

STATE OF COLORADO

JOINT BUDGET COMMITTEE



Fiscal Year 2007-08

APPROPRIATIONS REPORT

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FISCAL YEAR 2007-08 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 2007 Regular Session. This report provides an overview of state general tax revenues and expenditures, comparative and historical information regarding appropriations made during the 2007 Regular Session, and a detailed explanation of major funding changes for each state department. The FY 2007-08 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 2007-08 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 and 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 for FY 2006-07 and FY 2007-08. The format reflects appropriations by bill and by division or program area. Narrative sections describe major changes in funding from FY 2006-07 to FY 2007-08, factors affecting departmental budgets, fund sources for each division, and division activities. This section also includes brief summaries of bills adopted in the 2006 and 2007 Regular Sessions and 2006 Special Session that contained an appropriation or implemented a major policy change.

The footnotes to the 2007 Long Bill (S.B. 07-239) can be found at the end of each departmental section in the 2007 Session Laws, or they can be accessed via the internet at the following address:

<http://www.leg.state.co.us/CLICS/CLICS2007A/csl.nsf/lbcontainer/SB07-239?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/jbchome.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 that have been applied to determine funding for operations of state departments; (C) tables summarizing 2007 Session adjustments to operating and capital construction appropriations for years prior to FY 2006-07; (D) a table summarizing appropriations from the State Education Fund; (E) a table summarizing appropriations from the Highway Users Tax Fund; (F) a summary of severance tax allocations; (G) a summary of tobacco settlement allocations; and (H) a summary of General Fund moneys that were deemed exempt from the 6 percent appropriations limit.

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 2007 revenue estimate, which was used to prepare the FY 2007-08 budget. Table 1 provides an overview of General Fund revenues, spending obligations, and ending reserves for both FY 2006-07 and FY 2007-08. It is important to note that some of these amounts will change in the future with revised revenue forecasts. Table 2 provides an overview of the statutory General Fund appropriations limit for FY 2007-08.

Table 1 General Fund Overview (In Millions)			
Description		FY 2006-07	FY 2007-08
<u>General Fund Available</u>			
Beginning General Fund Reserve		\$688.5	\$318.2
Gross General Fund Nonexempt Revenues		6,282.4	6,636.3
Gross General Fund Exempt Revenues		1,062.1	1,057.2
Transfer to Older Coloradans Cash Fund		(3.8)	(3.8)
Transfers from/(to) Other Funds		0.0	(14.3)
S.B. 97-1 Diversion to Highway Fund		(228.9)	(237.9)
Excess Article X, Section 20 Revenues		<u>0.0</u>	<u>0.0</u>
Total General Fund Available		\$7,800.3	\$7,755.7
<u>General Fund Obligations</u>			
Capital Construction Transfer		\$115.9	\$75.9
Rebates and Expenditures		169.8	175.2
Excess Reserve to HUTF		291.2	34.1
Excess Reserve to Capital Construction		145.6	17.1
Senior & Disabled Veteran Property Tax Homestead Exemption		76.6	78.6
Controlled Maintenance Trust Fund Transfer		0.0	0.0
Amounts Deemed Exempt from 6.0 Percent Limit		7.5	6.1
General Fund Appropriations		<u>6,675.5</u>	<u>7,084.0</u>
Total General Fund Obligations		\$7,482.1	\$7,471.0
Ending General Fund Reserve (Available Funds Less Obligations)		\$318.2	\$284.7
<u>General Fund Reserve Information</u>			
Statutorily Required General Fund Reserve		\$267.0	\$283.4
General Fund Reserve in Excess of Statutory Requirement		\$51.2	\$1.3

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 to two percent or less.

Gross General Fund Nonexempt Revenues

These figures represent estimates of the total General Fund revenues as reflected in Legislative Council's March 2007 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.

Gross General Fund Exempt Revenues

As a result of the passage of Referendum C in the November 2005 election, the State is permitted to retain excess revenues that otherwise would have been refunded under TABOR. These figures represent the estimate of those retained amounts as reflected in Legislative Council's March 2007 revenue estimate. Please see Part B - ARTICLE X, SECTION 20 (TABOR) OVERVIEW of this section for a more detailed overview of TABOR and Referendum C.

Transfer to Older Coloradans Cash Fund

Moneys are transferred to this fund pursuant to Section 39-26-123 (3), C.R.S.

Transfers from/(to) Other Funds

This line item identifies miscellaneous transfers to or from the General Fund. The amount shown in FY 2007-08 is due to limited gaming funds that were used for transportation projects rather than being transferred to the General Fund.

S.B. 97-1 Diversion to Highway Fund

Senate Bill 97-1 allows 10.355 percent of the total sales tax revenue to be transferred to the State Highway Users Tax 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.

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 2007 revenue estimate, the State would have had excess refunds in both FY 2006-07 and FY 2007-08; however, due to the passage of Referendum C in the November 2005 election, the State is permitted to retain these revenues.

Capital Construction Transfer

Section 24-75-302 (2), C.R.S., provides for transfers of General Fund to the Capital Construction Fund. 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.

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 Old Age Heat and Fuel Property Tax Assistance Grants. These statutory obligations are exempt from the calculation of the statutory General Fund spending limit.

Excess Reserve to HUTF and Excess Reserve to Capital Construction

Section 24-75-218, C.R.S., provides that any General Fund surplus 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.

Senior and Disabled Veteran Property Tax Homestead Exemption

In the 2000 General Election, Colorado voters approved a constitutional amendment that reduces property taxes for qualifying senior citizens. The property tax reduction, or "homestead exemption", is available to senior citizens 65 years of age or older who have owned and lived in their homes for at least ten years. In the 2006 general election, Colorado voters approved a constitutional amendment extending the homestead exemption to veterans who are 100 percent disabled as a result of a service-connected disability. The cost of the exemption is borne by the State rather than by local governments or other property owners. The amounts shown in FY 2006-07 and FY 2007-08 represent the estimates as reflected in Legislative Council's March 2007 revenue forecast.

Controlled Maintenance Trust Fund Transfer

Section 24-75-302.5, C.R.S., established the Controlled Maintenance Trust Fund to help address capital upkeep needs. Transfers to the Controlled Maintenance Trust Fund were eliminated in the early 2000's in order to balance the state budget.

Amounts Deemed Exempt from the 6.0 Percent Limit

These amounts represent the level of funds that are appropriated for purposes that are exempt from the statutory restrictions on state appropriations as reflected in Section 24-75-201.1, C.R.S. Appendix H reflects the items that were deemed exempt from the 6.0 percent limit for FY 2006-07 and FY 2007-08.

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.

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 2006-07 General Fund appropriations base used to calculate the allowable General Fund appropriations in FY 2007-08. The table also shows the General Fund appropriations that are exempt from the limit in FY 2007-08, and the amount still available to make General Fund appropriations that are within the limit for FY 2007-08.

Table 2 Section 24-75-201.1, C.R.S., Statutory Appropriations Limit (In Millions)	
FY 2006-07 General Fund Appropriations Base	\$6,683.0
Multiplied by: Allowable Growth of Six Percent	<u>1.06</u>
FY 2007-08 General Fund Appropriations Limit	\$7,084.0
 FY 2007-08 General Fund Appropriations	 \$7,236.2
Less: General Fund Appropriations Exempt from Statutory Limitation	<u>(152.2)</u>
FY 2007-08 General Fund Appropriations Subject to Limit	\$7,084.0
 Over/(Under) FY 2007-08 General Fund Limit	 \$0.0

B. ARTICLE X, SECTION 20 (TABOR) OVERVIEW

Description of TABOR

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 (TABOR) 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 percentage change in the general price level due to inflation plus the percentage change in state population in the prior calendar year, adjusted for revenue changes approved by the voters after 1991; 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.

Passage of Referendum C at the November 2005 General Election

Referendum C was referred to and passed by the registered electors of the State at the November 2005 election. This measure authorized the State to retain and spend moneys in excess of the constitutional limitation on state fiscal year spending as follows:

- For FY 2005-06 through FY 2009-10, authorizes the State to retain and spend all state revenues in excess of the limitation on state fiscal year spending; and
- For FY 2010-11 and each succeeding year, authorizes the State to retain and spend all state revenues in excess of the limitation on state fiscal year spending, but less than the excess state revenues cap for the given fiscal year.

Within the state General Fund, the measure established the General Fund exempt account, which consists of the amount of state revenues in excess of the limitation on state fiscal year spending that the State would have refunded had Referendum C not passed. The measure further established that moneys in the account would be appropriated or transferred to fund:

- health care;
- education, including related capital construction projects;
- retirement plans for firefighters and police officers, so long as the General Assembly determines that such funding is necessary; and
- strategic transportation projects included in the Department of Transportation's strategic transportation project investment program.

The measure clarified that the statutory limitation on General Fund appropriations, and the exceptions or exclusions thereto, apply to the moneys in the General Fund exempt account.

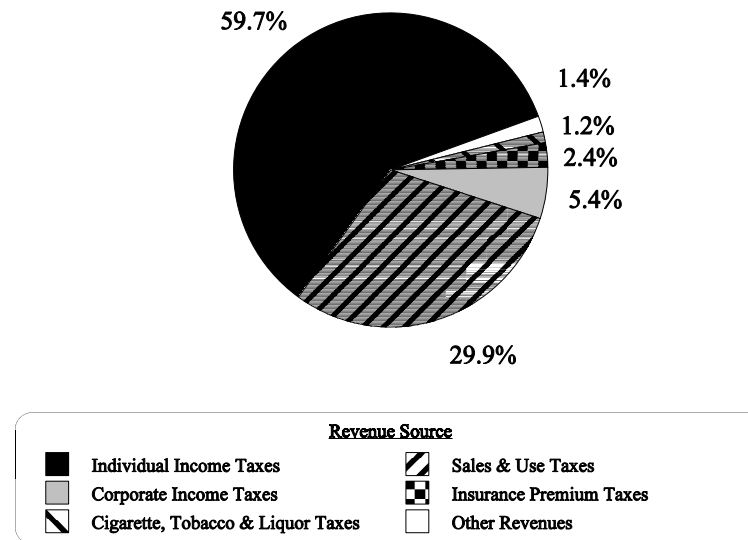
The measure requires the Director of Research of the Legislative Council Staff to prepare an excess state revenues legislative report that includes the amount of excess state revenues that the State retained and a description of how the excess state revenues were expended.

Table 3 summarizes the General Fund Exempt appropriations made in compliance with Section 24-77-104.5 (1) (a) and Section 24-77-103.6 (2) C.R.S.:

Table 3 "Referendum C" General Fund Exempt Appropriations by Programs in S.B. 07-239 (Long Bill) and S.B. 07-240 (Dollars in Millions)				
Department	Long Bill Line Item/Bill Number	FY 05-06	FY 06-07	FY 07-08
Education	State Share of Districts' Total Program Funding	\$361.7	\$343.1	\$343.9
Health Care Policy and Financing	Medical Services Premiums Totals	361.6	343.1	343.9
Higher Education	College Opportunity Fund Program - Stipends	353.7	322.4	310.7
Local Affairs	Volunteer Firefighter Retirement Plans	3.8	3.8	3.8
Treasury	Fire and Police Pension Association - Old Hire Plans	25.3	34.8	34.8
Transportation	H.B. 07-240 - Capital Transfer Bill	10.0	15.0	20.0
	Total General Fund Exempt	\$1,116.1	\$1,062.2	\$1,057.1

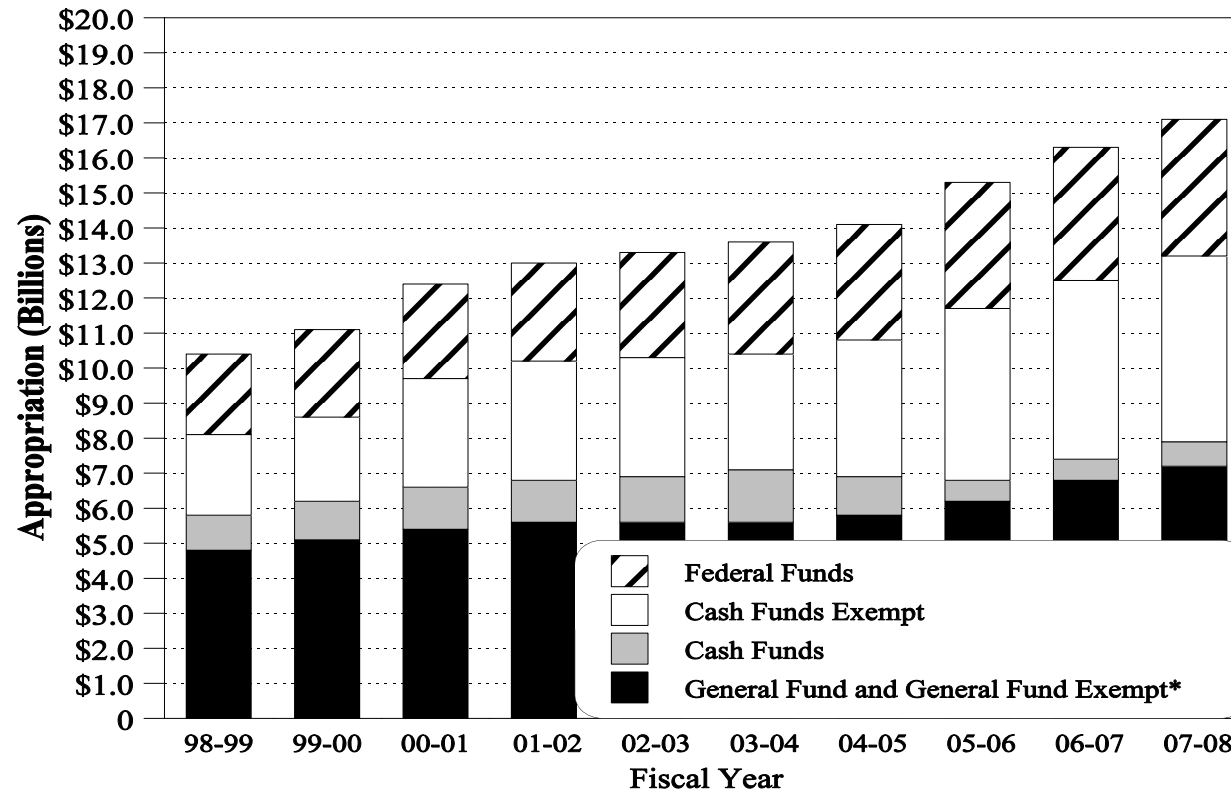
**COLORADO STATE BUDGET
SOURCES OF GENERAL FUND REVENUE
(Fiscal Year 2007-08)**

Estimated Gross General Fund Revenues = \$7.693 Billion*



* Source: Colorado Legislative Council Staff's March 2007 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 1998-99 through 2007-08)

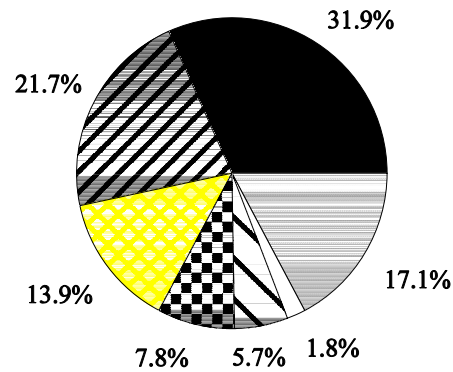


NOTE: Appropriated amounts have not been adjusted for inflation.

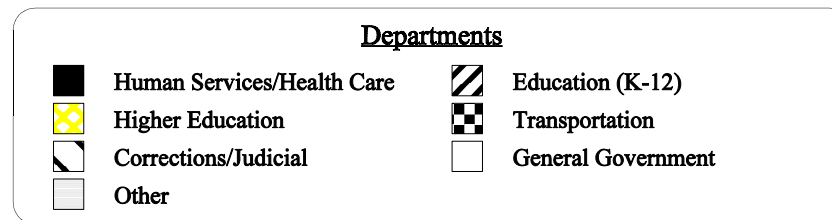
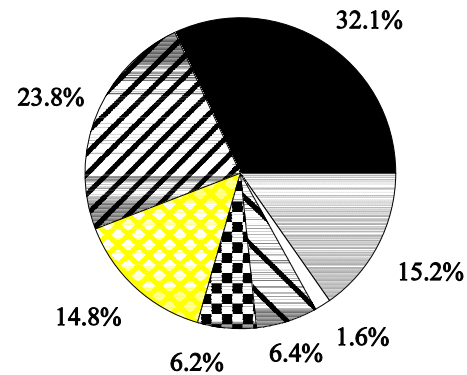
* General Fund Exempt amounts are reflected for FY 2005-06, FY 2006-07 and FY 2007-08.

COLORADO STATE OPERATING BUDGET COMPARISON OF TOTAL APPROPRIATIONS BY PROGRAM

FY 1997-98 = \$9.63 billion

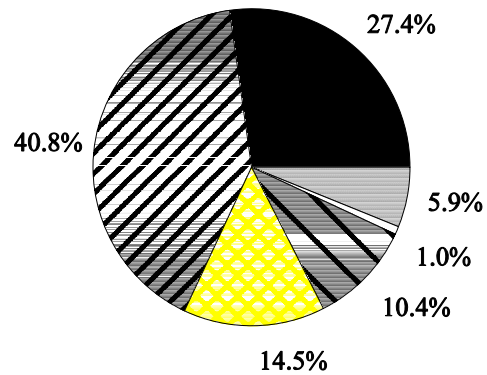


FY 2007-08 = \$17.11 billion

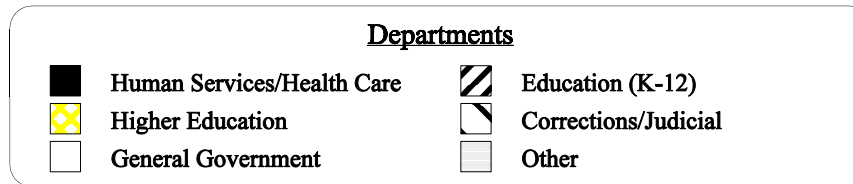
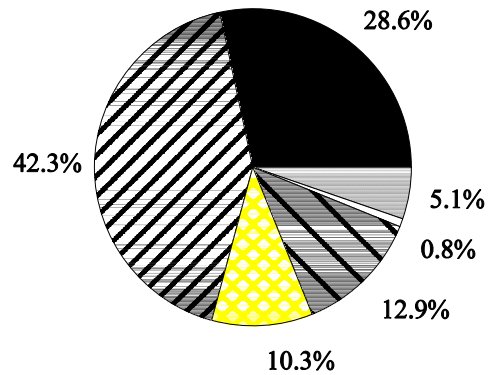


COLORADO STATE OPERATING BUDGET COMPARISON OF GENERAL FUND APPROPRIATIONS BY PROGRAM

FY 1997-98 = \$4.49 billion



FY 2007-08 = \$7.24 billion



PART II: SUMMARY TABLES

A. FY 2007-08 OPERATING APPROPRIATIONS BY DEPARTMENT AND FUND SOURCE

Department	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	TOTAL
Agriculture	\$7,413,544	\$19,344,598	\$5,906,296	\$3,910,155	\$36,574,593
Corrections	636,471,480	2,974,432	62,569,247	2,143,197	704,158,356
Education	3,064,213,254	15,076,979	492,437,514	496,888,395	4,068,616,142
Governor	11,803,944	8,776,099	33,818,275	13,030,450	67,428,768
Health Care Policy and Financing	1,424,375,449	2,966,076	381,570,811	1,667,277,250	3,476,189,586
Higher Education	746,248,858	22,479,472	1,736,017,115	20,478,236	2,525,223,681
Human Services	641,953,003	111,121,110	649,345,924	609,170,642	2,011,590,679
Judicial	297,821,518	77,352,572	10,374,725	2,291,464	387,840,279
Labor and Employment	0	35,974,775	20,407,127	101,823,271	158,205,173
Law	8,744,803	6,888,797	29,540,471	1,095,708	46,269,779
Legislature	32,613,798	90,000	1,033,774	0	33,737,572
Local Affairs	11,025,955	29,961,711	107,436,143	80,264,037	228,687,846
Military and Veterans Affairs	5,521,333	119,124	1,580,665	165,473,575	172,694,697
Natural Resources	30,336,286	49,392,482	113,019,941	16,906,425	209,655,134
Personnel and Administration	10,776,579	12,272,608	153,509,908	121,000	176,680,095
Public Health and Environment	23,914,282	39,752,221	185,489,027	210,937,078	460,092,608
Public Safety	72,830,763	13,890,793	113,966,549	23,492,483	224,180,588
Regulatory Agencies	1,416,593	61,899,105	8,446,994	1,155,898	72,918,590
Revenue	94,300,024	53,752,413	413,411,524	1,546,214	563,010,175
State	0	17,690,163	3,851,101	110,594	21,651,858
Transportation	0	84,007,659	536,710,649	441,417,139	1,062,135,447
Treasury	<u>114,226,142</u>	<u>2,608,187</u>	<u>281,038,178</u>	<u>0</u>	<u>397,872,507</u>
OPERATING TOTAL a/	\$7,236,007,608	\$668,391,376	\$5,341,481,958	\$3,859,533,211	\$17,105,414,153

a/ For information about Capital Construction, see page 470.

B. FOUR-YEAR SUMMARY OF APPROPRIATIONS:

TOTAL FUNDS

Department	FY 2004-05 Appropriation	FY 2005-06 Appropriation	FY 2006-07 Appropriation	FY 2007-08 Appropriation
Agriculture	\$29,678,109	\$30,226,521	\$35,221,241	\$36,574,593
Corrections	555,365,816	592,198,370	650,728,934	704,158,356
Education	3,433,794,459	3,727,484,358	3,852,761,716	4,068,616,142
Governor	35,350,689	43,807,661	89,209,830	67,428,768
Health Care Policy and Financing	3,075,508,222	3,258,509,821	3,338,839,093	3,476,189,586
Higher Education	1,699,546,796	2,188,828,336	2,349,266,631	2,525,223,681
Human Services	1,745,154,446	1,847,192,905	1,929,937,442	2,011,590,679
Judicial	287,263,345	306,604,491	341,391,982	387,840,279
Labor and Employment	131,727,188	154,023,861	153,792,419	158,205,173
Law	69,507,020	36,527,366	40,031,464	46,269,779
Legislature	29,478,646	30,942,776	31,935,105	33,737,572
Local Affairs	181,789,450	219,939,866	239,227,560	228,687,846
Military and Veterans Affairs	128,566,783	132,561,448	152,556,920	172,694,697
Natural Resources	177,377,992	186,291,806	194,758,787	209,655,134
Personnel and Administration	162,214,467	160,259,652	172,488,035	176,680,095
Public Health and Environment	279,366,806	387,931,395	451,141,126	460,092,608
Public Safety	218,578,891	220,482,320	222,378,600	224,180,588
Regulatory Agencies	64,616,218	62,625,085	65,799,947	72,918,590
Revenue	522,672,938	541,802,827	583,520,574	563,010,175
State	25,402,378	31,833,458	28,055,767	21,651,858
Transportation	916,199,700	820,376,668	1,035,382,953	1,062,135,447
Treasury	<u>264,677,777</u>	<u>308,178,523</u>	<u>368,007,955</u>	<u>397,872,507</u>
TOTAL	\$14,033,838,136	\$15,288,629,514	\$16,326,434,081	\$17,105,414,153

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

GENERAL FUND

Department	FY 2004-05 Appropriation	FY 2005-06 Appropriation	FY 2006-07 Appropriation	FY 2007-08 Appropriation
Agriculture	\$4,192,206	\$4,278,434	\$5,221,517	\$7,413,544
Corrections	496,830,470	535,840,416	584,748,410	636,471,480
Education	2,514,557,579	2,718,813,736	2,874,213,080	3,064,213,254
Governor	15,890,879	16,024,911	12,115,742	11,803,944
Health Care Policy and Financing	1,280,754,507	1,365,826,269	1,380,460,170	1,424,375,449
Higher Education	587,972,772	636,485,608	694,142,988	746,248,858
Human Services	484,945,495	506,321,863	619,666,086	641,953,003
Judicial	219,004,745	236,983,530	264,610,489	297,821,518
Labor and Employment	0	0	140,666	0
Law	6,818,152	7,203,044	9,080,436	8,744,803
Legislature	28,628,519	29,686,409	30,931,554	32,613,798
Local Affairs	8,665,475	8,599,468	10,303,099	11,025,955
Military and Veterans Affairs	3,884,923	4,426,900	5,215,526	5,521,333
Natural Resources	22,356,999	22,843,818	28,427,902	30,336,286
Personnel and Administration	7,863,549	8,266,947	9,466,191	10,776,579
Public Health and Environment	13,106,464	20,570,942	22,819,173	23,914,282
Public Safety	56,498,955	58,901,926	68,158,776	72,830,763
Regulatory Agencies	1,029,665	1,383,348	1,297,219	1,416,593
Revenue	87,137,300	82,781,784	93,811,579	94,300,024
State	0	0	0	0
Transportation	0	0	0	0
Treasury	<u>749,822</u>	<u>26,033,148</u>	<u>100,187,249</u>	<u>114,226,142</u>
OPERATING SUBTOTAL	\$5,840,888,476	\$6,291,272,501	\$6,815,017,852	\$7,236,007,608
Capital Construction Fund a/	185,780,601	62,092,409	0	162,328
LESS: Amount Exempt From Statutory Limit	<u>(90,190,894)</u>	<u>(60,643,188)</u>	<u>(139,490,967)</u>	<u>(152,154,020)</u>
GRAND TOTAL	\$5,936,478,183	\$6,292,721,722	\$6,675,526,885	\$7,084,015,916

a/ These figures reflect appropriations from the General Fund into the Capital Construction Fund.

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

CASH FUNDS

Department	FY 2004-05 Appropriation	FY 2005-06 Appropriation	FY 2006-07 Appropriation	FY 2007-08 Appropriation
Agriculture	\$10,460,257	\$10,503,713	\$14,058,984	\$19,344,598
Corrections	2,371,727	1,939,302	2,628,871	2,974,432
Education	14,762,022	15,292,983	14,636,398	15,076,979
Governor	225,779	9,447,586	55,179,190	8,776,099
Health Care Policy and Financing	11,448,429	741,183	684,480	2,966,076
Higher Education	537,034,995	23,257,260	24,345,935	22,479,472
Human Services	95,417,676	105,626,757	105,029,794	111,121,110
Judicial	60,208,406	60,507,476	64,937,225	77,352,572
Labor and Employment	27,064,568	32,298,629	30,931,121	35,974,775
Law	3,256,881	3,777,263	3,926,951	6,888,797
Legislature	90,000	90,000	90,000	90,000
Local Affairs	25,438,627	25,855,405	29,211,540	29,961,711
Military and Veterans Affairs	26,244	51,217	76,413	119,124
Natural Resources	36,791,001	40,704,370	40,311,776	49,392,482
Personnel and Administration	10,385,054	11,484,436	12,559,141	12,272,608
Public Health and Environment	32,135,179	30,975,401	32,566,551	39,752,221
Public Safety	10,374,569	10,865,049	12,259,049	13,890,793
Regulatory Agencies	51,095,062	51,921,670	54,044,598	61,899,105
Revenue	44,545,391	44,027,000	45,263,855	53,752,413
State	15,937,115	16,630,109	19,130,770	17,690,163
Transportation	64,501,672	54,569,770	81,343,825	84,007,659
Treasury	<u>2,300,955</u>	<u>2,529,943</u>	<u>2,584,606</u>	<u>2,608,187</u>
TOTAL	\$1,055,871,609	\$553,096,522	\$645,801,073	\$668,391,376

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

CASH FUNDS EXEMPT

Department	FY 2004-05 Appropriation	FY 2005-06 Appropriation	FY 2006-07 Appropriation	FY 2007-08 Appropriation
Agriculture	\$13,300,999	\$13,719,315	\$14,055,641	\$5,906,296
Corrections	54,888,964	52,737,807	60,986,913	62,569,247
Education	491,370,395	494,616,026	475,905,886	492,437,514
Governor	1,706,447	4,035,337	4,692,262	33,818,275
Health Care Policy and Financing	282,896,025	334,001,337	356,470,768	381,570,811
Higher Education	554,733,876	1,508,723,285	1,610,697,386	1,736,017,115
Human Services	641,236,839	676,656,269	601,766,056	649,345,924
Judicial	6,760,504	7,954,959	9,548,021	10,374,725
Labor and Employment	15,812,355	18,818,603	19,874,799	20,407,127
Law	58,606,689	24,695,099	26,140,331	29,540,471
Legislature	760,127	1,166,367	913,551	1,033,774
Local Affairs	99,285,237	100,171,655	101,962,367	107,436,143
Military and Veterans Affairs	2,444,862	2,530,529	1,475,343	1,580,665
Natural Resources	101,770,456	106,796,254	109,269,434	113,019,941
Personnel and Administration	143,894,333	140,387,269	150,341,703	153,509,908
Public Health and Environment	64,460,031	134,953,130	185,371,937	185,489,027
Public Safety	109,623,522	115,218,660	106,745,824	113,966,549
Regulatory Agencies	11,404,339	7,923,569	9,305,868	8,446,994
Revenue	389,183,398	413,319,584	442,883,386	413,411,524
State	9,433,366	15,203,349	8,924,997	3,851,101
Transportation	551,952,803	431,474,156	538,767,263	536,710,649
Treasury	<u>261,627,000</u>	<u>279,615,432</u>	<u>265,236,100</u>	<u>281,038,178</u>
TOTAL	\$3,867,152,567	\$4,884,717,991	\$5,101,335,836	\$5,341,481,958

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

FEDERAL FUNDS

Department	FY 2004-05 Appropriation	FY 2005-06 Appropriation	FY 2006-07 Appropriation	FY 2007-08 Appropriation
Agriculture	\$1,724,647	\$1,725,059	\$1,885,099	\$3,910,155
Corrections	1,274,655	1,680,845	2,364,740	2,143,197
Education	413,104,463	498,761,613	488,006,352	496,888,395
Governor	17,527,584	14,299,827	17,222,636	13,030,450
Health Care Policy and Financing	1,500,409,261	1,557,941,032	1,601,223,675	1,667,277,250
Higher Education	19,805,153	20,362,183	20,080,322	20,478,236
Human Services	523,554,436	558,588,016	603,475,506	609,170,642
Judicial	1,289,690	1,158,526	2,296,247	2,291,464
Labor and Employment	88,850,265	102,906,629	102,845,833	101,823,271
Law	825,298	851,960	883,746	1,095,708
Legislature	0	0	0	0
Local Affairs	48,400,111	85,313,338	97,750,554	80,264,037
Military and Veterans Affairs	122,210,754	125,552,802	145,789,638	165,473,575
Natural Resources	16,459,536	15,947,364	16,749,675	16,906,425
Personnel and Administration	71,531	121,000	121,000	121,000
Public Health and Environment	169,665,132	201,431,922	210,383,465	210,937,078
Public Safety	42,081,845	35,496,685	35,214,951	23,492,483
Regulatory Agencies	1,087,152	1,396,498	1,152,262	1,155,898
Revenue	1,806,849	1,674,459	1,561,754	1,546,214
State	31,897	0	0	110,594
Transportation	299,745,225	334,332,742	415,271,865	441,417,139
Treasury	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$3,269,925,484	\$3,559,542,500	\$3,764,279,320	\$3,859,533,211

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

FTE

Department	FY 2004-05 Appropriation	FY 2005-06 Appropriation	FY 2006-07 Appropriation	FY 2007-08 Appropriation
Agriculture	278.2	275.2	282.0	284.0
Corrections	5,880.5	5,910.4	6,098.1	6,339.9
Education	435.7	444.4	466.0	477.4
Governor	106.9	128.4	138.0	145.0
Health Care Policy and Financing	202.8	213.4	231.8	245.3
Higher Education	18,281.3	18,080.4	18,876.2	19,277.9
Human Services	5,186.3	5,205.1	5,365.7	5,437.1
Judicial	3,260.9	3,365.0	3,544.6	3,853.7
Labor and Employment	1,119.8	1,102.0	1,098.8	1,097.0
Law	337.3	345.5	362.2	383.5
Legislature	273.2	274.0	276.3	277.1
Local Affairs	175.1	180.1	192.8	184.0
Military and Veterans Affairs	1,184.8	1,184.8	1,187.8	1,383.8
Natural Resources	1,537.2	1,546.4	1,466.8	1,515.4
Personnel and Administration	571.8	542.3	541.3	567.2
Public Health and Environment	1,115.5	1,143.2	1,150.2	1,187.9
Public Safety	1,265.7	1,260.8	1,285.8	1,312.6
Regulatory Agencies	520.1	525.3	536.7	558.5
Revenue	1,444.6	1,429.9	1,422.1	1,479.7
State	128.3	127.0	126.5	126.0
Transportation	3,301.2	3,307.2	3,307.2	3,316.0
Treasury	<u>25.5</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>
TOTAL	46,632.7	46,616.8	47,982.9	49,475.0

PART III: EXPENDITURE AND APPROPRIATION DETAIL BY DEPARTMENT

DEPARTMENT OF AGRICULTURE

The Department of Agriculture regulates, promotes and supports various agriculture activities throughout Colorado. Department personnel perform a wide range of services including policy analysis, 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, Brand Board, Special Purpose, the Colorado State Fair, and the Conservation Board.

Department Budget: Recent Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund	\$4,192,206	\$4,278,434	\$5,221,517	\$7,413,544
Cash Funds	10,460,257	10,503,713	14,058,984	19,344,598
Cash Funds Exempt	13,300,999	13,719,315	14,055,641	5,906,296
Federal Funds	<u>1,724,647</u>	<u>1,725,059</u>	<u>1,885,099</u>	<u>3,910,155</u>
Total Funds	\$29,678,109	\$30,226,521	\$35,221,241	\$36,574,593
Full Time Equivalents	278.2	275.2	282.0	284.0

General Factors Driving the Budget

Funding for this department in FY 2007-08 consists of 20.3 percent General Fund, 52.9 percent cash funds, 16.1 percent cash funds exempt, and 10.7 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Agricultural Services Division

For FY 2007-08, the Agricultural Services Division is appropriated 32.2 percent of the Department's total budget and 49.8 percent, or \$3.7 million of the Department's \$7.4 million total General Fund appropriation.

The passage of H.B. 07-1198 removed the sunset provision of the Inspection and Consumer Services (ICS) Cash Fund and refinanced seven programs within the Inspection and Consumer Services Division with a mix of General Fund and fees. Prior to 2004, ICS programs received 100 percent General Funding. Due to the State's budget crisis, legislation was enacted which temporarily refinanced these programs away from General Fund to 100 percent cash funding, however on July 1, 2007, these programs were to again be fully financed with General Fund moneys. Within the Agricultural Services Division, H.B. 07-1198 decreases the General

Fund expenditures required to finance the ICS programs by \$2.1 million, which is offset by a corresponding increase of \$2.2 million cash funds for FY 2007-08 moving forward.

Cash Funds and Cash Funds Exempt

The majority of the Department's total funding (69.0 percent, or \$25.2 million) is generated 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. In addition, 65.5 percent, or \$3.9 million of all cash funds exempt expenditures is related to the Brand Board, which is classified as an enterprise, pursuant to Section 20 of Article X of the state constitution (TABOR).

Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of Agriculture						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$35,221,241	\$5,221,517	\$14,058,984	\$14,055,641	\$1,885,099	282.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Commissioner's Office and Administrative Services	5,531,598	1,674,174	1,580,025	1,429,948	847,451	27.7
Agricultural Services Division	11,517,262	2,315,347	8,624,267	40,000	537,648	151.4
Agricultural Markets Division	1,097,430	402,256	75,337	619,837	0	5.2
Brand Board	3,741,614	0	0	3,741,614	0	66.3
Special Purpose	709,427	0	615,377	94,050	0	1.0
Colorado State Fair	11,294,170	0	3,163,978	8,130,192	0	26.9
Conservation Board	1,329,740	829,740	0	0	500,000	3.5
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	30,952,121	5,204,790	10,686,121	13,286,528	1,774,682	276.2
HB 06-1132	8,000	0	8,000	0	0	0.0
HB 06-1274	537,816	0	427,816	0	110,000	5.8
HB 06-1322	500,000	0	0	500,000	0	0.0
HB 06-1384	3,163,978	0	3,163,978	0	0	0.0
SB 07-159	59,326	16,727	(226,931)	269,113	417	0.0
FY 2007-08 Total Appropriation:	\$36,574,593	\$7,413,544	\$19,344,598	\$5,906,296	\$3,910,155	284.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Commissioner's Office and Administrative Services	8,313,411	2,357,605	1,817,577	1,281,168	2,857,061	27.7

Department of Agriculture						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Agricultural Services Division	11,779,184	3,693,486	7,492,604	40,000	553,094	151.4
Agricultural Markets Division	1,079,794	409,620	50,337	619,837	0	5.2
Brand Board	3,871,241	0	0	3,871,241	0	66.3
Special Purpose	712,614	0	618,564	94,050	0	1.0
Colorado State Fair	9,365,516	0	9,365,516	0	0	26.9
Conservation Board	1,452,833	952,833	0	0	500,000	5.5
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	36,432,230	9,973,947	16,761,184	5,786,944	3,910,155	284.0
SB 07-206	23,011	0	23,011	0	0	0.0
HB 07-1198	119,352	(2,560,403)	2,560,403	119,352	0	0.0
Increase/(Decrease)	\$1,353,352	\$2,192,027	\$5,285,614	(\$8,149,345)	\$2,025,056	2.0
Percentage Change	3.8%	42.0%	37.6%	(58.0)%	107.4%	0.7%

FY 2007-08 Appropriation Highlights

1. The appropriation provides an increase in General Fund expenditures by \$126,846 General Fund and 2.0 FTE for Conservation Field FTE;
2. The appropriation provides an increase in General Fund expenditures by \$6.2 million and increases cash funds by a corresponding amount as a result of the State Fair losing its enterprise status, pursuant to H.B. 06-1384 (Moneys Benefitting the State Fair); and
3. The appropriation provides an increase in General Fund expenditures by \$39,672 to lease purchase laboratory equipment for the biochemistry laboratory in the Division of Agricultural Services.

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. Cash funds and cash funds exempt are generated from fees collected by various cash-funded programs within the Department.

Commissioner's Office and Administrative Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$5,390,221	\$1,657,447	\$1,561,710	\$1,324,030	\$847,034	27.7
HB 06-1274	82,051	0	82,051	0	0	0.0
SB 07-159	<u>59,326</u>	<u>16,727</u>	<u>(63,736)</u>	<u>105,918</u>	<u>417</u>	<u>0.0</u>
TOTAL	\$5,531,598	\$1,674,174	\$1,580,025	\$1,429,948	\$847,451	27.7
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$5,531,598	\$1,674,174	\$1,580,025	\$1,429,948	\$847,451	27.7
Federal grants	2,004,114	0	0	0	2,004,114	0.0
Salary and benefits adjustments	575,370	279,502	185,383	100,704	9,781	0.0
Adjustments for central appropriations	172,821	122,338	61,701	(14,098)	2,880	0.0
Annualize salary survey	36,999	36,999	0	0	0	0.0
Cash fund sunset	(773)	697,758	(338,102)	(360,429)	0	0.0
Other changes	(6,718)	(4,570)	(674)	5,691	(7,165)	0.0
SB 07-239	\$8,313,411	\$2,806,201	\$1,488,333	\$1,161,816	\$2,857,061	27.7
HB 07-1198	<u>0</u>	<u>(448,596)</u>	<u>329,244</u>	<u>119,352</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$8,313,411	\$2,357,605	\$1,817,577	\$1,281,168	\$2,857,061	27.7
Increase/(Decrease)	\$2,781,813	\$683,431	\$237,552	(\$148,780)	\$2,009,610	0.0
Percentage Change	50.3%	40.8%	15.0%	(10.4)%	237.1%	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Federal grants: The appropriation includes various increases in federal funds for various programs related to the Farm Bill, invasive plants, the national animal identification program, pest survey program, pesticide data program, and communicable animal diseases.

Salary and benefits adjustments: The appropriation includes additional funds for increases in salary survey, health, life, and dental insurance, and performance-based pay awards for Department employees.

Adjustments for central appropriations: The appropriation reflects the rates approved for other centrally appropriated items by the General Assembly. Such items include the following: short-term disability, S.B. 04-257 amortization equalization disbursement, S.B. 06-235 supplemental amortization equalization disbursement, capital complex leased space, multiuse network payments, and purchased services from computer center. The recommendation contains various changes in centrally appropriated line items. These centrally appropriated

items include workers' compensation, risk management and property, vehicle lease payments, and legal services.

Annualize salary survey: The appropriation includes an additional \$36,999 that represents the salary increases allocated to the Division for salary increases provided in FY 2006-07.

Cash fund sunset: These amounts show funding changes due to the sunset of the Inspection and Consumer Services Cash Fund at the end of FY 2006-07. The General Fund increase includes the refinance of centrally-appropriated line items from cash funds, as well as the elimination of indirect cost recoveries to offset personal services expenditures.

Other changes: This change includes various small changes to operating expenses.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Agricultural Services Division

The Agricultural Services Division administers the bulk of the Department's major programs and various statutory responsibilities. Pursuant to the refinancing of seven programs in the Inspection and Consumer Services Division, the major source of funding for this division is cash funds (63.6 percent) followed by General Fund (31.4 percent).

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 two billion pounds of fruits and vegetables each year. The Consumer and Producer Protection Program includes the following: 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 various statewide issues related to animal welfare. 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.

Agricultural Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$11,053,497	\$2,315,347	\$8,270,502	\$40,000	\$427,648	145.6
HB 06-1132	8,000	0	8,000	0	0	0.0
HB 06-1274	<u>455,765</u>	<u>0</u>	<u>345,765</u>	<u>0</u>	<u>110,000</u>	<u>5.8</u>
TOTAL	\$11,517,262	\$2,315,347	\$8,624,267	\$40,000	\$537,648	151.4
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$11,517,262	\$2,315,347	\$8,624,267	\$40,000	\$537,648	151.4
Annualize salary survey	254,344	67,029	166,733	0	20,582	0.0
Measurement truck equipment	113,720	0	113,720	0	0	0.0
Lease purchase laboratory equipment	85,992	39,672	46,320	0	0	0.0
Measurement standards laboratory equipment	37,148	0	37,148	0	0	0.0
Aquaculture move from Agricultural Markets Division	25,000	0	25,000	0	0	0.0
Cash fund sunset	(421,375)	3,200,631	(3,621,929)	0	(77)	0.0
Other changes	24,730	182,614	(152,825)	0	(5,059)	0.0
SB 07-239	\$11,636,821	\$5,805,293	\$5,238,434	\$40,000	\$553,094	151.4
SB 07-206	23,011	0	23,011	0	0	0.0
HB 07-1198	<u>119,352</u>	<u>(2,111,807)</u>	<u>2,231,159</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$11,779,184	\$3,693,486	\$7,492,604	\$40,000	\$553,094	151.4
Increase/(Decrease)	\$261,922	\$1,378,139	(\$1,131,663)	\$0	\$15,446	0.0
Percentage Change	2.3%	59.5%	(13.1)%	0.0%	2.9%	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary survey: The appropriation includes an additional \$254,344 that represents the salary increases allocated to the Division in FY 2006-07.

Measurement truck equipment: The appropriation includes funds for large scale device testing equipment including two hoists (one large, one small), two sets of weights, and two test truck bed reconfigurations for the sets of weights.

Lease purchase laboratory equipment: The appropriation includes funds to lease purchase laboratory equipment for the Department's biochemistry laboratory.

Measurement standards laboratory equipment: The appropriation includes funds to replace precision laboratory equipment for the small mass lab, calibration of law enforcement equipment, grain moisture analysis, primary/secondary mass check standards calibration, volume standards calibration, temperature standards calibration, and laboratory space calibration.

Aquaculture move from Agricultural Markets Division: The appropriation includes transferring this program from the Agricultural Markets Division.

Cash fund sunset: The appropriation includes increasing General Fund and decreases in other fund sources, pursuant to the sunset of the Inspection and Consumer Services Cash Fund. Senate Bill 05-176 sunsets the Inspection and Consumer Services Cash Fund, which fully finances seven programs in the Inspection and Consumer Services Division through June 30, 2007. Pursuant to Section 35-1-106.5, C.R.S., funding for the affected programs will revert to the General Fund.

Other changes: The appropriation includes various changes to operating expenses from legislation.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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. Cash funds are derived from licensing fees.

Agricultural Markets Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$597,430	\$402,256	\$75,337	\$119,837	\$0	5.2
HB 06-1322	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,097,430	\$402,256	\$75,337	\$619,837	\$0	5.2
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,097,430	\$402,256	\$75,337	\$619,837	\$0	5.2
Annualize salary survey	8,526	8,526	0	0	0	0.0
Aquaculture move to Agricultural Services Division	(25,000)	0	(25,000)	0	0	0.0
Other changes	(1,162)	(1,162)	0	0	0	0.0
SB 07-239	<u>\$1,079,794</u>	<u>\$409,620</u>	<u>\$50,337</u>	<u>\$619,837</u>	<u>\$0</u>	<u>5.2</u>
TOTAL	\$1,079,794	\$409,620	\$50,337	\$619,837	\$0	5.2

Agricultural Markets Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	(\$17,636)	\$7,364	(\$25,000)	\$0	\$0	0.0
Percentage Change	(1.6)%	1.8%	(33.2)%	0.0%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary survey: The appropriation includes an additional \$8,526 that represents the salary increases allocated to the Division in FY 2006-07.

Aquaculture move to Agricultural Services Division: The appropriation includes transferring this program to the Agricultural Services Division.

Other changes: The appropriation includes various small changes to personal services and operating expenses.

Brand Board

The Brand Board serves the livestock industry and assists the public with problems related to livestock management. This division also administers and records livestock brands. The Board also inspects cattle, horse, and alternative livestock brands (such as deer and elk) to verify ownership at the time of sale, transport, or slaughter. The Brand Board is designated as an enterprise, pursuant to Section 20 of Article X of the state constitution (TABOR), and its source of funding is fees for service.

Brand Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$3,741,614	\$0	\$103,795	\$3,637,819	\$0	66.3
SB 07-159	<u>0</u>	<u>0</u>	<u>(103,795)</u>	<u>103,795</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,741,614	\$0	\$0	\$3,741,614	\$0	66.3
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$3,741,614	\$0	\$0	\$3,741,614	\$0	66.3
Brand trucks	148,993	0	0	148,993	0	0.0
Annualize salary survey	80,251	0	0	80,251	0	0.0
Brand books	42,141	0	0	42,141	0	0.0
Other changes	(141,758)	0	0	(141,758)	0	0.0
SB 07-239	<u>\$3,871,241</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,871,241</u>	<u>\$0</u>	<u>66.3</u>

Brand Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$3,871,241	\$0	\$0	\$3,871,241	\$0	66.3
Increase/(Decrease)	\$129,627	\$0	\$0	\$129,627	\$0	0.0
Percentage Change	3.5%	n/a	n/a	3.5%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Brand trucks: The appropriation includes \$148,993 cash funds exempt to replace 13 vehicles.

Annualize salary survey: The appropriation includes an additional \$80,251 that represents the salary increases allocated to the Division in FY 2006-07.

Brand books: The appropriation includes \$42,141 to revise and disencumber the brand records of unused brands and publishing a revised list of all current brands.

Other changes: The appropriation includes various small changes to personal services and the indirect cost assessment.

Special Purpose

This Long Bill 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.

Special Purpose						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$709,427	\$0	\$674,777	\$34,650	\$0	1.0
SB 07-159	<u>0</u>	<u>0</u>	<u>(59,400)</u>	<u>59,400</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$709,427	\$0	\$615,377	\$94,050	\$0	1.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$709,427	\$0	\$615,377	\$94,050	\$0	1.0
Annualize salary survey	2,149	0	2,149	0	0	0.0
Other changes	1,038	0	1,038	0	0	0.0

Special Purpose						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-239	<u>\$712,614</u>	<u>\$0</u>	<u>\$618,564</u>	<u>\$94,050</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$712,614	\$0	\$618,564	\$94,050	\$0	1.0
<hr/>						
Increase/(Decrease)	\$3,187	\$0	\$3,187	\$0	\$0	0.0
Percentage Change	0.4%	n/a	0.5%	0.0%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary survey: The appropriation includes an additional \$2,149 that represents the salary increases allocated to the Division in FY 2006-07.

Other changes: The appropriation includes various small changes to personal services and the indirect cost assessment.

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. The source of funding is fees collected by the Colorado State Fair during its 11-day run each August and from non-fair events held at the fairgrounds throughout the remainder of the year.

Pursuant to H.B. 06-1384, the State Fair Authority was provided moneys through the Colorado Travel and Tourism Promotion Cash Fund to (1) pay down remaining state Treasury loans; (2) upon repayment of the state Treasury loans, pay-off outstanding debt incurred to build the events center in Pueblo; (3) and provide an annual appropriation of \$550,000 for administrative expenses, operating costs, and event promotion. As a result of this legislation, the State Fair Authority lost its enterprise status upon receiving more than 10 percent of its annual revenue in grants, pursuant to Section 20 of Article X of the Colorado Constitution (TABOR).

Colorado State Fair						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$8,130,192	\$0	\$0	\$8,130,192	\$0	26.9
HB 06-1384	<u>3,163,978</u>	<u>0</u>	<u>3,163,978</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$11,294,170	\$0	\$3,163,978	\$8,130,192	\$0	26.9
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FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$11,294,170	\$0	\$3,163,978	\$8,130,192	\$0	26.9

Colorado State Fair						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Annualize salary survey	20,338	0	20,338	0	0	0.0
Enterprise status	0	0	6,181,302	(6,181,302)	0	0.0
Cash fund reserves reduction	(1,929,502)	0	0	(1,929,502)	0	0.0
Other changes	(19,490)	0	(102)	(19,388)	0	0.0
SB 07-239	<u>\$9,365,516</u>	<u>\$0</u>	<u>\$9,365,516</u>	<u>\$0</u>	<u>\$0</u>	<u>26.9</u>
TOTAL	<u>\$9,365,516</u>	<u>\$0</u>	<u>\$9,365,516</u>	<u>\$0</u>	<u>\$0</u>	<u>26.9</u>
Increase/(Decrease)	(\$1,928,654)	\$0	\$6,201,538	(\$8,130,192)	\$0	0.0
Percentage Change	(17.1)%	n/a	196.0%	(100.0)%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary survey: The appropriation includes an additional \$20,338 that represents the salary increases allocated to the Division in FY 2006-07.

