4 million, which reflects the following changes: (1) an increase of \$4.5 million statewide for workers' compensation premiums; (2) an increase of \$1.5 million for statewide property premiums; (3) an increase of \$455,000 for statewide liability premiums; and (4) an increase of \$20,000 for legal expenses associated with the Risk Management Program.

These increases are partially offset by the following decreases: (1) \$77,000 in indirect costs assessed against the division; (2) \$58,000 in one-time costs associated with supplemental funding in FY 2003-04; and, (3) \$16,000 associated with base reductions in personal services.

## Personnel Board

This division provides staff support for the five-member State Personnel Board authorized in Article XII, Sections 13 through 15, of the Colorado Constitution. Pursuant to Section 24-50-103, C.R.S., the Board has the authority to adopt by rule a uniform grievance procedure to be used by all state agencies for classified employees in the state personnel system. The Board adjudicates employment disputes within the state classified system and is responsible for promulgating rules to ensure that state employment is based on merit. The Board conducts administrative hearings, promulgates rules under the authority of the State Administrative Procedures Act, and facilitates dispute resolution. The Board processed approximately 410 cases in FY 2002-03, the last year for which statistics are available. This caseload represents an increase over prior fiscal years and the Department of Personnel and Administration anticipates 375 cases to be processed in FY 2003-04 and FY 2004-05. Since employees trigger the adjudicatory process, the Board cannot directly control the number of cases filed. The Board also provides guidance in achieving and maintaining a sound, comprehensive, and uniform system of human resource management. The Division is primarily funded with General Fund and cash funds exempt (indirect cost recoveries), with relatively small amounts of cash funds from fees. In FY 2004-05, General Fund accounts for 54.1 percent of the appropriation, while cash funds exempt accounts for 45.6 percent of the appropriation.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$216,211	\$1,200	\$200,227	\$0	\$417,638	4.8
HB 04-1330	<u>0</u>	<u>0</u>	<u>11,991</u>	<u>0</u>	<u>11,991</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$216,211</b>	<b>\$1,200</b>	<b>\$212,218</b>	<b>\$0</b>	<b>\$429,629</b>	<b>4.8</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$225,564</u>	<u>\$1,200</u>	<u>\$190,098</u>	<u>\$0</u>	<u>\$416,862</u>	<u>4.8</u>
<b>TOTAL</b>	<b>\$225,564</b>	<b>\$1,200</b>	<b>\$190,098</b>	<b>\$0</b>	<b>\$416,862</b>	<b>4.8</b>

	GF	CF	CFE	FF	Total	FTE
<b>Increase/(Decrease)</b>	\$9,353	\$0	(\$22,120)	\$0	(\$12,767)	0.0
Percentage Change	4.3%	0.0%	-10.4%	n/a	-3.0%	0.0%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Director	1.0	1.0
Administrative Law Judge	1.8	1.8
Legal Assistant	1.0	1.0
Support / Clerical	<u>1.0</u>	<u>1.0</u>
	4.8	4.8

*General Fund Changes:* The increase in the General Fund appropriation is the result of less indirect costs available, which are used to offset the need for a such a General Fund appropriation.

*Cash Funds Exempt Changes:* The reduction of \$22,000 in the appropriations results from decreases of \$12,000 in one-time costs associated with supplemental funding in FY 2003-04 and \$9,400 due to less indirect costs available to offset General Fund in this division.

## Central Services

This division is responsible for realizing savings in governmental costs by providing centralized services to state agencies. The services provided include: management of the statewide travel program; processing of incoming and outgoing mail; mail delivery and messenger services; copying, printing and graphics design; microfilming and imaging services; vehicle leasing; management of the state's motor vehicle fleet; and operation and maintenance of buildings in the capitol complex and other various state-owned facilities. It is funded primarily from fees paid by state agencies, which are represented as cash funds for enterprises such as the Division of Wildlife and cash funds exempt for other state departments.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-45	\$0	\$0	\$26,112	\$0	\$26,112	0.0
SB 03-258	0	3,270,013	47,931,208	0	51,201,221	194.3
HB 04-1330	0	0	(1,018,726)	0	(1,018,726)	0.0
HB 04-1422	<u>0</u>	<u>0</u>	<u>677,977</u>	<u>0</u>	<u>677,977</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$3,270,013</b>	<b>\$47,616,571</b>	<b>\$0</b>	<b>\$50,886,584</b>	<b>194.3</b>



	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	\$0	\$3,277,930	\$51,115,909	\$0	\$54,393,839	191.0
<b>TOTAL</b>	<b>\$0</b>	<b>\$3,277,930</b>	<b>\$51,115,909</b>	<b>\$0</b>	<b>\$54,393,839</b>	<b>191.0</b>
<b>Increase/(Decrease)</b>						
	\$0	\$7,917	\$3,499,338	\$0	\$3,507,255	(3.3)
Percentage Change	n/a	0.2%	7.3%	n/a	6.9%	-1.7%

FTE Detail	FY 2003-04	FY 2004-05
Administrative	10.0	10.0
Reprographics	26.1	26.1
Document Solutions Group	53.0	49.7
Mail Services	32.0	32.0
Fleet Management Program and Motor Pool Services	16.0	16.0
Facilities Maintenance and Planning	<u>57.2</u>	<u>57.2</u>
	194.3	191.0

*FTE Changes:* The appropriation includes a decrease of 3.3 FTE, which is attributable to eliminating 3.0 cash funds exempt FTE associated with workload in the Document Solutions Group and transferring 0.3 cash funds exempt FTE to the Executive Office for assistance with budget preparation.

*Cash Funds Changes:* The \$8,000 cash funds increase is attributable to vehicle lease payments originating from enterprise agencies within the state.

*Cash Funds Exempt Changes:* The \$3.5 million net increase in the cash funds exempt appropriation includes the following changes: (1) an increase of \$1.8 million associated with statewide vehicle lease payments; (2) an incremental increase of \$1.1 million associated with a data entry project for the Colorado Benefits Management System (this project will begin in FY 2003-04 with \$678,000, as included in the appropriation for the Department of Personnel and Administration pursuant to H.B. 04-1422); (3) an increase of \$330,000 associated with indirect costs assessed against the Division; (4) an increase of \$296,000 associated with projects in the Department of Natural Resources which require matching spending authority in the Department of Personnel and Administration; and (5) an increase of \$220,000 in security for the Capitol Complex.

The increases identified above are partially offset by decreases of \$210,000 in base reductions throughout the Division and \$17,000 in a transfer to the Executive Office associated with leased space costs for the Document Solutions Group.

## Finance and Procurement

This division administers a statewide procurement program through the Bid Information and Distribution System (BIDS), and meets the product and service needs of state agencies by negotiating contracts for acceptable goods and services in order to maximize the purchasing power of the State. This division manages the financial affairs of all departments through the State Controller's Office by using the Colorado Financial Reporting Systems (COFRS). It conducts statewide financial reporting, policy and procedural guidance, contract management, and the development of the statewide indirect cost allocation plan.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$580,639	\$906,210	\$3,195,109	\$0	\$4,681,958	65.5
SB 03-259	0	25,499	0	0	25,499	0.0
SB 04-138	0	(25,499)	0	0	(25,499)	0.0
HB 04-1330	<u>0</u>	<u>0</u>	<u>72,883</u>	<u>0</u>	<u>72,883</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$580,639</b>	<b>\$906,210</b>	<b>\$3,267,992</b>	<b>\$0</b>	<b>\$4,754,841</b>	<b>65.5</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-138	\$0	(\$25,499)	\$0	\$0	(\$25,499)	0.0
HB 04-1422	<u>1,032,949</u>	<u>946,321</u>	<u>2,735,889</u>	<u>0</u>	<u>4,715,159</u>	<u>65.5</u>
<b>TOTAL</b>	<b>\$1,032,949</b>	<b>\$920,822</b>	<b>\$2,735,889</b>	<b>\$0</b>	<b>\$4,689,660</b>	<b>65.5</b>
<b>Increase/(Decrease)</b>	\$452,310	\$14,612	(\$532,103)	\$0	(\$65,181)	0.0
Percentage Change	77.9%	1.6%	-16.3%	n/a	-1.4%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
State Controller's Office	38.0	38.0
Collection Services	17.0	17.0
State Buildings and Real Estate Services Program	7.0	7.0
Supplier Database	<u>3.5</u>	<u>3.5</u>
	65.5	65.5

*General Fund Changes:* The \$452,000 General Fund increase results from less indirect cost recoveries available to the Division to offset the need for General Fund appropriations.

*Cash Funds Changes:* The \$15,000 cash funds increase reflects a transfer to the Central Collections program from the Executive Office for the purchase of services from the Document Solutions Group - Pueblo.

*Cash Funds Exempt Changes:* The \$532,000 cash funds exempt decrease includes: (1) a decrease of \$453,000 attributable to less indirect costs available to offset General Fund; (2) \$73,000 in one-time costs associated with supplemental funding in FY 2003-04; and (3) \$7,000 in base reductions.

## Division of Information Technology

This division integrates the State's information services into one group. Its responsibilities include: (1) planning, coordinating, and integrating communication capabilities such as radio and wireless technologies and data, voice, internet, text, video and graphics content associated with the multiuse network (MNT); (2) planning, managing, operating, and delivering the State's computer infrastructure (such as desktop computers and mainframe resources); (3) developing data sharing technologies; (4) archiving historical records; and (5) supporting all statewide applications (including payroll, personnel, financial, and purchasing systems). The majority of funding for this division is cash funds exempt (84.0 percent), a majority of which is from fees charged to other state agencies for services provided by the Division. General Fund accounts for 9.8 percent of the Division's funding.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$3,626,312	\$1,814,847	\$31,714,976	\$71,531	\$37,227,666	180.5
HB 04-1330	<u>143,887</u>	<u>0</u>	<u>(19,033)</u>	<u>0</u>	<u>124,854</u>	<u>1.3</u>
<b>TOTAL</b>	<b>\$3,770,199</b>	<b>\$1,814,847</b>	<b>\$31,695,943</b>	<b>\$71,531</b>	<b>\$37,352,520</b>	<b>181.8</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$3,639,674</u>	<u>\$2,190,589</u>	<u>\$31,087,455</u>	<u>\$71,531</u>	<u>\$36,989,249</u>	<u>185.3</u>
<b>TOTAL</b>	<b>\$3,639,674</b>	<b>\$2,190,589</b>	<b>\$31,087,455</b>	<b>\$71,531</b>	<b>\$36,989,249</b>	<b>185.3</b>
<b>Increase/(Decrease)</b>	(\$130,525)	\$375,742	(\$608,488)	\$0	(\$363,271)	3.5
Percentage Change	-3.5%	20.7%	-1.9%	0.0%	-1.0%	1.9%

FTE Detail	FY 2003-04	FY 2004-05
Administration	6.0	6.0
Customer Services	13.0	13.0
Order Billing	10.0	10.0

FTE Detail	FY 2003-04	FY 2004-05
Communication Services	44.3	48.0
Network Services	18.0	18.0
Computer Services	42.0	41.8
Information and Archival Services	9.0	9.0
Technology Management Unit	<u>39.5</u>	<u>39.5</u>
	181.8	185.3

*FTE Changes:* The net increase of 3.5 FTE in the Division is attributable to the following: (1) an increase of 3.7 cash funds exempt FTE associated with the annualization of maintenance personnel for Digital Trunked Radio in the Communications Services program; and (2) a reduction associated with the transfer of 0.2 cash funds exempt FTE from the Computer Services program to the Executive Office associated with budget preparation.

*General Fund Changes:* The \$131,000 General Fund net decrease is due to the following reductions: (1) \$144,000 associated with one-time costs for supplemental funding in FY 2003-04 and (2) a decrease of \$6,000 for base reductions. These reductions are partially offset by an increase of \$19,000, which represents a transfer from the Executive Office.

*Cash Funds Changes:* The cash funds increase is primarily attributable to multiuse network payments originating from enterprise agencies within the state and other non-state agencies.

*Cash Funds Exempt Changes:* The \$608,000 decrease in cash funds exempt includes the following: (1) a decrease of \$732,000 in spending authority associated with operating expenses costs of the multiuse network; (2) a decrease of \$725,000 that reflects the completion of an audit of the telecommunications program continuing into FY 2004-05; (3) a decrease of \$28,000 associated with base reductions; and (4) a decrease of \$25,000 for one-time costs associated with supplemental funding for the shift in the June payroll for FY 2003-04. These decreases are partially offset by increases of: (1) \$725,000 due to information technology projects in the Department of Human Services requiring matching spending authority in the Department of Personnel and Administration; (2) \$166,000 associated with the annualization of maintenance personnel for digital trunked radio; and (3) \$34,000 in indirect cost assessments in the Division.

### **Administrative Hearings**

Pursuant to Section 24-30-1001, C.R.S., this division provides administrative law judge services to hear cases upon request by agencies of state government. Departments utilizing these services include: Corrections, Education, Human Services, Labor and Employment, Public Health and Environment, and Regulatory Agencies. Approximately one half of all hearings are related to workers' compensation cases. The funding for this division is 100 percent cash funds exempt, funding transferred from agencies using Administrative Hearings services.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$0</u>	<u>\$3,118,916</u>	<u>\$0</u>	<u>\$3,118,916</u>	<u>39.3</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,118,916</b>	<b>\$0</b>	<b>\$3,118,916</b>	<b>39.3</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$0</u>	<u>\$3,383,122</u>	<u>\$0</u>	<u>\$3,383,122</u>	<u>39.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,383,122</b>	<b>\$0</b>	<b>\$3,383,122</b>	<b>39.0</b>
<b>Increase/(Decrease)</b>	\$0	\$0	\$264,206	\$0	\$264,206	(0.3)
Percentage Change	n/a	n/a	8.5%	n/a	8.5%	-0.8%

FTE Detail	FY 2003-04	FY 2004-05
Administrative Law Judges	16.3	16.3
Hearings Reporters	5.3	5.3
Paralegals	3.2	3.2
Administration and Support Staff	<u>14.5</u>	<u>14.2</u>
	39.3	39.0

*FTE Changes:* The appropriation includes the reduction of 0.3 FTE, which is transferred to the Executive Office associated with budget preparation.

*Cash Funds Exempt Changes:* The increase in cash funds exempt spending authority includes the following increases: (1) \$200,000 for purchasing case management software, and (2) \$84,000 in indirect costs assessed against the division, which are used to offset General Fund elsewhere in the Department. These amounts are offset by a \$20,000 reduction associated with the personal services line item.

## Recent Legislation

### 2003 Session Bills

**S.B. 03-45:** Expands the regulation of water well construction contractors and pump installers by creating a well inspection program. Increases well-permit fees and establishes new fees. Appropriates \$26,112 cash funds exempt to the Fleet Management Program in the Division of Central Services.

**S.B. 03-178:** Allows the Department of Personnel and Administration to collect fees from other state departments for services related to operations and maintenance of the State's public safety communications infrastructure. The bill exempts local government entities from being charged for these services. The bill refinances the appropriation to the Communication Services program in the Division of Information Technology from General Fund to cash funds and cash funds exempt (transfer payments associated with the bill and the reserve balance of a fund unrelated to the bill). Provisions in the bill that allow the Department of Personnel and Administration to charge other state departments for these services will sunset beginning in FY 2006-07.

**S.B. 03-191:** For purposes of augmenting General Fund revenues for FY 2002-03, requires the State Treasurer to transfer a total of \$203,592,024 from various cash funds to the General Fund. With four specified exceptions, requires all of the transfers to occur on the effective date of the act. Requires the State Treasurer to transfer \$10.0 million from the General Fund to the Major Medical Insurance Fund on July 1, 2003. With regard to the Department of Personnel and Administration, transfers \$300,000 from the Supplier Database Cash Fund. For a complete list of transfers authorized by the act, see the table beginning on page 93 of the FY 2003-04 Appropriations Report.

**S.B. 03-197:** Reduces FY 2002-03 personal services appropriations in the Department by \$777,123 General Fund, which represents anticipated June 2003 payroll to be delayed until July. For purposes of payroll, the state will migrate off the accrual basis of accounting to the cash basis of accounting for General Fund supported employees. However, all payroll checks, including those supported by cash funds and cash funds exempt sources will be distributed on July 1. The bill lowered statewide payroll obligations in FY 2002-03 by \$89.4 million General Fund. Because the bill moves the June 2003 payroll period to the next fiscal year (FY 2003-04), one-time savings are realized in FY 2002-03. For every year thereafter, 12 pay periods will be realized by the State and in FY 2003-04, the amount saved in FY 2002-03 will need to be factored into personal services appropriations.

**S.B. 03-213:** Supplemental appropriation to the Department of Personnel and Administration to modify the appropriation included in the FY 2002-03 Long Bill.

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-259:** For an explanation of this bill, please see the Recent Legislation section for the Department of Health Care Policy and Financing.

**S.B. 03-273:** Eliminates statewide salary survey appropriations for FY 2003-04. The bill saves \$29.2 million General Fund and \$45.6 million across all fund sources. Employees of the School for the Deaf and Blind, located in the Department of Education, whose pay scales are tied to those of District 11 employees, are exempted from the provisions of the bill. Additionally, the salary increases affected by this bill are permanently delayed by one fiscal year. Thus, salary increases, which would have been effective in FY 2003-04 will become effective in FY 2004-05.

**H.B. 03-1316:** Changes the time at which contribution rates are affective for group health, life, and dental benefit plans. The appropriations for health, life, and dental utilize the State's contribution rates which have historically been calculated using a five-month figure for one contribution rate and a seven-month rate for the other. The bill alters this calculation by using a six-month figure for one contribution rate and a six-month figure for the other. Fiscal year 2003-04 appropriations to health, life, and dental are adjusted by this bill to reflect the change in the calculation. The recommendations of the State Personnel Director contained in the Annual Compensation Report, published on August 1 of every year, will now include performance-based pay and state contributions to group benefits plans, with salary survey in state employee compensation.

### **2004 Session Bills**

**S.B. 04-8:** Permits the State Personnel Director to adopt procedures which will allow that individual to determine eligibility requirements and the percentage of the State's contribution for health benefits working less than full time and hired after January 1, 2005. The bill also eliminates the statutory requirements that delineate the types of plans that are provided to the State's employees.

**S.B. 04-132:** Modifies member benefits to the Public Employees' Retirement Association (PERA) that include eliminating the MatchMaker provision beginning with June 2004, specifying the interest rate at which member contributions earn interest, and changing the service retirement eligibility for employees hired after July 1, 2005.

**S.B. 04-138:** Repeals S.B. 03-259 and associated funding for the Department of Personnel and Administration. For an explanation of this bill, please see the Recent Legislation section for the Department of Health Care Policy and Financing.

**S.B. 04-233:** Authorizes the Department of Personnel and Administration, though a newly created Capitol Parking Authority, to finance the lease-purchase of a parking structure for the Capitol Complex. The structure is to be located on the southwest corner of 14th and Lincoln Streets in Denver and is limited to \$7.5 million, plus administrative and other closing costs and interest. The fiscal impact of the structure will begin in FY 2006-07 when payments are scheduled to begin. The authority is established for purposes of exempting the lease-purchase of the parking structure from TABOR requirements.

**S.B. 04-243:** Authorizes an agency, pursuant to statutory provisions for budget savings, to transfer 50.0 percent of the amount of any General Fund cost savings to the personal services line item in the same agency for purposes of paying performance-based awards to the employees of that agency. Any bonuses awarded are to be consistent with the performance-based pay system established in statute. The agency providing awards pursuant to this act is to notify the Joint Budget Committee, the Office of State Planning and Budgeting, and the State Controller's Office of the amount of cost savings achieved.

**S.B. 04-257:** Establishes separate divisions within the Public Employees' Retirement Association (PERA) for the state and for public schools, previously the State and School Division, and renames the Municipal Division to the Local Government Division. Defines the process by which the state will contribute higher amounts of funding to address the unfunded liability in the PERA trust fund. Beginning in CY 2006 (January of FY 2005-06), the State will contribute an additional 0.5 percent of salary to PERA which will address the amortization of the trust fund. This additional contribution will increase by 0.4 percent per year until CY 2012 (FY 2011-12) or at a point when the amortization of the PERA trust fund is in compliance with statutorily defined periods. Finally, the bill creates an optional defined contribution plan for employees hired after January 1, 2006.

**H.B. 04-1020:** Eliminates the current statutory incentive award suggestion system and the incentive award suggestion system board in the Department of Personnel and Administration. The bill requires the State Personnel Director to submit a report to the Joint Budget Committee with recommendations for the implementation of a new state employee incentive program.

**H.B. 04-1022:** Updates certain sections of statute authorizing and defining Central Services' duties. The bill also eliminates the State's vanpooling program from statute.

**H.B. 04-1171:** Directs the State Personnel Director to study the feasibility of establishing a retirement health savings trust for state employees. Based upon the results of the study the Director will make recommendations to the State, Veterans, and Military Affairs Committee and the Health, Environment, Welfare, and Institutions Committee of both chambers and to the Joint Budget Committee. The General Assembly expressed expectations that any trust recommended by the State Personnel Director operate as an enterprise as defined by TABOR.

**H.B. 04-1244:** Permits the use of the Risk Management Fund for the payment of defense costs in liability claims brought against expert witnesses retained by the Department of Regulatory Agencies or its surrogates.

**H.B. 04-1330:** Supplemental appropriation to the Department of Personnel and Administration to modify the appropriation included in the FY 2003-04 Long Bill.

**H.B. 04-1373:** Accompanies H.C.R. 04-1005 (see below) and updates statute as necessary to mirror the State's Constitution if the referred measure passes at the ballot in November 2004. The bill also makes other adjustments to the state personnel system.

**H.B. 04-1411:** Extends the repeal dates of certain statutory provisions related to the Governor's ability to transfer funds and the State Controller's ability to grant over-expenditures for purposes of closing the state's books at the end of any fiscal year. The repeal of these provisions is extended to 2009 and the current dollar limitations on total transfers and over-expenditures remain.



**H.B. 04-1422:** General appropriations act for FY 2004-05. The bill also affects FY 2003-04 by the addition of a supplemental appropriation associated with data entry work related to the Colorado Benefits Management System (CBMS) performed by the Department of Personnel and Administration.

**H.C.R. 04-1005:** Refers a measure to the registered electors of Colorado on proposed amendments to the State's constitution which affect the personnel system. The measure accompanies H.B. 04-1373 (described above). Significant changes in the measure include exempting additional positions from the personnel system (such as an employee of a department who controls large segments of those departments), the appointment process of vacant positions (such as increasing the pool of qualified candidates and altering the residency requirement), extending the period for temporary appointments to the personnel system, and granting the General Assembly, acting by bill, the authority to change the rule making authority of the State Personnel Director and the State Personnel Board.

## DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

The Department of Public Health and Environment is responsible for improving and protecting the health of the people of Colorado; maintaining and protecting the quality of Colorado's environment; and assuring the availability of health and medical care services to individuals and families.

The Department is organized into three sections: Administration, Environmental Programs, and Health Programs. Administration includes all central administrative, information technology, support services, and laboratory services. Environmental program areas include air and water quality control, hazardous materials, waste management, and consumer protection. Health program areas include disease control, local health services, inspection of health facilities, prevention services for children, emergency medical services, and health promotion.

The Department is comprised of the following divisions:

1. Administration and Support
2. Center for Health and Environmental Information
3. Laboratory and Radiation Services
4. Local Health Services
5. Air Quality Control Division
6. Water Quality Control Division
7. Hazardous Materials and Waste Management Division
8. Consumer Protection
9. Disease Control and Environmental Epidemiology Division
10. Prevention and Intervention Services for Children and Youth
11. Health Facilities Division
12. Health Promotion and Disease Prevention

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$31,775,181	\$15,667,454	\$12,500,105	\$13,044,693
Cash Funds	20,927,316	22,908,242	30,914,921	31,810,189
Cash Funds Exempt	59,942,699	47,194,829	55,108,546	64,911,763
Federal Funds	<u>164,550,785</u>	<u>182,643,127</u>	<u>159,729,485</u>	<u>170,137,775</u>
<b>TOTAL</b>	<b>\$277,195,981</b>	<b>\$268,413,652</b>	<b>\$258,253,057</b>	<b>\$279,904,420</b>
Full Time Equiv. Staff	995.2	1,042.1	1,094.6	1,115.9

## **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 include the following:

- ☐ Increase 32.0 FTE in the Disease Control and Environmental Epidemiology Division to reflect the anticipated level of federally funded positions in the new grants line item;
- ☐ Increase 4.0 FTE in the federally funded Environmental Leadership and Pollution Prevention Program to reflect the staffing level actually achieved in FY 2003-04 and the level expected in FY 2004-05;
- ☐ Reduce 8.7 FTE in the Hazardous Materials and Waste Management Division due to a reduction in anticipated activities at Rocky Flats and in the Uranium Mill Tailings Remediation programs;
- ☐ Reduce 4.2 FTE in the State Tobacco Education and Prevention Program (STEPP) to reflect actual staffing levels for the program;
- ☐ Add \$497,000 General Fund in the Disease Control and Environmental Epidemiology Division to create an immunization promotion program that includes outreach clinics, a media campaign and a statistical research program with 1.0 FTE analyzing geographic and demographic "pockets of need";
- ☐ Refinance \$134,000 General Fund in the Assisted Living Residence program with fund balance from facility licensing fees;
- ☐ Refinance \$66,000 General Fund in the Consumer Protection Division due to a correction in the distribution of division overhead costs;
- ☐ Refinance \$51,000 General Fund in Hazardous Materials and Waste Management Division Administration;
- ☐ Reduce Personal Services line items by \$18,000 General Fund, \$28,000 cash funds, \$26,000 cash funds exempt, and \$42,000 federal funds due to 0.2 percent base reduction;
- ☐ Increase the cash fund appropriation to the Assisted Living Residence program by \$53,000 to pay for contractor-provided training and the development of additional training videos for facility staff statewide;
- ☐ Increase the cash funds exempt appropriation to the Tony Grampsas Youth Services program by \$3,492,000; this increase results from the new allocation formula established in H.B. 04-1421 for the annual tobacco settlement payment;

- ☐ Increase the cash funds exempt appropriation to the Ryan White program by \$3,055,000; this increase results from the new allocation formula established in H.B. 04-1421 for the annual tobacco settlement payment;
- ☐ Increase the cash funds exempt appropriation to the Nurse Home Visitor program by \$944,000; this increase results from the new allocation formula established in H.B. 04-1421 for the annual tobacco settlement payment;
- ☐ Increase the cash funds exempt appropriation from the annual tobacco settlement payment to the State Tobacco Education and Prevention Program (STEPP) by \$500,000; this increase results from the new allocation formula established in H.B. 04-1421 for the annual tobacco settlement payment;
- ☐ Reflect an increase of \$10,500,000 federal funds in the Disease Control and Environmental Epidemiology Division to more accurately reflect anticipated grants for sexually transmitted disease programs and homeland security related programs;
- ☐ Reflect a decrease of \$2,664,000 federal funds to the Contaminated Sites Cleanup line item due to an anticipated reduction in contract services; and
- ☐ Reduce the federal funds reflected for the Rocky Flats Agreement Program by \$623,000 due to the conclusion of cleanup activities.

## **General Factors Driving the Budget**

For FY 2004-05, funding for this department consists of 4.6 percent General Fund, 11.4 percent cash funds, 23.2 percent cash funds exempt, and 60.8 percent federal funds. Some of the most important factors driving the budget are reviewed below.

### **Providing Access to Health Care Services for Low-Income Persons**

Many programs within the health divisions serve low-income people. The definition of low income varies from program to program. For example, the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) serves households with incomes no greater than 185 percent of the poverty level, which is currently \$34,040 for a family of four. For free mammograms under the Women's Cancer Control Initiative, the income limit is \$45,250 for a family of four.

Many of the programs are directed at women and children or Medicaid recipients. Services are often carried out through contracts with local health providers. The following table shows those programs directly targeted at low-income individuals. Other programs within the Department may indirectly serve this same population.

	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
Low-Income Programs	\$122,284,424	\$129,806,528	\$113,878,654	\$120,575,663
As a Percent of Total Health Divisions Budget	56.6%	63.3%	60.0%	53.3%

### **Federal Programs**

Federal funds are the largest funding source for programs in the health divisions. The majority of the federal funds represent "pure" federal programs, such as the Women, Infants and Children (WIC) Grant; although some programs are linked to state funds through a required match, such as the Maternal and Child Health (MCH) Block Grant.

<b>Health Divisions</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
Total Federal Funds - Health Divisions	\$141,550,588	\$160,727,368	\$132,562,808	\$144,533,420
<i>As a Percent of the Total Health Divisions Budget</i>	66.0%	78.4%	73.3%	63.9%

Over 40 percent of the budget for environmental programs is funded by federal dollars, some of which require a state match or maintenance of effort. The environmental divisions manage over 100 active federal grants, including sub-awards of the Performance Partnership Block Grant and the Superfund Block Grant from the U.S. Environmental Protection Agency (EPA).

<b>Environmental Divisions</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
Total Federal Funds - Environmental Divisions	\$20,298,346	\$20,460,576	\$24,759,497	\$21,777,899
<i>As a Percent of the Total Environmental Divisions Budget</i>	48.7%	48.4%	49.7%	44.8%

### **Number of Permits and Inspections**

The environmental divisions use permits and inspections to enforce compliance with applicable state and federal regulations. Permits range from construction permits for expanding a factory to discharge permits at hazardous waste generators. Inspection responsibilities include regulating sanitary conditions at dairy farms, ensuring that contaminated sites are properly remediated, and monitoring wastewater treatment facilities for compliance with permit requirements.

<b>Environmental Divisions</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Estimate</b>	<b>FY 2004-05 Estimate</b>
<u>Permits and Applications Processed</u>				
Air Quality Control Division	6,442	6,421	6,405	6,355
Water Quality Control Division	2,982	2,235	2,212	2,317
Hazardous Waste Division	1,182	1,121	1,102	1,105
Consumer Protection Division	<u>1,944</u>	<u>1,979</u>	<u>2,473</u>	<u>2,543</u>
<b>Total Permits &amp; Applications</b>	<b>12,550</b>	<b>11,756</b>	<b>12,192</b>	<b>12,320</b>
<u>Inspections Conducted</u>				
Air Quality Control Division	3,808	3,424	3,900	3,750
Water Quality Control Division	281	430	495	464
Hazardous Waste Division	464	518	506	485
Consumer Protection Division	<u>3,067</u>	<u>3,110</u>	<u>3,339</u>	<u>3,339</u>
<b>Total Inspections</b>	<b>7,620</b>	<b>7,482</b>	<b>8,240</b>	<b>8,038</b>

## Summary of FY 2003-04 and FY 2004-05 Appropriations

### Total Department Appropriations

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Total Appropriation:</b>	<b>\$12,500,105</b>	<b>\$30,914,921</b>	<b>\$55,108,546</b>	<b>\$159,729,485</b>	<b>\$258,253,057</b>	<b>1,094.6</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration and Support	57,162	1,145,163	12,173,124	1,984,752	15,360,201	62.2
Center for Health and Environmental Information	0	2,033,745	2,759,416	1,484,772	6,277,933	77.6
Laboratory and Radiation Services	167,791	7,234,143	544,585	1,887,142	9,833,661	95.4
Local Health Services	1,442,188	0	0	245,991	1,688,179	5.4
Air Quality Control Division	0	6,045,221	5,334,514	3,154,406	14,534,141	149.9

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
Water Quality Control Division	0	4,927,426	317,810	7,209,429	12,454,665	113.9
Hazardous Materials and Waste Management Division	51,022	6,088,972	383,615	14,169,519	20,693,128	127.8
Consumer Protection	1,025,229	735,400	115,402	226,143	2,102,174	26.7
Disease Control and Environmental Epidemiology Division	2,827,351	6,441	404,524	18,438,530	21,676,846	123.6
Prevention Services Division	6,692,898	1,753,450	29,240,682	107,546,367	145,233,397	203.5
Health Facilities Division	236,464	944,960	3,834,874	3,382,434	8,398,732	108.6
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-19	0	0	(60,560)	0	(60,560)	0.0
SB 03-258	14,975,038	27,763,770	78,271,771	160,736,466	281,747,045	1,094.6
SB 03-260	(160,906)	196,788	0	0	35,882	0.0
SB 03-273	(235,094)	(327,375)	(450,534)	(1,028,476)	(2,041,479)	0.0
SB 03-276	(1,996,424)	2,408,869	0	0	412,445	0.0
SB 03-280	0	503,258	0	0	503,258	0.0
SB 03-282	0	0	(23,213,464)	0	(23,213,464)	0.0
SB 03-287	(133,825)	163,668	0	0	29,843	0.0
HB 03-1056	0	125,000	0	0	125,000	0.0
HB 03-1316	(1,149)	(1,469)	(1,564)	(4,339)	(8,521)	0.0
HB 03-1351	0	90,257	0	0	90,257	0.0
HB 04-1331	(28,598)	(7,845)	180,397	25,834	169,788	0.0
HB 04-1422	81,063	0	382,500	0	463,563	0.0
<b>FY 2004-05 Total Appropriation:</b>						
	<b>\$13,044,693</b>	<b>\$31,810,189</b>	<b>\$64,911,763</b>	<b>\$170,137,775</b>	<b>\$279,904,420</b>	<b>1,115.9</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration and Support	246,460	1,749,661	13,281,353	3,739,329	19,016,803	65.5
Center for Health and Environmental Information	0	2,106,332	2,827,080	1,485,892	6,419,304	77.6

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
Laboratory and Radiation Services	161,451	5,478,151	573,541	1,536,297	7,749,440	74.9
Local Health Services	1,441,334	0	0	245,580	1,686,914	5.4
Air Quality Control Division	0	6,124,043	5,360,733	3,149,783	14,634,559	149.7
Water Quality Control Division	0	4,935,269	322,272	7,201,566	12,459,107	113.9
Hazardous Materials and Waste Management Division	0	7,815,311	400,284	11,200,776	19,416,371	139.7
Consumer Protection	956,927	786,800	152,685	225,774	2,122,186	26.7
Disease Control and Environmental Epidemiology Division	3,527,745	6,441	3,459,271	38,459,010	45,452,467	168.2
Prevention Services Division	5,514,424	1,315,603	29,609,881	99,432,470	135,872,378	171.7
Health Facilities Division	1,196,352	1,492,578	8,924,663	3,461,298	15,074,891	122.6
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1421	0	0	(15,389,435)	0	(15,389,435)	0.0
HB 04-1422	13,044,693	31,810,189	80,301,198	170,137,775	295,293,855	1,115.9
<b>Increase/(Decrease)</b>	<b>\$544,588</b>	<b>\$895,268</b>	<b>\$9,803,217</b>	<b>\$10,408,290</b>	<b>\$21,651,363</b>	<b>21.3</b>
Percentage Change	4.4%	2.9%	17.8%	6.5%	8.4%	1.9%

## **Detail of Appropriation by Administrative Section**

### **Administration and Support**

This division includes the executive director's office, support services, business services, and human resources. Under the purview of the executive director is the chief medical officer, the Office of Policy and Public/Private Initiatives, customer services, and communications. Support services include building operations, telecommunications, and internal audit and management analysis. Business services include accounting, budgeting, contracts, payroll, and purchasing. The primary cash funds and cash funds exempt sources are indirect cost recoveries and the Automobile Inspection and Readjustment Account.



	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$293,405	\$1,475,107	\$12,249,190	\$3,018,253	\$17,035,955	62.2
SB 03-273	(235,094)	(327,375)	(450,534)	(1,028,476)	(2,041,479)	0.0
HB 03-1316	(1,149)	(1,469)	(1,564)	(4,339)	(8,521)	0.0
HB 04-1331	0	(1,100)	(6,468)	(686)	(8,254)	0.0
HB 04-1422	<u>0</u>	<u>0</u>	<u>382,500</u>	<u>0</u>	<u>382,500</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$57,162</b>	<b>\$1,145,163</b>	<b>\$12,173,124</b>	<b>\$1,984,752</b>	<b>\$15,360,201</b>	<b>62.2</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$246,460</u>	<u>\$1,749,661</u>	<u>\$13,281,353</u>	<u>\$3,739,329</u>	<u>\$19,016,803</u>	<u>65.5</u>
<b>TOTAL</b>	<b>\$246,460</b>	<b>\$1,749,661</b>	<b>\$13,281,353</b>	<b>\$3,739,329</b>	<b>\$19,016,803</b>	<b>65.5</b>
<b>Increase/(Decrease)</b>	\$189,298	\$604,498	\$1,108,229	\$1,754,577	\$3,656,602	3.3
Percentage Change	331.2%	52.8%	9.1%	88.4%	23.8%	5.3%

FTE Detail	FY 2003-04	FY 2004-05
Executive Director and Staff	58.2	58.5
Tobacco Oversight	1.0	0.0
Environmental Leadership and Pollution Prevention	<u>3.0</u>	<u>7.0</u>
	62.2	65.5

*FTE Changes:* The net increase of 3.3 FTE reflects an increase of 4.0 federally funded FTE in the Environmental Leadership and Pollution Prevention Program. These FTE were federally funded in FY 2003-04 but were not reflected in the Long Bill. This increase is partially offset by a reduction of 0.7 FTE for tobacco program oversight, which has been moved from its own line item to the same line item as the Executive Director and other administration staff.

*General Fund Changes:* The net increase in General Fund is the result of the following increases: (1) \$77,000 for salary survey; (2) \$73,000 for health, life and dental costs; and (3) \$45,000 for performance-based pay. These increases are partially offset by a refinancing of \$6,000 General Fund for short-term disability insurance.

*Cash Funds Changes:* The net increase in cash funds spending authority reflects: (1) a \$588,000 increase for short-term disability, salary survey and performance-based pay; (2) a \$50,000 increase for vehicle lease payments, and (3) a \$10,000 increase in cash funds collected and allocated to indirect costs by the Environmental Leadership and Pollution Prevention Program. These increases were partially offset by a refinancing of \$36,000 in health, life and dental costs and \$8,000 in legal services with cash funds exempt.

*Cash Funds Exempt Changes:* The increase in cash funds exempt spending authority reflects the following increases: (1) \$628,000 for scheduled increase in leasing costs at the Department's Cherry Creek campus; (2) \$290,000 for salary survey; (3) \$167,000 for performance-based pay; (4) \$87,000 for increased building maintenance and repair including upgrades to the HVAC system at the laboratory building which should decrease future utility costs; (5) \$47,000 for workers' compensation; (6) \$44,000 for vehicle lease payments; (7) \$40,000 for health, life and dental; (8) \$14,000 for legal services; (9) \$10,000 in additional indirect cost assessments to the Environmental Leadership and Pollution Prevention Program; and (10) \$1,000 for short-term disability insurance. These increases are partially offset by the following decreases: (1) \$185,000 to better reflect the actual costs of tobacco oversight program which is funded with transfers from the tobacco settlement-funded programs; (2) \$18,000 for expected conservation savings in the utilities line item; (3) \$10,000 for risk management; and (4) \$8,000 as part of the 0.2 percent base reduction in personal services.

*Federal Funds Changes:* The \$1.75 million increase in federal funds reflects increased funding for centrally appropriated items including: salary survey (\$689,000); performance-based pay (\$395,000); health, life and dental (\$206,000); vehicle lease payments (\$29,000); shift differential (\$8,000); short-term disability (\$6,000); and legal services (\$1,000). The federal funding total also includes a \$420,000 increase in the Environmental Leadership and Pollution Prevention program, which reflects expected FY 2004-05 funding levels. In FY 2003-04, actual federal funding greatly exceeded the \$285,000 level anticipated in the Long Bill.

### **Center for Health and Environmental Information and Statistics**

The Center for Health and Environmental Information and Statistics division is divided into two subdivisions: (1) Health Statistics and Vital Records, and (2) Information Technology Services. Health Statistics and Vital Records is divided into three areas: registration, certification, and health statistics. Activities under the registration section include administration of birth, death, marriage, divorce, fetal death, and induced pregnancy termination records. This section also provides training and education on vital records rules, regulations, and statutes to individuals and local agencies as needed. The certification area issues certified copies of birth and death certificates, corrects and updates records, and administers the Voluntary Adoption Registry. The health statistics area provides statistical analysis for vital records collected by the Department and provides information internally as well as to outside agencies. The primary cash funds and cash funds exempt sources include the following: the Vital Records Cash Fund, laboratory fees, the Stationary Sources Control Fund, and indirect cost recoveries.