Enterprise status: The funding mix was adjusted from cash funds exempt to cash funds as a result of the State Fair losing its enterprise status from the funds received from H.B. 06-1384 (Moneys Benefitting the State Fair).

Cash fund reserves reduction: This change represents the decrease in required cash fund reserves. The amount of cash funds the State Fair was required to hold in reserves was decreased as a result of funding appropriated pursuant to H.B. 06-1384 (Moneys Benefitting the State Fair).

Other changes: The appropriation includes various small changes to personal services and the indirect cost assessment.

Conservation Board

The Conservation Board is responsible for providing administrative and fiscal oversight to Colorado's 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.

Conservation Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$1,329,740</u>	<u>\$829,740</u>	<u>\$0</u>	<u>\$0</u>	<u>\$500,000</u>	<u>3.5</u>
TOTAL	<u>\$1,329,740</u>	<u>\$829,740</u>	<u>\$0</u>	<u>\$0</u>	<u>\$500,000</u>	<u>3.5</u>

Conservation Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,329,740	\$829,740	\$0	\$0	\$500,000	3.5
Conservation Field FTE	118,494	118,494	0	0	0	2.0
Annualize salary survey	5,900	5,900	0	0	0	0.0
Other changes	(1,301)	(1,301)	0	0	0	0.0
SB 07-239	<u>\$1,452,833</u>	<u>\$952,833</u>	<u>\$0</u>	<u>\$0</u>	<u>\$500,000</u>	<u>5.5</u>
TOTAL	\$1,452,833	\$952,833	\$0	\$0	\$500,000	5.5
Increase/(Decrease)						
	\$123,093	\$123,093	\$0	\$0	\$0	2.0
Percentage Change	9.3%	14.8%	n/a	n/a	0.0%	57.1%

S.B. 07-239 (Long Bill) Issue Descriptions

Conservation Field FTE: The appropriation includes funds and 2.0 FTE to work with conservation districts to deliver conservation practices to private lands.

Annualize salary survey: The appropriation includes an additional \$5,900 that represents the salary increases allocated to the Division in FY 2006-07.

Other changes: The appropriation includes various small changes to personal services.

Recent Legislation

2006 Session Bills

H.B. 06-1132: Allows impounding agencies to sell animals being housed due to charges of neglect, cruelty, abandonment, fighting, or unlawful ownership of a dangerous dog. Prior to the sale, the impounding agency must notify the owner by mail, if there is a known address, or through a notice in the newspaper. Appropriates \$8,000 cash funds to the Department of Agriculture for FY 2006-07.

H.B. 06-1213: Supplemental appropriation for FY 2005-06.

H.B. 06-1274: Makes changes to the regulation of pesticide applicators. Appropriates \$427,816 cash funds, \$110,000 federal funds, and 5.8 FTE to the Department of Agriculture for FY 2006-07. Also appropriates \$76,051 cash funds exempt and 0.8 FTE to the Department of Law from the funds appropriated to the Department of Agriculture in FY 2006-07.

H.B. 06-1322: Creates the Agriculture Value-added Cash Fund and, for FY 2006-07, FY 2007-08, and FY 2008-09, transfers \$500,000 from the Operational Account of the Severance Tax Trust Fund into this Fund. Appropriates \$500,000 cash funds exempt from the Agriculture Value-added Cash Fund to the Department of Natural Resources in FY 2006-07 to promote agricultural energy-related projects and research.

H.B. 06-1384: Contingent upon the passage of H.B. 06-1201, changes the allocation of the Unclaimed Property Tourism Promotion Trust Fund interest to provide additional moneys to the state fair through the Colorado Travel and Tourism Promotion Fund. Moneys provided to the Colorado State Fair are prioritized as follows: (1) State Treasury loans to the state fair are to be paid down with remaining funds; (2) upon repayment of the state Treasury loans, any remaining funds are to pay off outstanding debt incurred by the Colorado State Fair Authority to build the events center in Pueblo; (3) upon payment of all debt, \$550,000 is provided annually for administrative expenses, operating costs, and event promotion; and, (4) after the third fiscal year (in FY 2009-10) only the \$550,000 for administrative, operating, and promotional costs are authorized. Appropriates \$3,163,978 cash funds from the Colorado Travel and Tourism Promotion Fund to the Department of Agriculture, Colorado State Fair, for FY 2006-07. Also makes a funding adjustment to the Office of the Governor from this funding source for FY 2006-07.

H.B. 06-1385: General appropriations act for FY 2006-07.

H.B. 06-1393: Creates the Conservation District Grant Fund. Annually transfers \$450,000 from the Operational Account of the Severance Tax Trust Fund to this newly created fund starting in FY 2006-07. Continuously appropriates these moneys to the Department of Agriculture for the Natural Resources Conservation Matching Grants Program.

2007 Session Bills

S.B. 07-159: Supplemental appropriation for FY 2006-07.

S.B. 07-206: Creates the Biological Pest Control Cash Fund and permits the Agriculture Commission to set and collect fees for the services provided through the Biological Pest Control Program. Appropriates \$23,011 cash funds from the Biological Pest Control Cash Fund to the Agricultural Services Division for FY 2007-08.

S.B. 07-239: General appropriations act for FY 2007-08.

H.B. 07-1198: Extends the Commissioner of Agriculture's ability, in conjunction with the members of the Colorado Agriculture Commission, to increase fees related to Inspection and Consumer Services (ICS) programs to fund its programs' direct and indirect costs. Subsidizes ICS programs with General Fund in relation to how much the services provided by each program benefits the common good as compared to a specific industry. Prior to 2004, ICS programs received 100 percent General Funding. However due to the state's budget crisis, S.B. 03-297 was enacted which refinanced these programs away from General Fund to 100 percent cash funding. In 2005, S.B. 05-176 was enacted which extended the ICS Cash Fund with a sunset date of June 30, 2007. After this date, reduced fees established by statute will be collected by the Department of Agriculture and transmitted to the General Fund. This action would significantly reduce revenue generated from the program's current fee structures. House Bill 07-1198 effectively decreases the General Fund expenditure by \$2,560,403 and 32.9 FTE and increases expenditures from the ICS Cash Fund by \$2,679,755 and 32.9 FTE – which includes \$119,352 in indirect cost assessments. In addition, the bill removes the Butcher's Law license exemption and amends the

methods of fee collection for both the ICS Division and the Brand Board. The following table outlines the fiscal impact of this bill:

Division	GF	CF	CFE	FF	Total
Agricultural Services	(\$2,111,807)	\$2,231,159	\$0	\$0	\$119,352
FTE	(32.9)	32.9	0.0	0.0	0.0
Commissioner's Office	(\$448,596)	\$329,244	\$119,352	\$0	\$0
FTE	0.0	0.0	0.0	0.0	0.0
Total	(\$2,560,403)	\$2,560,403	\$119,352	\$0	\$119,352
FTE	(32.9)	32.9	0.0	0.0	0.0

DEPARTMENT OF CORRECTIONS

The Department is responsible for the following activities:

- ☐ Managing, supervising, and controlling the correctional facilities operated and supported by the State;
- ☐ Supervising the population of offenders placed in the custody of the Department, including inmates, offenders on parole, and transition inmates who are placed into community corrections programs;
- ☐ Planning for the projected, long-range needs of the institutions under the Department's control; and
- ☐ Developing educational programs, treatment programs, and correctional industries within the facilities, 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 Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund	\$496,830,470	\$535,840,416	\$584,748,410	\$636,471,480
Cash Funds	2,371,727	1,939,302	2,628,871	2,974,432
Cash Funds Exempt	54,888,964	52,737,807	60,986,913	62,569,247
Federal Funds	<u>1,274,655</u>	<u>1,680,845</u>	<u>2,364,740</u>	<u>2,143,197</u>
Total Funds	\$555,365,816	\$592,198,370	\$650,728,934	\$704,158,356
Full Time Equiv. Staff	5,880.5	5,910.4	6,098.1	6,339.9

General Factors Driving the Budget

Funding for this department includes 90.4 percent General Fund, 0.4 percent cash funds, 8.9 percent cash funds exempt, and 0.3 percent federal funds. Factors driving the budget are reviewed below.

Population Increase - Impact on Operating

The growth in the inmate population is the primary factor driving the Department of Corrections' budget. This population includes inmates who are housed in state-operated prisons, in private prisons, and in transition community corrections placements.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
Year End Inmate Population	18,846	19,569	20,704	22,012	23,065	24,448
Percent Change	n/a	3.8%	5.8%	6.3%	4.8%	6.0%

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 payments in recent years.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
Average County Jail Backlog	433	463	721	799	508	380
Cost of Jail Backlog	\$8,169,693	\$7,861,908	\$12,265,585	\$13,860,374	\$9,080,220	\$6,885,991
Daily Reimbursement Rate	\$51.65	\$46.49	\$46.49	\$47.42	\$48.96	\$49.69
Percent Rate Increase/(Decrease)	n/a	(10.0)%	0.0%	2.0%	3.2%	1.5%

Population Impacts – In-State Private Prison Contracts

In the early 1990s, 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. The following information highlights the in-state private payments in recent years.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
Average Daily Population	2,447	2,893	2,812	3,797	4,572	4,809
Cost of Private Contracts	\$46,854,454	\$53,190,046	\$50,865,321	\$69,679,801	\$86,632,651	\$92,477,885
Daily Reimbursement Rate	\$52.47	\$50.37	\$49.56	\$50.28	\$51.91	\$52.69
Percent Rate Increase/(Decrease)	n/a	(4.0)%	(1.6)%	1.5%	3.2%	1.5%

* In FY 2004-05, an average daily population of 2,812 inmates were funded for in-state private prisons at a cost of \$49.56 per inmate per day. In addition to these inmates, \$2,298,162 was spent to place an average daily population of 123 inmates in an out-of-state private prison at a cost of \$51.00 per inmate per day. The Department has contracted with a private prison provider in Oklahoma at a rate of \$54.00 per inmate per day for FY 2006-07 and FY 2007-08.

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 capital construction appropriations for prison capacity expansion in recent years.

	FY 01-02 Approp.	FY 02-03 Approp.	FY 03-04 COP Authorization	FY 04-05 Approp.	FY 05-06 Approp.	FY 06-07 Approp.	FY 07-08 Approp.
Capital Appropriation	\$12,824,368	\$0	\$102,800,000	\$0	\$0	\$9,000,000	\$52,357,136

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 9.1 percent.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
Year End Parole Population	4,858	5,224	5,714	6,551	7,527	8,501
Percent Change	n/a	7.5%	9.4%	14.6%	14.9%	12.9%

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 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 recent community corrections and parole activity.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Approp.	FY 07-08 Approp.
Community Corrections Supervision	\$9,076,660	\$9,163,004	\$10,327,145	\$11,192,699	\$12,712,035	\$14,340,280
Percent Change	n/a	1.0%	12.7%	8.4%	13.6%	12.8%
Community Return to Custody Beds	n/a	\$592,696	\$1,934,068	\$3,045,564	\$3,818,534	\$4,725,382
Percentage Change	n/a	n/a	226.3%	57.5%	25.4%	23.7%
Parole Supervision	\$10,044,407	\$10,454,716	\$10,860,777	\$12,421,568	\$15,225,631	\$18,029,932
Percent Change	n/a	4.1%	3.9%	14.4%	22.6%	18.4%

Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of Corrections						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$650,728,934	\$584,748,410	\$2,628,871	\$60,986,913	\$2,364,740	6,098.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management	162,468,381	157,622,806	0	4,327,391	518,184	86.9
Institutions	344,175,405	342,900,845	224,679	969,881	80,000	4,783.5
Support Services	24,555,419	23,983,572	470,769	101,078	0	295.0
Inmate Programs	35,933,104	30,234,177	1,933,423	2,654,121	1,111,383	417.6
Community Services	29,701,951	28,855,609	0	191,169	655,173	322.6
Parole Board	1,151,401	1,151,401	0	0	0	13.5
Correctional Industries	39,097,780	0	0	39,097,780	0	151.0
Canteen Operation	13,645,493	0	0	13,645,493	0	28.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	643,770,510	583,091,854	1,970,686	57,577,872	1,130,098	6,093.6
SB 02-50	748,721	748,721	0	0	0	0.0
HB 02-1038	770,976	770,976	0	0	0	0.0
HB 02-1283	27,251	27,251	0	0	0	0.0
HB 02-1396	27,251	27,251	0	0	0	0.0
HB 02S1-1006	32,822	32,822	0	0	0	0.0
HB 03-1138	56,436	56,436	0	0	0	0.0
HB 03-1213	28,818	28,818	0	0	0	0.0
HB 03-1317	56,436	56,436	0	0	0	0.0
HB 04-1003	61,200	61,200	0	0	0	0.0
HB 04-1021	19,445	19,445	0	0	0	0.0
SB 06-22	71,806	71,806	0	0	0	0.7
HB 06-1315	4,480	4,480	0	0	0	0.0
SB 07-160	5,052,782	(249,086)	658,185	3,409,041	1,234,642	3.8
FY 2007-08 Total Appropriation:	\$704,158,356	\$636,471,480	\$2,974,432	\$62,569,247	\$2,143,197	6,339.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management	187,396,406	182,279,075	0	4,599,147	518,184	92.0
Institutions	362,885,511	361,600,951	234,679	969,881	80,000	4,959.4

Department of Corrections						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Support Services	26,217,064	25,639,997	471,370	105,697	0	302.4
Inmate Programs	38,050,618	32,134,817	2,268,383	2,722,578	924,840	419.5
Community Services	34,190,940	33,409,373	0	161,394	620,173	369.4
Parole Board	1,407,267	1,407,267	0	0	0	13.5
Correctional Industries	40,027,684	0	0	40,027,684	0	155.0
Canteen Operation	13,982,866	0	0	13,982,866	0	28.7
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	702,876,269	635,194,353	2,969,472	62,569,247	2,143,197	6,339.9
HB 03-1004	118,516	118,516	0	0	0	0.0
HB 03-1138	107,228	107,228	0	0	0	0.0
HB 03-1213	56,436	56,436	0	0	0	0.0
HB 03-1317	84,654	84,654	0	0	0	0.0
HB 04-1003	61,200	61,200	0	0	0	0.0
HB 04-1016	27,824	27,824	0	0	0	0.0
HB 04-1021	42,425	42,425	0	0	0	0.0
SB 06-206	53,626	53,626	0	0	0	0.0
SB 06-207	53,626	53,626	0	0	0	0.0
HB 06-1011	160,878	160,878	0	0	0	0.0
HB 06-1092	134,065	134,065	0	0	0	0.0
HB 06-1145	26,813	26,813	0	0	0	0.0
HB 06-1151	26,813	26,813	0	0	0	0.0
HB 06-1326	187,691	187,691	0	0	0	0.0
SB 06S1-4	26,813	26,813	0	0	0	0.0
SB 06S1-5	53,626	53,626	0	0	0	0.0
SB 06S1-7	26,813	26,813	0	0	0	0.0
HB 07-1343	4,960	0	4,960	0	0	0.0
HB 07-1358	28,080	28,080	0	0	0	0.0
Increase/(Decrease)	\$53,429,422	\$51,723,070	\$345,561	\$1,582,334	(\$221,543)	241.8
Percentage Change	8.2%	8.8%	13.1%	2.6%	(9.4)%	4.0%

1/ For FY 2006-07, includes \$582,885 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (B), C.R.S., due to the settlement of a class action lawsuit.

FY 2007-08 Appropriation Highlights:

1. The appropriation provides \$21.6 million General Fund for salary and benefits adjustments for salary survey; performance-based pay; health, life, and dental insurance; amortization equalization disbursement; supplemental amortization equalization disbursement; and shift differential.
2. The appropriation adds \$8.4 million General Fund for increases to reimburse private prison providers based on the anticipated caseload growth to the private prison population using the Legislative Council Staff inmate population projections.
3. The appropriation adds \$7.6 million General Fund associated with bringing beds online at state-operated prisons in FY 2006-07. These beds are being used to double bunk male inmates, and they were only funded for a partial year in FY 2006-07. The additional funds are required in FY 2007-08 to pay for a full year of costs associated with these beds.
4. The appropriation provides \$3.2 million General Fund associated with additional parole officers and community corrections officers based on the projected caseload of offenders in these programs.
5. The appropriation provides \$3.0 million General Fund associated with bringing beds online at the La Vista Correctional Facility in FY 2006-07. The beds were only funded for a partial year in FY 2006-07. The additional funds are required in FY 2007-08 to pay for a full year of costs associated with these beds.
6. The appropriation adds \$2.2 million for medical expenses associated with a growth in the inmate population.
7. The appropriation adds \$1.7 million General Fund for staff to supervise 76 female inmates who will be double bunked at the Denver Women's Correctional Facility in FY 2007-08.
8. The appropriation adds \$1.6 million General Fund associated with a provider rate increase for county jails and in-state private prison providers.
9. The appropriation adds \$1.5 million General Fund for additional housing and security staff and additional prison maintenance expenses.
10. The appropriation provides \$1.2 million General Fund for medical and food inflation.
11. The appropriation provides \$1.1 million General Fund to annualize supplemental appropriations for additional parole officers, additional resources to comply with a class action lawsuit settlement agreement, and additional staff to supervise inmates placed out of state.
12. The appropriation includes a reduction of \$3.5 million to eliminate one-time funds appropriated in FY 2006-07.
13. The appropriation includes a reduction of \$1.6 million General Fund associated with the Joint Budget Committee policy for a 0.5 percent reduction to personal services line items.

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. Cash funds and cash funds exempt funding are primarily from Correctional Industries sales revenue, Canteen Operation sales revenue, the Sex Offender Surcharge Fund, and the Victims Assistance and Law Enforcement funds.

Management						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$163,863,602	\$159,192,309	\$0	\$4,265,444	\$405,849	85.6
SB 07-160	<u>(1,395,221)</u>	<u>(1,569,503)</u>	<u>0</u>	<u>61,947</u>	<u>112,335</u>	<u>1.3</u>
TOTAL	\$162,468,381	\$157,622,806	\$0	\$4,327,391	\$518,184	86.9
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$162,468,381	\$157,622,806	\$0	\$4,327,391	\$518,184	86.9
Salary and benefits adjustments to centrally appropriated line items	22,280,062	21,646,418	0	633,644	0	0.0
External capacity caseload increase	8,484,224	8,484,224	0	0	0	1.5
Provider rate increase	1,560,289	1,560,289	0	0	0	0.0
Central impact of various decision items	732,093	732,093	0	0	0	0.0
Miscellaneous common policies	372,846	389,629	0	(16,783)	0	0.0
Leap year adjustment	303,992	303,992	0	0	0	0.0
Miscellaneous adjustments to annualize prior year decisions	211,971	211,971	0	0	0	1.4
Inspector general increase due to growing caseload	144,370	144,370	0	0	0	2.2
Distribution of FY 2006-07 salary and benefits adjustments	(9,134,174)	(8,789,069)	0	(345,105)	0	0.0
Personal services reduction	(30,101)	(30,101)	0	0	0	0.0
Eliminate one-time appropriation	(25,627)	(25,627)	0	0	0	0.0
SB 07-239	\$187,368,326	\$182,250,995	\$0	\$4,599,147	\$518,184	92.0
HB 07-1358	<u>28,080</u>	<u>28,080</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$187,396,406	\$182,279,075	\$0	\$4,599,147	\$518,184	92.0

Management						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$24,928,025	\$24,656,269	\$0	\$271,756	\$0	5.1
Percentage Change	15.3%	15.6%	n/a	6.3%	0.0%	5.9%

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Salary and benefits adjustments to centrally appropriated line items: The appropriation includes increases for salary survey; performance-based pay; health, life, and dental insurance; amortization equalization disbursement; supplemental amortization equalization disbursement; and shift differential. These amounts are appropriated to the Executive Director's Office for allocation to all staff in the Department in FY 2007-08.

External capacity caseload increase: The increase includes additional funds to support a higher average daily population in private prisons based on the December 2006 Legislative Council Staff inmate population projections, with an adjustment for \$3.0 million in estimated savings for items in the Governor's recidivism reduction and offender diversion package. This increase also includes approximately \$100,000 General Fund and 1.5 FTE for the private prison monitoring unit based on projected growth in the average daily population of inmates housed in private prisons.

Provider rate increase: The appropriation includes funding to support a 1.5 percent increase in the rates paid to in-state private prison providers, county jails, and community corrections residential programs pursuant to the provisions of S.B. 03-252.

Central impact of various decision items: The appropriation includes health, life, and dental insurance; short-term disability insurance; amortization equalization disbursement; and leased space increases associated with various decision items to increase staff throughout the Department.

Miscellaneous common policies: The appropriation includes adjustments to the following line items affected by common policies approved by the Joint Budget Committee: workers' compensation, payments to risk management and property funds, legal services, leased space, and Capitol complex leased space.

Leap year adjustment: The appropriation includes an adjustment necessary to account for an additional day of services and contractual obligations for inmates housed in private prisons and county jails due to FY 2007-08 being a leap year.

Miscellaneous adjustments to annualize prior year decisions: The appropriation includes funding necessary in FY 2007-08 to provide a full year of funding for items that were only funded for a partial year in FY 2006-07. These items included FY 2006-07 funding for private prison monitors, funding for employee benefits (health, life, and dental) for FTE associated with additional state beds that were brought online at the La Vista Correctional Facility, and four state-owned prisons to accommodate additional double bunking of male inmates in those facilities.

Inspector general increase due to growing caseload: The appropriation includes funding to support additional inspectors based on inmate population growth.

Distribution of FY 2006-07 salary and benefits adjustments: The appropriation includes a reduction for the Management Division which reflects salary survey allocations that were made to other divisions throughout the Department for FY 2006-07.

Personal services reduction: The appropriation includes a 0.5 percent reduction to personal services line items in accordance with the common policy for these line items.

Eliminate one-time appropriation: The appropriation eliminates one-time appropriations made in FY 2006-07 for additional inspector general staff and private prison monitoring staff.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Institutions

The Institutions Division includes all cost centers directly attributable to the 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. 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.

Institutions						
	Total Funds	General Fund 1/	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$342,739,549	\$341,350,761	\$224,679	\$1,084,109	\$80,000	4,789.8
SB 02-50	748,721	748,721	0	0	0	0.0
HB 02-1038	770,976	770,976	0	0	0	0.0
HB 02-1283	27,251	27,251	0	0	0	0.0
HB 02-1396	27,251	27,251	0	0	0	0.0
HB 02S1-1006	32,822	32,822	0	0	0	0.0
HB 03-1138	56,436	56,436	0	0	0	0.0
HB 03-1213	28,818	28,818	0	0	0	0.0
HB 03-1317	56,436	56,436	0	0	0	0.0
HB 04-1003	61,200	61,200	0	0	0	0.0
HB 04-1021	19,445	19,445	0	0	0	0.0
SB 07-160	<u>(393,500)</u>	<u>(279,272)</u>	<u>0</u>	<u>(114,228)</u>	<u>0</u>	<u>(6.3)</u>

Institutions						
	Total Funds	General Fund 1/	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$344,175,405	\$342,900,845	\$224,679	\$969,881	\$80,000	4,783.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$344,175,405	\$342,900,845	\$224,679	\$969,881	\$80,000	4,783.5
Annualize double bunking appropriation for FY 2006-07	6,428,908	6,428,908	0	0	0	123.2
FY 2006-07 salary and benefits adjustments	6,364,981	6,364,981	0	0	0	0.0
Annualize additional beds at the La Vista Correctional Facility	2,423,500	2,423,500	0	0	0	34.8
Medical increases based on caseload growth	2,249,147	2,249,147	0	0	0	0.0
Double bunk female inmates at Denver Women's Correctional Facility	1,444,746	1,444,746	0	0	0	16.8
Housing and security staff increase	942,490	942,490	0	0	0	0.0
Medical inflation	916,098	916,098	0	0	0	0.0
Maintenance operating expenses	400,000	400,000	0	0	0	0.0
Food inflation	229,290	229,290	0	0	0	0.0
Annualize supplemental appropriations	197,323	197,323	0	0	0	1.1
Caseload increase for laundry operating expenses and dress out expenses	191,399	191,399	0	0	0	0.0
Annualize FY 2006-07 funding	40,584	40,584	0	0	0	0.0
Eliminate one-time appropriation	(1,848,668)	(1,848,668)	0	0	0	0.0
Personal services reduction	(1,269,692)	(1,268,569)	(1,123)	0	0	0.0
Reduction for five-year statutory appropriations	(1,249,047)	(1,249,047)	0	0	0	0.0
Fund mix adjustment	0	(11,123)	11,123	0	0	0.0
SB 07-239	\$361,636,464	\$360,351,904	\$234,679	\$969,881	\$80,000	4,959.4
HB 03-1004	118,516	118,516	0	0	0	0.0
HB 03-1138	107,228	107,228	0	0	0	0.0
HB 03-1213	56,436	56,436	0	0	0	0.0
HB 03-1317	84,654	84,654	0	0	0	0.0
HB 04-1003	61,200	61,200	0	0	0	0.0
HB 04-1016	27,824	27,824	0	0	0	0.0
HB 04-1021	42,425	42,425	0	0	0	0.0

	Institutions					
	Total Funds	General Fund 1/	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 06-206	53,626	53,626	0	0	0	0.0
SB 06-207	53,626	53,626	0	0	0	0.0
HB 06-1011	160,878	160,878	0	0	0	0.0
HB 06-1092	134,065	134,065	0	0	0	0.0
HB 06-1145	26,813	26,813	0	0	0	0.0
HB 06-1151	26,813	26,813	0	0	0	0.0
HB 06-1326	187,691	187,691	0	0	0	0.0
SB 06S1-4	26,813	26,813	0	0	0	0.0
SB 06S1-5	53,626	53,626	0	0	0	0.0
SB 06S1-7	<u>26,813</u>	<u>26,813</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$362,885,511	\$361,600,951	\$234,679	\$969,881	\$80,000	4,959.4
Increase/(Decrease)	\$18,710,106	\$18,700,106	\$10,000	\$0	\$0	175.9
Percentage Change	5.4%	5.5%	4.5%	0.0%	0.0%	3.7%

1/ For FY 2006-07, includes \$455,430 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (B), C.R.S., due to the settlement of a class action lawsuit.

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Annualize double bunking appropriation for FY 2006-07: The appropriation includes an increase associated with bringing beds online at state-operated prisons in FY 2006-07. These beds are being used to double bunk male inmates. The beds were only funded for a partial year in FY 2006-07. As such, additional funds are required in FY 2007-08 to pay for a full year of costs associated with these beds.

FY 2006-07 salary and benefits adjustments: The appropriation includes salary survey increases allocated to FTE in state-owned prisons in FY 2006-07.

Annualize additional beds at the La Vista Correctional Facility: The appropriation includes an increase associated with bringing beds online at the La Vista Correctional Facility in FY 2006-07. The beds were only funded for a partial year in FY 2006-07. As such, additional funds are required in FY 2007-08 to pay for a full year of costs associated with these beds.

Medical increases based on caseload growth: The appropriation includes increases associated with medical expenses for inmates based on projected growth in the inmate population.

Double bunk female inmates at Denver Women's Correctional Facility: The appropriation includes funding to begin double bunking 76 beds at the Denver Women's Correctional Facility.

Housing and security staff increase: The appropriation includes funding for the Department to fill 25 vacant correctional officer positions that are vacant because of insufficient funding for the Housing and Security Subprogram. These staff will supervise inmates in the housing units.

Medical inflation: The appropriation includes increases associated with the common policy to provide a 2.0 percent increase for medical inflation.

Maintenance operating expenses: The appropriation includes a \$400,000 increase to partially restore \$470,000 of operating expense budget reductions from the 2003 legislative session. This appropriation will provide funding for the Department to perform routine maintenance at the 23 state-owned and operated prisons. The maintenance is typically performed by inmates with the supervision of correctional officers in the Maintenance Subprogram.

Food inflation: The appropriation includes a 1.8 percent increase for food expenses in accordance with the common policy for food expenses in institutional facilities.

Annualize supplemental appropriations: The appropriation includes funding associated with the settlement of a class action lawsuit related to the American's with Disabilities Act. This funding was provided for a partial year in FY 2006-07, and a full year of funding is necessary in FY 2007-08.

Caseload increase for laundry operating expenses and dress out expenses: The appropriation includes additional funding, based on inmate population growth, for clothing and dress out expenses for inmates who are released from prison (clothing, bus ticket, and \$100).

Annualize FY 2006-07 funding: The appropriation annualizes funding provided in FY 2006-07 for two purposes: (a) additional mental health staff in response to the growing caseload of mentally ill offenders in the criminal justice system; and (b) additional staff to work in the Legal Access program, based on the growing population of inmates.

Eliminate one-time appropriation: The appropriation eliminates funds that were appropriated on a one-time basis in FY 2006-07. These funds were appropriated to bring beds online at the La Vista Correctional Facility and double bunk of male inmates at four state-owned correctional facilities.

Personal services reduction: The appropriation includes a 0.5 percent reduction in accordance with the common policy for personal services line items.

Reduction for five-year statutory appropriations: The appropriation was adjusted to reflect the funding that will be provided to the Department of Corrections statutorily in FY 2007-08 for criminal sentencing bills that were enacted in prior legislative sessions.

Fund mix adjustment: The appropriation includes a fund mix adjustment based on an estimated increase in cash revenue from inmate fees for the Medical Services Subprogram.

Additional legislation: For information on additional legislation passed during the 2006 and 2007 legislative sessions, see the "Recent Legislation" section at the end of this department.

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 97.8 percent General Fund. The cash funds and cash funds exempt are primarily from sales from Canteen Operations and Correctional Industries.

Support Services						
	Total Funds	General Funds 1/	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$24,116,063	\$23,531,003	\$470,769	\$114,291	\$0	289.9
HB 06-1315	4,480	4,480	0	0	0	0.0
SB 07-160	<u>434,876</u>	<u>448,089</u>	<u>0</u>	<u>(13,213)</u>	<u>0</u>	<u>5.1</u>
TOTAL	\$24,555,419	\$23,983,572	\$470,769	\$101,078	\$0	295.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$24,555,419	\$23,983,572	\$470,769	\$101,078	\$0	295.0
FY 2006-07 salary and benefits adjustments	884,156	884,156	0	0	0	0.0
Information technology maintenance contracts	400,000	400,000	0	0	0	0.0
Transportation and offender services funding for inmate population growth	248,996	248,996	0	0	0	2.0
Annualize double bunking appropriation for FY 2006-07	241,389	241,389	0	0	0	3.0
Annualize supplemental appropriations	166,109	166,109	0	0	0	1.7
Annualize miscellaneous supplemental appropriations	111,809	111,809	0	0	0	0.0
Annualize additional beds at the La Vista Correctional Facility	81,130	81,130	0	0	0	0.7
Administrative impacts of staff increases	73,361	73,361	0	0	0	0.0
Fund mix adjustment	0	(2,590)	2,955	(365)	0	0.0
Eliminate one-time appropriation	(436,222)	(436,222)	0	0	0	0.0
Personal services reduction	(87,108)	(84,750)	(2,354)	(4)	0	0.0
Common policy adjustments	(21,975)	(26,963)	0	4,988	0	0.0
SB 07-239	<u>\$26,217,064</u>	<u>\$25,639,997</u>	<u>\$471,370</u>	<u>\$105,697</u>	<u>\$0</u>	<u>302.4</u>
TOTAL	\$26,217,064	\$25,639,997	\$471,370	\$105,697	\$0	302.4

Support Services						
	Total Funds	General Funds 1/	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$1,661,645	\$1,656,425	\$601	\$4,619	\$0	7.4
Percentage Change	6.8%	6.9%	0.1%	4.6%	n/a	2.5%

1/ For FY 2006-07, includes \$127,455 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (B), C.R.S., due to the settlement of a class action lawsuit.

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FY 2006-07 salary and benefits adjustments: The appropriation includes an increase that reflects the salary increases allocated to the Division in FY 2006-07.

Information technology maintenance contracts: The appropriation includes funding to support contractual increases in maintenance contracts for the Department's computer systems.

Transportation and offender services funding for inmate population growth: The appropriation includes funding for the Department to lease two additional buses in FY 2007-08, for additional transportation staff, and for additional staff to work in the Offender Services Subprogram based on workload increases associated with the growing inmate population.

Annualize double bunking appropriation for FY 2006-07: The appropriation includes an increase associated with bringing beds online at state-operated prisons in FY 2006-07. These beds are being used to double bunk male inmates. The beds were only funded for a partial year in FY 2006-07. As such, additional funds will be required in FY 2007-08 to pay for a full year of costs associated with these beds.

Annualize supplemental appropriations: The appropriation annualizes funding for support services for additional staff (vehicles and communications expenses) that were approved as a supplemental appropriation in FY 2006-07.

Annualize miscellaneous supplemental appropriations: The appropriation includes funding to support a full-year of funding for supplemental appropriations that were only funded for a partial year in FY 2006-07. The supplemental funding was provided for a lawsuit settlement agreement related to the American's with Disabilities Act, staff in the private prison monitoring unit, and additional parole officers.

Annualize additional beds at the La Vista Correctional Facility: The appropriation includes an increase associated with bringing beds online at the La Vista Correctional Facility in FY 2006-07. The beds were only funded for a partial year in FY 2006-07. As such, additional funds will be required in FY 2007-08 to pay for a full year of costs associated with these beds.

Administrative impacts of staff increases: The appropriation includes adjustments for communication services payments and vehicle lease payments for various staffing increases.

Eliminate one-time appropriation: The appropriation eliminates funds that were appropriated on a one-time basis for FY 2006-07.

Personal services reduction: The appropriation includes a 0.5 percent reduction in accordance with the common policy for personal services line items.

Common policy adjustments: The appropriation includes adjustments to the following line items that were adjusted based on billing rate adjustments from the Department of Personnel and Administration: purchase of services from computer center, multiuse network, vehicle lease payments, and communication services payments.

Fund mix adjustment: The appropriation includes a fund mix adjustment to reflect a change in the amount of indirect cost recoveries used to offset the need for General Fund in the Business Operations Subprogram.

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. The cash funds are primarily from Drug Offender Surcharge funds. The cash funds exempt and federal funds are primarily from educational grants.

Inmate Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$35,386,753	\$30,170,405	\$1,275,238	\$3,296,861	\$644,249	417.2
SB 06-22	71,806	71,806	0	0	0	0.7
SB 07-160	<u>474,545</u>	<u>(8,034)</u>	<u>658,185</u>	<u>(642,740)</u>	<u>467,134</u>	<u>(0.3)</u>
TOTAL	\$35,933,104	\$30,234,177	\$1,933,423	\$2,654,121	\$1,111,383	417.6
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$35,933,104	\$30,234,177	\$1,933,423	\$2,654,121	\$1,111,383	417.6
Annualize double bunking appropriation for FY 2006-07	825,611	812,768	0	12,843	0	0.0
Drug and alcohol treatment funds	587,527	257,527	330,000	0	0	0.0
FY 2006-07 salary and benefits adjustments	443,177	393,039	0	50,138	0	0.0
Annualize additional beds at the La Vista Correctional Facility	438,173	434,886	0	3,287	0	1.8
Medical inflation	84,521	84,521	0	0	0	0.0
Double bunk female inmates at Denver Women's Correctional Facility	68,958	64,016	0	4,942	0	0.8
Annualize S.B. 06-22	37,569	37,569	0	0	0	0.0
Federal funds adjustment	(186,174)	0	0	0	(186,174)	0.0
Personal services reduction	(114,334)	(111,581)	0	(2,753)	0	0.0

Inmate Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Eliminate one-time appropriation for FY 2006-07	(72,105)	(72,105)	0	0	0	(0.7)
Change in indirect cost recoveries	(369)	0	0	0	(369)	0.0
SB 07-239	\$38,045,658	\$32,134,817	\$2,263,423	\$2,722,578	\$924,840	419.5
HB 07-1343	<u>4,960</u>	<u>0</u>	<u>4,960</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$38,050,618	\$32,134,817	\$2,268,383	\$2,722,578	\$924,840	419.5
Increase/(Decrease)	\$2,117,514	\$1,900,640	\$334,960	\$68,457	(\$186,543)	1.9
Percentage Change	5.9%	6.3%	17.3%	2.6%	(16.8)%	0.5%

S.B. 07- 239 (Long Bill) Issue Descriptions

Annualize double bunking appropriation for FY 2006-07: The appropriation includes an increase associated with bringing beds online at state-operated prisons in FY 2006-07. These beds are being used to double bunk male inmates. The beds were only funded for a partial year in FY 2006-07. As such, additional funds are required in FY 2007-08 to pay for a full year of costs associated with these beds.

Drug and alcohol treatment funds: The appropriation includes additional funds for contract drug and alcohol treatment services for offenders on parole and inmates in prison. This appropriation is based on projected caseload growth, and a projected fund balance in the Drug Offender Surcharge Fund.

FY 2006-07 salary and benefits adjustments: The appropriation includes the salary increases allocated to the Division in FY 2006-07.

Annualize additional beds at the La Vista Correctional Facility: The appropriation includes an increase associated with bringing beds online at the La Vista Correctional Facility in FY 2006-07. The beds were only funded for a partial year in FY 2006-07. As such, additional funds are required in FY 2007-08 to pay for a full year of costs associated with these beds.

Medical inflation: The appropriation includes an adjustment for expenses that qualify for a 2.0 percent increase in accordance with the common policy for medical expenses.

Double bunk female inmates at Denver Women's Correctional Facility: The appropriation includes funding to begin double bunking 76 beds at the Denver Women's Correctional Facility.

Annualize S.B. 06-22: The appropriation includes an adjustment to annualize the cost of S.B. 06-22 for expenses to supervise sexually violent predators who are released into the community.

Federal funds adjustment: The appropriation includes an adjustment to reflect the level of federal funding that the Department anticipates receiving in FY 2007-08.

Personal services reduction: The appropriation includes a 0.5 percent reduction in accordance with the common policy for personal services line items.

Eliminate one-time appropriation: The appropriation eliminates funds that were appropriated to the Department on a one-time basis for FY 2006-07.

Change in indirect cost recoveries: The appropriation reflects an adjustment in federal funds that are received by the Department in accordance with the statewide indirect cost plan. These funds are used to offset the need for General Fund in the Business Operations Subprogram.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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. The cash funds exempt are moneys transferred from the Division of Criminal Justice in the Department of Public Safety.

Community Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$28,168,555	\$27,695,975	\$0	\$472,580	\$0	318.6
SB 07-160	<u>1,533,396</u>	<u>1,159,634</u>	<u>0</u>	<u>(281,411)</u>	<u>655,173</u>	<u>4.0</u>
TOTAL	\$29,701,951	\$28,855,609	\$0	\$191,169	\$655,173	322.6
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$29,701,951	\$28,855,609	\$0	\$191,169	\$655,173	322.6
Additional parole officers	1,988,345	1,988,345	0	0	0	28.1
Psychotropic medication for mentally ill community corrections offenders	1,346,880	1,346,880	0	0	0	0.0
FY 2006-07 salary and benefits adjustments	960,101	960,101	0	0	0	0.0
Annualize supplemental appropriation for additional parole officers	643,030	643,030	0	0	0	11.6
Additional community corrections officers	637,292	637,292	0	0	0	7.1
Annualize funding added in FY 2006-07	164,033	164,033	0	0	0	0.0
Eliminate one-time appropriations	(1,096,309)	(1,096,309)	0	0	0	0.0

Community Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Personal services reduction	(89,608)	(89,608)	0	0	0	0.0
Adjustment for anticipated federal grants funds	(64,775)	0	0	(29,775)	(35,000)	0.0
SB 07-239	<u>\$34,190,940</u>	<u>\$33,409,373</u>	<u>\$0</u>	<u>\$161,394</u>	<u>\$620,173</u>	<u>369.4</u>
TOTAL	\$34,190,940	\$33,409,373	\$0	\$161,394	\$620,173	369.4
Increase/(Decrease)	\$4,488,989	\$4,553,764	\$0	(\$29,775)	(\$35,000)	46.8
Percentage Change	15.1%	15.8%	n/a	(15.6)%	(5.3)%	14.5%

S.B. 07- 239 (Long Bill) Issue Descriptions

Additional parole officers: The appropriation includes funds for additional parole officers based on the projected growth of offenders who will be placed on parole in FY 2007-08.

Psychotropic medication for mentally ill community corrections offenders: The appropriation includes funds to annualize a FY 2006-07 supplemental appropriation that was approved to supply mentally ill community corrections offenders with psychotropic medication.

FY 2006-07 salary and benefits adjustments: The appropriation includes the salary increases allocated to the Division in FY 2006-07.

Annualize supplemental appropriation for additional parole officers: The appropriation supports a full year of funding for additional parole officers that were approved through a supplemental appropriation in FY 2006-07. These officers were approved based on the growth in population of offenders who have been placed on parole.

Additional community corrections officers: The appropriation includes funding for additional community corrections officers based on the anticipated growth in the number of transition offenders anticipated to be placed in community corrections programs prior to their parole.

Annualize funding added in FY 2006-07: The appropriation includes funding to support the additional costs necessary for positions that were approved for a partial year in FY 2006-07.

Eliminate one-time appropriations: The appropriation eliminates one-time funds that were appropriated in FY 2006-07 for additional parole officers and community corrections officers based on a growing caseload of offenders in community settings.

Personal services reduction: The appropriation includes a 0.5 percent reduction in accordance with the common policy for personal services line items.

Adjustment for anticipated federal grants funds: The appropriation includes adjustments to reflect the anticipated level of federal grants funds that will be received by the Department in FY 2007-08.

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.

Parole Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$1,151,401</u>	<u>\$1,151,401</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>13.5</u>
TOTAL	\$1,151,401	\$1,151,401	\$0	\$0	\$0	13.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,151,401	\$1,151,401	\$0	\$0	\$0	13.5
FY 2006-07 salary and benefits adjustments	186,647	186,647	0	0	0	0.0
Contract services for hearing officers	75,000	75,000	0	0	0	0.0
Personal services reduction	(5,781)	(5,781)	0	0	0	0.0
SB 07-239	<u>\$1,407,267</u>	<u>\$1,407,267</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>13.5</u>
TOTAL	\$1,407,267	\$1,407,267	\$0	\$0	\$0	13.5
Increase/(Decrease)	\$255,866	\$255,866	\$0	\$0	\$0	0.0
Percentage Change	22.2%	22.2%	n/a	n/a	n/a	0.0%

S.B. 07- 239 (Long Bill) Issue Descriptions

FY 2006-07 salary and benefits adjustments: The appropriation includes the salary increases allocated to the Division in FY 2006-07.

Contract services for hearing officers: The appropriation includes additional funds for contract hearing officers to conduct parole revocation hearings for the Parole Board based on a growing caseload associated with the growing inmate population.

Personal services reduction: The appropriation includes a 0.5 percent reduction in accordance with the common policy for personal services line items.

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 100.0 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.).

Correctional Industries						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$34,697,780	\$0	\$0	\$34,697,780	\$0	151.0
SB 07-160	<u>4,400,000</u>	<u>0</u>	<u>0</u>	<u>4,400,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$39,097,780	\$0	\$0	\$39,097,780	\$0	151.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$39,097,780	\$0	\$0	\$39,097,780	\$0	151.0
Additional resources for growth in correctional industries programs	898,239	0	0	898,239	0	4.0
FY 2006-07 salary and benefits adjustments	77,360	0	0	77,360	0	0.0
Change in indirect cost recoveries	491	0	0	491	0	0.0
Personal services reduction	(46,186)	0	0	(46,186)	0	0.0
SB 07-239	<u>\$40,027,684</u>	<u>\$0</u>	<u>\$0</u>	<u>\$40,027,684</u>	<u>\$0</u>	<u>155.0</u>
TOTAL	\$40,027,684	\$0	\$0	\$40,027,684	\$0	155.0
Increase/(Decrease)	\$929,904	\$0	\$0	\$929,904	\$0	4.0
Percentage Change	2.4%	n/a	n/a	2.4%	n/a	2.6%

S.B. 07- 239 (Long Bill) Issue Descriptions

Additional resources for growth in correctional industries programs: The appropriation includes increases based on anticipated growth in correctional industries programs that provide job opportunities for inmates who are incarcerated.

FY 2006-07 salary and benefits adjustments: The appropriation includes the salary increases allocated to the Division in FY 2006-07.

Change in indirect cost recoveries: The appropriation includes an adjustment for indirect cost recoveries to offset the need for General Fund appropriations for administrative costs and to recover the Department's share of statewide indirect cost recoveries.

Personal services reduction: The appropriation includes a 0.5 percent reduction in accordance with the common policy for personal services line items.

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 100.0 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.).

Canteen Operation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
SB 06-1385	\$13,646,807	\$0	\$0	\$13,646,807	\$0	28.0
SB 07-160	<u>(1,314)</u>	<u>0</u>	<u>0</u>	<u>(1,314)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$13,645,493	\$0	\$0	\$13,645,493	\$0	28.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$13,645,493	\$0	\$0	\$13,645,493	\$0	28.0
FY 2006-07 salary and benefits adjustments	217,751	0	0	217,751	0	0.0
Additional funds for canteen operations at private prisons	108,797	0	0	108,797	0	0.0
Annualize double bunking appropriation for FY 2006-07	21,634	0	0	21,634	0	0.7
Change in indirect cost recoveries	110	0	0	110	0	0.0
Personal services reduction	(7,481)	0	0	(7,481)	0	0.0
Eliminate one-time appropriations	(3,438)	0	0	(3,438)	0	0.0
SB 07-239	<u>\$13,982,866</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13,982,866</u>	<u>\$0</u>	<u>28.7</u>
TOTAL	\$13,982,866	\$0	\$0	\$13,982,866	\$0	28.7
Increase/(Decrease)	\$337,373	\$0	\$0	\$337,373	\$0	0.7
Percentage Change	2.5%	n/a	n/a	2.5%	n/a	2.5%

S.B. 07- 239 (Long Bill) Issue Descriptions

FY 2006-07 salary and benefits adjustments: The appropriation includes the salary increases allocated to the Division in FY 2006-07.

Additional funds for canteen operations at private prisons: The appropriation includes funds associated with canteen operations that have expanded at private prisons used to house state inmates.

Annualize double bunking appropriation for FY 2006-07: The appropriation includes annualization of appropriations made in FY 2006-07 for a partial year to double bunk male inmates in four state-operated prisons. Additional funds are required in FY 2007-08 to pay for a full year of costs.

Change in indirect cost recoveries: The appropriation includes an adjustment for indirect cost recoveries to offset the need for General Fund appropriations for administrative costs and to recover the Department's share of statewide indirect cost recoveries.

Personal services reduction: The appropriation includes a 0.5 percent reduction in accordance with the common policy for personal services line items.

Eliminate one-time appropriations: The appropriation eliminates funds that were appropriated in FY 2006-07 for one-time costs associated with adding staff to the Canteen Operation in 2006.

Recent Legislation

2006 Session Bills

S.B. 06-22: Expands the statutory definition of "sexually violent predator" to include offenders who are found to be a sexually violent predator in any other state or jurisdiction. Requires sexually violent predators to be subject to community notification subject to procedures established by the Sex Offender Management Board. Requires the Department of Corrections to complete risk assessments on sexually violent predators prior to release on parole or discharge from prison. Requires local authorities to be notified when a sexually violent predator has been released into the community. Establishes notification requirements for local agencies when a sexually violent predator changes residence. Requires peace officers to arrest an individual if a determination is made that there is probable cause that the individual is a sexually violent predator who has failed to register as a sex offender as required by law. Appropriates \$29,000 General Fund to the Division of Criminal Justice in the Department of Public Safety in FY 2006-07. Appropriates \$71,806 General Fund and 0.7 FTE to the Department of Corrections in FY 2006-07, and appropriates \$27,000 cash funds (Sex Offender Surcharge Fund) to the Judicial Department in FY 2006-07.

H.B. 06-1315: Authorizes juveniles 14 years of age and older convicted of Class 1 felonies committed on or after July 1, 2006, to apply for parole after being imprisoned for 40 years. Requires persons granted parole pursuant to the provisions of the bill to remain in the legal custody of the Department of Corrections for life. Appropriates \$4,480 General Fund to the Department of Corrections in FY 2006-07.

H.B. 06-1385: General appropriations act for FY 2006-07.

2006 Special Session Bills

S.B. 06S1-4: Prohibits extortion based on threats relating to a person's immigration status. Makes a 5-year statutory appropriation as follows: for FY 2006-07, appropriates \$87,194 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and transfers \$87,194 from the General Fund to the Capital Construction Fund; for FY 2007-08, appropriates \$26,813 from the General Fund to the Department of Corrections; for FY 2008-09, appropriates \$69,755 from the Capital Construction fund to the Corrections Expansion Reserve Fund, transfers \$69,755 from the General Fund to the Capital Construction Fund, and appropriates \$26,813 from the General Fund to the Department of Corrections; for FY 2009-10, appropriates \$48,263 from the general fund to the Department of Corrections; for FY 2010-11, appropriates \$69,755 from the Capital Construction Fund to the Corrections Expansion Reserve Fund, transfers \$69,755 from the General fund to the Capital Construction Fund, and appropriates \$26,813 from the General Fund to the Department of Corrections.

S.B. 06S1-5: Prohibits coercing an individual to perform involuntary labor or services by the use of threats relating to a person's immigration status. Makes a 5-year statutory appropriation as follows: for FY 2006-07, appropriates \$174,388 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and transfers \$174,388 from the General Fund to the Capital Construction Fund; for FY 2007-08, appropriates \$17,439 from the Capital Construction Fund to the Corrections Expansion Reserve Fund, transfers \$17,439 from the General Fund to the Capital Construction Fund, and appropriates \$53,626 from the General Fund to the Department of Corrections; for FY 2008-09, appropriates \$58,989 from the General Fund to the Department of Corrections; for FY 2009-10, appropriates \$58,989 from the General Fund to the Department of Corrections; for FY 2010-11, appropriates \$58,989 from the General Fund to the Department of Corrections.

S.B. 06S1-7: Makes voting by a person in an election in which that person knows he or she is not entitled to vote a class 5 felony. Appropriates the sum of \$87,194 for the fiscal year beginning July 1, 2006, from the Capital Construction Fund to the Corrections Expansion Reserve Fund for the implementation of the act. Appropriates the sum of \$26,813 for FY 2007-08, from the General Fund to the Department of Corrections for the implementation of the act. Appropriates the sum of \$21,450 for FY 2008-09 from the General Fund to the Department of Corrections for the implementation of the act.

2007 Session Bills

S.B. 07-160: Supplemental appropriation to the Department of Corrections to modify appropriations for FY 2006-07.

S.B. 07-239: General appropriations act for FY 2007-08.

H.B. 07-1343: Expands statutory DNA testing requirements to include all offenders in the custody of the Department of Corrections and certain juvenile and adult offenders in community corrections or county jail on July 1, 2007, for a sentence imposed before that date. For FY 2007-08, increases the appropriation to the Department of Corrections by \$4,960 cash funds (Offender Identification Fund).

H.B. 07-1358: Creates the Colorado Criminal and Juvenile Justice Commission in the Department of Public Safety (DPS). Authorizes members of the commission to be reimbursed for travel expenses incurred. Requires the commission to conduct research on sentencing policies and practices, alternatives to incarceration, recidivism, and cost-effective crime prevention programs. Requires the commission to prepare an annual

report of its findings and recommendations. Requires the Divisions of Criminal Justice, in consultation with the Department of Corrections, to provide staff support for the commission. Appropriates \$28,080 General Fund to the Department of Corrections in FY 2007-08.

DEPARTMENT OF EDUCATION

The State Board of Education is responsible for the general supervision of public schools throughout Colorado. 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 supports the Board in its duties by:

- accrediting public schools and school districts;
- developing and maintaining state model academic content standards in several subject areas for kindergarten through twelfth grade;
- administering assessments (CSAPs) for students at various grade levels in four subject areas; and
- issuing annual accountability reports for every public school in the state.

In addition, the Department administers the following: educator licensure and professional development programs; the School Finance Act and the distribution of state and federal funds to school districts; and a variety of education-related programs, including special education for children with disabilities, English language proficiency programs, the Colorado Preschool and Kindergarten Program, adult basic education programs, and various state and federal grant programs. The Department includes two independent agencies: (1) the State Charter School Institute Board, which is responsible for authorizing and monitoring the operations of institute charter schools located within certain school districts; and (2) the Board of Trustees that is responsible for managing the Colorado School for the Deaf and the Blind, located in Colorado Springs.

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.

Department Budget: Recent Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund/1	\$2,514,557,579	\$2,718,813,736	\$2,874,213,080	\$3,064,213,254
Cash Funds	14,762,022	15,292,983	14,636,398	15,076,979
Cash Funds Exempt	491,370,395	494,616,026	475,905,886	492,437,514
Federal Funds	<u>413,104,463</u>	<u>498,761,613</u>	<u>488,006,352</u>	<u>496,888,395</u>
Total Funds	\$3,433,794,459	\$3,727,484,358	\$3,852,761,716	\$4,068,616,142
Full Time Equiv. Staff	435.7	444.4	466.0	477.4

/1 With the exception of FY 2004-05, appropriations include General Fund Exempt.

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 the State's annual appropriations to the Department of Education. Appropriations to the Department of Education for FY 2007-08 consist of 75.3 percent General Fund, 12.2 percent federal funds, 12.1 percent cash funds exempt, 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 General Assembly has established a statutory public school finance formula under which all public school districts operate. The school finance formula takes into consideration the individual characteristics of each school district in order to equalize funding among districts and to provide thorough and uniform educational opportunities throughout the state. The school finance formula allocates state and local funds to school districts by calculating 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 (\$4,864 per pupil for FY 2006-07). The formula then increases base per pupil funding for each district based on factors that affect districts' costs of providing educational services. Thus, per pupil funding allocations vary for each district. For FY 2006-07, per pupil funding allocations ranged from \$5,865 to \$13,646, with a statewide average allocation of \$6,359 per pupil. Each district's per pupil funding allocation is multiplied by its funded pupil count to determine its "total program" funding. For FY 2006-07, a total of \$4.8 billion in state and local funds was allocated among school districts based on the public school finance formula.

Constitutional Inflationary Requirement (Amendment 23).

Pursuant to Section 17 of Article IX of the Colorado Constitution, the General Assembly is 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 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 2007-08, base per pupil funding increased from \$4,864 to \$5,088 (4.6 percent), based on the actual inflation rate of 3.6 percent in calendar year 2006. Given an estimated funded pupil count of 768,416, the General Assembly is thus required to provide a minimum of \$3.9 billion in state and local funds for FY 2007-08 -- 76.4 percent of the \$5.1 billion in total state and local funding that has been allocated for this purpose.

Factors Considered in Public School Finance Formula.

The remaining 23.6 percent of state and local funds that will be allocated among school districts in FY 2007-08 is driven by other factors in the school finance formula that increase the base per pupil funding for each district by varying amounts to account for individual district characteristics. The table at the top of the next page summarizes the three primary factors.

Factors Used to Differentiate Per Pupil Funding for Each District		
Factor	Description	Portion of Total Program Funding Attributable
Cost of Living Factor	Recognizes differences in the cost of living among districts. Provides greater per pupil funding for higher cost districts.	14.6%
Size Factor	Recognizes economies of scale experienced by larger school districts. Provides greater per pupil funding for districts with low enrollment.	4.5%
At-risk Factor	Provides additional funding for districts serving students who may be at risk of failing or dropping out of school (determined based on the number and concentration of students eligible for free lunch under the federal school lunch program and English language learners)	4.5%

Determining the State and Local Shares of Public School 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 (taxable) value of property in each district. Specific ownership taxes are paid when registering motor vehicles. For FY 2007-08, local taxes are expected to contribute about \$1.8 billion toward public school finance. Thus, the General Assembly appropriated \$3.3 billion in state funding to provide a total of \$5.1 billion for school district operations.

In recent years two constitutional provisions (the Gallagher amendment and TABOR), combined with a statutory provision in the School Finance Act of 1994, have limited property tax revenues. This has caused the local share of total program funding to increase at a slower rate than overall funding, requiring the state's share of funding to rise. From FY 1994-95, when the existing School Finance Act was first adopted, to FY 06-07, the state share of funding rose from 54.3 percent to 63.9 percent. Senate Bill 07-199 changes the method for computing the property tax share of school district funding, thereby allowing property tax revenues to increase more rapidly. For further information, see the description for S.B. 07-199 at the end of this department.

In summary, several factors affect the amount of state funding appropriated for public school finance:

- ✓ 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;
- ✓ changes in the relative cost-of-living in various regions of the state;
- ✓ the number of at-risk students enrolled in public schools;
- ✓ 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, as well as constitutional and statutory provisions that limit property tax revenues.

The table on the following page provides key data related to school finance funding for the last four fiscal years, as well as appropriations for FY 2006-07 and FY 2007-08.

School Finance Funding						
Description	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Approp.	FY 07-08 Approp.
Funded Pupil Count	717,465	722,980	729,377	741,328	753,338	768,416
<i>Annual Percent Change</i>	<i>1.5%</i>	<i>0.8%</i>	<i>0.9%</i>	<i>1.6%</i>	<i>1.6%</i>	<i>2.0%</i>
<i>Denver-Boulder Inflation Rate for Previous Calendar Year</i>	<i>4.7%</i>	<i>1.9%</i>	<i>1.1%</i>	<i>0.1%</i>	<i>2.1%</i>	<i>3.6%</i>
Statewide <u>Base</u> Per Pupil Funding	\$4,442	\$4,570	\$4,666	\$4,718	\$4,864	\$5,088
<i>Annual Percent Change</i>	<i>5.7%</i>	<i>2.9%</i>	<i>2.1%</i>	<i>1.1%</i>	<i>3.1%</i>	<i>4.6%</i>
Statewide <u>Average</u> Per Pupil Funding	\$5,796	\$5,943	\$6,074	\$6,168	\$6,359	\$6,658
<i>Annual Percent Change</i>	<i>6.3%</i>	<i>2.5%</i>	<i>2.2%</i>	<i>1.5%</i>	<i>3.1%</i>	<i>4.7%</i>
Districts' Total Program Funding	\$4,158,114,214	\$4,296,674,752	\$4,430,126,525	\$4,572,169,688	\$4,790,417,406	\$5,116,400,811
<i>Annual Percent Change</i>	<i>7.9%</i>	<i>3.3%</i>	<i>3.1%</i>	<i>3.2%</i>	<i>4.8%</i>	<i>6.8%</i>
<u>Local Share</u> of Districts' Total Program Funding	\$1,674,010,828	\$1,671,170,411	\$1,686,385,318	\$1,701,209,635	\$1,729,248,571	\$1,850,072,036
<i>Annual Percent Change</i>	<i>3.0%</i>	<i>(0.2)%</i>	<i>0.9%</i>	<i>0.9%</i>	<i>1.6%</i>	<i>7.0%</i>
<u>State Share</u> of Districts' Total Program Funding	\$2,484,103,386	\$2,625,504,341	\$2,743,741,207	\$2,870,960,053	\$3,061,168,835	\$3,266,328,775
<i>Annual Percent Change</i>	<i>11.4%</i>	<i>5.7%</i>	<i>4.5%</i>	<i>4.6%</i>	<i>6.6%</i>	<i>6.7%</i>
<i>State Share as Percent of Districts' Total Program Funding</i>	<i>59.7%</i>	<i>61.1%</i>	<i>61.9%</i>	<i>62.8%</i>	<i>63.9%</i>	<i>63.8%</i>
General Fund Portion of State Share Appropriation	\$2,137,582,405	\$2,247,917,791	\$2,342,618,549	\$2,480,460,455	\$2,648,814,840	\$2,824,496,821
<i>Annual Percent Change</i>	<i>3.1%</i>	<i>5.2%</i>	<i>4.2%</i>	<i>5.9%</i>	<i>6.8%</i>	<i>6.6%</i>

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. Unlike public school finance funding, there is no legal requirement that the General Assembly increase funding commensurate with the number of students eligible for any particular categorical program. However, 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 example, based on the actual inflation rate for calendar year 2006 (3.6 percent), the General Assembly is required to increase state funding for categorical programs by at least \$9.3 million (4.6 percent) for FY 2007-08.

The General Assembly determines on an annual basis how to allocate the required increase among the various categorical programs. The following table details increases in the annual appropriation of state funds since FY 2000-01, by program area.

Increases in State Funding for Categorical Programs			
Long Bill Line Item	FY 2007-08 Appropriation	Increase in Annual Appropriation of State Funds Since FY 2000-01	
Special education - children with disabilities	\$121,980,438	\$50,469,665	70.6%
English Language Proficiency Program	7,201,113	4,099,515	132.2%
Public school transportation	44,215,305	7,293,078	19.8%
Colorado Vocational Act distributions	21,208,319	3,415,469	19.2%
Special education - gifted and talented children	7,997,177	2,497,177	45.4%
Expelled and at-risk student services grant program	6,340,676	551,869	9.5%
Small attendance center aid	961,817	13,677	1.4%
Comprehensive health education	600,000	0	0.0%
Total	\$210,504,845	\$68,340,450	48.1%

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 improvements¹. 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* for capital expenditures of school districts that: (1) address immediate safety hazards or health concerns;

¹ The State settled the *Alec Giardino, et al. v. the Colorado State Board of Education, et al.* lawsuit concerning conditions existing in public school facilities. The settlement agreement was contingent upon the General Assembly adopting legislation that would provide a mechanism for funding capital construction, repair and maintenance in public schools -- a total of \$190 million state funds over eleven years to address the most serious needs. The General Assembly subsequently adopted, and the Governor signed, S.B. 00-181 to implement the agreement.

- (2) relieve excessive operating costs created by insufficient maintenance or construction spending; or
- (3) 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* to provide matching grants to districts for qualified capital construction projects.

A provision was included in S.B. 00-181 [Section 24-75-201.1 (4) (c), C.R.S.] prohibiting the General Assembly from making the General Fund appropriations set forth in the act in a fiscal year in which General Fund revenues do not exceed certain annual obligations by more than \$80.0 million². Due to revenue shortfalls, the General Assembly was not statutorily obligated to appropriate General Fund moneys for school capital construction from FY 2001-02 through FY 2006-07. However, the General Assembly elected to waive this provision for certain fiscal years. The General Assembly has also appropriated moneys from the State Education Fund for capital construction purposes. In addition, lottery proceeds have been available for capital construction needs in each of the last five fiscal years. The following table provides a summary of funding required by S.B. 00-181 (given sufficient revenues) and funding made available to date for capital construction programs (excluding funding specifically for charter schools).

Fiscal Year	Appropriations Required Pursuant to S.B. 00-181 if General Fund Revenues are Sufficient	Funding Made Available To Date 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	2,396,438	7,396,438
05-06	20,000,000	25,000,000	5,000,000	1,691,454	31,691,454
06-07	20,000,000	15,000,000	0	12,545,316	27,545,316
07-08	<u>20,000,000</u>	<u>20,000,000</u>	<u>0</u>	n/a	<u>20,000,000</u>
Subtotal	130,000,000	75,000,000	32,971,112	28,823,525	136,794,637
08-09	20,000,000				n/a
09-10	20,000,000				n/a
10-11	<u>20,000,000</u>				n/a
Total	\$190,000,000	n/a	n/a	n/a	n/a

² Through H.B. 06-1375, the General Assembly amended this language to allow (but not require) the General Assembly to make a General Fund appropriation even if the threshold is not met [see Section 24-75-201.1 (4) (c) (II), C.R.S.].

Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of Education						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation/3:	\$3,852,761,716	\$2,874,213,080	\$14,636,398	\$475,905,886	\$488,006,352	466.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management and Administration	38,009,688	24,248,680	2,011,878	3,616,616	8,132,514	130.3
Assistance to Public Schools	3,800,749,390	2,839,440,172	12,539,520	468,895,860	479,873,838	173.8
Library Programs	1,640,819	1,420,819	0	220,000	0	0.0
School for the Deaf and the Blind	12,361,819	9,103,409	85,000	3,173,410	0	161.9
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	3,815,405,312	2,842,509,140	15,379,219	469,477,164	488,039,789	463.4
SB 06-130	210,000	210,000	0	0	0	0.0
SB 06-176	(775,000)	0	(775,000)	0	0	0.0
HB 06-1001	261,460	0	11,460	250,000	0	0.0
HB 06-1004	300,000	0	0	300,000	0	0.0
HB 06-1008	531,580	0	0	531,580	0	0.0
HB 06-1109	0	0	0	0	0	1.0
HB 06-1310	(4,369,567)	0	0	(4,369,567)	0	0.0
HB 06-1375	36,271,980	31,883,613	0	4,388,367	0	1.8
SB 07-161	4,854,911	(389,673)	20,719	5,257,302	(33,437)	(0.2)
SB 07-239	0	0	0	0	0	0.0
HB 07-1238	71,040	0	0	71,040	0	0.0
FY 2007-08 Total Appropriation:	\$4,068,616,142	\$3,064,213,254	\$15,076,979	\$492,437,514	\$496,888,395	477.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management and Administration	40,820,995	24,977,716	2,017,459	5,174,408	8,651,412	133.5
Assistance to Public Schools	4,013,412,663	3,028,571,846	12,774,520	483,829,314	488,236,983	178.9
Library Programs	1,640,819	1,420,819	0	220,000	0	0.0
School for the Deaf and the Blind	12,741,665	9,242,873	285,000	3,213,792	0	165.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	4,108,283,233	3,057,338,198	15,076,979	538,979,661	496,888,395	470.9
SB 07-41	(10,000,000)	0	0	(10,000,000)	0	0.0

Department of Education						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-59	700,000	0	0	700,000	0	0.0
SB 07-192	0	0	0	0	0	1.0
SB 07-199	(36,357,063)	4,655,056	0	(41,012,119)	0	0.0
SB 07-215	418,861	0	0	418,861	0	3.5
SB 07-255	2,200,000	2,200,000	0	0	0	0.0
HB 07-1024	12,000	12,000	0	0	0	0.0
HB 07-1062	1,912,051	0	0	1,912,051	0	1.0
HB 07-1066	530,000	0	0	530,000	0	0.0
HB 07-1232	8,000	8,000	0	0	0	0.0
HB 07-1320	274,704	0	0	274,704	0	1.0
HB 07-1345	275,250	0	0	275,250	0	0.0
HB 07-1359	359,106	0	0	359,106	0	0.0
Increase/(Decrease)	\$215,854,426	\$190,000,174	\$440,581	\$16,531,628	\$8,882,043	11.4
Percentage Change	5.6%	6.6%	3.0%	3.5%	1.8%	2.4%

/1 Includes General Fund Exempt. See Division Detail for information on General Fund Exempt appropriations.

/2 For FY 2007-08, includes \$5,000,000 that is appropriated as a result of a requirement of a final state court order and is thus exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (B), C.R.S.

/3 Excludes \$25,245 General Fund and 0.3 FTE that was appropriated through H.B. 06-1283 and reflected in the FY 2006-07 Appropriations Report. This bill was contingent on the passage of Referendum J, which was not approved by voters in November 2006.

FY 2007-08 Appropriation Highlights:

- The appropriation provides for a \$326.0 million increase (6.8 percent) in *total state and local* funding for schools pursuant to the School Finance Act of 1994, as amended, based on the following:
 - a 4.6 percent increase in the statewide base per-pupil funding amount, based on an actual inflation rate of 3.6 percent in CY 2006 plus an additional 1.0 percent as required by the State Constitution (requiring \$224.4 million total funds);
 - a projected 1.9 percent increase in the number of funded pupils in kindergarten through 12th grade (requiring \$88.5 million total funds);
 - the addition of 2,000 funded slots for the Colorado Preschool and Kindergarten Program, authorized through S.B. 07-199 (requiring \$6.7 million total funds); and
 - an increase in per pupil funding for districts receiving the lowest amount per pupil, authorized through S.B. 07-199 (requiring \$6.4 million total funds).

It is anticipated that *local* property and specific ownership tax revenues (which are not reflected in appropriations to the Department) will increase by 7.0 percent (\$120.8 million). Appropriations thus reflect a 6.7 percent (\$205.2 million) increase in the *State's* share of funding for districts' total program funding to provide the total \$326.0 million increase.

2. The appropriation includes a \$9.3 million increase (4.6 percent) in state funding for categorical programs as required by the State Constitution, including \$8.0 million General Fund and \$1.3 million from the State Education Fund (4.6 percent increases from each fund source).
3. The appropriation includes a \$5.0 million increase in General Fund appropriations for public school capital construction programs (from \$15.0 million for FY 2006-07 to \$20.0 million for FY 2007-08), as required by Section 24-75-201.1 (4) (b) (V) (A), C.R.S. Of this amount, \$5.0 million is identified as exempt from the six percent statutory limitation on General Fund appropriations as it is appropriated as a result of a final state court order (the *Giardino* settlement agreement).
4. Consistent with current law, the appropriation reflects the elimination of a \$2.8 million one-time increase in funding from the State Education Fund for charter school capital construction.

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 (CSAP) and associated accountability programs, as well as funding associated with the State Charter School Institute. Beginning in FY 2007-08, this section includes funding for the Division of On-line Learning. Finally, this section includes funding for the Department to provide technical assistance to school districts concerning civic education and financial literacy. 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, as well as overpayments recovered from school districts that are credited to the State Public School Fund. Federal funds reflected in this section are from a variety of sources.

Management and Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$39,066,370	\$23,368,550	\$2,719,219	\$4,812,650	\$8,165,951	128.0
SB 06-176	(775,000)	0	(775,000)	0	0	0.0
HB 06-1001	11,460	0	11,460	0	0	0.0
HB 06-1109	0	0	0	0	0	1.0
HB 06-1375	103,386	949,019	0	(845,633)	0	1.5

Management and Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-161	<u>(396,528)</u>	<u>(68,889)</u>	<u>56,199</u>	<u>(350,401)</u>	<u>(33,437)</u>	<u>(0.2)</u>
TOTAL/1	\$38,009,688	\$24,248,680	\$2,011,878	\$3,616,616	\$8,132,514	130.3
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$38,009,688	\$24,248,680	\$2,011,878	\$3,616,616	\$8,132,514	130.3
FY 2007-08 salary and benefit adjustments	1,146,770	566,865	38,287	62,845	478,773	0.0
State Charter School Institute	524,685	0	0	524,685	0	2.7
Colorado Student Assessment Program	483,801	0	0	0	483,801	0.0
Annualize salary increases	199,994	121,666	33,632	44,696	0	0.0
Annualize funding for new staff	14,867	14,867	0	0	0	0.0
Federal assessment funds available for other activities	(412,976)	0	0	0	(412,976)	(4.0)
Eliminate one-time funding	(50,000)	0	(50,000)	0	0	0.0
Personal services base reductions	(35,211)	(23,551)	(5,402)	(6,258)	0	0.0
Other	(37,438)	41,189	(10,936)	(36,991)	(30,700)	0.0
SB 07-239	\$39,844,180	\$24,969,716	\$2,017,459	\$4,205,593	\$8,651,412	129.0
SB 07-215	418,861	0	0	418,861	0	3.5
HB 07-1232	8,000	8,000	0	0	0	0.0
HB 07-1320	274,704	0	0	274,704	0	1.0
HB 07-1345	<u>275,250</u>	<u>0</u>	<u>0</u>	<u>275,250</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$40,820,995	\$24,977,716	\$2,017,459	\$5,174,408	\$8,651,412	133.5
Increase/(Decrease)	\$2,811,307	\$729,036	\$5,581	\$1,557,792	\$518,898	3.2
Percentage Change	7.4%	3.0%	0.3%	43.1%	6.4%	2.5%

/1 Excludes \$25,245 General Fund and 0.3 FTE that was appropriated through H.B. 06-1283 and reflected in the FY 2006-07 Appropriations Report. This bill was contingent on the passage of Referendum J, which was not approved by voters in November 2006.

S.B. 07-239 (Long Bill) Issue Descriptions

FY 2007-08 salary and benefit adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary and benefits, including the following increases: \$353,994 for health, life and dental benefits; \$352,370 for performance-based pay; \$273,242 for salary survey and senior executive service; and \$167,164 for Public Employees' Retirement Association (PERA) amortization equalization disbursement pursuant to S.B. 04-257 and S.B. 06-235.

State Charter School Institute: The appropriation includes increases in four cash funds exempt appropriations related to the State Charter School Institute based on enrollment projections for Institute charter schools and the associated per pupil funding for these schools.

Colorado Student Assessment Program (CSAP): The appropriation reflects increases in federal funding for statewide assessments for the following purposes: \$222,930 for ongoing development, scoring, and reporting for the Colorado English Language Assessment; \$134,512 for the primary contract with CTB - McGraw Hill for ongoing developing, scoring, and reporting for assessments; \$112,696 for the statewide ACT test; and \$15,693 for staff salary increases that were awarded in FY 2006-07. These increases are offset by a reduction of \$2,030 for a 0.5 percent personal services base reduction.

Annualize salary increases: The appropriation includes \$199,994 to annualize salary increases awarded in FY 2006-07.

Annualize funding for new staff: The appropriation includes \$14,867 General Fund to annualize the 11 months of funding appropriated for FY 2006-07 for school finance and audit staffing increases.

Federal assessment funds available for other activities: The appropriation reflects a reduction in the portion of federal assessment funding that is anticipated to be available for purposes other than assessments based on the amount of funding that will be required for the statewide assessment program.

Eliminate one-time funding: The appropriation eliminates a one-time cash funds appropriation for the Educator Licensure unit to address a backlog that had developed due to recent changes in the process used by the Colorado Bureau of Investigation to provide background check results to the Department.

Personal services base reductions: The appropriation includes a reduction of \$35,211 associated with a 0.5 percent reduction in funding for personal services.

Other: The appropriation reflects relatively small changes in a number of centrally-appropriated line items, including: workers' compensation, administrative law judge services, payment to risk management and property funds, Capitol complex leased space, short-term disability, services from the general government computer center, multiuse network payments, legal services, and indirect costs. The appropriation also reflects a decrease of \$4,277 in emeritus retirement payments.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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's* share of districts' total program funding required under the School Finance Act (the local share of 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.

The changes in appropriation by subdivision and the factors driving such changes are included in tables for each subdivision.

Assistance to Public Schools						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$3,762,250,593	\$2,808,530,651	\$12,575,000	\$461,271,104	\$479,873,838	173.5
SB 06-130	210,000	210,000	0	0	0	0.0
HB 06-1001	250,000	0	0	250,000	0	0.0
HB 06-1004	300,000	0	0	300,000	0	0.0
HB 06-1008	531,580	0	0	531,580	0	0.0
HB 06-1310	(4,369,567)	0	0	(4,369,567)	0	0.0
HB 06-1375	36,168,594	30,934,594	0	5,234,000	0	0.3
SB 07-161	5,337,150	(235,073)	(35,480)	5,607,703	0	0.0
SB 07-239	0	0	0	0	0	0.0
HB 07-1238	<u>71,040</u>	<u>0</u>	<u>0</u>	<u>71,040</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,800,749,390	\$2,839,440,172	\$12,539,520	\$468,895,860	\$479,873,838	173.8
FY 2007-08 Appropriation:						
SB 07-239	\$4,054,056,569	\$3,021,704,790	\$12,774,520	\$531,340,276	\$488,236,983	176.9
SB 07-41	(10,000,000)	0	0	(10,000,000)	0	0.0
SB 07-59	700,000	0	0	700,000	0	0.0
SB 07-192	0	0	0	0	0	1.0
SB 07-199	(36,357,063)	4,655,056	0	(41,012,119)	0	0.0
SB 07-255	2,200,000	2,200,000	0	0	0	0.0
HB 07-1024	12,000	12,000	0	0	0	0.0
HB 07-1062	1,912,051	0	0	1,912,051	0	1.0
HB 07-1066	530,000	0	0	530,000	0	0.0

Assistance to Public Schools						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 07-1359	<u>359,106</u>	<u>0</u>	<u>0</u>	<u>359,106</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$4,013,412,663	\$3,028,571,846	\$12,774,520	\$483,829,314	\$488,236,983	178.9
Increase/(Decrease)	\$212,663,273	\$189,131,674	\$235,000	\$14,933,454	\$8,363,145	5.1
Percentage Change	5.6%	6.7%	1.9%	3.2%	1.7%	2.9%

/1 Includes General Fund Exempt amounts. See Subsection Detail, below, for information on General Fund Exempt appropriations.

/2 For FY 2007-08, includes \$5,000,000 that is appropriated as a result of a requirement of a final state court order and is thus exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (B), C.R.S.

Public School Finance

This subsection of Assistance to Public Schools consists of appropriations for the State's share of funding required under the School Finance Act of 1994, as amended. The local share of funding (an estimated 36.2 percent of the amount required for FY 2007-08 or \$1.85 billion) is not reflected in appropriations to the Department. For FY 2007-08, 86.5 percent of the State's share is funded from the General Fund. Cash funds appropriations reflect anticipated rental income earned on public school lands, less the amount appropriated for other purposes. 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.

<i>Public School Finance</i>						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$3,035,371,527	\$2,644,118,696	\$9,527,356	\$381,725,475	\$0	0.0
HB 06-1008	0	0	0	0	0	0.0
HB 06-1375	4,931,217	4,931,217	0	0	0	0.0
SB 07-161	20,866,091	(235,073)	(35,480)	21,136,644	0	0.0
SB 07-239	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,061,168,835	\$2,648,814,840	\$9,491,876	\$402,862,119	\$0	0.0

<i>Public School Finance</i>						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$3,061,168,835	\$2,648,814,840	\$9,491,876	\$402,862,119	\$0	0.0
Fund projected enrollment growth and 4.6 percent increase in base per pupil funding	241,530,003	171,014,925	0	70,515,078	0	0.0
SB 07-239	\$3,302,698,838	\$2,819,829,765	\$9,491,876	\$473,377,197	\$0	0.0
SB 07-199	(36,382,063)	4,655,056	0	(41,037,119)	0	0.0
HB 07-1024	<u>12,000</u>	<u>12,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,266,328,775	\$2,824,496,821	\$9,491,876	\$432,340,078	\$0	0.0
Increase/(Decrease)	\$205,159,940	\$175,681,981	\$0	\$29,477,959	\$0	0.0
Percentage Change	6.7%	6.6%	0.0%	7.3%	n/a	n/a

/1 Includes General Fund Exempt amounts.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2006-07 Appropriation	\$2,649,049,913	\$2,392,949,913	\$256,100,000
Supplemental (S.B. 07-161)	(235,073)	(235,073)	0
Long Bill supplemental (S.B. 07-239)	<u>0</u>	<u>(87,000,000)</u>	<u>87,000,000</u>
FY 2006-07 Adjusted Appropriation	\$2,648,814,840	\$2,305,714,840	\$343,100,000
Fund projected enrollment growth and 4.6 percent increase in base per pupil funding	171,014,925	171,014,925	0
Adjust General Fund Exempt amount based on FY 2007-08 revenue projections	0	(800,000)	800,000
Fund 2,000 additional preschool slots (S.B. 07-199)	4,655,056	4,655,056	0
Offset reduction in local funding due to H.B. 07-1024	<u>12,000</u>	<u>12,000</u>	<u>0</u>
Total FY 2007-08 Appropriation	\$2,824,496,821	\$2,480,596,821	\$343,900,000

General Fund Exempt

In November 2005, the Colorado voters passed Referendum C. Referendum C allows the State to retain all revenue that is collected above the TABOR limit for FY 2005-06 through FY 2009-10. This revenue must be placed in a General Fund Exempt Account (see Section 24-77-103.6 (2), C.R.S.). The above table shows the amount appropriated from the General Fund Exempt Account for FY 2006-07 and FY 2007-08 for preschool through twelfth grade education pursuant to Sections 24-77-103.6 (2) (b) and 24-77-104.5 (3), C.R.S.

Overview: FY 2007-08 Funding for Public School Finance

The FY 2007-08 appropriation for public school finance is provided through three bills: S.B. 07-239 (the Long Bill), S.B. 07-199 (the annual "school finance act"), and H.B. 07-1024. These bills provide for a \$326.0 million increase (6.8 percent) in *total state and local* funding for schools pursuant to the School Finance Act of 1994, as amended, based on the following:

- a 4.6 percent increase in the statewide base per-pupil funding amount, based on an actual inflation rate of 3.6 percent in CY 2006 plus an additional 1.0 percent as required by the State Constitution (requiring \$224.4 million total funds);
- a projected 1.9 percent increase in the number of funded pupils in kindergarten through 12th grade (requiring \$88.5 million total funds);
- the addition of 2,000 funded slots for the Colorado Preschool and Kindergarten Program (for a total of 16,360 half-day slots) authorized through S.B. 07-199 (requiring \$6.7 million total funds); and
- an increase in per pupil funding for districts receiving the lowest amount per pupil authorized through S.B. 07-199 (requiring \$6.4 million total funds).

It is anticipated that *local* property and specific ownership tax revenues (which are not reflected in appropriations to the Department) will increase by 7.0 percent (\$120.8 million). Appropriations thus reflect a 6.7 percent (\$205.2 million) increase in the *State's* share of funding for districts' total program funding to provide the total required \$326.0 million increase. The following table details the data and figures related to overall school finance funding.

School Finance: Total Program	FY 06-07 Amended Appropriation	FY 07-08 Appropriation	Change
Funded Pupil Count	753,338.0	768,416.3	15,078.3
<i>Annual Percent Change</i>	<i>1.6%</i>	<i>2.0%</i>	
Statewide <u>Base</u> Per-Pupil Funding	\$4,863.87	\$5,087.61	\$223.74
<i>Annual Percent Change</i>	<i>3.1%</i>	<i>4.6%</i>	
Statewide <u>Average</u> Per-Pupil Funding	\$6,358.92	\$6,658.37	\$299.45
<i>Annual Percent Change</i>	<i>3.1%</i>	<i>4.7%</i>	
Total Program Funding	\$4,790,417,406	\$5,116,400,811	\$325,983,405
<i>Annual Percent Change</i>	<i>4.8%</i>	<i>6.8%</i>	
<u>Local Share</u> of Districts' Total Program Funding (excluding appropriation related to BIAs)	\$1,729,248,571	\$1,850,072,036	\$120,823,465
<i>Annual Percent Change</i>	<i>1.6%</i>	<i>7.0%</i>	
<u>State Share</u> of Districts' Total Program Funding (including appropriation related to BIAs)	\$3,061,168,835	\$3,266,328,775	\$205,159,940
<i>Annual Percent Change</i>	<i>6.6%</i>	<i>6.7%</i>	
<i>State Share as % of Districts' Total Program</i>	<i>63.9%</i>	<i>63.8%</i>	

S.B. 07-239 (Long Bill) Issue Descriptions

Fund projected enrollment growth and 4.6 percent increase in base per pupil funding: Section 17 of Article IX of the Colorado Constitution (Amendment 23) requires the General Assembly to increase the statewide base per-pupil funding amount by inflation plus one percent annually for FY 2001-02 through FY 2010-11, and by inflation annually thereafter. The Long Bill appropriation provides the \$241.5 million (7.9 percent) increase in *state* funding required for the School Finance Act under current law, including:

- General Fund increases totaling \$171.0 million (6.5 percent);
- a \$57.7 million increase (18.7 percent) in appropriations from the State Education Fund; and
- a \$12.8 million increase (13.6 percent) in appropriations from the State Public School Fund.

Amendment 23 includes a requirement related to the sources of funds the General Assembly uses to provide the required inflationary increases. Specifically, for FY 2001-02 through FY 2010-11, the General Assembly is required to annually increase the General Fund appropriation for districts' total program funding by at least five percent³. The Long Bill appropriation for FY 2007-08 reflects a 6.5 percent increase in the General Fund appropriation for districts' total program funding. While the General Fund increase is more than the minimum required 5.0 percent General Fund increase, it is less than the overall 7.9 percent required increase in state funding for FY 2007-08.

The cash funds exempt appropriation from the State Public School Fund is based on projected Fund revenues and expenditures. The State Education Fund appropriation is adjusted to support the remaining required increase in state funding.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Categorical Programs

This subsection of Assistance to Public Schools 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 defines "categorical programs", and 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.

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, and spending from reserves in the Colorado Comprehensive Health Education Fund.

³ This five percent General Fund "maintenance of effort" requirement, however, does not apply in any fiscal year in which Colorado personal income grows less than 4.5 percent between the previous two calendar years. Current estimates indicate that it will apply for FY 2006-07 through FY 2010-11.

<i>Categorical Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$339,416,694	\$148,911,955	\$0	\$26,713,507	\$163,791,232	59.5
HB 06-1375	25,720,000	25,720,000	0	0	0	0.0
HB 07-1238	<u>71,040</u>	<u>0</u>	<u>0</u>	<u>71,040</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$365,207,734	\$174,631,955	\$0	\$26,784,547	\$163,791,232	59.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$365,207,734	\$174,631,955	\$0	\$26,784,547	\$163,791,232	59.5
Increase state funding by 4.6 percent	9,257,383	8,033,070	0	1,224,313	0	0.0
Less: Portion of required increase to be included in separate legislation	(2,200,000)	(2,200,000)	0	0	0	0.0
Public School Transportation Fund	378,960	0	0	378,960	0	0.0
Expelled and At-risk Student Services Grant Program	0	0	0	0	0	1.0
SB 07-239	\$372,644,077	\$180,465,025	\$0	\$28,387,820	\$163,791,232	60.5
SB 07-255	<u>2,200,000</u>	<u>2,200,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$374,844,077	\$182,665,025	\$0	\$28,387,820	\$163,791,232	60.5
Increase/(Decrease)	\$9,636,343	\$8,033,070	\$0	\$1,603,273	\$0	1.0
Percentage Change	2.6%	4.6%	n/a	6.0%	0.0%	1.7%

S.B. 07-239 (Long Bill) Issue Descriptions

Increase state funding by 4.6 percent: As required by Amendment 23, the FY 2007-08 appropriation includes a \$9.3 million (4.6 percent) increase in *state funding* for categorical programs (based on the actual inflation rate for 2006). This following table details the allocation of the increase among categorical programs.

Increase in State Funding for Categorical Programs for FY 2007-08				
Long Bill Line Item	FY 2006-07 Appropriation of State Funds	Allocation of FY 2007-08 Increases in State Funds		FY 2007-08 Appropriation of State Funds
District Programs Required by Statute:				
Special education - children with disabilities	\$115,953,326	\$3,827,112	3.3%	\$119,780,438
Child Find Program (separate legislation)	0	2,200,000	100.0%	2,200,000
Subtotal	115,953,326	6,027,112	5.2%	121,980,438
English Language Proficiency Program	6,132,897	1,068,216	17.4%	7,201,113
Other Categorical Programs:				
Public school transportation	42,869,585	1,345,720	3.1%	44,215,305
Colorado Vocational Act distributions	20,635,922	572,397	2.8%	21,208,319
Special education - gifted and talented children	7,808,744	188,433	2.4%	7,997,177
Expelled and at-risk student services grant program	6,285,171	55,505	0.9%	6,340,676
Small attendance center aid	961,817	0	0.0%	961,817
Comprehensive health education	600,000	0	0.0%	600,000
Total	\$201,247,462	\$9,257,383	4.6%	\$210,504,845

Less: Portion of required increase to be included in separate legislation: The General Assembly passed separate legislation (S.B. 07-255) to statutorily clarify the distribution of responsibilities under the Child Find Program of the federal *Individuals with Disabilities Education Improvement Act of 2004*. This act includes a provision appropriating \$2.2 million of the total increase in state funding required for categorical programs for the purpose of reimbursing school districts for the costs of screening and evaluating children with disabilities under the Child Find Program.

Public School Transportation Fund: The appropriation includes a \$450,000 cash funds exempt appropriation from the Public School Transportation Fund (an increase of \$378,960) to allow the Department to re-allocate recoveries of transportation overpayments collected in FY 2006-07 to school districts in FY 2007-08.

Expelled and At-risk Student Services Grant Program: The appropriation authorizes the Department to spend \$55,505 of the required increase in state funding for categorical programs to support 1.0 FTE for the Expelled and At-risk Student Services Grant Program. This individual will provide more technical assistance to school districts concerning suspension and expulsion, respond to inquiries from parents of suspended and expelled students, and respond to data requests.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Grant Programs and Other Distributions

This subsection of Assistance to Public Schools includes funding for a variety of state and federal grant 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 2007-08, \$700,000 General Fund is appropriated to the Smart Start Nutrition Program Fund, and a \$700,000 cash funds exempt appropriation is also provided to authorize the Department to spend moneys in this fund to distribute funds to eligible school districts. 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 administer the Public School Health Services program, reserves in the State Public School Fund, and gifts, grants, and donations.

<i>Grant Programs and Other Distributions</i>						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$78,608,343	\$15,500,000	\$2,472,644	\$49,757,474	\$10,878,225	12.4
SB 06-130	210,000	210,000	0	0	0	0.0
HB 06-1001	250,000	0	0	250,000	0	0.0
HB 06-1004	300,000	0	0	300,000	0	0.0
HB 06-1008	531,580	0	0	531,580	0	0.0
HB 06-1310	(4,369,567)	0	0	(4,369,567)	0	0.0
HB 06-1375	5,517,377	283,377	0	5,234,000	0	0.3
SB 07-161	<u>(15,528,941)</u>	<u>0</u>	<u>0</u>	<u>(15,528,941)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$65,518,792	\$15,993,377	\$2,472,644	\$36,174,546	\$10,878,225	12.7
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$65,518,792	\$15,993,377	\$2,472,644	\$36,174,546	\$10,878,225	12.7
Capital construction programs	10,000,000	5,000,000	0	5,000,000	0	0.0
School breakfast program	700,000	700,000	0	0	0	0.0
Read-to-Achieve Grant Program	548,620	0	0	548,620	0	0.0
Contingency Reserve	148,451	0	0	148,451	0	0.0
Public school health services	7,176	0	0	7,176	0	0.0
Eliminate duplicative appropriation	(10,000,000)	0	0	(10,000,000)	0	(2.0)
Eliminate one-time increase for charter school capital construction	(2,800,000)	0	0	(2,800,000)	0	0.0
Aid to declining enrollment districts with new charter schools	(1,283,377)	(283,377)	0	(1,000,000)	0	0.0
Eliminate one-time funding for supplemental on-line education courses	(531,580)	0	0	(531,580)	0	0.0

<i>Grant Programs and Other Distributions</i>						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Eliminate one-time spending authority from School Construction and Renovation Fund	(437,602)	0	0	(437,602)	0	0.0
Eliminate one-time funding for Reading Assistance Grant Program	(300,000)	0	0	(300,000)	0	0.0
Eliminate spending authority from Principal Development Scholarship Fund	(250,000)	0	0	(250,000)	0	0.0
SB 07-239	\$61,320,480	\$21,410,000	\$2,472,644	\$26,559,611	\$10,878,225	10.7
SB 07-41	(10,000,000)	0	0	(10,000,000)	0	0.0
SB 07-59	700,000	0	0	700,000	0	0.0
SB 07-192	0	0	0	0	0	1.0
SB 07-199	25,000	0	0	25,000	0	0.0
HB 07-1066	530,000	0	0	530,000	0	0.0
HB 07-1359	<u>359,106</u>	<u>0</u>	<u>0</u>	<u>359,106</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$52,934,586	\$21,410,000	\$2,472,644	\$18,173,717	\$10,878,225	11.7
Increase/(Decrease)	(\$12,584,206)	\$5,416,623	\$0	(\$18,000,829)	\$0	(1.0)
Percentage Change	(19.2)%	33.9%	0.0%	(49.8)%	0.0%	(7.9)%

/1 For FY 2007-08, includes \$5,000,000 that is appropriated as a result of a requirement of a final state court order and is thus exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (B), C.R.S.

S.B. 07-239 (Long Bill) Issue Descriptions

Capital construction programs: The appropriation includes a \$5.0 million increase in the General Fund appropriations for capital construction assistance programs (from \$15.0 million for FY 2006-07 to \$20.0 million for FY 2007-08). The appropriation also includes a commensurate \$5.0 million increase in the cash funds exempt spending authority out of the School Capital Construction Expenditures Reserve and the School Construction and Renovation Fund. The \$20.0 million General Fund appropriation is required under current law, based on the March 2007 Legislative Council Staff revenue forecast. The appropriation identifies \$5.0 million of the FY 2007-08 appropriation as exempt from the six percent statutory limitation on General Fund appropriations as it is appropriated as a result of a final state court order (the *Giardino* settlement agreement).

School breakfast program: The appropriation adds \$700,000 General Fund for school districts to create, expand, or enhance the federal school breakfast program in each low-performing school. [Please note that S.B. 07-59 redirects the \$700,000 added to this line item to a new, related program (see the "Recent Legislation" section at the end of this department for a description of this new program).]

Read-to-Achieve Grant Program: The appropriation reflects a net increase in cash funds exempt spending authority from the Read-to-Achieve Cash Fund, including an increase of \$807,099 in spending authority from the Read-to-Achieve Cash Fund balance, offset by a \$258,479 decrease in the amount of tobacco settlement funding anticipated to be allocated to the Read-to-Achieve Cash Fund.

Contingency Reserve: The appropriation reflects a small increase in the balance available to the State Board of Education in the State Public School Fund, Contingency Reserve.

Public school health services: The appropriation reflects a small increase in the costs of administering the S.B. 97-101 Public School Health Services program.

Eliminate duplicative appropriation: The appropriation eliminates a duplicative cash funds exempt appropriation from the School Capital Construction Expenditures Reserve, along with the appropriation for 2.0 FTE currently supported by moneys in the Reserve. The State Board of Education is authorized under current law to approve and order payments from the Reserve without an appropriation, so this duplicative appropriation is unnecessary.

Eliminate one-time increase for charter school capital construction: Consistent with current law, the appropriation reflects the elimination of a \$2.8 million one-time increase in funding for charter school capital construction.

Aid to declining enrollment districts with new charter schools: The appropriation does not include any funding for this program.

Eliminate one-time funding for supplemental on-line education courses: The appropriation does not include any funding for this program, as this program is repealed July 1, 2007.

Eliminate one-time spending authority from School Construction and Renovation Fund: The FY 2006-07 Long Bill authorized the Department to spend a \$437,602 balance in the School Construction and Renovation Fund. This one-time appropriation is eliminated for FY 2007-08.

Eliminate one-time funding for Reading Assistance Grant Program: The appropriation eliminates a \$300,000 one-time cash funds exempt appropriation from the Read-to-Achieve Cash Fund for this program.

Eliminate spending authority from Principal Development Scholarship Fund: The appropriation eliminates \$250,000 in cash funds exempt spending authority for gifts, grants, and donations that may be credited to the Principal Development Scholarship Fund.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Appropriated Sponsored Programs

This subsection of Assistance to Public Schools 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. The vast majority 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 the following:

- 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.

<i>Appropriated Sponsored Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$308,854,029</u>	<u>\$0</u>	<u>\$575,000</u>	<u>\$3,074,648</u>	<u>\$305,204,381</u>	<u>101.6</u>
TOTAL	\$308,854,029	\$0	\$575,000	\$3,074,648	\$305,204,381	101.6
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$308,854,029	\$0	\$575,000	\$3,074,648	\$305,204,381	101.6
Change in anticipated federal funds	8,363,145	0	0	0	8,363,145	4.4
Anticipated grants and donations	176,000	0	235,000	(59,000)	0	(0.3)
SB 07-239	\$317,393,174	\$0	\$810,000	\$3,015,648	\$313,567,526	105.7
HB 07-1062	<u>1,912,051</u>	<u>0</u>	<u>0</u>	<u>1,912,051</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$319,305,225	\$0	\$810,000	\$4,927,699	\$313,567,526	106.7
Increase/(Decrease)	\$10,451,196	\$0	\$235,000	\$1,853,051	\$8,363,145	5.1
Percentage Change	3.4%	n/a	40.9%	60.3%	2.7%	5.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Change in anticipated federal funds: The appropriation reflects an anticipated net increase in a variety of federal fund sources that are reflected in this subsection (compared to the FY 2006-07 appropriation), as well as a net increase in the number of federally-funded staff.

Anticipated grants and donations: The appropriation reflects an increase in anticipated conference fees. The appropriation also reflects a net decrease in the amount of grants and donations the Department anticipates receiving, along with the associated staffing level.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Library Programs

This section contains appropriations for all library-related programs, with the exception of department staff, who are funded through two other line items. Specifically, library program staff supported by state funds (12.5 FTE) are included in the General Department and Program Administration line item in the Management and Administration section; library program staff supported by federal funds (21.8 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.

Library Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$1,640,819</u>	<u>\$1,420,819</u>	<u>\$0</u>	<u>\$220,000</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$1,640,819	\$1,420,819	\$0	\$220,000	\$0	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,640,819	\$1,420,819	\$0	\$220,000	\$0	0.0
None	0	0	0	0	0	0.0
SB 07-239	<u>\$1,640,819</u>	<u>\$1,420,819</u>	<u>\$0</u>	<u>\$220,000</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$1,640,819	\$1,420,819	\$0	\$220,000	\$0	0.0
Increase/(Decrease)	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	0.0%	n/a	0.0%	n/a	n/a

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 deaf, hard-of-hearing, blind, or visually-impaired. In FY 2005-06, the CSDB had a total enrollment of 488 children, including 264 infants and toddlers and 224 students (ages 3 to 21) who received services on-campus. The on-campus enrollment included 120 residential students (who return home on weekends and for the summer) and 104 students who only attended classes during the day. The majority of children who receive services through the CSDB (82.4 percent in FY 2005-06) 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 196 students for FY 2007-08)⁴, 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 \$6,358 per pupil for FY 2007-08. The Department effects such transfers by withholding funds appropriated for the State's 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.

School for the Deaf and the Blind						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$12,447,530	\$9,189,120	\$85,000	\$3,173,410	\$0	161.9
SB 07-161	<u>(85,711)</u>	<u>(85,711)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,361,819	\$9,103,409	\$85,000	\$3,173,410	\$0	161.9
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$12,361,819	\$9,103,409	\$85,000	\$3,173,410	\$0	161.9
Annualize salary increases	232,731	232,731	0	0	0	0.0
Tuition for out-of-state students	200,000	0	200,000	0	0	0.0
Grant funding	3,608	0	0	3,608	0	3.1
Fund source adjustment	0	(26,774)	0	26,774	0	0.0
Personal services base reduction	(42,412)	(42,412)	0	0	0	0.0
Utilities	(37,181)	(37,181)	0	0	0	0.0
Other	23,100	13,100	0	10,000	0	0.0
SB 07-239	<u>\$12,741,665</u>	<u>\$9,242,873</u>	<u>\$285,000</u>	<u>\$3,213,792</u>	<u>\$0</u>	<u>165.0</u>
TOTAL	\$12,741,665	\$9,242,873	\$285,000	\$3,213,792	\$0	165.0
Increase/(Decrease)	\$379,846	\$139,464	\$200,000	\$40,382	\$0	3.1
Percentage Change	3.1%	1.5%	235.3%	1.3%	n/a	1.9%

⁴ 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.

S.B. 07-(Long Bill) Issue Descriptions

Annualize salary increases: The appropriation includes \$232,731 to annualize salary survey increases awarded in FY 2006-07.