The Information Technology Services section is responsible for all departmental technology planning, network installation, operation and maintenance, end-user and personal computer support, applications development and maintenance, and Internet support.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$28,598	\$2,040,490	\$2,637,599	\$1,490,495	\$6,197,182	77.6
HB 04-1331	<u>(28,598)</u>	<u>(6,745)</u>	<u>121,817</u>	<u>(5,723)</u>	<u>80,751</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,033,745</b>	<b>\$2,759,416</b>	<b>\$1,484,772</b>	<b>\$6,277,933</b>	<b>77.6</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$2,106,332</u>	<u>\$2,827,080</u>	<u>\$1,485,892</u>	<u>\$6,419,304</u>	<u>77.6</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,106,332</b>	<b>\$2,827,080</b>	<b>\$1,485,892</b>	<b>\$6,419,304</b>	<b>77.6</b>
<b>Increase/(Decrease)</b>	\$0	\$72,587	\$67,664	\$1,120	\$141,371	0.0
Percentage Change	0.0%	3.6%	2.5%	0.1%	2.3%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Health Statistics and Vital Records	47.1	47.1
Information Technology Services	<u>30.5</u>	<u>30.5</u>
	77.6	77.6

*Cash Fund Changes:* The net increase in cash funds includes a \$50,000 increase in Health Statistics and Vital Records indirect cost assessments, a \$22,000 increase in Information Technology Services indirect cost assessments, and a \$4,000 increase for the Purchase of Services from the Government Computing Center. These increases are partially offset by a \$3,000 decrease in personal services resulting from the 0.2 percent base reduction.

*Cash Funds Exempt Changes:* The net increase in cash funds exempt includes the following increases: (1) \$34,000 for Multi-use Network payments; (2) \$22,000 for the Purchase of Services from the Government Computing Center; (3) \$9,000 in Information Technology Services indirect cost assessments; and (4) a \$5,000 increase in Health Statistics and Vital Records indirect cost assessments. These increases are partially offset by a \$3,000 reduction due to a reduction in indirect cost assessments available to offset General Fund.

*Federal Funds Changes:* The net increase in federal funds reflected is due to a \$3,000 increase for the Purchase of Services from the Government Computing Center. This increase is partially offset by the \$2,000 decrease that resulted from the 0.2 percent base reduction to personal services.

## Laboratory Services

In the Department's FY 2003-04 reorganization, the Radioactive Materials program was moved from this division to the Hazardous Materials and Waste Management division and the name of this division was changed accordingly from Laboratory and Radiation Services to Laboratory Services. This reorganization is reflected in the FY 2004-05 Long Bill.

This division has three subdivisions: (1) Director's Office; (2) Laboratory Services-Chemistry and Microbiology; and (3) Certification. The division's primary focus is providing scientific support for communicable disease outbreak and control, although the division also provides testing in support of the Department's environmental quality programs. The division also performs genetic screening tests for more than 70,000 Colorado newborns each year.

The Certification program ensures quality standards in labs and law enforcement agencies through inspection of and consultation with clinical, water testing, and dairy labs throughout the state. The program also proves operator training and certification for breath alcohol testing equipment.

The primary sources of cash funds and cash funds exempt include the following: Newborn Screening and Genetic Counseling Fund, Radiation Control Fund, Law Enforcement Assistance Fund, funds appropriated to the Water Quality Control Division, and indirect cost recoveries.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$167,791</u>	<u>\$7,234,143</u>	<u>\$544,585</u>	<u>\$1,887,142</u>	<u>\$9,833,661</u>	<u>95.4</u>
<b>TOTAL</b>	<b>\$167,791</b>	<b>\$7,234,143</b>	<b>\$544,585</b>	<b>\$1,887,142</b>	<b>\$9,833,661</b>	<b>95.4</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$161,451</u>	<u>\$5,478,151</u>	<u>\$573,541</u>	<u>\$1,536,297</u>	<u>\$7,749,440</u>	<u>74.9</u>
<b>TOTAL</b>	<b>\$161,451</b>	<b>\$5,478,151</b>	<b>\$573,541</b>	<b>\$1,536,297</b>	<b>\$7,749,440</b>	<b>74.9</b>
<b>Increase/(Decrease)</b>	(\$6,340)	(\$1,755,992)	\$28,956	(\$350,845)	(\$2,084,221)	(20.5)
Percentage Change	-3.8%	-24.3%	5.3%	-18.6%	-21.2%	-21.5%

FTE Detail	FY 2003-04	FY 2004-05
Director's Office	25.3	10.0
Laboratory Services - Chemistry and Microbiology	40.6	54.6
Certification (formerly Radioactive Materials and Certification)	<u>29.5</u>	<u>10.3</u>
	95.4	74.9

*FTE Changes:* The decrease in FTE is caused by the removal of the Radioactive Materials program from this division (19.2 FTE) and a decrease in administrative staffing in the Director's Office (1.3 FTE). As part of the division's reorganization, 14.0 FTE were moved from the Director's Office to the Laboratory Services subdivision.

*General Fund Changes:* The \$6,000 reduction in General Fund results from the 0.2 percent base reduction in personal services.

*Cash Fund Changes:* The \$1,756,000 decrease in cash funds spending authority is caused by the shift of the Radioactive Materials program from the Laboratory Services Division to the Hazardous Material and Waste Management Division (\$1,140,000), decreased cash fund support of activities in the Director's Office (\$607,000) and the decreased level of cash funds required for this year's equipment purchases (\$9,000).

*Cash Funds Exempt Changes:* Increased cash funds exempt spending authority reflects the increased use of cash funds exempt to fund this year's laboratory equipment purchase (\$42,000) and an increase in cash funds exempt support of Chemistry and Microbiology staff costs (\$31,000). This increase is partially offset by a \$27,000 decrease caused by the shift of the Radioactive Materials program from this division and a \$17,000 decrease in cash funds exempt support of the Director's Office. The cash funds exempt are primarily from laboratory fee fund balances.

*Federal Funds Changes:* The \$351,000 decrease in federal funds is caused by the transfer of the Radioactive Materials program to the Hazardous Material and Waste Management Division.

## **Local Health Services**

This division contracts with local agencies and governments to provide public health nurses and environmental health specialists in areas not served by local health departments. The division also administers the Community Nursing Program which provides technical assistance to local and county public health nurses.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$1,442,188</u>	<u>\$0</u>	<u>\$0</u>	<u>\$245,991</u>	<u>\$1,688,179</u>	<u>5.4</u>
<b>TOTAL</b>	<b>\$1,442,188</b>	<b>\$0</b>	<b>\$0</b>	<b>\$245,991</b>	<b>\$1,688,179</b>	<b>5.4</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$1,441,334</u>	<u>\$0</u>	<u>\$0</u>	<u>\$245,580</u>	<u>\$1,686,914</u>	<u>5.4</u>
<b>TOTAL</b>	<b>\$1,441,334</b>	<b>\$0</b>	<b>\$0</b>	<b>\$245,580</b>	<b>\$1,686,914</b>	<b>5.4</b>
<b>Increase/(Decrease)</b>	(\$854)	\$0	\$0	(\$411)	(\$1,265)	0.0
Percentage Change	-0.1%	n/a	n/a	-0.2%	-0.1%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Community Nursing	<u>5.4</u>	<u>5.4</u>
	5.4	5.4

*General Fund Changes:* The decrease in General Fund and federal funds reflects the 0.2 percent base reduction to the personal services line within the Community Nursing program.

### **Air Quality Control Division**

This division is responsible for identifying the nature and impact of Colorado's air pollution, and for implementing measures to prevent, control, and abate air pollution, under the direction of the Air Quality Control Commission. The Division is divided into four programs: Administration, Technical Services, Mobile Sources, and Stationary Sources. The Administration subdivision provides policy and regulatory recommendations to the Air Quality Control Commission, and coordinates all air programs. The Technical Services subdivision performs statewide air monitoring, pollutant analysis, and emission modeling, which forms the technical basis for state implementation plans and attainment redesignations. The Mobile Sources subdivision primarily conducts research relating to the causes and effects of pollution from mobile vehicles, and investigates, implements, and evaluates strategies aimed at reducing vehicular emissions. The Stationary Sources subdivision permits, monitors, and inspects factories and power plants, and analyzes data to determine compliance with state implementation plans. The primary source of cash funds is the Stationary Sources Control Fund. The primary source of cash funds exempt is the Automobile Inspection and Readjustment Account of the Highway Users Tax Fund.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$6,045,221	\$5,334,514	\$3,154,406	\$14,534,141	149.9
<b>TOTAL</b>	<b>\$0</b>	<b>\$6,045,221</b>	<b>\$5,334,514</b>	<b>\$3,154,406</b>	<b>\$14,534,141</b>	<b>149.9</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	\$0	\$6,124,043	\$5,360,733	\$3,149,783	\$14,634,559	149.7
<b>TOTAL</b>	<b>\$0</b>	<b>\$6,124,043</b>	<b>\$5,360,733</b>	<b>\$3,149,783</b>	<b>\$14,634,559</b>	<b>149.7</b>
<b>Increase/(Decrease)</b>	\$0	\$78,822	\$26,219	(\$4,623)	\$100,418	(0.2)
Percentage Change	n/a	1.3%	0.5%	-0.1%	0.7%	-0.1%

FTE Detail	FY 2003-04	FY 2004-05
Administration	4.5	4.5
Technical Services	33.6	33.6
Mobile Sources	38.4	38.2
Stationary Sources	<u>73.4</u>	<u>73.4</u>
	149.9	149.7

*FTE Changes:* The decrease of 0.2 FTE is due to a base reduction to the Mobile Sources, Inspection and Maintenance, Mechanic Certification program to better reflect historic staffing.

*Cash Funds Changes:* The net increase in cash funds is due to a \$103,000 increase in indirect cost assessments. That increase is partially offset by a \$15,000 base reduction to the Mobile Sources, Inspection and Maintenance, Mechanic Certification program to better reflect anticipated costs, and a \$8,700 reduction due to the 0.2 percent personal services base reductions.

*Cash Funds Exempt Changes:* The increase in cash funds exempt is due to a \$34,000 increase in indirect cost assessment, that is partially offset by a \$7,800 reduction due to the 0.2 percent personal services base reductions.

*Federal Funds Changes:* The decrease in federal funds is due to a \$4,600 reduction per the 0.2 percent personal services base reductions.

## Water Quality Control Division

The Water Quality Control Division enforces the water quality regulations of the Water Quality Control Commission and the State Board of Health. Its responsibilities include developing stream classifications and standards, issuing permits to ensure that discharges comply with water quality standards, and performing monitoring and enforcement activities. This division also oversees water quality management planning, manages state and federal construction grant assistance programs, and provides technical assistance to local governments. In the area of drinking water, it conducts surveillance of public and non-public drinking water consistent with minimum federal and state standards, and reviews designs and specifications of new or expanding treatment facilities. It also is responsible for enforcing water quality regulations at commercial hog facilities. Sources of cash funds include the Water Quality Control Fund, and the Sludge Management Program Fund, and the newly created Drinking Water Cash Fund. Sources of cash funds exempt include the Groundwater Protection Fund and the commercial hog facility regulation fees.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$1,996,424	\$2,518,557	\$317,810	\$7,209,429	\$12,042,220	113.9
SB 03-276	<u>(1,996,424)</u>	<u>2,408,869</u>	<u>0</u>	<u>0</u>	<u>412,445</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$4,927,426</b>	<b>\$317,810</b>	<b>\$7,209,429</b>	<b>\$12,454,665</b>	<b>113.9</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$4,935,269</u>	<u>\$322,272</u>	<u>\$7,201,566</u>	<u>\$12,459,107</u>	<u>113.9</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$4,935,269</b>	<b>\$322,272</b>	<b>\$7,201,566</b>	<b>\$12,459,107</b>	<b>113.9</b>
<b>Increase/(Decrease)</b>	\$0	\$7,843	\$4,462	(\$7,863)	\$4,442	0.0
Percentage Change	n/a	0.2%	1.4%	-0.1%	0.0%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Administration	12.0	12.0
Watershed Assessment, Outreach, and Assistance	36.3	36.3
Permitting and Compliance Assurance	37.2	37.2
Drinking Water Program	<u>28.4</u>	<u>28.4</u>
	113.9	113.9



*Cash Funds Changes:* The net increase in cash funds is due to a \$15,000 increase in indirect cost assessments that are partially offset by a \$7,000 reduction per the 0.2 percent personal services base reductions.

*Cash Funds Exempt Changes:* The increase in cash funds exempt is due to a \$5,000 increase in indirect cost assessments that are partially offset by a \$1,000 reduction per the 0.2 percent personal services base reductions.

*Federal Funds Changes:* The decrease in federal funds is due to a \$7,900 reduction per the 0.2 percent personal services base reductions.

## **Hazardous Materials and Waste Management Division**

This division regulates the treatment, storage, and disposal of solid and hazardous wastes under the direction of the Hazardous Waste Commission. In the Department's reorganization, the Radioactive Materials program was transferred to this division from Laboratory Services. The Division is responsible for inspecting solid waste facilities; overseeing large- and small-quantity hazardous waste generators, transporters, and storage facilities; responding to public complaints about such facilities; reviewing corrective action plans for technical compliance with applicable state environmental regulations; and regulating commercial radioactive materials in Colorado. Sources of cash funds include the Hazardous Waste Service Fund, the Hazardous Substance Response Fund, the Hazardous Waste Commission Fund, the Radiation Control Fund, and the Solid Waste Management Fund. The source of cash funds exempt is the Local Government Severance Tax Fund. Sources of federal funds include funds received from the U.S. Environmental Protection Agency and the U.S. Department of Defense.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$51,022	\$5,460,714	\$332,463	\$14,220,671	\$20,064,870	127.8
SB 03-280	0	503,258	0	0	503,258	0.0
HB 03-1056	0	125,000	0	0	125,000	0.0
HB 04-1331	<u>0</u>	<u>0</u>	<u>51,152</u>	<u>(51,152)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$51,022</b>	<b>\$6,088,972</b>	<b>\$383,615</b>	<b>\$14,169,519</b>	<b>\$20,693,128</b>	<b>127.8</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$7,815,311</u>	<u>\$400,284</u>	<u>\$11,200,776</u>	<u>\$19,416,371</u>	<u>139.7</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$7,815,311</b>	<b>\$400,284</b>	<b>\$11,200,776</b>	<b>\$19,416,371</b>	<b>139.7</b>

	GF	CF	CFE	FF	Total	FTE
<b>Increase/(Decrease)</b>	(\$51,022)	\$1,726,339	\$16,669	(\$2,968,743)	(\$1,276,757)	11.9
Percentage Change	-100.0%	28.4%	4.3%	-21.0%	-6.2%	9.3%

FTE Detail	FY 2003-04	FY 2004-05
Division Director's Office	3.4	3.4
Hazardous Waste Control Program	35.0	35.0
Solid Waste Control Program	13.4	13.4
Uranium Mill Tailings Remedial Action Program	3.2	3.1
Contaminated Site Cleanups	42.2	42.2
Rocky Flats Agreement	30.6	22.1
Radiation Management	<u>0.0</u>	<u>20.5</u>
	127.8	139.7

*FTE Changes:* The 11.9 FTE net increase includes a 20.5 FTE increase due to the transfer of the appropriation for the Radiation Management program from the laboratory to this division; an 8.5 FTE reduction for the Rocky Flats Agreement program due to the anticipated conclusion of cleanup activities; and a 0.1 FTE reduction to the Uranium Mill Tailings Remedial Action program due to historic reversions.

*General Fund Changes:* The decrease in General Fund is due to refinancing with cash funds, cash funds exempt, and federal funds.

*Cash Funds Changes:* The net increase in cash funds is due to the following increases: (1) \$1,431,000 because of the transfer of the appropriation for the Radiation Management program from the laboratory to this division; (2) \$315,000 in indirect cost assessments; (3) \$36,000 due to the refinancing of General Fund; and (4) \$3,000 for Division legal services. These increases are partially offset by reductions of: (1) \$50,000 due to an estimated reduction in revenues to the Hazardous Substance Response Fund that can be transferred to the Department of Law; (2) \$6,000 due to the 0.2 percent Personal Services base reduction; and (3) \$2,000 due to a reduction in anticipated expenditures for Contaminated Sites Cleanups.

*Cash Funds Exempt Changes:* The increase in cash funds exempt is due to the following factors: (1) \$27,000 because of the transfer of the appropriation for the Radiation Management program from the laboratory to this division; (2) \$11,000 due to the refinancing of General Fund; and (3) \$5,000 in indirect cost assessments. These increases are partially offset by a \$24,000 base reduction to the Uranium Mill Tailings Remedial Action program due to historic reversions.

*Federal Funds Changes:* The net decrease in federal funds is due to the following reductions: (1) \$2,664,000 because of a reduction in anticipated expenditures for Contaminated Sites Cleanup; (2) \$623,000 to the Rocky Flats Agreement program due to the anticipated conclusion of cleanup activities; (3) \$23,000 to the Uranium Mill Tailings Remedial Action program due to historic reversions; and (4) \$3,000 due to the 0.2 percent personal services base reductions. These reductions are partially offset by increases of: (1) \$338,000 due to the transfer of the appropriation for the Radiation Management subdivision from the laboratory to this division; (2) \$4,000 due to the refinancing of General Fund; and (3) \$2,000 for division legal services.

## Consumer Protection

This division is responsible for enforcing sanitation standards to prevent and control diseases transmitted by food and insects; eliminating unsanitary conditions in public accommodations; and preventing injuries to persons using potentially dangerous consumer products. Sources of cash funds include the Food Protection Cash Fund and the Artificial Tanning Device Education Fund. Sources of cash funds exempt include transfers from the Departments of Corrections and Human Services.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$1,186,135	\$448,355	\$115,402	\$226,143	\$1,976,035	26.7
SB 03-260	(160,906)	196,788	0	0	35,882	0.0
HB 03-1351	<u>0</u>	<u>90,257</u>	<u>0</u>	<u>0</u>	<u>90,257</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,025,229</b>	<b>\$735,400</b>	<b>\$115,402</b>	<b>\$226,143</b>	<b>\$2,102,174</b>	<b>26.7</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$956,927</u>	<u>\$786,800</u>	<u>\$152,685</u>	<u>\$225,774</u>	<u>\$2,122,186</u>	<u>26.7</u>
<b>TOTAL</b>	<b>\$956,927</b>	<b>\$786,800</b>	<b>\$152,685</b>	<b>\$225,774</b>	<b>\$2,122,186</b>	<b>26.7</b>
<b>Increase/(Decrease)</b>	(\$68,302)	\$51,400	\$37,283	(\$369)	\$20,012	0.0
Percentage Change	-6.7%	7.0%	32.3%	-0.2%	1.0%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Management and Administrative Support	4.0	4.0
Environmental Protection Specialists	19.4	19.4
Other	<u>3.3</u>	<u>3.3</u>
	26.7	26.7

*General Fund Changes:* The General Fund reduction is due to a \$66,000 decrease from a correction in the allocation of division overhead costs to cash funded programs, and a \$2,000 decrease due to the 0.2 percent personal services base reductions.

*Cash Funds Changes:* The cash funds increase is due to a \$41,000 increase from a correction in the allocation of division overhead costs to cash funded programs, and a \$12,000 increase in indirect cost assessments. These increases are partially offset by a \$1,000 reduction due to the 0.2 percent personal services base reductions.

*Cash Funds Exempt Changes:* The cash funds exempt increase is due to a \$26,000 increase from a correction in the allocation of division overhead costs to cash funded programs, and a \$12,000 increase in indirect cost assessments. These increases are partially offset by a \$200 reduction per the 0.2 percent personal services base reductions.

*Federal Funds Changes:* The federal funds reduction is due to a \$400 reduction per the 0.2 percent personal services base reduction.

## **Disease Control and Environmental Epidemiology Division**

This division helps prevent and control communicable diseases, investigate the incidence of environmental and chronic diseases, and evaluate potential risks posed by environmental toxicological exposures. The division is divided into four subdivisions: (1) administration, general disease control and surveillance; (2) special purpose disease control programs; (3) environmental epidemiology; and (4) emergency management. Sources of cash funds exempt include transfers of Medicaid funds appropriated to the Department of Health Care Policy and Financing and federal funds appropriated to the Department of Human Services.

For FY 2004-05, the special purpose disease control subdivision includes all of the State's immunization programs. These programs were previously split between the Disease Control and Environmental Epidemiology division and the Prevention and Intervention Services for Children and Youth division.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$2,827,351	\$6,441	\$404,524	\$18,364,185	\$21,602,501	123.6
HB 04-1331	<u>0</u>	<u>0</u>	<u>0</u>	<u>74,345</u>	<u>74,345</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,827,351</b>	<b>\$6,441</b>	<b>\$404,524</b>	<b>\$18,438,530</b>	<b>\$21,676,846</b>	<b>123.6</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1421	\$0	\$0	\$3,055,114	\$0	\$3,055,114	0.0

	GF	CF	CFE	FF	Total	FTE
HB 04-1422	<u>3,527,745</u>	<u>6,441</u>	<u>404,157</u>	<u>38,459,010</u>	<u>42,397,353</u>	<u>168.2</u>
<b>TOTAL</b>	<b>\$3,527,745</b>	<b>\$6,441</b>	<b>\$3,459,271</b>	<b>\$38,459,010</b>	<b>\$45,452,467</b>	<b>168.2</b>
<b>Increase/(Decrease)</b>	\$700,394	\$0	\$3,054,747	\$20,020,480	\$23,775,621	44.6
Percentage Change	24.8%	0.0%	755.1%	108.6%	109.7%	36.1%

FTE Detail	FY 2003-04	FY 2004-05
Administration, General Disease Control and Surveillance	14.5	14.5
Special Purpose Disease Control Programs	72.8	85.4
Environmental Epidemiology	19.8	19.8
Emergency Management	6.2	6.2
Federal Grants	<u>10.3</u>	<u>42.3</u>
	123.6	168.2

*FTE Changes:* The increase of 44.6 FTE is caused by: (1) a more accurate reflection of the number of FTE expected to be supported by federal funding in the new federal grants line item (an increase of 32.0 to a total of 42.3 FTE); (2) 11.6 FTE that were moved from the Prevention and Intervention Services for Children and Youth division when all of the Department's existing immunization programs were consolidated within this division; and (3) the addition of 1.0 FTE to conduct the "pockets of need" demographic and geographic research within the new immunization promotion program.

*General Fund Changes:* The General Fund increase is caused by a \$204,000 increase to the Ryan White program, which provides drugs to low-income people with HIV/AIDS, and a \$497,000 initiative to create a multi-pronged childhood immunization promotion program. The Ryan White increase restores General Fund support that was cut from the program in FY 2003-04. Restoration of this funding will allow the Department to add 20 individuals from the waiting list to the program. The immunization program includes funding for outreach clinics, a media campaign and 1.0 FTE to research demographic and geographic "pockets of need" for immunization services and/or education. These increases are partially offset by the 0.2 percent base reduction to personal services which reduces General Fund in this division by \$1,000.

*Cash Funds Exempt Changes:* The Ryan White program was added to the roster of programs funded by the state's annual tobacco settlement payment in H.B. 04-1421. This new allocation of \$3,055,000 drives the increase in cash funds exempt for the division.

*Federal Funds Changes:* The increase in federal funds is primarily caused by more accurate projections of anticipated federal funding in the following programs: the new federal grants line item, especially those for programs related to homeland security (\$9,000,000); the Ryan White program (\$2,000,000); and the sexually transmitted disease, HIV and AIDS programs (\$1,493,000). The consolidation of all of the Department's immunization programs within this division increased federal funding by \$7,880,000. These increases are partially offset by an expected \$254,000 decrease in federal grants related to environmental epidemiology and a \$100,000 reduction in federal fund support for the Division's administration lines.

## **Prevention Services Division**

The Preventive Services Division combines the Prevention and Intervention Services for Children and Youth (PISCY) division and the Health Promotion and Disease Prevention division. The consolidated division includes the following subdivisions: (1) prevention partnerships; (2) maternal and child health; (3) nutrition services; (4) prevention programs; (5) women's health-family planning; and (6) rural-primary care.

Prevention partnerships include Tony Grampsas Youth Services grant programs and the Colorado Children's Trust. The maternal and child health subdivision includes the Nurse Home Visitor Program and the Health Care Program for Children with Special Needs. The Women, Infants and Children Supplemental Food Grant (WIC) program and the Child and Adult Food Care program make up the nutrition services subdivision.

The prevention programs subdivision includes the state's cancer registry, chronic disease and cancer prevention grants, suicide prevention and the tobacco education and prevention program. The rural-primary care subdivision includes dental programs, the State Dental Loan Repayment Fund, and federal grants for rural health care.

When PISCY and Health Promotion and Disease Prevention were consolidated in FY 2003-04, the Emergency Medical Services subdivision was moved to the Health Facilities division and the children's immunization program was moved to Disease Control and Environmental Epidemiology.

The primary cash funds and cash funds exempt sources for the division include the Newborn Screening and Genetic Counseling Fund, Medicaid funds transferred from the Department of Health Care Policy and Financing, the Colorado Children's Trust Fund, Tobacco Litigation Cash Fund, and transfers of federal funds appropriated to the Department of Education.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-19	\$0	\$0	(\$60,560)	\$0	(\$60,560)	0.0
SB 03-258	6,611,835	1,753,450	52,500,810	107,537,317	168,403,412	203.5

	GF	CF	CFE	FF	Total	FTE
SB 03-282	0	0	(23,213,464)	0	(23,213,464)	0.0
HB 04-1331	0	0	13,896	9,050	22,946	0.0
HB 04-1422	<u>81,063</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>81,063</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$6,692,898</b>	<b>\$1,753,450</b>	<b>\$29,240,682</b>	<b>\$107,546,367</b>	<b>\$145,233,397</b>	<b>203.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1421	\$0	\$0	(\$18,444,549)	\$0	(\$18,444,549)	0.0
HB 04-1422	<u>5,514,424</u>	<u>1,315,603</u>	<u>48,054,430</u>	<u>99,432,470</u>	<u>154,316,927</u>	<u>171.7</u>
<b>TOTAL</b>	<b>\$5,514,424</b>	<b>\$1,315,603</b>	<b>\$29,609,881</b>	<b>\$99,432,470</b>	<b>\$135,872,378</b>	<b>171.7</b>
<b>Increase/(Decrease)</b>	<b>(\$1,178,474)</b>	<b>(\$437,847)</b>	<b>\$369,199</b>	<b>(\$8,113,897)</b>	<b>(\$9,361,019)</b>	<b>(31.8)</b>
Percentage Change	-17.6%	-25.0%	1.3%	-7.5%	-6.4%	-15.6%

FTE Detail	FY 2003-04	FY 2004-05
Prevention Partnerships	6.5	5.7
Maternal and Child Health	61.1	48.5
Nutrition Services	33.4	33.4
Emergency Medical Services	13.7	0.0
Prevention Programs	71.7	67.0
Women's Health - Family Planning	7.3	7.3
Rural - Primary Care	4.5	4.5
New Federal Grants	<u>5.3</u>	<u>5.3</u>
	203.5	171.7

*FTE Changes:* The 31.8 FTE net decrease includes: (1) 13.7 FTE in the Emergency Medical Services subdivision, which has moved to the Health Facilities division; (2) 11.6 FTE in immunization programs, which have been consolidated in the Disease Control and Environmental Epidemiology Program; (3) a decrease of 4.2 FTE in the State Tobacco Education Prevention Program (STEPP) to reflect actual staffing levels for the program; (4) 1.8 FTE that were previously supported by federal grants in the Tony Grampasas Youth Services line item which are no longer received by this department; (5) 1.0 FTE previously supported by private grants in the child, adolescent and school health section, which are not expected to continue in FY 2004-05; and (6) 0.5 FTE allocated to the

Stroke Prevention Board, which completed its work in FY 2003-04. These decreases are partially offset by the addition of 1.0 FTE in the Tony Grampsas line item to be funded by cash funds exempt.

*General Fund Changes:* The decrease in General Fund is caused by the shift of the Medical Services subdivision to the Health Facilities division (\$1,094,000), the lack of consultant fees for the Nurse Home Visitor Program for FY 2004-05 (\$81,000), and the 0.2 percent base reduction to personal services (\$4,000).

*Cash Funds Changes:* The net decrease in cash funds results from the removal of the Emergency Medical Services section (\$456,000). This decrease is partially offset by increases in indirect cost assessments to the maternal and child health program (\$10,000) and the prevention partnerships programs (\$8,000).

*Cash Funds Exempt Changes:* The net \$369,000 increase in cash funds exempt funding in this division results from a \$6,559,000 increase partially offset by a \$6,190,000 decrease. The increase is primarily caused by increases in appropriations to the Division's tobacco settlement-funded programs: Nurse Home Visitor, State Tobacco Education and Prevention Program, the Dental Loan Repayment program and Tony Grampsas Youth Services. All of the programs, except for the Tony Grampsas program, are counted twice in the Long Bill—once when funding flows from the Tobacco Litigation Settlement Cash Fund to the program's individual fund and again when money flows from the program fund to finance personal services, operating expenses and grant-making within the program. Therefore, the \$6,415,000 increase in total appropriations for these programs reflects a \$4,953,000 increase in expected program spending. The Division's cash fund exempt total also includes a new appropriation of \$139,000 from the Department of Human Services to purchase services for individuals with traumatic brain injuries and a \$5,000 increase in indirect costs assessments in the prevention partnerships subdivision.

The increases in cash fund exempt spending authority are partially offset by: (1) the shift of the Emergency Medical Services subdivision (\$4,844,000) to the Health Facilities division; (2) a decrease in cash funds exempt support of the Health Care Program for Children with Special Needs (\$717,000); (3) a reduction in private grants for child, adolescent and school health programs (\$585,000); (4) a decrease related to the conclusion of the Stroke Prevention and Treatment Board's work (\$36,000); and (5) a decrease in private grants for chronic disease and cancer prevention (\$8,000).

*Federal Funds Changes:* The decrease in federal funds is caused by: (1) the transfer of \$7.9 million in immunization program funding to the Disease Control and Environmental Epidemiology Division; (2) \$146,000 in federal grants that are no longer received by the prevention partnerships subdivision; (3) the shift of Emergency Medical Services to the Health Facilities division (\$84,000); and (4) the 0.2 percent base reduction to personal services (\$4,000).



## Health Facilities and Emergency Medical Services Division

This division establishes and enforces standards for the operation of health care facilities throughout the state. The Division is divided into the Licensure Program, the Medicaid/Medicare Certification Program and Emergency Medical Services. The Emergency Medical Services subdivision was moved to this division in the Department's FY 2003-04 reorganization.

This division's activities include: licensure of hospitals, other health care facilities, health maintenance organizations, and assisted living facilities; certification of nursing homes; training of non-licensed individuals to administer medications in residential care facilities and adult day programs; medical services training and certification of emergency personnel; technical assistance to local emergency medical services agencies; and grants to support local emergency services activities.

The primary cash funds and cash funds exempt sources include the following: the Assisted Living Residence Cash Fund, the Health Facilities Licensure Cash Fund, the Medication Administration Cash Fund, the Medical Services Account in the Highway Users Tax Fund, the Trauma System Cash Fund, and Medicaid funds transferred from the Department of Health Care Policy and Financing.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$370,289	\$781,292	\$3,834,874	\$3,382,434	\$8,368,889	108.6
SB 03-287	<u>(133,825)</u>	<u>163,668</u>	<u>0</u>	<u>0</u>	<u>29,843</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$236,464</b>	<b>\$944,960</b>	<b>\$3,834,874</b>	<b>\$3,382,434</b>	<b>\$8,398,732</b>	<b>108.6</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$1,196,352</u>	<u>\$1,492,578</u>	<u>\$8,924,663</u>	<u>\$3,461,298</u>	<u>\$15,074,891</u>	<u>122.6</u>
<b>TOTAL</b>	<b>\$1,196,352</b>	<b>\$1,492,578</b>	<b>\$8,924,663</b>	<b>\$3,461,298</b>	<b>\$15,074,891</b>	<b>122.6</b>
<b>Increase/(Decrease)</b>	\$959,888	\$547,618	\$5,089,789	\$78,864	\$6,676,159	14.0
Percentage Change	405.9%	58.0%	132.7%	2.3%	79.5%	12.9%

FTE Detail	FY 2003-04	FY 2004-05
Licensure	15.8	16.1
Medicaid/Medicare Certification Program	92.8	92.8
Emergency Medical Services	<u>0.0</u>	<u>13.7</u>
	108.6	122.6

*FTE Changes:* The 14.0 FTE include the 13.7 FTE in the relocated Emergency Medical Services subdivision and a 0.3 FTE increase in the Assisted Living Residence (ALR) program. The additional 0.3 FTE will be used to implement the intermediate penalties and monitoring measures called for in H.B. 02-1232.

*General Fund Changes:* The General Fund increase is caused by the relocation of Emergency Medical Services subdivision (\$1,094,000). This increase is partially offset by the refinancing of \$134,000 General Fund in the Assisted Living program with fund balance generated by the program's annual and initial licensing fees.

*Cash Funds Changes:* The net increase in cash funds is caused by: (1) the addition of the Emergency Medical Services subdivision (\$470,000); (2) a \$49,000 increase in the ALR program to fund contractor-provided training and development of additional training videos for staff in these residences throughout the state; (3) a \$15,000 increase in the Medication Administration program to fully fund the program's current FTE allocation so that the Department can better oversee and evaluate contractor-provided training; and (4) a \$14,000 increase in indirect cost assessments in the ALR program. These increases are partially offset by the 0.2 percent base reduction in personal services (\$2,000).

*Cash Funds Exempt Changes:* The increase in cash funds exempt spending authority in this division is caused by: (1) the addition of the Emergency Medical Services subdivision (\$4,873,000); (2) a \$134,000 refinancing of previous General Fund support of the ALR program; (3) a \$50,000 increase in the ALR program to support increased training; (4) a \$20,000 increase in indirect cost assessments in the ALR program; (5) a \$17,000 increase in Medication Administration to support increased oversight of contractor-provided training; and (6) a \$3,000 increase in indirect cost assessments in the Medication Administration program. These increases are partially offset by the 0.2 percent base reduction in personal services (\$8,000).

*Federal Funds Changes:* The \$79,000 federal funds increase is caused by the addition of \$84,000 in federal funding for Emergency Medical Services less a \$5,000 decrease for the 0.2 percent base reduction in personal services.

## **Recent Legislation**

### **2003 Session Bills**

**S.B. 03-19:** Amends how the State Auditor's Office will be paid for the review of tobacco settlement programs. The amount appropriated to the State Auditor's Office shall come from a proportionate reduction in the amounts annually appropriated to each tobacco settlement program that it reviews. The bill makes adjustments to the FY 2003-04 appropriation levels programs in the Department of Education, the Department of Health Care Policy and Financing, the Department of Higher

Education, the Department of Military and Veterans Affairs, and the Department of Public Health and Environment. For more information, refer to the bill description on page 393 of the FY 2003-04 Appropriations Report.

**S.B. 03-190:** Transfers a total of \$39.5 million of payments the State receives pursuant to the Tobacco Settlement Agreement into the General Fund for FY 2002-03. This amount is generated by the following transfers into the General Fund: (1) \$21.7 million from the Tobacco Litigation Settlement Cash Fund; (2) \$6.1 million from the Tobacco Litigation Trust Fund; (3) \$2.3 from the Colorado State Veterans Trust Fund; (4) \$2.0 million from the Children's Basic Health Plan Trust; (5) \$600,000 of additional tobacco settlement funds received by the State; and (6) \$6.8 million from reductions in programs in the following departments: Department of Education, Department of Health Care Policy and Financing, Department of Higher Education, and the Department of Public Health and Environment. For more information, refer to the bill description on page 394 of the FY 2003-04 Appropriations Report.

**S.B. 03-197:** Reduces personal services by \$824,200 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-214:** Supplemental appropriation to the Department of Public Health and Environment to modify the appropriation included in the FY 2002-03 Long Bill (H.B. 02-1420).

**S.B. 03-258:** General appropriations act for FY 2003-04. Also includes an add-on adjustment to the appropriation for FY 2002-03.

**S.B. 03-260:** Implements a fee structure for the Wholesale Food program in the Consumer Protection Division. Creates the Wholesale Food Manufacturing and Storage Protection Cash Fund in the State Treasury. The fees and penalties collected from the wholesale food and manufacturing and storage facilities will be deposited into this Fund. Reduces the FY 2003-04 General Fund appropriation by \$160,906 and increases the cash funds appropriation by \$196,788.

**S.B. 03-273:** For an explanation of this bill, please see the Recent Legislation section in the Department of Personnel and Administration.

**S.B. 03-276:** Increases fees by over 62 percent for water quality control discharge permits to replace the \$1.5 million General Fund appropriated in the Long Bill for the Water Quality Control Division with cash funds from the Water Quality Control Fund. Also implements a Drinking Water fee to cash fund the \$0.5 million Drinking Water Program. Reduces the FY 2003-04 General Fund appropriation by \$1,996,424 and increases the cash funds appropriation by \$2,408,869.

**S.B. 03-280:** Adds a two cent fee to the Hazardous Substance Response Fund in order to fund the Department of Law's CERCLA related expenditures. Appropriates \$503,258 cash funds from the

Hazardous Substance Response Fund to the Department of Public Health and Environment for FY 2003-04 and transfers that sum to the Department of Law. For more information on this bill, please see the Recent Legislation section in the Department of Law.

**S.B. 03-282:** Transfers a total of \$27.3 million from the balance in the Tobacco Litigation Settlement Cash Fund into the General Fund for FY 2002-03. In order to transfer this amount into the General Fund, the appropriation levels for programs that receive tobacco settlement funds were reduced by \$5.6 million for FY 2002-03 and \$21.7 million for FY 2003-04. The bill makes additional adjustments to account for lower estimated tobacco payment revenues and provides funding for six additional programs. The bill makes adjustments to appropriations in the following departments: Department of Education, Department of Higher Education, Department of Health Care Policy and Financing, Department of Human Services, Judicial Department, Department of Military Affairs, Department of Public Health and Environment, and Department of Public Safety. For more information, refer to the bill description on page 396 of the FY 2003-04 Appropriations Report.

**S.B. 03-287:** Increases the annual fee for the licensing of health facilities from \$150 to \$360. Increases the FY 2003-04 cash fund appropriation to the Health Facilities Division in the Department of Public Health and Environment by \$163,668 and reduces the General Fund appropriation by \$133,825.

**H.B. 03-1056:** Extends the repeal date for expenditure of solid waste fees from January 1, 2004, to January 1, 2009. Appropriates \$125,000 cash funds from the Solid Waste Management Fund to the Department of Public Health and Environment for FY 2003-04.

**H.B. 03-1316:** For an explanation of this bill, please see the Recent Legislation section in the Department of Personnel.

**H.B. 03-1351:** Increases the annual license fee for retail food establishments and increases the amount of the fee credited to the Food Protection Cash Fund from \$20.00 to \$25.00. Appropriates \$90,257 cash funds from said Fund to the Department of Public Health and Environment for FY 2003-04.

### **2004 Session Bills**

**H.B. 04-1013:** Changes the statutory name of Division of Prevention and Intervention Services for Children and Youth to Prevention Services Division.

**H.B. 04-1107:** Transfers the Office of Homeless Youth Services from the Prevention Services Division to the Department of Human Services. Because the federal grant funds, which had supported this Office were not received by the Department of Public Health and Environment in FY 2003-04 and were not expected to be received in FY 2004-05, funds were not transferred to the Department of Human Services. The staffing level in the Department of Human Services was

increased by 1.0 to administer the functions of the Office; funding is expected to come from existing federal grants within that Department.

**H.B. 04-1331:** Supplemental appropriation to the Department of Public Health and Environment to modify the appropriation included in the FY 2003-04 Long Bill (S.B. 03-258).

**H.B. 04-1354:** Establishes Health Care Credentials Application Review Committee to recommend uniform Colorado Health Care Professional Credentials Application to the Board of Health and to meet annually to consider modifications to uniform application. Requires the Board of Health to appoint seven members to the Committee. Repeals Committee effective July 1, 2008. Requires health care entities and health care plans to use the uniform application when collecting credentials data.