Tuition for out-of-state students: The appropriation includes a \$200,000 cash funds appropriation to allow the School to receive tuition payments from other states (*e.g.*, Wyoming) for up to four students.

Grant funding: The appropriation reflects an increase in the amount of grant funding the School anticipates receiving, as well as an increase in the associated staff who are supported by grants.

Fund source adjustment: The appropriation reflects an increase of \$26,774 cash funds exempt and a General Fund decrease of the same amount based on projected increases in per-pupil funding available to the School.

Personal services base reduction: The appropriation includes a reduction of \$42,412 associated with a 0.5 percent reduction in funding for personal services.

Utilities: The appropriation reflects a reduction of \$37,181 based on projected utilities expenses.

Other: The appropriation includes the following miscellaneous funding increases: \$10,000 in Medicaid reimbursements; \$6,420 for shift differential; \$4,997 for vehicle lease payments; \$1,694 for food expenses; and \$16 for medical expenses. These increases are offset by a decrease of \$27 for communications services payments.

Recent Legislation

2006 Session Bills

S.B. 06-24: Requires public schools to assign each student (including those enrolled in the Colorado Preschool and Kindergarten Program) a unique identification number that will carry through college; requires data sharing between the State Board of Education, the Colorado Commission on Higher Education, and qualified researchers.

S.B. 06-73: Effective July 1, 2007, expands the age requirements associated with compulsory school attendance to include children ages seven through 16 (adding 16-year-olds).

S.B. 06-119: For the purpose of charter schools that rely on the State Charter School Debt Service Reserve Fund to have bonds issued by the Colorado Educational and Cultural Facilities Authority on their behalf, increases the aggregate outstanding principal amount of bonds that may be secured by the state's moral obligation and the State Charter School Debt Service Reserve Fund from \$200 million to \$400 million.

S.B. 06-127: Creates a pilot program to make fresh fruits and vegetables available throughout the school day to students of participating schools. Directs the Department of Education to use \$150,000 of the \$500,000 General Fund appropriated for the federal school breakfast program for FY 2006-07 and FY 2007-08 to fund the pilot program.

S.B. 06-129: Expands the programs for which the Department of Health Care Policy and Financing is required to use a cash-based, rather than accrual-based, system of accounting. Reduces the FY 2005-06 cash funds exempt appropriation to the Department of Education for public school health services by \$2,706,157. For more information refer to the bill description in the Department of Health Care Policy and Financing.

S.B. 06-130: Requires the General Assembly to annually make a separate appropriation to cover the estimated cost of providing a basic grant of at least \$10,000 to each eligible board of cooperative services. Appropriates \$210,000 General Fund to the Department of Education for FY 2006-07 for the provision of \$10,000 grants to each eligible board.

S.B. 06-176: Clarifies certain provisions related to educator licensure. Directs applicants for educator licenses and nonpublic schools to submit fingerprints (and the associated fees) directly to the Colorado Bureau of Investigation (CBI) for a criminal history record check. Eliminates the \$775,000 cash funds appropriation to the Department of Education for background record checks, and shifts \$337,816 of the appropriation to the Department of Public Safety for fingerprint processing services (the portion related to CBI record checks) from cash funds exempt to cash funds.

H.B. 06-1001: Requires the State Board of Education to annually survey school district superintendents who employ new principals. Specifies the frequency of principal performance evaluations, and requires local boards of education to identify any areas in which one or more principals require further training or development. Creates the Principal Development Scholarship Program to provide stipends for professional development activities for principals on the basis of need. Appropriates \$250,000 from the Principal Development Scholarship Fund (consisting of gifts, grants, and donations) to the Department of Education for FY 2006-07 for the purpose of awarding stipends to principals through the Principal Development Scholarship Program, as well as \$11,460 from the Educator Licensure Cash Fund to survey superintendents.

H.B. 06-1004: Establishes the Reading Assistance Grant Program to provide grants to nonprofit organizations that provide and distribute to school districts and eligible facilities accessible educational materials for students who have difficulty achieving the state model content standards, but are not identified as having a disability. Authorizes the State Board of Education to award grants totaling up to \$100,000 per fiscal year. Appropriates \$300,000 from the Read-to-Achieve Cash Fund to the Reading Assistance Grant Program Fund for FY 2006-07. Continuously appropriates moneys in the latter fund to the Department.

H.B. 06-1008: For FY 2006-07 only, allows small school districts and certain charter schools to receive reimbursement for the cost of purchasing supplemental on-line education courses. Appropriates \$531,580 to the Department of Education for FY 2006-07 to reimburse eligible school districts and charter schools. This appropriation is from mineral lease revenues that are transferred to the State Public School Fund. Also adjusts a letter note in the FY 2006-07 Long Bill to reduce the amount appropriated from federal mineral lease revenues and increase the amount appropriated from reserves in the State Public School Fund.

H.B. 06-1109: Requires the Department to provide, within existing resources, technical assistance and training to school districts and charter schools in interpreting and using diagnostic academic growth information. Requires the State Board to present the Governor's Distinguished Improvement Awards to schools that demonstrate the highest rate of student academic growth. Authorizes the State Board to use any funds remaining from the amount annually appropriated for longitudinal analyses to provide tangible items of recognition (such as banners or trophies) to schools that receive the awards from the John Irwin Schools of Excellence Awards Program and the Governor's Distinguished Improvement Awards. Increases the

appropriation to the Department of Education for FY 2006-07 for longitudinal analyses of student assessment results by 1.0 FTE.

H.B. 06-1310: Instructs the State Treasurer to transfer a specified amount of tobacco settlement moneys to the Read-to-Achieve Cash Fund, instead of requiring an appropriation for such purpose. Adjusts FY 2006-07 appropriations to the Department of Education, reducing the appropriation of tobacco litigation settlement cash funds to the Read-to-Achieve Cash Fund by \$4,369,567, thereby eliminating it. For additional information on this bill, see the "Recent Legislation" section for the Department of Public Health and Environment.

H.B. 06-1375 ("School Finance Act"): Amends the "Public School Finance Act of 1994", to provide funding for school districts for FY 2006-07, making the following changes:

- Increases the statewide *base* per pupil funding from \$4,717.62 to \$4,863.87 (3.1 percent).
- Adds 2,000 funded slots for the Colorado Preschool Program (for a total of 14,360) and expresses the General Assembly's intent to "fully fund" the program over the next three fiscal years. Authorizes districts to utilize up to 15 percent of the total number of slots to provide full-day kindergarten programs and up to five percent of the total number of slots to provide full-day preschool programs. Renames the program the *Colorado Preschool and Kindergarten Program*.
- Repeals *full-day kindergarten* (versus half-day) funding for students who attend a school that receives an academic performance rating of "unsatisfactory" for the previous school year.
- Eliminates the authority of the Department to transfer moneys appropriated for the state share of districts' total program funding to offset the direct and indirect costs for administering the Public School Finance Act.

Increases the FY 2006-07 Long Bill appropriation from the General Fund for the state share of districts' total program funding by \$4,931,217 (including an increase of \$5,058,721 for the new preschool slots and a reduction of \$127,504 associated with repealing full-day kindergarten funding). Increases the General Fund appropriation for Department administration by \$845,633 and 10.0 FTE, and decreases the cash funds exempt appropriations for this purpose by the same amounts. Appropriates \$65,804 General Fund and 1.0 FTE for administration of the State Preschool and Kindergarten Program.

Special Education for Children With Disabilities. For FY 2005-06 and each budget year thereafter, modifies the distribution of state moneys appropriated for special education for children with disabilities, including the creation of the Special Education High Cost Grant Program for administrative units that incur high per-child costs (this program begins in FY 2006-07). Creates the Colorado Special Education Fiscal Advisory Committee to award high cost grants to administrative units and to make recommendations concerning the distribution of state funds. Increases the appropriation of state funds for districts' special education costs by \$20,000,000 for FY 2005-06 (for a total of \$110,233,326), and by \$25,720,000 for FY 2006-07 (for a total of \$115,953,326). Appropriates \$37,582 General Fund and 0.5 FTE to cover the Department's administrative costs associated with the changes in the distribution and data collection.

School District Capital Construction. Appropriates \$19,250,000 General Fund (including \$5,000,000 that is exempt from the six percent limit on General Fund appropriations) to the School Construction and Renovation Fund (the "Fund") for FY 2005-06. Authorizes the Department to expend the \$19.25 million in FY 2005-06 or FY 2006-07, and specifies that statutory application deadlines shall not apply to grants awarded from moneys

appropriated to the Fund in FY 2005-06. Appropriates \$5,750,000 General Fund to the School Capital Construction Expenditures Reserve for FY 2005-06, and authorizes the Department to expend these moneys from the Reserve in FY 2005-06. Requires the General Assembly to appropriate a total of \$15 million, split evenly between the Fund and the Reserve, for FY 2006-07 (these appropriations are included in H.B. 06-1385).

Eliminates the provision that requires the State Treasurer to transfer any moneys in the Reserve that remain unexpended or unencumbered on March 15 of each fiscal year to the Fund. Allows the General Assembly to appropriate General Fund moneys to the Fund or the Reserve for fiscal years 2005-06 through 2010-11 even if General Fund revenues do not exceed the relevant statutory threshold.

Charter School Capital Construction Funding. Requires the General Assembly to appropriate \$7.8 million from the State Education Fund for charter school capital construction for FY 2006-07 (rather than \$5.0 million), and increases the FY 2006-07 appropriation for such purpose by \$2.8 million.

Aid to Declining Enrollment Districts. Provides one year of additional state aid to declining enrollment districts in which a new charter school is opened. Appropriates \$1,283,377 (including \$1,000,000 from the State Education Fund and \$283,377 from the General Fund) for declining enrollment district aid.

Summer School Grant Program. Creates a program to provide grants for districts to operate summer school programs for students entering the 4th through 8th grades who received an unsatisfactory score on the reading, writing, or math portion of the Colorado student assessment program in the preceding academic year. Appropriates \$1,000,000 from the State Education Fund and 0.3 FTE to the Department for FY 2006-07 for the new grant program.

Facility Summer School Program. Narrows the Facility Summer School Grant Program to focus on reading, writing, or math. Eliminates the Facility Summer School Grant Program Fund and instead provides for direct appropriations from the State Education Fund for the program. Appropriates \$500,000 from the State Education Fund to the Department for FY 2006-07 for the grant program.

National Credential Fee Assistance. Eliminates the National Credential Fund and instead provides for direct appropriations from the State Education Fund for the provision of national credential fee assistance. Increases the appropriation from the State Education Fund for such purpose by \$17,000 (for a total of \$100,000).

Transportation. Requires any recovered overpayments of transportation reimbursements to school districts and the State Charter School Institute due to an audit to be credited to the Public School Transportation Fund (rather than the State Public School Fund). Modifies the method for calculating unreimbursed excess transportation costs for purposes of allowing local boards of education to seek voter approval to impose a mill levy for the payment of such costs.

Tax Increment Financing. Establishes a task force to study the impact of tax increment financing provisions in urban renewal plans on public school finance. Appropriates \$3,816 General Fund to the Legislative Department for FY 2006-07 to fund per diem costs for the members of the task force.

H.B. 06-1385: General appropriations act for FY 2006-07. Also includes supplemental adjustments to modify appropriations to the Department of Education included in the FY 2005-06 Long Bill (S.B. 05-209).

2007 Session Bills

S.B. 07-16: Effective July 1, 2008, lowers the minimum age of compulsory school attendance from seven to six years of age.

S.B. 07-26: Authorizes a school district, upon voter approval, to impose an additional mill levy for purposes of funding the school district's excess full-day kindergarten costs.

S.B. 07-41: Establishes the Advisory Committee for Public School Capital Construction to: establish facility and safety priorities for use in assessing and prioritizing applications for state assistance with capital construction projects; review grant applications and recommend grant recipients to the State Board of Education; and assist school districts in identifying critical capital outlay needs and implementing funded projects. Requires the Department to oversee a grant priority assessment of school buildings and facilities in school districts that enroll fewer than 1,200 pupils, prioritizing the smallest districts and those with the lowest per-pupil assessed valuation. Authorizes the State Board to use up to \$782,000 of lottery proceeds that are transferred to the State Public School Fund for both FY 2007-08 and FY 2008-09 combined to cover the costs incurred in establishing the facility and safety priorities and in conducting the grant priority assessment.

Authorizes the State Board to authorize expenditure of moneys in the School Construction and Renovation Fund without an appropriation, and eliminates the \$10,000,000 in cash funds exempt spending authority from the School Construction and Renovation Fund in the FY 2007-08 Long Bill. Authorizes the Department of Law to receive \$3,389 from the Department of Education in FY 2007-08 for the provision of legal services.

S.B. 07-59: Creates the Start Smart Nutrition Program to eliminate the amount paid by students participating in the federal School Breakfast Program who are eligible for reduced-price meals. Requires the General Assembly to annually appropriate at least \$700,000, but not more than \$1,500,000, to the newly created Smart Start Nutrition Program Fund for such purpose. Authorizes the Department to spend up to one percent of moneys appropriated from the Fund to cover associated administrative costs. Appropriates \$700,000 General Fund to the Smart Start Nutrition Program Fund, and provides a commensurate amount of cash funds exempt spending authority out of such fund. Reduces the General Fund appropriation in the FY 2007-08 Long Bill for the federal School Breakfast Program by \$700,000.

S.B. 07-140: Creates the Quality Teachers Commission to study the "teacher gap" in Colorado (the condition of poor and minority students receiving instruction from less-qualified teachers) and implementing a teacher identification protocol, integrating teacher data into existing and emerging databases. Creates the Quality Teachers Fund, consisting of gifts, grants, and donations, and continuously appropriates moneys in the Fund to the Department.

S.B. 07-148: Creates the Fast College Fast Jobs Pilot Program, through which certain school districts and boards of cooperative services may enter into a contract with one or more higher education institutions to enable students enrolled in certain "target" high schools to simultaneously complete requirements for a high school diploma and an associate's degree or a career and technical education certificate. Individual students participate in the program for five years, beginning in ninth grade. Specifies that a participating district shall receive 100 percent of its per pupil revenue annually for each participating student, except that it shall only receive 85 percent of its per pupil revenue in any academic year in which a student is enrolled in 12 or more credit hours per semester at a higher education institution. Specifies that participating students shall not be eligible to receive a stipend from the College Opportunity Fund.

S.B. 07-161: Supplemental appropriation to the Department of Education to modify FY 2006-07 appropriations included in the FY 2006-07 Long Bill (H.B. 06-1385).

S.B. 07-192: Repeals and reenacts the Read-to-Achieve Grant Program for seven years through July 1, 2014. Makes several modifications to the Program, including authorizing grant recipients to serve kindergarten and first grade pupils, and allowing up to 3.0 percent (rather than the current 1.0 percent) of the moneys appropriated from the Read-to-Achieve Cash Fund to be spent to administer the program. Authorizes the Board to hire 1.0 FTE, beginning in FY 2007-08, to administer the program (rather than relying solely on contract services).

S.B. 07-199 ("School Finance Act"): Amends the "Public School Finance Act of 1994", to provide funding for school districts for FY 2007-08, making the following changes:

- Increases the statewide *base* per pupil funding from \$4,863.87 to \$5,087.61 (4.6 percent).
- Adds 2,000 funded slots for the *Colorado Preschool and Kindergarten Program* for FY 2007-08 (for a total of 16,360), and another 3,500 funded slots for FY 2008-09 (for a total of 19,860).
- Disconnects on-line funding from *minimum per pupil funding*. Maintains the existing statutory formula for funding on-line pupils, but modifies the method used to calculate the minimum per pupil funding for school districts. Beginning in FY 2007-08, districts will receive at least 94.3 percent of the state average per pupil funding; for FY 2008-09, this percentage will increase to 95.0 percent.
- Changes the *method for calculating school district property taxes* that support the School Finance Act in two ways. First, imposes a cap of 27 mills on school finance levies. This change is anticipated to reduce property tax revenues in 34 districts by a total of \$12.1 million. Second, requires districts that have received voter approval to retain and spend revenues in excess of their TABOR property tax revenue limit to impose the mill levy for FY 2006-07 in FY 2007-08 and future fiscal years (unless the levy exceeds 27 mills). This change is anticipated to increase property tax revenues in 106 districts by a total of \$61.9 million.

In connection with the above changes, reduces the FY 2007-08 Long Bill appropriation for the state share of districts' total program funding by \$36,382,063, including a cash funds exempt decrease from the State Education Fund of \$41,037,119, and a General Fund increase of \$4,655,056 (for the new preschool slots).

Also makes several other statutory changes, including the following:

- Sets a \$300,000 cap for the total amount of *aid that a declining enrollment district* in which a new district charter school opens may receive in the fiscal year in which the new charter school opens.
- Modifies the time period and interest rate applicable to *repayments from districts* that have received an overpayment of state funding.
- Requires each local board of education to develop and submit a plan to potentially phase in a full-day kindergarten program in the school district to be funded with state or local moneys provided specifically for such program.

- Requires each school district to submit its adopted annual budget to the Department by January 31, 2009, and annually thereafter, using a standard budget report format determined by the State Board of Education.
- Beginning in FY 2008-09, directs the Joint Budget Committee to consider a joint recommendation submitted by the Education Committees regarding the allocation of the required increase in total state funding for all categorical programs when developing the annual general appropriation bill.

Finally, increases the cash funds exempt appropriation from the State Education Fund appropriation for national credential fee assistance by \$25,000.

S.B. 07-215: Changes the oversight, structure, and funding of public school on-line education. Allows school districts, boards of cooperative services, and the State Charter School Institute to authorize on-line programs. Defines a single-district program as one that only serves students in the district(s) that created it, and a multi-district program as one that serves students across district boundaries. Requires the State Board of Education to establish quality standards for on-line programs, and creates the Division of On-line Learning in the Department to support on-line programs, certify multi-district programs, and document and track complaints about on-line programs. Requires a multi-district program that intends to offer instruction to students within a learning center to seek to enter into a memorandum of understanding with the school district in which the learning center would be located. Creates a nine-member On-line Learning Advisory Board to report to the State Board on the operations of on-line programs and provide policy recommendations.

Beginning in FY 2008-09, removes limits on the students who may receive funding in an on-line program and funds students in a single-district on-line program at the district's per-pupil funding amount. Creates the On-line Education Cash Fund, and transfers to the cash fund \$830,000 of audit recoveries credited to the State Public School Fund. Requires the General Assembly to annually appropriate moneys from the Fund to support the Division of On-line Learning, and appropriates \$418,861 from the Fund and 3.5 FTE to the Department for the Division for FY 2007-08.

S.B. 07-239: General appropriations act for FY 2007-08. Also includes supplemental adjustments to modify appropriations to the Department of Education included in the FY 2005-06 Long Bill (S.B. 05-209) and the FY 2006-07 Long Bill (H.B. 06-1385).

S.B. 07-255: Allocates specific responsibilities of the Child Find program of the federal *Individuals with Disabilities Education Improvement Act of 2004 (IDEA)* for children under age three between the Department of Education and the Department of Human Services. The Department of Education will be responsible for ensuring that administrative units screen and evaluate children with disabilities. Administrative units will coordinate with community centered boards as a child transitions from the developmental disabilities system to the public education system by age three. Appropriates \$2,200,000 General Fund to the Department of Education for FY 2007-08 for distribution to administrative units to offset the costs incurred in conducting child find activities. Requires this funding to be allocated among administrative units based on the number of children under age three who were evaluated by each administrative unit. In subsequent years, the portion of state funding for special education services that will be allocated for this purpose will be based on the number of children evaluated in the preceding fiscal year, and the lesser of inflation or the percentage change in total state funding for special education services.

The Department of Human Services will be responsible for developing and implementing a statewide plan for public education outreach and awareness efforts, for ensuring referrals from the community are accepted and

families are assisted in connecting with the appropriate agency, and ensuring intake and case management services are provided after a referral has been made. Community centered boards will develop an individualized plan for a child with a disability, in coordination with Child Find evaluations conducted by administrative units.

H.B. 07-1024: Exempts property owned and used by the Fire and Police Pension Association (FPPA) from property taxes beginning with the 2007 property tax year. Appropriates \$12,000 General Fund to the Department of Education for FY 2007-08 to offset the amount of local school operating property tax revenues foregone by exempting the FPPA building in the Cherry Creek School District.

H.B. 07-1048: Declares that information on the longitudinal growth of students should be the cornerstone of the state's educational accountability system. Directs the Governor to appoint, and the Department to convene, a new technical advisory panel to assist the Department and the State Board in developing a longitudinal growth model to measure the academic growth of students. Requires the Department to contract with an entity to revise the existing longitudinal growth model; the contractor will have 60 days after being chosen to adapt an existing mixed-effects statistical model for use in Colorado to calculate each student's and each school's academic growth in reading, writing, and mathematics. Requires the Department to calculate what constitutes adequate longitudinal academic growth for each student by August 15 each year. Repeals the requirement in current law that a portion of the in-year cost recovery from the use of unique student identifiers be used to fund the calculation of academic growth of students.

H.B. 07-1062: Replaces the pilot program for consolidated child care services with a new, statewide integrated system of Early Childhood Councils to improve and sustain the availability, accessibility, capacity, and quality of early childhood services. Specifies that the Councils shall be governed by the Department of Human Services in collaboration with an advisory team (created by the bill), with input, cooperation, and support services from the Department of Education and the Department of Public Health and Environment. Requires a periodic, independent evaluation of the system of Councils to determine their effectiveness. Appropriates \$1,912,051 cash funds exempt transferred from the Department of Human Services and 1.0 FTE to the Department of Education for: (a) a coordinator of direct support services to Councils; (b) the provision of support services and technical assistance to Councils; and (c) an evaluation of Councils. For additional information on this bill, see the "Recent Legislation" section for the Department of Human Services.

H.B. 07-1066: Establishes two programs to support supplemental on-line education services. First, requires the General Assembly to annually appropriate federal mineral lease moneys for the Mountain Board of Cooperative Services (BOCES) to contract with a supplemental on-line course provider to offer on-line courses to school districts, BOCES, and charter schools at a cost of no more than \$200 per student per semester course. Appropriates \$480,000 from the State Public School Fund for FY 2007-08 for this program. Second, requires the General Assembly to annually appropriate federal mineral lease moneys for the State Board of Education to award grants to BOCES and certain school districts and charter schools to remove financial or technical barriers to providing supplemental on-line education courses. Appropriates \$50,000 from the State Public School Fund for FY 2007-08 for this grant program.

H.B. 07-1118: Requires the State Board, by July 1, 2008, to develop a comprehensive set of guidelines for local school boards to use in developing high school graduation requirements. Creates a State Graduation Guidelines Development Council to develop and recommend a set of guidelines to the State Board; requires the Council to hold at least six public meetings throughout the state to hear testimony. Requires the Department to provide the Council with office space, equipment, and staff services necessary to carry out its duties. Requires local school boards to undertake a community-based process to develop a blueprint for the

community's education system, and to use this blueprint along with the State Board's guidelines to establish local high school graduation requirements applicable to students enrolling in 9th grade beginning July 1, 2009. Specifies that the requirements established by a local board shall meet or exceed any minimum standards or basic core competencies or skills identified in the State Board's guidelines.

Requires the Colorado Commission on Higher Education to work with the State Board to align academic admission standards for all state-supported baccalaureate and graduate institutions of higher education with the State Board's guidelines for high school graduation requirements.

H.B. 07-1232: Establishes a process to provide mid-year funding increases to school districts that are impacted by military troop movements. For FY 2007-08 through FY 2010-11, allows school districts to request additional funding for pupils who are dependents of full-time active-duty members of the military and who enroll after the annual October pupil count. Districts are eligible for additional funding if the number of eligible students, counted in February, represents an increase of at least one percent or 25 pupils. Requires the Department to request a supplemental appropriation by March 1 sufficient to provide each eligible district with one-half of its per pupil revenues for each eligible pupil. Appropriates \$8,000 General Fund to the Department for FY 2007-08 to make necessary computer programming changes.

H.B. 07-1237: Establishes existing accounts within the State Public School Fund (SPSF) as separate funds in order to simplify the associated accounting and appropriation processes. Specifically, establishes the following three funds: (1) the Contingency Reserve Fund (utilized by the State Board of Education to assist school districts with certain financial emergencies); (2) the Lottery Proceeds Contingency Reserve Fund (utilized by the State Board to assist school districts with capital expenditures to address immediate safety hazards or health concerns); and (3) the School Capital Construction Expenditures Reserve Fund (one of two funds that were created through the *Giardino* lawsuit settlement for purposes of assisting school districts with capital construction expenditures). Requires the Department to pay for the costs of publishing and distributing school laws from the SPSF, rather than the Public School Income Fund, in order to simplify the associated accounting entries.

H.B. 07-1238: Authorizes the General Assembly to appropriate moneys in the State Public School Transportation Fund beginning in FY 2006-07 (rather than FY 2007-08). Clarifies that when the General Assembly appropriates moneys from the State Public School Transportation Fund, such moneys shall not be included as part of the "total state funding for all categorical programs", thereby ensuring that such appropriations do not increase the state's constitutional funding obligation in subsequent fiscal years. Makes funding adjustments to increase funding for Small Attendance Center Aid by \$71,040 in order to fully fund this program for FY 2006-07. Specifically, shifts \$71,040 appropriated from the State Education Fund for Public School Transportation to the Small Attendance Center Aid line item; appropriates \$71,040 cash funds exempt from the Public School Transportation Fund to maintain funding for Public School Transportation.

H.B. 07-1244: Modifies the definition of "exceptional children", creating a separate paragraph concerning gifted children. Requires each administrative unit to adopt and submit to the Department a program plan to identify and serve gifted children, and implement the plan to the extent that funds are provided for implementation. Requires each administrative unit to ensure that its constituent schools make available appropriate special provisions for gifted children to the extent that funds are provided for the special provisions.

H.B. 07-1270: Requires the Office of Information Technology in the Office of the Governor to issue a request for proposals for a comprehensive assessment of the current data technology system(s) used by the Department of Education. Subject to available appropriations, the assessment is to provide a baseline indicating the current

data technology system capabilities and clearly identify specific areas needing improvement. Requires the Department of Education to report the findings and recommendations of the assessment by December 1, 2007, including responses to the issues identified in the assessment and potential solutions or recommendations concerning the findings. Appropriates \$150,000 cash funds exempt from the State Public School Fund to the Governor's Office of Information Technology for FY 2007-08; specifies that this amount shall be from moneys recovered from overpayments to school districts or the State Charter School Institute that are credited to the State Public School Fund.

H.B. 07-1271: Eliminates the stipulation that no General Fund moneys be appropriated for the Family Literacy Education Grant Program, and eliminates the conditional repeal of the Colorado Family Literacy Act of 2002.

H.B. 07-1320: Enacts the "Data Reporting and Technology Act" to streamline the submission and reporting of data from school districts and reduce the associated costs. Repeals and recreates statutory provisions related to the Education Data Advisory Committee; requires the Committee to assist the Department in reviewing school district data reporting requirements and annually make recommendations to the State Board and the Education Committees for the repeal or amendment of data reporting requirements. By October 1, 2007, requires the Department to create a "data dictionary" to define the data the Department will collect and the methods and protocols by which public schools and school districts will submit such data. Establishes time frames related to new or changed federal and state data submission requirements, including notification, the adoption of rules, and district implementation. Appropriates \$274,704 cash funds exempt and 1.0 FTE from the State Public School Fund to the Department of Education for FY 2007-08 to develop and maintain the data dictionary; specifies that this amount shall be from moneys recovered from overpayments to school districts or the State Charter School Institute that are credited to the State Public School Fund.

Delays by one year the date by which Adams State College, Mesa State College, Western State College, and Metropolitan State College must assign a unique primary identifier to each student enrolled in the institution (to July 1, 2008).

H.B. 07-1345: Deletes statutory provisions specifying the format of school accountability reports (SARs), and modifies the information that is required or may be included in SARs. Limits the number of SARs that will be printed based on requests from each school. Appropriates \$275,250 cash funds exempt from the State Public School Fund to the Department of Education for FY 2007-08 to cover the one-time costs of making changes to the SARs; specifies that this amount shall be from moneys recovered from overpayments to school districts or the State Charter School Institute that are credited to the State Public School Fund.

H.B. 07-1348: Extends the term of initial school district accreditation contracts by one year, through July 1, 2008.

H.B. 07-1359: Modifies the allocation and fiscal management of tobacco litigation settlement moneys, including allowing a portion of the tobacco settlement moneys received by the State to be spent on programs during the fiscal year in which the money is received rather than the following fiscal year. Adjusts FY 2007-08 appropriations in S.B. 07-97 and S.B. 07-239 for multiple departments. Increases the cash funds exempt appropriation to the Department of Education from the Read-to-Achieve Cash Fund by \$359,106. For additional information on this bill, see the "Recent Legislation" section for the Department of Public Health and Environment as well as Appendix G.

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, the Office of Information Technology, and the Office of the Chief Information Security Officer.

Department Budget: Recent Actual Expenditures and Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund	\$15,890,879	\$16,024,911	\$12,115,742	\$11,803,944
Cash Funds	225,779	9,447,586	55,179,190	8,776,099
Cash Funds Exempt	1,706,447	4,035,337	4,692,262	33,818,275
Federal Funds	<u>17,527,584</u>	<u>14,299,827</u>	<u>17,222,636</u>	<u>13,030,450</u>
Total Funds	\$35,350,689	\$43,807,661	\$89,209,830	\$67,428,768
Full Time Equiv. Staff	106.9	128.4	138.0	145.0

General Factors Driving the Budget

Funding for this department consists of 17.5 percent General Fund, 13.0 percent cash funds, 50.2 percent cash funds exempt, and 19.3 percent federal funds.

Economic Development Funding

In recent years, funding for the Governor-Lieutenant Governor-Office of State Planning and Budgeting has fluctuated significantly based on decisions by the General Assembly to add or reduce funding for economic development programs. For FY 2007-08, this includes a net increase of \$26.9 million in cash fund exempt support for various economic development programs authorized through H.B. 06-1201, H.B. 07-1060, and H.B. 07-1206. The increase is offset by a funding mix adjustment, which reduced the cash funds appropriation by \$24.2 million.

Excess Spending Authority: Senate Bill 07-239, Section 9, increased the cash funds spending authority in FY 2006-07 for the Colorado Travel and Tourism Promotion Fund, the State Council on the Arts Cash Fund, the Film Incentives Cash Fund, the New Jobs Incentives Cash Fund, and the Bioscience Discovery Evaluation Cash Fund by \$22.1 million as a result of a technical error made when drafting the bill. The additional spending authority is not matched by additional revenue, and therefore it is empty spending authority.

Federal Funds

Federally-funded programs comprised 32.6 percent of the Governor's Office budget in FY 2005-06, 26.3 percent in FY 2006-07, and 17.5 percent for FY 2007-08 (adjusted for the excess cash funds spending authority). While most federally-funded programs require no state match, 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. Federal funding for FY 2007-08 reflects a decrease of \$4.2 million to support state information security activities, pursuant to H.B. 06-1157, which requires that all funding for this program after FY 2006-07 be funded by the agencies the security activities supports.

Summary of FY 2006-07 and FY 2007-08 Appropriations

Governor - Lieutenant Governor - Office of State Planning and Budgeting						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$89,209,830	\$12,115,742	\$55,179,190	\$4,692,262	\$17,222,636	138.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of the Governor	22,070,522	3,495,034	7,150,000	319,636	11,105,852	35.4
Office of the Lieutenant Governor	286,689	285,189	0	1,500	0	5.0
Office of State Planning and Budgeting	2,056,306	700,000	0	1,356,306	0	19.5
Economic Development Programs	56,757,165	6,449,050	48,029,190	362,141	1,916,784	39.0
Office of Innovation and Technology	1,698,869	1,186,469	0	512,400	0	13.0
Office of Colorado Benefits Management System	2,140,279	0	0	2,140,279	0	25.1
Office of The Chief Information Security Officer	4,200,000	0	0	0	4,200,000	1.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	29,793,171	10,981,474	2,445,016	4,044,045	12,322,636	132.9
SB 06-49 /1	1,500,000	0	1,500,000	0	0	2.0
SB 06-63	249,281	249,281	0	0	0	3.0
HB 06-1157	4,200,000	0	0	0	4,200,000	1.0
HB 06-1200	5,050,000	0	5,050,000	0	0	0.0
HB 06-1201 /1	22,354,587	0	22,354,587	0	0	3.0
HB 06-1322	2,000,000	0	2,000,000	0	0	0.0
HB 06-1360 /1	2,000,000	0	2,000,000	0	0	0.0
HB 06-1384	(2,300,000)	0	(2,300,000)	0	0	(3.0)
HB 06-1400	75,837	0	75,837	0	0	0.5
SB 07-162	1,111,354	184,987	0	226,367	700,000	0.0

Governor - Lieutenant Governor - Office of State Planning and Budgeting						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-236	700,000	700,000	0	0	0	0.0
SB 07-239 /2	22,551,437	0	22,129,587	421,850	0	(0.9)
HB 07-1372	(75,837)	0	(75,837)	0	0	(0.5)
FY 2007-08 Total Appropriation:	\$67,428,768	\$11,803,944	\$8,776,099	\$33,818,275	\$13,030,450	145.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of the Governor	24,110,252	3,780,115	8,706,083	510,076	11,113,978	39.4
Office of the Lieutenant Governor	377,565	295,522	0	82,043	0	6.0
Office of State Planning and Budgeting	1,389,778	0	0	1,389,778	0	19.5
Economic Development Programs	35,835,928	6,530,049	70,016	27,319,391	1,916,472	41.1
Office of Information Technology	1,348,258	1,198,258	0	150,000	0	13.0
Office of Colorado Benefits Management System	1,917,427	0	0	1,917,427	0	24.0
Office of The Chief Information Security Officer	2,449,560	0	0	2,449,560	0	2.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	64,186,112	11,774,871	8,438,470	30,942,321	13,030,450	138.9
SB 07-91	45,411	0	0	45,411	0	0.0
SB 07-246	0	0	0	0	0	4.0
SB 07-261	0	0	0	0	0	1.0
HB 07-1060 /3	2,500,000	0	0	2,500,000	0	0.6
HB 07-1062	80,543	0	0	80,543	0	1.0
HB 07-1206 /3	100,000	0	0	100,000	0	0.0
HB 07-1209	29,073	29,073	0	0	0	0.5
HB 07-1270	150,000	0	0	150,000	0	0.0
HB 07-1309	489,000	0	489,000	0	0	0.0
HB 07-1372	(151,371)	0	(151,371)	0	0	(1.0)
Increase/(Decrease)	(\$21,781,062)	(\$311,798)	(\$46,403,091)	\$29,126,013	(\$4,192,186)	7.0
Percentage Change	(24.4)%	(2.6)%	(84.1)%	620.7%	(24.3)%	5.1%

/1 Funding for S.B. 06-49, H.B. 06-1201, and H.B. 06-1360 is provided from Limited Gaming Funds. For FY 2006-07, these moneys were appropriated as cash funds. However, statute dictates that for subsequent years these funds shall be appropriated as cash fund exempt, pursuant to Section 12-47.1-701 (4) (a) (IV) (C), C.R.S.

/2 Excess spending authority: Senate Bill 07-239 (Section 9) increased the cash funds spending authority in FY 2006-07 for the Colorado Travel and Tourism Promotion Fund, the State Council on the Arts Cash Fund, the Film Incentives Cash Fund, the New Jobs Incentives Cash Fund, and the Bioscience Discovery Evaluation Cash Fund by \$22.1 million as a result of a technical error made when drafting the bill. The additional spending authority is not matched by additional revenue, and therefore it is empty spending authority.

/3 Funding for H.B. 07-1060, and H.B. 07-1206 is provided from Limited Gaming Funds. Pursuant to Section 12-47.1-701 (4) (a) (IV) (C), C.R.S., moneys transferred at the end of a fiscal year shall be appropriated for use in the next fiscal year. Thus, the FY 2007-08 appropriation is from a fund balance and is designated as cash funds exempt.

FY 2007-08 Appropriation Highlights:

1. The appropriation provides a \$24.3 million fund mix adjustment for the Colorado Travel and Tourism Promotion Fund, State Council on the Arts Cash Fund, the New Jobs Incentives Cash Fund, and the Film Incentives Cash Fund. These programs are financed from Limited Gaming Funds and were initially funded as cash funds; however statute requires that they be appropriated as cash funds exempt.
2. The appropriation provides reductions of \$6.9 million in one-time cash funds and federal funds spending authority. This includes \$4.2 million in federal funds to create the Information Security Program and \$2.0 million cash funds for the Bioscience Discovery Evaluation Program. Other reductions include \$512,400 cash funds exempt for the Colorado Benefits Management System (CBMS) request for proposal and \$176,367 for the Beneficiary Earnings and Data Exchange (BENDEX) modernization requirement.
3. The appropriation includes the refinancing of the Office of the Chief Information Security Officer with \$2.5 million cash funds exempt and 2.0 FTE. In 2006, the Office was created using federal funds. However, Section 24-37.5-403 (3), C.R.S., expressed the intent of the General Assembly to assume financial responsibility for the program using cash funds transferred from the agencies it serves.

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 amount includes moneys from the Operational Account of the Severance Tax Trust Fund, pursuant to H.B. 06-1200, H.B. 06-1400, and S.B. 07-126. The balance of cash funds are primarily from the Mansion Activity Fund. The cash funds exempt funding is primarily from moneys for the purpose of advancing energy efficiency and renewable energy throughout the state, pursuant to S.B. 07-246, and indirect cost recoveries. The federal funds represent grants received, or estimated to be received, by the Governor's Energy Office, the Head Start Program, and other initiatives.

Office of the Governor						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$14,803,306	\$3,312,818	\$75,000	\$309,636	\$11,105,852	35.4
HB 06-1200	5,050,000	0	5,050,000	0	0	0.0
HB 06-1322	2,000,000	0	2,000,000	0	0	0.0
HB 06-1400	75,837	0	75,837	0	0	0.5
SB 07-162	182,216	182,216	0	0	0	0.0
SB 07-239	35,000	0	25,000	10,000	0	0.0
HB 07-1372	<u>(75,837)</u>	<u>0</u>	<u>(75,837)</u>	<u>0</u>	<u>0</u>	<u>(0.5)</u>
TOTAL	\$22,070,522	\$3,495,034	\$7,150,000	\$319,636	\$11,105,852	35.4
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$22,070,522	\$3,495,034	\$7,150,000	\$319,636	\$11,105,852	35.4
Low-income energy assistance	1,000,000	0	1,000,000	0	0	0.0
Adjustments for central appropriations	213,679	122,372	7,083	79,621	4,603	0.0
Health, life, and dental	118,763	59,332	0	56,842	2,589	0.0
Annualize special bills	75,837	0	75,837	0	0	0.5
Mansion activity funding	70,000		60,000	10,000	0	0.0
Salary survey	61,502	44,592	0	15,976	934	0.0
Annualize salary survey	57,011	57,011	0	0	0	0.0
Other changes	<u>(15,939)</u>	<u>1,774</u>	<u>(303)</u>	<u>(17,410)</u>	<u>0</u>	<u>0.0</u>
Subtotal	23,651,375	3,780,115	8,292,617	464,665	11,113,978	35.9
Offset to the reduction made pursuant to H.B. 07-1372	75,837	0	75,837	0	0	0.5
SB 07-239	\$23,727,212	\$3,780,115	\$8,368,454	\$464,665	\$11,113,978	36.4
SB 07-91	45,411	0	0	45,411	0	0.0
SB 07-246	0	0	0	0	0	4.0
HB 07-1309	489,000	0	489,000	0	0	0.0
HB 07-1372	<u>(151,371)</u>	<u>0</u>	<u>(151,371)</u>	<u>0</u>	<u>0</u>	<u>(1.0)</u>
TOTAL	\$24,110,252	\$3,780,115	\$8,706,083	\$510,076	\$11,113,978	39.4
Increase/(Decrease)	\$2,039,730	\$285,081	\$1,556,083	\$190,440	\$8,126	1.0
Percentage Change	9.2%	8.2%	21.8%	59.6%	0.1%	2.8%

S.B. 07-239 (Long Bill) Issue Descriptions

Low-income energy assistance: The Governor's Office is appropriated a portion of the Operational Account of the Severance Tax Trust Fund for home energy efficiency improvements for low-income households, pursuant to H.B. 06-1200 (Low-Income Energy Assistance Funding).

Adjustments for central appropriations: These amounts reflect the rates approved for other centrally appropriated items by the General Assembly except health, life, and dental insurance; and salary survey, which are broken out separately below. Such items include the following: short-term disability, S.B. 04-257 amortization equalization disbursement, S.B. 06-235 supplemental amortization equalization disbursement, performance-based pay awards, capital complex leased space, multiuse network payments, purchase of services from the computer center, workers' compensation, risk management and property, vehicle lease payments, and legal services.

Health, life, and dental: The appropriation reflects the increase for employee health, life, and dental benefits.

Annualize special bills: The appropriation includes the annualized funding and 0.5 FTE, pursuant to H.B. 06-1400 (Interbasin Compact Charter).

Mansion activity funding: The appropriation includes increased cash funds and cash funds exempt spending authority for the increased demand for renting the Governor's Mansion and the newly renovated Carriage House.

Salary survey: The appropriation includes increases as consistent with the Joint Budget Committee's common policies.

Annualize salary survey: The appropriation includes an additional \$57,011 that represents the salary increases allocated to the Division in FY 2006-07.

Other changes: The appropriation includes various small changes to personal services and operating expenses.

Offset to the reduction made pursuant to H.B. 07-1372: The appropriation eliminates appropriations to the Governor's Office that were rendered unnecessary by the appointment of the executive director of the Department of Natural Resources as the director of compact negotiations for the Interbasin Compact Committee.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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.

Office of the Lieutenant Governor						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$286,689</u>	<u>\$285,189</u>	<u>\$0</u>	<u>\$1,500</u>	<u>\$0</u>	<u>5.0</u>
TOTAL	\$286,689	\$285,189	\$0	\$1,500	\$0	5.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$286,689	\$285,189	\$0	\$1,500	\$0	5.0
Annualize salary survey	6,352	6,352	0	0	0	0.0
Other changes	3,981	3,981	0	0	0	0.0
SB 07-239	\$297,022	\$295,522	\$0	\$1,500	\$0	5.0
HB 07-1062	<u>80,543</u>	<u>0</u>	<u>0</u>	<u>80,543</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$377,565	\$295,522	\$0	\$82,043	\$0	6.0
Increase/(Decrease)	\$90,876	\$10,333	\$0	\$80,543	\$0	1.0
Percentage Change	31.7%	3.6%	n/a	5369.5%	n/a	20.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary survey: The appropriation includes an additional \$6,352 that represents the salary increases allocated to the Division in FY 2006-07.

Other changes: The appropriation includes various small changes to personal services and operating expenses.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 funds exempt are from indirect cost recoveries collected primarily from the State Highway Fund in the Department of Transportation pursuant to Section 43-1-113 (8) (a), C.R.S.

Office of State Planning and Budgeting						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$1,356,306	\$0	\$0	\$1,356,306	\$0	19.5

Office of State Planning and Budgeting						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-236	<u>700,000</u>	<u>700,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,056,306	\$700,000	\$0	\$1,356,306	\$0	19.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$2,056,306	\$700,000	\$0	\$1,356,306	\$0	19.5
Annualize salary survey	36,142	0	0	36,142	0	0.0
Eliminate one-time appropriations	(700,000)	(700,000)	0	0	0	0.0
Other changes	(2,670)	0	0	(2,670)	0	0.0
SB 07-239	<u>\$1,389,778</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,389,778</u>	<u>\$0</u>	<u>19.5</u>
TOTAL	\$1,389,778	\$0	\$0	\$1,389,778	\$0	19.5
Increase/(Decrease)	(\$666,528)	(\$700,000)	\$0	\$33,472	\$0	0.0
Percentage Change	(32.4)%	(100.0)%	n/a	2.5%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary survey: The appropriation includes an additional \$36,142 that represents the salary increases allocated to the Division in FY 2006-07.

Eliminate one-time appropriations: The appropriation includes a reduction of \$700,000 in one-time supplemental General Fund spending authority for the Government Efficiency Management (GEM) performance study for FY 2006-07.

Other changes: The appropriation includes various other changes to personal services and operating expenses.

Economic Development Programs

The Office of Economic Development centralizes and coordinates the State's business assistance, retention, expansion, and recruitment programs. Other activities include international trade assistance and Colorado tourism promotion. The cash funds are primarily from fees. The cash exempt funds are primarily from the Colorado Travel and Tourism Promotion Fund and also come from the New Jobs Incentives Cash Fund, the Bioscience Discovery Evaluation Cash Fund, the State Council on the Arts Cash Fund, the Film Incentives Cash Fund, and the Minority Business Cash Fund. Other cash fund exempt moneys 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.

Economic Development Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$10,345,220	\$6,446,279	\$2,370,016	\$312,141	\$1,216,784	37.0
SB 06-49	1,500,000	0	1,500,000	0	0	2.0
HB 06-1201 /1	22,354,587	0	22,354,587	0	0	3.0
HB 06-1360 /1	2,000,000	0	2,000,000	0	0	0.0
HB 06-1384	(2,300,000)	0	(2,300,000)	0	0	(3.0)
SB 07-162	752,771	2,771	0	50,000	700,000	0.0
SB 07-239 /2	<u>22,104,587</u>	<u>0</u>	<u>22,104,587</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$56,757,165	\$6,449,050	\$48,029,190	\$362,141	\$1,916,784	39.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$56,757,165	\$6,449,050	\$48,029,190	\$362,141	\$1,916,784	39.0
Annualize salary survey	55,138	52,930	0	2,208	0	0.0
Fund mix adjustment	0	34	(24,292,533)	24,292,533	(34)	0.0
Eliminate one-time appropriations	(2,000,000)	0	(2,000,000)	0	0	0.0
Other changes	<u>499,139</u>	<u>(1,038)</u>	<u>437,946</u>	<u>62,509</u>	<u>(278)</u>	<u>0.0</u>
Subtotal	55,311,442	6,500,976	22,174,603	24,719,391	1,916,472	39.0
Eliminate excess spending authority	(22,104,587)	0	(22,104,587)	0	0	0.0
SB 07-239	\$33,206,855	\$6,500,976	\$70,016	\$24,719,391	\$1,916,472	39.0
SB 07-261	0	0	0	0	0	1.0
HB 07-1060 /3	2,500,000	0	0	2,500,000	0	0.6
HB 07-1206 /3	100,000	0	0	100,000	0	0.0
HB 07-1209	<u>29,073</u>	<u>29,073</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$35,835,928	\$6,530,049	\$70,016	\$27,319,391	\$1,916,472	41.1
Increase/(Decrease)	(\$20,921,237)	\$80,999	(\$47,959,174)	\$26,957,250	(\$312)	2.1
Percentage Change	(36.9)%	1.3%	(99.9)%	7443.9%	0.0%	5.4%

/1 Funding for H.B. 06-1201 and H.B. 06-1360 is provided from Limited Gaming Funds. For FY 2006-07, these moneys were appropriated as cash funds. However, statute dictates that for subsequent years these funds shall be appropriated as cash fund exempt, pursuant to Section 12-47.1-701 (4) (a) (IV) (C), C.R.S.

/2 Excess spending authority: Senate Bill 07-239 (Section 9) increased the cash funds spending authority in FY 2006-07 for the Colorado Travel and Tourism Promotion Fund, the State Council on the Arts Cash Fund, the Film Incentives Cash Fund, the New Jobs Incentives Cash Fund, and the Bioscience Discovery Evaluation Cash Fund by \$22.1 million as a result of a technical error made when drafting the bill. The additional spending authority is not matched by additional revenue, and therefore it is empty spending authority.

/3 Funding for H.B. 07-1060 and H.B. 07-1206 is provided from Limited Gaming Funds. Pursuant to Section 12-47.1-701 (4) (a) (IV) (C), C.R.S., moneys transferred at the end of a fiscal year shall be appropriated for use in the next fiscal year. As a result, the moneys that are transferred is spent as fund balance and thus the spending authority must be cash funds exempt.

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary survey: The appropriation includes an additional \$55,138 that represents the salary increases allocated to the Division in FY 2006-07.

Fund mix adjustment: Pursuant to H.B. 06-1201 (Increased Limited Gaming Funds for Tourism), funds were properly appropriated as cash funds in FY 2006-07. However, statute dictates that beginning in FY 2007-08, funding from the Colorado Travel and Tourism Promotion Fund, the Council on the Arts Cash Fund, the New Jobs Incentives Cash Fund, the State Council on the Arts Cash Fund, and the Film Incentives Cash Fund be appropriated as cash funds exempt in order to comply with law and the fiscal policies managed by the State Controller's Office.

Eliminate one-time appropriations: The appropriation includes reductions of \$2.0 million in one-time cash funds spending authority for the Bioscience Discovery Evaluation program.

Other changes: The appropriation includes various changes to personal services and operating expenses. Includes \$500,638 in operational cost increases for the program lines financed with Limited Gaming Funds, which includes the Colorado Promotion - Other, Council on the Arts Cash Fund, New Jobs Incentives, and the Film Incentives line items. This increase is partially offset by miscellaneous other decreases.

Eliminate excess spending authority: House Bill 06-1201 transferred Limited Gaming Fund moneys which would have otherwise been deposited into the General Fund into the Colorado Travel and Tourism Promotion Fund, the State Council on the Arts Cash Fund, the Film Incentives Cash Fund, and the New Jobs Incentives Cash Fund. The spending authority for these cash funds, and Bioscience Discovery Evaluation Cash Fund, were further increased by S.B. 07-239 (Section 9) by \$22.1 million for FY 2006-07 as a result of a technical error made when drafting the bill. The additional spending authority is not matched by additional revenue, and therefore it is empty spending authority. Thus, this line removes the excess spending authority appropriated in the Long Bill.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Office of Information Technology

The Office of Information Technology is responsible for oversight of technology initiatives to maximize the efficiency of service delivery.