**H.B. 04-1421:** Changes the allocation formula for the state's annual tobacco settlement payment, beginning in FY 2004-05. Transfers the FY 2003-04 year-end balance in the Tobacco Litigation Settlement Trust Fund (\$20.6 million) to the General Fund for FY 2004-05. Also transfers the remainder of annual payment. The revised allocation formula is detailed in the first table below. Descriptions of adjustments to FY 2004-05 appropriations are shown in the second table below.

<b>H.B. 04-1421: Modifications to Statutory Allocation Formula</b>		
<b>Program/Fund</b>	<b>Previous Share of Annual Tobacco Settlement Payment</b>	<b>Share of Annual Tobacco Settlement Payment per H.B. 04-1421</b>
Read-to-Achieve	19 percent of the annual payment up to a maximum of \$19.0 million	5 percent of the annual payment up to a maximum of \$8.0 million; for FY 2004-05 only, the allocation is reduced by \$500,000.
Children's Basic Health Plan Trust	\$17.5 million per year--funds will be taken from the annual transfer to the Tobacco Litigation Settlement Trust Fund, if necessary, to ensure the \$17.5 allocation to CHP+	24 percent of the annual payment up to a maximum of \$30.0 million; will receive minimum of \$17.5 million per year--funds will be taken from the annual transfer to the Tobacco Litigation Settlement Trust Fund and the annual transfer to the General Fund, if necessary, to ensure a \$17.5 million payment to Children's Basic Health Plan Trust
Comprehensive Primary and Preventive Care Grants	6 percent of the annual payment up to a maximum of \$6.0 million	3 percent of the annual payment up to a maximum of \$5.0 million
Child Mental Health Treatment Act	Not included in the previous allocation formula	\$300,000 of the annual payment

<b>H.B. 04-1421: Modifications to Statutory Allocation Formula</b>		
<b>Program/Fund</b>	<b>Previous Share of Annual Tobacco Settlement Payment</b>	<b>Share of Annual Tobacco Settlement Payment per H.B. 04-1421</b>
State Veterans Trust Fund	1 percent of the annual payment up to a maximum of \$1.0 million	1 percent of the annual payment up to a maximum of \$1.0 million
Ryan White HIV/AIDS Drug Assistance Program	Not included in the previous allocation formula	3.5 percent of the annual payment up to a maximum of \$5.0 million
Tobacco Education, Prevention and Cessation	15 percent of the annual payment up to a maximum of \$15.0 million	5 percent of the annual payment up to a maximum of \$8.0 million
Dental Loan Repayment Program	\$200,000 of the annual payment	\$200,000 of the annual payment
Tony Gramscas Youth Services	Half of the remainder of the annual payment after all other programs have received their allocations	4 percent of the annual payment up to a maximum of \$5.0 million
Nurse Home Visitor	11 percent of the annual payment rising 2 percent each year up to 19 percent in FY 2008-09, up to a maximum of \$19.0 million	9 percent of the annual payment, rising 1 percent each year to 19 percent in FY 2013-14, up to a maximum of \$19.0 million
Fitzsimons Trust Fund	The lesser of the amount due under the new facilities' lease-payment agreement or 8 percent of the annual payment up to a maximum of \$8.0 million	The lesser of the amount due under the new facilities' lease-payment agreement or 8 percent of the annual payment up to a maximum of \$8.0 million
Transfer to General Fund	Not included in the previous allocation formula	The lesser of 21 percent of annual payment or \$20.0 million, plus the remainder of the payment after all of the programs have received their allocations
Tobacco Litigation Settlement Trust Fund	21 percent of the annual payment plus the remainder of the annual payment after all programs have received their allocations	21 percent of annual payment less the amount of the annual transfer to the General Fund

H.B. 1421: Adjustments to FY 2004-05 Long Bill Appropriations			
Department/Line Item	Adjustments to Appropriations from Tobacco Litigation Settlement Cash Fund (Cash Funds Exempt)	Adjustments to Appropriations from Other Fund Sources	Description of Other Fund Sources
<u>Education:</u>			
Read-to-Achieve Cash Fund (1)	-		
Read to Achieve Grant Program (1)		-	Read-to-Achieve Cash Fund
<u>Health Care Policy and Financing:</u>			
H.B. 97-1304 Children's Basic Health Plan Trust	3,472,958		
Comprehensive Primary and Preventive Care Fund	(2,621,120)		
Comprehensive Primary and Preventive Care Grants Program		(2,621,120)	
Mental Health, Residential Treatment for Youth	209,066	209,066	
<u>Human Services:</u>			
Mental Health, Residential Treatment for Youth	90,389	418,132	
<u>Military and Veterans Affairs:</u>			
Colorado State Veterans Trust Fund	(408)		
Colorado State Veterans Trust Fund Expenditures		(102)	
<u>Public Health and Environment:</u>			
Ryan White Act, Operating Expenditures	3,055,114		
Tobacco Education and Prevention, Tobacco Program Fund	(8,735,022)		
Tobacco Education and Prevention, Personal Services		(438,610)	

<b>H.B. 1421: Adjustments to FY 2004-05 Long Bill Appropriations</b>			
<b>Department/Line Item</b>	<b>Adjustments to Appropriations from Tobacco Litigation Settlement Cash Fund (Cash Funds Exempt)</b>	<b>Adjustments to Appropriations from Other Fund Sources</b>	<b>Description of Other Fund Sources</b>
Tobacco Education and Prevention, Tobacco Cessation and Prevention Grants		(8,296,412)	
Rural - Primary Care, State Dental Loan Repayment Fund	(93)		
Rural - Primary Care, Dental Programs		(93)	
Tony Gramscas Youth Services Program	1,143,013		
Nurse Home Visitor Program Fund	(1,058,666)		
Nurse Home Visitor Program		(1,058,666)	
<b>Totals</b>	<b>(4,444,769)</b>	<b>(11,787,805)</b>	

Notes:

(1) House Bill 04-1421 reduces the appropriation to the Read-to-Achieve Cash Fund and the associated spending authority out of the Read-to-Achieve Cash Fund from \$16,592,664 to \$3,864,449 (a reduction of \$12,728,215). However, the Governor lined through the provisions making these reductions to Long Bill appropriations. House Bill 04-1421 modifies the statutory formula for allocating the annual payment and caps the FY 2004-05 allocation to the Read-to-Achieve Program at \$7,500,000. It is currently estimated that the actual allocation to the Read-to-Achieve Grant Program in FY 2004-05 pursuant to this revised allocation formula will total \$3,864,449. Thus, the FY 2004-05 appropriation for the Read-to-Achieve Grant Program exceeds the amount anticipated to be statutorily available for the Program by \$12,728,215.

**H.B. 04-1422:** General appropriations act for FY 2004-05. Also includes an add-on adjustment to the appropriation for FY 2003-04.



## DEPARTMENT OF PUBLIC SAFETY

The Department of Public Safety's responsibilities include: enforcing motor vehicle laws on state highways; conducting automobile and truck safety checks; coordinating emergency responses to hazardous materials incidents; training emergency responders for hazardous materials accidents; providing assistance to local governments related to the delivery of fire safety services; providing investigative, forensic, and criminal history services to local law enforcement agencies; and administering adult and youth community corrections programs.

The Department is comprised of the following divisions:

1. Executive Director's Office
2. Colorado State Patrol
3. Office of Preparedness, Security and Fire Safety
4. Division of Criminal Justice
5. Colorado Bureau of Investigation

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$56,596,877	\$53,403,014	\$54,171,145	\$56,810,015
Cash Funds	5,963,196	5,970,891	9,948,119	10,371,740
Cash Funds Exempt	83,936,885	86,096,222	87,771,436	110,771,188
Federal Funds	<u>38,044,395</u>	<u>39,595,575</u>	<u>43,085,120</u>	<u>42,106,614</u>
<b>TOTAL</b>	<b>\$184,541,353</b>	<b>\$185,065,702</b>	<b>\$194,975,820</b>	<b>\$220,059,557</b>
Full Time Equiv. Staff	1,233.2	1,234.9	1,247.4	1,265.7

### **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 include the following:

- ☐ An increase of \$16.3 million in cash funds exempt continuous spending authority for the Colorado 1122 Federal Procurement Program in the Colorado State Patrol;
- ☐ An increase of \$2.4 million (including \$490,000 General Fund and \$1.6 million Highway Users Tax Fund or HUTF) for salary survey and performance-based pay awards;

- ❑ An increase of \$1.3 million General Fund in the Division of Criminal Justice to place 11.0 percent of Department of Corrections inmates in community corrections programs. Previously, 10.0 percent of inmates were placed in community programs. This increase is offset by \$3.3 million in General Fund reductions in the Department of Corrections;
- ❑ An increase of \$981,000 in cash funds exempt spending authority for the Automobile Theft Prevention Authority created in the Colorado State Patrol;
- ❑ An increase of \$553,000 General Fund in the Division of Criminal Justice for increased caseload in community corrections programs related to a growing inmate population;
- ❑ An increase of \$540,000 (including \$55,000 General Fund and \$411,000 HUTF) for health, life, and dental insurance premiums;
- ❑ An increase of \$436,000 from the HUTF for 6.0 FTE new field troopers in the Colorado State Patrol;
- ❑ An increase of \$304,000 cash funds spending authority from the Drug Offender Surcharge Fund to the Division of Criminal Justice for community corrections programs;
- ❑ An increase of \$263,000 federal funds spending authority and 6.3 new FTE in the Office of Preparedness, Security, and Fire Safety based on new federal Homeland Security funds;
- ❑ An increase of \$181,000 General Fund for lease payments to upgrade Colorado Bureau of Investigation forensic laboratory management information system and equipment;
- ❑ A reduction of \$1.4 million in federal funds in the Division of Criminal Justice to reflect anticipated federal grants; and
- ❑ A reduction of \$500,000 in cash funds exempt spending authority in the Division of Criminal Justice to eliminate a one-time appropriation from the Read-to-Achieve Cash Fund in FY 2003-04 for juvenile diversion programs.

### **General Factors Driving the Budget**

Funding for this department consists of 25.8 percent General Fund, 4.7 percent cash funds, 50.3 percent cash funds exempt, and 19.1 percent federal funds. Some of the most important factors driving the budget are reviewed below.

### **Number of State Troopers**

The Department of Public Safety uses the Police Allocation Model (PAM) to calculate the need for additional road troopers. The model's variables include: the hours of road coverage, the frequency that a stretch of highway is checked during a shift, the amount of traffic on a highway, and the percentage of time an officer is available to immediately respond to an accident. In recent years, PAM has shown a need for additional troopers in Colorado. Over the last four years, the number of field troopers has remained relatively constant; however, an increase of 6.0 FTE field troopers was appropriated for FY 2004-05.

	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
Number of Field Troopers	535.4	535.4	537.4	543.4

### **Highway Users Tax Fund (HUTF) "Off-the-Top" Appropriations**

The Highway Users Tax Fund (HUTF) consists of taxes on motor fuel and registration fees on drivers and vehicles. A majority of HUTF revenue is allocated to cities, counties and the Department of Transportation. The term "off-the-top" appropriations refers to funds that are removed from available HUTF revenues before the allocation to cities, counties, and the Department of Transportation. These "off-the-top" funds are appropriated to the State Patrol in the Department of Public Safety, to the Ports of Entry in the Department of Revenue, and for related capital expenditures. Senate Bill 95-47 limited the annual growth in "off-the-top" appropriations to six percent. The HUTF is a significant funding source for the Colorado State Patrol. The following table reflects the level of "off-the-top" funding since FY 2001-02.

	<b>FY 2001-02</b>	<b>FY 2002-03</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Total HUTF Off-the-Top Funding	\$75,489,180	\$80,018,531	\$84,752,744	\$89,837,909
Dept. of Public Safety - HUTF Funding - Operating Budget	\$67,366,667	\$69,207,746	\$69,378,263	\$74,508,126
Dept. of Public Safety - HUTF Funding - Percentage of Total HUTF Off-the-Top Funding	89.2%	86.5%	81.9%	82.9%

### **Advancements in Technology**

In recent years, the General Assembly has approved funding for the Department to implement a variety of technology projects in an effort to enhance the effectiveness of public safety services in the State. The following projects are examples of the Department's focus on technology.

- **Mobile Data Computers:** These computers are located in trooper vehicles and provide instant access to information on arrest warrants, stolen vehicles, and criminal histories. These

computers also eliminate the need to transcribe citations and investigation information from handwritten to electronic form, thereby improving efficiency.

- Computer Aided Dispatch: This network records all calls for service, the state troopers involved, and the chronology of the response. Furthermore, computer generated digital maps help communications officers visualize emergency situations and quickly identify nearby resources that may be available. Any data collected may also be used in statistical and other management analyses.
- Colorado Integrated Criminal Justice Information System (CICJIS): The CICJIS is a computer system that integrates criminal justice information between five different state agencies. The five agencies include: (1) the Department of Public Safety, (2) the Department of Corrections, (3) the Department of Human Services, (4) the District Attorney's Council, and (5) the Judicial Department. The CICJIS is intended to improve the transfer of data between criminal justice agencies, and improve the accuracy of the data.
- Colorado Bureau of Investigation, Laboratory Services Equipment Upgrades: DNA Robotics automated instrument and laboratory information system for enhanced DNA database and analysis capabilities; and leases for new spectrometer, microspectrometer, and digital photographic equipment for forensic laboratory services.

### **Community Corrections – Residential Placements**

The primary factor driving the Division of Criminal Justice's budget is the need for, availability of, and cost of community corrections beds. There are two types of residential placements: diversion and transition. Diversion placements are for offenders sentenced directly to community corrections by the Judicial Department. These offenders are placed in a residential community corrections facility rather than being sentenced to the Department of Corrections. Transition placements are for inmates who have served the majority of their sentence in the Department of Corrections and are nearing parole. These inmates are released to a residential community corrections bed in preparation for parole.

	<b>Actual FY 01-02</b>	<b>Actual FY 02-03</b>	<b>Approp. FY 03-04</b>	<b>Approp. FY 04-05</b>
Diversion Residential Beds Funded	1,231	1,231	1,231	1,231
Transition Residential Beds Funded	1,034	1,096	1,183	1,327
Residential Daily Rates per Bed	\$37.72	\$36.21	\$34.70	\$34.70
<i>Percent Change in Reimbursement Rate</i>	<i>n/a</i>	<i>-4.0%</i>	<i>-4.2%</i>	<i>0.0%</i>
Total General Fund Expenditures (residential and non-residential programs)	\$36,650,797	\$35,327,418	\$36,293,810	\$38,132,114
<i>Growth of General Fund Expenditures</i>	<i>n/a</i>	<i>-3.6%</i>	<i>2.7%</i>	<i>5.1%</i>

## Summary of FY 2003-04 and FY 2004-05 Appropriations

### Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Total Appropriation:</b>	<b>\$54,171,145</b>	<b>\$9,948,119</b>	<b>\$87,771,436</b>	<b>\$43,085,120</b>	<b>\$194,975,820</b>	<b>1,247.4</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	1,713,841	280,804	9,660,209	561,300	12,216,154	34.5
Colorado State Patrol	1,542,016	2,853,476	73,478,139	3,773,268	81,646,899	931.0
Office of Preparedness, Security and Fire Safety	91,871	324,334	144,880	925,256	1,486,341	10.5
Division of Criminal Justice	37,468,035	1,981,151	1,129,603	36,978,566	77,557,355	66.2
Colorado Bureau of Investigation	13,355,382	4,508,354	3,358,605	846,730	22,069,071	205.2
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-24	0	523,696	385,110	0	908,806	5.6
SB 03-258	54,726,129	9,474,947	89,008,476	43,181,280	196,390,832	1,241.8
SB 03-273	(545,503)	(93,265)	(1,843,984)	(86,029)	(2,568,781)	0.0
SB 03-282	0	0	500,000	0	500,000	0.0
HB 03-1024	0	21,000	3,300	0	24,300	0.0
HB 03-1114	0	0	235,800	0	235,800	0.0
HB 03-1316	(2,085)	(499)	(7,619)	(589)	(10,792)	0.0
HB 03-1352	0	10,177	16,500	0	26,677	0.0
HB 03-1356	0	0	14,220	0	14,220	0.0
HB 04-1332	(7,396)	12,063	(698,737)	(9,542)	(703,612)	0.0
HB 04-1422	0	0	158,370	0	158,370	0.0
<hr/>						
<b>FY 2004-05 Total Appropriation:</b>	<b>\$56,810,015</b>	<b>\$10,371,740</b>	<b>\$110,771,188</b>	<b>\$42,106,614</b>	<b>\$220,059,557</b>	<b>1,265.7</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	2,584,811	379,325	12,397,977	571,350	15,933,463	40.5
Colorado State Patrol	1,242,352	2,848,109	94,186,056	3,861,150	102,137,667	937.0

	GF	CF	CFE	FF	Total	FTE
Office of Preparedness, Security and Fire Safety	91,703	325,764	192,990	1,188,700	1,799,157	16.8
Division of Criminal Justice	39,308,569	2,316,112	618,866	35,637,648	77,881,195	66.2
Colorado Bureau of Investigation	13,582,580	4,502,430	3,375,299	847,766	22,308,075	205.2
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-226	0	1,313	1,650	0	2,963	0.0
HB 04-1077	0	23,500	0	0	23,500	0.0
HB 04-1104	0	0	7,703	0	7,703	0.0
HB 04-1422	56,810,015	10,346,927	110,761,835	42,106,614	220,025,391	1,265.7
<b>Increase/(Decrease)</b>	\$2,638,870	\$423,621	\$22,999,752	(\$978,506)	\$25,083,737	18.3
Percentage Change	4.9%	4.3%	26.2%	-2.3%	12.9%	1.5%

## **Detail of Appropriation by Administrative Section**

### **Executive Director's Office**

This Office is responsible for managing the administrative and fiscal affairs of the Department and providing policy direction. In addition, it also is responsible for making distributions to local governments for hazardous materials equipment, and operating the Witness Protection Program. The Office also houses the Colorado Integrated Criminal Justice Information System (CICJIS). The primary cash funds and cash funds exempt sources include the following: the Highway Users Tax Fund, limited gaming funds that are transferred from the Department of Revenue, the Hazardous Materials Safety Fund, and indirect cost recoveries.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-24	\$0	\$12,255	\$0	\$0	\$12,255	0.0
SB 03-258	2,558,600	345,531	11,080,196	653,071	14,637,398	32.5
SB 03-273	(545,503)	(93,265)	(1,843,984)	(86,029)	(2,568,781)	0.0
HB 03-1316	(2,085)	(499)	(7,619)	(589)	(10,792)	0.0
HB 03-1356	0	0	14,220	0	14,220	
HB 04-1332	<u>(297,171)</u>	<u>16,782</u>	<u>417,396</u>	<u>(5,153)</u>	<u>131,854</u>	<u>2.0</u>
<b>TOTAL</b>	<b>\$1,713,841</b>	<b>\$280,804</b>	<b>\$9,660,209</b>	<b>\$561,300</b>	<b>\$12,216,154</b>	<b>34.5</b>

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$2,584,811</u>	<u>\$379,325</u>	<u>\$12,397,977</u>	<u>\$571,350</u>	<u>\$15,933,463</u>	<u>40.5</u>
<b>TOTAL</b>	<b>\$2,584,811</b>	<b>\$379,325</b>	<b>\$12,397,977</b>	<b>\$571,350</b>	<b>\$15,933,463</b>	<b>40.5</b>
<b>Increase/(Decrease)</b>	\$870,970	\$98,521	\$2,737,768	\$10,050	\$3,717,309	6.0
Percentage Change	50.8%	35.1%	28.3%	1.8%	30.4%	17.4%

FTE Detail	FY 2003-04	FY 2004-05
Executive Director and Administration	29.5	29.5
CICJIS	<u>5.0</u>	<u>11.0</u>
	34.5	40.5

*FTE Changes:* The increase of 6.0 FTE reflects the conversion of contract services staff to FTE appropriated staff for the Colorado Integrated Criminal Justice Information System (CICJIS).

*General Fund Changes:* The General Fund appropriation reflects the following increases: (1) \$490,000 for personal services due to salary survey and performance-based pay awards; (2) \$443,000 to offset lower indirect cost recoveries for multiuse network payments; and (3) \$55,000 for health, life, dental payments. These increases are partially offset with \$109,000 for indirect cost recoveries that offset General Fund personal services costs.

*Cash Funds Changes:* The increase in cash funds reflects the increases for salary survey and performance-based pay awards.

*Cash Funds Exempt Changes:* The increase in cash funds exempt reflects the following increases: (1) \$1.6 million from the HUTF for salary survey and performance-based pay awards; (2) \$919,000 in indirect cost recoveries for workers' compensation payments; and (3) \$411,000 from the HUTF for health, life, and dental payments. These increases are partially offset by a decrease of \$195,000 for multiuse network payments (related to the FY 2002-03 pay date shift into FY 2003-04).

*Federal Funds Changes:* The increase in federal funds reflects the increases for salary survey, performance-based pay awards, and health, life, dental payments.

## Colorado State Patrol

This Division is responsible for the safe and efficient movement of motor vehicle traffic on federal, state, and county roads in Colorado. The State Patrol enforces motor vehicle laws, assists motorists in need, conducts automotive and motor carrier safety checks, investigates traffic accidents, and oversees the transportation of hazardous materials. The primary cash funds and cash funds exempt sources include: the Highway Users Tax Fund, limited gaming funds that are transferred from the Department of Revenue, the Vehicle Inspection Number Identification Fund, the Auto Theft Prevention Fund, and user fees collected from state and non-state agencies.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$1,246,091	\$2,858,195	\$74,463,356	\$3,783,290	\$82,350,932	931.0
HB 04-1332	295,925	(4,719)	(1,143,587)	(10,022)	(862,403)	0.0
HB 04-1422	<u>0</u>	<u>0</u>	<u>158,370</u>	<u>0</u>	<u>158,370</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,542,016</b>	<b>\$2,853,476</b>	<b>\$73,478,139</b>	<b>\$3,773,268</b>	<b>\$81,646,899</b>	<b>931.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$1,242,352</u>	<u>\$2,848,109</u>	<u>\$94,186,056</u>	<u>\$3,861,150</u>	<u>\$102,137,667</u>	<u>937.0</u>
<b>TOTAL</b>	<b>\$1,242,352</b>	<b>\$2,848,109</b>	<b>\$94,186,056</b>	<b>\$3,861,150</b>	<b>\$102,137,667</b>	<b>937.0</b>
<b>Increase/(Decrease)</b>	(\$299,664)	(\$5,367)	\$20,707,917	\$87,882	\$20,490,768	6.0
Percentage Change	-19.4%	-0.2%	28.2%	2.3%	25.1%	0.6%

FTE Detail	FY 2003-04	FY 2004-05
Field Officers	511.8	517.8
Dispatch Services	135.1	135.1
Administration	113.5	113.5
Special Assignments	<u>170.6</u>	<u>170.6</u>
	931.0	937.0

*FTE Changes:* The increase reflects the 6.0 FTE increase for new field troopers.

*General Fund Changes:* The reduction in General Fund reflects an offset with indirect cost recoveries for the Executive and Capitol Complex Security program.



*Cash Funds Changes:* The small decrease in cash funds reflects the base 0.2 percent reduction in personal services items.

*Cash Funds Exempt Changes:* The additional cash funds exempt spending authority reflects the following increases: (1) \$16.3 million in continuous appropriation authority for the Colorado 1122 Federal Procurement Program due to increased federal Homeland Security grant funds distributed to local governments by the state; (2) \$1.9 million for new and replacement vehicle lease payments; (3) \$1.1 million of indirect cost recoveries which are used to offset General Fund; (4) \$981,000 for the new Auto Theft Prevention Authority from gifts, grants and donations; and (5) \$436,000 to add 6.0 FTE field troopers.

*Federal Funds Changes:* The increase reflects additional funds this division anticipates receiving in FY 2004-05.

### **Office of Preparedness, Security, and Fire Safety**

House Bill 02-1315 created the Office of Preparedness, Security, and Fire Safety (OPSFS) as a division within the Department of Public Safety. The OPSFS consists of the Division of Fire Safety and the newly-created Office of Anti-terrorism Planning and Training. The bill directs the OPSFS to create and implement terrorist preparedness plans and develop protocols concerning the State's response to terrorism. The Division will create law enforcement guidelines; coordinate with other state agencies; administer a statewide reporting system for emergencies involving fire departments; create a statewide disaster mobilization plan for firefighting, emergency, and search and rescue resources; and develop rules for the continuity of state government in the event of an emergency.

The Division of Fire Safety assists local governments in developing solutions to fire safety issues that are common to local, state, and federal governmental units. The Division provides technical assistance to local governments, maintains a statewide reporting system, administers certification and training programs, and oversees fireworks regulation. The primary sources of cash funds and cash funds exempt include: the Fire Service Education and Training Fund, the Hazardous Materials Responder Voluntary Certification Fund, the Fire Suppression Cash Fund, and limited gaming funds originally appropriated to the Department of Revenue.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$91,871	\$324,334	\$135,944	\$925,256	\$1,477,405	12.5
HB 04-1332	<u>0</u>	<u>0</u>	<u>8,936</u>	<u>0</u>	<u>8,936</u>	<u>(2.0)</u>
<b>TOTAL</b>	<b>\$91,871</b>	<b>\$324,334</b>	<b>\$144,880</b>	<b>\$925,256</b>	<b>\$1,486,341</b>	<b>10.5</b>

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$91,703</u>	<u>\$325,764</u>	<u>\$192,990</u>	<u>\$1,188,700</u>	<u>\$1,799,157</u>	<u>16.8</u>
<b>TOTAL</b>	<b>\$91,703</b>	<b>\$325,764</b>	<b>\$192,990</b>	<b>\$1,188,700</b>	<b>\$1,799,157</b>	<b>16.8</b>
<b>Increase/(Decrease)</b>	(\$168)	\$1,430	\$48,110	\$263,444	\$312,816	6.3
Percentage Change	-0.2%	0.4%	33.2%	28.5%	21.0%	60.0%

FTE Detail	FY 2003-04	FY 2004-05
Division of Fire Safety	6.5	7.0
Office of Anti-terrorism Planning and Training	<u>4.0</u>	<u>9.8</u>
	10.5	16.8

*FTE Changes:* The increase reflects new FTE in the Office of Anti-terrorism Planning and Training associated with federal Homeland Security funds received for administration costs.

*General Funds Changes:* The decrease in General Fund is related to the base 0.2 percent reduction in personal services items.

*Cash Funds Changes:* The cash funds appropriation is basically unchanged from FY 2003-04.

*Cash Funds Exempt Changes:* The cash funds exempt appropriation reflects the increase in federal grant indirect cost recoveries within the Office of Anti-terrorism Planning and Training due to new federal guidelines for charging administrative costs to federal funding.

*Federal Funds Changes:* The increase in federal funds represents the Office of Anti-terrorism Planning and Training share of anticipated Homeland Security grants to be awarded to Colorado during FY 2004-05.

## **Division of Criminal Justice**

This Division collects criminal justice system data and analyzes that information for planning, research, coordination, and technical assistance purposes. Technical assistance is provided to local and state criminal justice agencies in the areas of crime prevention, needs assessment, jail planning, information dissemination, and management studies. The Division manages several types of federal funds in the areas of juvenile justice, anti-drug programs, victim assistance, and victim compensation. The Division also administers the Victims Assistance and Law Enforcement Fund Program. Additionally, the Division is responsible for the administration of community corrections contracts for both transition and diversion programs, and for the management of juvenile diversion programs.

The primary sources of cash funds are the Drug Offender Surcharge Fund and the Sex Offender Surcharge Fund. The primary source of cash funds exempt is the Victims Assistance and Law Enforcement Fund. The primary sources of federal funds include State and Local Crime Control and System Improvement Grants, Federal Victim Assistance and Compensation Grants, and Juvenile Justice Disbursement Grants.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$37,468,035	\$1,981,151	\$612,845	\$36,971,897	\$77,033,928	66.2
SB 03-282	0	0	500,000	0	500,000	0.0
HB 04-1332	<u>0</u>	<u>0</u>	<u>16,758</u>	<u>6,669</u>	<u>23,427</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$37,468,035</b>	<b>\$1,981,151</b>	<b>\$1,129,603</b>	<b>\$36,978,566</b>	<b>\$77,557,355</b>	<b>66.2</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1077	\$0	\$23,500	\$0	\$0	\$23,500	0.0
HB 04-1422	<u>39,308,569</u>	<u>2,292,612</u>	<u>618,866</u>	<u>35,637,648</u>	<u>77,857,695</u>	<u>66.2</u>
<b>TOTAL</b>	<b>\$39,308,569</b>	<b>\$2,316,112</b>	<b>\$618,866</b>	<b>\$35,637,648</b>	<b>\$77,881,195</b>	<b>66.2</b>
<b>Increase/(Decrease)</b>	\$1,840,534	\$334,961	(\$510,737)	(\$1,340,918)	\$323,840	0.0
Percentage Change	4.9%	16.9%	-45.2%	-3.6%	0.4%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Management	0.9	0.9
Professional Staff	22.6	22.6
Support Staff	5.0	5.0
Federal Support Staff	5.0	5.0
Crime Control	<u>32.7</u>	<u>32.7</u>
	66.2	66.2

*General Fund Changes:* The General Fund increase primarily reflects an increase of \$1.3 million associated with additional community corrections placements for transition inmates related to a policy change approved by the General Assembly. Historically, 10.0 percent of inmates had been placed in community placements. For FY 2004-05, the General Assembly changed this policy and appropriated funds sufficient to place 11.0 percent of inmates from the Department of Corrections in community

corrections placements. The General Fund increase in the Division of Criminal Justice is offset by a \$3.3 million General Fund reduction in the Department of Corrections. The appropriation also includes: (1) an increase of \$553,000 associated with caseload increases for transition inmates; (2) an increase of \$41,000 to correct a technical error in the FY 2003-04 Long Bill for reimbursements to community corrections boards; (3) an increase of \$4,000 related to a technical change for appropriations previously made to the Executive Director's Office for data entry expenses; (4) the elimination of \$99,000 that was provided in FY 2003-04 for community corrections costs due to the leap year; and (5) a \$2,000 reduction for a 0.2 percent reduction to personal services line items.

*Cash Funds Changes:* The net cash funds increase includes the following increases: (1) \$304,000 from the Drug Offender Surcharge Fund to provide community corrections treatment services to transition and diversion offenders; (2) \$23,500 to implement the provisions of H.B. 04-1077; and (3) \$15,000 for higher indirect cost recoveries. These increases are partially offset by the following reductions: (1) \$5,000 to correct the classification of certain funds from cash funds to cash funds exempt; (2) \$2,000 in funding from the Animal Cruelty Fund due to insufficient revenues; and (3) \$1,000 for a 0.2 percent reduction in personal services appropriations.

*Cash Funds Exempt Changes:* The appropriation includes the following cash funds exempt reductions: (1) the elimination of a one-time \$500,000 appropriation from the Read-to-Achieve cash fund in FY 2003-04 for juvenile diversion programs; (2) a \$17,000 reduction for retirement payouts; and (3) a \$1,000 reduction for a 0.2 percent reduction in personal services appropriations. These amounts are partially offset by an increase of \$5,000 to correct the classification of certain funds from cash funds to cash funds exempt and an increase of \$2,000 for higher indirect cost recoveries from exempt cash fund sources.

*Federal Funds Changes:* The reduction in federal funds reflects additional federal grant funds this division anticipates for FY 2004-05.

## **Colorado Bureau of Investigation**

This Division assists local law enforcement agencies by collecting, processing, and analyzing criminal evidence. In addition, it collects, maintains, and disseminates computerized information on crime in Colorado, conducts background checks for firearms, and provides training to other agencies in investigative techniques. In order to implement these functions, the Division is divided into five subdivisions: (1) administration; (2) the Colorado Crime Information Center; (3) laboratory services; (4) investigative services; and (5) the Instant Criminal Background Check Program (Insta-check). The primary cash funds and cash funds exempt sources include the following: fingerprint and name check fees collected from other state and non-state agencies, the Victims Assistance and Law Enforcement Fund, and limited gaming funds transferred from the Department of Revenue.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-24	\$0	\$511,441	\$385,110	\$0	\$896,551	5.6
SB 03-258	13,361,532	3,965,736	2,716,135	847,766	20,891,169	199.6
HB 03-1024	0	21,000	3,300	0	24,300	0.0
HB 03-1114	0	0	235,800	0	235,800	0.0
HB 03-1352	0	10,177	16,500	0	26,677	0.0
HB 04-1332	<u>(6,150)</u>	<u>0</u>	<u>1,760</u>	<u>(1,036)</u>	<u>(5,426)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$13,355,382</b>	<b>\$4,508,354</b>	<b>\$3,358,605</b>	<b>\$846,730</b>	<b>\$22,069,071</b>	<b>205.2</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-226	\$0	\$1,313	\$1,650	\$0	\$2,963	0.0
HB 04-1104	0	0	7,703	0	7,703	0.0
HB 04-1422	<u>13,582,580</u>	<u>4,501,117</u>	<u>3,365,946</u>	<u>847,766</u>	<u>22,297,409</u>	<u>205.2</u>
<b>TOTAL</b>	<b>\$13,582,580</b>	<b>\$4,502,430</b>	<b>\$3,375,299</b>	<b>\$847,766</b>	<b>\$22,308,075</b>	<b>205.2</b>
<b>Increase/(Decrease)</b>	\$227,198	(\$5,924)	\$16,694	\$1,036	\$239,004	0.0
Percentage Change	1.7%	-0.1%	0.5%	0.1%	1.1%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Administration	7.0	7.0
Crime Information Center	79.1	79.1
Laboratory Services	58.5	58.5
Investigative Services	33.0	33.0
Instant Criminal Background Check Program	<u>27.6</u>	<u>27.6</u>
	205.2	205.2

*General Fund Changes:* The increase includes \$181,000 for lease payments to upgrade the forensic laboratories and a \$70,000 one-time increase for contractual services to acquire a new Montrose CBI office facility. These increases are partially offset by a \$15,000 reduction in operating expenses spending authority for laboratory services.

*Cash Funds Changes:* The small decrease in cash funds reflects the base 0.2 percent reduction in personal services items partially offset by the small increase to implement the provisions of S.B. 04-226.

*Cash Funds Exempt Changes:* The appropriation reflects a \$16,000 increase in indirect cost recoveries which are used to offset General Fund and small increases to implement the provisions of S.B. 04-226 and H.B. 04-1104. These increases are partially offset by a \$7,000 reduction in operating expenses reflecting one-time funding for FY 2003-04 and the 0.2 percent base reduction in personal services items.

*Federal Funds Changes:* The small increase in federal funds reflects federal grants the Department anticipates receiving for FY 2004-05.

## **Recent Legislation**

### **2003 Session Bills**

**S.B. 03-24:** Authorizes individuals to carry concealed handguns with the issuance of a permit. A fingerprint criminal history check is required with verification from the National Instant Background Check System and the Colorado Integrated Criminal Justice Information System. Appropriates \$908,806, including \$523,696 cash funds and \$385,110 cash funds exempt, and 5.6 FTE for the implementation of this act.

**S.B. 03-177:** Reduces the maximum allowable reimbursement rate for administrative costs of community corrections boards. The bill reduces the maximum allowable rate to 4.0 percent of appropriations for community corrections programs from April 1, 2003, through June 30, 2006. After July 1, 2006, the maximum allowable rate increases to 5.0 percent of appropriations for community corrections programs, which was the maximum rate prior to the enactment of this bill.

**S.B. 03-197:** Reduces personal services by \$1,084,874 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-215:** Supplemental appropriation to the Department of Public Safety to modify the appropriation included in the FY 2002-03 Long Bill.

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-282:** For an explanation of this bill please see the Recent Legislation section in the Department of Public Health and Environment.

**H.B. 03-1024:** Requires all current and prospective employees of a county department of social services, who in their position have direct contact with any child in the process of being placed in foster care, to submit a set of fingerprints and pay for the costs of conducting a criminal history record check. Appropriates \$24,300 (including \$21,000 cash funds and \$3,300 cash funds exempt) to the Department of Public Safety for the implementation of this act. For further information, see the Recent Legislation section the Department of Human Services.

**H.B. 03-1114:** Requires the courts to report felony convictions to the Department of Education when the convicted person is a current or former employee of a school district or the person holds an educator license. The bill requires every license applicant to submit fingerprints to the Department of Education for a state and national criminal history record check. Appropriates \$235,800 cash funds exempt to the Department of Public Safety for FY 2003-04 for the implementation of this bill. For further information, see the Recent Legislation section the Department of Education.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

**H.B. 03-1352:** Prohibits a basic training academy from enrolling a person who has been convicted of a misdemeanor crime. Prior to enrolling, the applicant's criminal history check must be completed, reviewed, and approved for academy enrollment by the training academy. The training academy forwards a complete set of applicant fingerprints with the fee to the Colorado Bureau of Investigation (CBI) for the criminal history record check. Appropriates \$26,677 (including \$10,177 cash funds and \$16,500 cash funds exempt) for the implementation of this bill.

**H.B. 03-1356:** Implements the federal Help America Vote Act of 2002 (HAVA), making several changes to state law governing the administration of elections and the registration of voters. Requires the Secretary of State to cancel the voter registration of a person convicted of a felony, upon being furnished with information from the Colorado Integrated Criminal Justice System (CICJIS). Appropriates \$14,220 cash funds exempt to the Department of Public Safety to implement the necessary adjustments to the CICJIS system. For further information, see the Recent Legislation in the Department of State.

### **2004 Session Bills**

**S.B. 04-226:** Requires applicants for explosives permits to submit to a criminal history check by the Department of Labor and Employment and to submit fingerprints to the department. The department is required to forward the fingerprints to the Colorado Bureau of Investigation for a state and national fingerprint criminal history check if deemed necessary. Appropriates \$1,313 cash funds and \$1,650

cash funds exempt to the Colorado Bureau of Investigation for FY 2004-05 for cost of the fingerprint criminal history check.

**H.B. 04-1077:** Appropriates \$12,500 from the domestic violence offender treatment provider fund and \$11,000 from cash funds in the sex offender treatment provider fund for FY 2004-05. Requires a person who applies for placement or continued placement on the list of sex offender treatment and services providers to submit to a current background investigation that goes beyond the scope of a criminal history record check. Permits the sex offender management board to assess a fee to cover the costs of the current background investigation. Requires a person who applies for placement or continued placement on the list of domestic violence offender treatment services providers to submit to a current background investigation that goes beyond the scope of a criminal history record check. Permits the domestic violence offender management board to assess a fee to cover the costs of the current background investigation.

**H.B. 04-1104:** Repeals and reenacts statutory provisions concerning educator licensure. For FY 2004-05, makes an appropriation from the Educator Licensure Cash Fund to the Department of Education for implementation of provisions related to the issuance of teaching authorizations, and appropriates \$7,703 of such appropriation to the Colorado Bureau of Investigation for related fingerprint card processing services. For a more detailed explanation of this bill, refer to the bill description in the Department of Education.

**H.B. 04-1332:** Supplemental appropriation to the Department of Public Safety to modify the appropriation included in the FY 2003-04 Long Bill.

**H.B. 04-1422:** General appropriations act for FY 2004-05.



## DEPARTMENT OF REGULATORY AGENCIES

The Department of Regulatory Agencies protects the citizens of Colorado from fraudulent or dangerous businesses and professionals by regulating the following industries: (1) state-chartered financial institutions such as banks, trust companies, credit unions and money transmitters (Divisions of Banking and Financial Services); (2) public utilities such as electricity, gas and telecommunications (Public Utilities Commission and Office of Consumer Counsel); (3) providers of automobile, homeowners, life, health and other types of insurance (Division of Insurance); and (4) professionals in more than thirty occupations, including accountants, barbers, chiropractors, dentists, nurses, physicians, pharmacists, psychologists, stockbrokers and real estate agents (Divisions of Registrations, Real Estate, and Securities). The Department also administers and enforces Colorado's civil rights laws (Division of Civil Rights). In addition, it conducts sunrise and sunset reviews of state-run programs and evaluates the economic impact of rules proposed by state agencies.

The Department is comprised of the following divisions: (1) Executive Director's Office and Administrative Services, (2) Division of Banking, (3) Civil Rights Division, (4) Office of Consumer Counsel, (5) Division of Financial Services, (6) Division of Insurance, (7) Public Utilities Commission, (8) Division of Real Estate, (9) Division of Registrations, and (10) Division of Securities. Eight of the Department's ten divisions are funded primarily through fees and assessments.

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$1,678,287	\$1,608,495	\$1,051,133	\$0
Cash Funds	47,442,782	48,974,331	50,941,141	0
Cash Funds Exempt	16,488,478	23,377,370	14,136,326	0
Federal Funds	<u>1,079,554</u>	<u>1,708,513</u>	<u>1,090,361</u>	<u>0</u>
<b>Total Funds</b>	<b>\$66,689,101</b>	<b>\$75,668,709</b>	<b>\$67,218,961</b>	<b>\$0</b>
Full Time Equiv. Staff	510.5	506.9	518.2	0.0

### **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 include the following:

- ☐ A \$3.6 million reduction for CoverColorado (\$3.4 million cash funds exempt);
- ☐ A \$648,000 increase for salary survey (\$552,000 cash funds, \$77,000 cash funds exempt, \$19,000 General Fund);

- ☐ A \$377,000 increase for performance-based pay (\$325,000 cash funds, \$41,000 cash funds exempt, \$11,000 General Fund);
- ☐ A \$338,000 cash funds increase for the Real Estate Recovery Fund in expectation of higher awards from the fund;
- ☐ A \$147,000 cash funds increase for the new Office of Expedited Settlement within the Division of Registrations; and
- ☐ A \$107,000 cash funds increase for the Low Income Telephone Assistance Program;

## **General Factors Driving the Budget**

Funding for the Department consists of 1.6 percent General Fund, 79.1 percent cash funds, 17.6 percent cash funds exempt, and 1.7 percent federal funds. Some of the most important factors driving the budget are reviewed below.

### **Legal Services**

The Department purchases more legal services from the Department of Law than any other state agency. The Department's appropriation for legal and administrative law judge services for FY 2004-05 represents approximately 27 percent of the corresponding appropriation for all state agencies and 8.4 percent of the Department's total appropriation. This is the largest component of the Department's budget aside from personal services. Given the large stakes involved in some of the Department's regulatory activities, legal services will continue to be a driving factor.

### **Population Growth**

Population growth affects the Department in two ways. First, more individuals apply for professional and occupational licenses. Likewise, more consumers file complaints against regulated individuals or entities, so more resources must be devoted to investigating those complaints, enforcing the state's laws and regulations, and where appropriate, disciplining the offender.

## Summary of FY 2003-04 and FY 2004-05 Appropriations

### Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Total Appropriation:</b>	<b>\$1,051,133</b>	<b>\$50,941,141</b>	<b>\$14,136,326</b>	<b>\$1,090,361</b>	<b>\$67,218,961</b>	<b>518.2</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office and Administrative Services	202,723	9,442,815	11,672,244	146,796	21,464,578	53.0
Division of Banking	0	3,253,857	0	0	3,253,857	38.5
Civil Rights Division	848,410	0	164,711	582,729	1,595,850	25.0
Office of Consumer Counsel	0	845,196	0	0	845,196	7.0
Division of Financial Services	0	977,525	0	0	977,525	11.0
Division of Insurance	0	6,680,879	0	360,836	7,041,715	78.6
Public Utilities Commission	0	11,942,689	328,491	0	12,271,180	92.7
Division of Real Estate	0	3,350,692	0	0	3,350,692	37.0
Division of Registrations	0	12,199,475	1,970,880	0	14,170,355	155.4
Division of Securities	0	2,248,013	0	0	2,248,013	20.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-50	0	295,892	0	0	295,892	3.0
SB 03-68	0	18,144	0	0	18,144	0.2
SB 03-134	0	1,200	0	0	1,200	0.0
SB 03-239	0	0	(12,500)	0	(12,500)	0.0
SB 03-258	1,110,675	51,489,454	14,417,656	1,090,392	68,108,177	514.6
SB 03-273	(52,870)	(811,295)	(178,704)	0	(1,042,869)	0.0
SB 03-302	0	0	(67,725)	0	(67,725)	0.0
HB 03-1164	0	27,117	0	0	27,117	0.4
HB 03-1289	0	61,323	0	0	61,323	0.0
HB 03-1316	(155)	(3,197)	(592)	0	(3,944)	0.0
HB 04-1333	(6,517)	(137,497)	(21,809)	(31)	(165,854)	0.0

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Total Appropriation:</b>	<b>\$1,032,389</b>	<b>\$51,232,824</b>	<b>\$11,415,142</b>	<b>\$1,087,500</b>	<b>\$64,767,855</b>	<b>520.1</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office and Administrative Services	233,561	10,359,816	8,253,109	149,395	18,995,881	53.0
Division of Banking	0	3,268,536	0	0	3,268,536	38.5
Civil Rights Division	798,828	0	211,318	580,080	1,590,226	25.0
Office of Consumer Counsel	0	841,432	0	0	841,432	7.0
Division of Financial Services	0	974,911	0	0	974,911	11.0
Division of Insurance	0	6,607,937	0	358,025	6,965,962	78.5
Public Utilities Commission	0	11,188,518	963,435	0	12,151,953	92.7
Division of Real Estate	0	3,683,319	0	0	3,683,319	37.0
Division of Registrations	0	12,051,867	1,987,280	0	14,039,147	157.4
Division of Securities	0	2,256,488	0	0	2,256,488	20.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1015	0	2,904	0	0	2,904	0.0
HB 04-1251	0	(13,404)	0	0	(13,404)	0.0
HB 04-1422	1,032,389	51,243,324	11,415,142	1,087,500	64,778,355	520.1
<b>Increase/(Decrease)</b>	<b>(\$18,744)</b>	<b>\$291,683</b>	<b>(\$2,721,184)</b>	<b>(\$2,861)</b>	<b>(\$2,451,106)</b>	<b>1.9</b>
Percentage Change	-1.8%	0.6%	-19.3%	-0.3%	-3.6%	0.4%

## **Detail of Appropriation by Administrative Section**

### **Executive Director's Office and Administrative Services**

This office coordinates and oversees the operations of the divisions within the Department and performs administrative functions, including accounting, budgeting, data processing, personnel, purchasing, facilities planning, and management reporting. This section also includes funding and staff for the Office of Policy and Research, which conducts sunrise and sunset evaluations of divisions, commissions, and boards. The cash funds are from various cash sources within the Department. The cash funds exempt are from indirect cost recoveries, transfers from other departments, interest on the Unclaimed Property Trust Fund and interest and reserves from the

CoverColorado Cash Fund. The federal funds are from indirect cost recoveries from the Division of Civil Rights.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-50	\$0	\$150,305	\$0	\$0	\$150,305	0.0
SB 03-258	262,265	10,254,342	11,873,349	146,827	22,536,783	53.0
SB 03-273	(52,870)	(811,295)	(178,704)	0	(1,042,869)	0.0
HB 03-1289	0	6,853	0	0	6,853	0.0
HB 03-1316	(155)	(3,197)	(592)	0	(3,944)	0.0
HB 04-1333	<u>(6,517)</u>	<u>(154,193)</u>	<u>(21,809)</u>	<u>(31)</u>	<u>(182,550)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$202,723</b>	<b>\$9,442,815</b>	<b>\$11,672,244</b>	<b>\$146,796</b>	<b>\$21,464,578</b>	<b>53.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$233,561</u>	<u>\$10,359,816</u>	<u>\$8,253,109</u>	<u>\$149,395</u>	<u>\$18,995,881</u>	<u>53.0</u>
<b>TOTAL</b>	<b>\$233,561</b>	<b>\$10,359,816</b>	<b>\$8,253,109</b>	<b>\$149,395</b>	<b>\$18,995,881</b>	<b>53.0</b>
<b>Increase/(Decrease)</b>	\$30,838	\$917,001	(\$3,419,135)	\$2,599	(\$2,468,697)	0.0
Percentage Change	15.2%	9.7%	-29.3%	1.8%	-11.5%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Director	3.0	3.0
Legislative Liaison & Public Information	3.0	3.0
Policy and Research (sunrise/sunset review staff)	4.5	4.5
Planning and Budgeting	2.0	2.0
Business Analysis	1.0	1.0
Accounting & Purchasing	8.0	8.0
Information Technology	27.0	27.0
Human Resources	<u>4.5</u>	<u>4.5</u>
	53.0	53.0

*General Fund Changes:* The General Fund increase is primarily due to increases of \$19,000 for salary survey and \$11,000 for performance-based pay.

*Cash Funds Changes:* The net cash funds increase is primarily due to increases of \$552,000 for salary survey, \$325,000 for performance-based pay, \$215,000 for health, life, and dental, \$200,000 for leased space, \$65,000 for legal services, \$34,000 for vehicle lease payments, \$23,000 for administrative law judge services, and \$14,000 for worker's compensation. These increases are partially offset by reductions of \$218,000 for CoverColorado, \$200,000 for contractual services to convert nonstandard systems, \$40,000 for information technology asset management, \$31,000 for operating expenses, and \$20,000 for risk management.

*Cash Funds Exempt Changes:* The net decrease in cash funds exempt is due to reductions of \$3.4 million for Cover Colorado, \$117,000 for leased space, \$45,000 for health, life, and dental, and \$18,000 for administrative law judges. These reductions are partially offset by increases of \$77,000 for salary survey, \$41,000 for performance-based pay, and \$36,000 for information technology asset management.

*Federal Funds Changes:* The increase in federal funds is due to an increase in the amount of indirect costs recoverable from federal sources.

## Division of Banking

This division regulates state-chartered commercial and industrial banks, trust companies, debt adjusters, and money order companies. Staff conduct examinations and enforce compliance in the following areas: the Public Deposit Protection Act, trust departments, electronic funds transfers, electronic data processing, and the Uniform Consumer Credit Code. The eight-member Colorado State Banking Board is the policy and rule making authority for the Division. The Division is funded entirely through cash funds from fees and assessments paid by regulated entities.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$3,212,619	\$0	\$0	\$3,212,619	38.5
HB 04-1333	<u>0</u>	<u>41,238</u>	<u>0</u>	<u>0</u>	<u>41,238</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$3,253,857</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,253,857</b>	<b>38.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$3,268,536</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,268,536</u>	<u>38.5</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$3,268,536</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,268,536</b>	<b>38.5</b>
<b>Increase/(Decrease)</b>	\$0	\$14,679	\$0	\$0	\$14,679	0.0
Percentage Change	n/a	0.5%	n/a	n/a	0.5%	0.0%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Commissioner	1.0	1.0
Examiners	28.2	28.2
Administration	<u>9.3</u>	<u>9.3</u>
	38.5	38.5

*Cash Funds Changes:* The cash funds increase reflects an operating expense increase of \$16,000 and an indirect cost increase of \$4,000. These are partially offset by \$5,000 decrease in personal services.

### **Civil Rights Division**

The Division of Civil Rights is the administrative arm of the Colorado Civil Rights Commission. It carries out state laws that prohibit discrimination in employment, housing, and public accommodations on the basis of race, sex, national origin, ancestry, physical or mental disability, religion, color, or marital status (housing and public accommodations only). The primary duties of Division personnel are the investigation and adjudication of charges related to unfair or discriminatory practices, and the supervision of hearings upon complaints issued against a respondent pursuant to statute. The Division also provides training and education, technical assistance with fair housing laws, public information, and community intervention. Enforcement activities account for a major portion of the Division's resources. The division receives moneys from the federal Equal Employment Opportunity Commission and the U.S. Housing and Urban Development Office. The remainder of the Division's activities are supported by the General Fund, which is partially offset by cash funds exempt from statewide indirect cost recoveries collected from other divisions within the Department.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$848,410</u>	<u>\$0</u>	<u>\$164,711</u>	<u>\$582,729</u>	<u>\$1,595,850</u>	<u>25.0</u>
<b>TOTAL</b>	<b>\$848,410</b>	<b>\$0</b>	<b>\$164,711</b>	<b>\$582,729</b>	<b>\$1,595,850</b>	<b>25.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$798,828</u>	<u>\$0</u>	<u>\$211,318</u>	<u>\$580,080</u>	<u>\$1,590,226</u>	<u>25.0</u>
<b>TOTAL</b>	<b>\$798,828</b>	<b>\$0</b>	<b>\$211,318</b>	<b>\$580,080</b>	<b>\$1,590,226</b>	<b>25.0</b>
<b>Increase/(Decrease)</b>	(\$49,582)	\$0	\$46,607	(\$2,649)	(\$5,624)	0.0
Percentage Change	-5.8%	n/a	28.3%	-0.5%	-0.4%	0.0%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Director's Office/Administration	3.0	3.0
Operations/Enforcement	<u>22.0</u>	<u>22.0</u>
	25.0	25.0

*General Fund Changes:* The General Fund appropriation reflects a \$49,000 decrease in personal services. This reflects increased indirect cost recoveries within the Department, which reduced the use of the General Fund.

*Cash Funds Exempt Changes:* The cash funds exempt appropriation reflects increased indirect cost recoveries within the Department, which offset General Fund.

*Federal Funds Changes:* The net federal funds decrease reflects a \$14,000 reduction in the Division's indirect cost assessment, a \$2,000 reduction in operating expenses, and a \$14,000 increase for personal services.

### **Office of Consumer Counsel**

The Office of Consumer Counsel represents the interests of residential, agricultural, and small businesses in cases before the Public Utilities Commission (PUC). These cases involve proposed changes to electric, gas, and telecommunications utility rates, services, and policies. The Office is funded entirely through cash funds from assessments paid by entities regulated by the PUC.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$845,196</u>	<u>\$0</u>	<u>\$0</u>	<u>\$845,196</u>	<u>7.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$845,196</b>	<b>\$0</b>	<b>\$0</b>	<b>\$845,196</b>	<b>7.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$841,432</u>	<u>\$0</u>	<u>\$0</u>	<u>\$841,432</u>	<u>7.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$841,432</b>	<b>\$0</b>	<b>\$0</b>	<b>\$841,432</b>	<b>7.0</b>
<b>Increase/(Decrease)</b>	\$0	(\$3,764)	\$0	\$0	(\$3,764)	0.0
Percentage Change	n/a	-0.4%	n/a	n/a	-0.4%	0.0%



<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Director	1.0	1.0
Technical Staff	4.0	4.0
Administrative Staff	<u>2.0</u>	<u>2.0</u>
	7.0	7.0

*Cash Funds Changes:* The cash fund decrease is due to a personal service reduction of \$1,000 and an operating expense reduction of \$3,000. These are partially offset by a \$1,000 increase in indirect cost recoveries.

### **Division of Financial Services**

This division regulates state-chartered credit unions, savings and loans, and life care institutions. It also administers the federal Public Deposit Protection Act, which safeguards the uninsured deposits of public moneys in state and federal savings and loan associations. On-site examinations are conducted through a risk-based program to ensure financial stability and compliance with state and federal laws. Enforcement actions are initiated as appropriate. The five-member Financial Services Board provides policy guidance to the Division. The Division is funded entirely with cash funds from fees and assessments paid by regulated entities.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$977,525	\$0	\$0	\$977,525	11.0
<b>TOTAL</b>	<b>\$0</b>	<b>\$977,525</b>	<b>\$0</b>	<b>\$0</b>	<b>\$977,525</b>	<b>11.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	\$0	\$974,911	\$0	\$0	\$974,911	11.0
<b>TOTAL</b>	<b>\$0</b>	<b>\$974,911</b>	<b>\$0</b>	<b>\$0</b>	<b>\$974,911</b>	<b>11.0</b>
<b>Increase/(Decrease)</b>	\$0	(\$2,614)	\$0	\$0	(\$2,614)	0.0
Percentage Change	n/a	-0.3%	n/a	n/a	-0.3%	0.0%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Commissioner	1.0	1.0
Examiners	8.0	8.0
Administrative Support	<u>2.0</u>	<u>2.0</u>
	11.0	11.0

*Cash Funds Changes:* The cash funds appropriation reflects a personal services decrease of \$2,000 due to a 0.2 percent base reduction and an operating expense decrease of \$2,000. These are partially offset by a \$1,000 increase in indirect costs.

## Division of Insurance

This division regulates insurance professionals and insurance companies, non-profit hospitals and health service corporations, health maintenance organizations, workers' compensation self-insurance pools, and pre-need funeral contracts. The cash funds are from tax assessments and license fees paid by regulated entities. The federal funds support the Senior Health Counseling Program.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-68	\$0	\$18,144	\$0	\$0	\$18,144	0.2
SB 03-239	0	0	(12,500)	0	(12,500)	0.0
SB 03-258	0	6,635,618	80,225	360,836	7,076,679	78.0
SB 03-302	0	0	(67,725)	0	(67,725)	0.0
HB 03-1164	<u>0</u>	<u>27,117</u>	<u>0</u>	<u>0</u>	<u>27,117</u>	<u>0.4</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$6,680,879</b>	<b>\$0</b>	<b>\$360,836</b>	<b>\$7,041,715</b>	<b>78.6</b>
<b>FY 2003-04 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$6,607,937</u>	<u>\$0</u>	<u>\$358,025</u>	<u>\$6,965,962</u>	<u>78.5</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$6,607,937</b>	<b>\$0</b>	<b>\$358,025</b>	<b>\$6,965,962</b>	<b>78.5</b>
<b>Increase/(Decrease)</b>	\$0	(\$72,942)	\$0	(\$2,811)	(\$75,753)	(0.1)
Percentage Change	n/a	-1.1%	n/a	-0.8%	-1.1%	-0.1%

FTE Detail	FY 2003-04	FY 2004-05
Commissioner's Office	3.0	3.0
Operations/Licensing	26.1	26.0
Consumer Affairs	24.0	24.0
Financial Regulation	23.5	23.5
Senior Health Counseling	<u>2.0</u>	<u>2.0</u>
	78.6	78.5

*FTE Changes:* The 0.1 FTE reduction reflects the elimination of a one-time FTE appropriation in FY 2003-04 pursuant to H.B. 03-1164 (Expanding Access To Health Insurance).

*Cash Funds Changes:* The cash funds appropriation reflects a \$33,000 reduction in indirect costs, a \$29,000 reduction in operating expenses, and a \$16,000 reduction in personal services due to a 0.2 percent base reduction.

*Federal Funds Changes:* The federal funds decrease is due to a \$3,000 reduction in indirect costs.

## Public Utilities Commission

The three-member Public Utilities Commission (PUC) regulates the rates and services of fixed utilities and transportation utilities located in the state. It possesses quasi-legislative and quasi-judicial authority. The PUC is also responsible for administering the following direct service programs: the Colorado Telecommunications High Cost Program, the Low-Income Telephone Assistance Program, the Highway Crossing Protection Program, and the Disabled Telephone Users Program. The PUC is primarily funded with cash funds from assessments and licensing fees paid by regulated entities.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
HB 03-1289	\$0	\$54,470	\$0	\$0	\$54,470	0.0
SB 03-258	<u>0</u>	<u>11,888,219</u>	<u>328,491</u>	<u>0</u>	<u>12,216,710</u>	<u>92.7</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$11,942,689</b>	<b>\$328,491</b>	<b>\$0</b>	<b>\$12,271,180</b>	<b>92.7</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$11,188,518</u>	<u>\$963,435</u>	<u>\$0</u>	<u>\$12,151,953</u>	<u>92.7</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$11,188,518</b>	<b>\$963,435</b>	<b>\$0</b>	<b>\$12,151,953</b>	<b>92.7</b>
<b>Increase/(Decrease)</b>	\$0	(\$754,171)	\$634,944	\$0	(\$119,227)	0.0
Percentage Change	n/a	-6.3%	193.3%	n/a	-1.0%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Director/Commissioners	4.0	4.0
Administrative Services	8.0	8.0
Administrative Hearings	9.0	9.0
Executive Office	6.0	6.0
External Affairs	7.5	7.5

FTE Detail	FY 2003-04	FY 2004-05
Advisory Coordinators	3.6	3.6
Utilities	29.0	29.0
Transportation	17.6	17.6
Safety and Enforcement	<u>8.0</u>	<u>8.0</u>
	92.7	92.7

*Cash Funds Changes:* The net cash funds decrease is the result of increases of \$107,000 for low income telephone assistance, \$16,000 for operating expenses, and \$10,000 for indirect cost assessments, offset by decreases of \$615,000 for personal services, \$258,000 for the disabled telephone users program and \$14,000 for highway crossings. (The overall reduction in personal services is \$14,000, comprised of a \$615,000 cash funds decrease and a \$602,000 cash funds exempt increase. The overall reduction of appropriations from the Disabled Telephone Users Fund is \$31,000, comprised of a \$258,000 cash funds decrease and a \$227,000 cash funds exempt increase. In each case the division is reducing cash fund balances, which changes the funding mix.)

*Cash Funds Exempt Changes:* The increase in cash funds exempt is the net result of increases of \$602,000 for personal services and \$227,000 for the disabled telephone user program, offset by decreases of \$150,000 for highway crossing payments and \$43,000 for operating expenses.

## Division of Real Estate

The Division of Real Estate licenses real estate brokers and appraisal professionals, analyzes subdivision offerings on undeveloped land, and administers an enforcement program that is responsive to the needs of the industry and the consumer. Additional protection is offered to the public through the Real Estate Recovery Fund and professional liability insurance for all real estate licensees. The five-member Real Estate Commission and the seven-member Appraisal Board serve as the policy-making bodies of the Division. The Division is funded entirely with cash funds from fees and assessments paid by regulated entities.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$3,332,742	\$0	\$0	\$3,332,742	37.0
HB 04-1333	<u>0</u>	<u>17,950</u>	<u>0</u>	<u>0</u>	<u>17,950</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$3,350,692</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,350,692</b>	<b>37.0</b>

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	\$0	\$3,683,319	\$0	\$0	\$3,683,319	37.0
<b>TOTAL</b>	<b>\$0</b>	<b>\$3,683,319</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,683,319</b>	<b>37.0</b>
<b>Increase/(Decrease)</b>	\$0	\$332,627	\$0	\$0	\$332,627	0.0
Percentage Change	n/a	9.9%	n/a	n/a	9.9%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Director's Office	3.0	3.0
Enforcement Unit	11.0	10.0
Financial Examinations	9.0	9.0
Education and Licensing	12.0	12.0
Appraisal Unit	<u>2.0</u>	<u>3.0</u>
	37.0	37.0

*Cash Funds Changes:* The net increase in cash funds reflects a \$338,000 increase for payments from the Real Estate Recovery Fund, a \$4,000 increase for indirect cost assessments, a \$5,000 decrease for personal services, and a \$3,000 decrease for operating expenses.

### Division of Registrations

This division regulates over 221,000 licensees in more than 30 professions and occupations throughout Colorado. Its boards and licensing programs were created by the General Assembly to ensure a minimum level of competency among licensees and to protect the public welfare. The Division licenses qualified practitioners, facilities, programs, and equipment. Public protection is further enhanced by conducting inspections, investigating complaints, and restricting or revoking licenses when generally accepted standards of practice or safety have not been observed. The Division is primarily funded with cash funds from fees paid by those it licenses. The cash exempt funds are Medicare and Medicaid funds transferred from the Department of Health Care Policy and Financing and the Department of Public Health and Environment for the nurse aide program.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-50	\$0	\$145,587	\$0	\$0	\$145,587	3.0
SB 03-134	0	1,200	0	0	1,200	0.0
SB 03-258	0	12,102,688	1,970,880	0	14,073,568	152.4
HB 04-1333	<u>0</u>	<u>(50,000)</u>	<u>0</u>	<u>0</u>	<u>(50,000)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$12,199,475</b>	<b>\$1,970,880</b>	<b>\$0</b>	<b>\$14,170,355</b>	<b>155.4</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1015	\$0	\$2,904	\$0	\$0	\$2,904	0.0
HB 04-1251	0	(13,404)	0	0	(13,404)	0.0
HB 04-1422	<u>0</u>	<u>12,062,367</u>	<u>1,987,280</u>	<u>0</u>	<u>14,049,647</u>	<u>157.4</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$12,051,867</b>	<b>\$1,987,280</b>	<b>\$0</b>	<b>\$14,039,147</b>	<b>157.4</b>
<b>Increase/(Decrease)</b>	\$0	(\$147,608)	\$16,400	\$0	(\$131,208)	2.0
Percentage Change	n/a	-1.2%	0.8%	n/a	-0.9%	1.3%

FTE Detail	FY 2003-04	FY 2004-05
Director's Office	3.0	3.0
Support Services	3.0	17.0
Examinations	1.0	4.0
Complaint Investigations	14.0	14.8
Licensing	n/a	15.0
Board Personnel	<u>134.4</u>	<u>103.6</u>
	155.4	157.4

*FTE Changes:* The FTE increase is due to the establishment of a new Office of Expedited Settlement.

*Cash Funds Changes:* The decrease in cash funds is the net result of a reduction of \$196,000 for operating expenses and \$154,000 for indirect cost assessments which are offset by an increase of \$212,000 for personal services.

*Cash Funds Exempt Changes:* The increase in cash funds exempt is the net result of an increase of \$152,000 for operating expenses and a decrease of \$136,000 for personal services.

## Division of Securities

The Division of Securities monitors the conduct of broker-dealers and sales representatives throughout Colorado. It also investigates citizen complaints and other indications of investment fraud. In addition to license application screening, Division personnel perform on-site examinations of broker-dealer offices. The Division enforces the following programs: the Colorado Securities Act, the Colorado Commodity Code, the Colorado Municipal Bond Supervision Act, and the Local Government Investment Pool Trust Fund Administration and Enforcement Act.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$2,240,505	\$0	\$0	\$2,240,505	20.0
HB 04-1333	<u>0</u>	<u>7,508</u>	<u>0</u>	<u>0</u>	<u>7,508</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,248,013</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,248,013</b>	<b>20.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$2,256,488</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,256,488</u>	<u>20.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,256,488</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,256,488</b>	<b>20.0</b>
<b>Increase/(Decrease)</b>	\$0	\$8,475	\$0	\$0	\$8,475	0.0
Percentage Change	n/a	0.4%	n/a	n/a	0.4%	n/a

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Commissioner	1.0	1.0
Deputy Commissioner	1.0	1.0
Administration Unit	2.0	2.0
Examination Unit	7.0	7.0
Enforcement Unit	<u>9.0</u>	<u>9.0</u>
	20.0	20.0

*Cash Funds Changes:* The net cash funds increase is primarily due to an \$8,000 increase in the appropriation for hearings pursuant to complaint.

## Recent Legislation

### 2003 Session Bills

**S.B. 03-50:** Requires the State Board of Nursing to send a questionnaire to all licensed professional, practical, and retired nurses when applying for renewal of their nursing licenses. Appropriates \$295,892 cash funds to the Department.

**S.B. 03-68:** Establishes the 11 member Commission on Mandated Health Insurance Benefits for the purpose of collecting data to assess the impact of mandated health care benefits on employers, employees, individual purchasers, insurers, health care providers, and other relevant entities. Appropriates \$18,144 cash funds to the Department.

**S.B. 03-134:** Continues the regulatory functions of the state Board of Nursing until July 1, 2010, and makes some changes to the functions of the board, including requiring a feasibility study of imposing a state and federal fingerprint-based criminal history check of nurse aide applicants; adding two members to the Nurse Aide Advisory Committee; and requiring the implementation of a new medication aide training program. Appropriates \$1,200 cash funds to the Department.

**S.B. 03-191:** For purposes of augmenting General Fund revenues, transfers a total of \$5,632,416 from the Disabled Telephone Users Fund, the Public Utilities Commission Motor Carrier Fund and the Real Estate Recovery Fund. For a complete list of transfers authorized by the act, see the table beginning on page 93 of the FY 2003-04 Appropriations Report.

**S.B. 03-197:** Reduces FY 2002-03 personal services by \$120,157 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information see page 364 of the FY 2003-04 Appropriations Report.

**S.B. 03-216:** Supplemental appropriation to the Department.

**S.B. 03-239:** Continues the Motorist Insurance Identification Database Program until July 1, 2008; requires insurers to provide policy information to the designated agent that monitors the program database more frequently; and eliminates the requirement for the Division of Insurance to contract with a company to gather information regarding uninsured motorist claims. Reduces the Department's appropriation by \$12,500 cash funds exempt.

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04.

**S.B. 03-302:** Suspends the requirement for the Division of Insurance to conduct an annual closed claims study regarding the costs of workers' compensation until FY 2005-06. Reduces the Department's appropriation by \$67,725 cash funds exempt.



**H.B. 03-1164:** Expands the duties of CoverColorado and creates a statewide pilot program for up to 18 multiple employer welfare arrangements (MEWAs). The Commissioner of Insurance is required to monitor the pilot program, and the Department must evaluate the program by October 15, 2007. Appropriates \$27,117 cash funds to the Department.

**H.B. 03-1289:** Subjects household goods movers to regulation by the Public Utilities Commission (PUC). The bill requires the PUC to issue a certificate of registration to a mover operating in intrastate commerce; authorizes the PUC to impose an annual registration fee of up to \$300 on each carrier; and establishes other requirements. Appropriates \$61,323 cash funds to the Department.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information see page 365 of the FY 2003-04 Appropriations Report.

#### **2004 Session Bills**

**S.B. 04-22:** Establishes the Interstate Insurance Product Regulation Compact, which creates a multi-state commission to regulate insurance according to uniform national standards. The commission is a not-for-profit entity, separate and distinct from the compacting state, but is an instrumentality of the compacting states.

**S.B. 04-211:** Transfers the principal in the Unclaimed Property Trust Fund plus any interest earnings to CoverColorado to the degree that moneys are available in the trust fund and are needed to fund CoverColorado's program. Eliminates the CoverColorado Cash Fund and transfers the fund balance to CoverColorado.

**S.B. 04-251:** Authorizes the Department to enter into contracts under which the contractor collects fees directly from regulated individuals and entities.

**H.B. 04-1015:** Directs the State Board of Pharmacy to license humane societies to use catamenia and other drugs for animal control purposes. Increases the appropriation to the Department by \$2,904 cash funds.

**H.B. 04-1244:** Authorizes use of the Risk Management Fund to pay for the defense of liability claims, including related expenses, brought against expert witnesses and consultants who have been retained by the Department.

**H.B. 04-1251:** Extends the regulation of mental health professionals thru July 1, 2013. Creates the Mental Health Peer Assistance Diversion Program. Eliminates the oral exam for licensing of psychologists. Reduces the appropriation to the Department by \$13,404 cash funds.

**H.B. 04-1333:** Supplemental appropriation for the Department.

**H.B. 04-1422:** General appropriations act for FY 2004-05.

## DEPARTMENT OF REVENUE

The Department of Revenue performs various revenue collection and regulatory activities related to taxation, motor vehicles, limited gaming, racing, and the Colorado Lottery. The Department is organized into the following administrative groups: (1) the Executive Director's Office; (2) Cash and Document Processing; (3) Information Technology Division; (4) Taxation Business Group; (5) Motor Vehicle Business Group; (6) Motor Carrier Services; (7) Enforcement Business Group; and (8) the State Lottery Division. Specific functions of the Department include collection of state and local taxes, enforcement of tax laws, administration of driver and motor vehicle laws, state liquor and tobacco law enforcement, regulation of limited-stakes gambling, oversight of greyhound/horse racing, and the operation of the Colorado Lottery. The Department also operates the State's commercial ports of entry.

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Appropriation</b>	<b>FY 2004-05 Appropriation</b>
General Fund	\$109,289,836	\$89,778,263	\$90,654,825	\$89,075,506
Cash Funds	34,829,486	34,245,033	44,804,075	44,674,817
Cash Funds Exempt	329,871,761	322,716,224	379,766,587	387,892,284
Federal Funds	<u>1,576,446</u>	<u>2,710,638</u>	<u>1,925,618</u>	<u>1,806,849</u>
<b>Total Funds</b>	<b>\$475,567,529</b>	<b>\$449,450,158</b>	<b>\$517,151,105</b>	<b>\$523,449,456</b>
Full Time Equiv. Staff	1,463.8	1,395.7	1,455.7	1,448.7

### **FY 2004-05 Budget Changes**

Significant changes to the Department's appropriations for FY 2004-05 versus FY 2003-04 include the following:

- ☐ An increase of \$5.9 million cash funds exempt for the State Lottery Division primarily related to prize payouts;
- ☐ A \$2.2 million increase across all funding sources for salary survey and performance-based pay awards;
- ☐ A \$2.2 million General Fund offset in the Motor Vehicle Division from the Highway Users Tax Fund (HUTF) pursuant to the provisions of S.B. 03-267;

- ❑ A \$1.2 million cash funds increase for the License Plate Ordering program;
- ❑ A decrease of \$1.6 million cash funds for the Limited Gaming Division; and
- ❑ A \$1.3 million General Fund decrease related to the cigarette tax rebate to counties and municipalities as well as old age fuel and property tax assistance grants under the Taxation Business Group.

## **General Factors Driving the Budget**

The Department of Revenue's funding for FY 2004-05 consists of 17.0 percent General Fund, 8.5 percent cash funds, 74.1 percent cash funds exempt (including 3.0 percent comprised of moneys from the Highway Users Tax Fund), and 0.4 percent federal funds. Significant factors driving the Department's budget are discussed below.

### **Population and Postage**

The collection of taxes and the regulation of motor vehicles requires the Department to interact with a significant portion of the State's citizenry via mail. Consequently, any rise in population or in the scope of services often drive corresponding increases in necessary postage and documentation expenses. Such costs mainly affect the Cash and Document Processing Division, the Motor Vehicle Division, and the Taxpayer Services Division. The following table summarizes key workload statistics for the Department.

	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Estimate</b>	<b>FY 04-05 Estimate</b>
Pieces of Incoming Mail	4,914,908	4,833,885	4,530,806	4,471,182	4,500,000
Pieces of Outgoing Mail	9,083,448	8,564,245	7,309,329	6,780,800	6,645,184
Tax Refunds Processed	1,971,183	2,120,348	1,445,282	1,336,533	1,450,000
Driver's License Documents Issued	1,329,228	1,241,827	1,330,789	1,064,287	1,251,706
Tax Assistance Phone Calls	1,728,158	1,522,651	1,341,170	1,015,590	1,015,590

### **Commercial Traffic**

The number of commercial vehicles crossing the State's borders affects the costs of operating Colorado's ports of entry, which monitor overweight trucks and enforce compliance with the commercial vehicle registration fee. These responsibilities are carried out by the Motor Carrier Services Division. The number of vehicles cleared at fixed ports can be affected by road construction, lot repair, and building replacement. The following table summarizes recent changes in the number of these vehicles and revenue associated with port operations.

	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Estimate</b>	<b>FY 04-05 Estimate</b>
Vehicles Weighed	4,437,167	4,524,001	4,659,685	4,535,345	4,573,000
Vehicles Cleared at Fixed Ports	5,113,645	5,265,627	5,403,807	5,235,938	5,302,000
HazMat Compliance Inspections	150,591	142,563	140,797	125,630	129,398
Revenue Collected at Ports of Entry	\$6,804,510	\$6,698,083	\$6,452,651	\$7,409,866	\$6,853,533
Vehicles Cleared w/ Weigh-in-Motion	725,222	1,121,090	1,415,867	1,525,677	1,556,190

### **Lottery Ticket Sales**

Appropriations for some lines within the Department's budget are calculated based on Lottery ticket sales. Consequently, the Department's cash funds exempt appropriation from the State Lottery Fund fluctuates with ticket sales. The following table shows a five-year summary of revenue generated by sales of the two types of lottery tickets including both scratch and online games.

	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Appropriation</b>	<b>FY 04-05 Appropriation</b>
Scratch Ticket Sales	\$249,210,219	\$257,213,494	\$254,255,554	\$254,300,000	\$254,300,000
On-line Ticket Sales	\$101,422,449	\$150,753,040	\$137,218,086	\$140,100,000	\$131,600,000

## **Summary of FY 2003-04 and FY 2004-05 Appropriations**

### **Total Department Appropriations**

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Total Appropriation:</b>	<b>\$90,654,825</b>	<b>\$44,804,075</b>	<b>\$379,766,587</b>	<b>\$1,925,618</b>	<b>\$517,151,105</b>	<b>1,455.7</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	9,913,522	1,408,786	4,565,165	0	15,887,473	35.5
Cash and Document Processing	n/a	n/a	n/a	n/a	n/a	n/a
Information Technology Division	4,609,956	496,188	6,781,208	0	11,887,352	120.0
Taxation Business Group	62,836,873	668,341	1,139,115	1,325,757	65,970,086	448.4

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
Motor Vehicle Business Group	13,062,001	3,976,896	18,036,954	599,861	35,675,712	551.6
Motor Carrier Services	n/a	n/a	n/a	n/a	n/a	n/a
Enforcement Business Group	232,473	38,253,864	2,268,657	0	40,754,994	172.2
State Lottery Division	0	0	346,975,488	0	346,975,488	128.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-76	0	0	183,930	0	183,930	4.0
SB 03-258	99,541,338	39,182,608	385,230,743	1,925,618	525,880,307	1,450.4
SB 03-267	(4,452,423)	0	4,452,423	0	0	0.0
SB 03-272	0	3,124,902	(3,124,902)	0	0	0.0
SB 03-273	(1,506,147)	(91,155)	(650,292)	0	(2,247,594)	0.0
SB 03-317	135,213	0	0	0	135,213	0.6
HB 03-1099	0	2,302	0	0	2,302	0.0
HB 03-1123	(1,977,165)	1,977,165	0	0	0	0.0
HB 03-1130	0	921	0	0	921	0.0
HB 03-1316	(7,080)	(356)	(2,817)	0	(10,253)	0.0
HB 03-1356	0	0	65,000	0	65,000	0.0
HB 03-1367	0	6,432	0	0	6,432	0.0
HB 03-1382	1,080	0	0	0	1,080	0.0
HB 04-1334	(1,102,214)	601,256	(6,387,498)	0	(6,888,456)	0.7
HB 04-1418	22,223	0	0	0	22,223	0.0
<b>FY 2004-05 Total Appropriation:</b>	<b>\$89,075,506</b>	<b>\$44,674,817</b>	<b>\$387,892,284</b>	<b>\$1,806,849</b>	<b>\$523,449,456</b>	<b>1,448.7</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	12,889,142	1,565,316	5,353,510	0	19,807,968	41.5
Cash and Document Processing	10,141,294	450,373	565,140	0	11,156,807	122.2
Information Technology Division	5,249,553	319,201	6,062,459	0	11,631,213	120.3

	GF	CF	CFE	FF	Total	FTE
Taxation Business Group	50,333,592	504,412	513,333	1,187,902	52,539,239	317.6
Motor Vehicle Business Group	9,733,968	4,928,758	12,922,883	0	27,585,609	393.8
Motor Carrier Services	553,167	240,647	7,228,019	618,947	8,640,780	152.7
Enforcement Business Group	174,790	36,666,110	2,326,483	0	39,167,383	172.6
State Lottery Division	0	0	352,920,457	0	352,920,457	128.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-178	0	0	501	0	501	0.0
SB 04-230	0	8,460	0	0	8,460	0.0
HB 04-1017	(49,261)	0	0	0	(49,261)	(0.8)
HB 04-1021	0	0	83,950	0	83,950	0.4
HB 04-1358	0	0	501	0	501	0.0
HB 04-1418	47,196	0	0	0	47,196	0.0
HB 04-1422	89,077,571	44,666,357	387,807,332	1,806,849	523,358,109	1,449.1
<b>Increase/(Decrease)</b>	<b>(\$1,579,319)</b>	<b>(\$129,258)</b>	<b>\$8,125,697</b>	<b>(\$118,769)</b>	<b>\$6,298,351</b>	<b>(7.0)</b>
Percentage Change	-1.7%	-0.3%	2.1%	-6.2%	1.2%	-0.5%

## **Detail of Appropriation by Administrative Section**

### **Executive Director's Office**

The Executive Director's Office is comprised of the Administration section, the Policy Analysis and Financial Services section, the Internal Auditor, and the Human Resources section. The Executive Director's Office is supported by various sources of cash funds and cash funds exempt including indirect cost recoveries.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$13,238,197	\$1,179,535	\$5,115,676	\$0	\$19,533,408	35.5
SB 03-273	(1,506,147)	(91,155)	(650,292)	0	(2,247,594)	0.0
HB 03-1123	(325,781)	325,781	0	0	0	0.0

	GF	CF	CFE	FF	Total	FTE
HB 03-1316	(7,080)	(356)	(2,817)	0	(10,253)	0.0
HB 04-1334	<u>(1,485,667)</u>	<u>(5,019)</u>	<u>102,598</u>	<u>0</u>	<u>(1,388,088)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$9,913,522</b>	<b>\$1,408,786</b>	<b>\$4,565,165</b>	<b>\$0</b>	<b>\$15,887,473</b>	<b>35.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$12,889,142</u>	<u>\$1,565,316</u>	<u>\$5,353,510</u>	<u>\$0</u>	<u>\$19,807,968</u>	<u>41.5</u>
<b>TOTAL</b>	<b>\$12,889,142</b>	<b>\$1,565,316</b>	<b>\$5,353,510</b>	<b>\$0</b>	<b>\$19,807,968</b>	<b>41.5</b>
<b>Increase/(Decrease)</b>	\$2,975,620	\$156,530	\$788,345	\$0	\$3,920,495	6.0
Percentage Change	30.0%	11.1%	17.3%	n/a	24.7%	16.9%

FTE Detail	FY 2003-04	FY 2004-05
Executive Director's Staff	4.0	4.0
Policy Analysis and Financial Services	22.0	28.0
Internal Auditor	2.5	2.5
Human Resources	<u>7.0</u>	<u>7.0</u>
	35.5	41.5

*FTE Changes:* The increase of 6.0 FTE reflects the transfer the Tax Analysis group from the Taxation Business Group to the Executive Director's Office. This is part of a larger re-organization that will be discussed in divisions where applicable.