Office of Information Technology						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$937,188	\$937,188	\$0	\$0	\$0	10.0

Office of Information Technology						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 06-63	249,281	249,281	0	0	0	3.0
SB 07-239	<u>512,400</u>	<u>0</u>	<u>0</u>	<u>512,400</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,698,869	\$1,186,469	\$0	\$512,400	\$0	13.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,698,869	\$1,186,469	\$0	\$512,400	\$0	13.0
Annualized salary survey	22,789	22,789	0	0	0	0.0
Eliminate one-time appropriations	(512,400)	0	0	(512,400)	0	0.0
Other changes	(11,000)	(11,000)	0	0	0	0.0
SB 07-239	\$1,198,258	\$1,198,258	\$0	\$0	\$0	13.0
HB 07-1270	<u>150,000</u>	<u>0</u>	<u>0</u>	<u>150,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,348,258	\$1,198,258	\$0	\$150,000	\$0	13.0
Increase/(Decrease)	(\$350,611)	\$11,789	\$0	(\$362,400)	\$0	0.0
Percentage Change	(20.6)%	1.0%	n/a	(70.7)%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary survey: The appropriation includes an additional \$22,789 for the salary increases allocated to the Division in FY 2006-07.

Eliminate one-time appropriations: The appropriation includes a reduction of \$512,400 cash funds exempt to remove one-time funding that was provided in FY 2006-07 for an outside contractor to assist the division in the Colorado Benefits Management System (CBMS) request for proposal procurement process.

Other changes: The appropriation includes various small changes to personal services and operating expenses.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Office of Colorado Benefits Management System

The Office of the Colorado Benefits Management System (CBMS) was established by executive order in the Governor's Office. This office oversees the ongoing development of, and enhancements to, CBMS. CBMS is the computer system used to determine eligibility and calculate benefits for 14 state assistance programs including , but not limited to, Medicaid and Temporary Aid to Needy Families (TANF). The cash funds exempt amounts reflect transfers from the Department of Human Services.

In February 2007, Governor Ritter issued Executive Order D 005 07, which dissolved both the Office of CBMS in the Governor's Office and the CBMS Steering Committee from the Department of Human Services and the Department of Health Care Policy and Financing. Due to the need for programmatic continuity, maintenance and operations support activities must continue and as such the Office of CBMS and the CBMS Steering Committee will remain intact until the Governor's order can be properly executed.

Office of Colorado Benefits Management System						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$2,064,462	\$0	\$0	\$2,064,462	\$0	26.0
SB 07-162	176,367	0	0	176,367	0	0.0
SB 07-239	<u>(100,550)</u>	<u>0</u>	<u>0</u>	<u>(100,550)</u>	<u>0</u>	<u>(0.9)</u>
TOTAL	\$2,140,279	\$0	\$0	\$2,140,279	\$0	25.1
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$2,140,279	\$0	\$0	\$2,140,279	\$0	25.1
Annualize salary survey	47,775	0	0	47,775	0	0.0
Elimination of one-time appropriations	(176,367)	0	0	(176,367)	0	0.0
Annualize Long Bill Supplemental	(89,880)	0	0	(89,880)	0	(1.1)
Other changes	(4,380)	0	0	(4,380)	0	0.0
SB 07-239	<u>\$1,917,427</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,917,427</u>	<u>\$0</u>	<u>24.0</u>
TOTAL	\$1,917,427	\$0	\$0	\$1,917,427	\$0	24.0
Increase/(Decrease)	(\$222,852)	\$0	\$0	(\$222,852)	\$0	(1.1)
Percentage Change	(10.4)%	n/a	n/a	(10.4)%	n/a	(4.4)%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary survey: The appropriation includes an additional \$47,775 that represents the salary increases allocated to the Division in FY 2006-07.

Elimination of one-time appropriations: The appropriation includes the reduction of \$176,367 cash funds exempt spending authority appropriated in FY 2006-07 for the Beneficiary and Data Exchange (BENDEX) modernization requirement, pursuant to the federal Medicare Modernization Act (MMA).

Annualize Long Bill Supplemental: The appropriation includes a decrease in cash funds exempt funding by \$89,880 and 1.1 FTE for the elimination of two positions within the Office of CBMS: the Director and the Director's administrative assistant.

Other changes: The appropriation includes various changes to personal services and operating expenses.

Office of The Chief Information Security Officer

The Office of the Chief Information Security Officer (CISO) was created in 2006, pursuant to H.B. 06-1157. The Office is charged with developing and updating information security policies, standards and guidelines for public agencies.

Office of The Chief Information Security Officer						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$0	\$0	\$0	\$0	\$0	0.0
HB 06-1157	<u>4,200,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,200,000</u>	<u>1.0</u>
TOTAL	\$4,200,000	\$0	\$0	\$0	\$4,200,000	1.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$4,200,000	\$0	\$0	\$0	\$4,200,000	1.0
Refinanced program costs	2,449,782	0	0	2,449,782	0	1.0
Elimination of one-time appropriations	(4,200,000)	0	0	0	(4,200,000)	0.0
Other changes	(222)	0	0	(222)	0	0.0
SB 07-239	<u>\$2,449,560</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,449,560</u>	<u>\$0</u>	<u>2.0</u>
TOTAL	\$2,449,560	\$0	\$0	\$2,449,560	\$0	2.0
Increase/(Decrease)	(\$1,750,440)	\$0	\$0	\$2,449,560	(\$4,200,000)	1.0
Percentage Change	(41.7)%	n/a	n/a	n/a	(100.0)%	100.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Refinanced program costs: The Office of the CISO was originally financed through federal funding. However, Section 24-37.5-403 (3), C.R.S., expressed the intent of the General Assembly that the costs of the services provided by the CISO should be funded through an appropriation to the public agency to pay for such services. Therefore, the appropriation includes cash funds exempt spending authority from various sources from various departments.

Elimination of one-time appropriations: The appropriation eliminates the one-time federal funding in FY 2006-07 that was used to establish the Office of the CISO.

Other changes: The appropriation includes various small changes to personal services and operating expenses.

Recent Legislation

2006 Session Bills

S.B. 06-49: Transfers administration and associated funding for the Council on the Arts from the Department of Higher Education to the Office of Economic Development in the Governor's Office. The amount transferred from the Department of Higher Education to the Governor - Lieutenant Governor - Office of State Planning and Budgeting is \$1.5 million cash funds and 2.0 FTE. In H.B. 06-1201 \$1.5 million was transferred from limited gaming fund moneys to the State Council on the Arts Cash Fund, and \$1.5 million cash funds and 2.0 FTE was appropriated from the State Council on the Arts Cash Fund to the Council on the Arts.

S.B. 06-63: Requires that prior to the approval or disbursement of any moneys for any major automation system development project, the Office of Innovation and Technology (OIT) must certify to the State Controller that the project is in compliance with "best practices" concerning management of the information technology project. Requires the OIT to develop policies regarding defining best practices and the certification of project managers (PM's) and project management analysts (PMA's). Also requires the Department of Personnel and Administration (DPA), in collaboration with the OIT, to create a job category for PM's and PMA's. Requires OIT to develop a major information system project management team consisting of qualified PM's and PMA's and requires a state agency utilizing a member of the OIT project management team to reimburse OIT for personnel costs. Also requires the OIT to establish and implement a training plan for all state employees who provide services or functions consistent with the job descriptions of PM's and PMA's to become certified for the job category. Requires associated reporting by OIT to committees of the General Assembly. Includes an appropriation of \$249,281 General Fund and 3.0 FTE to the Office of the Governor, for allocation to the Office of Innovation and Technology, for FY 2006-07.

H.B. 06-1017: Provides a financial incentive program for companies that create a certain number and type of new jobs in Colorado. To claim the incentive, an employer must submit an application to the Economic Development Commission. The amount of incentive payments that may be claimed in a given fiscal year is limited to the amount appropriated by the General Assembly for this purpose. Creates the New Job Incentives Cash Fund. An associated appropriation of \$3.0 million from the New Job Incentives Cash Fund to the Office of the Governor, for allocation to the Economic Development Commission, is included in H.B. 06-1201 in FY 2006-07.

H.B. 06-1157: Authorizes the Governor to appoint a chief information security officer (CISO) and defines the duties of the position. Requires public agencies to develop and submit information security plans to the CISO and to report information security incidents. Reflects anticipated receipt of \$4.2 million federal funds and 1.0 FTE to the Office of the Governor in FY 2006-07 for implementation.

H.B. 06-1200: Allocates a portion of the Operational Account of the Severance Tax Trust Fund in the Department of Natural Resources and appropriates it to the Department of Human Services for the Low-Income Energy Assistance Program (LEAP) and the Office of the Governor for direct bill payment assistance and home energy efficiency improvements for low-income households. For FY 2006-07 through FY 2008-09, funds in the Operational Account of the Severance Tax Trust Fund will be appropriated for similar purposes, though for FY 2007-08 and FY 2008-09 the amount of the appropriation would be determined by the lesser of a formula-based appropriation or a capped amount. Includes a cash funds appropriation from the Operational Account of the Severance Tax Trust Fund for FY 2005-06 of \$17.0 million to the Department of Human Services and \$7.0

million to the Office of the Governor and a cash funds appropriation from the Operational Account of the Severance Tax Trust Fund for FY 2006-07 of \$5.95 million to the Department of Human Services and \$5.05 million to the Office of the Governor.

H.B. 06-1201: Modifies the distribution of limited gaming revenues to increase funding for various economic development programs. Pursuant to Section 12-47.1-701 (4)(a), C.R.S., after all expenses for administration of the Colorado Limited Gaming Act are paid, 49.8 percent of the funds available for distribution in the Limited Gaming Fund at the end of each fiscal year are transferred to the General Fund, and 0.2 percent are transferred to the Colorado Travel and Tourism Promotion Fund. Out of the percentage that is transferred to the General Fund, at least 13 percent is transferred annually to the Local Government Limited Gaming Impact Fund.

Starting in FY 2005-06, this bill changes the allocation of gaming revenue so that *after* distribution to the Local Government Gaming Impact Fund, gaming revenue is to be distributed as follows:

- \$19.0 million to the Colorado Travel and Tourism Promotion Fund;
- \$1.5 million to the State Council on the Arts Cash Fund;
- \$0.5 million to the Film Incentives Cash Fund;
- \$3.0 million to the New Jobs Incentives Cash Fund; and
- remaining revenue to the state General Fund.

Distributions are to be adjusted annually by the rate of inflation for the calendar year ending in the preceding fiscal year. The moneys transferred at the end of a fiscal year will be appropriated for use in the next fiscal year. For any year in which the revenue forecast prepared by the Legislative Council indicates that General Fund revenues for that year will be insufficient to allow the maximum amount of General Fund appropriations permitted by law, then moneys would instead be transferred to the General Fund.

Appropriates \$18,854,587 and 3.0 FTE from the Colorado Travel and Tourism Promotion Fund to the Office of Economic Development – Other Program Costs in the Office of the Governor (with addition of the 3.0 FTE contingent upon passage of H.B. 06-1384). Appropriates \$1.5 million and 2.0 FTE from the State Council on the Arts Cash Fund to the Council on the Arts in the Department of Higher Education. Appropriates \$500,000 from the Film Incentives Cash Fund to the Economic Development Commission in the Office of the Governor, subject to passage of H.B. 06-1362. Appropriates \$3.0 million cash funds from the New Job Incentives Cash Fund to the Economic Development Commission in the Office of the Governor, subject to passage of H.B. 06-1017.

H.B. 06-1322: Establishes the Colorado Renewable Energy Authority and appropriates \$2.0 million cash funds from the Operational Account of the Severance Tax Trust Fund directly to the Colorado Renewable Energy Authority. Further, the 2007 Long Bill (S.B. 07-239, Section 19) and S.B. 07-126 clarify language pertaining to this appropriation.

H.B. 06-1360: Creates the Bioscience Discovery Evaluation Grant Program to improve and expand the evaluation of new bioscience discoveries at research institutions with the intent of accelerating the development of new products and services. Administration of the grant program would be provided by the Office of Economic Development (OED) in the Governor's office in consultation with a Colorado bioscience membership organization. The bill establishes a grant application process for grants of up to \$150,000 per bioscience research project. Among other requirements to qualify for the grants, recipients must provide matching funds from non-state sources that at least equal the grant requested. Creates the Bioscience Discovery Evaluation Cash Fund in

the State Treasury and provides that moneys in the fund shall be continuously appropriated to OED for the direct and indirect costs associated with implementing the program. Up to 2 percent of the moneys initially deposited in the Fund may be used by OED for its costs. The OED is required to provide a report to committees of the General Assembly that evaluates the effectiveness of the grant program. The bill authorized the transfer of \$2 million in FY 2005-06 from the General Fund portion of Limited Gaming Fund moneys to the Bioscience Discovery Evaluation Cash Fund and includes an appropriation of \$2.0 million cash funds from the Bioscience Discovery Evaluation Cash Fund to the OED for FY 2005-06.

HB 06-1362: Allows any motion picture production company that spends at least 75 percent of its production expenditures in Colorado on qualified local expenditures and at least 75 percent of payroll expenditures on local hires to claim an incentive payment from the Colorado Economic Development Commission (EDC). Subject to various requirements, up to 10 percent of qualifying expenditures may be claimed. The bill allows the EDC to determine the application and evaluation process for the program. Creates the Film Incentives Cash Fund, consisting of Limited Gaming funds transferred to the Fund and any General Fund appropriated to the Fund. Moneys in the Fund are subject to annual appropriation by the General Assembly. No more than 2.5 percent of appropriations may be used for administrative costs associated with the program. Should the EDC receive applications for incentives that exceed amounts appropriated, the funds are to be paid on a first-come, first-served basis. Enactment is contingent on enactment of H.B. 06-1201, which includes an associated appropriation of \$500,000 from the Film Incentives Cash Fund to the Economic Development Commission in the Office of the Governor.

H.B. 06-1384: Contingent upon the passage of H.B. 06-1201, changes the allocation of the Unclaimed Property Tourism Promotion Trust Fund interest to provide additional moneys to the State Fair through the Colorado Travel and Tourism Promotion Fund. Moneys provided to the Colorado State Fair are prioritized as follows: (1) state Treasury loans to the State Fair are to be paid down with remaining funds; (2) upon repayment of the state Treasury loans, any remaining funds are to pay off outstanding debt incurred by the Colorado State Fair Authority to build the events center in Pueblo; (3) upon payment of all debt, \$550,000 is provided annually for administrative expenses, operating costs, and event promotion; and (4) after the third fiscal year (in FY 2009-10) only the \$550,000 for administrative, operating, and promotional costs are authorized. Appropriates \$3,163,978 cash funds from the Colorado Travel and Tourism Promotion Fund to the Department of Agriculture, Colorado State Fair, for FY 2006-07. Also reduces the appropriation to the Office of the Governor for Colorado promotion by \$2.3 million and 3.0 FTE for FY 2006-07.

H.B. 06-1385: General appropriations act for FY 2006-07.

H.B. 06-1400: Approves the interbasin compact charter, pursuant to the provisions of H.B. 05-1177. Appropriates \$75,837 cash funds from the Operational Account of the Severance Tax Trust Fund and 0.5 FTE to the Office of the Governor, Director of Compact Negotiations and \$855,481 cash funds from the Operational Account of the Severance Tax Trust Fund and 1.2 FTE to the Department of Natural Resources, Colorado Water Conservation Board for FY 2006-07.

2007 Session Bills

SB 07-91: Creates the 16-member Renewable Resource Generation Development Area Task Force and specifies its membership. Appropriates \$45,411 cash funds exempt spending authority to provide staffing for the task force for FY 2007-08.

SB 07-162: Supplemental appropriation for FY 2006-07.

SB 07-239: General appropriations act for FY 2007-08. Also includes the FY 2006-07 supplemental for the Department of the Governor - Lieutenant Governor - Office of State Planning and Budgeting.

SB 07-246: Creates the Clean Energy Fund and requires that, at the end of FY 2006-07, \$7 million that would normally be transferred from the Limited Gaming Fund to the General Fund be transferred instead to the newly created Clean Energy Fund for the purpose of advancing energy efficiency and renewable energy throughout the state. The Clean Energy Fund will also consist of any unexpended money's that were allocated to the Governor's Energy Office (GEO) to provide home energy efficiency improvements for low-income households. The GEO will incur administrative expenses in the amount of \$248,487 and 4.0 FTE in FY 2007-08. At the end of FY 2007-08 and each year thereafter, any money that would be transferred from the Limited Gaming Fund to the General Fund under current law would instead be transferred to the Clean Energy Fund. Specifically, moneys in the fund may be expended to: (1) attract renewable energy investment in the state; (2) assist in technology transfer of newly developed energy efficiency and renewable energy technologies; (3) provide market incentives for the purchase and distribution of energy efficient and renewable energy products; (4) assist in the implementation of energy efficiency projects throughout the state; (5) aid governmental agencies in greening government initiatives; (6) facilitate widespread implementation of renewable energy technologies; and (7) generally advance energy efficiency and renewable energy throughout the state. Funding is continuously appropriated, pursuant to Section 24-75-1201 (2), C.R.S., and is provided for informational purposes only.

SB 07-261: Appropriates 1.0 FTE for FY 2007-08 from the newly created Venture Capital Authority Staffing Fund and clarifies that personnel from the Office of Economic Development (OED) and the Economic Development Commission (EDC), within the Office of the Governor, may staff the Venture Capital Authority and that OED staffing shall not constitute a conflict of interest.

H.B. 07-1060: Transfers \$2,500,000 from the Limited Gaming Fund at the end of FY 2006-07 to the Bioscience Discovery Evaluation Cash Fund for the program in FY 2007-08 and increases the amount the Office of Economic Development may expend in administering the Bioscience Discovery Evaluation program up to 5 percent of the moneys transferred into the fund.

H.B. 07-1062: Repeals the Community Consolidated Child Care Services Pilot Program and incorporates the existing program and Early Childhood (EC) Councils into a new and expanded integrated statewide system of EC councils. The bill sets forth the rules, regulations and membership of the EC Councils, creates the EC Council Advisory Team, establishes evaluation requirements, and creates the EC Cash Fund and appropriates \$80,543 in FY 2007-08 and \$77,538 in FY 2008-09 to the Lieutenant Governor's Office to staff the EC Council Advisory Team, requiring 1.0 FTE for both fiscal years. For additional information, see the "Recent Legislation" section in the Department of Human Services.

H.B. 07-1206: Increases the annual allocation of gaming revenue from the General Fund portion of the Limited Gaming Fund to the Film Incentives Cash Fund. Appropriates an additional \$100,000 cash funds exempt from the Film Incentives Cash Fund to the Office of Economic Development in FY 2007-08.

H.B. 07-1209: Appropriates \$29,073 General Fund and 0.5 FTE in FY 2007-08, and \$27,570 General Fund and 0.5 FTE in each year thereafter. Requires the Minority Business Office (MBO) within OED to establish a new program to offer technical assistance to businesses in applying and qualifying for performance bonds required

for state construction contracts. The bill allows the MBO to contract with insurance companies, surety companies, agents, or brokers in order to implement the program.

H.B. 07-1270: Appropriates \$150,000 cash funds exempt from the State Public School Fund to the Office of Information Technology (OIT), for FY 2007-08. This amount is from moneys recovered from overpayments to school districts or the State Charter School Institute. This bill requires the OIT to issue a request for proposals (RFP) for a comprehensive assessment of the current data technology system within the Department of Education.

H.B. 07-1309: Continuously appropriates moneys from the Public School Energy Efficiency Fund to the Governor's Energy Office by an estimated \$489,000 in FY 2007-08 and \$496,000 in FY 2008-09. These new expenditures will be used to assist school districts in improving energy efficiency in public schools. Funding is continuously appropriated, pursuant to Section 39-29-109.5 (2), C.R.S., and is provided for informational purposes only.

H.B. 07-1372: Modifies the transfer of money from the operational account to the Water Supply Reserve Account in the Severance Tax Trust Fund. Reduces appropriations to the Governor's Office by \$75,837 and 0.5 FTE in FY 2006-07 and \$151,371 and 1.0 FTE in FY 2007-08.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

The Department of Health Care Policy and Financing provides health care services to approximately 630,000 Colorado residents through four health care programs: (1) the State's Medicaid medical and mental health programs; (2) the Colorado Indigent Care program (CICP); (3) the Children's Basic Health Plan (CBHP); and (4) the Old Age Pensioner Medical program. In addition to these programs, the Department administers the Comprehensive Primary and Preventive Care Grant program and the Primary Care Program to increase access to health care services for medically under-served populations and areas. The Medicaid, CICP, and CBHP programs are federal and state partnerships; therefore, the State receives approximately \$1.7 billion in federal matching funds for these programs. The Department transfers approximately 11.6 percent of its appropriation to other state agencies that administer programs eligible for Medicaid funding. The majority of this funding is transferred 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 Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund/1	\$1,280,754,507	\$1,365,826,269	\$1,380,460,170	\$1,424,375,449
Cash Funds	11,448,429	741,183	684,480	2,966,076
Cash Funds Exempt	282,896,025	334,001,337	356,470,768	381,570,811
Federal Funds	<u>1,500,409,261</u>	<u>1,557,941,032</u>	<u>1,601,223,675</u>	<u>1,667,277,250</u>
Total Funds	\$3,075,508,222	\$3,258,509,821	\$3,338,839,093	\$3,476,189,586
Full Time Equiv. Staff	202.8	213.4	231.8	245.3

/1 With the exception of FY 2004-05, appropriations include General Fund Exempt.

General Factors Driving the Budget

Funding for this department in FY 2007-08 consists of 41.0 percent General Fund, 48.0 percent federal funds, and 11.0 percent cash funds exempt, and less than 0.1 percent cash funds. Some of the most important factors driving the budget are reviewed below.

Medical Services Premiums

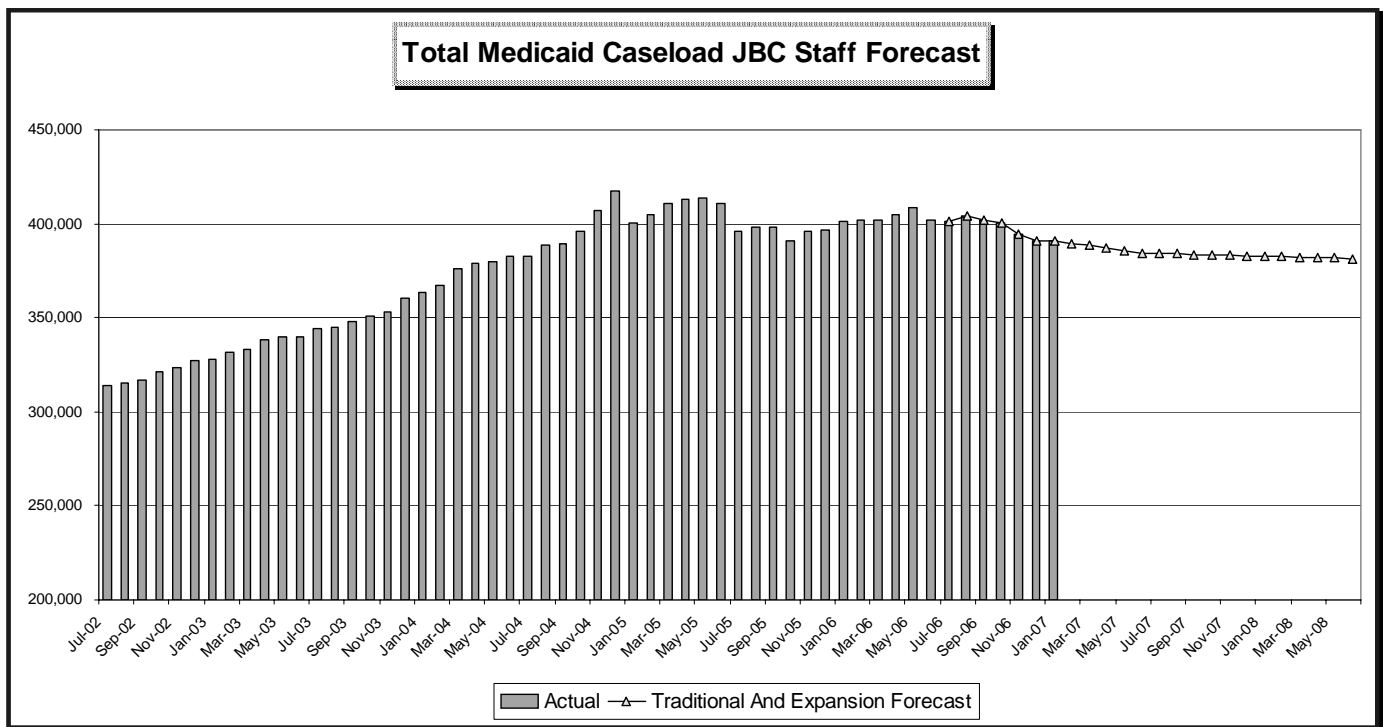
The medical services premiums section provides funding for the health care services of individuals qualifying for the Medicaid program. Health care services include both acute care services (such as physician visits, prescription drugs, and hospital visits) and long-term care services (provided within nursing facilities and community settings). The Department contracts with health care providers through fee-for-service and health maintenance organization (HMO) arrangements in order to provide these services to eligible clients. Total costs

for the program are driven by the number of clients, the costs of providing health care services, and utilization of health care services.

Medicaid Caseload Growth

The following factors affect the number of clients participating in the Medicaid program: (1) general population growth; (2) policy changes at the state and federal level regarding who is eligible for services; and (3) economic cycles. During the late 1990s, the Medicaid caseload declined due to the impacts of federal welfare reform and the strong economic expansion. However, beginning in 1999, the Medicaid caseload began to increase sharply. This increase was partly due to federal legislation authorizing new populations to become eligible (mainly children) and partly due to the economic recession in the early 2000's. In November 2004, the voters of Colorado passed Amendment 35 to the State Constitution. Amendment 35 authorized additional taxes on tobacco products in order to fund new health programs, including an expansion of the Medicaid program. The current Medicaid caseload forecast anticipates a slight decline to the traditionally eligible Medicaid clients in FY 2007-08. This decline is partially offset by anticipated growth in the expansion populations. The following chart shows the monthly Medicaid caseload from FY 2002-03 through the forecast period for FY 2007-08.

For FY 2006-07, the final caseload forecast (performed in March 2007) was for 393,179 clients, an overall



decrease of 6,519 clients (or -1.63 percent) from the FY 2005-06 actual caseload. This projected decrease in caseload likely reflected: (1) the impact of improved economic conditions in the State; and (2) the implementation of the federal Deficit Reduction Act of 2005 which imposed new citizenship verification requirements on certain Medicaid clients. For FY 2007-08, caseload is anticipated to decline to 383,784 total clients (a decrease of 2.39 percent). The table on the following page shows the caseload history and the FY 2007-08 caseload projection for the Medicaid caseload by aid category.

Medicaid Caseload	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Approp.
Supplemental Security Income (SSI) Ages 65+	34,485	34,149	35,615	36,219	36,218	36,703
Supplemental. Security Income (SSI) Ages 60 - 64	5,456	5,528	6,103	6,048	6,068	6,252
Qualified Medicare Beneficiaries/Special Low-income Medicare Beneficiaries	8,949	9,787	9,572	11,012	12,706	13,294
Disabled	46,378	46,565	47,626	47,565	48,489	48,942
Categorically Eligible Adults	40,021	46,754	56,453	57,747	52,115	46,708
Expansion Low-Income Adults	0	0	0	0	5,292	10,377
Baby Care Adults	7,579	8,203	6,110	5,050	5,018	5,264
Breast and Cervical Cancer Treatment	46	103	86	188	233	277
Low-Income Children	166,537	192,048	220,592	213,600	205,212	193,981
Foster Children	13,843	14,790	15,669	16,311	16,580	17,295
Non-Citizens	<u>4,101</u>	<u>4,604</u>	<u>4,976</u>	<u>5,959</u>	<u>5,248</u>	<u>4,691</u>
Total Medicaid Caseload	327,395	362,531	402,802	399,699	393,179	383,784
Annual Percent Change	10.83%	10.73%	11.11%	(0.77)%	-1.63%	-2.39%

*This table does not include any caseload impact associated with S.B. 07-002. Please see special legislation section for explanation of impact..

Medical Cost Increases

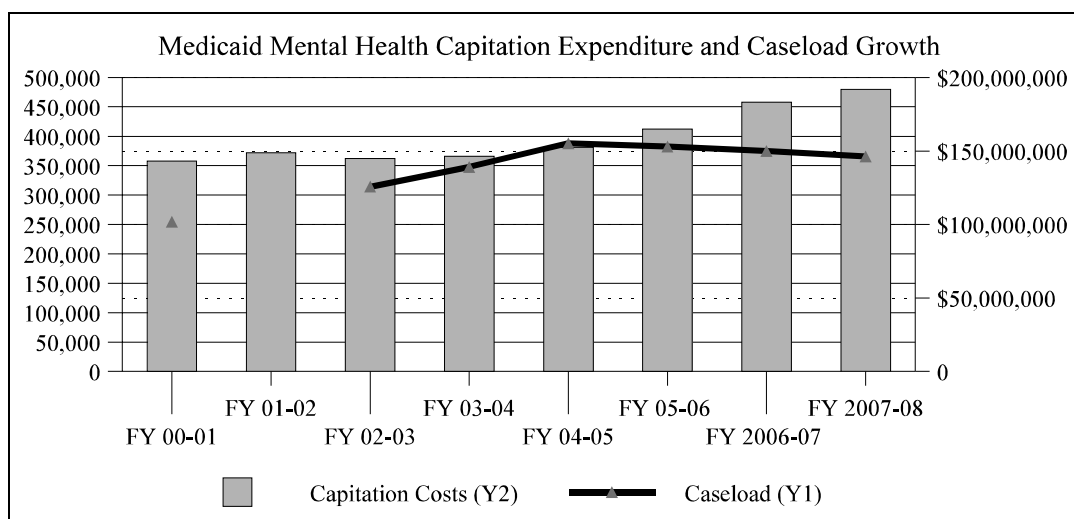
In addition to increased costs due to caseload growth, the Medicaid budget also grows as a result of higher medical costs and greater utilization of medical services. Recent budget increases for medical services are primarily related to nursing home rate increases and utilization increases in the areas of community long-term care and pharmaceuticals. For FY 2007-08, the appropriation assumes a 5.9 percent increase in the average cost per client. The increase in the per capita costs results mainly from a drop in caseload in lower cost adult and children categories (changes in case mix) and from provider rate increases for long-term care and acute care providers.

	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Approp.	FY 07-08 Approp.
Medical Service Cost Per Capita	\$5,080.22	\$4,700.29	\$4,959.65	\$5,184.87	\$5,492.60
Percent Change	0.7%	(7.5)%	5.5%	4.5%	5.9%

Medicaid Mental Health Capitation

Medicaid mental health community services throughout Colorado are delivered through a managed care or "capitated" program. Under capitation, the State pays a regional entity - a Behavioral Health Organization (BHO) - a contracted amount (per member per month) for each Medicaid client eligible for mental health services in the entity's geographic area (currently around 365,800 clients statewide). The BHO is then required to provide appropriate mental health services to all Medicaid-eligible persons needing such services.

The rate paid to each BHO is based on each class of Medicaid client eligible for mental health services (*e.g.*, children in foster care, low-income children, elderly, disabled) in each geographic region. Under the capitated mental health system, changes in rates paid, and changes in overall Medicaid eligibility and case-mix (mix of types of clients within the population) are important drivers in overall state appropriations for mental health services. Capitation represents the bulk of the funding shown for Medicaid mental health community programs.



The following table provides information on the recent expenditures and caseload for the Medicaid mental health capitation. Please note, the Medicaid mental health caseload used was converted effective FY 2005-06 to mirror how Medicaid caseload is reported in other areas of the Department's budget. Specifically, the caseload beginning in FY 2005-06 does not include retroactivity adjustments.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Appropriation	FY 07-08 Appropriation
Medicaid Mental Health Capitation Funding	\$144,704,276	\$146,346,423	\$152,435,998	\$164,839,222	\$183,141,013	\$196,303,651
Annual Dollar Change	n/a	\$1,642,147	\$6,089,575	\$12,403,224	\$18,301,791	\$13,162,638
Annual Dollar Percent Change	n/a	1.1%	4.2%	8.1%	11.1%	7.2%
Individuals Eligible for Medicaid Mental Health Services (Caseload)	314,345	348,140	388,254	382,734	375,226	365,799
Annual Caseload Change	314,345	33,795	40,114	(5,520)	(7,508)	(9,427)
Annual Caseload % Change	n/a	10.8%	11.5%	(1.4)%	(2.0)%	(2.5)%

Indigent Care Program

The Safety Net Provider Payment, the Children's Hospital Clinic Based Indigent Care, and the Pediatric Speciality Hospital line items provide direct or indirect funding to hospitals and clinics that have uncompensated costs from treating approximately 170,000 under-insured or uninsured Coloradans through the Indigent Care Program. The Indigent Care Program is not an insurance program or an entitlement program. Because this is not an entitlement program, funding for this program is based on policy decisions at the state

and federal level and is not directly dependent on the number of individuals served or the cost of the services provided. The majority of the funding for this program is from federal sources. State funds for the program come through General Fund appropriations and through certifying qualifying expenditures at public hospitals (these are cash funds exempt appropriations).

In FY 2003-04, through the Medicare Upper Payment Limit (UPL) financing mechanism, the State was able to increase funding for the program by approximately \$23.3 million. In FY 2004-05, funding for private hospitals participating in the program was cut by \$6.2 million total funds. However, because the State received approval from the U.S. Centers for Medicare and Medicaid Services (CMS) to change the methodology by which the UPL financing was calculated, the total fund appropriation for the program actually increased by \$8.1 million associated with recouping prior year payments. In FY 2005-06, total funding for the program increased by \$28.7 million. The increase was due to restoring the \$6.2 million for private hospitals that was cut in the prior year, increasing funding for pediatric speciality hospitals by \$5.5 million, and accessing an additional \$17 million in available Medicare UPL funding. For FY 2006-07, funding for existing programs increased by \$11.2 million total funds. In addition to this increase, an increase of \$15.0 million became available for additional indigent care costs through S.B. 06-044. For FY 2007-08 a provider rate increase was included for the pediatric speciality hospital line item. Other than that, funding was relatively stable when compared to the FY 2006-07 appropriation. The table below provides a five-year funding history for the Indigent Care Program.

	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Approp.	FY 07-08 Approp.
Safety Net Provider Payments	\$255,976,646	\$264,013,206	\$287,296,074	\$296,188,630	\$296,188,630
Children's Hospital Clinic Based Indigent Care	6,119,760	6,119,760	6,119,760	6,119,760	6,119,760
Pediatric Speciality Hospital	0	0	5,452,134	7,732,072	8,499,289
S.B. 06-044 Funding Available	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,262,663</u>	<u>15,000,000</u>
Total	\$262,096,406	\$270,132,966	\$298,867,968	\$324,303,125	\$325,807,679
General Fund	13,555,006	12,492,364	18,362,593	19,500,662	19,701,662
Cash Fund Exempt	115,400,000	122,574,119	131,071,391	149,782,232	150,687,822
Federal Funds	133,141,400	135,066,483	149,433,984	155,020,231	155,418,195
Total funding percent increase	9.43%	3.07%	10.64%	8.51%	0.46%

Comprehensive Primary Care Program

In November 2004, the voters passed Amendment 35 to the Colorado Constitution which increased the taxes on tobacco products in order to expand several health care programs. During the 2005 Legislative Session, the General Assembly passed H.B. 05-1262 to implement the provisions of Amendment 35. Specifically, H.B. 05-1262 created the Comprehensive Primary Care program. This program provides additional funding to qualifying providers with patient caseloads that are at least 50 percent uninsured, indigent, or enrolled in the Medicaid or Children's Basic Health Plan programs. For FY 2005-06, the amount of funding available for this program was \$44.1 million. Funding in FY 2005-06 included tobacco tax revenues that were collected in both FY 2004-05 and FY 2005-06. In FY 2006-07, funding for this program decreased to \$32.9 million. The decrease reflects solely the fact that the program will have only twelve months of revenue in FY 2006-07

instead of the 18 months of revenue collections that were available in FY 2005-06. For FY 2007-08, funding for this program is estimated at \$32.4 million. There are no matching federal funds available for this program.

Children's Basic Health Plan

The Children's Basic Health Plan (CBHP) was implemented in 1997 to provide health care insurance to children from families at or below 185 percent of the federal poverty level. A 65 percent federal match is available for the program. Since its passage in 1997, a number of expansions to the program have occurred. In FY 2002-03, the program was expanded to include adult pregnant women up to 185 percent of the federal poverty level. However, due to 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 2004-05, the cap was lifted on the children's caseload and the adult prenatal program was reinstated.

In November 2004 the voters approved Amendment 35 to the Colorado Constitution, which increased the taxes on tobacco products in order to expand several health care programs. During the 2005 Legislative Session, the General Assembly passed H.B. 05-1262 to implement the provisions of Amendment 35. Among other changes, H.B. 05-1262 increased eligibility for the Children's Basic Health Plan for both children and women up to 200 percent of the federal poverty level (approximately \$38,700 for a family of four in 2006). Additionally, H.B. 05-1262 allowed caseload growth over the FY 2003-04 level to be funded through Amendment 35 moneys and allowed for increased marketing activities to further expand caseload enrollment. The following table provides a five-year funding history for the Children's Basic Health Plan medical and dental costs.

	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Approp.	FY 07-08 Approp.
Medical Services	\$51,777,408	\$52,000,289	\$65,919,891	\$81,483,970	\$86,426,598
Dental Services	<u>5,405,336</u>	<u>5,084,701</u>	<u>5,368,921</u>	<u>6,302,642</u>	<u>6,886,799</u>
Total Service Costs	\$57,182,744	\$57,084,990	\$71,288,812	\$87,786,612	\$93,313,397
Cash Fund Exempt	20,114,345	20,059,529	25,305,261	30,870,818	32,818,721
Federal Funds	37,068,399	37,025,461	45,983,551	56,915,794	60,493,196
Total funding percent increase	0.00%	(0.17)%	24.88%	23.14%	6.30%

The table on the following page provides a five-year history of the caseload served by the Children's Basic Health Plan. The Children's Basic Health Plan Trust Fund provides the state match for the CBHP caseload up to 185 percent of the poverty level (FPL) that does not exceed the caseload in FY 2003-04 (the year the prenatal program was suspended and the children's population was capped). The Health Care Expansion Fund provides the state match for the CBHP caseload up to 185 percent of FPL that exceeds the FY 2003-04 enrollment and for any caseload between 185 percent of FPL and 200 percent of FPL. Beginning in FY 2007-08, the children's population under 185 percent of FPL is forecasted to exceed the FY 2003-04 caseload for the first time.

	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Approp.	FY 07-08 Approp.
Children's CBHP Trust Fund Caseload	46,694	41,101	42,547	46,489	46,694
Children's Health Care Expansion Caseload	<u>n/a</u>	<u>n/a</u>	<u>1,630</u>	<u>3,562</u>	<u>7,022</u>
Total Children Caseload	46,694	41,101	44,177	50,051	53,716

	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Approp.	FY 07-08 Approp.
Adult Prenatal Member Months CBHP Trust Fund	1,428	6,684	1,428	1,428	1,428
Adult Prenatal Member Months Health Care Expansion	<u>n/a</u>	<u>n/a</u>	<u>13,019</u>	<u>15,450</u>	<u>18,447</u>
Total Prenatal Member Months	1,428	6,684	14,447	16,878	19,875

*This Table does not include the any caseload impacts associated with S.B. 07-97. See special bill descriptions for any caseload impact associated with this bill.

Department of Human Services Medicaid-Funded Programs

Many programs in the Department of Human Services (DHS) qualify for Medicaid funding. The federal government requires that one state agency receive all federal Medicaid funding. Therefore, the state and federal funding for all DHS programs that qualify for Medicaid funding is first appropriated in the Department of Health Care Policy and Financing and then transferred to the Department of Human Services (as cash funds exempt). A five-year funding history for the DHS Medicaid related programs is provided below. The FY 2006-07 reduction primarily reflects federal restrictions on Medicaid reimbursement for residential child care services that became effective in FY 2006-07, as well as one-time reductions to funding for developmental disability services associated with federally-required billing system changes. The FY 2007-08 increase primarily reflects increases in Medicaid reimbursement for developmental disability services, including the restoration of one-time FY 2006-07 reductions.

	FY 03-04 Actual	FY 04-05/1 Actual	FY 05-06 Actual	FY 06-07 Approp.	FY 07-08 Approp.
Expenditures	\$567,683,764	\$420,876,735	\$446,257,606	\$372,336,043	\$401,713,130
Annual Percent Increase	n/a	(25.9)%	6.0%	(16.6)%	7.9%

/1 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 2006-07 and FY 2007-08 Appropriations

Department of Health Care Policy and Financing						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$3,338,839,093	\$1,380,460,170	\$684,480	\$356,470,768	\$1,601,223,675	231.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	98,187,209	32,612,822	422,375	5,774,885	59,377,127	231.8
Medical Services Premiums	2,057,801,212	974,636,899	38,256	52,330,509	1,030,795,548	0.0
Medicaid Mental Health Community Programs	217,345,933	89,119,832	0	35,888,952	92,337,149	0.0
Indigent Care Program	466,680,446	31,259,913	223,849	220,198,092	214,998,592	0.0
Other Medical Services	126,488,250	74,396,494	0	34,354,864	17,736,892	0.0

Department of Health Care Policy and Financing						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Department of Human Services Medicaid-Funded Programs	372,336,043	178,434,210	0	7,923,466	185,978,367	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	3,388,531,182	1,400,632,441	690,959	364,874,341	1,622,333,441	222.7
SB 06-44	14,962,408	0	0	14,962,408	0	0.0
SB 06-128	126,780	0	0	45,070	81,710	1.0
SB 06-131	2,376,406	1,188,203	0	0	1,188,203	0.0
SB 06-165	433,757	203,558	0	0	230,199	1.0
SB 06-219	(7,319,962)	(10,485,986)	0	3,166,024	0	1.0
HB 06-1270	59,532	29,766	0	0	29,766	1.0
HB 06-1310	(23,595,753)	(571)	0	(23,595,182)	0	0.0
HB 06-1395	10,251,950	5,114,391	0	0	5,137,559	0.0
SB 07-1	145,927	145,927	0	0	0	0.0
SB 07-2	34,650	0	0	8,663	25,987	0.0
SB 07-163	5,437,597	8,268,956	0	(5,743,425)	2,912,066	4.3
SB 07-239	(52,605,381)	(24,636,515)	(6,479)	2,752,869	(30,715,256)	0.8
FY 2007-08 Total Appropriation:	\$3,476,189,586	\$1,424,375,449	\$2,966,076	\$381,570,811	\$1,667,277,250	245.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	97,363,795	32,971,841	2,680,877	6,289,822	55,421,255	245.3
Medical Services Premiums	2,147,858,908	996,321,500	38,256	76,001,368	1,075,497,784	0.0
Medicaid Mental Health Community Programs	230,114,249	92,060,148	0	39,151,106	98,902,995	0.0
Indigent Care Program	477,448,509	35,225,673	246,943	222,997,647	218,978,246	0.0
Other Medical Services	121,690,995	70,552,732	0	33,306,193	17,832,070	0.0
Department of Human Services Medicaid-Funded Programs	401,713,130	197,243,555	0	3,824,675	200,644,900	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	3,474,770,952	1,431,468,637	710,644	377,425,911	1,665,165,760	238.0
SB 07-1	2,253,953	0	2,253,953	0	0	2.5
SB 07-2	8,281,730	0	0	4,140,865	4,140,865	0.0
SB 07-4	126,580	0	0	53,730	72,850	1.0
SB 07-36	42,470	11,011	0	11,011	20,448	0.0

Department of Health Care Policy and Financing						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-97	3,681,845	0	1,479	3,565,152	115,214	0.0
SB 07-130	118,128	44,965	0	0	73,163	1.0
SB 07-133	(11,942,390)	(7,173,368)	0	(2,111,664)	(2,657,358)	0.0
SB 07-196	127,288	40,019	0	0	87,269	0.5
SB 07-211	161,427	62,562	0	1,237	97,628	1.3
HB 07-1021	(545,281)	(276,877)	0	0	(268,404)	1.0
HB 07-1183	397,000	198,500	0	0	198,500	0.0
HB 07-1301	298,177	0	0	104,362	193,815	0.0
HB 07-1346	75,000	0	0	37,500	37,500	0.0
HB 07-1359	(1,657,293)	0	0	(1,657,293)	0	0.0
Increase/(Decrease)	\$137,350,493	\$43,915,279	\$2,281,596	\$25,100,043	\$66,053,575	13.5
Percentage Change	4.1%	3.2%	333.3%	7.0%	4.1%	5.8%

/1 Includes General Fund Exempt. See Division Detail for information on General Fund Exempt appropriations.

/2 For FY 2006-07 includes \$7,342,621 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1, C.R.S. For FY 2007-08, includes \$586,565 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1, C.R.S.

FY 2007-08 Appropriation Highlights:

1. The appropriation includes an increase of \$64.7 million total funds (\$11.1 million General Fund) for caseload and medical cost growth for the Medicaid medical program. This appropriation will support health care services for an estimated 383,784 Medicaid clients in FY 2007-08 at an average per capita cost of \$5,492.61.
2. The appropriation provides a total increase of \$21.1 million total funds (\$10.4 million General Fund) for provider rate increases in the Medicaid medical program for various provider groups.
3. The appropriation adds a total of \$28.3 million (\$18.2 million General Fund) for programs for the developmentally disabled who qualify for Medicaid waiver programs. Included in this increase is \$5.4 million in provider rate increases. This funding is transferred to the Department of Human Services.
4. The appropriation includes an increase of \$8.7 million total funds (\$3.0 million General Fund) for caseload and capitation rate increases for the Medicaid mental health program.
5. The appropriation includes a total fund decrease of \$11.9 million (\$7.2 million General Fund) to move three programs to cash accounting in FY 2007-08: (1) Children's Basic Health Plan; (2) Old Age Pension Medical Program; and (3) the Medicare State Contribution Payment.

Detail of Appropriation by Administrative Section

Executive Director's Office

The appropriation for the Executive Director's Office contains the administrative funding for the Department. Specifically, the funding in this division supports the Department's personnel, operation of the Medicaid Management Information System, implementation of the Health Insurance Portability and Accountability Act (HIPAA) of 1996, provider audits, and the operating funds associated with the Department's Executive Director's Office, Medical Assistance Office, and Operations and Finance Office.

Executive Director's Office						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$66,978,185	\$22,787,657	\$422,375	\$1,434,308	\$42,333,845	222.7
SB 06-128	126,780	0	0	45,070	81,710	1.0
SB 06-165	111,326	42,342	0	0	68,984	1.0
SB 06-219	19,956,252	6,260,208	0	3,717,918	9,978,126	1.0
HB 06-1270	59,532	29,766	0	0	29,766	1.0
HB 06-1395	46,336	11,584	0	0	34,752	0.0
SB 07-1	145,927	145,927	0	0	0	0.0
SB 07-2	34,650	0	0	8,663	25,987	0.0
SB 07-163	10,112,556	3,026,167	0	570,717	6,515,672	4.3
SB 07-239	<u>615,665</u>	<u>309,171</u>	<u>0</u>	<u>(1,791)</u>	<u>308,285</u>	<u>0.8</u>
TOTAL	\$98,187,209	\$32,612,822	\$422,375	\$5,774,885	\$59,377,127	231.8
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$98,187,209	\$32,612,822	\$422,375	\$5,774,885	\$59,377,127	231.8
County administration increase	2,209,022	759,836	0	344,675	1,104,511	0.0
Salary and benefits adjustments	1,026,492	709,548	0	48,663	268,281	0.0
Provider rate increase	451,248	225,624	0	0	225,624	0.0
Operating expenses and other administrative cost adjustments	234,658	111,188	4,549	3,711	115,210	0.0
Facility survey increase	229,333	73,694	0	0	155,639	0.0
MMIS changes for CBHP Premium Assistance Program	180,558	0	0	63,195	117,363	0.0
Increased hospital and FQHC audits	131,350	65,675	0	0	65,675	0.0
Audit Primary Care Fund	75,200	0	0	75,200	0	0.0

Executive Director's Office						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Annualize FY 2006-07 Legislation	45,049	(20,732)	0	1,689	64,092	0.0
Actuary contract for Denver Health incentive payment	20,000	10,000	0	0	10,000	0.0
Adjust FTE allotment	0	0	0	0	0	2.0
Eliminate one-time funding and annualize prior year adjustments	(8,016,906)	(1,716,887)	0	16,110	(6,316,129)	4.2
Technical adjustments	(274,043)	(13,847)	0	(139,422)	(120,774)	0.0
Drug utilization contract review reduction	(84,832)	(18,458)	0	0	(66,374)	0.0
SB 07-239	\$94,414,338	\$32,798,463	\$426,924	\$6,188,706	\$55,000,245	238.0
SB 07-1	2,253,953	0	2,253,953	0	0	2.5
SB 07-4	62,846	0	0	31,423	31,423	1.0
SB 07-97	91,980	0	0	32,193	59,787	0.0
SB 07-130	118,128	44,965	0	0	73,163	1.0
SB 07-196	127,288	40,019	0	0	87,269	0.5
SB 07-211	140,740	52,870	0	0	87,870	1.3
HB 07-1021	79,522	35,524	0	0	43,998	1.0
HB 07-1346	<u>75,000</u>	<u>0</u>	<u>0</u>	<u>37,500</u>	<u>37,500</u>	<u>0.0</u>
TOTAL	\$97,363,795	\$32,971,841	\$2,680,877	\$6,289,822	\$55,421,255	245.3
Increase/(Decrease)	(\$823,414)	\$359,019	\$2,258,502	\$514,937	(\$3,955,872)	13.5
Percentage Change	(0.8)%	1.1%	534.7%	8.9%	(6.7)%	5.8%

/1 Of this amount, \$895,494 is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (A), C.R.S. These costs were associated with implementing the Deficit Reduction Act of 2005 and the Payment Error Rate Management project.

S.B. 07-239 (Long Bill) Issue Descriptions

County administration increase: The appropriation includes an increase of \$2.2 million total funds to narrow the gap between the funding the State provides counties to perform eligibility determinations for programs administered by the Department and the amount of funding the counties actually spend on such activities. A similar appropriation is made in the Department of Human Services. With these two appropriations, all counties will receive additional funding to alleviate the over-expenditures at the county level for determining eligibility for state welfare, medical, and assistance programs. It is anticipated that a work study will be completed in FY 2007-08 that will quantify the true need for state funding for county administration. This appropriation is a partial solution until the comprehensive workload study is complete.

Salary and benefits adjustments: The appropriation includes an increase of \$1,026,492 total funds for salary and employee-related benefit adjustments for state employees. Specifically, the appropriation includes the following total fund increases: (1) \$480,923 for salary survey and senior executive pay; (2) \$299,653 for health, life, and dental benefits; (3) \$206,506 for performance-based pay awards; (4) \$116,745 for amortization of equalization disbursements for PERA; and (5) \$4,660 for short-term disability. These increases are offset with a 0.5 percent total fund base reduction of \$80,482 for vacancy savings and a decrease of \$1,513 total funds for worker's compensation assessments. The appropriation also adjusts funding splits and applies statewide indirect costs assessments. While the indirect cost assessments and fund split adjustments net to zero total fund impact, these adjustment increase the General Fund appropriation by \$239,861 and decrease the cash funds exempt and federal funds appropriations by \$239,861.

Provider rate increases: The appropriation includes an increase of \$451,248 total funds. Specifically, the appropriation provides the following total fund provider rate increases: (1) \$317,344 for a 1.5 percent cost-of-living-adjustment increase for county administration; (2) \$110,000 for a 31.0 percent increase to the reimbursement rate when private vehicles are used to transport Medicaid clients to necessary medical appointments because transportation services are not available from the transportation broker or county health department; and (3) \$23,904 for a 1.5 percent COLA increase for administrative case management services provided by the counties.

Operating expenses and other administrative cost adjustments: The appropriation includes a total fund increase of \$234,658 for various operating and administrative costs. Specifically, the appropriation includes the following total fund increases: (1) \$145,613 for commercial and capitol complex lease space; (2) \$54,034 due to an increase in the legal rate charged by the Department of Law; (3) \$26,579 based on the estimate of the number of administrative judge hours the Department will use; and (4) \$18,516 for use of the central computer center for the state. These increases are offset by a total fund decrease of \$10,084 in the risk management assessment for the Department.

Facility survey increase: The appropriation includes a total fund increase of \$229,333 for the moneys transferred to the Department of Public Health and Environment to survey and certify hospital and nursing facilities. The increase is related to annualizing the salary survey and administrative costs adjustments that were initially provided in FY 2006-07.

Medicaid Management Information System (MMIS) changes for CBHP Premium Assistance Program: The appropriation includes a total fund increase of \$180,558 for necessary system changes for the CBHP Premium Assistance Program. This program allows qualifying individuals to receive premium assistance for workplace health insurance if they would otherwise qualify for the CBHP program. The program allows premiums assistance up to \$100 per month. The system changes are needed to create a provider ID for the policy holder, update the MMIS for the amount of premium assistance awarded, and to make direct deposits into the policy holder's account.

Increased hospital and Federal Qualifying Health Center (FQHC) audits: The appropriation includes an increase of \$131,350 for additional hospital and FQHC desk and on-site audits. This increase is fully offset by anticipated savings in the Medical Services Premiums line item due to the increased audit activity.

Audit Primary Care Fund: The appropriation includes a \$75,200 increase, transferred from the Primary Care Fund Program, to perform an audit on how the Primary Care Fund is distributed to qualifying providers. In November 2004, the voters approved additional tobacco taxes to be distributed to providers who provide a disproportionate share of care to the under insured, uninsured, and Medicaid and CBHP clients. This audit will make sure that the Department has correctly identified qualifying providers and is distributing the funds in accordance to the requirements in the State Constitution.

Annualize FY 2006-07 Legislation: The appropriation annualizes costs and removes one-time funding for new legislation enacted during the 2006 and 2007 Legislative Sessions that changed appropriations for FY 2006-07. The net impact of this issue is a total fund increase of \$45,049. However, this reflects net increases of \$64,092 federal funds and \$1,689 cash funds exempt offset by a net decrease of \$20,732 General Fund.

Actuary contract for Denver Health incentive payment: The appropriation includes an increase of \$20,000 for actuary services related to reviewing a quality incentive payment program for Denver Health for the managed care caseloads.

Adjust FTE allotment: The appropriation includes an increase of 2.0 FTE to better align the Department's FTE allotment with the current number of employee positions at the Department. This is a technical adjustment, with no related increase in funding.

Eliminate one-time funding and annualize prior year adjustments: The appropriation includes a total fund decrease of \$8.0 million to eliminate one-time funding and annualize adjustments from the General Appropriations Act and supplemental bills. Major reductions include the following total fund decreases: (1) \$4.9 million for MMIS system changes related to the re-procurement of the MMIS; (2) \$2.0 million to eliminate costs associated with MMIS changes for the HIPAA National Provider ID rule; (3) \$569,497 to eliminate the consulting contract for the re-procurement of the MMIS system; (4) \$394,459 to eliminate one-time funding provided in FY 2006-07 to settle a contract dispute with the transportation broker for the eight metro-counties; and (5) \$279,746 to eliminate the nursing facility appraisal funding in FY 2006-07 (these appraisals only needed to be done once every four years). These reductions are partially offset by a total fund increase of \$294,249 to annualize the Payment Error Rate Measurement Contract that was partially funded in FY 2006-07 and by \$41,184 to annualize the county administration costs associated with immigration reform. The appropriation makes various other changes to annualize part-year funding or remove one-time costs.

Technical adjustments: The appropriation includes a net decrease of \$274,043 total funds for decreases related to technical changes. Specifically, the appropriation reduces the Managed Care Enrollment Broker Contract by \$242,784 to reflect a decrease in overall Medicaid caseload and the availability of managed care options in the state. The appropriation also includes a decrease of \$70,892 for the number of Medical ID cards that are produced related to the drop in Medicaid caseload. These decreases are partially offset by the following total fund increases: (1) \$16,577 in the amount transferred to the Department of Regulatory Agencies for nurse aid certifications; (2) a net increase of \$15,880 to the MMIS contract for changes in mailing and prior authorizations related to the preferred drug list; and (3) \$7,176 in the amount transferred to the Department of Education for the Public School Health program.

Drug utilization contract review reduction: The appropriation includes a total fund reduction of \$84,832 for the drug utilization review contract. The reduction is primarily the result of fewer reviews being necessary due to the passage of the Medicare Modernization Act of 2003 (which moved individuals eligible for both Medicaid and Medicare to the Medicare drug benefit).

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Medical Services Premiums

This division provides the health care funding for an estimated 446,341 Medicaid clients (includes the traditional caseload and the expansion caseload under Amendment 35). Medical services provided include acute care services (*i.e.* physician visits, prescription drugs, hospitalization) and long-term care services (*i.e.* nursing home care and community-based services). 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.

Medical Services Premiums						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$2,108,588,722	\$995,472,438	\$76,512	\$55,563,806	\$1,057,475,966	0.0
SB 06-131	2,376,406	1,188,203	0	0	1,188,203	0.0
SB 06-165	322,431	161,216	0	0	161,215	0.0
SB 07-239	<u>(53,486,347)</u>	<u>(22,184,958)</u>	<u>(38,256)</u>	<u>(3,233,297)</u>	<u>(28,029,836)</u>	<u>0.0</u>
TOTAL	\$2,057,801,212	\$974,636,899	\$38,256	\$52,330,509	\$1,030,795,548	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$2,057,801,212	\$974,636,899	\$38,256	\$52,330,509	\$1,030,795,548	0.0
Base caseload and cost changes	64,714,021	11,101,307	0	21,582,316	32,030,398	0.0
Acute care provider rate increases	15,987,854	7,855,812	0	138,113	7,993,929	0.0
Community care provider rate increases	5,081,736	2,540,868	0	0	2,540,868	0.0
HPV vaccination costs	1,010,084	505,042	0	0	505,042	0.0
Incentive payment to Denver Health	758,467	379,234	0	0	379,233	0.0
Preferred drug list	(670,376)	(335,188)	0	0	(335,188)	0.0
Increased hospital and FQHC audits	(497,146)	(248,573)	0	0	(248,573)	0.0
SB 07-239	\$2,144,185,852	\$996,435,401	\$38,256	\$74,050,938	\$1,073,661,257	0.0

Medical Services Premiums						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-2	3,900,859	0	0	1,950,430	1,950,429	0.0
HB 07-1021	(624,803)	(312,401)	0	0	(312,402)	0.0
HB 07-1183	<u>397,000</u>	<u>198,500</u>	<u>0</u>	<u>0</u>	<u>198,500</u>	<u>0.0</u>
TOTAL	\$2,147,858,908	\$996,321,500	\$38,256	\$76,001,368	\$1,075,497,784	0.0
Increase/(Decrease)	\$90,057,696	\$21,684,601	\$0	\$23,670,859	\$44,702,236	0.0
Percentage Change	4.4%	2.2%	0.0%	45.2%	4.3%	n/a

/1 Includes General Fund Exempt amounts.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2006-07 Appropriation	\$996,821,857	\$740,721,857	\$256,100,000
Long Bill supplemental (SB 07-239)	<u>(22,184,958)</u>	<u>(109,184,958)</u>	<u>87,000,000</u>
FY 2006-07 Adjusted Appropriation	974,636,899	631,536,899	343,100,000
Medical Services Premiums Changes	<u>21,684,601</u>	<u>20,884,601</u>	<u>800,000</u>
Total FY 2007-08 Appropriation	\$996,321,500	\$652,421,500	\$343,900,000

General Fund Exempt

In November 2005, the Colorado voters passed Referendum C. Referendum C allowed the State to retain all revenue that is collected above the TABOR limit for FY 2005-06 through FY 2009-10. This revenue must be placed in a General Fund Exempt Account (see Section 24-77-103.6 (2), C.R.S.). The above table shows the amount of General Fund Exempt that was appropriated from the General Fund Exempt Account for purposes of funding health care for Colorado's elderly, low-income, and disabled populations pursuant to Sections 24-77-103.6 (2) (a) and 24-77-104.5 (2) (a) (I), Colorado Revised Statutes.

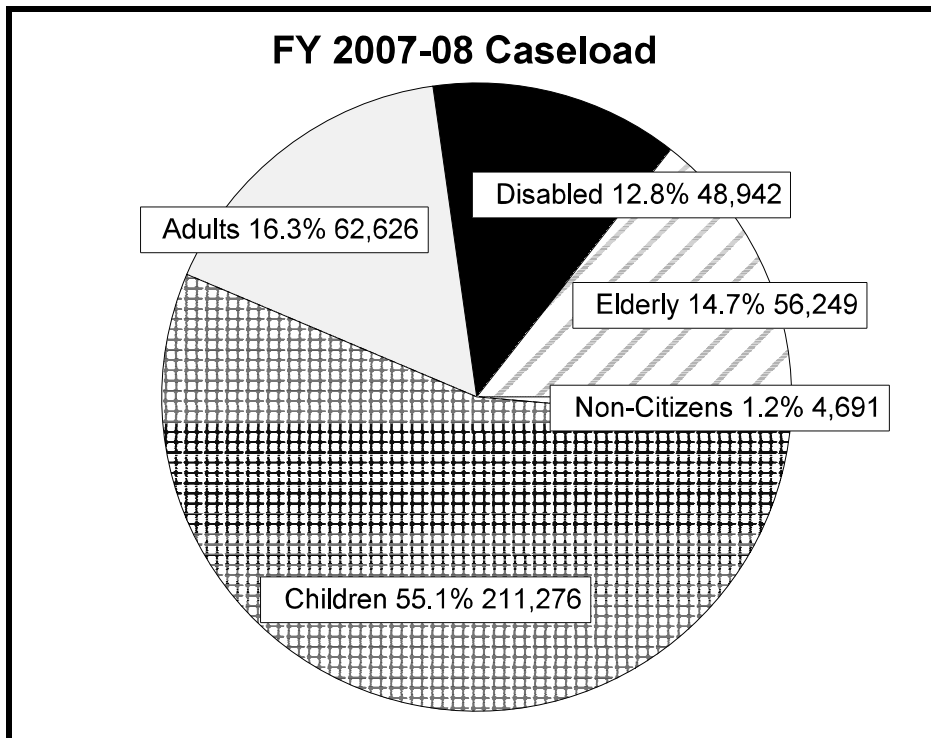
S.B. 07-239 (Long Bill) Issue Descriptions

Base caseload and cost changes: The FY 2007-08 appropriation supports medical services for an estimated 383,784 Medicaid clients. Of this number, 346,283 are traditional Medicaid clients and 37,501 are expansion Medicaid clients (eligible to be funded with Health Care Expansion Funds). The FY 2007-08 caseload forecast reflects a decrease of 9,396 clients from the final FY 2006-07 caseload forecast. Table 1 shows the projected caseload growth from FY 2006-07 to FY 2007-08.

Table 1: FY 07-08 Caseload				
Eligibility Category	FY 06-07	FY 07-08	Caseload Change	Percent Change
<i>Elderly Caseloads</i>				
SSI 65+	36,218	36,703	485	1.3%
SSI 60-64	6,068	6,252	184	2.9%
Partially Dual Eligible	12,706	13,294	588	4.4%
<i>Disabled Caseload</i>				
SSI Disabled	48,489	48,942	453	0.9%
<i>Low-Income Adults</i>				
Categorical Eligible Adults	52,115	46,708	(5,407)	-11.6%
Baby Care Adults	5,018	5,264	246	4.7%
Expansion Adults	5,292	10,377	5,085	49.0%
Breast and Cervical Cancer Adults	233	277	44	15.9%
<i>Children</i>				
Categorical Eligible Children	205,213	193,981	(11,232)	-5.8%
Foster Children	16,580	17,295	715	4.1%
<i>Other</i>				
Non-Citizens	5,248	4,691	(557)	-11.9%
Total Caseload Forecast	393,180	383,784	(9,396)	-2.4%

*This table does not include any caseload impacts associated with S.B. 07-2. See newly enacted legislation section for details about S.B. 07-2.

The majority of the caseload decline is in the low-income categorically eligible adults and children. However, the caseload forecast for these populations is anticipated to stabilize in FY 2007-08 and to begin to grow again beginning in FY 2009-10. Even though the low-income adult and children categories have been declining during the last two years, these aid categories continue to be the majority of the Medicaid caseload as shown in the pie chart on the next page.



After the caseload forecast is established, the base service costs are calculated. The base service costs are the amount of funding needed for the Medicaid program under current law before policy issues are added. The base service costs are a function of both the caseload forecast and the forecast for the cost of medical services, based on prior year utilization patterns and rates. The base service costs include the following major groupings of medical cost drivers: (1) the cost of acute, community long-term care, institutional long-term care, supplemental insurance, and medical administrative costs; (2) the mix of services used by the

different caseload aid categories described above; and (3) the acuity level of the caseload using services. Table 2 compares the FY 2006-07 estimated costs with the FY 2007-08 base service cost appropriation for each service category.

Table 2: FY 07-08 Medical Services Costs				
Service Category	FY 06-07	FY 07-08	Dollar Change	Percent Change
Acute Care Services/1	\$1,189,301,733	\$1,206,780,201	\$17,478,468	1.5%
Community Long-Term Care Services/2	216,565,263	224,221,962	7,656,699	3.5%
Long-Term Care and Insurance	610,944,751	652,744,845	41,800,094	6.8%
Medical Administrative Costs	27,057,207	24,265,683	(2,791,524)	(10.3)%
Finance Changes	13,932,258	14,502,542	570,284	4.1%
Total Service Costs	\$2,057,801,212	\$2,122,515,233	\$64,714,021	3.1%

/1 FY 2007-08 does not include any policy-based rate increases. Rate increases are discussed separately.

/2 FY 2007-08 does not include any policy-based rate increases. Rate increases are discussed separately.

Acute Care Services: The FY 2007-08 appropriation includes an increase of \$17,478,468 total funds for acute care services. This amount includes the following increases: (1) \$13,174,275 for caseload and cost-per-client assumption changes; (2) \$4,097,363 to annualize rate increases that were provided to home health agencies on April 1, 2007; (3) \$466,712 to annualize costs associated with telemedicine; and (4) \$16,982 for claims adjustments for rural health centers. These increases are offset by the following decreases: (1) \$235,363 for

estimated savings related to telemedicine services; and (2) \$41,500 in estimated savings due to including an outpatient substance abuse treatment program (annualized savings).

Community Long-Term Care Services: The FY 2007-08 appropriation includes an increase of \$7,656,699 for community-based long term care services. This amount includes the following increases: (1) \$8,857,928 to annualize rate increases provided on April 1, 2007; (2) \$4,299,575 for caseload and cost-per-client assumption changes; and (3) \$940,125 to annualize the costs for the services for children on the autism waiver. These increases are offset by a decrease of \$6,440,928 in estimated savings for the consumer directed care waiver program.

Long-Term Care and Insurance: The appropriation includes a total increase of \$41,800,094 for institutional long-term care services and supplemental insurance for Medicare beneficiaries. The appropriation includes the following increases: (1) \$22,715,616 for class I nursing home rate increases and patient day assumptions; (2) \$55,673 for class II nursing homes; (3) \$12,119,364 for caseload and cost increases for the Program for All Inclusive Care of the Elderly; (4) \$6,889,992 for caseload and cost increases for supplemental Medicare insurance; and (5) \$19,449 for caseload assumptions for the Health Insurance Buy-In program.

Medical Administrative Costs: The appropriation includes a total decrease of \$2,791,524 for medical administrative costs. The decrease results from a \$2,932,071 decrease in the amount of funding transferred to the Department from the Department of Public Health and Environment pursuant to H.B. 05-1262 for disease management programs. This decrease is offset by increases of \$140,547 for single entry point contracts.

Financial Adjustments: The appropriation includes an increase of \$570,285 for the estimated amount of funds that will be able to be certified at public facilities under the Medicare Upper Payment Limit financing option.

After determining the caseload and estimated medical costs, the funding sources for the Medical Services Premiums are calculated. Certain populations are eligible to receive funding from different funding sources (*i.e.* some adults and children on Medicaid can be funded from the Health Care Expansion Fund due to the elimination of the asset test in 2006, children on the autism waiver can receive funding from the Autism Fund, etc.). Table 3 shows the funding sources for the Medical Services Premiums line item for FY 2007-08 compared to FY 2006-07.

Table 3: Fund Splits for FY 07-08 Medical Services Premiums Appropriation			
Fund	FY 06-07 Appropriation	FY 07-08 Base Appropriation	Difference
General Fund & GFE	\$974,636,899	\$985,738,207	\$11,101,308
Cash Funds	38,256	38,256	0
Certified Funds	13,582,466	14,191,007	608,541
Health Care Expansion Fund	35,695,626	57,929,630	22,234,004
Transfer from DPHE	2,555,236	735,600	(1,819,636)

Table 3: Fund Splits for FY 07-08 Medical Services Premiums Appropriation			
Fund	FY 06-07 Appropriation	FY 07-08 Base Appropriation	Difference
Breast and Cervical Cancer Fund	340,493	429,838	89,345
<u>Autism Fund</u>	<u>156,688</u>	<u>626,750</u>	<u>470,062</u>
Cash Fund Exempt Subtotal	52,330,509	73,912,825	21,582,316
Federal Funds	<u>1,030,795,548</u>	<u>1,062,825,945</u>	<u>32,030,397</u>
TOTAL FUNDS	\$2,057,801,212	\$2,122,515,233	\$64,714,021

Acute care provider rate increases: The appropriation includes a total fund increase of \$15,987,854 for acute care provider rate increases. Of this amount, \$7,855,812 is General Fund. Table 4 describes the rate increases provided by this appropriation.

Table 4: FY 07-08 Acute Care Provider Rate Increases		
Issue	Total Fund Amount	Description
Inpatient Hospital	\$4,446,001	Provides funding for a 1.5 percent increase to inpatient hospital rates. This rate increase will allow inpatient hospitals rates to be slightly higher than 90 percent of Medicare rates.
Emergency Transportation	300,000	Provides a 5.0 percent increase for emergency transportation rates in order to restore the 5.0 percent rate reduction that occurred in FY 2002-03.
Adult Immunizations	600,000	Approves rates at wholesale price plus 10 percent for adult immunizations in order to cover the cost to the practioner providing the immunizations. The appropriation also provides a \$2.00 administration fee.
Anesthesia	3,150,000	Increases rates for anesthesia to \$21.49 for 15 minutes to address some of the disparity between Medicaid rates and insurance rates for this service.
Durable Medical Equipment Repair	500,000	Increases wheelchair repair rates to \$35.48 per 15 minutes in order to cover the costs of travel and labor for providers.
Surgical Procedures	1,650,000	Adjusts surgical code rates by \$1.6 million to increase rates that have not been adjusted since 1990.
Therapy Services	1,000,000	Provides a 9.05 percent rate increase for outpatient physical therapy, speech therapy, and occupational therapy in order to address rate disparities that occurred when home health rates increased for these services but outpatient rates did not.
Corresponding Adjustment to Managed Care Rates	398,966	Includes an adjustment to the managed care rates to reflect the impact of the rates discussed in this table.

Table 4: FY 07-08 Acute Care Provider Rate Increases		
Issue	Total Fund Amount	Description
Single Entry Point Contracts	3,852,887	Increases rates for single entry point agencies in order to reimburse them for services they provide but are not currently reimbursed for.
Intrauterine Devices	<u>90,000</u>	Increases rates to pay for the cost of the device.
TOTAL	\$15,987,854	

Community care provider rate increases: The appropriation includes \$5,081,736 for a 1.5 percent provide rate increase for home and community-based waiver services, private-duty nursing, and home health.

HPV vaccination costs: The appropriation includes \$1,010,084 for the costs of administering the human papillomavirus (HPV) vaccine to women and girls eligible for the federal Vaccine for Children's (VFC) program. The appropriation assumes that approximately 17 percent of the Medicaid female population under the age of 20 will request to receive the HPV vaccine. While the VFC program will cover the cost of the vaccination for Medicaid clients, it does not cover the administrative fee or office visit costs. Therefore, the appropriation adds \$1,010,084 for these costs.

Incentive payment to Denver Health: The appropriation includes an increase of \$758,467 for a quality incentive payment program for the Denver Health managed care program. The incentive program will provide additional funding to Denver Health if clients in their managed care program receive certain primary care services. The incentive program aims at keeping Denver Health as an at-risk managed care provider in the Medicaid program (the only at-risk managed care organization left serving the Medical program).

Preferred drug list: The appropriation includes a total fund decrease of \$670,376 for cost saving assumed in FY 2007-08 due to the implementation of a preferred drug list (PDL) in the fee-for-service Medicaid medical program. The Governor signed Executive Order D 004-07 in January 2007 to establish a PDL for the Medicaid program. The appropriation assumes that the PDL will be operational by January 2008 and includes six months of estimated savings for the program.

Increased hospital and FQHC audits: The appropriation includes a decrease of \$497,146 total funds based on the assumption that additional audits at hospitals and Federally Qualified Health Centers will identify improper payments and will result in recoupments from these providers. These estimated savings are partially offset by increased costs in the Executive Director's Office.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Medicaid Mental Health Community Programs

This division provides for mental health services through the purchase of services from five regional behavioral health organizations (BHOs), which manage mental health services for eligible Medicaid recipients in a capitated, risk-based model. This division contains funding for Medicaid mental health fee-for-service and shows, for informational purposes, the anti-psychotic pharmaceutical expenditures appropriated for this population in the Medical Services Premiums section. Funding for FY 2007-08 reflects funding for 365,799 Medicaid clients who are eligible for mental health services.

Medicaid Mental Health Community Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$211,550,200	\$87,803,777	\$0	\$33,783,245	\$89,963,178	0.0
SB 07-163	11,405,081	5,702,541	0	0	5,702,540	0.0
SB 07-239	<u>(5,609,348)</u>	<u>(4,386,486)</u>	<u>0</u>	<u>2,105,707</u>	<u>(3,328,569)</u>	<u>0.0</u>
TOTAL	\$217,345,933	\$89,119,832	\$0	\$35,888,952	\$92,337,149	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$217,345,933	\$89,119,832	\$0	\$35,888,952	\$92,337,149	0.0
Capitation caseload and costs	8,781,767	2,957,057	0	1,432,558	4,392,152	0.0
Anti-psychotic pharmaceutical increases	(360,839)	0		(360,839)	0	0.0
Fee for service increases	(33,483)	(16,741)		0	(16,742)	0.0
SB 07-239	\$225,733,378	\$92,060,148	\$0	\$36,960,671	\$96,712,559	0.0
SB 07-2	<u>4,380,871</u>	<u>0</u>	<u>0</u>	<u>2,190,435</u>	<u>2,190,436</u>	<u>0.0</u>
TOTAL	\$230,114,249	\$92,060,148	\$0	\$39,151,106	\$98,902,995	0.0
Increase/(Decrease)	\$12,768,316	\$2,940,316	\$0	\$3,262,154	\$6,565,846	0.0
Percentage Change	5.9%	3.3%	n/a	9.1%	7.1%	n/a

S.B. 07-239 (Long Bill) Issue Descriptions

Capitation caseload and costs (FY 2007-08): The amount shown reflects projected program costs based on the projected population of individuals eligible for the Medicaid mental health capitation program and an average increase of 3.76 percent from FY 2006-07 rates based on the estimated results of an actuarial evaluation that will occur later in the year.

Medicaid mental health care services are largely delivered through the capitation program. The cost per client is established based on actuarial assessments and bids by Behavioral Health Organizations. Caseload (*i.e.*, Medicaid clients eligible for mental health services) varies with overall statewide Medicaid eligibility. The following table shows the total eligible caseload for Medicaid mental health services; not all eligible clients will seek mental health services.

Medicaid Clients Eligible for Mental Health Services /1			
Medicaid Mental Health Eligible Category	FY 05-06 Actual	FY 06-07 Appropriation	FY 07-08 Appropriation
Elderly	36,219	36,218	36,703
Disabled	53,612	54,557	55,194
Adults	62,804	62,425	62,349
Children	213,600	205,213	193,981
Children in Foster Care	16,311	16,580	17,295
Breast and Cervical Cancer	<u>188</u>	<u>233</u>	<u>277</u>
Total	382,734	375,226	365,799
<i>Annual caseload change</i>	<i>N/A</i>	<i>(7,508)</i>	<i>(9,427)</i>
<i>Percent annual caseload change</i>	<i>N/A</i>	<i>(2.0)%</i>	<i>(2.5)%</i>

/1 Please note, this caseload is based on the Medicaid populations that are eligible for mental health services that are included in the capitation program (*i.e.*, Qualified Medicare Beneficiaries and Non-citizens are not eligible for mental health services and are thus excluded).

The components of the cost increase over the FY 2006-07 estimate, by eligibility category, are reflected in the table below.

Budget Projection - FY 07-08 compared to FY 06-07				
	Caseload Impact	Rate Impact	Compounding	Total
Elderly	\$78,519	\$230,606	\$3,088	\$312,213
Disabled	851,636	2,835,280	33,104	3,720,020
Adults	(15,410)	495,971	(604)	479,957
Children	(1,865,412)	1,358,578	(74,360)	(581,193)
Foster Care Children	2,482,323	2,262,426	97,565	4,842,314
Breast and Cervical Cancer Program	<u>6,798</u>	<u>1,394</u>	<u>263</u>	<u>8,455</u>
Subtotal*	\$1,538,455	\$7,184,254	\$59,058	\$8,781,767

*Totals may not sum due to rounding

Anti-psychotic pharmaceutical increases: Anti-psychotic pharmaceutical appropriations are a portion of the overall Medicaid pharmaceutical budget and are shown here for informational purposes. The adjustment shown reflects revised estimates of the size of the Medicaid population, as well as drug cost and utilization, for FY 2007-08.

Fee for service costs increases: Certain individuals and certain costs for mental health services are excluded from the mental health capitation program. This line item reflects projected cost changes for this population. The projected reduction primarily reflects the overall estimated reduction in the Medicaid population.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Indigent Care Program

This division contains funding for the Safety Net Provider Payment Program, the Children's Basic Health Plan, 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 Children's Basic Health Plan (CBHP) provides health care insurance to otherwise uninsured children from families at or below 200 percent of the federal poverty level. The program also provides health insurance to eligible adult women between 133 percent and 200 percent of the federal poverty level. In FY 2007-08, the CBHP is estimated to provide health insurance to an estimated 53,716 children and an average monthly caseload of 1,656 adult pregnant women.

The Comprehensive Primary and Preventive Care Grant Program provides grants to medical providers that serve a designated medically under-served area or population. The grants are used to expand services to these areas and populations. This program is funded with tobacco settlement funds.

Indigent Care Program						
	Total Funds	General Fund /1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$452,744,047	\$20,016,698	\$192,072	\$224,999,176	\$207,536,101	0.0
SB 06-44	14,962,408	0	0	14,962,408	0	0.0
HB 06-1310	(23,595,753)	0	0	(23,595,753)	0	0.0
SB 07-163	2,336,191	2,543,215	0	(214,018)	6,994	0.0

Indigent Care Program						
	Total Funds	General Fund /1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-239	<u>20,233,553</u>	<u>8,700,000</u>	<u>31,777</u>	<u>4,046,279</u>	<u>7,455,497</u>	<u>0.0</u>
TOTAL	\$466,680,446	\$31,259,913	\$223,849	\$220,198,092	\$214,998,592	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$466,680,446	\$31,259,913	\$223,849	\$220,198,092	\$214,998,592	0.0
Colorado Health Care Services Fund	15,000,000	15,000,000	0	0	0	0.0
CBHP caseload and medical costs	8,341,843	0	0	2,933,692	5,408,151	0.0
CBHP dental and administration costs	803,080	0	0	281,195	521,885	0.0
Pediatric Hospital provider rate increase	595,928	201,000	0	(3,036)	397,964	0.0
Reduction change for the Comprehensive Primary and Preventive Care Grant Program	65,526	0	0	65,526	0	0.0
Increase to Colorado Health Care Services Fund programs	37,592	0	0	37,592	0	0.0
CBHP Trust Fund adjustments	(11,221,600)	(11,243,215)	21,615	0	0	0.0
Amendment 35 Tobacco Tax revenue adjustments & transfer to DPHE	(1,021,568)	(3,036)	0	(1,018,532)	0	0.0
Primary Care Fund audit transfer	(75,200)	0	0	(75,200)	0	0.0
SB 07-239	\$479,206,047	\$35,214,662	\$245,464	\$222,419,329	\$221,326,592	0.0
SB 07-4	63,734	0	0	22,307	41,427	0.0
SB 07-36	42,470	11,011	0	11,011	20,448	0.0
SB 07-97	3,583,617	0	1,479	3,528,816	53,322	0.0
SB 07-133	(4,088,243)	0	0	(1,430,885)	(2,657,358)	0.0
HB 07 -1301	298,177	0	0	104,362	193,815	0.0
HB 07-1359	<u>(1,657,293)</u>	<u>0</u>	<u>0</u>	<u>(1,657,293)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$477,448,509	\$35,225,673	\$246,943	\$222,997,647	\$218,978,246	0.0
Increase/(Decrease)	\$10,768,063	\$3,965,760	\$23,094	\$2,799,555	\$3,979,654	0.0
Percentage Change	2.3%	12.7%	10.3%	1.3%	1.9%	n/a

/1 This amount includes a General Fund Exempt Appropriation.

/2 This amount also includes \$34,098 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (A), C.R.S. These costs related to the implementation of the Deficit Reduction Act of 2003.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2006-07 Appropriation	\$31,259,913	\$30,743,877	\$516,036
Total Changes	<u>3,965,760</u>	<u>3,968,796</u>	<u>(3,036)</u>
Total FY 2007-08 Appropriation	\$35,225,673	\$34,712,673	\$513,000

General Fund Exempt

In November 2004, the Colorado voters passed Amendment 35 to the Colorado Constitution. Amendment 35 requires that 3.0 percent of new tobacco tax be appropriated to the General Fund and the Old Age Pension Fund, and be distributed to the counties and cities. Because Amendment 35 moneys are exempt from the TABOR limit, the General Fund appropriations of these moneys are General Fund Exempt. House Bill. 05-1262 requires that beginning in FY 2006-07, 50 percent of the tobacco tax revenues appropriated to the General Fund be appropriated to the Pediatric Specialty Hospital Fund pursuant to Section 24-22-117 (1) (c) (I) (B), C.R.S.

S.B. 07-239 (Long Bill) Issue Descriptions

Colorado Health Care Services Fund: Senate Bill 06-044 requires that \$15.0 million be appropriated from the General Fund into the Colorado Health Care Services Fund in FY 2007-08, FY 2008-09, and FY 2009-10. In FY 2005-06, a total of \$14.9 million was appropriated from the General Fund into the Colorado Health Care Services Fund at the end of the fiscal year. This appropriation was used to fund the program costs in FY 2006-07. Beginning in FY 2007-08, in order for the program costs to be paid there needs to be a General Fund appropriation into the Colorado Health Care Services Fund as required under S.B. 06-044. The Colorado Health Care Services Fund provides additional funding for the Indigent Care Program. This program reimburses providers who provide health care services to uninsured clients up to 250 percent of the federal poverty level (\$51,625 for a family of four).

CBHP caseload and medical costs: The appropriation provides a total fund increase of \$8.3 million for caseload and cost changes for the CBHP program based on the following assumptions: (1) an overall increase to the children's caseload of 3,665 clients or 7.3 percent; (2) an increase in the adult prenatal program of 2,997 member months or 17.8 percent; (3) an increase in the per capita rate for the children's medical program of \$6.39 or 6.0 percent; (4) an increase in the per capita rate for the children's dental program of \$0.67 or 5.0 percent; and (5) a decrease in the adult prenatal program per capita of \$180.34 or 17.25 percent. The per capita rate changes are based on an actuary recommendation based on current health care trends in the community and for the program. The adult prenatal costs are anticipated to decrease due to the program being able to spread the costs of higher risk pregnancies among a larger risk pool as the program matures. The table on the following page shows the FY 2007-08 caseload assumptions and per-capita costs compared to the final appropriated caseload and per-capita costs for FY 2006-07.

FY 07-08 Children's Basic Health Plan						
	FY 06-07 Caseload Estimate	FY 07-08 Caseload Estimate	Difference	FY 06-07 Per Capita Cost Monthly	FY 07-08 Per Capita Cost Monthly	Difference
Children Medical Clients	50,051	53,716	3,665	\$106.29	\$112.68	\$6.39
Children Dental Clients /1	39,490	42,382	2,892	\$13.30	\$13.97	\$0.67
Prenatal Adults Member Months	16,878	19,875	2,997	\$1,045.44	\$865.10	(\$180.34)

/1 Dental Caseload is approximately 79% of the Medical caseload to reflect a delay of one month from the time a child is eligible to enroll in the dental program after enrolling in the Medical program.

CBHP dental and administration cost: The appropriation includes a total fund increase of \$803,080 for dental and administrative costs for the CBHP program. The dental costs are related to the caseload growth described above and to an increase in dental monthly rate from \$13.30 to \$13.97 per eligible child.

Pediatric Hospital provider rate increase: The appropriation includes a total fund increase of \$602,000 to reflect a 6.0 percent increase to General Fund and matching federal fund appropriations for the pediatric speciality hospital line item. This line provides additional Medicaid reimbursement to qualifying children hospitals that see a disproportionate share of low-income children. The reimbursement comes from the hospitals Medicare upper payment limit financing. The appropriation is partially offset with a total fund decrease \$6,072. This decrease is based on a \$3,036 forecasted decrease for the Amendment 35 Tobacco Tax revenue and a matching decrease of \$3,036 in federal funds that are provided to this program.

Revenue change for the Comprehensive Primary and Preventive Care Grant Program: The appropriation reflects an increase of \$65,526 in the amount of Tobacco Settlement moneys that will be available for the Comprehensive Primary and Preventive Care Grant Program.

Increase to Colorado Health Care Services Fund programs: The appropriation includes an increase of \$37,592 to reflect the increase in the amount of funding available for health care providers pursuant to the provisions of S.B. 04-066. In FY 2006-07 only \$14,962,408 was available for distribution. However, in FY 2007-08 the full amount of \$15.0 million in the fund will be available. The appropriation reflects the available increase.

CBHP Trust Fund adjustments: The appropriation reflects a decrease of \$11.3 million General Fund into the CBHP Trust Fund. In FY 2006-07 in a total of \$11.3 million was deposited into the CBHP Trust Fund. Some of this funding is available as fund balance to be used in FY 2007-08. Because the fund balance is estimated to be sufficient in FY 2007-08, the General Fund deposit into the CBHP is eliminated in FY 2007-08 resulting a General Fund decrease of \$11.3 million when compared to the FY 2006-07 appropriation. This decrease is offset slightly by an increase in enrollment fees of \$21,615 due to the higher caseload that is anticipated in FY 2007-08 for this program.

Amendment 35 Tobacco Tax revenue adjustments and transfer to DPHE: The appropriation reflects a decrease of \$513,000 to reflect that this appropriation will now appear in the Department of Public Health and

Environment in order to foster more clarity and transparency in the Long Bill. In addition, the appropriation reflects a total decrease of \$511,600 to reflect the revenue forecast decrease for the Tobacco Tax Fund.

Primary Care Fund audit transfer: The appropriation reflects a \$75,200 transfer from the Indigent Care division into the Executive Director's Office division in order for the Department to audit the distribution of the Primary Care Fund.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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.

Other Medical Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$137,726,130	\$84,882,480	\$0	\$34,906,758	\$17,936,892	0.0
SB 06-219	(11,037,880)	(10,485,986)	0	(551,894)	0	0.0
SB 07-163	<u>(200,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(200,000)</u>	<u>0.0</u>
TOTAL	\$126,488,250	\$74,396,494	\$0	\$34,354,864	\$17,736,892	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$126,488,250	\$74,396,494	\$0	\$34,354,864	\$17,736,892	0.0
Medicare Modernization Act of 2003 State contribution payment	3,226,279	3,226,279	0	0	0	0.0

Other Medical Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Family medicine residency training program increase	200,000	100,000	0	0	100,000	0.0
Enhanced prenatal care program increase	6,654	3,327	0	0	3,327	0.0
Eliminate one-time funding from Old Age Pension medical program	(288,212)	0	0	(288,212)	0	0.0
Amendment 35 Tobacco Tax revenue adjustments	(79,680)	0	0	(79,680)	0	0.0
Technical adjustment to public school health services	(8,149)	0	0	0	(8,149)	0.0
SB 07-239	\$129,545,142	\$77,726,100	\$0	\$33,986,972	\$17,832,070	0.0
SB 07-133	<u>(7,854,147)</u>	<u>(7,173,368)</u>	<u>0</u>	<u>(680,779)</u>	<u>0</u>	0.0
TOTAL	\$121,690,995	\$70,552,732	\$0	\$33,306,193	\$17,832,070	0.0
Increase/(Decrease)	(\$4,797,255)	(\$3,843,762)	\$0	(\$1,048,671)	\$95,178	0.0
Percentage Change	(3.8)%	(5.2)%	n/a	(3.1)%	0.5%	n/a

S.B. 07- 239 (Long Bill) Issue Descriptions

Medicare Modernization Act of 2003 State contribution payment: The State pays the federal government a "contribution" payment for providing a prescription drug benefit under the Medicare program for individuals eligible for both the Medicare and Medicaid programs. This payment is based on a statutory formula provided by the federal government. The appropriation contains an increase of \$3.2 million General Fund for the state's contribution payment. The increase is based on an average monthly caseload estimate of 51,502 individuals for the first six months of the fiscal year at a monthly per capita cost of \$120.56. For the second half of the fiscal year, the average monthly caseload is estimated at 51,905 individuals at a monthly per capita cost of \$126.72.

Family medicine residency training program increase: The appropriation includes a total fund increase of \$200,000 to provide additional funding for the family medicine residency training programs. The increase partially restores funding that was cut from this program during the recession in the early 2000's.

Enhanced prenatal care program increase: The appropriation includes a total fund increase of \$6,654 for the amount of funding transferred to the Department of Public Health and Environment for the enhanced prenatal care program. This amount reflects the increase in the program for salary survey and other administrative costs incurred by the Department of Public Health and Environment for this program.

Eliminate one-time funding from Old Age Pension medical program: The appropriation reflects a decrease of \$79,680 cash funds exempt to eliminate one-time funding that was available in FY 2006-07 for the Old Age Pension (OAP) Medical program but will not be available in FY 2007-08. In FY 2006-07 the appropriation spent fund balance from the OAP Supplemental Medical Fund in order to avoid rate and benefit cuts in the program. However, these funds are not available for expenditure in FY 2007-08, and therefore these funds have been eliminated for the FY 2007-08 appropriation.

Amendment 35 Tobacco Tax revenue adjustments: The appropriation includes a decrease of \$79,680 in the amount of revenue that is transferred from the Tobacco Tax Fund into the OAP Supplemental Medical Fund based on the Legislative Council Staff Revenue forecast for FY 2007-08.

Technical adjustment to public school health services: The appropriation includes a decrease of \$8,149 in federal funds to reflect a transfer of funds to the Department of Education for administrative costs associated with their oversight responsibilities for the Public School Health Services program.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 then transferred to the Department of Human Services as Medicaid cash funds exempt. Pursuant to H.B. 04-1265, Medicaid mental health community programs appropriations were transferred from this section to a new Medicaid Mental Health Community Programs section under the administration of the Department of Health Care Policy and Financing in FY 2004-05; Medicaid mental health funding for services formerly associated with the Goebel Lawsuit Settlement were similarly transferred from this section to the Medicaid Mental Health Community Programs section in FY 2006-07.

Department of Human Services Medicaid-Funded Programs						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$410,943,898	\$189,669,391	\$0	\$14,187,048	\$207,087,459	0.0
SB 06-219	(16,238,334)	(6,260,208)	0	0	(9,978,126)	0.0
HB 06-1310	0	(571)	0	571	0	0.0
HB 06-1395	10,205,614	5,102,807	0	0	5,102,807	0.0
SB 07-163	(18,216,231)	(3,002,967)	0	(6,100,124)	(9,113,140)	0.0
SB 07-239	<u>(14,358,904)</u>	<u>(7,074,242)</u>	<u>0</u>	<u>(164,029)</u>	<u>(7,120,633)</u>	0.0

Department of Human Services Medicaid-Funded Programs						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$372,336,043	\$178,434,210	\$0	\$7,923,466	\$185,978,367	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$372,336,043	\$178,434,210	\$0	\$7,923,466	\$185,978,367	0.0
Services for People with Disabilities	26,953,400	17,570,985	0	(4,096,296)	13,478,711	0.0
Executive Director's Office	2,781,326	1,391,589	0	0	1,389,737	0.0
Division of Child Welfare	812,604	406,302	0	0	406,302	0.0
Office of Information Technology Services	774,701	361,464	0	47,376	365,861	0.0
Division of Youth Corrections	132,831	66,416	0	0	66,415	0.0
Office of Operations	97,486	48,744	0	0	48,742	0.0
Division of Mental Health and Alcohol and Drug Abuse Services	(2,202,196)	(1,045,847)	0	(55,251)	(1,101,098)	0.0
SB 07-239	\$401,686,195	\$197,233,863	\$0	\$3,819,295	\$200,633,037	0.0
SB 07-97	6,248	0	0	4,143	2,105	0.0
SB 07-211	<u>20,687</u>	<u>9,692</u>	<u>0</u>	<u>1,237</u>	<u>9,758</u>	<u>0.0</u>
TOTAL	\$401,713,130	\$197,243,555	\$0	\$3,824,675	\$200,644,900	0.0
Increase/(Decrease)	\$29,377,087	\$18,809,345	\$0	(\$4,098,791)	\$14,666,533	0.0
Percentage Change	7.9%	10.5%	n/a	(51.7)%	7.9%	n/a

1/ For FY 2006-07, includes \$70,959 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (A), C.R.S., due to a requirement to implement federal law. These funds were appropriated for CBMS modifications needed to meet mandatory federal changes in eligibility processing for various programs.

S.B. 07-239 (Long Bill) Issue Descriptions

Services for People with Disabilities: The appropriation includes an increase of \$23.2 million associated with restoring one-time FY 2006-07 supplemental reductions. These FY 2006-07 reductions were based on projected Medicaid waiver program utilization (largely driven by one-time cash-accounting savings) as well as restrictions associated with federal Medicaid waiver program caps. Federal waiver cap restrictions have been lifted, and utilization is expected to rebound in FY 2007-08. The increase also includes \$4.1 million for community provider cost of living increases, \$3.3 million for new resources, including 78 new residential adult resources and 24 new supported living adult resources for six months in FY 2007-08, and \$3.1 million to annualize new resources first added for six months in FY 2006-07, among other adjustments. The increases are partially offset by a decrease of \$8.2 million for Federally-matched local program costs, due to changes in the scope of this program, which uses certified local funds to draw down federal match.

Executive Director's Office: The appropriation reflects an increase of \$1.6 million for salary and benefits adjustments, \$500,000 related to JBC common policy changes, and \$300,000 for the annualization of FY 2006-07 supplemental funding.

Division of Child Welfare: The appropriation reflects an increase of \$390,000 for a 1.5 percent provider rate increase, \$380,000 for population impacts on the child welfare system, and \$40,000 for a leap year adjustment.

Office of Information Technology Services: The appropriation increases for payments to other agencies for the multi-use network, for purchases from the computer center, and for emergency communications services. It also includes a variety of CBMS-related changes: one-time funding for county-oriented improvements, an increase in the base funding for change requests, the EDS annual contract increase, disaster recovery hardware expansion, and the elimination of one-time funding for various purposes.

Division of Youth Corrections: The appropriation reflects an increase of \$1.2 million for annualization of FY 2006-07 supplemental funding, \$500,000 for annualization of the H.B. 06-1395, which redesigned Residential Treatment Centers, \$40,000 for a 1.5 percent provider rate increase, and \$13,000 for a leap year adjustment. The appropriation also reflects a decrease of \$1.6 million to account for population projections and bed utilization.

Office of Operations: The appropriation reflects an increase of \$97,486 for administrative expenses and facilities maintenance in the Office of Operations that qualify for Medicaid funding.

Mental Health and Alcohol and Drug Abuse Services: The appropriation primarily reflects Medicaid revenue projections for the mental health institutes.

Additional legislation: For information on S.B. 07-97 and S.B. 07-211, see the "Recent Legislation" section at the end of the Department of Human Services. For information additional legislation, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2006 Session Bills

S.B. 06-44: Increases eligibility into the medically indigent program to clients with incomes up to 250 percent of the federal poverty level. The bill creates the Health Care Services Fund and requires that the General Assembly appropriate \$14,962,408 into this fund from the General Fund in each year for FY 2005-06, FY 2007-08, FY 2008-09 and FY 2009-10. In FY 2005-06, this bill reduces the appropriation for the Children's Hospital, Indigent Care Program by a total of \$29,924,816. Of this amount, \$14,962,408 is from the General Fund and \$14,962,408 is from federal funds. The bill then appropriates the General Fund savings of \$14,962,408 into the Health Care Services Fund as required by the bill. For FY 2006-07, the bill appropriates \$14,962,408 from the Health Care Services Fund to the Health Care Services Fund program to be used to increase eligibility into the Medically Indigent Care Program as specified in the bill.

S.B. 06-128: Directs a non-profit organization to submit a proposal to the Department for a pilot program to improve the overall quality of care received by Medicaid recipients with disabilities. The proposed pilot program must be submitted to the Department by September 1, 2006. The bill contains a total fund appropriation of \$126,780 and 1.0 FTE to the Department for the administrative expenses involved in evaluating and implementing the pilot program. Of this amount, \$45,070 is cash funds exempt from the Coordinated Care for People with Disabilities Fund (whose revenue source is interest earnings from the Breast and Cervical Cancer Fund) and \$81,710 is matching federal funds.

S.B. 06-131: Requires the Department to conduct a feasibility study for a new pricing model for class I nursing facilities. The bill also requires that each class I nursing facility's reimbursement rate be at least 85 percent of the statewide average for FY 2006-07. However, a provider's reimbursement rate is limited to a 10 percent increase over its current rate. Finally, the bill removed the 8 percent limit on health care services costs for class I and class V nursing facilities for FY 2006-07. The bill contained a total fund appropriation of \$2,376,406. Of this amount, \$1,188,203 is from the General Fund and \$1,188,203 is matching federal funds.

S.B. 06-165: Authorizes the Department to adopt rules to eliminate requirements for in-person medical consultation for telemedicine services under the Medicaid program. The bill also required the Department to establish a pilot program using telemedicine for the treatment of patients with chronic conditions. The bill appropriated a total of \$433,757 and 1.0 FTE for the initial administrative and services costs required under the bill's provisions. Of this amount, \$203,558 is General Fund and \$230,199 is matching federal funds.

S.B. 06-219: Reorganizes and amended statutes relating to all programs administered by the Department. The bill clarifies and transfers administrative responsibilities between the Department and the Department of Human Services for county administration, and the Home Care Allowance and Adult Foster Care Program. The bill decreased the total appropriations to the Department of Health Care Policy and Financing by \$7,319,962. Of this amount, 10,485,986 is a decrease from the General Fund and \$3,166,024 is an increase in cash funds exempt. The bill also decreased the appropriations to the Department of Human Services by a total of \$19,996,252. Of this amount \$10,485,986 was an increase to the General Fund that was offset by a decrease to cash funds exempt of \$30,482,238.