*General Fund Changes:* Increases to the appropriation include: (1) \$876,000 for department-wide salary survey; (2) \$491,000 related to performance-based pay awards; (3) \$421,000 for purchases from the government computer center; (4) \$362,000 related to the transfer of 6.0 FTE; (5) \$352,000 for workers' compensation; (6) \$158,000 for health, life and dental; (7) \$133,000 for access to the multi-use network; (8) \$60,000 for capitol complex; (9) \$54,000 for leased space; (10) \$26,000 for the provision of legal services; (11) \$21,000 for vehicle lease payments; (12) \$13,000 relating to operating expenses; and (13) \$8,000 for short-term disability.

*Cash Funds Changes:* The increase to the appropriation includes \$85,000 for department-wide salary survey, and \$76,000 related to indirect cost recoveries to offset personal services. These amounts are partially offset by a decrease of \$6,000 for access to the multi-use network.

*Cash Funds Exempt Changes:* The increase to the appropriation includes: \$402,000 for department-wide salary survey; \$287,000 related to performance-based pay awards; \$85,000 related to indirect cost recoveries to offset personal services; and \$15,000 for changes to shift differential.

## Cash and Document Processing

Prior to 1999, this division functioned as a 'stand-alone' unit. The General Assembly approved a departmental re-organization for FY 2004-05, which will move Cash and Document Processing out of the Taxation Business Group.

This division maintains documents and records transactions that enable the Department to meet its various responsibilities, many of which are related to taxes, licensing and other fee payments; the deposit of tax remittances; the processing of tax documents from the receipt of returns through the issuance of applicable refunds; the processing of income tax refund warrants; and a variety of incoming and outgoing mail services. In FY 2002-03, the Department processed over 11.8 million pieces of mail and nearly 1.9 million tax refunds.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-178	\$0	\$0	\$501	\$0	\$501	0.0
HB 04-1358	0	0	501	0	501	0.0
HB 04-1418	47,196	0	0	0	47,196	0.0
HB 04-1422	<u>10,094,098</u>	<u>450,373</u>	<u>564,138</u>	<u>0</u>	<u>11,108,609</u>	<u>122.2</u>
<b>TOTAL</b>	<b>\$10,141,294</b>	<b>\$450,373</b>	<b>\$565,140</b>	<b>\$0</b>	<b>\$11,156,807</b>	<b>122.2</b>
<b>Increase/(Decrease)</b>	\$10,141,294	\$450,373	\$565,140	\$0	\$11,156,807	122.2
Percentage Change	n/a	n/a	n/a	n/a	n/a	n/a

FTE Detail	FY 2003-04	FY 2004-05
Managers and Supervisors	n/a	16.8
Accountants, Tax Examiners, and Other Professional Grades	n/a	37.3
Support Staff	<u>n/a</u>	<u>68.1</u>
	n/a	122.2



*FTE Changes:* The staffing appropriation reflects a net decrease of 1.6 FTE. The elimination of 0.6 FTE related to implementation of S.B. 03-317 and the transfer of 2.0 FTE from Cash and Document Processing to the Information Technology Division is partially offset by the addition of 1.0 FTE from the Taxation Business Group. This is part of the Department's re-organization that was mentioned previously.

*FY 2003-04 Appropriation:* As noted previously, Cash and Document Processing was part of the Taxation Business Group in FY 2003-04. Appropriations by funding source were as follows: General Fund of \$10,339,156; cash funds of \$424,539; and cash funds exempt of \$725,837. The changes discussed below are exclusive of these amounts.

*General Fund Changes:* The decrease to the appropriation includes: \$120,000 related to elimination of funding for S.B. 03-317; \$64,000 to transfer telecommunication functions to the Information Technology Division; and \$62,000 related to the elimination of funding for the purchase of a phone system. These amounts are partially offset by an increase of \$47,000 related to H.B. 04-1418.

*Cash Funds Changes:* The increase to the appropriation reflects higher indirect cost recoveries of \$30,000 from applicable cash-funded programs administered elsewhere in the Department. This increase is partially offset by the elimination of \$4,000 for the purchase of a phone system.

*Cash Funds Exempt Changes:* The appropriation reflects reduced indirect cost recoveries from applicable programs within the Department.

## **Information Technology Division**

This division is divided between two subsections: Systems Support, which provides the bulk of the Department's various information technology requirements; and the Colorado State Titling and Registration System (CSTARS), which was created in 1983 to automate the distribution of vehicle registration taxes among the State, the counties, and the Highway Users Tax Fund (HUTF).

### **Systems Support**

This unit provides data processing services and supports existing applications within the Executive Director's Office and the Department's three business groups. Much of this support occurs in the Taxation Business Group, where the information technology staff are responsible for maintaining 51 separate programming systems and more than 4,500 computer programs. The Motor Vehicle Business Group requires system and database maintenance related to drivers licenses, vehicle records, accident statistics, and fuel taxes. Support for the Enforcement Business Group - comprised of the State Lottery and the Limited Gaming Divisions as well as liquor, tobacco and racing regulation - includes maintenance of databases related to licensing, compliance, and investigation.

## Colorado State Titling and Registration System

In 1983, the Colorado State Titling and Registration System (CSTARS) was created to automate the distribution of registration taxes among the State, the 64 counties, and the Highway Users Tax Fund (HUTF) through a database administered by the Department of Revenue. Over the years, the CSTARS has been expanded to provide support for the Motorist Insurance Database and Enviro-test emissions compliance data. Pursuant to Section 42-1-211, C.R.S., the Department is authorized to coordinate the management of a statewide system to process title and registration documents as well as provide county clerks a means to access the master list of the State's registered voters. The CSTARS enables Colorado's 64 county clerks offices to process approximately 2.1 million vehicle titles and 4.3 million vehicle registrations every year. Appropriations made to the CSTARS program provide the necessary hardware, software, and technical support to maintain the system and ensure adequate access for the county clerks.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$4,582,659	\$495,267	\$6,529,367	\$0	\$11,607,293	119.3
HB 03-1130	0	921	0	0	921	0.0
HB 03-1356	0	0	65,000	0	65,000	0.0
HB 03-1382	1,080	0	0	0	1,080	0.0
HB 04-1334	10,817	0	186,841	0	197,658	0.7
HB 04-1418	<u>15,400</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,400</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,609,956</b>	<b>\$496,188</b>	<b>\$6,781,208</b>	<b>\$0</b>	<b>\$11,887,352</b>	<b>120.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$5,249,553</u>	<u>\$319,201</u>	<u>\$6,062,459</u>	<u>\$0</u>	<u>\$11,631,213</u>	<u>120.3</u>
<b>TOTAL</b>	<b>\$5,249,553</b>	<b>\$319,201</b>	<b>\$6,062,459</b>	<b>\$0</b>	<b>\$11,631,213</b>	<b>120.3</b>
<b>Increase/(Decrease)</b>	\$639,597	(\$176,987)	(\$718,749)	\$0	(\$256,139)	0.3
Percentage Change	13.9%	-35.7%	-10.6%	n/a	-2.2%	0.3%

FTE Detail	FY 2003-04	FY 2004-05
Systems Support	79.6	81.6
Legislation Implementation	2.9	2.2

FTE Detail	FY 2003-04	FY 2004-05
Colorado State Titling and Registration System (CSTRS)	<u>37.5</u>	<u>36.5</u>
	120.0	120.3

*FTE Changes:* The staffing appropriation includes the transfer of 2.0 FTE from Cash and Document Processing to the Information Technology Division for telecommunications. This is partially offset by the reduction of 1.0 FTE in the Colorado State Titling and Registration System (CSTARS) Rewrite Project and a decrease of 0.7 FTE related to programming costs for session legislation.

*General Fund Changes:* Increases to the appropriation include: \$236,000 related to the transfer of the aforementioned 2.0 FTE; \$230,000 for the Colorado Integrated Tax Architecture (CiTA) feasibility study; \$213,000 for decreased indirect cost recoveries from cash and cash funds exempt sources; and the restoration of \$14,000 one-time reduction to correct a technical error related to the 'paydate' shift. These amounts are minimally offset by the elimination of \$27,000 related to special bills and a \$25,000 decrease to programming costs for session legislation.

*Cash Funds Changes:* The decrease to the appropriation reflects lower indirect cost recoveries from cash-funded programs within the Department.

*Cash Funds Exempt Changes:* Decreases to the appropriation include: \$426,000 for the reduction of 1.0 FTE and the elimination of operating expenses for the CSTARS Rewrite Project; \$187,000 related to programming costs for session legislation; the elimination of \$65,000 for H.B. 03-1356; and \$40,000 for lower indirect cost recoveries from fund reserves within the Department.

## **Taxation Business Group**

This is the first of the Department's three business groups. Divisions within this Group are responsible for implementation of programs related to collecting and processing taxes; providing customer service to taxpayers; resolving tax disputes; and administering tax rebate and assistance programs. The Taxation Business Group is primarily comprised of the following programs:

- **Taxation and Compliance Division.** Responsible for auditing and compliance enforcement of Colorado tax laws, including tax collections and returns.
- **Taxpayer Services Division.** Provides tax information, issues tax licenses, collects sales tax revenues for some local governments and districts, and intercepts refunds for debts owed to other state agencies or the Internal Revenue Service. Maintains a central office in Denver, a telephone information center, and five regional service centers in Grand Junction, Fort Collins, Denver, Colorado Springs, and Pueblo.
- **Tax Conferee.** Responsible for resolving protests regarding tax adjustments made by the Department. Authorized by Section 29-2-106.1, C.R.S., to review home rule city sales taxes as well as city and county use taxes.

- **Special Purpose.** Includes the Cigarette Tax Rebate; Old Age Heat, Fuel, and Property Tax Assistance; and the Alternative Fuels Rebate.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$62,694,837	\$668,341	\$1,139,115	\$1,325,757	\$65,828,050	447.8
SB 03-317	135,213	0	0	0	135,213	0.6
HB 04-1418	<u>6,823</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,823</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$62,836,873</b>	<b>\$668,341</b>	<b>\$1,139,115</b>	<b>\$1,325,757</b>	<b>\$65,970,086</b>	<b>448.4</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$50,333,592</u>	<u>\$504,412</u>	<u>\$513,333</u>	<u>\$1,187,902</u>	<u>\$52,539,239</u>	<u>317.6</u>
<b>TOTAL</b>	<b>\$50,333,592</b>	<b>\$504,412</b>	<b>\$513,333</b>	<b>\$1,187,902</b>	<b>\$52,539,239</b>	<b>317.6</b>
<b>Increase/(Decrease)</b>	(\$12,503,281)	(\$163,929)	(\$625,782)	(\$137,855)	(\$13,430,847)	(130.8)
Percentage Change	-19.9%	-24.5%	-54.9%	-10.4%	-20.4%	-29.2%

FTE Detail	FY 2003-04	FY 2004-05
Administration	7.0	6.0
Cash and Document Processing	123.8	n/a
Taxation and Compliance Division	217.4	217.4
Taxpayer Service Division	74.2	74.2
Office of Tax Analysis	6.0	n/a
Tax Conferee	9.0	9.0
Mineral Audit	<u>11.0</u>	<u>11.0</u>
	448.4	317.6

*FTE Changes:* The reduction of 130.8 FTE is related to the departmental re-organization approved by the General Assembly for FY 2004-05. This is comprised of 124.8 FTE to enable Cash and Document Processing to operate as a stand-alone unit and the transfer of 6.0 FTE in the Office of Tax Analysis to the Executive Director's Office.

*FY 2003-04 Appropriation:* Cash and Document Processing was part of the Taxation Business Group in FY 2003-04. Appropriations by funding source for Cash and Document Processing in FY

2003-04 were as follows: General Fund of \$10,339,156; cash funds of \$424,539; and cash funds exempt of \$725,837. To reconcile the changes discussed below to the preceding table, these numbers must be subtracted by funding source.

*General Fund Changes:* Decreases to this appropriation include: (1) \$900,000 for Old Age Heat and Fuel and Property Tax Assistance Grants; (2) \$566,000 related to the transfer of 7.0 FTE out of the Taxation Business Group; (3) \$400,000 for the Cigarette Tax Rebate; (4) \$241,000 for indirect cost recoveries; and (5) \$51,000 for personal services base reductions.

*Cash Funds Changes:* The increase to the cash funds appropriation reflects sources available for indirect cost recoveries.

*Cash Funds Exempt Changes:* The cash funds exempt appropriation includes an increase of \$111,000 for alternative fuel tax rebates. This is minimally offset by an \$11,000 decrease to reflect available fund reserves.

*Federal Funds Changes:* The decrease to this appropriation is related to the Mineral Audit Program, which affirms mineral lease and royalty payments to both the State and the U.S. Department of the Interior.

## **Motor Vehicle Business Group**

The Motor Vehicle Business Group is the second of three business groups in the Department. It is responsible for the following: licensing drivers; titling and registering motor vehicles; regulating commercial driving schools; enforcing interstate trucking laws through the ports of entry system; enforcing the state's emissions program; and implementing the Motorist Insurance Identification Database program. The Motor Vehicle Business Group is comprised of the following programs:

- **Motor Vehicle Division.** Administers and enforces laws relating to all classes of drivers licenses; titling and registering motor vehicles; regulating commercial driving schools; and supports local law enforcement agencies in the prevention of identification fraud. Appropriations to this division from the General Fund have decreased significantly since FY 2001-02; however, S.B. 03-267 is scheduled to sunset at the end of FY 2004-05, which would quickly reverse this trend.
- **Vehicle Emissions.** Inspects vehicle emissions stations to ensure compliance with established standards under the State's Automobile Inspection and Readjustment (AIR) program. Also responsible for the prevention of fraud and abuse within the system. Receives cash fund exempt appropriations from the AIR Account, a special purpose account in the Highway Users Tax Fund (HUTF).
- **Titles.** Provides administrative support for the statewide system of motor vehicle titling and registration. Receives cash fund exempt appropriations from the Colorado State Titling and Registration (CSTARS) Account, a special purpose account in the HUTF.

- **Motorist Insurance Identification Database Program.** Manages a database that compares vehicle registrations to insured motorist records. Helps law enforcement officials enforce compliance with vehicle insurance laws by authorizing the suspension of drivers licenses belonging to uninsured motorists. Receives cash funds exempt appropriations from the Motorist Insurance Identification Database Account, a special purpose account in the HUTF.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$17,158,123	\$249,189	\$16,491,102	\$599,861	\$34,498,275	551.6
SB 03-267	(4,452,423)	0	4,452,423	0	0	0.0
SB 03-272	0	3,124,902	(3,124,902)	0	0	0.0
HB 03-1099	0	2,302	0	0	2,302	0.0
HB 03-1367	0	6,432	0	0	6,432	0.0
HB 04-1334	<u>356,301</u>	<u>594,071</u>	<u>218,331</u>	<u>0</u>	<u>1,168,703</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$13,062,001</b>	<b>\$3,976,896</b>	<b>\$18,036,954</b>	<b>\$599,861</b>	<b>\$35,675,712</b>	<b>551.6</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-230	\$0	\$8,460	\$0	\$0	\$8,460	0.0
HB 04-1017	(49,261)	0	0	0	(49,261)	(0.8)
HB 04-1422	<u>9,783,229</u>	<u>4,920,298</u>	<u>12,922,883</u>	<u>0</u>	<u>27,626,410</u>	<u>394.6</u>
<b>TOTAL</b>	<b>\$9,733,968</b>	<b>\$4,928,758</b>	<b>\$12,922,883</b>	<b>\$0</b>	<b>\$27,585,609</b>	<b>393.8</b>
<b>Increase/(Decrease)</b>	<b>(\$3,328,033)</b>	<b>\$951,862</b>	<b>(\$5,114,071)</b>	<b>(\$599,861)</b>	<b>(\$8,090,103)</b>	<b>(157.8)</b>
Percentage Change	-25.5%	23.9%	-28.4%	-100.0%	-22.7%	-28.6%

FTE Detail	FY 2003-04	FY 2004-05
Administration	8.0	8.0
Motor Vehicle Division	324.6	323.8
Motor Carrier Services	157.0	n/a
Vehicle Emissions	15.5	15.5
Titles	38.5	38.5
Motorist Insurance Database Program	<u>8.0</u>	<u>8.0</u>
	551.6	393.8

*FTE Changes:* The staffing reduction reflects the transfer of 157.0 FTE associated with moving Motor Carrier Services out from under the Motor Vehicle Business Group and a decrease of 0.8 FTE related to implementation of H.B. 04-1017.

*FY 2003-04 Appropriation:* Motor Carrier Services was part of the Motor Vehicle Business Group in FY 2003-04. Appropriations by funding source were as follows: General Fund of \$744,622; cash funds of \$240,100; cash funds exempt of \$7,363,558; and federal funds of \$599,861. To reconcile the changes discussed below to the preceding table, these numbers must be subtracted by funding source.

*General Fund Changes:* The General Fund appropriation includes refinancing \$2.5 million of expenditures from the Highway Users Tax Fund (HUTF) per S.B. 03-267; the elimination of \$161,000 related to a technical correction for the 'paydate' shift; and a reduction of \$36,000 for personal services base reductions. This is minimally offset by the restoration of \$64,000 in vacancy savings from FY 2003-04 and the implementation of H.B. 04-1017

*Cash Funds Changes:* The change to this appropriation is primarily comprised of an increase to the License Plate Ordering program.

*Cash Funds Exempt Changes:* This appropriation reflects an additional \$2.3 million from the Highway Users Tax Fund (HUTF) 'off-the-top' limit to offset General Fund in the Motor Vehicle Division per S.B. 03-267.

## Motor Carrier Services

This division is responsible for registering motor carriers; collecting fuel taxes; collecting registration fees charged to fuel distributors, petroleum storage companies, and interstate carriers; ensuring compliance with vehicle safety regulations; and enforcing laws concerning both owners and operators of motor carriers. As part of these responsibilities, the Division operates 17 port of entry buildings and ten mobile port scales. Beginning in FY 2004-05, Motor Carrier Services will exist as a stand-alone unit.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$553,167</u>	<u>\$240,647</u>	<u>\$7,228,019</u>	<u>\$618,947</u>	<u>\$8,640,780</u>	<u>152.7</u>
<b>TOTAL</b>	<b>\$553,167</b>	<b>\$240,647</b>	<b>\$7,228,019</b>	<b>\$618,947</b>	<b>\$8,640,780</b>	<b>152.7</b>

	GF	CF	CFE	FF	Total	FTE
<b>Increase/(Decrease)</b>	\$553,167	\$240,647	\$7,228,019	\$618,947	\$8,640,780	152.7
Percentage Change	n/a	n/a	n/a	n/a	n/a	n/a

FTE Detail	FY 2003-04	FY 2004-05
Managers/Professional Grades	n/a	14.0
Tax Examiners	n/a	11.5
Port Officers	n/a	113.2
Fuel Tracking System	n/a	1.5
Motor Carrier Safety Assistance	n/a	8.5
Hazardous Materials Permit Program	<u>n/a</u>	<u>4.0</u>
	<b>n/a</b>	152.7

*FTE Changes:* Motor Carrier Services was reflected under the Motor Vehicle Business Group in FY 2003-04 at 157.0 FTE. The General Assembly approved a reduction of 4.3 FTE for this division in FY 2004-05 related to various program reversions over the last three fiscal years.

*FY 2003-04 Appropriation:* As noted previously, Motor Carrier Services was part of the Motor Vehicle Business Group in FY 2003-04. Appropriations by funding source were as follows: General Fund of \$744,622; cash funds of \$240,100; cash funds exempt of \$7,363,558; and federal funds of \$599,861. The changes discussed below are exclusive of these amounts.

*General Fund Changes:* The decrease to the appropriation reflects refinancing \$174,000 of expenditures from the Highway Users Tax Fund (HUTF) for the Ports of Entry program and a decrease of \$18,000 related to the FTE reduction mentioned above.

*Cash Funds Changes:* The appropriation is essentially unchanged from the prior fiscal year's appropriation.

*Cash Funds Exempt Changes:* Cash funds exempt in this division represent moneys from the Highway Users Tax Fund (HUTF). The decrease to this appropriation is comprised of \$87,000 to reflect actual spending under the Fuel Tracking System line item; and \$49,000 for a reduction to operating expenses.

*Federal Funds Changes:* The federal funds appropriation reflects the Department's expected funding level for the Motor Carrier Safety Assistance Program.



## Enforcement Business Group

This is the last of the three enforcement business groups in the Department. Its broad purview of responsibilities include the regulation of limited gaming; the enforcement of the State's liquor and tobacco laws; the licensing of liquor retailers, wholesalers, and manufacturers; the regulation of horse and dog racing events; the regulation of the sale and distribution of motor vehicles; and the adjudication of hearings related to drivers licenses, liquor licenses, certain racing licenses, and some tax disputes. The Enforcement Business Group is comprised of the following programs:

- **Limited Gaming Division.** Responsible for the licensing, regulation, and supervision of devices, persons, locations, and activities related to limited gaming in Cripple Creek, Black Hawk, and Central City. Receives appropriations from the Limited Gaming Fund.
- **Liquor Enforcement Division.** Provides liquor licenses or permits to all manufacturers, importers, wholesalers, retailers, enforces liquor laws and regulations. Receives moneys from the Liquor Enforcement Division and State Licensing Authority Cash Fund.
- **Tobacco Enforcement Program.** Enforces State laws prohibiting the sale of tobacco to minors. Receives some General Fund and a transfer of tobacco settlement moneys from the Department of Public Health and Environment.
- **Division of Racing Events.** Regulates greyhound and horse racing and also supervises pari-mutuel activities racing throughout Colorado. Allocates race dates to various racing associations. Receives appropriations from the Racing Cash Fund.
- **Hearings Division.** Conducts hearings on drivers license suspensions, revocations, probationary licenses, habitual traffic offenses, and misuse of temporary registration permits, as well as those related to horse and dog racing licenses. Supported by the Drivers License Revocation sub-account of the Highway Users Tax Fund (HUTF).
- **Motor Vehicle Dealer Licensing Board.** Licenses and regulates entities that manufacture, sell, and distribute motorized vehicles in Colorado. Supported by the Auto Dealers License Fund.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-76	\$0	\$0	\$183,930	\$0	\$183,930	4.0
SB 03-258	1,867,522	36,590,276	355,955,483	0	394,413,281	296.2
HB 03-1123	(1,651,384)	1,651,384	0	0	0	0.0
HB 04-1334	<u>16,335</u>	<u>12,204</u>	<u>(353,870,756)</u>	<u>0</u>	<u>(353,842,217)</u>	<u>(128.0)</u>
<b>TOTAL</b>	<b>\$232,473</b>	<b>\$38,253,864</b>	<b>\$2,268,657</b>	<b>\$0</b>	<b>\$40,754,994</b>	<b>172.2</b>

	GF	CF	CFE	FF	Total	FTE
<b>FY 2004-05 Appropriation:</b>						
HB 04-1021	\$0	\$0	\$83,950	\$0	\$83,950	0.4
HB 04-1422	<u>174,790</u>	<u>36,666,110</u>	<u>2,242,533</u>	<u>0</u>	<u>39,083,433</u>	<u>172.2</u>
<b>TOTAL</b>	<b>\$174,790</b>	<b>\$36,666,110</b>	<b>\$2,326,483</b>	<b>\$0</b>	<b>\$39,167,383</b>	<b>172.6</b>
<b>Increase/(Decrease)</b>	(\$57,683)	(\$1,587,754)	\$57,826	\$0	(\$1,587,611)	0.4
Percentage Change	-24.8%	-4.2%	2.5%	n/a	-3.9%	0.2%

FTE Detail	FY 2003-04	FY 2004-05
Administration	6.0	6.0
Limited Gaming Division	72.0	72.0
Liquor Enforcement Division	19.0	19.0
Tobacco Enforcement Division	7.0	7.0
Division of Racing Events	19.0	19.0
Hearings Division	28.0	28.4
Motor Vehicle Dealer Licensing Board	<u>21.2</u>	<u>21.2</u>
	172.2	172.6

*General Fund Changes:* The decrease to the appropriation reflects the replacement of indirect cost recoveries in the Administration unit that were previously paid from tobacco settlement funds.

*Cash Funds Changes:* The decreased appropriation reflects lower program costs for the Limited Gaming Division related to personal services, operating expenses, and statutory distributions.

*Cash Funds Exempt Changes:* The increased appropriation reflects funding for H.B. 04-1021, which is partially offset by the loss of \$26,000 for indirect cost recoveries in the Administration unit from tobacco settlement funds.

## State Lottery Division

The State Lottery Division is designated as an enterprise under the provisions of TABOR per Article X, Section 20 of the Colorado Constitution. Expenditures on behalf of this division are paid from the State Lottery Fund and appropriated as cash funds exempt. Beginning in FY 2003-04, as approved by the General Assembly, the State Lottery Division exists as a stand-alone unit that reports directly to the Executive Director.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
HB 04-1334	<u>\$0</u>	<u>\$0</u>	<u>\$346,975,488</u>	<u>\$0</u>	<u>\$346,975,488</u>	<u>128.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$346,975,488</b>	<b>\$0</b>	<b>\$346,975,488</b>	<b>128.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$0</u>	<u>\$352,920,457</u>	<u>\$0</u>	<u>\$352,920,457</u>	<u>128.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$352,920,457</b>	<b>\$0</b>	<b>\$352,920,457</b>	<b>128.0</b>
<b>Increase/(Decrease)</b>	\$0	\$0	\$5,944,969	\$0	\$5,944,969	0.0
Percentage Change	n/a	n/a	1.7%	n/a	1.7%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Administration	45.5	45.5
Sales	39.5	39.5
Accounting and Financial Analysis	13.5	13.5
Investigators	8.5	8.5
Programmers and IT Support	<u>21.0</u>	<u>21.0</u>
	128.0	128.0

*Cash Funds Exempt Changes:* The appropriation includes an increase of \$7.0 million for prizes and payouts. This is partially offset by the following decreases: \$849,000 related to a new on-line vendor contract; \$187,000 for retailer compensation; and \$16,000 for personal services.

## Recent Legislation

### 2003 Session Bills

**S.B. 03-76:** Changes the time frames and penalties for driving under the influence of alcohol and unlawful use of a controlled substance. Limits subsequent offenses for alcohol-related traffic offenses to those that occur within ten years after the first offense. Authorizes the court to defer sentencing and order participation in a treatment program from a minimum of one year to a maximum of four years for a drug use conviction.

**S.B. 03-192:** Refinances the Hearings Division from fees charged for the reinstatement of drivers' licenses that have been administratively revoked. Increases fees from \$40 to \$60 and allows the Department to use these fees to pay for the direct and indirect costs of conducting any hearing related to the suspension, cancellation, or revocation of a person's license.

**S.B. 03-197:** Reduces personal services in FY 2002-03 by \$4.4 million General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-217:** Supplemental appropriation to the Department of Revenue for FY 2002-03.

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-267:** Gives statutory authority to use the Highway Users Tax Fund (HUTF) to support expenses within the Motor Vehicle Division through July 1, 2005. Offsets \$2.5 million of additional General Fund from HUTF in FY 2004-05.

**S.B. 03-272:** Creates the License Plate Cash Fund for the purpose of supporting the costs of the Department of Revenue and Correctional Industries in producing and distributing license plates. Authorizes the Department of Revenue to collect additional fees for the costs of producing and distributing license plates. Creates statutory fees based on production costs, and allows for the reversion of unexpended moneys to the Highway Users Tax Fund.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

**S.B. 03-317:** Reduces the amount that retail vendors are allowed to retain as payment for the collection and remittance of certain sales and use taxes. Reduces the sales and use tax vendor fee as well as the tobacco excise tax from 3.3 percent to 2.3 percent of the amount remitted. Also reduces the amount of the discount to licensed wholesalers for the purchase of cigarette tax stamps from 4.0 percent to 3.0 percent. Expires on June 30, 2005, and reverts to previous fee percentages.

**H.B. 03-1123:** Creates the Racing Cash Fund to support the Division of Racing Events. Requires the Racing Commission to set existing occupational license fees and newly created per-race-day fees on racetracks and simulcast facilities in order to cover the expenses of the Division. Increases the maximum percentage of "take-out" revenues (from which both pari-mutuel taxes and track profits are derived) from 19.5 percent to 30.0 percent as determined by the Racing Commission.

**H.B. 03-1130:** Creates the Family Resource Centers Fund in the State Treasury, and a corresponding tax check-off for income tax years commencing on or after January 1, 2003, but prior to January 1, 2006. Requires that the fund balance be transferred to the Family Resource Center Association, Inc., a nonprofit organization, for distribution to family resource centers statewide after the Department's administrative costs have been recovered.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

**H.B. 03-1356:** Implements the federal Help America Vote Act of 2002 (HAVA). Provides for the Department of Revenue to verify the accuracy of the information provided on voter registration forms. For more information, refer to the bill description in the Department of State.

**H.B. 03-1367:** Establishes a new military valor special license plate for applicants who have received the Navy Cross, the Distinguished Service Cross, the Air Force Cross, or the Silver Star.

### **2004 Session Bills**

**S.B. 04-178:** Eliminates requirement that an individual who authorizes an anatomical donation by driver's license or identification card sign the back of the license or card. Requires that a voluntary contribution designation line for the Organ and Tissue Donation Awareness Fund appear on individual tax returns for a period of three years starting on January 1, 2004. Appropriates \$501 cash funds exempt to the Department of Revenue for operating expenses.

**S.B. 04-230:** Creates a statutory Vietnam veteran special license plate. Authorizes such plates for trucks less than 12,001 pounds, passenger cars, motorcycles, and recreational vehicles. Appropriates \$8,460 cash funds to the Department of Revenue to implement this legislation.

**H.B. 04-1017:** Requires that a teenager hold an instruction permit for 6 months before being eligible to get a driver's license. Raises the age at which a person is eligible for an instruction permit, unless he or she has taken a driver training course that meets National Safety Council standards, from 15 years and 6 months to 16 years. Reduces the Department of Revenue's total appropriation by \$49,261 General Fund and 0.8 FTE.

**H.B. 04-1021:** Reduces the blood alcohol content level related to driving under the influence from 0.10 grams of alcohol per 100 milliliters of blood to 0.08 grams. Establishes guidelines to conduct wine tastings at liquor stores and other liquor-licensed businesses. Appropriates \$83,950 cash funds exempt and 0.4 FTE to the Department of Revenue for increased expenses in the Hearings Division.

**H.B. 04-1334:** Supplemental appropriation for the Department of Revenue for FY 2003-04.

**H.B. 04-1358:** Requires that a voluntary contribution designation line to support the Colorado State Fair appear on individual tax returns for a period of three years beginning on January 1, 2004. Appropriates \$501 cash funds exempt to the Department of Revenue for operating expenses.

**H.B. 04-1418:** Specifies that the State's property tax and heat/fuel assistance grants for qualified elderly or disabled applicants shall be paid on a quarterly basis. Appropriates \$22,223 General Fund in FY 2003-04 and \$47,196 General Fund in FY 2004-05 to the Department of Revenue. For more information, refer to the corresponding bill description in the Department of Human Services.

**H.B. 04-1422:** General appropriations act for FY 2004-05.

## DEPARTMENT OF STATE

The Department of State administers Colorado's elections laws, including voter registration laws, initiative and referendum laws, and the Help America Vote Act; collects, stores and provides public access to disclosure statements filed by public officials and lobbyists under Colorado's Sunshine Law and the Fair Campaign Practices Act; collects, stores and provides public access to annual reports, articles of incorporation, liens and other documents filed by for-profit and not-for-profit businesses under the Corporation and Association laws and the Uniform Commercial Code; collects, stores and provides public access to reports and other documents filed under the Bingo and Raffles charitable gaming laws and the Charitable Solicitations Act; licenses entities that engage in charitable gaming and enforces related laws; serves as the depository for many official state government records and documents; and regulates notaries public while administering related laws.

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$0	\$0	\$0	\$0
Cash Funds	11,249,316	10,809,735	13,797,176	13,078,901
Cash Funds Exempt	761,444	53,000	879,395	9,120,572
Federal Funds	<u>0</u>	<u>7,037,396</u>	<u>36,729,252</u>	<u>31,897</u>
<b>Total Funds</b>	<b>\$12,010,760</b>	<b>\$17,900,131</b>	<b>\$51,405,823</b>	<b>\$22,231,370</b>
Full Time Equiv. Staff	95.8	95.8	113.6	128.3

### **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 include:

- ☐ A \$36.7 million federal funds decrease for the Help America Vote Act Program. Most of the federal money that the state is to receive for this program was recognized in H.B. 03-1356 (as amended by H.B. 04-1422) along with matching state money. The federal funds go into the Federal Elections Assistance Fund, where they finance Colorado's Help America Vote Act (HAVA) program;
- ☐ A \$1.3 million cash funds decrease in the state's contribution to the HAVA program. This money, which matched the \$36.7 million federal contribution recognized in H.B. 03-1356 (as amended by H.B. 04-1422), was placed in the Federal Elections Assistance Fund;

- ☐ An \$8.4 million cash funds exempt increase for operation of the HAVA program;
- ☐ An increase of 13.5 FTE for the HAVA program;
- ☐ An \$883,000 cash funds increase in the appropriation for electronic-filing grants to county clerk and recorders;
- ☐ A \$899,000 cash funds decrease for personal services, primarily reflecting the completion of two IT projects that involved substantial amounts of contractual services;
- ☐ A \$450,000 cash funds increase for initiatives and referendums; and
- ☐ A \$252,000 reduction of funding for legal services (\$85,000 cash funds, \$167,000 cash funds exempt). The redistricting lawsuit increased the FY 2003-04 appropriation.

## General Factors Driving the Budget

Funding for the Department consists of 58.9 percent cash funds, 41.0 percent cash funds exempt, 0.1 percent federal funds and no General Fund. The cash funds derive primarily from fees collected for business filings and document searches. The cash funds exempt represent expenditures from the Federal Elections Assistance Fund in support of the state's Help America Vote Act program. The federal funds relate to the Help America Vote Act program.

### Election-Related Expenditures

The Department's election expenditures typically follow a two-year cycle. Under the provisions of Sections 1-5-505.5 (3) and 24-21-104.5, C.R.S., the Department reimburses local county clerk and recorders for some of the election costs related to ballot initiatives. The Department also incurs internal expenses related to initiatives and referendums for such duties as signature verification. Both expenditure components tend to be higher in even numbered years when non-TABOR initiatives are allowed on the ballot. The following table shows funding levels for election-related Long Bill line items over the past several years.

	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp.</b>	<b>FY 04-05 Approp.</b>
Local Election Reimbursement	\$873,521	\$765,560	\$831,788	\$876,270	\$915,389
Initiative and Referendum	103,253	83,533	447,636	50,000	500,000
<b>Total</b>	<b>\$976,774</b>	<b>\$849,093</b>	<b>\$1,279,424</b>	<b>\$926,270</b>	<b>\$1,415,389</b>



### **Information Technology Services**

Since FY 1999-2000, when the Department received a supplemental \$3.1 million appropriation to upgrade its information technology (IT) capabilities, the Department has become a recognized IT leader among Secretaries of State. Businesses, public officials, lobbyists, charitable solicitors and others can now file many reports and documents online and many of these filings can be accessed over the internet, often without charge. The General Assembly has, since FY 1999-2000, enacted a stream of IT-related legislation for the Department. The following table summarizes spending by the Department's IT division.

	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp.</b>	<b>FY 04-05 Approp.</b>
Personal Services	\$1,047,729	\$1,760,830	\$2,418,000	\$2,901,308	\$1,968,871
Operating	1,261,673	663,372	432,899	591,833	609,697
Hardware/Software Maintenance	653,806	660,632	502,498	922,232	876,120
IT Asset Management	0	227,087	502,496	330,823	445,418
IT Division Total	\$2,963,208	\$3,311,921	\$3,855,893	\$4,746,196	\$3,900,106
IT Division FTE	18.0	18.5	22.0	23.5	24.1

### **Help America Vote Act Program**

The Federal Help America Vote Act of 2002 (HAVA) required the state to replace outdated voting technology, improve voter education and institute a statewide voter registration system. It now appears likely that the state will receive a total of at least \$43.0 million in federal assistance to help implement HAVA. House Bill 03-1356 established the Federal Elections Assistance Fund to receive these federal moneys and appropriated \$1.3 million from the Department of State Cash Fund as the state's matching contribution. Expenditures from the Federal Elections Assistance Fund are continuously appropriated and are included in the Long Bill for informational purposes only. The following table shows projected program expenditures and FTE.

	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Appropriation</b>	<b>FY 2004-05 Appropriation</b>
Program expenditures	n/a	\$711,931	\$9,120,572
Program FTE	n/a	4.5	18.0

## Summary of FY 2003-04 and FY 2004-05 Appropriations

### Total Department Appropriations

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Total Appropriation:</b>	<b>\$0</b>	<b>\$13,797,176</b>	<b>\$879,395</b>	<b>\$36,729,252</b>	<b>\$51,405,823</b>	<b>113.6</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	0	6,056,208	167,464	0	6,223,672	85.6
Special Purpose	0	2,994,772	711,931	36,729,252	40,435,955	4.5
Information Technology Services	0	4,746,196	0	0	4,746,196	23.5
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-230	0	194,517	0	0	194,517	1.5
SB 03-258	0	12,301,539	0	0	12,301,539	107.6
SB 03-273	0	(164,109)	0	0	(164,109)	0.0
HB 03-1316	0	(753)	0	0	(753)	0.0
HB 03-1356	0	1,836,463	1,371,270	36,729,252	39,936,985	0.0
HB 04-1335	0	94,712	167,464	0	262,176	0.0
HB 04-1422	0	(465,193)	(659,339)	0	(1,124,532)	4.5
<b>FY 2004-05 Total Appropriation:</b>	<b>\$0</b>	<b>\$13,078,901</b>	<b>\$9,120,572</b>	<b>\$31,897</b>	<b>\$22,231,370</b>	<b>128.3</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	0	6,183,406	0	31,897	6,215,303	86.2
Special Purpose	0	2,995,389	9,120,572	0	12,115,961	18.0
Information Technology Services	0	3,900,106	0	0	3,900,106	24.1
<u>Breakdown of Total Appropriation by Bill</u>						
SB 04-231	0	(35,200)	0	0	(35,200)	(1.1)
HB 04-1300	0	47,746	0	0	47,746	0.3
HB 04-1422	0	13,066,355	9,120,572	31,897	22,218,824	129.1
<b>Increase/(Decrease)</b>	<b>\$0</b>	<b>(\$718,275)</b>	<b>\$8,241,177</b>	<b>(\$36,697,355)</b>	<b>(\$29,174,453)</b>	<b>14.7</b>
Percentage Change	n/a	-5.2%	937.1%	-99.9%	-56.8%	12.9%

## **Detail of Appropriation by Administrative Section**

### **Administration**

The Administration Division includes upper management for the Department. It is responsible for budgeting, accounting, human resources, and responding to inquiries from the public. It also arranges for administrative hearings as authorized or required by statute. Most of the Department's functions are carried out by sections funded within this division, including Business Filings, Elections, and Licensing and Enforcement.