H.B. 06-1270: Creates a demonstration project in the Department of Health Care Policy and Financing to authorize public school personnel to perform eligibility determinations for the Medicaid program. The bill contains a total fund appropriation of \$59,532 and 1.0 FTE in FY 2006-07 for the administrative costs associated with developing the demonstration project. Of this amount, \$29,766 is General Fund and \$29,766 is matching federal funds.

H.B. 06-1310: This bill simplified the distribution of funds from the Tobacco Litigation Settlement Cash Funds to the various programs authorized to receive such funding. The bill eliminated a total of \$23,595,753 in double counted appropriations from the Department of Health Care Policy and Financing. For more information on this bill, see the Department of Public Health and Environment.

H.B. 06-1385: General Appropriations Act for FY 2006-07. Specific issues funded by this bill for the Department of Health Care Policy and Financing are described in the narrative proceeding this section. This

bill also includes supplemental adjustments to the FY 2005-06 Long Bill appropriation to the Department of Health Care Policy and Financing, as amended by H.B. 06-1217 and H.B. 06-1369.

H.B. 06-1395: Established the Psychiatric Residential Treatment Facility (PRTF) which will be eligible earn federal Medicaid revenue for children placed in out-of-home settings. Provided \$5.8 million General Fund, and matching federal funds, to the Department of Health Care Policy and Financing above the 6.0 percent limit pursuant to the definition of a “requirement of federal law” in Section 24-75-201.1 (1) (a) (VII) (C), C.R.S. In the Department of Human Services, the bill appropriated \$4.2 million of which \$9.9 million was a transfer from the Department of Health Care Policy and Financing (cash funds exempt Medicaid transfer). It included a decrease of \$4.7 million General Fund in the Department of Human Services, which represents funding provided for other levels of care in out-of-home placement for children that qualify for PRTF placement. The bill provided approximately \$30,000 cash funds to the Department of Regulatory Agencies for provisional licensure requirements and a small amount of funding to the Department of Law for legal work related to provisional licensure.

2007 Session Bills

S.B. 07-1: Establishes the Colorado Cares Rx Program to provide generic prescription drugs to eligible persons at discounted rates. Participants are uninsured, ineligible for Medicaid or the Children's Basic Health Plan (CBHP), and have family income under 300 percent of the federal poverty level. In addition, participants pay a fee of up to \$20. Also creates the Colorado Cares Rx Program Cash Fund, which will consist of participant fees. General Fund used for implementation of the program in FY 2006-07 must be repaid by the Colorado Cares Rx Program Cash Fund as soon as possible. The bill contains a total appropriation of \$145,927 in FY 2006-07 for administrative start-up costs. Program costs in FY 2007-08 are appropriated at \$2.3 million.

S.B. 07-2: Expands Medicaid eligibility to young adults, who are under 21 years of age and who were in the foster care system immediately prior to their 18th birthday or emancipation. Currently, most foster children lose Medicaid eligibility on their 18th birthday or when they graduate from high school. This bill is anticipated to increase the Medicaid caseload by 1,471 young adults in FY 2007-08 (please note that this caseload is in addition to caseload noted in charts and tables in the narrative section of this report). The total costs for this bill are estimated at \$34,650 in FY 2006-07 and \$8.3 million in FY 2007-08.

S.B. 07-4: Requires the Department of Human Services, in conjunction with other public and private entities, to develop a coordinated system of payment for early intervention services for infants and toddlers with developmental disabilities and delays, consistent with the requirements of Part C of the federal Individuals with Disabilities Education Act (IDEA). Requires insurance coverage of such services without copayments or deductible up to a maximum annual liability of \$5,725, for affected policies and services. Requires the Department of Health Care Policy and Financing to make associated adjustments to the Children's Basic Health Plan and the Medicaid program. Authorizes annual appropriations and transfers to support required activities, through FY 2009-10, from the Short-term Innovative Health Programs Grant Fund established by S.B. 07-97 (S.B. 07-97 Grant Fund; originates as tobacco settlement funds). Includes the following FY 2007-08 appropriations: (1) \$53,730 cash funds exempt, \$72,850 federal funds, and 1.0 FTE to the Department of Health Care Policy and Financing, with cash funds exempt amounts originating from the S.B. 07-97 Grant

Fund; (2) \$53,920 cash funds, \$2,808,580 cash funds exempt custodial funds, and 1.0 FTE to the Department of Human Services from funds provided by insurance companies in trust for early intervention services and associated administrative payments; (3) \$5,188 cash funds from fees to the Department of Regulatory Agencies, Division of Insurance; and (4) a reduction of \$53,730 cash funds exempt in the appropriation to the Department of Public Health and Environment from the S.B. 07-97 Grant Fund.

S.B. 07-36: Adds additional mental disorders to mandatory health insurance coverage for mental illness. Defines mental disorders subject to the provisions of the bill to include post-traumatic stress disorders, alcohol and drug disorders, dysthymia, cyclothymia, social phobia, agoraphobia with panic disorder, and general anxiety disorder. Includes anorexia nervosa and bulimia nervosa to the extent treated on an outpatient, day-treatment, and in-patient basis, but excludes residential treatment. Includes an appropriation of \$31,459 to the Department of Health Care Policy and Financing for Children's Basic Health Program Premium Costs, including \$11,011 General Fund and \$20,448 matching federal funds. Includes an associated reduction of \$11,011 General Fund to the Controlled Maintenance Trust Fund.

S.B. 07-97: Allocates tobacco litigation settlement funds not previously allocated, and provides appropriations to multiple departments. The bill increases the eligibility for the Children's Basic Health Plan to 205 percent of the federal poverty level. The bill contains the following FY 2007-08 appropriations for the Department of Health Care Policy and Financing: (1) \$200,000 cash funds exempt to the pediatric speciality hospital line item; (2) \$1.5 million total funds to the various Children's Basic Health Plan line items; and (3) \$2.0 million cash funds exempt to the comprehensive primary and preventative care grant program. For additional information on this bill, see the "Recent Legislation" section for the Department of Public Health and Environment and FY 2007-08 Appropriations Report Appendix G.

S.B. 07-130: Defines a medical home as a qualified medical specialty, developmental, therapeutic, or mental health care practice that ensures access to and coordination of all medically-related services to a child. The bill requires the Department of Health Care Policy and Financing (HCPF) and the Department of Public Health and Environment (DPHE) to work together to develop systems to maximize the number of children in Medicaid and the Children's Basic Health Plan who have a medical home by July 1, 2008. Beginning January 30, 2008, HCPF will annually report progress towards increasing the number of children with a medical home to the Health and Human Services Committees of the General Assembly. The bill appropriates a total of \$118,128, including \$44,965 General Fund and \$73,163 in matching federal funds, in FY 2007-08 to HCPF for the administrative costs associated with the bill.

S.B. 07-133: Authorizes the cash basis of accounting to be used for non-administrative expenses for the Children's Basic Health Plan, the Old Age Pension Medical Program, and for the State Contribution Payment for the Medicare Modernization Act of 2003 (MMA). Because the FY 2007-08 accrued expenses for the Old Age Pension, State Contribution Payment for the MMA, and the Children's Basic Health Plan will not be paid until FY 2008-09 using the cash basis of accounting, there is a one-time appropriation reduction that can be made in FY 2007-08. Therefore the bill results in a one-time savings of \$11.9 million as shown in the table on the next page.

FY 07-08	General Fund	Cash Funds Exempt	Federal Funds	Total Funds
Department of Health Care Policy and Financing				
State Contribution Payment for MMA	(\$7,173,368)	\$0	\$0	(\$7,173,368)
Children's Basic Health Plan	0	(1,430,885)	(2,657,358)	(4,088,243)
Old Age Pension Medical Program	0	(680,779)	0	(680,779)
Total HCPF	(\$7,173,368)	(\$2,111,664)	(\$2,657,358)	(\$11,942,390)

S.B. 07-163: Supplemental appropriation to the Department of Health Care Policy and Financing to modify the appropriations included in the FY 2006-07 Long Bill.

S.B. 07-196: Creates a health information technology advisory committee and expands the use of telemedicine for Medicaid clients. Contains a FY 2007-08 total fund appropriation of \$127,288, including \$40,019 in General Fund and \$87,269 in matching federal funds, for the administrative costs associated with implementing the bill.

S.B. 07-211: Establishes the 15-member Advisory Committee on Covering All Children in Colorado to develop a plan to provide health coverage for all low-income children by 2010. Effective January 1, 2008, children whose family income does not exceed the applicable income level for Medicaid or the Children's Basic Health Plan (CBHP) are presumptively eligible for coverage. In addition, requires the Department to annually report information on access to and quality of health care for children eligible for Medicaid and CBHP to the General Assembly. The Department must also develop clinical standards and methods for collecting, analyzing, and disclosing information regarding clinical performance, and it must make recommendations annually to the General Assembly. Contains a FY 2007-08 total fund appropriation of \$161,427, including \$62,562 General Fund, \$1,237 cash funds exempt and \$97,628 in federal funds, for the administrative costs associated with implementing this bill.

S.B. 07-239: General Appropriations Act for FY 2007-08. Also includes supplemental adjustments to the FY 2006-07 Long Bill appropriation to the Department of Health Care Policy and Financing, as amended by S.B. 07-163.

H.B. 07-1021: Creates the Prescription Drug Information and Technical Assistance Program to provide advice about prescription drugs to Medicaid clients. The Department is required to administer the program and provide incentive payments to pharmacists and physicians who consult with Medicaid clients about how to avoid dangerous drug interactions, improve outcomes, and save money. The bill is anticipated to result in a net FY 2007-08 savings of \$545,281, including \$276,877 General Fund and \$268,404 in federal funds.

H.B. 07-1183: Establishes the Nursing Facility Rate Grant Program to provide assistance to certain nursing facilities that would experience a rate reduction in FY 2007-08 without the assistance from the grant program. Also extends the deadline to November 1, 2007, for a feasibility study for a new nursing home reimbursement methodology. Contains a total FY 2007-08 appropriation to the Department of \$397,000, including \$198,500

from the General Fund and \$198,500 in matching federal funds. The bill also reduces the General Fund appropriation to the Controlled Maintenance Trust Fund by \$100,000.

H.B. 07-1301: Adds cervical cancer immunizations as an optional Medicaid service for girls under 20 years of age and as a mandatory coverage provision for all individual and group health plans as of January 1, 2008. Also directs the Department of Public Health and Environment (DPHE) to research methods to administer cervical cancer vaccines economically. In addition, establishes the Cervical Cancer Immunization Awareness Campaign Fund to allow the DPHE to conduct a public awareness campaign on the benefits of receiving cervical cancer immunization. The total FY 2007-08 appropriation to the Department of Health Care Policy and Financing is \$298,177, including \$104,362 cash funds exempt and \$193,815 federal funds, for the increase in immunization costs to the Children's Basic Health Plan. The bill also makes several appropriation adjustments to DPHE. For more information on this bill, see the corresponding bill description for the DPHE and Appendix G to the FY 2007-08 Appropriations Report.

H.B. 07-1346: Provides the statutory authority for the Department of Health Care Policy and Financing to enter into prepaid inpatient health plan agreements (a form of managed care). The bill also eliminates the requirement that managed care capitation rates be no more than 95 percent of fee-for-service rates for an equivalent group. However, the bill prohibits managed care rates from being more than 100 percent of the costs of serving an equivalent population in the fee-for-service program. Lastly, the bill changes the financial solvency requirements for managed care organizations (MCOs) serving only the populations enrolled in Medicaid, Medicare and the Children's Basic Health Plan. These MCOs must maintain a minimum surplus of \$4.0 million and a claims liability within its financial statements equal to the greater of: (1) one month of federal and state reimbursements received by the MCO for services provided to health care recipients; or (2) the MCO's total outstanding claims liabilities. The bill's estimated impact for FY 2007-08 is \$75,000 total funds in order for the Department to conduct a study of the administrative costs associated with entering into inpatient health plan agreements.

H.B. 07-1359: Accelerates the use of a portion of the moneys that Colorado receives under the Master Settlement Agreement (MSA) and makes up to \$24.4 million of MSA moneys available prior to April 16, 2008 to pay for FY 2006-07 and FY 2007-08 over- expenditures and supplementals of the Children's Basic Health Plan and the Colorado Benefits Management System. For more information see Appendix G of the FY 2007-08 Appropriations Report and the recent legislation section for the Department of Public Health and Environment.

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. The Commission is responsible for negotiating performance contracts with public higher education institutions. 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 in the College Opportunity Fund Program section, included for the first time for FY 2005-06, provide stipends for undergraduate resident students to attend public colleges and participating private colleges. The section also includes appropriations for fee-for-service contracts with public higher education institutions for graduate education and other educational services not covered by the stipends. Tuition, stipend, and fee-for-service spending authority for public higher education institutions is provided in the Governing Boards section.

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

The Department also includes: state subsidies for Local District Junior Colleges; 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 and Health Sciences Center.

Department Budget: Recent Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund/1	\$587,972,772	\$636,485,608	\$694,142,988	\$746,248,858
Cash Funds	537,034,995	23,257,260	24,345,935	22,479,472
Cash Funds Exempt	554,733,876	1,508,723,285	1,610,697,386	1,736,017,115
Federal Funds	<u>19,805,153</u>	<u>20,362,183</u>	<u>20,080,322</u>	<u>20,478,236</u>
Total Funds	\$1,699,546,796	\$2,188,828,336	\$2,349,266,631	\$2,525,223,681
Full Time Equiv. Staff	18,281.3	18,080.4	18,876.2	19,277.9

/1 With the exception of FY 2004-05, appropriations include General Fund Exempt.

General Factors Driving the Budget

College Opportunity Fund Program (S.B. 04-189)

In FY 2005-06 the funding mechanism for higher education changed dramatically. Senate Bill 04-189 required that direct appropriations for higher education institutions be replaced by a combination of (1) stipends for students and (2) "fee-for-service" contracts. Collectively the stipends and fee-for-service contracts are referred to here as the College Opportunity Fund Program.

Stipends: Stipends can be used by eligible undergraduate students to attend any of the twenty-six state-operated institutions. In limited circumstances students may also receive a stipend to attend a private institution. The stipend to attend private institutions is worth half as much as the stipend to attend state-operated institutions. To use a stipend at a private institution, a student must qualify for the need-based federal Pell grant. They must also attend a participating private, non-sectarian, accredited, baccalaureate college. Currently the University of Denver and Regis University are the only participating private institutions.

The amount of the flat-rate, per-credit-hour stipend is determined annually by the legislature through the budget process. In FY 2006-07 the General Assembly set the stipend amount for students attending state-operated institutions at \$86 per credit hour, or \$2,580 annually for a full-time student. For FY 2007-08 the General Assembly increased the stipend to \$89 per credit hour, or \$2,670 annually for a full-time student. Stipends may only be used for tuition payments. The total amount required for student stipends, and the amount each higher education institution earns from student stipend payments, is the product of the number of eligible student credit hours and the stipend rate set by the General Assembly.

Fee-for-service contracts: With money appropriated by the General Assembly, the Colorado Commission on Higher Education may purchase higher education services from the state institutions of higher education through fee-for-service contracts. Pursuant to Section 23-5-130, C.R.S., the Commission may purchase:

- ✓ Educational services in rural areas or communities where the cost of educational services is not sustained by tuition;
- ✓ Educational services required to meet reciprocal agreements with other states;
- ✓ Graduate school services;
- ✓ Educational services that increase economic development opportunities in the state, including career development and retraining; and,
- ✓ Specialized educational services and professional degrees and programs that address identified state or national priorities.

The amount that schools rely on revenue earned from stipends versus fee-for-service contracts varies widely.

FY 2007-08	Projected Stipend Revenue		Fee-for-service Contracts	
	Dollars	Percent	Dollars	Percent
Adams State College	\$3,770,040	27.7%	\$9,854,040	72.3%
Mesa State College	12,087,090	54.0%	10,289,250	46.0%
Metropolitan State College of Denver	40,696,140	91.2%	3,948,770	8.8%
Western State College	3,866,160	34.0%	7,489,531	66.0%

FY 2007-08	Projected Stipend Revenue		Fee-for-service Contracts	
	Dollars	Percent	Dollars	Percent
Colorado State University System	51,234,630	38.3%	82,555,299	61.7%
Fort Lewis College	6,829,860	58.6%	4,824,075	41.4%
University of Colorado	73,075,230	37.5%	121,911,110	62.5%
Colorado School of Mines	7,235,700	33.3%	14,501,571	66.7%
University of Northern Colorado	23,317,110	56.7%	17,839,060	43.3%
Community Colleges	104,020,530	78.6%	28,288,336	21.4%
TOTAL	326,132,490	52.0%	301,501,042	48.0%

Performance Contracts: As a condition of participation in the College Opportunity Fund Program, higher education institutions must negotiate performance contracts with CCHE. Performance contracts are *not* the same thing as fee-for-service contracts. The performance contracts establish parameters for measuring the success of higher education institutions in meeting statewide goals. The performance contracts can also delegate certain functions to the governing boards that were previously administered statewide, or regulated by CCHE.

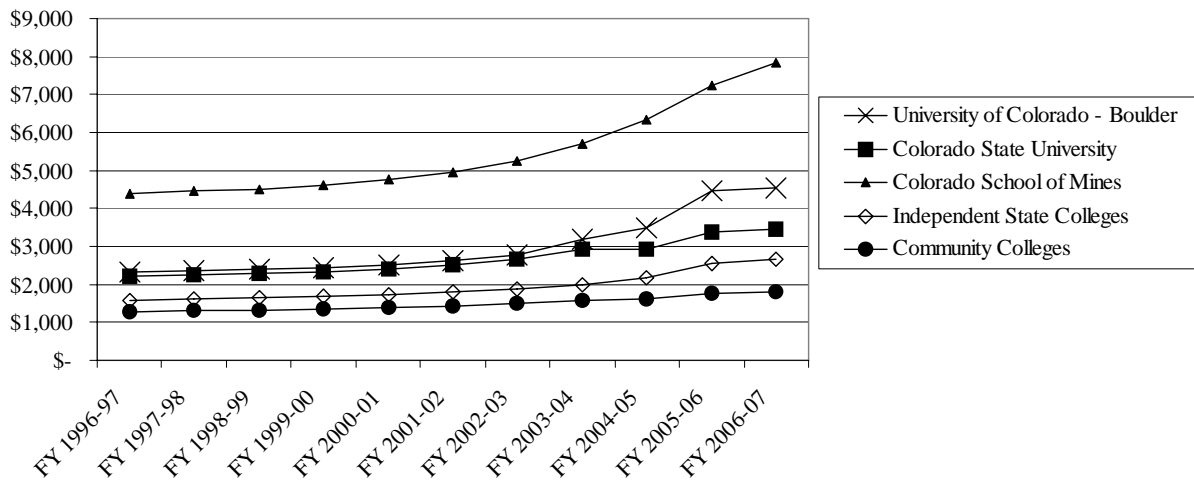
Enterprise Status: Senate Bill 04-189 also provided a mechanism for designating qualifying institutions as enterprises, so that tuition and other cash fund revenue used by the institutions is exempt from limitations imposed by TABOR. To achieve enterprise status under TABOR a program must: 1) be a government-owned business; 2) have authority to issue revenue bonds; and 3) receive less than 10 percent of annual revenue from state and local grants. Senate Bill 04-189 stated that stipends and fee-for-service contracts are not state grants for TABOR purposes. In FY 2006-07 all of the state-operated higher education institutions were designated as enterprises. The final determination of whether a state-operated higher education institution qualifies as an enterprise is made at the end of each fiscal year when actual revenues from state grants are compared to the 10 percent threshold.

Tuition

Statutes delegate the authority to make decisions about tuition rates to the higher education governing boards. However, since the implementation of TABOR the General Assembly has expressed its intent with regard to tuition increases in a footnote to the Long Bill. Senate Bill 04-189 codified this practice by requiring that the General Assembly annually note the tuition increases it uses to derive the total spending authority for each governing board in a footnote to the Long Bill (Section 23-18-202 (3) (b), C.R.S.). Senate Bill 04-189 also stated that despite the change to enterprise status for the higher education institutions, the General Assembly retains the ability to approve tuition spending authority for the governing boards (Section 23-5-129, C.R.S.).

Tuition rates are a central consideration in discussions about access and affordability. Total projected tuition revenue for the governing boards influences legislative decisions about how much General Fund to appropriate for stipends and fee-for-service contracts. The table below charts tuition rates at selected institutions over the last 10 years.

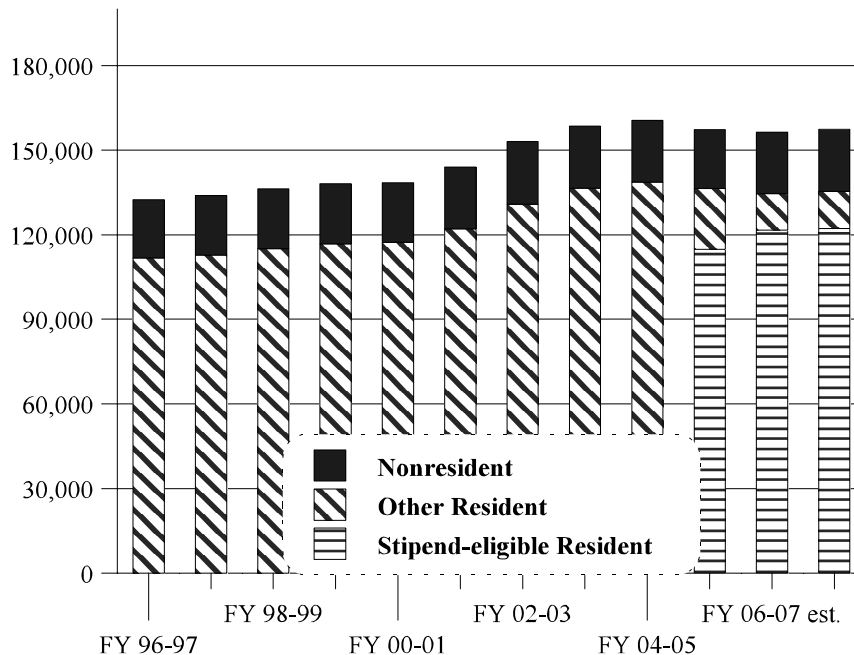
Resident, Undergraduate, Full-time Tuition Rates



Enrollment

Enrollment is both a workload and performance measure for the campuses, and it affects tuition revenue. For a few schools, nonresident enrollment is important in terms of total revenues, since nonresident tuition helps subsidize resident education. Enrollment tends to be counter-cyclical. In other words, when the economy slows higher education enrollment increases. The table below charts enrollment over the last 10 years.

Enrollment



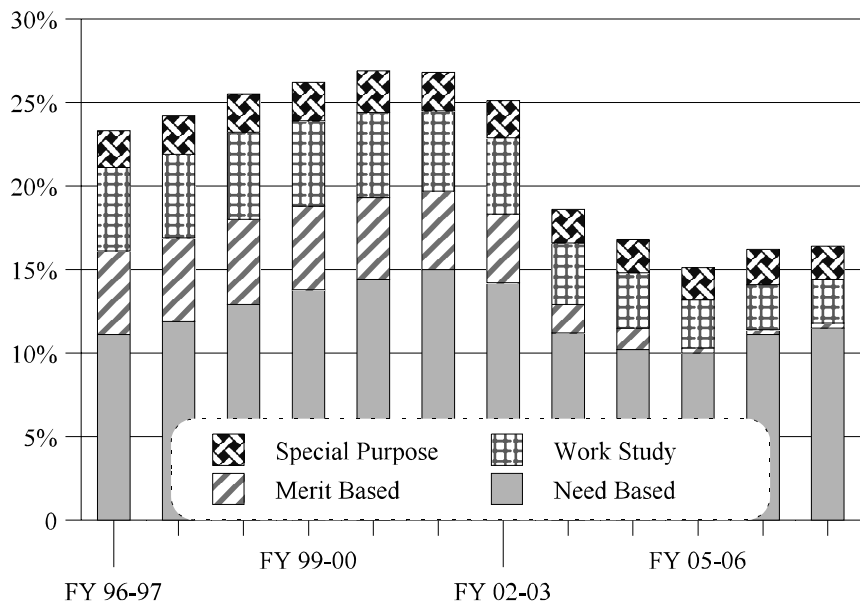
Financial Aid

Of the General Fund appropriation for higher education in FY 2007-08, \$95.2 million (12.8 percent) is for financial aid. The three major, broad-based Colorado financial aid programs are (1) need based aid, (2) merit based aid, and (3) work study. There are also a number of smaller, special purpose financial aid programs.

Financial aid funds are appropriated to CCHE and then allocated to the institutions based on formulas that consider financial need at the schools, total student enrollment, and program eligibility criteria.

The following table shows General Fund appropriations for financial aid as a percentage of resident tuition revenues over time. The table provides an indication of the buying power of financial aid appropriations. However, it should be noted that financial aid is used for more than paying tuition. It also helps pay for expenses related to room, board, transportation, student fees, and learning materials. Also, the table does not take into account changes in the economic circumstances of the overall student population, including the number of students with financial need and the amount of need for those students.

**State Financial Aid as a Percentage of
Resident Tuition Revenue**



State financial aid programs trail federal financial aid distributions in Colorado. The most recent year of data shows federal Pell Grants to the neediest students attending Colorado schools totaled \$141.4 million in FY 2005-06. Federal guaranteed loan programs provided another \$834.6 million for students and their parents.

Another source of funding for financial aid is money set aside by the institutions. Some of the money comes from fund-raising, but the majority comes from the operating budgets of the schools. There is significant variation in the amount of money available by institution based on differences in school policies and fund raising. The total institutional financial aid available in the state in FY 2005-06 was \$250.9 million. Senate Bill 04-189 implemented a new requirement that higher education institutions increase need based institutional financial aid by an amount equal to 20 percent of any increase in tuition revenues in excess of inflation.

Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of Higher Education						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$2,349,266,631	\$694,142,988	\$24,345,935	\$1,610,697,386	\$20,080,322	18,876.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Department Administrative Office	1,326,546	37,070	693,010	573,130	23,336	0.0
Colorado Commission on Higher Education	24,626,366	0	3,267,118	21,009,248	350,000	37.9
Colorado Commission on Higher Education Financial Aid	89,062,759	87,757,759	0	5,000	1,300,000	0.0
College Opportunity Fund Program	582,534,206	582,534,206	0	0	0	0.0
Governing Boards	1,536,451,060	0	500,000	1,535,951,060	0	18,553.6
Local District Junior College Grants	13,668,051	13,668,051	0	0	0	0.0
Advisory Commission on Family Medicine	1,703,558	0	0	1,703,558	0	0.0
Division of Occupational Education	51,435,112	9,635,902	900,000	23,360,944	17,538,266	34.2
Auraria Higher Education Center	17,254,761	0	17,254,761	0	0	123.6
Council on the Arts	0	0	0	0	0	0.0
State Historical Society	31,204,212	510,000	1,731,046	28,094,446	868,720	126.9
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	2,340,327,670	689,512,156	21,444,110	1,609,291,082	20,080,322	18,876.2
SB 06-49	(1,500,000)	0	(1,500,000)	0	0	(2.0)
SB 06-136	161,600	161,600	0	0	0	0.0
SB 06-183	500,000	0	500,000	0	0	0.0
HB 06-1046	10,957	0	10,957	0	0	0.0
HB 06-1201	1,500,000	0	1,500,000	0	0	2.0
HB 06-1322	0	0	0	0	0	0.0
SB 07-164	5,230,728	1,433,556	2,390,868	1,406,304	0	0.0
SB 07-239	3,035,676	3,035,676	0	0	0	0.0

Department of Higher Education						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$2,525,223,681	\$746,248,858	\$22,479,472	\$1,736,017,115	\$20,478,236	19,277.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Department Administrative Office	1,668,907	0	830,117	772,228	66,562	0.0
Colorado Commission on Higher Education	24,751,587	0	3,283,082	21,117,469	351,036	37.9
Colorado Commission on Higher Education Financial Aid	97,074,278	95,174,278	0	0	1,900,000	0.0
College Opportunity Fund Program	628,588,858	625,553,182	0	3,035,676	0	0.0
Governing Boards	1,656,300,150	0	150,000	1,656,150,150	0	18,957.5
Local District Junior College Grants	14,823,001	14,823,001	0	0	0	0.0
Advisory Commission on Family Medicine	1,903,558	0	0	1,903,558	0	0.0
Division of Occupational Education	52,561,008	10,598,397	751,739	23,933,341	17,277,531	32.0
Auraria Higher Education Center	15,736,087	0	15,736,087	0	0	123.6
Council on the Arts	0	0	0	0	0	0.0
State Historical Society	31,816,247	100,000	1,728,447	29,104,693	883,107	126.9
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	2,516,664,410	746,228,032	22,329,472	1,727,628,670	20,478,236	19,277.9
SB 07-97	11,300,000	0	0	11,300,000	0	0.0
SB 07-182	76,854	0	0	76,854	0	0.0
HB 07-1096	150,000	0	150,000	0	0	0.0
HB 07-1163	(120,437)	0	0	(120,437)	0	0.0
HB 07-1256	59,705	20,826	0	38,879	0	0.0
HB 07-1359	(2,906,851)	0	0	(2,906,851)	0	0.0
Increase/(Decrease)	\$175,957,050	\$52,105,870	(\$1,866,463)	\$125,319,729	\$397,914	401.7
Percentage Change	7.5%	7.5%	(7.7)%	7.8%	2.0%	2.1%

/1 Includes General Fund Exempt. See Division Detail for information on General Fund Exempt appropriations.

FY 2007-08 Appropriation Highlights:

1. The appropriation provides \$64.1 million in additional tuition spending authority for the governing boards, including the following increases:
 - a. 7.0 percent for the research institutions;
 - b. 5.0 percent for state colleges; and
 - c. 3.5 percent for the community colleges.
2. The appropriation adds \$48.9 million General Fund for an 8.5 percent increase in the combined stipends and fee-for-service contracts for each governing board;
3. The appropriation increases financial aid programs by \$7.4 million, or 8.5 percent, including \$6.9 million for need based financial aid;
4. The appropriation adds \$1.2 million General Fund for an 8.5 percent increase for the Local District Junior Colleges;
5. The appropriation adds \$572,397 General Fund for an 8.5 percent increase for the Area Vocational Schools;
6. The appropriation provides another \$160,000 General Fund for stipends for students attending participating private institutions based on the projected eligible enrollment; and
7. The appropriation reduces General Fund appropriations for the operating budget of the Cumbres and Toltec Scenic Railroad by \$410,000 to match the operating support provided by New Mexico.

Detail of Appropriation by Administrative Section

Department Administrative Office

This division includes funding for centrally appropriated items for the Department, including salary survey, risk management, leased space, health benefits, and other miscellaneous expenses. The primary sources of cash funds are indirect cost recoveries, fees charged by the Division of Private Occupational Schools, and earned revenue by the Colorado Historical Society. The primary source of cash funds exempt is limited gaming moneys deposited in the State Historical Fund.

Department Administrative Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$1,269,833	\$0	\$681,185	\$565,312	\$23,336	0.0
HB 06-1046	10,957	0	10,957	0	0	0.0
SB 07-164	<u>45,756</u>	<u>37,070</u>	<u>868</u>	<u>7,818</u>	<u>0</u>	<u>0.0</u>

Department Administrative Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$1,326,546	\$37,070	\$693,010	\$573,130	\$23,336	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,326,546	\$37,070	\$693,010	\$573,130	\$23,336	0.0
Salary and benefits adjustments	319,125	0	73,933	201,966	43,226	0.0
Operating adjustments	60,306	0	63,174	(2,868)	0	0.0
One-time legal services	(37,070)	(37,070)	0	0	0	0.0
SB 07-239	<u>\$1,668,907</u>	<u>\$0</u>	<u>\$830,117</u>	<u>\$772,228</u>	<u>\$66,562</u>	<u>0.0</u>
TOTAL	\$1,668,907	\$0	\$830,117	\$772,228	\$66,562	0.0
Increase/(Decrease)	\$342,361	(37,070)	\$137,107	\$199,098	\$43,226	0.0
Percentage Change	25.8%	(100.0)%	19.8%	34.7%	185.2%	n/a

S.B. 07-239 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation includes an increase of \$319,125 for salary and benefit increases, including: 1) \$123,924 for performance-based pay; 2) \$117,918 for health, life, and dental premiums; 3) \$40,552 for salary survey; and 4) \$36,731 for miscellaneous other benefits.

Operating adjustments: The appropriation includes a net increase of \$60,306 for risk management premiums, leased space, legal services, and purchases of services from the state computer center.

One-time legal services: The appropriation reflects a \$37,070 decrease for one-time funding provided in FY 2006-07 for legal services related to a lawsuit over the eligibility of private institutions to participate in the College Opportunity Fund program.

Colorado Commission on Higher Education

This division includes funding for the Commission's staff, the Division of Private Occupational Schools, and special purpose initiatives of the Department. The sources of cash funds include indirect cost recoveries and fees paid to the Division of Private Occupational Schools. The sources of cash funds exempt include indirect cost recoveries used to offset the need for General Fund for the Commission's staff and operating expenses, and waste tire fees transferred from the Department of Local Affairs and deposited in the Advanced Technology Fund.

Colorado Commission on Higher Education						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$24,626,366</u>	<u>\$0</u>	<u>\$3,267,118</u>	<u>\$21,009,248</u>	<u>\$350,000</u>	<u>37.9</u>
TOTAL	\$24,626,366	\$0	\$3,267,118	\$21,009,248	\$350,000	37.9
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$24,626,366	\$0	\$3,267,118	\$21,009,248	\$350,000	37.9
Annualize salary increases	44,367	0	44,252	(921)	1,036	0.0
WICHE Dues	4,000	0	4,000	0	0	0.0
Fund source adjustment	0	0	(32,288)	32,288	0	0.0
SB 07-239	\$24,674,733	\$0	\$3,283,082	\$21,040,615	\$351,036	37.9
SB 07-182	<u>76,854</u>	<u>0</u>	<u>0</u>	<u>76,854</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$24,751,587	\$0	\$3,283,082	\$21,117,469	\$351,036	37.9
Increase/(Decrease)	\$125,221	\$0	\$15,964	\$108,221	\$1,036	0.0
Percentage Change	0.5%	n/a	0.5%	0.5%	0.3%	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary increases: The appropriation includes \$37,170 for the Commission on Higher Education and \$7,197 for the Division of Private Occupational Schools to annualize salary survey increases awarded in FY 2006-07. These figures are net of the 0.5 percent common policy personal services base reduction.

WICHE Dues: The appropriation includes a \$4,000 increase for WICHE (Western Interstate Commission on Higher Education) membership dues.

Fund source adjustment: The appropriation reflects a decrease in the amount of indirect cost recoveries that are subject to TABOR because they are paid by enterprises, and an increase in indirect cost recoveries from non-enterprises.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Colorado Commission on Higher Education Financial Aid

This division 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 the federal Perkins Act and other programs requiring a state match.

Colorado Commission on Higher Education Financial Aid						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$88,901,159	\$87,596,159	\$0	\$5,000	\$1,300,000	0.0
SB 06-136	<u>161,600</u>	<u>161,600</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$89,062,759	\$87,757,759	\$0	\$5,000	\$1,300,000	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$89,062,759	\$87,757,759	\$0	\$5,000	\$1,300,000	0.0
Need based grants	6,926,583	6,926,583	0	0	0	0.0
GEAR UP	600,000	0	0	0	600,000	0.0
Native American students	429,207	429,207	0	0	0	0.0
National guard tuition assistance	60,729	60,729	0	0	0	0.0
Early childhood professionals	(5,000)	0	0	(5,000)	0	0.0
SB 07-239	<u>\$97,074,278</u>	<u>\$95,174,278</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,900,000</u>	<u>0.0</u>
TOTAL	\$97,074,278	\$95,174,278	\$0	\$0	\$1,900,000	0.0
Increase/(Decrease)	\$8,011,519	\$7,416,519	\$0	(\$5,000)	\$600,000	0.0
Percentage Change	9.0%	8.5%	n/a	(100.0)%	46.2%	n/a

S.B. 07-239 (Long Bill) Issue Descriptions

Need based grants: The appropriation includes a \$6.9 million, or 11.5 percent, General Fund increase for need based financial aid. The appropriation reflects the Colorado Commission on Higher Education's decision to discontinue the Governor's Opportunity Scholarship program. The amount previously appropriated specifically for the Governor's Opportunity Scholarships is being appropriated for general need based grants.

Section 23-3.3-103, C.R.S. requires that the annual appropriations for all student financial assistance programs increase by at least the same percentage as the aggregate percentage increase of all General Fund appropriations to the institutions of higher education. The appropriation applies the majority of increases in financial aid programs necessary to comply with this statute to the need based grants line item.

GEAR UP: The appropriation reflects an anticipated \$600,000 in expenditures of federal funds for the GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) program.

Native American students: The appropriation includes a \$429,207 General Fund increase for payments for Fort Lewis College for Native American student tuition waivers pursuant to Section 23-52-105, C.R.S.

National guard tuition assistance: The appropriation includes a \$60,729 General Fund increase for the National Guard Tuition Assistance program based on projected eligible enrollment. This brings the total appropriation to the \$650,000 cap on the amount the Department is required to transfer to the Department of Military Affairs pursuant to Section 23-5-111.4, C.R.S. If there are further enrollment increases, the Department of Military Affairs can prorate the grants to match available funds pursuant to statute, or request additional appropriations directly to the Department of Military Affairs.

Early childhood professionals: The appropriation reflects the sunset of the statutory authorization for the Early Childhood Professional Loan Repayment program.

College Opportunity Fund Program

This section includes General Fund for student stipend payments for students attending state-operated higher education institutions and students attending private institutions, and for fee-for-service contracts between CCHE and the institutions. *For a summary of the impact of these changes by governing board, see the Governing Boards section.*

College Opportunity Fund Program						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$578,102,044	\$578,102,044	\$0	\$0	\$0	0.0
SB 07-164	1,396,486	1,396,486	0	0	0	0.0
SB 07-239	<u>3,035,676</u>	<u>3,035,676</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$582,534,206	\$582,534,206	\$0	\$0	\$0	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$582,534,206	\$582,534,206	\$0	\$0	\$0	0.0
Fee-for-service contracts	41,468,432	41,468,432	0	0	0	0.0
Stipend rate increase \$90 per full-time student (from \$2,580 to \$2,670)	10,993,230	7,957,554	0	3,035,676	0	0.0
Private stipends	160,500	160,500	0	0	0	0.0
Stipend enrollment adjustment	(3,552,660)	(3,552,660)	0	0	0	0.0
One-time appropriation to the College Opportunity Fund	(3,035,676)	(3,035,676)	0	0	0	0.0
SB 07-239	\$628,568,032	\$625,532,356	\$0	\$3,035,676	\$0	0.0
HB 07-1256	<u>20,826</u>	<u>20,826</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$628,588,858	\$625,553,182	\$0	\$3,035,676	\$0	0.0

College Opportunity Fund Program						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$46,054,652	\$43,018,976	\$0	\$3,035,676	\$0	0.0
Percentage Change	7.9%	7.4%	n/a	n/a	n/a	n/a

/1 This amount includes a General Fund Exempt appropriation.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2006-07 Appropriation	\$578,102,044	\$342,702,044	\$235,400,000
Supplemental (S.B. 07-164)	1,396,486	1,396,486	<u>0</u>
Long Bill supplemental (S.B. 07-239)	<u>3,035,676</u>	<u>(83,964,324)</u>	<u>87,000,000</u>
FY 2006-07 Adjusted Appropriation	\$582,534,206	\$260,134,206	\$322,400,000
Stipend payments	4,565,394	16,265,394	(11,700,000)
Fee-for-service contracts	41,468,432	41,468,432	0
One-time appropriation to the College Opportunity Fund	(3,035,676)	(3,035,676)	0
HB 07-1256	<u>20,826</u>	<u>20,826</u>	<u>0</u>
Total FY 2007-08 Appropriation	\$625,553,182	\$314,853,182	\$310,700,000

General Fund Exempt

In November 2005, the Colorado voters passed Referendum C. Referendum C allowed the State to retain all revenue that is collected above the TABOR limit for FY 2005-06 through FY 2009-10. This revenue must be placed in a General Fund Exempt Account (see Section 24-77-103.6 (2), C.R.S.). The above table shows the amount of General Fund Exempt appropriated from the General Fund Exempt Account for higher education pursuant to Sections 24-77-103.6 (2) (b) and 24-77-104.5 (1) (b) (III), C.R.S.

S.B. 07-239 (Long Bill) Issue Descriptions

Fee-for-service contracts: The appropriation includes a net increase of \$41,468,432 General Fund for fee-for-service contracts. The combined appropriated changes in stipends and fee-for-service contracts provides an 8.5 percent increase for each governing board.

Stipend rate increase \$90 per full-time student (from \$2,580 to \$2,670): The appropriation includes a \$90 inflationary increase in the stipend rate for full-time students attending public higher education institutions (from \$2,580 per 30 credit hours to \$2,670 per 30 credit hours). With a projected stipend-eligible population of 122,147 student full-time equivalents (SFTE) the inflationary increase in the rate costs \$10,993,230. Of this amount, \$7,957,554 is General Fund and \$3,035,676 is cash funds exempt from reserves in the College Opportunity Fund. Section 23-18-202 (2) (c), C.R.S. requires that CCHE annually request at least inflation and enrollment for the stipends.

Private stipends: The appropriation includes \$160,500 for stipends for eligible students attending participating private institutions. To be eligible a student attending a private institution must demonstrate financial need by

qualifying for the federal Pell grant. In FY 2006-07, Regis University and Denver University qualified and elected to participate in the College Opportunity Fund program. The private stipend rate is set by statute at 50 percent of the public stipend rate. Of the increase, \$129,000 is attributable to an increase in the projected stipend-eligible population, and \$31,500 is attributable to increasing the private stipend rate by \$45 (from \$1,290 per 30 credit hours to \$1,335 per 30 credit hours) commensurate with the increase in the stipend rate for students attending public institutions.

Stipend enrollment adjustment: The appropriation includes a net decrease of \$3,552,660 for projected changes in the stipend-eligible population from the FY 2006-07 appropriation. The FY 2006-07 actual stipend-eligible enrollment is trending below appropriated levels.

One-time appropriation to the College Opportunity Fund: The appropriation does not continue a one-time \$3,035,676 General Fund appropriation to the College Opportunity Fund in FY 2006-07 that increased the balance in the fund.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Governing Boards

This division includes appropriations for the governing boards of the state-operated higher education institutions. The sources of cash funds exempt are student stipend payments, fee-for-service contracts, tuition, academic and academic facility fees, and appropriated grants.

Governing Boards						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$1,534,552,574	\$0	\$0	\$1,534,552,574	\$0	18,553.6
SB 06-183	500,000	0	500,000	0	0	0.0
HB 06-1322	0	0	0	0	0	0.0
SB 07-164	<u>1,398,486</u>	<u>0</u>	<u>0</u>	<u>1,398,486</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,536,451,060	\$0	\$500,000	\$1,535,951,060	\$0	18,553.6
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,536,451,060	\$0	\$500,000	\$1,535,951,060	\$0	18,553.6
Tuition	64,049,519	0	0	64,049,519	0	0.0
Fee-for-service contracts	41,468,432	0	0	41,468,432	0	0.0
Stipends	7,440,570	0	0	7,440,570	0	0.0
Academic fees	128,978	0	0	128,978	0	0.0
FTE adjustment	0	0	0	0	0	403.9

Governing Boards						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Appropriated grants	(1,700,000)	0	(500,000)	(1,200,000)	0	0.0
SB 07-239	\$1,647,838,559	\$0	\$0	\$1,647,838,559	\$0	18,957.5
SB 07-97	11,300,000	0	0	11,300,000	0	0.0
HB 07-1096	150,000	0	150,000	0	0	0.0
HB 07-1163	(120,437)	0	0	(120,437)	0	0.0
HB 07-1256	38,879	0	0	38,879	0	0.0
HB 07-1359	<u>(2,906,851)</u>	<u>0</u>	<u>0</u>	<u>(2,906,851)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,656,300,150	\$0	\$150,000	\$1,656,150,150	\$0	18,957.5
Increase/(Decrease)	\$119,849,090	\$0	(\$350,000)	\$120,199,090	\$0	403.9
Percentage Change	7.8%	n/a	(70.0)%	7.8%	n/a	2.2%

S.B. 07-239 (Long Bill) Issue Descriptions

Tuition: The appropriation provides increases in tuition spending authority of 7.0 percent for the University of Colorado System, Colorado State University System, Colorado School of Mines, and University of Northern Colorado. It provides a 5.0 percent increase for Adams State College, Mesa State College, Western State College, and Fort Lewis College. Finally, it provides a 3.5 percent increase for the two-year Community Colleges. Combined with projected enrollment changes, the increase in projected tuition revenues is \$64.1 million.

Tuition Spending Authority					
	FY 2006-07 Appropriation	Revised Estimate of FY 2006-07 Revenues	Projected Enrollment Changes FY 2007-08	Authority for Rate Increases	FY 2007-08 Appropriation
Adams	\$6,368,109	\$6,364,607	(\$175,269)	\$309,467	\$6,498,805
Mesa	19,958,072	19,958,072	489,110	1,022,359	21,469,541
Metro	44,214,860	42,902,156	849,590	2,187,588	45,939,334
Western	8,980,816	8,717,028	(14,300)	435,137	9,137,865
CSU System	163,433,524	160,710,700	436,173	11,280,281	172,427,154
Fort Lewis	22,407,865	21,907,865	292,915	1,110,039	23,310,819
CU Regents	453,264,459	443,635,332	6,977,378	31,542,890	482,155,600
Mines	40,759,486	42,040,873	760,444	2,996,092	45,797,409
UNC	51,043,730	49,526,272	(148,746)	3,456,427	52,833,953
Com Colleges	110,930,010	121,993,724	(409,212)	4,255,458	125,839,970
TOTAL	\$921,360,931	\$917,756,629	\$9,058,083	\$58,595,738	\$985,410,450

Fee-for-service contracts: The appropriation includes a net increase of \$41,468,532 for fee-for-service contracts. The combined appropriated changes in stipends and fee-for-service contracts provides an 8.5 percent increase for each governing board.

Fee-for-service contracts			
	FY 2006-07 Appropriation	FY 2007-08 Appropriation	Difference
Adams	\$8,664,032	\$9,854,040	\$1,190,008
Mesa	9,045,856	10,289,250	1,243,394
Metro	4,163,555	3,948,770	(214,785)
Western	6,577,560	7,489,531	911,971
CSU System	73,786,913	82,555,299	8,768,386
Fort Lewis	4,094,553	4,824,075	729,522
CU Regents	106,912,038	121,911,110	14,999,072
Mines	13,067,037	14,501,571	1,434,534
UNC	14,870,911	17,839,060	2,968,149
Com. Colleges	18,850,155	28,288,336	9,438,181
TOTAL	\$260,032,610	\$301,501,042	\$41,468,432

Stipends: The appropriation includes a net increase of \$7,440,570 for stipends, including a decrease of \$3,552,660 for projected changes in the stipend-eligible population from the FY 2006-07 appropriation and \$10,993,230 for a \$90 inflationary increase in the stipend rate for full-time students attending public higher education institutions (from \$2,580 for 30 credit hours to \$2,670).

Stipends			
	FY 2006-07 Appropriation	FY 2007-08 Appropriation	Difference
Adams	\$3,898,380	\$3,770,040	(\$128,340)
Mesa	11,586,780	12,087,090	500,310
Metro	37,002,360	40,696,140	3,693,780
Western	3,893,220	3,866,160	(27,060)
CSU System	49,577,280	51,234,630	1,657,350
Fort Lewis	6,651,240	6,829,860	178,620
CU Regents	72,879,840	73,075,230	195,390
Mines	6,976,320	7,235,700	259,380
UNC	23,078,100	23,317,110	239,010
Com. Colleges	103,148,400	104,020,530	872,130
TOTAL	\$318,691,920	\$326,132,490	\$7,440,570

Academic fees: The appropriation includes a net increase of \$128,978 for academic fees and academic facility fees. Academic fees and academic facility fees are a small subset of total fees charged by campuses. These fees directly support the academic mission of the institutions. Fees for auxiliary programs like housing, food services, parking, and student government are not appropriated in the Long Bill. This line item appeared for the first time in FY 2005-06. The governing boards have been working on using more consistent definitions to report these fees. Changes in which revenues are reported account for the large percentage changes for some of the governing boards.

Academic Fees and Academic Facility Fees				
	FY 2006-07	FY 2007-08	Difference	Percent
Adams	\$92,096	\$96,240	4,144	4.5%
Mesa	150,000	360,000	210,000	140.0%
Metro	559,650	750,000	190,350	34.0%
Western	300,000	26,000	(274,000)	(91.3)%
CSU System	6,224,000	4,250,000	(1,974,000)	(31.7)%
Fort Lewis	1,150,000	1,150,000	0	0.0%

Academic Fees and Academic Facility Fees				
	FY 2006-07	FY 2007-08	Difference	Percent
CU Regents	17,357,531	20,762,313	3,404,782	19.6%
Mines	142,475	150,000	7,525	5.3%
UNC	738,017	756,467	18,450	2.5%
Com Colleges	7,076,299	5,618,026	(1,458,273)	(20.6)%
TOTAL	\$33,790,068	\$33,919,046	128,978	0.4%

FTE adjustment: The FTE for the higher education institutions are included in the Long Bill for informational purposes only. Pursuant to statute, each governing board retains control over the number of employees hired. Projections submitted by the schools of employment in the current year are used as the best indicator of employment levels in FY 2007-08.