#### *Business Filings Section*

The Business Filings Section has two parts: (1) Business Organizations and Entities and (2) Uniform Commercial Code (UCC). The Business Organizations part collects, stores and provides public access to articles of incorporation, annual reports, and a variety of other documents filed by for-profit and not-for-profit entities under Colorado's Corporation and Association laws. The UCC part collects, stores and provides public access to a variety of UCC documents, including security interests, liens and other items that are of vital importance to lending institutions. The Business Filings Section charges for many of the services that it provides. This creates the bulk of the revenue that flows into the Department of State Cash Fund, which supports many of the activities of the Department.

#### *Elections Section*

This section supervises primary, general, and congressional vacancy elections; maintains the statewide voter registration file; authorizes official recounts for federal, state, and district offices; and administers the Fair Campaign Practices Act. It also helps the Secretary of State, the state's chief elections officer, to supervise the 64 county clerks in the execution of their statutory responsibilities relating to voter registration and elections.

#### *Licensing and Enforcement Section*

The Licensing and Enforcement Section is responsible for the Administrative Rules Code, a body of statutes governing the rule-making authority of many state agencies. It also regulates bingo and raffles pursuant to Article XVIII, Section 2 of the State Constitution; administers the Charitable Solicitations Act, which forbids fraudulent charitable solicitations; administers the Credit Services Organization Act, which protects the public from unfair or deceptive practices related to consumer credit; regulates lobbyists pursuant to Section 24-6-301 through 309, C.R.S.; and regulates notaries public pursuant to Section 12-55-101 through 211, C.R.S.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-230	\$0	\$95,830	\$0	\$0	\$95,830	1.0
SB 03-258	0	6,030,528	0	0	6,030,528	84.6

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
SB 03-273	0	(164,109)	0	0	(164,109)	0.0
HB 03-1316	0	(753)	0	0	(753)	0.0
HB 04-1335	<u>0</u>	<u>94,712</u>	<u>167,464</u>	<u>0</u>	<u>262,176</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$6,056,208</b>	<b>\$167,464</b>	<b>\$0</b>	<b>\$6,223,672</b>	<b>85.6</b>
<b>FY 2004-05 Appropriation:</b>						
SB 04-231	\$0	(\$35,200)	\$0	\$0	(\$35,200)	(1.1)
HB 04-1300	0	5,397	0	0	5,397	0.2
HB 04-1442	<u>0</u>	<u>6,213,209</u>	<u>0</u>	<u>31,897</u>	<u>6,245,106</u>	<u>87.1</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$6,183,406</b>	<b>\$0</b>	<b>\$31,897</b>	<b>\$6,215,303</b>	<b>86.2</b>
<b>Increase/(Decrease)</b>	\$0	\$127,198	(\$167,464)	\$31,897	(\$8,369)	0.6
Percentage Change	n/a	2.1%	-100.0%	n/a	-0.1%	0.7%

<b>FTE Detail</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
Administration	9.1	10.1
Business Filings	41.5	39.9
Licensing and Enforcement	21.0	22.2
Elections	<u>14.0</u>	<u>14.0</u>
	85.6	86.2

*FTE Changes:* The increase of 0.6 FTE reflects the net impact of (1) S.B. 03-230, which added 1.0 FTE, (2) a Department initiative that added 0.4 FTE for administration of H.B. 02-1119, (3) H.B. 04-1300, which added 0.2 FTE, (4) H.B. 02-1119, which added 0.1 FTE, and (5) S.B. 04-231, which eliminated 1.1 FTE.

*Cash Funds Changes:* The cash funds appropriation is comprised of the following increases: \$105,000 for salary survey, \$63,000 for personal services, \$59,000 for health, life and dental, \$55,000 for performance-based pay, and \$15,000 for lease expenses. There are also decreases of \$85,000 for legal services (FY 2003-04 legal service expenditures were unusually high due to the redistricting lawsuits), \$38,000 for indirect costs, and \$20,000 for operating expenses. Senate Bill 04-231 reduced the cash funds appropriation by \$35,000.

*Cash Funds Exempt Changes:* The decrease in the cash funds exempt appropriation reflects the use of cash funds exempt to pay some of the cost of the redistricting lawsuits in FY 2003-04.

*Federal Funds Changes:* The increase in the federal funds appropriation reflects the costs of health, life, and dental; salary survey; workers compensation; and performance-based pay for FTE employed by the Help America Vote Act program.

### Special Purpose

This division includes (1) the state's Help America Vote Act (HAVA) program, (2) Electronic Filing Grants to County Clerk and Recorders, (3) the Master Distribution List, in which agricultural-product security interests are filed, (4) reimbursements for certain local election expenses, and (5) initiative and referendum appropriations, which fund petition-related activities such as verifying petitions, the activities of the Title Setting Board, and the printing of the ballot information booklet required by Section 1-40-124.5 (3), C.R.S. The Federal Elections Fund supports the HAVA program; the Department of State Cash Fund supports other Division appropriations.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$1,623,502	\$0	\$0	\$1,623,502	0.0
HB 03-1356	0	1,836,463	1,371,270	36,729,252	39,936,985	0.0
HB 04-1422	<u>0</u>	<u>(465,193)</u>	<u>(659,339)</u>	<u>0</u>	<u>(1,124,532)</u>	<u>4.5</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,994,772</b>	<b>\$711,931</b>	<b>\$36,729,252</b>	<b>\$40,435,955</b>	<b>4.5</b>
<b>1371270</b>						
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$2,995,389</u>	<u>\$9,120,572</u>	<u>\$0</u>	<u>\$12,115,961</u>	<u>18.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,995,389</b>	<b>\$9,120,572</b>	<b>\$0</b>	<b>\$12,115,961</b>	<b>18.0</b>
<b>Increase/(Decrease)</b>	\$0	\$617	\$8,408,641	(\$36,729,252)	(\$28,319,994)	13.5
Percentage Change	n/a	0.0%	1,181%	-100.0%	-70.0%	300.0%

FTE Detail	FY 2003-04	FY 2004-05
General Professionals	2.0	9.0
IT Professionals	2.0	3.0
Support Staff	<u>0.5</u>	<u>6.0</u>
	4.5	18.0

*FTE Changes:* All FTE in this division work for the state's Help America Vote Act (HAVA) program, a program with continuously appropriated funding. The FTE increase reflects the expected expansion of the program.

*Cash Funds Changes:* The increased cash funds appropriation results from several offsetting factors: (1) an \$883,000 increase in electronic filing grants to counties; (2) a \$450,000 increase in the appropriation for initiatives and referendums, which pays for the costs of verifying petitions and printing the ballot information booklet; (3) a \$39,000 increase in the appropriation that reimburses counties for certain ballot costs; and (4) the elimination of a one-time \$1.4 million cash funds appropriation to the HAVA program that was made in FY 2003-04.

*Cash Funds Exempt Changes:* The \$8.4 million increase of cash funds exempt reflects the expected expenditure increase by the HAVA program.

*Federal Funds Changes:* The state recognized receipt of a \$36.7 million federal grant with an appropriation during FY 2003-04. The \$36.7 federal funds decrease reflects the one-time nature of this grant.

## Information Technology Services

This division contains appropriations for information technology (IT) activities and functions, which provide IT support for the rest of the Department. Most of the Division's appropriation is spent on personal services, operating expenses, and hardware/software maintenance. The Department of State Cash Fund supports most Division appropriations.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-230	\$0	\$98,687	\$0	\$0	\$98,687	0.5
SB 03-258	<u>0</u>	<u>4,647,509</u>	<u>0</u>	<u>0</u>	<u>4,647,509</u>	<u>23.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$4,746,196</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,746,196</b>	<b>23.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1300	\$0	\$42,349	\$0	\$0	\$42,349	0.1
HB 04-1422	<u>0</u>	<u>3,857,757</u>	<u>0</u>	<u>0</u>	<u>3,857,757</u>	<u>24.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$3,900,106</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,900,106</b>	<b>24.1</b>
<b>Increase/(Decrease)</b>	\$0	(\$846,090)	\$0	\$0	(\$846,090)	0.6
Percentage Change	n/a	-17.8%	n/a	n/a	-17.8%	2.6%

FTE Detail	FY 2003-04	FY 2004-05
IT Professionals	17.5	18.1
IT Technicians and Computer Operators	5.5	5.5
General Professional	<u>0.5</u>	<u>0.5</u>
	23.5	24.1

*FTE Changes:* The increase of 0.6 FTE reflects the FY 2004-05 impact of S.B. 03-230, which added 0.5 FTE, and H.B. 04-1300 which added 0.1 FTE.

*Cash Funds Changes:* The decrease reflects the net effect of: (1) a \$932,000 reduction in personal services due to the completion of work required by H.B. 02-1014 and H.B. 02-1147, a 0.2 percent base reduction for personal services, and the effect of H.B. 04-1300, (2) a \$46,000 decrease in the appropriation for hardware/software maintenance, (3) a \$115,000 increase in the information technology asset management appropriation in order to replace aging computer hardware, and (4) a net increase of \$17,000 in operating expenses.

## Recent Legislation

### 2003 Session Bills

**S.B. 03-191:** For purposes of augmenting General Fund revenues for FY 2002-03, requires the State Treasurer to transfer a total of \$203,592,024 from various cash funds to the General Fund. With regard to the Department of State, transfers a total of \$500,000 from the Department of State Cash Fund. For a complete list of transfers authorized by the act, see the table beginning on page 93 of the FY 2003-04 Appropriations Report.

**S.B. 03-218:** Supplemental appropriation to the FY 2002-03 Long Bill for the Department of State.

**S.B. 03-230:** Authorizes the Secretary of State to promulgate rules pursuant to the "Uniform Electronic Transactions Act", which allows state agencies and enterprises to determine to what extent they will send and receive electronic records. Appropriates \$194,517 cash funds and 1.5 FTE to the Department for FY 2003-04.

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for health, life, and dental appropriations. For more information see page 365 of the FY 2003-04 Appropriations Report.

**H.B. 03-1356:** Implements the federal Help America Vote Act of 2002 (HAVA). Requires the Secretary of State to establish and maintain a centralized statewide voter registration system by January 1, 2006. Establishes the Federal Elections Assistance Fund, administered by the Secretary of State, to implement HAVA and to receive federal HAVA moneys. Appropriates \$39.9 million to the department.

### **2004 Session Bills**

**S.B. 04-219:** Changes statute as modified by H.B. 04-1413. Retains the \$1 surcharge imposed by House Bill 02-1119 on filings with clerk and recorders but directs clerk and recorders to keep the entire dollar, rather than sending half to the state as happened under prior law. Extends the surcharge to July 1, 2007. Grants rule making authority to the Secretary of State. (Also see H.B. 04-1413.)

**S.B. 04-231:** Authorizes the Secretary of State to require that certain filings be made electronically. Allows the Secretary of State to designate electronic access as the sole means of public access to certain information. Decreases the appropriation to the department by \$35,200 and 1.1 FTE.

**H.B. 04-1227:** Requires the Secretary of State to test and certify voting systems before they can be used in the state.

**H.B. 04-1300:** Allows the Department to establish an electronic application process for notaries public. Authorizes the Department to create and notaries to use electronic journals. Modifies the qualifications to be a notary. Increases the appropriation to the department by \$47,746 and 0.3 FTE.

**H.B. 04-1335:** Supplemental appropriation to the FY 2003-04 Long Bill for the Department.

**H.B. 04-1413:** Reduces to 50¢ the \$1 surcharge imposed by House Bill 02-1119 on filings with clerk and recorders, effective July 1, 2004. Directs clerk and recorders to keep the entire 50¢, rather than sending half to the state as happened under prior law. (Also see S.B. 04-219.)

**H.B. 04-1422:** General appropriations act for FY 2004-05. Reduces the FY 2003-04 appropriation to the Department by \$1.2 million while increasing FTE by 4.5.

**H.B. 04-1448:** Consolidates the filing of trade names in a central database maintained by the Department, effective May 30, 2006. Under prior law, some trade names were filed with the Department of State and some with the Department of Revenue.



## DEPARTMENT OF TRANSPORTATION

The Department is responsible for operating and maintaining Colorado's 9,135-mile state highway system under the policy direction of the eleven-member Transportation Commission, and maintaining the statewide aviation system plan. These responsibilities include managing highway construction projects, implementing the state's Highway Safety Plan, repairing and maintaining roads, providing technical support to local airports regarding aviation safety, and administering reimbursement of aviation fuel tax revenues and discretionary grants to local airports. The Department's section of the Long Bill is written to correspond with legislative authority over particular areas of the Department's budget, and does not exactly match the Department's administrative organization.

Most policy and budget authority for the Department rests with the Transportation Commission pursuant to Section 43-1-113(1), C.R.S. Transportation Commission funding is reflected in the Long Bill line items for Administration, and Construction, Maintenance, & Operations. These two lines reflect anticipated state and federal transportation revenues flowing directly to the Commission and are said to represent the "non-appropriated" side of the Department's Long Bill operating budget because the Commission itself appropriates its own budget from these line items. The General Assembly's direct control of the Commission's budget is limited to establishing the maximum funding level for the Administration line item, with the balance of state and federal revenues appropriated to the Construction, Maintenance, & Operations line item. Other legislative authority over the Department's budget includes appropriations authority for the Division of Aeronautics and the Gaming Impacts Program. The legislature also has statutory oversight over revenue-raising measures and approval of the Governor's appointments to the Transportation Commission.

The Department's administrative organization includes two primary areas: Administration and the Division of Aeronautics. The FY 2004-05 Long Bill includes these two areas, with additional lines for the Office of Transportation Safety; Construction, Maintenance & Operations; Transportation Revenue Anticipation Notes; and the Statewide Tolling Enterprise.

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$0	\$0	\$0	\$0
Cash Funds	14,423,116	12,079,479	64,902,123	64,499,612
Cash Funds Exempt	985,520,724	1,008,872,317	469,487,824	553,110,174
Federal Funds	<u>328,823,051</u>	<u>391,439,044</u>	<u>312,110,611</u>	<u>299,745,225</u>
<b>Total Funds</b>	<b>\$1,328,766,891</b>	<b>\$1,412,390,840</b>	<b>\$846,500,558</b>	<b>\$917,355,011</b>
Full Time Equiv. Staff	3,284.2	3,294.2	3,297.2	3,301.2

## **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 are highlighted below. Appropriations for FY 2004-05:

- ☐ Increase the anticipated TRANS bond funding proceeds by \$64.9 million cash funds exempt for projects, based on the final TRANS bond issuance in June 2004;
- ☐ Increase the Transportation Commission appropriated Construction, Maintenance, and Operations revenues by \$7.5 million cash funds and cash funds exempt to reflect anticipated increase in state highway fund revenues;
- ☐ Increase Administration funding by \$957,000 cash funds exempt to reflect common policy decisions regarding miscellaneous administrative items including property insurance, workers' compensation, salary survey and performance-based awards, and health, life, and dental payments;
- ☐ Increase the cash fund appropriation for the Division of Aeronautics by \$105,000 for amounts awarded to airports through the discretionary grants program;
- ☐ Decrease the cash fund appropriation for the Division of Aeronautics by \$2.6 million for amounts returned to the airport of origin through the formula refunds program due to an expected decrease in Aviation Fund revenue; and
- ☐ Include \$222,000 cash funds exempt related to the Statewide Tolling Enterprise.

## **General Factors Driving the Budget**

Funding for this department consists of 7.0 percent cash funds, 60.3 percent cash funds exempt, and 32.7 percent federal funds. Important factors driving the budget are reviewed below.

### **General Fund Expenditures for Highway Construction**

In 1996, the Transportation Commission approved a 20-Year Transportation Plan, which estimated that projected revenues over the next 20 years would be short of the amount required to complete priority transportation projects. A Statewide Long-Range Plan was executed in 2000 to more accurately reflect the planned expenditures necessary to match expected revenues. Since 1997, the General Assembly has passed legislation to assist in the completion of priority transportation projects. This legislation has provided additional funding to the State Highway Fund in ways that reduce the General Fund. This has included legislation that provides Capital Construction Fund appropriations (which originate in the General Fund), S.B. 97-1 diversions of sales and use taxes from the General

Fund to the Highway Users Tax Fund (HUTF), Limited Gaming Fund appropriations (which use cash funds that would otherwise be credited to the General Fund), and two-thirds of excess General Fund revenues annually based on population growth adjustments (H.B. 02-1310).

Recent economic conditions have precluded most of the transfers of General Fund to the State Highway Fund, thus limiting the Department's budget. The Department has received no Capital Construction Funds since FY 2000-01, no S.B. 97-1 funds since FY 2001-02, nor any Limited Gaming Impact Funds since FY 2002-03. While the Department did received \$5.6 million in FY 2003-04, based on H.B. 02-1310 and FY 2002-03 excess revenues, the latest revenue forecasts (March 2004 Legislative Council) do not project future funding from S.B. 97-1 until FY 2007-08, nor any excess revenue funding based on H.B. 02-1310 though FY 2008-09.

### **Transportation Revenue Anticipation Notes (TRANS)**

At the 2000 General Election, voters approved a referendum authorizing the Department to issue bonds to accelerate Strategic Transportation Project Investment Program ("7<sup>th</sup> Pot") projects. These are 28 projects across the state in each of the six transportation regions that are funded and administered as if they were an additional, separate transportation district (the "7<sup>th</sup> Pot") given their high priority. The bonds are issued against future federal and state transportation revenues pursuant to federal legislation (23 U.S.C. 122) that permits the use of federal funds to pay debt service on bonds intended to support projects eligible for federal funding. There are two important limits on the TRANS bond program. First, a state match is required before a state may use federal funds to help pay annual debt service on the bonds. Although the minimum state match is 20 percent, currently the Department's agreement with the Federal Highway Administration calls for a 50 percent state match on bond issuances. Second, the enabling legislation (H.B. 99-1325) established a maximum principal amount of \$1.7 billion and a maximum repayment amount of \$2.3 billion for the bonds. Including the June 2004 issuance, the Commission has issued approximately \$1.5 billion in bonds with an annual debt service cost of approximately \$85 million through FY 2004-05 and \$168 million beginning in FY 2005-06 and thereafter. The Transportation Commission matches 50 percent of this using state highway funds. While some additional room exists under the \$1.7 billion maximum principal amount, based on current interest rates and repayment schedules the statutory \$2.3 billion maximum repayment amount for all the bonds currently outstanding has been reached. Bonds issued to date will be retired by 2017 at a total repayment cost of \$2.3 billion.

## **Summary of FY 2003-04 and FY 2004-05 Appropriations**

### **Total Department Appropriations**

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Total Appropriation:</b>	\$0	\$64,902,123	\$469,487,824	\$312,110,611	\$846,500,558	3,297.2

	GF	CF	CFE	FF	Total	FTE
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of Transportation Safety	0	100,000	0	0	100,000	0.0
Division of Aeronautics	0	14,966,281	0	344,965	15,311,246	8.0
Administration	0	0	22,130,030	0	22,130,030	219.7
Construction, Maintenance, and Operations	0	49,835,842	386,943,734	311,765,646	748,545,222	3,069.5
Transportation Revenue Anticipation Notes	0	0	60,100,000	0	60,100,000	0.0
Statewide Tolling Enterprise	0	0	314,060	0	314,060	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 03-258	0	64,919,872	469,908,768	312,115,646	846,944,286	3,297.2
SB 03-273	0	(10,071)	(409,807)	(5,035)	(424,913)	0.0
HB 03-1316	0	(46)	(1,911)	0	(1,957)	0.0
HB 04-1336	0	(7,632)	(9,226)	0	(16,858)	0.0
<hr/>						
<b>FY 2004-05 Total Appropriation:</b>	<b>\$0</b>	<b>\$64,499,612</b>	<b>\$553,110,174</b>	<b>\$299,745,225</b>	<b>\$917,355,011</b>	<b>3,301.2</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of Transportation Safety	0	100,000	0	0	100,000	0.0
Division of Aeronautics	0	12,507,872	0	325,194	12,833,066	8.0
Administration	0	0	23,086,923	0	23,086,923	219.7
Construction, Maintenance, and Operations	0	51,891,740	404,800,819	299,420,031	756,112,590	3,073.5
Transportation Revenue Anticipation Notes	0	0	125,000,000	0	125,000,000	0.0
Statewide Tolling Enterprise	0	0	222,432	0	222,432	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 04-1422	0	64,499,612	553,110,174	299,745,225	917,355,011	3,301.2
<hr/>						
<b>Increase/(Decrease)</b>	<b>\$0</b>	<b>(\$402,511)</b>	<b>\$83,622,350</b>	<b>(\$12,365,386)</b>	<b>\$70,854,453</b>	<b>4.0</b>
Percentage Change	n/a	-0.6%	17.8%	-4.0%	8.4%	0.1%

## **Detail of Appropriation by Administrative Section**

### **Office of Transportation Safety**

Pursuant to H.B. 00-1164, most of the programs in the Office of Transportation Safety were transferred into the non-appropriated Construction, Maintenance, & Operations line. The single remaining line within the Office of Transportation Safety is the Persistent Drunk Driver Program, authorized by H.B. 98-1334 (the Persistent Drunk Driver Act). This legislation was designed to support programs intended to deter persistent drunk driving, particularly education programs for minors and the adult general public. The departments of Transportation, Human Services, and Revenue are charged with coordinating these programs. The source of cash funds for this program is a penalty surcharge (\$25 to \$500) imposed by judges on individuals with two or more alcohol-related driving violations that is deposited in the Persistent Drunk Driver Cash Fund.

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$100,000	\$0	\$0	\$100,000	0.0
<b>TOTAL</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	\$0	\$100,000	\$0	\$0	\$100,000	0.0
<b>TOTAL</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	n/a	0.0%	n/a	n/a	0.0%	n/a

*Cash Funds Changes:* No changes occur in the level of funding for this line. The appropriation supports the Department of Transportation's work with the Departments of Revenue, and Human Services to develop educational programs to deter persistent drunk driving. This appropriation includes funding for the continuation of the media campaign targeting DUI offenders, and to initiate a workplace outreach effort.

### **Division of Aeronautics**

Under the policy direction of the Colorado Aeronautical Board, this division supports the maintenance of the statewide aviation system plan. Division staff provide technical support to local airports regarding aviation safety, and administer reimbursement of aviation fuel tax revenues as well as discretionary grants to local airports. The source of cash funds for the division is the Aviation Cash Fund.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$14,984,030	\$0	\$350,000	\$15,334,030	8.0
SB 03-273	0	(10,071)	0	(5,035)	(15,106)	0.0
HB 03-1316	0	(46)	0	0	(46)	0.0
HB 04-1336	<u>0</u>	<u>(7,632)</u>	<u>0</u>	<u>0</u>	<u>(7,632)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$14,966,281</b>	<b>\$0</b>	<b>\$344,965</b>	<b>\$15,311,246</b>	<b>8.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$12,507,872</u>	<u>\$0</u>	<u>\$325,194</u>	<u>\$12,833,066</u>	<u>8.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$12,507,872</b>	<b>\$0</b>	<b>\$325,194</b>	<b>\$12,833,066</b>	<b>8.0</b>
<b>Increase/(Decrease)</b>	\$0	(\$2,458,409)	\$0	(\$19,771)	(\$2,478,180)	0.0
Percentage Change	n/a	-16.4%	n/a	-5.7%	-16.2%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Administration	2.0	2.0
Grants/Planning	4.0	4.0
Safety Specialist	1.0	1.0
Engineer	<u>1.0</u>	<u>1.0</u>
	8.0	8.0

*Cash Funds Changes:* The cash funds appropriation includes a net decrease of \$2.5 million due to an anticipated decrease in Aviation Fund revenues, and is reflected in the reduction of amounts returned to the airport of origin through the formula refunds program. These distributions are made pursuant to percentages set in statute and most recently adjusted by S.B. 00-156.

*Federal Funds Changes:* The decrease in federal funds reflects a decrease in Federal Aviation Administration funding.

## Administration

The Administration section consists of the following: the Transportation Commission; the Office of the Executive Director; the Office of Public Information; the Office of Financial Management and Budget; the Highways Administration; the Division of Human Resources and Administration; the Division of Audit; the Office of Policy; and other centralized administrative costs for the Department.

The appropriation is made in a lump sum as required by Section 43-1-113 (3) (a), C.R.S. This line item was created by Section 43-1-113 (2) (c) (III), C.R.S., and includes the salaries and expenses for the numerous offices and programs within the Department. This line item is a "program" line, which gives the Department discretion to move funds from personal services to operating and also from one program within the line item to another. Statutes limit the Administration line item to 5 percent of the total Department of Transportation budget. The majority of the Administration line item is supported with cash funds exempt from the State Highway Fund, although a portion of administrative costs are billed to specific construction projects. The Department indicates the number of active construction projects was 130 in FY 1998-99, 130 in FY 1999-00, 175 in FY 2000-01, 180 during FY 2001-02, 166 during FY 2002-03, 174 during FY 2003-04, and 157 at the beginning of FY 2004-05.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$0	\$0	\$22,550,974	\$0	\$22,550,974	219.7
SB 03-273	0	0	(409,807)	0	(409,807)	0.0
HB 03-1316	0	0	(1,911)	0	(1,911)	0.0
HB 04-1336	<u>0</u>	<u>0</u>	<u>(9,226)</u>	<u>0</u>	<u>(9,226)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$22,130,030</b>	<b>\$0</b>	<b>\$22,130,030</b>	<b>219.7</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$0</u>	<u>\$23,086,923</u>	<u>\$0</u>	<u>\$23,086,923</u>	<u>219.7</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$23,086,923</b>	<b>\$0</b>	<b>\$23,086,923</b>	<b>219.7</b>
<b>Increase/(Decrease)</b>	\$0	\$0	\$956,893	\$0	\$956,893	0.0
Percentage Change	n/a	n/a	4.3%	n/a	4.3%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Transportation Commission	2.0	2.0
Office of the Executive Director	3.0	3.0
Office of Public Information	7.0	7.0
Office of Financial Management and Budget	6.0	6.0
Highway Administration	16.0	15.0
Division of Human Resources and Administration	172.2	172.2

FTE Detail	FY 2003-04	FY 2004-05
Division of Audit	7.5	7.5
Office of Policy	<u>6.0</u>	<u>7.0</u>
	219.7	219.7

*Cash Funds Exempt Changes:* The cash funds exempt increase reflects \$957,000 associated with centrally appropriated personal services costs (salary survey, performance-based pay awards, and health, life, and dental), and common policy set administrative costs (property insurance, workers' compensation, legal services).

### Construction, Maintenance, and Operations

This division is responsible for transportation planning, inter-modal transportation programs, and all phases of highway operation including engineering, construction, and maintenance. The Transportation Commission allocates the budgets for these programs. The Construction, Maintenance, and Operations line item in the Long Bill represents the majority of the Department's total budget. Funding for this line item is intended to improve the condition of the state highway system, 58 percent of which is rated as being in "fair" or "good" condition in calendar year 2003. Past ratings of Colorado roadways are summarized below.

Colorado Roadways	1996	1997	1998	1999	2000	2001	2002
Percent Rated "Fair" or "Good"	60%	62%	58%	51%	54%	54%	58%

This line reflects revenues that are continuously appropriated to the Department for construction, maintenance, and operations of state highways and transportation systems. Cash funds include miscellaneous permit fees, interest earnings, and local matching funds made available for federal dollars. Appropriation authority over these revenues rests with the Transportation Commission.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$49,835,842</u>	<u>\$386,943,734</u>	<u>\$311,765,646</u>	<u>\$748,545,222</u>	<u>3,069.5</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$49,835,842</b>	<b>\$386,943,734</b>	<b>\$311,765,646</b>	<b>\$748,545,222</b>	<b>3,069.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$51,891,740</u>	<u>\$404,800,819</u>	<u>\$299,420,031</u>	<u>\$756,112,590</u>	<u>3,073.5</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$51,891,740</b>	<b>\$404,800,819</b>	<b>\$299,420,031</b>	<b>\$756,112,590</b>	<b>3,073.5</b>



	GF	CF	CFE	FF	Total	FTE
<b>Increase/(Decrease)</b>	\$0	\$2,055,898	\$17,857,085	(\$12,345,615)	\$7,567,368	4.0
Percentage Change	n/a	4.1%	4.6%	-4.0%	1.0%	0.1%

*FTE Changes:* The increase of 4.0 FTE reflects the transfer of the Office of Certification from the Department of Regulatory Agencies to the Department of Transportation.

*Cash Funds Changes:* The increase in cash funds primarily reflects an increase from miscellaneous revenues to the Department, including permit fees and interest earnings.

*Cash Funds Exempt Changes:* The increase in cash funds exempt is based on an anticipated increase of \$18 million in revenues for the Department's statutory share of HUTF that is credited to the State Highway Fund for construction.

*Federal Funds Changes:* The decrease in federal funds reflects the amount of federal funds anticipated to be received from a variety of sources, primarily the Federal Highways Administration.

### Transportation Revenue Anticipation Notes (TRANS)

This section contains appropriations that reflect the issuance of TRANS highway construction bonds pursuant to H.B. 99-1325. Totals reflect the amount of proceeds budgeted for the fiscal year. This figure may be different than the total issuance during a given fiscal year, because a portion of proceeds can be budgeted for use during subsequent fiscal years.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$0</u>	<u>\$60,100,000</u>	<u>\$0</u>	<u>\$60,100,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$60,100,000</b>	<b>\$0</b>	<b>\$60,100,000</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$0</u>	<u>\$125,000,000</u>	<u>\$0</u>	<u>\$125,000,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$125,000,000</b>	<b>\$0</b>	<b>\$125,000,000</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$0	\$0	\$64,900,000	\$0	\$64,900,000	0.0
Percentage Change	n/a	n/a	108.0%	n/a	108.0%	n/a

*Cash Funds Exempt Changes:* The Transportation Commission expects to budget \$64.9 million more in TRANS bond proceeds to be used in FY 2004-05 than were budgeted for use during FY 2003-04. The increase is based on the 2004 series bond issuance. Amounts included in this Long Bill line item reflect only the budgeted portion of proceeds and interest earnings, and do not account for amounts programmed for use in later years or proceeds that are not yet issued.

## Statewide Tolling Enterprise

This section contains appropriations for the newly created Statewide Tolling Enterprise, which was established pursuant to S.B. 02-179 and H.B. 02-1310. Under the program, the Department is authorized to create a Statewide Tolling Authority to oversee the finance, construction, operation, and maintenance of additional highway capacity. The Transportation Commission established this body on August 15, 2002, as a division within the Department that is granted enterprise status as long as it retains the authority to issue revenue bonds and receives less than 10 percent of its total revenues from grants from state and local governments. In September 2002, the Commission authorized a transfer (subject to repayment) from the State Highway Fund to establish the Statewide Tolling Enterprise Operating Fund to be available for the start-up costs of the enterprise.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$0</u>	<u>\$314,060</u>	<u>\$0</u>	<u>\$314,060</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$314,060</b>	<b>\$0</b>	<b>\$314,060</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$0</u>	<u>\$222,432</u>	<u>\$0</u>	<u>\$222,432</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$222,432</b>	<b>\$0</b>	<b>\$222,432</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$0	\$0	(\$91,628)	\$0	(\$91,628)	0.0
Percentage Change	n/a	n/a	-29.2%	n/a	-29.2%	n/a

*Cash Funds Exempt Changes:* The decrease reflects the Department's estimate of what will be spent on the Statewide Tolling Enterprise during FY 2004-05.

## Recent Legislation

### 2003 Session Bills

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04. For more information, refer to the bill description in the Department of Personnel and Administration.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information, refer to the bill description in the Department of Personnel and Administration.

### **2004 Session Bills**

**H.B. 04-1021:** Lowers the blood alcohol content (BAC) level for driving under the influence (DUI) to the federally mandated .08 grams per 100 ml from the .10 BAC level. This will allow the Department to receive \$49.3 million in withheld and future federal highway funds for FY 2003-04 through FY 2006-07.

**H.B. 04-1309:** Directs the Department to establish and administer a Safe Routes to School Program to distribute eligible federal funds to local governments to improve safety for pedestrians and bicyclists in school areas. The administrative costs will be from current continuously appropriated state highway funds controlled by the Transportation Commission.

**H.B. 04-1336:** Supplemental appropriation for FY 2003-04.

**H.B. 04-1422:** General appropriations act for FY 2004-05.

**H.B. 04-1456:** Authorizes the Department of Transportation to sell and lease back non-right-of-way property. Revenue from the sale (expected to be \$9.0 million) will be annually appropriated for lease obligations, and continuously appropriated for the purpose of renovations to the Department of Transportation headquarters complex.

## DEPARTMENT OF TREASURY

The Department: acts as the state's banker and investment officer, providing investment, accounting, and cash management services and preparing related reports; administers the Unclaimed Property Program; makes loans under the Elderly Property Tax Deferral Program; disburses Senior Citizen Property Tax Exemption payments to local governments; provides short-term interest-free financing to school districts under the Interest Free School Loan Program; helps charter schools with long-term financing obtained under the Charter School Facilities Financing Act; transfers the state contribution for fire and police pensions and for volunteer-firefighter death and disability insurance; and distributes counties' and municipalities' shares of the Highway Users Tax Fund.

### **Department Budget: Recent Actual Expenditures and Appropriations**

<b>Funding Source</b>	<b>FY 2001-02 Actual</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
General Fund	\$30,609,757	\$91,216,155	\$4,353,913	\$4,525,569
Cash Funds	0	644,064	2,205,076	2,152,689
Cash Funds Exempt	253,903,060	251,189,121	255,213,000	261,627,000
Federal Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Funds</b>	<b>\$284,512,817</b>	<b>\$343,049,340</b>	<b>\$261,771,989</b>	<b>\$268,305,258</b>
Full Time Equiv. Staff	24.0	24.5	25.5	25.5

### **FY 2004-05 Budget Changes**

Significant changes in appropriations for FY 2004-05 compared to FY 2003-04 include the following:

- ☐ An increase of \$6.4 million cash funds exempt for municipalities and counties, reflecting disbursements from the Highway Users Tax Fund;
- ☐ An increase of \$129,000 in General Fund transfers to volunteer firefighter retirement plans;
- ☐ A decrease of \$79,000 for legal services (the net result of a \$14,000 General Fund increase and a \$93,000 cash funds decrease); and
- ☐ An increase of \$46,000 for salary survey and performance-based pay (\$24,000 General Fund and \$22,000 cash funds).

## General Factors Driving the Budget

Funding for the Department consists of 1.7 percent General Fund, 0.8 percent cash funds, and 97.5 percent cash funds exempt. The cash funds exempt represent disbursements from the Highway Users Tax Fund (HUTF) to counties and municipalities. Most of the General Fund reflects state support for volunteer firefighters and is exempt from the statutory limit on General Fund appropriations. The remaining General Fund provides for the operations of the Department.

### Highway Users Tax Fund Disbursements

The Department distributes revenues from the Highway Users Tax Fund (HUTF) to counties and municipalities for use on local transportation projects pursuant to statutory formulas contained in Sections 43-4-207 and 208, C.R.S. Counties' and municipalities' shares of the HUTF are reflected as cash funds exempt appropriations within the Department's section of the Long Bill. The following table shows funding levels in recent years.

<b>HUTF Disbursements</b>	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp.</b>	<b>FY 04-05 Approp.</b>
<b>Counties</b>	\$149,644,922	\$152,674,376	\$150,275,510	\$154,225,000	\$157,940,000
<b>Municipalities</b>	97,868,973	100,398,268	100,019,066	100,968,000	103,687,000

### Senior Citizen Property Tax Exemption

Article X, Section 3 of the state constitution, implemented in Sections 39-3-201 to 208, C.R.S., took effect in 2002; it grants a property tax exemption to qualifying senior citizens equal to 50 percent of the first \$200,000 of residential property value. The Department reimburses local governments for the resulting lost property tax revenues. The constitution also grants the General Assembly the power to raise and lower the amount of residence value that is exempt from taxation. Senate Bill 03-265 lowered this amount to zero for property tax years beginning between January 1, 2003 and January 1, 2006, thus eliminating payments for property tax years commencing during 2003, 2004 or 2005. State payments will resume in FY 2006-07.

	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp.</b>	<b>FY 04-05 Approp.</b>
<b>County Reimbursement for Senior Citizen Property Tax Exemption</b>	n/a	\$61,491,764	\$0	\$0

### Fire and Police Contributions

Section 31-30.5-307, C.R.S., requires the State to pay part of the unfunded liability of retirement plans for police and firefighters who were hired before 1978 ("Old Hire Plans"). The Department annually transfers the required amount from the General Fund to the Fire and Police Pension Association (FPPA), which administers these plans.

Sections 31-30-1112 and 31-30-1134, C.R.S., require the state to help pay for volunteer firefighter pensions and to pay for a statewide volunteer firefighter death and disability plan. Under prior law, the Department annually transferred the required amount from the General Fund to the FPPA, which administered the program. Senate Bill 04-198 moved program administration from the FPPA to the Department of Local Affairs (DOLA) on July 1, 2004.

The size of the annual General Fund transfers to the FPPA and DOLA is determined by statute and is included in the Long Bill for informational purposes; because these are transfers, rather than appropriations, they are exempt from the six percent limit on General Fund appropriations.

Senate Bill 03-263 suspended for two years the state's annual \$25.3 million contribution for Old Hire plans. This payment is scheduled to resume in April of FY 2005-06 and continue annually through 2012. The following table shows total state assistance levels for the last four years:

	<b>FY 00-01 Actual</b>	<b>FY 01-02 Actual</b>	<b>FY 02-03 Actual</b>	<b>FY 03-04 Approp.</b>	<b>FY 04-05 Approp.</b>
<b>State Contributions for Fire and Police</b>	\$28,763,181	\$28,906,189	\$29,111,973	\$3,621,955	\$3,790,894

## Summary of FY 2003-04 and FY 2004-05 Appropriations

### Total Department Appropriations

	<b>GF</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
<b>FY 2003-04 Total Appropriation:</b>	<b>\$4,353,913</b>	<b>\$2,205,076</b>	<b>\$255,213,000</b>	<b>\$0</b>	<b>\$261,771,989</b>	<b>25.5</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	692,362	1,327,076	20,000	0	2,039,438	16.0
Special Purpose	0	0	0	0	0	0.0
Unclaimed Property Program	0	878,000	0	0	878,000	9.5
Fire and Police Pension Association	3,661,551	0	0	0	3,661,551	0.0
Appropriated Counties	0	0	154,225,000	0	154,225,000	0.0
Appropriated Municipalities	0	0	100,968,000	0	100,968,000	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
S.B. 03-258	86,502,283	2,072,928	255,193,000	0	343,768,211	25.5

	GF	CF	CFE	FF	Total	FTE
S.B. 03-263	(25,312,079)	0	0	0	(25,312,079)	0.0
S.B. 03-265	(56,600,000)	0	0	0	(56,600,000)	0.0
S.B. 03-273	(25,280)	(14,548)	0	0	(39,828)	0.0
H.B. 03-1021	0	0	20,000	0	20,000	0.0
H.B. 03-1316	(142)	0	(65)	0	(207)	0.0
HB 04-1337	(210,869)	146,696	65	0	(64,108)	0.0
<b>FY 2004-05 Total Appropriation:</b>	<b>\$4,525,569</b>	<b>\$2,152,689</b>	<b>\$261,627,000</b>	<b>\$0</b>	<b>\$268,305,258</b>	<b>25.5</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	734,675	1,272,660	0	0	2,007,335	16.0
Special Purpose	0	0	0	0	0	0.0
Unclaimed Property Program	0	880,029	0	0	880,029	9.5
Fire and Police Pension Association	3,790,894	0	0	0	3,790,894	0.0
Appropriated Counties	0	0	157,940,000	0	157,940,000	0.0
Appropriated Municipalities	0	0	103,687,000	0	103,687,000	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
H.B. 04-1422	4,525,569	2,152,689	261,627,000	0	268,305,258	25.5
<b>Increase/(Decrease)</b>	<b>\$171,656</b>	<b>(\$52,387)</b>	<b>\$6,414,000</b>	<b>\$0</b>	<b>\$6,533,269</b>	<b>0.0</b>
Percentage Change	3.9%	-2.4%	2.5%	n/a	2.5%	0.0%

## **Detail of Appropriation by Administrative Section**

### **Administration**

This office is responsible for the operation and oversight of the Department. The Division provides accounting, cash management, and investment services for the State. The Division's cash funds derive from the cash-management transactions fee imposed in Section 24-36-120, C.R.S. Fluctuations in fee revenues influence the Division's General Fund/cash fund expenditure mix.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$790,310	\$1,194,928	\$0	\$0	\$1,985,238	16.0
SB 03-273	(25,280)	(14,548)	0	0	(39,828)	0.0
HB 03-1021	0	0	20,000	0	20,000	0.0
HB 03-1316	(142)	0	(65)	0	(207)	0.0
HB 04-1337	<u>(72,526)</u>	<u>146,696</u>	<u>65</u>	<u>0</u>	<u>74,235</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$692,362</b>	<b>\$1,327,076</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$2,039,438</b>	<b>16.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$734,675</u>	<u>\$1,272,660</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,007,335</u>	<u>16.0</u>
<b>TOTAL</b>	<b>\$734,675</b>	<b>\$1,272,660</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,007,335</b>	<b>16.0</b>
<b>Increase/(Decrease)</b>	\$42,313	(\$54,416)	(\$20,000)	\$0	(\$32,103)	0.0
Percentage Change	6.1%	-4.1%	-100.0%	n/a	-1.6%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
State Treasurer, Deputy Treasurer	2.0	2.0
Investment Officers	4.0	3.0
Accounting Staff	7.0	8.0
Cash Manager	1.0	1.0
Administrative Staff	<u>2.0</u>	<u>2.0</u>
	16.0	16.0

*General Fund Changes:* The General Fund appropriation reflects an increase of \$14,000 for legal services, \$6,000 for IT asset management, \$3,000 for performance-based pay awards, and \$20,000 for salary survey, combined with a decrease of \$4,000 for personal services.

*Cash Fund Changes:* The cash funds change reflects increases of \$5,000 for charter school financing services, \$9,000 for health, life, and dental, \$10,000 for salary survey, and \$12,000 for performance-based pay awards, combined with a decrease of \$93,000 for legal services.

*Cash Funds Exempt Changes:* The decrease reflects the elimination of a \$20,000 appropriation in FY 2003-04 to establish a program that supplies charter school financing services.



## Special Purpose

The Senior Citizen Property Tax Exemption, found in Section 3.5 of Article X of the state constitution, went into effect in FY 2002-03. The program creates a property tax exemption for qualifying senior citizens equal to 50 percent of the first \$200,000 of actual value of a residence. The state compensates local governments for the resulting loss of property tax revenue. Senate Bill 03-265 suspended this appropriation for FY 2003-04, FY 2004-05, and FY 2005-06.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	\$56,600,000	\$0	\$0	\$0	\$56,600,000	0.0
SB 03-265	<u>(56,600,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(56,600,000)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	n/a	n/a	n/a	n/a	n/a	n/a

## Unclaimed Property Program

Section 38-13-101, C.R.S. ("The Unclaimed Property Act"), establishes the State's Unclaimed Property Program, under which the state takes possession of dormant properties held by a wide range of institutions and tries to return the properties to their rightful owners. The program recovers property from banks, savings and loans, credit unions, insurance companies, governmental agencies, public corporations or authorities, non-profit entities, hospitals, utilities, estates, trusts, and most other legal or commercial entities. Recovered items include uncashed checks, unclaimed stocks and securities, safety deposit box contents, dormant bank accounts, unclaimed utility deposits, unclaimed insurance benefits, and intangible properties held by the courts, government agencies, and businesses. The Department publicizes its activities and maintains an electronic property list that is accessible via the internet. Historically, about 75 percent of the property that the state recovers is never claimed.

The vast majority of the recovered property is either money or securities. The Department deposits recovered moneys in the Unclaimed Property Trust Fund, using the principal and interest to pay claims and to pay the cash funds cost of running the program. The remaining principal and interest help support the CoverColorado insurance program. The Department holds recovered securities for at least a year and then sells those that have not been returned, depositing sales proceeds in the

Unclaimed Property Tourism Promotion Trust Fund. The State uses the interest earned by this fund to promote tourism and the State Fair.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$878,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$878,000</u>	<u>9.5</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$878,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$878,000</b>	<b>9.5</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$880,029</u>	<u>\$0</u>	<u>\$0</u>	<u>\$880,029</u>	<u>9.5</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$880,029</b>	<b>\$0</b>	<b>\$0</b>	<b>\$880,029</b>	<b>9.5</b>
<b>Increase/(Decrease)</b>	\$0	\$2,029	\$0	\$0	\$2,029	0.0
Percentage Change	n/a	0.2%	n/a	n/a	0.2%	0.0%

FTE Detail	FY 2003-04	FY 2004-05
Program Director	1.0	1.0
Program Administration	2.0	2.0
Staff Auditor	3.0	3.0
Clerical	<u>3.5</u>	<u>3.5</u>
	9.5	9.5

*Cash Fund Changes:* The \$2,000 increase reflects a rent increase of \$3,000 that is partially offset by a base salary reduction.

## Fire and Police Pension Association

This section contains appropriations for fire and police pensions and for death and disability insurance for volunteer firefighters. These items are continuously appropriated in statute and are exempt from the six percent statutory limit on General Fund appropriations. The contributions help support: (1) retirement pensions for police officers and firefighters hired before 1978 ("Old Hire Plans"), (2) local volunteer firefighter pension plans, and (3) a statewide death and disability insurance plan for volunteer firefighters. The state contribution for Old Hire Plans has been suspended for FY 2003-04 and FY 2004-05, but thereafter will equal \$25,321,079 annually until such time as the plans are fully-funded (but no later than 2012). The state contribution to volunteer firefighter pensions is capped at 90 percent of the local contribution.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
HB 03-258	\$29,111,973	\$0	\$0	\$0	\$29,111,973	0.0
SB 03-263	(25,312,079)	<u>0</u>	<u>0</u>	<u>0</u>	(25,312,079)	0.0
HB 04-1337	<u>(138,343)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(138,343)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,661,551</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,661,551</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$3,790,894</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,790,894</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,790,894</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,790,894</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$129,343	\$0	\$0	\$0	\$129,343	0.0
Percentage Change	3.5%	n/a	n/a	n/a	3.5%	n/a

*General Fund Changes:* The General Fund appropriation reflects an expected increase in disbursements to volunteer fire department pension plans.

### Appropriated Counties

The appropriation in this section is included in the Long Bill for informational purposes only. It equals the expected distribution to counties from the Highway Users Tax Fund. A formula contained in Section 43-4-207, C.R.S., determines the actual amount distributed, which is continuously appropriated.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$0</u>	<u>\$154,225,000</u>	<u>\$0</u>	<u>\$154,225,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$154,225,000</b>	<b>\$0</b>	<b>\$154,225,000</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$0</u>	<u>\$157,940,000</u>	<u>\$0</u>	<u>\$157,940,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$157,940,000</b>	<b>\$0</b>	<b>\$157,940,000</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$0	\$0	\$3,715,000	\$0	\$3,715,000	0.0
Percentage Change	n/a	n/a	2.4%	n/a	2.4%	n/a

*Cash Funds Exempt Changes:* The increase in the cash funds exempt appropriation reflects the anticipated change in Highway Users Tax Fund revenues.

### **Appropriated Municipalities**

The appropriation in this section is included in the Long Bill for informational purposes only. It equals the expected distribution to municipalities from the Highway Users Tax Fund. A formula contained in Section 43-4-208, C.R.S., determines the actual amount distributed, which is continuously appropriated.

	GF	CF	CFE	FF	Total	FTE
<b>FY 2003-04 Appropriation:</b>						
SB 03-258	<u>\$0</u>	<u>\$0</u>	<u>\$100,968,000</u>	<u>\$0</u>	<u>\$100,968,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,968,000</b>	<b>\$0</b>	<b>\$100,968,000</b>	<b>0.0</b>
<b>FY 2004-05 Appropriation:</b>						
HB 04-1422	<u>\$0</u>	<u>\$0</u>	<u>\$103,687,000</u>	<u>\$0</u>	<u>\$103,687,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$103,687,000</b>	<b>\$0</b>	<b>\$103,687,000</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$0	\$0	\$2,719,000	\$0	\$2,719,000	0.0
Percentage Change	n/a	n/a	2.7%	n/a	2.7%	n/a

*Cash Funds Exempt Changes:* The increase in the cash funds exempt appropriation reflects the anticipated change in Highway Users Tax Fund revenues.

## **Recent Legislation**

### **2003 Session Bills**

**S.B. 03-62:** Subjects many state warrants to the unclaimed property laws of the state if the warrant has not been presented for payment by the end of the fiscal year in which it was issued. The Department's Unclaimed Property Division will handle these items.

**S.B. 03-184:** Authorizes the State Treasurer to deduct a per-transaction fee for certain cash management transactions performed on behalf of state departments and agencies.

**S.B. 03-197:** Reduces FY 2002-03 personal services by \$51,271 General Fund, which represents anticipated June payroll (FY 2002-03) to be delayed until July (FY 2003-04). For more information see page 364 of the FY 2003-04 Appropriations Report.

**S.B. 03-220:** Supplemental appropriation for FY 2002-03.

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-263:** Eliminates the annual \$25.3 million General Fund transfer for "Old Hire" pension assistance to the Fire and Police Pension Association for both FY 2003-04 and FY 2004-05. Requires that any accrued unfunded liability attributable to these reductions be replaced prior to July 1, 2012.

**S.B. 03-265:** Eliminates the senior homestead exemption from FY 2003-04 through FY 2006-07. Lowers the amount subject to the exemption in statute from the first \$200,000 of a home's actual value to zero.

**S.B. 03-273:** Eliminates the salary survey appropriation for FY 2003-04.

**S.B. 03-300:** Imposes a monthly management fee of 15 percent of the investment earnings during the preceding calendar month on state moneys invested by the State Treasurer. The fee expires on July 1, 2004.

**H.B. 03-1021:** Makes technical and substantive changes to the Charter School Facilities Financing Act. Authorizes the State Treasurer to require schools to pay a fee to defray any direct and indirect administrative costs incurred by the State Treasurer in executing duties required by the bill.

**H.B. 03-1274:** Permits the Treasurer to issue Tax Anticipation Notes to finance interest-free loans to school districts. Requires school districts to submit financial statements demonstrating their ability to repay these loans.

**H.B. 03-1316:** Alters the manner in which group benefit plans coverage is calculated for Health, Life, and Dental appropriations. For more information see page 365 of the FY 2003-04 Appropriations Report.

#### **2004 Session Bills**

**S.B. 04-108:** Exempts certain property held by gaming establishments from the State's unclaimed property rules. Also allows unclaimed property owners to waive their rights to unclaimed property; the Department must then transfer such property to CoverColorado.

**S.B. 04-198:** The state annually pays part of the cost of volunteer firefighter pension plans as well as the cost of a statewide death and disability insurance policy for volunteer firefighters. This bill transfers administration of the program from the Fire and Police Pension Association to the Department of Local Affairs.

**S.B. 04-211:** Eliminates the requirement that the Department annually publish an unclaimed property list in newspapers. Limits the program's publication and correspondence expenditures to two percent of paid claims. Requires that an electronic unclaimed property list be made available via the internet. Specifies that the principal in the Unclaimed Property Trust Fund plus any interest earnings be transferred to CoverColorado to the degree that moneys are available in the trust fund and are needed to fund CoverColorado's program. Eliminates the CoverColorado Cash Fund and transfers the fund balance to CoverColorado.

**S.B. 04-256:** Directs the Department to sell securities that have been held as unclaimed property for at least a year and deposit the proceeds in the Unclaimed Property Tourism Promotion Trust Fund. Fund principal may only be used to pay unclaimed property claims. Interest earned by the fund is credited to the Colorado Travel and Tourism Promotion Cash Fund, and, beginning in FY 2005-06, is subject to appropriation by the General Assembly for the promotion of tourism and the promotion of the Colorado State Fair.

**H.B. 04-1337:** Treasury Department supplemental appropriation for FY 2003-04.

**H.B. 03-1422:** General appropriations act for FY 2004-05.

## CAPITAL CONSTRUCTION

This section summarizes state agency capital construction and controlled maintenance projects. Many of the appropriations are from the Capital Construction Fund. The primary source of revenue to the Capital Construction Fund is transfers and appropriations from the General Fund.

### Recent Appropriations

<b>Funding Source</b>	<b>FY 2001-02 Approp.</b>	<b>FY 2002-03 Approp.</b>	<b>FY 2003-04 Approp.</b>	<b>FY 2004-05 Approp.</b>
Capital Construction Fund Exempt	\$103,765,125	\$22,385,134	\$9,489,965	\$9,426,740
Cash Funds	52,935,277	45,126,854	19,828,777	19,400,000
Cash Funds Exempt	139,285,855	122,487,016	405,974,065	212,300,354
Federal Funds	<u>13,107,099</u>	<u>19,098,249</u>	<u>51,153,641</u>	<u>26,683,562</u>
<b>Total Funds</b>	<b>\$309,093,356</b>	<b>\$209,097,253</b>	<b>\$486,446,448</b>	<b>\$267,810,656</b>

### **FY 2004-05 Budget Changes**

Highlights of the capital construction funding for FY 2004-05 are outlined below. Appropriations for FY 2004-05:

- ☐ Provide \$3.8 million capital construction funds in the Department of Personnel and Administration for the 2002 Issue certificates of participation payment;
- ☐ Provide \$2.3 million capital construction funds for the Colorado School of Mines, Addition to Center for Teaching and Learning Media;
- ☐ Provide \$983,000 capital construction funds in the Department of Personnel and Administration for the lease purchase of 1881 Pierce Street certificates of participation payment;
- ☐ Provide \$0.5 million capital construction funds and controlled maintenance trust funds in the Department of Personnel and Administration for emergency controlled maintenance; and
- ☐ Provide \$1.9 million from tobacco funds for the lease purchase of academic buildings at Fitzsimons.

## General Factors Driving the Budget

The amount appropriated for capital construction is primarily based on the recommendations of the Capital Development Committee regarding the priority order of projects, and the most recent forecast of revenues available for capital construction given constitutional and statutory constraints on the budget. The sources of revenue to the Capital Construction Fund to support appropriations in FY 2003-04 and FY 2004-05 are as follows:

Revenue Source	FY 2003-04	FY 2004-05
Reversions	\$0	\$3,304,000
Interest	0	1,580,000
Transfer of General Fund in Excess of 4.0 percent Statutory Reserve Pursuant to Section 24-75-218, C.R.S.	0	<u>2,775,722</u>
<b>Subtotal - Funds from Prior Years</b>		<b>\$7,659,722</b>
<u>General Fund Transfers Pursuant to Section 24-75-302 (2), C.R.S.:</u>		
<i>5-year Sentencing Bills:</i>		
H.B. 00-1201	0	233,872
H.B. 01-1242	138,934	79,887
H.B. 01-1204	26,629	
S.B. 02-50	486,269	486,269
H.B. 02-1038	506,530	972,538
H.B. 02S-1006	0	4,012
H.B. 03-1213	69,467	
S.B. 03-262	(1,158,362)	
H.B. 03-1317	0	69,467
H.B. 04-1412	0	(1,846,045)
<i>Other Transfers:</i>		
H.B. 00-1055	100,000,000	100,000,000
S.B. 03-262	(90,579,502)	
H.B. 04-1412	<u>0</u>	<u>(100,285,782)</u>
<b>Subtotal - General Fund Transfers</b>	<b>\$9,489,965</b>	<b>(\$285,782)</b>
<b>H.B. 04-1003 - General Fund Appropriation</b>	<b>0</b>	<b>152,800</b>
<b>Appropriation of tobacco settlement funds to comply with Section 23-20-136 (3.5) (a), C.R.S. (contained in H.B. 04-1422)<sup>1</sup></b>	<b>0</b>	<b>1,900,000</b>
<b>Total Revenue to the Capital Construction Fund Available for Appropriation in FY 2004-05</b>	<b>\$9,489,965</b>	<b>\$9,426,740</b>

<sup>1</sup> This only takes effect if there is a final court order allowing lease purchase agreements pursuant to H.B. 03-1256 and the amount is due to a lessor for the lease purchase of academic buildings at Fitzsimons in FY 2004-05.



In FY 2004-05, capital construction appropriations consist of 3.5 percent Capital Construction Funds Exempt, 7.2 percent cash funds, 79.3 percent cash funds exempt, and 10.0 percent federal funds. The departments with the largest percentage of Capital Construction Fund Exempt appropriations are listed in the table below.

Department	Percent of CCFE Appropriations
Personnel and Administration	53.8%
Higher Education	44.6%
Corrections/Corrections Expansion Reserve	1.6%

## Summary of FY 2003-04 and FY 2004-05 Appropriations

### Total Department Appropriations

	CCFE	CF	CFE	FF	Total
<b>FY 2003-04 Total Appropriation:</b>	<b>\$9,489,965</b>	<b>\$19,828,777</b>	<b>\$405,974,065</b>	<b>\$51,153,641</b>	<b>\$486,446,448</b>
<u>Breakdown of Total Appropriation by Department</u>					
Corrections	0	0	750,001	0	750,001
Corrections Expansion Reserve Fund	69,467	0	0	0	69,467
Health Care Policy and Financing	1,648,944	0	16,301	1,486,887	3,152,132
Higher Education	519,779	0	365,115,055	11,874,290	377,509,124
Human Services	1,425,316	728,777	3,152,132	4,431,057	9,737,282
Labor and Employment	0	18,200,000	0	5,460,000	23,660,000
Military and Veterans' Affairs	0	0	30,741	13,500	44,241
Natural Resources	0	900,000	28,894,828	6,224,281	36,019,109
Personnel and Administration	5,826,459	0	795,948	0	6,622,407
Public Health and Environment	0	0	2,657,070	21,663,626	24,320,696
Public Safety	0	0	1,750,097	0	1,750,097
Revenue	0	0	2,811,892	0	2,811,892
<u>Breakdown of Total Appropriation by Bill</u>					
HB 01-1204	26,629	0	0	0	26,629
HB 01-1242	138,934	0	0	0	138,934

	<b>CCFE</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>	<b>Total</b>
SB 02-50	486,269	0	0	0	486,269
HB 02-1038	506,530	0	0	0	506,530
SB 03-258	9,420,498	19,828,777	401,306,374	49,915,851	480,471,500
SB 03-262	(1,158,362)	0	0	0	(1,158,362)
HB 03-1213	69,467	0	0	0	69,467
HB 04-1338	0	0	4,667,691	1,237,790	5,905,481
<b>FY 2004-05 Total Appropriation:</b>	<b>\$9,426,740</b>	<b>\$19,400,000</b>	<b>\$212,300,354</b>	<b>\$26,683,562</b>	<b>\$267,810,656</b>
<u>Breakdown of Total Appropriation by Department</u>					
Corrections	0	0	430,000	0	430,000
Corrections Expansion Reserve Fund	152,800	0	0	0	152,800
Higher Education	4,200,000	0	182,949,822	18,603,187	205,753,009
Labor and Employment	0	18,200,000	0	800,000	19,000,000
Military and Veterans' Affairs	0	0	276,000	750,000	1,026,000
Natural Resources	0	1,200,000	25,119,663	6,530,375	32,850,038
Personnel and Administration	5,073,940	0	1,047,492	0	6,121,432
Public Health and Environment	0	0	250,000	0	250,000
Revenue	0	0	2,227,377	0	2,227,377
<u>Breakdown of Total Appropriation by Bill</u>					
HB 00-1201	233,872	0	0	0	233,872
HB 01-1242	79,887	0	0	0	79,887
SB 02-050	486,269	0	0	0	486,269
HB 02-1038	972,538	0	0	0	972,538
HB 02s-1006	4,012	0	0	0	4,012
HB 03-1317	69,467	0	0	0	69,467
HB 04-1003	152,800	0	0	0	152,800
HB 04-1412	(1,846,045)	0	0	0	(1,846,045)
HB 04-1422	9,273,940	19,400,000	212,300,354	26,683,562	267,657,856

## **Detail of Appropriation by Department (FY 2004-05 Only)**

<b>Project</b>	<b>Total</b>	<b>CCFE</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>
<b><u>CORRECTIONS</u></b>					
Correctional Industries, Minor Construction Projects	430,000	0	0	430,000	0
This ongoing appropriation allows Correctional Industries to accommodate growth and new business opportunities and to maintain safe operations.					
<b>TOTAL - CORRECTIONS</b>	<b>\$430,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$430,000</b>	<b>\$0</b>
<b><u>CORRECTIONS EXPANSION RESERVE FUND</u></b>					
HB 04-1003	152,800	152,800	0	0	0
Increases the penalty for impersonating a peace officer to a class 6 felony. Makes the use or possession of red or blue lights that may be affixed to a vehicle a class 1 misdemeanor.					
HB 04-1412	(1,846,045)	(1,846,045)	0	0	0
Eliminates statutory transfers from the capital construction fund to the Corrections Expansion Reserve Fund.					
Appropriations from Prior Years to Comply with Section 2-2-703, C.R.S.	1,846,045	1,846,045	0	0	0
These appropriations include \$233,872 pursuant to H.B. 00-1201, \$79,887 pursuant to H.B. 01-1242, \$486,269 pursuant to S.B. 02-050, \$972,538 pursuant to H.B. 02-1038, \$4,012 pursuant to H.B.02S-1006, and \$69,467 pursuant to H.B. 03-1317.					
<b>TOTAL - CORRECTIONS RESERVE</b>	<b>\$152,800</b>	<b>\$152,800</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>HIGHER EDUCATION</u></b>					
<b>Adams State College</b>					
College Center and Rex Gym Roof Replacement	337,688	0	0	337,688	0
The project will replace the College Center roof and the Rex Gym roof. Both buildings leak and show visible need of repair, according to Adams State.					
<b>Mesa State College</b>					
Pinon Hall and Mary Rait Hall Renovations	465,000	0	0	465,000	0
The project will renovate Pinon Hall and Mary Rait Hall using building renewal and replacement funds generated by the housing department.					
<b>Western State College</b>					
Escalante Resident Hall Complex Building Renovations	6,655,626	0	0	6,655,626	0
This project will renovate the four dormitories that make up the Escalante complex using institutional funds.					

Project	Total	CCFE	CF	CFE	FF
<b>Colorado State University</b>					
Atmospheric Science Chemistry Addition	2,500,000	0	0	2,500,000	0
The project will build a 13,000 GSF (8,210 ASF) addition to the existing Atmospheric Science (ATS) Complex on the CSU Foothills campus.					
Hughes Stadium Expansion	12,949,517	0	0	12,949,517	0
The project will: (1) construct 21,564 GSF of additional premium seating, concessions, restrooms, and circulation in Hughes Stadium; (2) increase bleacher seating; (3) replace the existing turf football playing field; and (4) repair/improve the field drainage.					
Hughes Stadium Scoreboard Replacement	1,250,000	0	0	1,250,000	0
This project will replace two scoreboards with more modern units that have the capacity to display instant replays and are more consistent with the standards in Division 1-A athletics.					
Lory Student Center Major Maintenance and Renovation	3,110,300	0	0	3,110,300	0
This project will renovate the dining center and some conference rooms.					
Regional Biocontainment Laboratory	22,461,000	0	0	7,079,000	15,382,000
The project will build a 33,850 GSF Regional Biocontainment Laboratory consisting predominately of biocontainment/Biosafety Level 3 (BSL-3) laboratories. BSL-2 laboratories, lab support, and office space will also be included.					
Synthetic Football Practice Field	750,000	0	0	750,000	0
This project will replace the existing grass practice field with an all-weather synthetic turf.					
<b>University of Colorado at Boulder</b>					
Laboratory for Atmospheric and Space Physics Space Technology Research Center Addition	13,022,000	0	0	13,022,000	0
The project will construct a 45,800 GSF addition, to be funded from loans paid back with revenues from research programs.					
<b>University of Colorado at Colorado Springs</b>					
Dormitories	16,000,000	0	0	16,000,000	0
The project will construct apartment-style campus housing for 300 upperclassmen and graduate students, construct 225 new parking spaces, and replace 159 parking spaces displaced by the new units.					
Science / Engineering Buildings	23,200,000	0	0	23,200,000	0
The project will build a new 59,946 GSF Engineering Building adjacent to the existing Engineering Building and will renovate the existing building.					

Project	Total	CCFE	CF	CFE	FF
<b>University of Colorado Health Sciences Center</b>					
Barbara Davis Center for Childhood Diabetes at Fitzsimons	6,442,374	0	0	3,221,187	3,221,187
Phase 3 of this project finishes 46,800 GSF on floors 2 and 3 of the Barbara Davis Center at Fitzsimons.					
Building 500 Renovation (Phase 3)	9,000,376	0	0	9,000,376	0
The project completes the third and final phase of the renovation of Building 500 (450,000 GSF) on the Fitzsimons campus.					
Fitzsimons, Infrastructure Phase 8	4,357,389	0	0	4,357,389	0
The project develops infrastructure to provide the foundation for the development of Fitzsimons into a campus with modern, up-to-date, high-tech research, education, and health care facilities.					
Appropriation of tobacco funds to comply with Section 23-20-136 (3.5) (a), C.R.S.	1,900,000	0	0	1,900,000	0
Pursuant to H.B. 03-1256, when an amount is due to a lessor under a lease purchase agreement for Fitzsimons, the General Assembly shall appropriate from tobacco funds to the Capital Construction Fund the smallest of the amount due to the lessor, or eight percent of tobacco revenues, or \$8.0 million. The amount shall then be appropriated from the Capital Construction Fund to the Fitzsimons Trust Fund and from the Fitzsimons Trust Fund for the payments due to the lessor. This appropriation in the head notes to the capital construction section, or Section 3, of the Long Bill provides money from tobacco funds to the Capital Construction Fund. This appropriation only takes effect if there is a final court order allowing lease purchase agreements pursuant to H.B. 03-1256 and the amount is due to a lessor for the lease purchase of academic buildings at Fitzsimons in FY 2004-05.					
Fitzsimons Trust Fund	1,900,000	1,900,000	0	0	0
Pursuant to H.B. 03-1256, when an amount is due to a lessor under a lease purchase agreement for Fitzsimons, the General Assembly shall appropriate from tobacco funds to the Capital Construction Fund the smallest of the amount due to the lessor, or eight percent of tobacco revenues, or \$8.0 million. The amount shall then be appropriated from the Capital Construction Fund to the Fitzsimons Trust Fund and from the Fitzsimons Trust Fund for the payments due to the lessor. This project is for the appropriation from the Capital Construction Fund to the Fitzsimons Trust Fund.					
Lease Purchase of Academic Buildings at Fitzsimons	1,900,000	0	0	1,900,000	0
Pursuant to H.B. 03-1256, when an amount is due to a lessor under a lease purchase agreement for Fitzsimons, the General Assembly shall appropriate from tobacco funds to the Capital Construction Fund the smallest of the amount due to the lessor, or eight percent of tobacco revenues, or \$8.0 million. The amount shall then be appropriated from the Capital Construction Fund to the Fitzsimons Trust Fund and from the Fitzsimons Trust Fund for the payments due to the lessor. This project is for the appropriation from the Fitzsimons Trust Fund to make the payments due to the lessor.					
<b>Colorado School of Mines</b>					
Student Life Projects	26,500,000	0	0	26,500,000	0
This project will construct 12-14 new buildings providing 206 to 270 beds at Mines Park on 6th Ave., demolish obsolete housing units in Prospector Village east of 6th Avenue and replace them with three sororities, renovate Bradford Hall, add sprinklers to the Morgan-Thomas-Bradford-Randall complex, update the cafeteria in the Ben Parker Student Center, and implement a campus one-car system.					

Project	Total	CCFE	CF	CFE	FF
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Addition to Center for Teaching and Learning Media

2,300,000 2,300,000 0 0 0

The project builds an addition to the Center for Teaching and Learning Media to house the computer center currently in the Green Center. The Green Center roof is at the end of its useful life and is saturated with moisture in certain locations. Once the computer center is moved to the new addition to the Center for Teaching and Learning Media, a separate stand-alone project will be submitted to repair the Green Center, including asbestos work.

#### Front Range Community College

Westminster Campus, Expand and Renovate Parking Lots

3,000,000 0 0 3,000,000 0

This project will expand, rehabilitate, and reconfigure parking spaces on the Westminster campus.

#### Auraria Higher Education Center

Parking Structure

17,236,165 0 0 17,236,165 0

This is the first phase in a project to build an 800-850 car parking structure north of the Tivoli Student Center.

Tivoli Student Union Revitalization

28,140,774 0 0 28,140,774 0

This project will perform necessary controlled maintenance including exterior window and facade repair, roof replacement, fire alarm upgrades, mechanical system upgrades, and outdoor security lighting.

#### Colorado Historical Society

Regional Museum Preservation Projects

374,800 0 0 374,800 0

The project will address a number of historic preservation issues at regional museums with money in the State Historical Fund.

TOTAL - HIGHER EDUCATION \$205,753,009 \$4,200,000 \$0 \$182,949,822 \$18,603,187

#### LABOR AND EMPLOYMENT

Petroleum Storage Tank Site Cleanup

19,000,000 0 18,200,000 0 800,000

The ongoing project reimburses the cost of remediating storage sites contaminated by leaking petroleum products.

TOTAL - LABOR AND EMPLOYMENT \$19,000,000 \$0 \$18,200,000 \$0 \$800,000

#### MILITARY AND VETERANS' AFFAIRS

Tenant Upgrades and Network Operations Center Relocation

1,026,000 0 0 276,000 750,000

The project will reconfigure 11 tenant spaces and upgrade building infrastructure in the department's Centennial Building #248. The project will also centralize the Network Operations Center into the Centennial Building.

TOTAL - MILITARY AND VETERANS' AFFAIRS \$1,026,000 \$0 \$0 \$276,000 \$750,000

Project	Total	CCFE	CF	CFE	FF
<b><u>NATURAL RESOURCES</u></b>					
<b>Division of Parks and Outdoor Recreation</b>					
Barbour Ponds State Park Renovation	500,000	0	0	500,000	0
Renovates the park and upgrades facilities, including acquiring water and sewer taps and improving roads and campsites.					
Business Development Initiatives	300,000	0	0	300,000	0
The project funds several business development initiatives to improve Parks' self-sufficiency. The division intends to increase its annual gross revenues of \$15 to \$16 million by 20 percent through FY 2008-09.					
Cherry Creek Concession Enhancements	366,000	0	0	366,000	0
The project makes improvements to the concessions facility at Cherry Creek State Park. The work at the 10-year old facility, also known as the Rifle Range, includes lead mitigation in the existing earth berm and utility upgrades such as improving the existing water, installing a new sewer, and upgrading electrical systems.					
Cheyenne Mountain State Park	4,472,000	0	0	4,472,000	0
The project is to develop the first state park in El Paso County, the Cheyenne Mountain State Park. The project will be completed in September 2005.					
Corps Cost Share Improvements Phase III	4,000,000	0	0	2,000,000	2,000,000
The project allows the division to make improvements to the Chatfield, Cherry Creek, and Trinidad State Parks. The project is a Corps of Engineers cost share project.					
Front Range Trail	400,000	0	0	400,000	0
The project creates a continuous trail to link the Colorado Front Range's communities and landscapes with a multi-use trail from New Mexico to Wyoming. The Colorado Front Range Trail (CFRT) will link existing and planned trail systems with new trail corridors.					
Information Technology System Projects	175,000	0	0	175,000	0
The project will modernize and systematize the division's automated management system. The system is called the Parks Automated Records Keeping System (PARKS).					
Major Repairs, Minor Recreation Improvements	3,000,000	0	0	3,000,000	0
Provides various repairs, replacements, and improvements, such as picnic and campsite renovations, water, sewer and electrical system improvements, toilets, docks, and ramps.					
New Park Opportunities	500,000	0	0	500,000	0
Lottery funds will be used to purchase land additions to existing parks to improve public access, address visitor safety and trespass issues, enhance management, address boundary disputes, right-of-way problems, and easements. These purchases include adjacent lands as well as inholdings.					
Off-Highway Vehicle Program Grants and Minor New Construction and Renovation	1,470,000	0	1,200,000	0	270,000
Provides grants for project sponsors, which include local governments, federal agencies, and not-for-profit organizations.					

Project	Total	CCFE	CF	CFE	FF
Park Improvements and Buffer Acquisitions	340,000	0	0	340,000	0
This project acquires adjacent lands and in-fills to preserve the integrity of the parks, improve public access, address visitor safety and trespass issues, and to address boundary disputes, right-of-way problems, and easements.					
Recreational Trails Volunteer Partnerships Program	50,000	0	0	50,000	0
This project will provide grants for trail projects that are completed with volunteer support and labor. Grant moneys may be used for material, equipment rental, trail design consultant fees, associated support costs, and volunteer recognition.					
Renovation of Bureau of Reclamation State Parks	2,800,000	0	0	1,400,000	1,400,000
Lottery and GOCO funds are used to match federal funds for a ten-year project to renovate Crawford, Navajo, Paonia, Rifle, and Vega state parks, which are leased on a long-term basis from the federal government.					
Reservoir Enhancements	188,000	0	0	0	188,000
The project allows the division to preserve and enhance reservoirs through various projects.					
Revenue Enhancements	2,615,000	0	0	2,040,000	575,000
The project allows the division to plan and construct various facilities in the State Parks system, including cabins, electrical conduits, and event facilities.					
Saint Vrain Corridor	1,740,000	0	0	1,740,000	0
The project allows the division to acquire land and water along the Saint Vrain River Corridor.					
State Trails Program	1,250,000	0	0	300,000	950,000
Provides grant assistance for planning, design and construction of trails.					
Staunton State Park, Acquisition of Additional Property	450,000	0	0	450,000	0
This project acquires parcels adjacent to the park to improve access and route it away from surrounding subdivisions.					
Water Acquisitions/Lease Options and Dam Repairs	600,000	0	0	600,000	0
Provides lottery funds to secure water for selected existing parks and planned parks, and repair dams needed to protect downstream residents and property owners from the failure of state-owned dams.					
Wildfire Prevention	650,000	0	0	250,000	400,000
The project proposes to prevent wildfires and improve the resilience of state park areas to recover from the effects of wildfire.					
<b>Division of Wildlife</b>					
Cooperative Habitat Improvements	500,000	0	0	500,000	0
Increases the quality and quantity of habitats on private property and improve small game hunting opportunities.					



<b>Project</b>	<b>Total</b>	<b>CCFE</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>
Dam Maintenance, Repair, and Improvement	78,750	0	0	78,750	0
This is an annual appropriation for ongoing maintenance, repair, and improvements to dams located on division-owned or leased property.					
Employee Housing Repairs	137,025	0	0	137,025	0
The project repairs, maintains, and modernizes employee housing located on properties owned or managed by the division.					
Fish Unit Maintenance and Improvement	862,995	0	0	862,995	0
The project is for emergency repairs and improvements at five fish hatcheries, including water diversion, structural repair, building repair, major hatchery equipment purchases, and pollution control.					
Lake Christine Dam Repairs	400,000	0	0	400,000	0
The project will rework the outlet, construct a spillway, and stabilize the downstream slope of the Lake Christine Dam.					
Miscellaneous Small Projects	153,550	0	0	153,550	0
Pays for emergency repairs and minor maintenance and improvements, including roof work, HVAC maintenance, fence installation, and comfort station improvements.					
Motorboat Access on Lakes and Streams	618,875	0	0	31,500	587,375
The project will address nine motorboat access facilities, including boat ramps, docks, roads, parking lots, comfort stations, and other facilities authorized for funding under the federal Aid Program. Seventy-five percent of each project is supported by moneys from the U.S. Fish and Wildlife Service. At least 10 percent of each state's apportionment is earmarked to improve motorboat access to fishing waters.					
Native Aquatic Species Facility Well Replacement	787,500	0	0	787,500	0
The project will drill a deep augmentation well at the division's Native Aquatic Species Fish Hatchery west of Alamosa. The purpose of the new well is to secure a warm water source of water for the fish hatchery.					
Property Acquisition	1,000,000	0	0	1,000,000	0
The project allows the division to acquire fee title to property through a competitive bidding process. When the division identifies specific parcels to acquire, it provides a more detailed justification to the Capital Development Committee pursuant to Section 33-1-105 (3) (a), C.R.S.					
Property Maintenance, Improvement, and Development	238,628	0	0	238,628	0
The project funds facility and habitat projects on new and existing division-owned or leased property, in addition to habitat improvement projects on other public lands.					
Service Centers Improvements	800,000	0	0	800,000	0
Upgrades and renovates the division's service centers.					
Shooting Range Improvements	220,000	0	0	60,000	160,000
The project enhances and improves shooting ranges in the state. The state has 112 shooting ranges.					
Stream and Lake Improvements	386,715	0	0	386,715	0

<b>Project</b>	<b>Total</b>	<b>CCFE</b>	<b>CF</b>	<b>CFE</b>	<b>FF</b>
Funds habitat projects for selected streams and lakes such as replacing boulders in stream channels, seeding eroded banks, and fencing to keep livestock away.					
Waterfowl Habitat Projects	200,000	0	0	200,000	0
The projects address insufficient quantity and quality of habitat available to maintain and increase waterfowl populations in Colorado.					
Wetlands Improvement Projects	600,000	0	0	600,000	0
Funds the Colorado Wetlands Initiative, a joint project with other private and government partners.					
<b>TOTAL - NATURAL RESOURCES</b>	<b>\$32,850,038</b>	<b>\$0</b>	<b>\$1,200,000</b>	<b>\$25,119,663</b>	<b>\$6,530,375</b>
<b><u>PERSONNEL AND ADMINISTRATION</u></b>					
2002 Issue (Refunding of 1992 Issue)	3,842,650	3,842,650	0	0	0
Makes the annual payment for the refinancing of the 1979 issue for developmental disabilities facilities, the 1986 issue for Division of Youth Corrections facilities, the 1988 issue for prison facilities, and the 1995-2005 part of the issue for the Auraria Higher Education Center North Classroom Building and the 690 Kipling Building.					
Lease Purchase of 1881 Pierce Street Building	1,778,782	982,599	0	796,183	0
Makes the annual payment for this building, which is occupied by the Department of Revenue.					
Emergency Controlled Maintenance	500,000	248,691	0	251,309	0
Provides a pool of funds for emergency controlled maintenance needs.					
<b>TOTAL - PERSONNEL AND ADMINISTRATION</b>	<b>\$6,121,432</b>	<b>\$5,073,940</b>	<b>\$0</b>	<b>\$1,047,492</b>	<b>\$0</b>
<b><u>PUBLIC HEALTH AND ENVIRONMENT</u></b>					
Contaminated Sites Redevelopment Pursuant to HB 00-1306	250,000	0	0	250,000	0
House Bill 00-1306 authorizes the department to use moneys in the Hazardous Substance Response Fund to clean up contaminated sites in the state that are not being addressed through any other state or federal cleanup program.					
<b>TOTAL - PUBLIC HEALTH &amp; ENVIRONMENT</b>	<b>\$250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$0</b>
<b><u>REVENUE</u></b>					
Titling and Registration System	2,227,377	0	0	2,227,377	0
The project will continue replacing the department's motor vehicle titling and registration systems to streamline filing, recording, and retrieval processes, and to simplify implementation of regulatory and statutory changes.					
<b>TOTAL - REVENUE</b>	<b>\$2,227,377</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,227,377</b>	<b>\$0</b>
<b>TOTAL - CAPITAL CONSTRUCTION</b>	<b>\$267,810,656</b>	<b>\$9,426,740</b>	<b>\$19,400,000</b>	<b>\$212,300,354</b>	<b>\$26,683,562</b>

## Recent Legislation

### 2003 Session Bills

**S.B. 03-179:** Reduces FY 2002-03 statutory transfers from the General Fund to the Capital Construction Fund by \$26,424,143. Transfers FY 2002-03 interest earnings of the Capital Construction Fund to the General Fund on a month by month basis. Eliminates \$1,168,203 in statutory appropriations from the Capital Construction Fund to the Corrections Expansion Reserve Fund. Exempts seven projects from the one percent for art requirement and transfers \$145,138 from the Art in Public Places Fund to the General Fund. Reduces \$35,257,928 in projects funded from the Capital Construction Fund over multiple years.

**S.B. 03-249:** Authorizes the Department of Personnel and Administration, subject to the approval of the Director of the Office of State Planning and Budgeting, and in consultation with the State Treasurer, to enter into leveraged leasing agreements on behalf of the state. Authorizes the Department to retain legal counsel, consultants, and financial professionals to ensure the leases are properly executed and requires that associated costs be paid from the lump sum moneys received by the State in connection with the leasing agreement. Requires the portion of the lump sum payment that is not required to be deposited into a specified escrow account to be credited to the Controlled Maintenance Trust Fund.

**S.B. 03-258:** General appropriations act for FY 2003-04.

**S.B. 03-262:** Reduces the FY 2003-04 statutory transfer from the General Fund to the Capital Construction Fund from \$101,158,362 to \$9,420,498 in order to provide just the funds needed for the capital projects included in the Long Bill. Eliminates \$1,158,362 in statutory appropriations from the Capital Construction Fund to the Corrections Expansion Reserve Fund for FY 2003-04.

**H.B. 03-1004:** Adds manufacturing or attempting to manufacture a controlled substance, and possessing methamphetamine precursors with the intent to manufacture, in the presence of child, or on the premises where a child is found or resides, to the crime of child abuse. Makes the crime a class 3 felony. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ☐ FY 2006-07: Appropriates \$291,761 from the Capital Construction Fund to the Corrections Expansion Reserve Fund; and
- ☐ FY 2007-08: Appropriates \$416,802 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$118,516 to the Department of Corrections.

**H.B. 03-1138:** Makes it a class 4 felony to intentionally and unlawfully terminate another person's pregnancy. Prohibits prosecution of a person who provides medical treatment to which the pregnant woman consented. Repeals the requirement that the prosecution prove an underlying factual basis of domestic violence for a court to impose an enhanced sentence on a person convicted of a specified crime against a pregnant woman. Makes intentionally and knowingly killing a pregnant woman an aggravating factor for purposes of imposing the death penalty. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ☐ FY 2005-06: Appropriates \$138,934 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- ☐ FY 2006-07: Appropriates \$125,041 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$56,436 General Fund to the Department of Corrections; and
- ☐ FY 2007-08: Appropriates \$107,228 General Fund to the Department of Corrections.

**H.B. 03-1213:** Removes the "commercial purpose" qualifier from the crime of sexual exploitation of a child. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ☐ FY 2003-04: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- ☐ FY 2004-05: Appropriates \$28,818 General Fund to the Department of Corrections;
- ☐ FY 2005-06: Appropriates \$28,818 General Fund to the Department of Corrections;
- ☐ FY 2006-07: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$28,818 General Fund to the Department of Corrections; and
- ☐ FY 2007-08: Appropriates \$56,436 General Fund to the Department of Corrections.

Adjusts appropriations made in the 2003 general appropriations act by decreasing the General Fund appropriation to the Department of Corrections, Institutions, Utilities Subprogram, Utilities line item by \$69,467.

**H.B. 03-1256:** Authorizes the Board of Regents of the University of Colorado to enter lease-purchase agreements to finance the construction of academic buildings at the University of Colorado Health Sciences Center (UCHSC) Fitzsimons campus. The lease-purchase agreements may be for terms of up to twenty-five years, and may not exceed a total value of \$202,876,109, plus reasonable administrative, monitoring, and closing costs and interest. Annual aggregate rentals may not exceed

\$15.1 million. Specifically the bill authorizes lease-purchase agreements for: Education Facility IB; Education Facility II; Library at Fitzsimons; Academic Office Complex; Environmental Health and Safety II; Facility Support; and, Education Bridge.

Requires UCHSC to enter an agreement with a third-party master developer by June 30, 2006, to dispose of the real estate interests of the University at Ninth Avenue and Colorado Boulevard. The first \$15 million of net proceeds from the property shall be deposited in the General Fund, and thereafter 50 percent shall be deposited in the General Fund and 50 percent shall be retained by the University of Colorado for development of the Fitzsimons campus.

Requires that eight percent of moneys received from the Tobacco Master Settlement Agreement, up to \$8.0 million, be appropriated annually to the Fitzsimons Trust Fund. Expands the allowable uses of the Fitzsimons Trust Fund to include making payments on any lease-purchase agreement.

Authorizes the executive director of the Department of Corrections to enter into a lease-purchase agreement for a high-custody correctional facility. The lease-purchase agreement may be for a term of up to fifteen years, and may not exceed a total value of \$102.8 million, plus necessary administrative, monitoring, interest, and closing costs.

**H.B. 03-1317:** Makes it a felony to sell or distribute chemicals, supplies, or equipment, when the seller or distributor knows or reasonably should know or believes that a person intends to use the materials sold or distributed to illegally manufacture a controlled substance. Specifies that the felony is a crime that presents an extraordinary risk of harm to society. Makes it a misdemeanor crime to sell, purchase, attempt to purchase, fill, refill, deliver, or permit to be delivered an anhydrous ammonia container under certain circumstances. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ☐ FY 2004-05: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- ☐ FY 2005-06: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$28,218 General Fund to the Department of Corrections;
- ☐ FY 2006-07: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$56,436 General Fund to the Department of Corrections; and
- ☐ FY 2007-08: Appropriates \$55,574 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$84,654 General Fund to the Department of Corrections.

## **2004 Session Bills**

**S.B. 04-40:** Authorizes the Division of Wildlife to purchase three parcels of land commonly referred to as the Frisco Creek Wildlife Hospital and Rehabilitation Center, and to purchase water and mineral rights. Provides that the sales price shall not exceed \$1,200,000, paid with moneys previously allocated by the Great Outdoors Colorado Trust Fund (GOCO).

**S.B. 04-97:** Authorizes the Division of Wildlife to purchase a building in Colorado Springs without engaging in a competitive bid process. Appropriates \$1,600,000 cash funds exempt from the Wildlife Cash fund to the Department of Natural Resources, Division of Wildlife for FY 2004-05.

**S.B. 04-220:** Modifies the authority provided in S.B. 03-249 for the executive director of the Department of Personnel and Administration to enter into leveraged leasing agreements by: restricting leveraged leases to qualified technology assets; allowing the director to enter into an indemnity agreement with a private party in a leveraged leasing agreement; waiving the state's sovereign immunity in an action for injuries resulting from the operation and maintenance of an asset that is the subject of a leveraged leasing agreement; allowing expenditures from the risk management fund to pay liability claims and expenses incurred pursuant to the indemnity agreement; and, removing the requirement that the State Treasurer review leveraged leasing agreements.

**S.B. 04-233:** Authorizes the Department of Personnel and Administration, though a newly created Capitol Parking Authority, to finance the lease-purchase of a parking structure for the Capitol Complex. The structure is to be located on the southwest corner of 14th and Lincoln Streets in Denver and is limited to \$7.5 million, plus administrative and other closing costs and interest. The fiscal impact of the structure will begin in FY 2006-07 when payments are scheduled to begin. The authority is established for purposes of exempting the lease-purchase of the parking structure from TABOR requirements. Eliminates the authority of the Department to demolish the Woodward House (1530 Sherman Street) and convert it to parking.

**H.B. 04-1003:** Increases the penalty for impersonating a peace officer to a class 6 felony. Makes the use or possession of red or blue lights that may be affixed to a vehicle a class 1 misdemeanor. Provides an affirmative defense to peace officers, persons specifically authorized by a chief of police or sheriff, a permitted volunteer firefighter, ambulance personnel, or a vendor of red and blue lights. Requires volunteer firefighters and ambulance attendants to obtain a permit prior to using special lights and alarm systems on their personal vehicles. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ☐ FY 2004-05: Appropriates \$152,800 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- ☐ FY 2005-06: Appropriates \$61,200 General Fund to the Department of Corrections;
- ☐ FY 2006-07: Appropriates \$61,200 General Fund to the Department of Corrections;

- ☐ FY 2007-08: Appropriates \$61,200 General Fund to the Department of Corrections; and
- ☐ FY 2008-09: Appropriates \$61,200 General Fund to the Department of Corrections.

**H.B. 04-1016:** Adds wholesale promotion of obscenity to a minor and promotion of obscenity to a minor to the list of offenses requiring sex offender registration after conviction of the offense. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ☐ FY 2006-07: Appropriates \$69,467 from the Capital Construction Fund to the Corrections Expansion Reserve Fund; and
- ☐ FY 2007-08: Appropriates \$27,824 General Fund to the Department of Corrections.

**H.B. 04-1021:** Lowers the blood alcohol content level to 0.08 grams of alcohol per 100 milliliters of blood or per 210 liters of breath for the purposes of determining whether a person is driving under the influence of alcohol. Permits a county, city and county, or municipality to adopt an ordinance or resolution that authorizes "tastings" subject to certain limitations. Defines "tastings" to mean the sampling of malt, vinous, or spiritous liquors on the premises of certain liquor licensees. Increases to \$1,000 the amount of malt, vinous, and spiritous liquors that a hotel and restaurant licensee may annually purchase from a retail liquor store. Authorizes a hotel or restaurant licensee to permit a customer to reseal and remove from the premises one opened container of partially consumed vinous liquor under certain circumstances.

For FY 2004-05, appropriates \$83,950 and 0.4 FTE from the Driver's License Administration Revocation Account in the Highway Users Tax Fund to the Department of Revenue, and appropriates \$8,377 General Fund and 0.2 FTE to the Judicial Department. Includes a five- year statutory appropriation pursuant to Section 2-2-703, C.R.S., for the following fiscal years:

- ☐ FY 2005-06: Appropriates \$76,414 from the Capital Construction Fund to the Corrections Expansion Reserve Fund;
- ☐ FY 2006-07: Appropriates \$90,307 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$19,445 General Fund to the Department of Corrections;
- ☐ FY 2007-08: Appropriates \$13,893 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$42,245 General Fund to the Department of Corrections; and
- ☐ FY 2008-09: Appropriates \$69,497 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and appropriates \$45,960 General Fund to the Department of Corrections.

**H.B. 04-1055:** Changes the process for awarding matching grants from the School Construction and Renovation Fund to local school districts for capital construction projects. Grant payments are no longer subject to appropriation by the General Assembly.

**H.B. 04-1222:** Transfers approximately \$42.0 million from the designated cash flow reserve in the Controlled Maintenance Trust Fund to the General Fund. This equals the \$40 million that was transferred into the reserve in FY 2002-03 pursuant to S.B. 03-342, plus interest earned since the transfer.

**H.B. 04-1267:** Eliminates statutory General Fund transfers from the General Fund to the Controlled Maintenance Trust Fund in FY 2004-05 and FY 2005-06 of \$138.2 million each year.

**H.B. 04-1338:** Supplemental appropriation to modify capital construction appropriations from FY 2000-01 through FY 2003-04.

**H.B. 04-1412:** Repeals statutory transfers from the General Fund to the Capital Construction Fund in the amounts of \$101,846,045 for FY 2004-05, and \$100,658,200 for FY 2005-06. On July 1, 2004, transfers \$285,782 from the Capital Construction Fund to the General Fund. In addition, repeals transfers from the Capital Construction Fund to the Corrections Expansion Reserve Fund in the amounts of \$1,846,045 for FY 2004-05 and \$658,200 for FY 2005-06.

**H.B. 04-1422:** General appropriations act for FY 2004-05. Includes an appropriation of \$1.9 million from tobacco funds to the Capital Construction Fund for the lease purchase of academic buildings pursuant to H.B. 03-1256, contingent on a final court order allowing lease purchase agreements and a payment due to a lessor.

**H.B. 04-1465:** Changes the repeal date of the statutory authority for the Capital Development Committee from July 1, 2004 to July 1, 2009.



## APPENDICES

### A. GLOSSARY OF TERMS

**Capital Construction Fund:** A fund into which General Fund and Lottery Fund transfers for capital construction purposes are deposited. This fund is used to build, renovate, and repair state buildings, to purchase major equipment, and to acquire land.

**Cash Funds:** Separate funds set up to receive earmarked revenues, such as fees and fines. These funds pay for the programs for which the revenues are collected. Examples are the Wildlife Cash Fund and the Disabled Telephone Users Fund.

**Cash Funds Exempt:** A category added in the FY 1993-94 Long Bill for cash funds appropriations that are exempt from the provisions of Article X, Section 20 of the Colorado constitution. Appropriations paid by gifts, grants, donations, or reserves in a cash fund are exempt. Similarly, appropriations providing spending authority for funds transferred from another department are also reflected as cash funds exempt. One example is Medicaid funds appropriated to the Department of Health Care Policy and Financing which are then transferred for use by another department. These funds are reflected as cash funds exempt in the recipient department. Funds received by the Department of Law from other agencies, for the provision of legal services to those agencies, are also reflected as cash funds exempt.

**Common Policies:** These are policies adopted by the General Assembly that are applicable to all departments, unless specifically exempted. An example of a common policy that applies to personal services is a 0.2 percent reduction from the FY 2003-04 personal services base appropriation. Rates paid by agencies to the Department of Personnel for vehicle leases and capitol complex leased space, which are used to calculate appropriations for those line items for all departments, are also set by common policy.

**Federal Funds:** Funds from the federal government. Some federal funds are grants for identified, limited purposes. Other federal funds support ongoing state-federal programs and may require state matching funds. Examples of programs requiring a state match are Medicaid and highway construction. Federal funds are exempt from the provisions of Article X, Section 20 of the Colorado Constitution.

**FTE:** Full time equivalent (one position filled all year).

**General Fund:** A fund into which general tax revenues, such as state sales and income taxes, are deposited. The General Fund is used to pay, in whole or in part, for state programs which benefit the majority of state citizens. Examples are education and corrections.

**Long Bill:** Colorado's annual general appropriations act.

## **B. COMMON POLICIES**

The appropriations for many line items are determined by common policies uniformly applied to all state agencies. A brief explanation of each line item is provided below.

### **Administrative Law Judge Services**

Funds for Administrative Law Judge (ALJ) services are included for the ten departments that use such services. The billing methodology is a cost allocation method based on data from the last complete year of actual usage by each agency. Percentages of actual usage for FY 2002-03 are applied to the total costs of the Division of Administrative Hearings to produce each agency's FY 2004-05 appropriation. An amount of cash funds exempt spending authority that matches total agency appropriations is included for the Department of Personnel and Administration, Administrative Hearings. For FY 2004-05, this spending authority is sufficient to fund personal services, centrally appropriated items such as salary survey, performance-based pay, short-terms disability insurance and workers' compensation, operating expenses, and indirect costs. General Fund supports \$688,000 of the \$3.8 million in overhead for the Division of Administrative Hearings.

### **ADP Capital Outlay and Information Technology Asset Maintenance**

The ADP Capital Outlay line item funds the replacement or addition of automated data processing (ADP) equipment. Funding for these line items is reviewed by the Commission on Information Technology Management (IMC). The Information Technology Asset Maintenance line item is used by departments to fund network maintenance, hardware and software maintenance contracts, and anti-virus software.

### **Capitol Complex Leased Space**

This line item is applicable to departments occupying space in the Capitol Complex, the North Campus facility, the Pierce Street Building, the Grand Junction State Office Building, and Camp George West. This line item appears in each department's executive director's office. The funding level of each line is based on a rate of \$10.31 per square foot for the Capitol Complex, \$3.81 per square foot for the North Campus, \$5.37 per square foot for the Pierce Street Building, \$6.43 per square foot for the Grand Junction State Office Building, and \$0.90 per square foot for Camp George West. These state facilities are administered by the Department of Personnel and Administration, Division of Central Services. Tenants of Camp George West are also appropriated funds in the capitol complex leased space line item for utility payments that are not included in that campus' square footage rate. The funds appropriated for capitol complex leased space may not be used for leased space outside of these facilities. A matching amount of transfer spending authority, \$9.5 million in FY 2004-05, is appropriated to the Department of Personnel and Administration to pay all costs associated with maintenance and upkeep for 753,671 square feet of space in the Capitol Complex, 42,871 square feet in the North Campus, 119,615 square feet for the Pierce Street Building, 34,241

in the Grand Junction State Office Building, and 285,755 square feet at Camp George West, located in Golden.

#### Communications Services Payments

In the 2003 Session, the Joint Budget Committee sponsored S.B. 178 to lift the restrictions on the revenue the Department of Personnel and Administration can collect regarding the telecommunications fund. This line item represents a department's share of the overhead related to the public safety communications infrastructure. For FY 2004-05, billings are sufficient to fund personal services, operating expenses, and indirect costs for the Communications Services program in the Division of Information Technology. This amounts to \$2.4 million, including \$1.0 million General Fund.

#### Community Provider Rates

For FY 2004-05, no provider rate increases were provided, due to statewide revenue shortfalls. For the same reason, provider rate increases initially awarded for FY 2003-04, and provider rate increases initially awarded for FY 2002-03 were subsequently eliminated through supplemental adjustments to the FY 2002-03 appropriation.

#### Health, Life, and Dental

For FY 2004-05, the total statewide cost of health, life, and dental (HLD) benefits for all employees (except Higher Education faculty and administration) is expected to be \$61.5 million, including approximately \$31.1 million General Fund. The state contribution rate for employee benefits is \$173.92 per month for a single employee, \$250.39 per month for an employee with one covered dependant, and \$344.33 per month for an employee with two or more covered dependants until December 31, 2004. Commencing on January 1, 2005, the state contribution rate will be \$199.00 per month for a single employee, \$324.44 per month for an employee with one dependant, and \$440.97 per month for an employee with two or more dependants. State employees make payroll contributions to pay for the difference between the state contribution level and the premiums for the plans and coverages selected during the open enrollment period each year. Approximately 16,400 employees participate in the state's medical insurance plans, not including institutions of Higher Education.

#### Indirect Costs

Indirect costs are the overhead costs associated with the state administration and operation of government programs. Indirect cost recoveries are intended to offset overhead costs with cash and federally-funded sources that otherwise would have been supported by the General Fund. Recoveries from cash and federally-funded programs are calculated for two areas: statewide and departmental overhead costs. Statewide indirect cost recoveries are designed to offset costs of operating general

government functions that support the activities of all departments, but for which no specific fee is charged for the services provided. These costs are calculated by the State Controller's Office and approved by the Joint Budget Committee. Departmental indirect cost recoveries are specific to the general administrative functions of each department that are typically located in the executive director's office. These costs are calculated and assessed based upon an allocation methodology adopted by the Joint Budget Committee. Generally, indirect cost recoveries are identified as cash funds exempt in an executive director's office and as cash funds, cash funds exempt, or federal funds at the division level where they are earned and appropriated in the Indirect Cost Assessment line item. In FY 2004-05, the statewide indirect cost recovery plan is estimated to recover \$15.0 million, which is approximately \$1.6 million less than was recovered in FY 2003-04 from cash and federally-funded sources.

#### Lease Purchase

No funds may be expended for lease purchase except those specifically appropriated for that purpose. The appropriation is for continuation of existing lease purchase agreements, except for the Lease Purchase for Academic Facilities at Fitzsimons that will increase by \$1.9 million (the source is tobacco funds and the appropriation is located in the Capital Construction section of the Long Bill). Requests for additional lease purchase funds are examined on an individual basis and funded where appropriate.

#### Leased Space

This line item appears in each department's executive director's office, with some exceptions. The intent is to ensure that each executive director reviews and manages a department's use of leased space. No funds may be expended for leased space unless appropriated for that purpose.

#### Legal Services

This line item provides funding so each department can purchase necessary legal services from the Department of Law. For FY 2004-05, agencies will pay a blended rate of \$61.57 per hour for the purchase of services from both attorneys and paralegals. The appropriation to the Department of Law is sufficient to fund personal services, operating expenses, litigation expenses, indirect costs and other centrally appropriated costs for 303,763 hours of statewide legal services; this equates to \$18.7 million in FY 2004-05.

#### Multiuse Network Payments

With a few exceptions, this line item appears in each department's executive director's office. The multiuse network represents the aggregation of the state's telecommunications infrastructure onto one medium of transport. The network carries the state's video, voice, text, and graphics communications needs, and it also serves as the internet service provider for the state. Additionally, local governments and other governmental agencies can access the network through the state rather than through its

private sector partner, which is a consortium of several telecommunications providers. Costs for the multiuse network include Department of Personnel and Administration overhead, Internet access, and contractual obligations that provide the state with a reserved amount of bandwidth with the private sector entity responsible for building the network. In FY 2004-05, billings to state agencies will recover \$8.8 million costs for supporting multiuse network payments.

### Operating Expenses

For FY 2004-05, the appropriated amounts for operating expenses are funded at continuation levels, with the exception of base reductions, which may have occurred in various lines. Traditionally, inflationary factors have been applied to operating expenses related to food, medical, and laboratory services in departments in which these costs are not incidental. However, the appropriations for operating expenses in FY 2004-05 do not include any common inflationary factors for these expenditures. The following five departments are generally affected by inflation: Corrections, Education, Human Services, Public Health and Environment, and Public Safety.

### Payments to Risk Management and Property Funds

The appropriation represents each department's share of the statewide cost of property and liability insurance coverage which is based on a three-year average loss history verified by an independent actuarial firm. A matching amount of cash funds exempt spending authority is provided to the Department of Personnel and Administration to pay administration, legal, and claims costs for the state's liability self-insurance and to pay premiums and the aggregate deductible of \$500,000 for the state's property insurance policies of \$500.0 million in total coverage. In FY 2004-05, the risk management and property program will cost \$21.8 million, of which approximately \$11.3 million is supported by the General Fund.

### Performance-based Pay

Appropriations for performance-based pay awards for FY 2004-05, not including the Department of Higher Education, are approximately \$13.7 million, including \$7.6 million General Fund. Pursuant to Section 24-50-104 (1) (c) (I), C.R.S., the Department of Personnel and Administration adopts procedures for periodic salary increases for employees in the state personnel system based on performance. It is meant to augment salary increases granted through the appropriations for salary survey (see below). The line item appears in each executive director's office. The General Assembly did not appropriate performance-based pay awards in FY 2003-04.

### Personal Services

In FY 2004-05, the General Assembly adopted a common policy for calculating personal services costs which decreased all line items by 0.2 percent of the previous year's base. In previous years, the General Assembly applied a base reduction to personal services line items of between 1.5 and 2.5

percent, which accounted for vacancies and turnovers. This policy will save the state approximately \$1.4 million in General Fund for FY 2004-05 budget for personal services.

#### Public Employees' Retirement Association (PERA)

Each personal services and salary survey appropriation includes the designated state retirement contribution to PERA for all eligible employees. Pursuant to Section 24-51-408.5 (6) (a), C.R.S., the contribution rate is adjusted based on any over- or under-funding of the PERA trust funds that may exist. For FY 2004-05, the contribution rate will be 10.15 percent of base salaries for most state employees. However, the rates for state troopers and judges are 12.85 percent and 13.66 percent of base salary, respectively. The state's contribution rate for the Judicial Division of PERA did increase by 1.0 percent of salary between FY 2003-04 and FY 2004-05. In general, state employees also contribute 8.0 percent of base salary to this defined benefit plan.

#### Purchase of Services from Computer Center

The operating costs of the General Government Computer Center (GGCC) are completely cash-funded. The estimated usage for FY 2004-05 represents the actual usage, in terms of percentages, of the state's departments in FY 2002-03. These percentages of actual usage are then applied to the total projected costs for providing computer services, in order to produce each agency's appropriation. The corresponding spending authority appropriated to the Department of Personnel and Administration, Division of Information Technology, for the operation of the computer center does not exceed its anticipated revenues. Total appropriations to purchase GGCC services for FY 2004-05 are approximately \$12.7 million statewide. This figure includes approximately \$7.4 million General Fund.

#### Salary Survey and Senior Executive Service

The "2004 Total Compensation Survey" published on August 1, 2003, submitted by the State Personnel Director pursuant to Section 24-50-104, C.R.S., and updated on January 7, 2004, called for an average salary increase of 3.0 percent with variations between 2.0 percent and 5.1 percent, depending on job classification. This survey used 19 third-party surveys to measure prevailing wages and adjust compensation for the ten occupational groups in the state's classified employee system.

These percentages will be applied to salary ranges of the various occupational groups; however, they will not be applied to the actual salary of an employee. Rather, employees will be eligible for a 2.0 percent salary increase if they score a 2, 3, or 4 on their performance evaluations. Additionally, any salaries of individuals falling below the adjusted minimum will receive enough of an increase to reach that minimum.

The total cost of salary survey increases for all classified and exempt state employees, excluding those in the Department of Higher Education, is approximately \$26.1 million, including approximately \$15.3 million General Fund.

### Shift Differential

Shift differential payments provide higher wages for evening, night and weekend shifts. In FY 2004-05, shift differential payments for all state employees total approximately \$9.8 million including approximately \$7.6 million from the General Fund.

### Short-term Disability

All state employees are eligible for employer-paid short-term disability insurance. Appropriations for these line items were established at 0.155 percent of base salaries, which is consistent with the estimated cost to provide this coverage.

### Utilities

In general, departments pay for utility costs from either the base operating expenses appropriation or a separate utilities line item, which typically supports the cost of maintaining a state-owned facility. The appropriation for FY 2004-05 does not include an increase for inflation.

### Vehicle Lease Payments

Motor vehicles can only be purchased through the Fleet Management Program in the Department of Personnel pursuant to Section 24-30-1117, C.R.S. Appropriations are based on the amount necessary for each department to make vehicle lease payments to the Fleet Management Program, which charges lease rates that vary by vehicle model and type. The lease payments are sufficient to recover the annual costs of program administration and the lease purchase installment payments for replacements and additional vehicles, which are financed by a private company. For FY 2004-05, the Joint Budget Committee approved the replacement of 753 vehicles and the acquisition of 25 additional vehicles across all departments. Statewide vehicle variable costs (including fuel, maintenance, and insurance) are estimated to be \$12.3 million in FY 2004-05 to maintain approximately 5,540 vehicles yielding an average cost of \$2,220 per vehicle.

### Workers' Compensation

The appropriation represents each department's share of the statewide cost of workers' compensation coverage, which is based on a three-year average loss history verified by an independent actuarial firm. This is a self-insured program administered by Pinnacle Assurance (formerly Colorado Compensation Insurance Authority) that covers employees in all departments, except the University of Colorado, which operates a separate self-insured program. A matching amount of spending authority is provided to the Department of Personnel and Administration to pay administration, legal, and claims costs. In FY 2004-05, the General Assembly appropriated \$34.9 million for worker's compensation, of which \$20.5 million is supported by the General Fund. Note that these figures include the Department of Higher Education, except for the University of Colorado.

**C. 2004 SESSION SUPPLEMENTAL ADJUSTMENTS TO FY 2000-01, FY 2001-02, AND  
FY 2002-03 APPROPRIATIONS**

DEPARTMENT / DIVISION	GENERAL FUND*	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	TOTAL	FTE
<b>OPERATING BUDGET</b>						
<b><u>Adjustments to FY 2002-03 Appropriations:</u></b>						
DEPARTMENT OF CORRECTIONS:						
<b>H.B. 04-1317:</b>						
Management	\$1,001,493	\$0	\$0	(\$2,617,059)	(\$1,615,566)	0.0
Institutions	(1,001,493)	0	0	0	(1,001,493)	0.0
<b>Subtotal - H.B. 04-1317</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,617,059)</b>	<b>(2,617,059)</b>	<b>0.0</b>
<b>TOTAL - Corrections</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,617,059)</b>	<b>(\$2,617,059)</b>	<b>0.0</b>
GOVERNOR - LIEUTENANT GOVERNOR - OFFICE OF STATE PLANNING AND BUDGETING:						
<b>H.B. 04-1319:</b>						
<b>Office of the Governor</b>	<b>\$46,177</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$46,177</b>	<b>0.0</b>
<b>TOTAL - Governor</b>	<b>\$46,177</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$46,177</b>	<b>0.0</b>
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING:						
<b>H.B. 04 1320:</b>						
Department of Human Services Medicaid-funded Programs	\$764,222	\$0	\$0	\$764,218	\$1,528,440	0.0
<b>H.B. 04-1422:</b>						
Medical Services Premiums	4,590,306	0	0	0	4,590,306	0.0
<b>TOTAL - Health Care Policy</b>	<b>\$5,354,528</b>	<b>\$0</b>	<b>\$0</b>	<b>\$764,218</b>	<b>\$6,118,746</b>	<b>0.0</b>



DEPARTMENT / DIVISION	GENERAL FUND*	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	TOTAL	FTE
DEPARTMENT OF HUMAN SERVICES:						
<b>H.B.04-1322:</b>						
Office of Behavioral Health and Housing	\$1,473,327	\$0	\$196,370	\$0	\$1,669,697	0.0
Office of Rehabilitation and Disability Services	0	0	8,514,539	0	8,514,539	0.0
<b>Subtotal - H.B. 04-1322</b>	<b>\$1,473,327</b>	<b>\$0</b>	<b>\$8,710,909</b>	<b>\$0</b>	<b>\$10,184,236</b>	<b>0.0</b>
<b>TOTAL - Human Services</b>	<b>\$1,473,327</b>	<b>\$0</b>	<b>\$8,710,909</b>	<b>\$0</b>	<b>\$10,184,236</b>	<b>0.0</b>
DEPARTMENT OF PERSONNEL AND ADMINISTRATION :						
<b>H.B. 04-1330:</b>						
Central Services	\$0	\$0	\$220,000	\$0	\$220,000	0.0
<b>TOTAL - Personnel</b>	<b>\$0</b>	<b>\$0</b>	<b>\$220,000</b>	<b>\$0</b>	<b>\$220,000</b>	<b>0.0</b>
DEPARTMENT OF STATE:						
<b>H.B. 04-1335:</b>						
Administration	\$0	\$0	\$53,000	\$0	\$53,000	0.0
<b>TOTAL - State</b>	<b>\$0</b>	<b>\$0</b>	<b>\$53,000</b>	<b>\$0</b>	<b>\$53,000</b>	<b>0.0</b>
<b>TOTAL - Operating Budget FY 2002-03</b>	<b>\$6,874,032</b>	<b>\$0</b>	<b>\$8,983,909</b>	<b>(\$1,852,841)</b>	<b>\$14,005,100</b>	<b>0.0</b>

DEPARTMENT / DIVISION	GENERAL FUND*	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	TOTAL	FTE
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## CAPITAL CONSTRUCTION

### Adjustments to FY 2000-01 Appropriations:

#### H.B. 04-1338:

Corrections	(\$175,861)	\$0	\$0	\$0	(\$175,861)	0.0
Higher Education	0	0	402,000	0	402,000	0.0
Public Health	0	0	950,000	8,550,000	9,500,000	0.0
<b>Subtotal - H.B. 04-1338</b>	<b>(\$175,861)</b>	<b>\$0</b>	<b>\$1,352,000</b>	<b>\$8,550,000</b>	<b>\$9,726,139</b>	<b>0.0</b>

<b>TOTAL - Capital Construction - FY 2000-01</b>	<b>(\$175,861)</b>	<b>\$0</b>	<b>\$1,352,000</b>	<b>\$8,550,000</b>	<b>\$9,726,139</b>	<b>0.0</b>
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### Adjustments to FY 2001-02 Appropriations:

#### H.B. 04-1338:

<b>Higher Education</b>	<b>\$0</b>	<b>\$0</b>	<b>\$931,020</b>	<b>\$0</b>	<b>\$931,020</b>	<b>0.0</b>
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<b>TOTAL - Capital Construction - FY 2001-02</b>	<b>\$0</b>	<b>\$0</b>	<b>\$931,020</b>	<b>\$0</b>	<b>\$931,020</b>	<b>0.0</b>
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### Adjustments to FY 2002-03 Appropriations:

#### H.B. 04-1338:

Higher Education	\$0	\$0	\$122,000	\$185,280	\$307,280	0.0
Revenue	0	0	(62,904)	0	(62,904)	0.0
<b>Subtotal - H.B. 04-1338</b>	<b>\$0</b>	<b>\$0</b>	<b>\$59,096</b>	<b>\$185,280</b>	<b>\$244,376</b>	<b>0.0</b>

<b>TOTAL - Capital Construction - FY 2002-03</b>	<b>\$0</b>	<b>\$0</b>	<b>\$59,096</b>	<b>\$185,280</b>	<b>\$244,376</b>	<b>0.0</b>
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\*The General Fund column for the Capital Construction section reflects appropriations from the Capital Construction Fund.

#### **D. SUMMARY OF APPROPRIATIONS FROM THE STATE EDUCATION FUND**

On November 7, 2000, a majority of Colorado voters approved Amendment 23, which added Section 17 to Article IX of the Colorado Constitution. This provision requires the General Assembly to provide annual inflationary increases for kindergarten through twelfth grade education. This provision also creates the State Education Fund, consisting of one-third of one percent of income tax revenues and any interest earned on the fund balance. The General Assembly may annually appropriate moneys from the State Education Fund for the following education-related purposes:

- to comply with the requirement to annually increase base per pupil funding for public school finance, as long as it is in addition to the required increases in General Fund appropriations;
- to comply with the requirement to annually increase funding for categorical programs;
- for accountable education reform;
- for accountable programs to meet state academic standards;
- for class size reduction;
- for expanding technology education;
- for improving student safety;
- for expanding the availability of preschool and kindergarten programs;
- for performance incentives for teachers;
- for accountability reporting; or
- for public school building capital construction.

State Education Fund revenues are not subject to the Taxpayer Bill of Rights (TABOR) limitation on fiscal year spending, and any appropriation from the State Education Fund is not subject to the six percent statutory limitation on state General Fund appropriations.

The table that begins on the following page provides a summary of appropriations from the State Education Fund for FY 2001-02 through FY 2004-05. Although State Education Fund appropriations increased annually from FY 2001-02 through FY 2003-04, the General Assembly appropriated \$9.6 million less for FY 2004-05 compared to FY 2003-04. In addition, the proportion of State Education Fund appropriations that relate to public school finance and categorical programs has increased annually, rising from 70.5 percent of appropriations for FY 2001-02 to 97.0 percent for FY 2004-05.

History of Appropriations from the State Education Fund					
Description	FY 01-02	FY 02-03	FY 03-04	FY 04-05	Cumulative
<b>Public School Finance, State Share of Districts' Total Program Funding:</b>					
Partial funding for required inflationary increase and continued funding of prior year statutory changes	\$64,639,512	\$170,364,847	\$305,711,812	\$308,438,356	
Supplemental adjustments	31,086,493	122,727,527	10,742,837	n/a	
Changes to at-risk factor; addition of 1,000 Colorado Preschool Program slots in FY 2001-02; offset by reduction related to General Fund increase	3,015,225	incl. above	0	0	
Pilot Full-day Kindergarten Program	2,853,075	incl. above	0	0	
Long Bill adjustment to offset the cost of increasing minimum per pupil funding (an increase of 6.6 percent, rather than 5.7 percent as required under existing law)	n/a	1,814,724	incl. above	incl. above	
Partial funding of \$2.9 million cost of adding 1,000 Colorado Preschool Program slots in FY 2002-03	n/a	1,512,187	0	0	
Long Bill adjustment to offset the costs of funding 135 new on-line slots in FY 2002-03	n/a	733,725	incl. above	incl. above	
Change in cost-of-living calculation	<u>n/a</u>	<u>(221,397)</u>	<u>incl. above</u>	<u>incl. above</u>	
<b>Subtotal: School Finance</b>	<b>101,594,305</b>	<b>296,931,613</b>	<b>316,454,649</b>	<b>308,438,356</b>	<b>1,023,418,923</b>
<i>Percent of Total Appropriations</i>	<i>65.8%</i>	<i>89.8%</i>	<i>90.0%</i>	<i>90.1%</i>	<i>86.8%</i>
<b>Required Increases for Categorical Programs</b>	<b>7,207,141</b>	<b>15,715,680</b>	<b>20,291,334</b>	<b>23,700,826</b>	<b>66,914,981</b>
<i>Percent of Total Appropriations</i>	<i>4.7%</i>	<i>4.8%</i>	<i>5.8%</i>	<i>6.9%</i>	<i>5.7%</i>
<b>School Capital Construction:</b>					
Charter school capital construction	6,471,052	7,813,943	5,000,000	5,000,000	
Charter School Debt Reserve Fund	n/a	1,000,000	0	0	
School Capital Construction Expenditures Reserve	6,471,052	6,500,060	5,000,000	2,500,000	
School Construction and Renovation Fund	<u>0</u>	<u>0</u>	<u>5,000,000</u>	<u>2,500,000</u>	

History of Appropriations from the State Education Fund					
Description	FY 01-02	FY 02-03	FY 03-04	FY 04-05	Cumulative
<b>Subtotal: Capital Construction</b>	<b>12,942,104</b>	<b>15,314,003</b>	<b>15,000,000</b>	<b>10,000,000</b>	<b>53,256,107</b>
<i>Percent of Total Appropriations</i>	<i>8.4%</i>	<i>4.6%</i>	<i>4.3%</i>	<i>2.9%</i>	<i>4.5%</i>
<b>Various Grant Programs:</b>					
Teacher Pay Incentive Program	12,630,000	0	0	0	
School Improvement Grant Program	2,675,000	2,675,000	0	0	
Summer School Grant Program	945,800	0	0	0	
Science and Technology Education Center Grant Program	1,400,000	0	0	0	
National Credential Fee Assistance	n/a	60,000	0	0	
Colorado History Day	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>10,000</u>	
<b>Subtotal: Various Grant Programs</b>	<b>17,650,800</b>	<b>2,735,000</b>	<b>0</b>	<b>10,000</b>	<b>20,395,800</b>
<i>Percent of Total Appropriations</i>	<i>11.4%</i>	<i>0.8%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>1.7%</i>
<b>Funding for New Textbooks</b>	<b>14,144,066</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,144,066</b>
<i>Percent of Total Appropriations</i>	<i>9.2%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>1.2%</i>
<b>Colorado Student Assessment Program / State Accountability Reports / State Standards:</b>					
Annual review and update of non-English assessments	411,953	0	0	0	
Longitudinal analyses of assessment results	388,000	0	0	0	
Study concerning non-English assessments	50,000	0	0	0	
Study concerning administration of ACT	50,000	0	0	0	
Modifications to accountability reports and data system	75,000	0	0	0	
Financial literacy resource bank and technical assistance	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>39,114</u>	
<b>Subtotal: CSAPs / SARs / Standards</b>	<b>974,953</b>	<b>0</b>	<b>0</b>	<b>39,114</b>	<b>1,014,067</b>
<i>Percent of Total Appropriations</i>	<i>0.6%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.1%</i>
<b>TOTAL</b>	<b>\$154,513,369</b>	<b>\$330,696,296</b>	<b>\$351,745,983</b>	<b>\$342,188,296</b>	<b>\$1,179,143,944</b>

## **E. HIGHWAY USERS TAX FUND OFF-THE-TOP APPROPRIATIONS**

The Highway Users Tax Fund (HUTF) is comprised of revenues from the state motor fuel tax, motor vehicle registrations, driver's license fees, and miscellaneous other fees. These sources generated approximately \$736.0 million during FY 2002-03. Article X, Section 18 of the State Constitution limits expenditures from the HUTF to the "construction, maintenance, and supervision" of state highways.

Pursuant to Section 43-4-205, C.R.S., statutory formula distributions are made to cities, counties, and the Department of Transportation for these purposes. However, before statutory distributions are made, the General Assembly appropriates "off-the-top" appropriations for highway-related functions of state government pursuant to Section 43-4-201, C.R.S. These appropriations, as modified by S.B. 03-228 and S.B. 03-267, are limited to the Department of Public Safety for the Colorado State Patrol; the Department of Revenue for ports-of-entry, license plates, and motor vehicle programs; and related capital projects. Table E shows "off-the-top" appropriations from the Highway Users Tax Fund (HUTF), which are limited to six percent annual growth.

<b>Table E Statutory HUTF Off-the-Top Appropriations Limit Section 43-4-201, C.R.S.</b>	
FY 2003-04 HUTF Off-the-Top Appropriations Base	\$84,752,744
x Allowable growth of 6%	<u>1.06</u>
FY 2004-05 HUTF Off-the-Top Appropriations Limit	\$89,837,909
FY 2004-05 HUTF Off-the-Top Appropriations:	
H.B. 04-1422 - Department of Public Safety, Operating Appropriation	\$74,508,126
H.B. 04-1422 - Department of Revenue, Operating Appropriation	8,896,107
Amount exempt pursuant to H.B. 98-1333 (Fuel Tracking System)	(485,729)
S.B. 03-267 (Offset General Fund Motor Vehicles Division)	<u>6,919,424</u>
<b>Total FY 2004-05 HUTF Off-the-Top Appropriations</b>	<b>\$89,837,928</b>
Over / (Under) FY 2004-05 HUTF Off-the-Top Appropriations Limit*	\$19

\* Final FY 2004-05 Off-the-Top appropriation is over the allowed maximum six percent growth limit by this amount. Adjustment will be made during supplementals for FY 2004-05.

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