Full-time Equivalent Employees				
	FY 2006-07 Long Bill	Estimate in FY 2007-08 Request	Difference	Percent
Adams	286.1	271.5	(14.6)	(5.1)%
Mesa	426.6	452.2	25.6	6.0%
Metro	1,023.1	1,056.3	33.2	3.2%
Western	205.1	230.9	25.8	12.6%
CSU System	3,750.1	3,852.4	102.3	2.7%
Fort Lewis	425.2	432.3	7.1	1.7%
CU Regents	6,169.8	6,441.1	271.3	4.4%
Mines	591.2	629.4	38.2	6.5%
UNC	1,006.9	1,015.0	8.1	0.8%
Com. Colleges	4,669.5	4,576.4	(93.1)	(2.0)%
TOTAL	18,553.6	18,957.5	403.9	2.2%

Appropriated grants: The appropriation reflects the discontinuance of one-time appropriations in FY 2006-07 of \$1,200,000 cash funds exempt from the Oil and Gas Conservation and Environmental Response Fund for the Colorado Energy Research Institute at the Colorado School of Mines pursuant to S.B. 05-66, and \$500,000 cash funds from the Operational Account of the Severance Tax Trust Fund for the Colorado Water Resources Research Institute at Colorado State University pursuant to S.B. 06-183.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Local District Junior College Grants Pursuant to Section 23-71-301, C.R.S.

This section subsidizes the operations of the state's two local district junior colleges: Aims Community College and Colorado Mountain College. Institutions that are set up as local district junior colleges have special property tax districts that also support their operations. Students from the special property tax districts pay discounted tuition rates. These two schools serve approximately 5,057 student FTE, based on the spring 2006 student census.

Local District Junior College Grants						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$13,668,051</u>	<u>\$13,668,051</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$13,668,051	\$13,668,051	\$0	\$0	\$0	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$13,668,051	\$13,668,051	\$0	\$0	\$0	0.0
Increase grants	1,154,950	1,154,950	0	0	0	0.0
SB 07-239	<u>\$14,823,001</u>	<u>\$14,823,001</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$14,823,001	\$14,823,001	\$0	\$0	\$0	0.0
Increase/(Decrease)	\$1,154,950	\$1,154,950	\$0	\$0	\$0	0.0
Percentage Change	8.5%	8.5%	n/a	n/a	n/a	n/a

S.B. 07-239 (Long Bill) Issue Descriptions

Increase grants: The appropriation includes a \$1,154,950 General Fund increase, or 8.5 percent, for the two local district junior colleges. This percentage increase is equal to the combined stipend and fee-for-service percentage increase for the governing boards.

Advisory Commission on Family Medicine

The Commission distributes funds for the support of family medicine residency programs throughout the state and assists in the recruitment of family medicine residents. All federal Medicaid dollars 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.

Advisory Commission on Family Medicine						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$1,703,558</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,703,558</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$1,703,558	\$0	\$0	\$1,703,558	\$0	0.0

Advisory Commission on Family Medicine						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,703,558	\$0	\$0	\$1,703,558	\$0	0.0
Residency program increases	200,000	0	0	200,000	0	0.0
SB 07-239	<u>\$1,903,558</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,903,558</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$1,903,558	\$0	\$0	\$1,903,558	\$0	0.0
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Increase/(Decrease)	\$200,000	\$0	\$0	\$200,000	\$0	0.0
Percentage Change	11.7%	n/a	n/a	11.7%	n/a	n/a

S.B. 07-239 (Long Bill) Issue Descriptions

Residency program increases: The appropriation includes a total fund increase of \$200,000 to provide additional funding for the family medicine residency training programs. The increase partially restores some of the funding that was cut from this program during the recession in the early 2000s.

Division of Occupational Education

The Division of Occupational Education supervises and administers the occupational education programs of the state and distributes state and federal vocational education funds to the community colleges, local district junior colleges, area vocational schools, secondary school districts, and other state and local educational agencies or institutions with eligible programs. This division also coordinates resources available for the promotion of job development, job training, and job retraining. 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.

Division of Occupational Education						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$51,435,112</u>	<u>\$9,635,902</u>	<u>\$900,000</u>	<u>\$23,360,944</u>	<u>\$17,538,266</u>	<u>34.2</u>
TOTAL	\$51,435,112	\$9,635,902	\$900,000	\$23,360,944	\$17,538,266	34.2
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FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$51,435,112	\$9,635,902	\$900,000	\$23,360,944	\$17,538,266	34.2
Area vocational school support	814,234	814,234	0	0	0	0.0
Colorado Vocational Act distributions	572,397	0	0	572,397	0	0.0

Division of Occupational Education						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Sponsored programs	(260,735)	0	0	0	(260,735)	(2.2)
Fund source adjustment	0	148,261	(148,261)	0	0	0.0
SB 07-239	<u>\$52,561,008</u>	<u>\$10,598,397</u>	<u>\$751,739</u>	<u>\$23,933,341</u>	<u>\$17,277,531</u>	<u>32.0</u>
TOTAL	\$52,561,008	\$10,598,397	\$751,739	\$23,933,341	\$17,277,531	32.0
Increase/(Decrease)	\$1,125,896	\$962,495	(\$148,261)	\$572,397	(\$260,735)	(2.2)
Percentage Change	2.2%	10.0%	(16.5)%	2.5%	(1.5)%	(6.4)%

S.B. 07-239 (Long Bill) Issue Descriptions

Area vocational school support: The appropriation includes an \$814,234 General Fund increase, or 8.5 percent, for the post-secondary activities of the four area vocational schools (Emily Griffith Opportunity School, Delta-Montrose Area Vocational-Technical Center, San Juan Basin Technical College, and Pickens Technical College). This percentage increase is equal to the combined stipend and fee-for-service percentage increase for the governing boards.

Colorado Vocational Act distributions: The appropriation includes a \$572,397, or 2.8 percent, increase in the transfer from the Department of Education to secondary career and technical education programs through the Colorado Vocational Act. The cash funds exempt originates as General Fund or State Education Funds in the Department of Education.

Sponsored programs: The appropriation reflects an anticipated decrease of \$260,735 federal funds and 2.2 FTE for the Division of Occupational Education for the federal Perkins program.

Fund source adjustment: The appropriation includes a decrease of \$148,261 cash funds and an increase of \$148,261 General Fund for administration of the Division of Occupational Education based on lower indirect cost recoveries.

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 and Health Sciences Center. The sources of cash funds are payments by the schools located on the Auraria campus and earned revenue by the Auraria Higher Education Center.

Auraria Higher Education Center						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$14,864,761	\$0	\$14,864,761	\$0	\$0	123.6
SB 07-164	<u>2,390,000</u>	<u>0</u>	<u>2,390,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$17,254,761	\$0	\$17,254,761	\$0	\$0	123.6
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$17,254,761	\$0	\$17,254,761	\$0	\$0	123.6
Increase in campus operating budget	871,326	0	871,326	0	0	0.0
One-time supplemental	(2,390,000)	0	(2,390,000)	0	0	0.0
SB 07-239	<u>\$15,736,087</u>	<u>\$0</u>	<u>\$15,736,087</u>	<u>\$0</u>	<u>\$0</u>	<u>123.6</u>
TOTAL	\$15,736,087	\$0	\$15,736,087	\$0	\$0	123.6
Increase/(Decrease)	(\$1,518,674)	\$0	(\$1,518,674)	\$0	\$0	0.0
Percentage Change	(8.8)%	n/a	(8.8)%	n/a	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Increase in campus operating budget: The board for the Auraria Higher Education Center, which includes representatives from the three tenant institutions, annually establishes the operating budget for the campus and bills the tenant institutions for the costs. The appropriation includes an additional \$871,326 cash funds spending authority based on the requested operating budget, which allows for a maximum increase of 5.9 percent.

One-time supplemental: The appropriation does not continue \$2,390,000 in one-time supplemental cash funds spending authority provided in FY 2006-07 for charges by auxiliary businesses operated by AHEC to enterprises. The Auraria Higher Education Center is exploring designating these auxiliary businesses as enterprises, which would eliminate the need for the cash funds spending authority. The activities of auxiliary businesses operated by the higher education institutions are not traditionally appropriated in the Long Bill unless the revenues are subject to TABOR.

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 funding to beautify state buildings and grounds. Legislation in the 2006 session transferred administration of the Council on the Arts to the Governor's Office.

Council on the Arts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$0	\$0	\$0	\$0	\$0	0.0
SB 06-49	(1,500,000)	0	(1,500,000)	0	0	(2.0)
HB 06-1201	<u>1,500,000</u>	<u>0</u>	<u>1,500,000</u>	<u>0</u>	<u>0</u>	<u>2.0</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$0	\$0	\$0	\$0	\$0	0.0
SB 07-239	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
Increase/(Decrease)	\$0	\$0	\$0	\$0	\$0	0.0
Percent Change	n/a	n/a	n/a	n/a	n/a	n/a

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 to local governments and organizations 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.

State Historical Society						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$31,204,212</u>	<u>\$510,000</u>	<u>\$1,731,046</u>	<u>\$28,094,446</u>	<u>\$868,720</u>	<u>126.9</u>
TOTAL	\$31,204,212	\$510,000	\$1,731,046	\$28,094,446	\$868,720	126.9
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$31,204,212	\$510,000	\$1,731,046	\$28,094,446	\$868,720	126.9
Statewide preservation grant program	692,936	0	0	692,936	0	0.0
Gaming cities distribution	209,190	0	0	209,190	0	0.0

State Historical Society						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Annualize salary increases	119,909	0	(2,599)	108,121	14,387	0.0
Cumbres and Toltec Scenic Railroad	(410,000)	(410,000)	0	0	0	0.0
SB 07-239	<u>\$31,816,247</u>	<u>\$100,000</u>	<u>\$1,728,447</u>	<u>\$29,104,693</u>	<u>\$883,107</u>	<u>126.9</u>
TOTAL	\$31,816,247	\$100,000	\$1,728,447	\$29,104,693	\$883,107	126.9
Increase/(Decrease)	\$612,035	(\$410,000)	(\$2,599)	\$1,010,247	\$14,387	0.0
Percentage Change	2.0%	(80.4)%	(0.2)%	3.6%	1.7%	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Statewide preservation grant program: The appropriation reflects an anticipated \$692,936 increase in statewide preservation grants based on projected gaming revenues that will be deposited in the State Historical Fund through the constitutional formula, less costs for the Society Museum and Preservation Operations appropriated pursuant to Section 12-47.1-1201 (5) (a) (I), C.R.S.

Gaming cities distribution: The appropriation includes an increase of \$209,190 in the forecast of the amount of gaming revenues that will be distributed to gaming cities for historic preservation through the constitutional formula.

Annualize salary increases: The appropriation includes an increase of \$119,909 to annualize salary survey increases awarded in FY 2006-07. This amount is net of the 0.5 percent common policy base personal services reduction. Of the increase, \$108,121 is from the State Historical Fund for the Society Museum and Preservation Operations and reduces the amount of total funds available in the State Historical Fund for the statewide preservation grant program.

Cumbres and Toltec Scenic Railroad: The appropriation includes a reduction of \$410,000 General Fund for the operations of the Cumbres and Toltec Scenic Railroad. The remaining appropriation of \$100,000 matches the operating support provided by New Mexico for the railroad. Ridership in 2006 was up 34.1 percent from 2005 when the extra \$410,000 General Fund was originally provided by the General Assembly to ensure that the railroad had sufficient funds to prepare for the next season (40,662 riders compared to 30,332).

Recent Legislation

2006 Session Bills

S.B. 06-24: Requires public schools to assign each student (including those enrolled in the State Preschool and Kindergarten Program) a unique identification number that will carry through college; requires data sharing between the State Board of Education, Colorado Commission on Higher Education and qualified researchers.

S.B. 06-31: Allows a member of the armed forces or a dependent of a member of the armed forces to receive in-state tuition status and a college opportunity fund stipend for a program offered on or after July 1, 2007, by an institution of higher education that has entered into a performance contract with the department of higher education pursuant to section 23-5-129, C.R.S., and that the eligible undergraduate student attends for credit on a military base.

S.B. 06-49: Transfers administration of the Council on the Arts from the Department of Higher Education to the Office of Economic Development in the Governor's Office. This Appropriations Report describes the effect of S.B. 06-049 as a reduction in funding for the Department of Higher Education and an increase in funding for the Governor - Lieutenant Governor - Office of State Planning and Budgeting. The amount moved from the Department of Higher Education to the Governor - Lieutenant Governor - Office of State Planning and Budgeting is \$1.5 million cash funds and 2.0 FTE. In H.B. 06-1201 \$1.5 million was transferred from limited gaming fund moneys to the State Council on the Arts Cash Fund, and \$1.5 million cash funds and 2.0 FTE was appropriated from the State Council on the Arts Cash Fund to the Council on the Arts.

S.B. 06-136: Authorizes CollegeInvest to develop and maintain a teacher loan forgiveness pilot program. Specifies criteria for the program. Creates the nursing teacher loan forgiveness fund and continuously appropriates the fund to CollegeInvest. Appropriates \$161,600 General Fund to the fund.

S.B. 06-183: Provides a one-time FY 2006-07 appropriation of \$500,000 cash funds from the Operational Account of the Severance Tax Trust Fund to the Board of Governors of the Colorado State University System, for the Water Resources Research Institute.

H.B. 06-1046: Expands the authority of the Division of Private Occupational Schools to allow them to require fingerprints for background checks from teachers teaching students under the age of 16, and to permit them to impose fines on schools that violate the statutes governing private occupational schools. Appropriates \$10,957 cash funds from the Division of Private Occupational Schools Fund in FY 2006-07 for promulgating rules and regulations. Provides \$10,957 cash funds exempt spending authority and 0.1 FTE to the Department of Law to provide legal services to the Division of Private Occupational Schools.

H.B. 06-1201: Beginning in FY 2005-06, from the end-of-year allocation of moneys in the limited gaming fund that would otherwise be transferred to the General Fund, the bill transfers:

- \$19.0 million to the Colorado Travel and Tourism Promotion Fund;
- \$1.5 million to the State Council on the Arts Cash Fund;
- \$0.5 million to the Film Incentives Cash Fund; and
- \$3.0 million to the New Jobs Incentives Cash Fund.

Requires that these distributions be adjusted annually by the rate of inflation for the calendar year ending in the preceding fiscal year. Reduces these transfers proportionally (thereby increasing the amount transferred to the General Fund) if the June Legislative Council Staff revenue forecast indicates that the amount of General Fund will be insufficient to allow the maximum amount of General Fund appropriations permitted by Section 24-75-201.1 (1) (a) (II), C.R.S.

Appropriates \$18,854,587 and 3.0 FTE from the Colorado Travel and Tourism Promotion Fund to the Office of Economic Development – Other Program Costs in the Office of the Governor (with addition of the 3.0 FTE contingent upon passage of H.B. 06-1384). Appropriates \$1.5 million and 2.0 FTE from the State Council on

the Arts Cash Fund to the Council on the Arts in the Department of Higher Education. Appropriates \$500,000 from the Film Incentives Cash Fund to the Economic Development Commission in the Office of the Governor, subject to passage of H.B. 06-1362. Appropriations \$3.0 million cash funds from the New Job Incentives Cash Fund to the Economic Development Commission in the Office of the Governor, subject to passage of H.B. 06-1017.

H.B. 06-1218: Supplemental appropriation to the Department of Higher Education to modify the appropriation included in the FY 2005-06 Long Bill.

H.B. 06-1260: Specifies that the director of CollegeInvest shall be the director of the Student Loan Division in the Department of Higher Education. Repeals the advisory committee on student loans. Increases the limit on the amount of outstanding bonds of CollegeInvest to \$2 billion. Provides that if the CollegeInvest authority sells or transfers all or a substantial portion of its responsibilities, the proceeds of the sale or transfer are subject to appropriation by the general assembly.

H.B. 06-1322: Creates the Colorado Renewable Energy Authority to promote renewable energy technologies. Requires cash fund appropriations from the Operational Account of the Severance Tax Trust Fund for three years, beginning July 1, 2006, subject to certain limitations, of \$2.0 million per year to the Colorado Renewable Energy Authority for the activities of the Authority. Requires cash fund transfers from the Operational Account of the Severance Tax Trust Fund for three years, beginning July 1, 2006, subject to certain limitations, of \$500,000 per year to the Agriculture Value-added Cash Fund to promote agricultural energy-related projects and research. Creates the Climate Change Markets Grant Program, administered by the Department of Public Health and Environment, to provide grants of \$50,000 to Colorado State University, \$50,000 to the Colorado School of Mines, and \$35,000 to the University of Colorado. Transfers \$135,000 in FY 2006-07 from the Operational Account of the Severance Tax Trust Fund to the Department of Public Health and Environment for the Climate Change Markets Grant Program, subject to certain limitations. Makes the following appropriations in FY 2006-07:

- \$2,000,000 cash funds from the Operational Account of the Severance Tax Trust Fund to the Colorado Renewable Energy Authority;
- \$500,000 cash funds exempt from the Agriculture Value-added Cash Fund to the Department of Agriculture; and,
- \$135,000 cash funds exempt from moneys transferred from the Operational Account of the Severance Tax Trust Fund to the Department of Public Health and Environment.

H.B. 06-1385: General appropriations act for FY 2006-07. Also includes supplemental adjustments to modify FY 2005-06 appropriations to the Department of Higher Education.

H.B. 06-1399: If there are moneys remaining in the College Opportunity Fund after the last academic term of a state fiscal year, allows a governing board of an institution of higher education to expend up to three percent of the amount originally authorized as stipends for fee-for-service contracts. Authorizes the Department to transfer General Fund spending authority from stipends to fee-for-service contracts in an equivalent amount to fulfill its fee-for-service contract obligations.

2007 Session Bills

S.B. 07-239: General appropriations act for FY 2007-08. Also includes supplemental adjustments to modify FY 2006-07 appropriations.

S.B. 07-97: Reallocates the portion of the tobacco settlement money received by the state pursuant to the Master Settlement Agreement that was previously credited to the General Fund and Tobacco Litigation Settlement Trust Fund. The bill allocates these moneys as follows:

Program	Percentage
University of Colorado Health Sciences Center	49.0%
Mental Health Services for Juvenile and Adult Offenders	12.0%
Indigent Health Care Provided by Rural and Public Hospitals	8.5%
Local Public Health Services	7.0%
Increase Eligibility in the Children's Basic Health Plan from 200 percent to 205 percent of the Federal Poverty Level	5.0%
Supplement State Contribution for Group Benefit Plans	4.5%
Colorado Immunization Program	4.0%
Expansion of Alcohol and Drug Abuse programs	3.0%
Short-term Grants for Innovative Health Programs	6.0%
Offset Medicaid Shortfall at Children's Hospital	1.0%
Total	100.0%

For more information, see Appendix G.

S.B. 07-164: Supplemental appropriation to the Department of Higher Education to modify the appropriation included in the FY 2006-07 Long Bill.

S.B. 07-182: Creates the Higher Education Competitive Research Authority to administer the Innovative Higher Education Research Fund (the Fund). Requires forty percent of moneys that previously flowed from the Waste Tire Recycling Development Cash Fund to the Advanced Technology Fund to be transferred to the Innovative Higher Education Research Fund. Directs the Authority to provide matching grants from the Fund to Colorado public institutions of higher education for federally sponsored research projects. Requires the authority to provide an annual report on the research projects funded from the fund to the education committees of the House of Representatives and the Senate. Appropriates \$901,854 from the Fund to the Department of Higher Education in FY 2007-08, for distribution to the Higher Education Competitive Research Authority. Reduces FY 2007-08 appropriations from the Advanced Technology Fund to the Department of Higher Education by \$825,000.

Transfers control of the Advanced Technology Fund from the Colorado Commission on Higher Education to the Pollution Prevention Advisory Board in the Department of Public Health and Environment and continuously appropriates the moneys in the Advanced Technology Fund to the Department of Public Health and Environment. Requires the Advisory Board to develop criteria for making research grants from the Advanced Technology Fund for specified purposes and to make the research grants therefrom. Includes, for informational

purposes, a \$495,000 cash funds exempt appropriation from the Advanced Technology Fund to the Department of Public Health and Environment for FY 2007-08 to reflect the amount that is anticipated to be available for expenditure by the Pollution Prevention Advisory Board.

S.B. 07-232: Creates the State Health Care Provider Loan Repayment Program to provide education loan repayments to health professionals who agree to work for at least 2 years in medically under-served communities. Caps the annual amount that a health professional may receive through the program. Directs CollegeInvest to administer the program. Creates the Health Care Provider Loan Repayment Fund to consist of appropriations by the general assembly, an annual transfer of moneys from the Short-term Innovative Health Program Grant Fund for the next 5 years, federal grant moneys, and any moneys received as contributions, gifts, grants, or donations. Specifies that CollegeInvest may allocate assets to the program. For the 2007-08 fiscal year, reduces the appropriation to the Department of Public Health and Environment from the Short-term Innovative Health Program Grant Fund by \$60,000 cash funds exempt, which is the amount of the transfer to the Health Care Provider Loan Repayment Fund. For more information see Appendix G.

H.B. 07-1096: For the 2007-08 fiscal year, appropriates from the Operational Account of the Severance Tax Trust Fund \$150,000 to the Department of Higher Education to be used by the Colorado Water Resources Research Institute.

H.B. 07-1099: Repeals the Colorado Institute of Technology. Repeals the tax credit for contributions to the Colorado Institute of Technology.

H.B. 07-1163: Makes a member of the armed forces, or a dependent of the member, eligible for in-state tuition status if the member is transferred to Colorado on a temporary assignment of duty. Gives all members of the Colorado National Guard, and their dependents, in-state tuition status. Provides that persons eligible for in-state tuition solely because of a person's status as a member of the armed forces or Colorado National Guard are not eligible for a stipend under the college opportunity program. Decreases cash funds exempt appropriations to the Department of Higher Education for tuition by \$120,437.

H.B. 07-1256: Permits an institution of higher education to provide in-state tuition status to a student who moves to Colorado as a result of the student's employer or the student's parent's employer moving to Colorado pursuant to an incentive from the Office of Economic Development or an incentive from a local government. Permits an institution to provide in-state tuition status to a student who moves to Colorado as a result of the student's parent taking a faculty position at a Colorado institution of higher education. Requires the institution to develop a verification process to provide students in-state tuition under these provisions. Prohibits a student receiving in-state tuition pursuant to this provision from receiving state financial aid. In FY 2007-08, appropriates \$20,826 General Fund to the Department of Higher Education, College Opportunity Fund for an estimated 7.8 additional stipend-eligible SFTE as a result of the bill. Also, appropriates \$38,879 cash funds exempt from student stipend payments and resident tuition to the State Board of Community Colleges and Occupational Education State System Community Colleges.

H.B. 07-1359: Accelerates the use of a portion of the moneys that Colorado receives under the Master Settlement Agreement (MSA) and makes up to \$24.4 million of MSA moneys available prior to April 16, 2008, to pay for FY 2006-07 and FY 2007-08 overexpenditures and supplementals of the Children's Basic Health Plan and the Colorado Benefits Management System. Alters the appropriations in the FY 2007-08 Long Bill and in S.B. 07-97 to most MSA supported programs. For more information see Appendix G.

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 juvenile offenders. The Department operates two mental health institutes, three regional centers for persons with developmental disabilities, and ten institutions for juvenile delinquents. The Department also provides funding for indigent mentally ill people, contracts with community centered boards for services for persons with developmental disabilities, and contracts for the supervision and treatment of delinquent juveniles.

Department Budget: Recent Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund	\$484,945,495	\$506,321,863	\$619,666,086	\$641,953,003
Cash Funds	95,417,676	105,626,757	105,029,794	111,121,110
Cash Funds Exempt	641,236,839	676,656,269	601,766,056	649,345,924
Federal Funds	<u>523,554,436</u>	<u>558,588,016</u>	<u>603,475,506</u>	<u>609,170,642</u>
Total Funds	\$1,745,154,446	\$1,847,192,905	\$1,929,937,442	\$2,011,590,679
Full Time Equiv. Staff	5,186.3	5,205.1	5,365.7	5,437.1

General Factors Driving the Budget

Funding for this Department consists of approximately 31.9 percent General Fund, 5.5 percent cash funds, 32.3 percent cash funds exempt, and 30.3 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Community Provider Rate Increases

Some departments of state government contract with community providers to provide services 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. In the Department of Human Services, the following programs typically receive community provider rate increases: County Administration, Child Welfare, Child Care, Mental Health Community Programs, Developmental Disability Services, Vocational Rehabilitation, and community programs in Youth Corrections. A COLA of 1.5 percent was provided to these programs for FY 2007-08, resulting in an overall appropriations increase of \$13.0 million for the Department, including \$5.3 million General Fund.

Child Welfare Services

County departments of social services receive and respond to reports of potential child abuse or neglect under the supervision of the Colorado Department of Human Services. In FY 2005-06, the most recent year of actual data, counties received more than 67,000 reports of abuse or neglect. On average, counties conducted an assessment (investigation) in response to about one in three reports received. Following an assessment, a county is required to provide necessary and appropriate child welfare services to the child and the family. Less than one-third (32 percent) of county assessments result in the county providing child welfare services, which may include in-home support or court-ordered placement in a foster care home or 24-hour child care facility. Of the 57,261 children who received child welfare services in FY 2005-06: nearly two-thirds (60 percent) remained in their own home; 9,199 (16 percent) were children who had been adopted out of foster care but whose families continued to receive support from county departments; and 13,715 (24.0 percent) were in foster care.

Appropriations for child welfare programs for FY 2007-08 (\$409.0 million) consist of 47.5 percent General Fund, 26.7 percent federal funds, and 25.8 percent county funds and various cash fund sources. The vast majority of funds appropriated (about 97 percent) are made available to county departments for the provision of child welfare services. County expenditures are driven by:

- ✓ the number of reports of abuse or neglect received;
- ✓ the number of children and families requiring child welfare services;
- ✓ the number of children who are removed from the home and placed in residential care; and
- ✓ the cost of providing residential care and other services.

Each year, the General Assembly decides whether to increase child welfare funding to cover caseload increases and inflationary increases in the cost of providing services. A county that overspends its annual share of state and federal funds is required to cover the over-expenditure with other funds. County child welfare expenditures have exceeded the annual appropriation in each of the last six fiscal years for which data is available.

	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08
Appropriation for Child Welfare Services and Family and Children's Programs line items (\$ millions)	\$305.6	\$323.0	\$332.0	\$341.9	\$343.2	\$359.3	\$370.4	\$382.3
<i>Percent Change</i>		5.7%	2.8%	3.0%	0.4%	4.7%	3.1%	3.2%
County Expenditures In Excess of Capped Allocations (\$ millions)	\$21.4	\$33.4	\$24.4	\$12.4	\$10.8	\$14.2	n/a	n/a
<i>Shortfall as Percent of Capped Allocations</i>	8.2%	12.4%	8.8%	4.2%	3.7%	3.4%	n/a	n/a

Note: For purposes of providing comparable information, the FY 2002-03 appropriation excludes one-time adjustments associated with the change in Medicaid accruals. Also, please note that the FY 2005-06 appropriation excludes \$4.5 million for training and administrative costs; this amount was previously included in the Family and Children's Programs line item but was transferred to other line items for FY 2005-06.

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 locally coordinated by 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 due to inflation.

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.

All institutional funding and the majority of funding for community-based services for persons with developmental disabilities is for residential services for adults with developmental disabilities. The table below reflects, for FY 2007-08, the total number of participant resources¹ funded, associated dollars, average cost per participant resource, and waiting lists for community programs for persons with disabilities. Adult Comprehensive Services, Adult Supported Living Services, and the Children's Extensive Support programs are funded primarily or entirely by Medicaid. Family Support Services are funded entirely with state General Fund and Early Intervention services are funded primarily by state General Fund.

Community Program Costs ^a	FY 07-08 Funding	# Resources Funded FY 2007-08 ^b	Avg. Cost per Full Year Resource	Waiting List April 2007 ^c
Adult Comprehensive Services	\$247,005,842	3,872	\$63,793	1,368
Adult Supported Living Services	52,858,984	3,584	14,749	2,324
Early Intervention	11,171,495	2,176	5,134	1
Children's Extensive Support	7,184,725	395	18,189	157
Family Support Services	6,461,550	1,176	5,495	4,178
Case Management	22,886,608	11,203	2,043	n/a
Special Purpose	1,055,874	n/a	n/a	n/a
Total	\$348,625,078			

a) Reflects funding in the Developmental Disability Services, Community Services, Program Costs line item. Does not include 403 adult residential resources at the regional centers or services funded with local dollars.

b) A program "resource" is the funding required to provide services to an individual for a year; a resource funded for half of a year is therefore a 0.5 resource. Of the resources shown, 78 adult comprehensive resources and 24 adult supported living services are funded for an average of six months in FY 2007-08. Note that, in a change from prior years, case management costs have been broken out into a separate category; individuals served will receive a case management resource in addition to a direct-service resource.

c) April 2007 count of the persons who request placement by the end of FY 2007-08. (1) Some of these persons are anticipated to be removed from the waiting list during FY 2007-08, based on new resources funded. (2) Early intervention figure solely reflects eligible children receiving no services, generally due to temporary placement delays. Some children are funded through federal Part

¹ A resource is the funding required to serve one individual for one year.

C “payer of last resort” dollars, in the absence of state support. (3) Current funding for the Family Support Services Program is generally spread to serve over 3,000 families, so that many of those on the waiting list are actually receiving some support from the dollars shown.

The following table reflects the overall growth in state funding for community services for persons with developmental disabilities.

State Funding -- Adult and Children's Community Services for Persons with Developmental Disabilities							
Community Programs:	FY 01-02 Approp.	FY 02-03 Approp.*	FY 03-04 Approp.	FY 04-05 Approp.	FY 05-06 Approp.	FY 06-07 Approp.	FY 07-08 Approp.
Total (\$ millions)	\$260.7	\$273.0	\$271.3	\$271.6	\$287.2	\$323.7	\$348.6
Change (\$ millions)	n/a	\$12.3	(\$1.7)	\$0.3	\$15.6	\$36.5	\$24.9
% Change	n/a	4.7%	(0.6)%	0.1%	5.7%	12.7%	7.7%

*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.

Funding for community-based programs for persons with developmental disabilities increased steadily 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 and was kept essentially flat for FY 2004-05. Beginning in FY 2005-06 and continuing in FY 2006-07, cuts taken during the downturn were largely restored and significant increases were provided. This included provision of new funding for adults in "high risk" and emergency situations, new funding for services for infants and toddlers, and additional provider rate increases. However, also in FY 2006-07, federally-required changes in the management of Medicaid developmental disability waiver programs temporarily limited the state's access to federal matching funds and drove additional expenditures of state General Fund dollars to maintain basic service levels. In particular: (1) the State assumed \$7.6 million in direct service costs previously borne by local community centered boards; (2) the State was unable to fully access federal Medicaid matching funds due to federal waiver cap restrictions; and (3) Medicaid billings were temporarily reduced by billing system changes and associated one-time Medicaid cash-accounting savings.

The FY 2007-08 appropriation therefore reflects overall increases in the following categories: (1) \$11.7 for federal Medicaid match transferred from the Department of Health Care Policy and Financing (amount that could not be accessed in FY 2006-07); (2) \$7.7 million for new resources and annualization of resources added in FY 2006-07; (3) \$4.7 million for rate increases; and (4) \$0.8 million for miscellaneous adjustments (primarily an FY 2007-08 leap-year adjustment). Because federally-required billing system changes have reduced the State's control over developmental disability waiver program costs, and because the billing system will still be in transition in FY 2007-08, additional FY 2007-08 appropriations adjustments are anticipated.

Increases in Number of Participants

The table below reflects the growth in the number of participant resources available for persons with developmental disabilities. As reflected in the table, the FY 2005-06 and FY 2006-07 appropriations include

significant increases in the Adult Comprehensive and Supported Living, Children's Early Intervention, and Children's Extensive Support areas.

Persons Served						Resources Funded		
	FY 02 Served June	FY 03 Served June	FY 04 Served June	FY 05 Served June	FY 06 Served June	FY 06 Funded June	FY 07 Approp.	FY 08 Approp.
Adult Comprehensive Resources ¹	3,371	3,496	3,582	3,607	3,652	3,749	3,789	3,872
Percent Change	n/a	3.7%	2.5%	0.7%	1.2%	n/a	1.1%	2.2%
Adult Supported Living Resources	3,529	3,598	3,661	3,663	3,703	3,559	3,568	3,584
Percent Change	n/a	2.0%	1.8%	0.1%	1.1%	n/a	0.3%	0.4%
Early Intervention ²	1,721	1,754	1,912	2,099	2,755	2,072	2,072	2,176
Percent Change	n/a	1.9%	9.0%	9.8%	31.3%	n/a	0.0%	5.0%
Children's Extensive Support	199	215	204	210	341	365	395	395
Percent Change	n/a	8.0%	(5.1)%	2.9%	62.4%	n/a	8.2%	0.0%
Family Support Services ³	4,008	4,145	3,567	3,019	3,651	1,176	1,176	1,176
Percent Change	n/a	3.4%	(13.9)%	(15.4)%	20.9%	n/a	0.0%	0.0%

¹ Does not include 403 residential resources located at the state regional centers for the developmentally disabled.

² "# Served June" is based on the number served on average each month throughout the year.

³ "Served June" is based on the unduplicated number served throughout the year.

When reviewing the table, note that: (1) The number of persons actually served can be larger than the resources funded when providers "stretch" funds to additional persons. This is reflected in the number served versus funded data for FY 2005-06; however, due to Medicaid waiver changes, such "over service" for Medicaid programs is eliminated in FY 2006-07; (2) Most new resources are initially funded for a part year and funding is then annualized in the subsequent year to cover a full year of services. The table reflects the number of persons receiving services *as of June* of each year. (3) 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 2007-08, the average cost for an adult comprehensive resource was \$63,793, but new comprehensive resources for clients transitioning from foster care or placed due to emergencies were added at an average cost of \$89,156 per year.

Rate Increases

The table below reflects the impact of provider rate increases and base rate increases on the budget from FY 2001-02 through FY 2007-08. Provider rate increases are generally provided to qualified programs throughout state government based on a common policy. Base rate increases shown in the table below were provided exclusively for developmental disability programs. 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, but a 2.0 percent provider rate increase was provided for FY 2005-06, a 3.25

percent provider rate increase was added for FY 2006-07, and a 1.79 percent base rate increase on developmental disability residential and case management services was provided beginning the last quarter of FY 2005-06. For FY 2007-08, the provider rate increase is 1.5 percent.

Rate Increases							
	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07*	FY 08
Provider Rate Increase	2.5%	0.0%	0.0%	0.0%	2.0%	3.3%	1.5%
Base Rate Increase	5.3%	2.0%	(2.0)%	0.0%	0.4%	1.4%	0.0%
Total Impact on base of DD Community Programs (\$ millions)	\$11.6	\$3.5	(\$3.5)	\$0.0	\$6.3	\$11.1	\$4.7

* Amounts shown for FY 2005-06 and FY 2006-07 reflect overall base rate increase of 1.79% on selected services implemented beginning the last quarter of FY 2005-06 and annualized in FY 2006-07. Due to federal match restrictions, a portion of the provider rate increase for FY 2006-07 was not provided for 6 months of FY 2006-07; however, the full FY 2006-07 increase shown is built into the FY 2007-08 base.

Division of Youth Corrections

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 period 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.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Projection	FY 07-08 Projection
Detention*	545.0	n/a	n/a	n/a	n/a	n/a
<i>Percent Difference</i>	0.0%	n/a	n/a	n/a	n/a	n/a
Commitment	1,327.8	1,377.4	1,453.5	1,453.4	1,459.7	1,489.4
<i>Percent Difference</i>	0.0%	3.7%	5.5%	0.0%	0.4%	2.0%
Parole**	567.2	532.3	487.9	507.4	537.1	554.0
<i>Percent Difference</i>	0.0%	(6.2)%	(8.3)%	4.0%	5.9%	3.1%

* 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.

The Mental Health Institutes

The state operates two hospitals for the severely mentally ill: the Fort Logan Mental Health Institute, located in Denver, and the Pueblo Mental Health Institute. These institutes are administered by the Department of Human Services. The FY 2007-08 budget for the institutes is \$93.7 million to maintain 548 beds or around 3,250 different patients, including the churn in and out of the institutes. The average cost per bed for the institutes is estimated at \$175,912 in FY 2007-08.

Since the mid-1990s, expenditures for the state mental health institutes have been severely affected by a loss of patient-based revenue, stemming from a decline in the number of patient hospitalizations. The number of beds used at the institutes declined by about a third in the last decade, from 813 in FY 1994-95 to 548 in FY 2007-08. This declining level of patient hospitalization is attributable to two primary factors: (1) changes in the delivery of mental health services resulting from managed care; and (2) the "deinstitutionalization" of clients into a community setting. The use of managed care for mental health services has resulted in fewer hospitalizations in the institutes as mental health providers seek to provide lower cost alternative services in the community. The trend toward "deinstitutionalization" has resulted in shorter hospital stays as patients are moved more quickly to community settings for treatment, instead of being treated through lengthier stays in an institutional setting. Despite the overall decline in census, expenditures have increased at the mental health institutes. The increases are attributable to inflationary factors, including salaries, and increases in staffing intensity, including changes associated with the *Neiberger* lawsuit settlement. Additionally, in FY 2006-07, a new 20 bed competency evaluation unit was opened, slightly offsetting the overall decline in the number of institute beds.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Appropriation	FY 07-08 Appropriation
Institute Budget	\$79,461,197	\$80,524,106	\$83,316,765	\$84,127,915	\$89,194,354	\$93,726,790
FTE	1,286.4	1,183.0	1,192.6	1,195.8	1,272.5	1,303.9
Ft. Logan Avg. Daily Census	171	146	149	149	146	146
Pueblo Avg. Daily Census	<u>439</u>	<u>390</u>	<u>377</u>	<u>377</u>	<u>377</u>	<u>402</u>
Total Avg. Daily Census	610	536	526	526	523	548
Change in Funding	n/a	\$1,062,909	\$2,792,659	\$811,150	\$5,066,439	\$4,532,436
Change in FTE	n/a	(103.4)	9.6	3.2	76.7	31.4
Change in Census	n/a	(74)	(10)	0	(3)	25

County Administration

County Administration provides funding for county departments of social services to administer several programs including food stamps. Appropriations levels have fluctuated over the past few years in response to different factors. The FY 2006-07 Long Bill included an \$8.1 million decision item increase, S.B. 07-165 provided \$1.2 million in emergency property tax relief for 15 counties, and S.B. 06-219 transferred responsibility for medical assistance programs and \$18.3 million in funding to the Department of Health Care Policy and Financing. The appropriation for FY 2007-08 includes a decision item increase of \$4.4 million. The Department is currently funding a workload study in order to determine whether the current levels of funding are adequate.

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 ages 60 and over. It is primarily funded through excise and state sales taxes. The revenues on which the OAP has first call are considerably larger than the current level of expenditures. Revenues that are not utilized for the OAP Program are transferred 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 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Appropriation	FY 07-08 Appropriation
Total Non-Medical Costs*	\$64,042,654	\$67,077,019	\$69,951,930	\$74,472,421	\$77,451,318
<u>Ages 60-64:</u>					
Avg. Number of Persons	5,344	5,562	4,985	4,821	4,800
Avg. Mo. Payment/Person	\$290.25	\$323.75	\$352.29	\$380.22	\$392.33
<u>Age 65 and over:</u>					
Avg. Number of Persons	19,981	19,128	19,250	19,129	19,300
Avg. Mo. Payment/Person	\$181.52	\$201.08	\$215.81	\$232.46	\$242.57

*Total costs exclude the Old Age Pension State Medical Program, which is administered in the Department of Health Care Policy and Financing, and Colorado Benefits Management System costs for the OAP program. The appropriation for FY 2005-06 does not match that contained in H.B. 06-1219 (Department of Human Services supplemental appropriation bill). No action was taken on this line item because it is continuously appropriated.

Aid to the Needy Disabled Programs

The FY 2007-08 Long Bill combines the appropriation for the three Aid to the Needy Disabled (AND) programs into a single line. This change is anticipated to provide the Department with greater flexibility in responding to changes in the number of people in the different programs, and to reduce the need for supplemental budget requests in the future.

The AND Colorado Supplement (AND-CS) program provides supplemental income to individuals receiving Supplemental Security Income (SSI) payments. 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 (MOE) agreement with the Social Security Administration to provide at least as much assistance to SSI recipients in each calendar year as it did in any previous calendar year. The federal government can impose severe financial sanctions on the state for failure to meet the MOE requirement. The State fell short of the required spending level in calendar years 2003, 2004, and 2005, but met the federal requirement for CY 2006.

Salary Survey and Performance Based Pay Awards

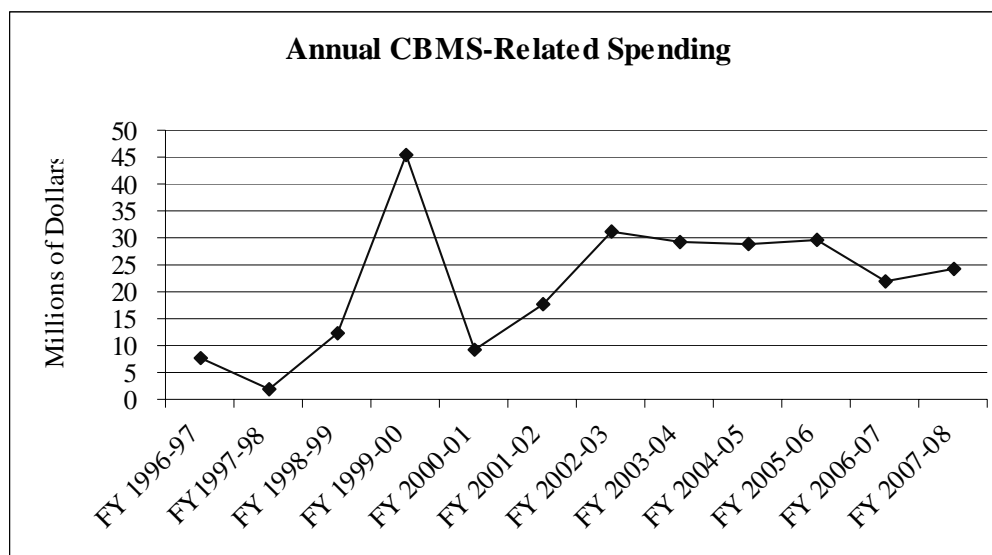
Each year the Department requests salary increases for its employees based on a salary survey of comparable positions in the private sector, as well as an allocation for performance-based pay. For FY 2006-07, a salary survey increase was provided, but there was no provision for performance-based pay.

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 FY 2007-08 Long Bill includes funding to begin the replacement of the Child Care Assistance Program Automated System.

The Colorado Benefits Management System (CBMS), which became operational on September 1, 2004, replaced six different systems used by county staff to determine eligibility for financial, medical, and food stamp benefits. The chart below shows spending for the CBMS system by fiscal year since the initial planning began. The annual spending amounts include both capital and operating expenses, both the direct expenses to develop and maintain the system, as well as indirect expenses such as legal costs and one-time assistance to counties.



Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of Human Services						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$1,929,937,442	\$619,666,086	\$105,029,794	\$601,766,056	\$603,475,506	5,365.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	48,555,878	26,849,145	1,189,633	11,626,143	8,890,957	130.1
Office of Information Technology Services	47,005,108	17,522,341	1,896,864	8,972,955	18,612,948	165.3
Office of Operations	37,932,169	19,878,647	754,551	13,039,136	4,259,835	470.4
County Administration	55,183,168	26,535,699	0	13,725,106	14,922,363	0.0
Division of Child Welfare	397,992,160	189,174,644	0	101,997,387	106,820,129	32.0
Division of Child Care	87,654,251	16,118,916	735,782	9,184,636	61,614,917	64.5
Office of Self Sufficiency	301,630,191	6,778,374	6,635,559	29,235,188	258,981,070	269.1

Department of Human Services						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Mental Health and Alcohol and Drug Abuse Services	201,817,810	114,820,073	8,240,284	22,007,269	56,750,184	1,351.1
Services for People with Disabilities	488,464,465	51,049,912	3,630,018	376,892,479	56,892,056	1,867.8
Adult Assistance Programs	132,156,094	25,265,022	81,857,677	10,614,340	14,419,055	28.5
Division of Youth Corrections	131,546,148	125,673,313	89,426	4,471,417	1,311,992	986.9
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	1,925,546,783	598,213,882	96,432,579	656,304,931	574,595,391	5,332.2
SB 06-45	76,007	0	76,007	0	0	2.0
SB 06-61	442,838	48,274	197,282	197,282	0	0.5
SB 06-122	55,978	0	55,978	0	0	0.0
SB 06-218	25,000	0	25,000	0	0	0.0
SB 06-219	(19,956,252)	10,485,986	0	(30,442,238)	0	0.0
HB 06-1018	1,000,000	0	1,000,000	0	0	0.0
HB 06-1200	5,950,000	0	5,950,000	0	0	0.0
HB 06-1395	4,249,356	(4,692,400)	0	9,898,175	(956,419)	0.0
SB 07-2	8,550	0	0	4,275	4,275	0
SB 07-165	19,364,786	7,807,685	704,332	(18,128,284)	28,981,053	31.0
SB 07-239	(7,545,604)	7,802,659	588,616	(16,108,085)	171,206	0.0
HB 07-1324	720,000	0	0	40,000	680,000	0
FY 2007-08 Total Appropriation:	\$2,011,590,679	\$641,953,003	\$111,121,110	\$649,345,924	\$609,170,642	5,437.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	62,927,147	35,328,331	1,416,588	15,666,025	10,516,203	137.7
Office of Information Technology Services	49,966,973	18,379,977	2,064,203	9,786,769	19,736,024	162.3
Office of Operations	38,879,102	19,769,459	820,601	13,792,125	4,496,917	464.2
County Administration	58,881,878	27,297,260	0	14,654,752	16,929,866	0.0
Division of Child Welfare	409,029,656	194,111,698	0	105,545,848	109,372,110	32.0
Division of Child Care	92,224,911	18,651,536	728,008	10,453,961	62,391,406	65.0
Office of Self Sufficiency	297,662,040	6,912,926	6,638,367	29,204,709	254,906,038	279.1
Mental Health and Alcohol and Drug Abuse Services	214,802,560	124,542,292	9,034,964	24,009,901	57,215,403	1,388.1
Services for People with Disabilities	510,948,734	38,684,850	3,436,129	410,984,532	57,843,223	1,875.9

Department of Human Services						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Adult Assistance Programs	137,345,965	25,377,104	86,892,824	10,643,417	14,432,620	28.5
Division of Youth Corrections	138,921,713	132,897,570	89,426	4,603,885	1,330,832	1,004.3
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	2,002,183,615	641,757,093	109,060,375	642,332,055	609,034,092	5,431.5
SB 07-4	2,862,500	0	53,920	2,808,580	0	1.0
SB 07-97	3,518,000	0	1,445	3,509,073	7,482	0.8
SB 07-146	300,000	0	0	300,000	0	0.3
SB 07-211	59,953	9,692	4,670	20,687	24,904	0.0
SB 07-213	700	0	700	0	0	0.0
SB 07-226	142,561	88,388	0	28,512	25,661	0.0
SB 07-230	0	0	0	0	0	1.0
HB 07-1057	160,366	0	0	160,366	0	0.5
HB 07-1062	1,022,168	0	0	1,022,168	0	1.0
HB 07-1093	57,390	57,390	0	0	0	0.0
HB 07-1100	2,000,000	0	2,000,000	0	0	0.0
HB 07-1274	95,152	0	0	95,152	0	1.0
HB 07-1349	118,943	40,440	0	0	78,503	0.0
HB 07-1359	(930,669)	0	0	(930,669)	0	0.0
Increase/(Decrease)	\$81,653,237	\$22,286,917	\$6,091,316	\$47,579,868	\$5,695,136	71.4
Percentage Change	4.2%	3.6%	5.8%	7.9%	0.9%	1.3%

1/ For FY 2006-07, includes \$68,489 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (A), C.R.S., due to a requirement to implement federal law. For FY 2007-08, includes \$128,828 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (A), C.R.S., due to a requirement to implement federal law. For a summary of all amounts exempt from the statutory limit on state General Fund appropriations, as well as more detail concerning the statutory authority for such exemptions, see Appendix H.

FY 2007-08 Appropriation Highlights:

1. The appropriation provides an increase of \$11.7 million for developmental disability programs based on federal Medicaid match transferred from the Department of Health Care Policy and Financing. In FY 2006-07, Colorado was unable to fully access federal matching funds normally available for developmental disability Medicaid waiver programs due to federal waiver restrictions. Federal matching funds are expected to be fully accessed in FY 2007-08.

2. The appropriation adds \$6.1 million General Fund for the mental health institutes, primarily to cover common policy salary survey adjustments, annualize costs associated with a new 20 bed competency evaluation unit, and address declining revenue. Includes \$0.5 million for nurse retention.
3. The appropriation reflects an increase of \$5.5 million General Fund for salary and benefits, such as salary survey and performance-based pay.
4. The appropriation reflects an increase of \$5.3 million General Fund for a 1.5 percent provider rate increase.
5. The appropriation adds \$4.4 million for County Administration to address additional workload related to determining eligibility for state assistance programs.
6. The appropriation adds \$4.3 million for new developmental disability resources, including funding to serve 78 adults in residential placements for six months, to serve 24 adults in supported living placements for six months, and to provide early intervention services to 104 infants and toddlers for a year. The appropriation also adds \$3.4 million to annualize amounts added in FY 2006-07 for new developmental disability placements.
7. The appropriation adds \$2.8 million cash funds exempt custodial funds that are projected to be received from insurance companies for early intervention services for infants and toddlers, pursuant to S.B. 07-4.
8. The appropriation adds \$2.1 million cash funds exempt for mental health services for offenders and \$0.5 million cash funds exempt for alcohol and drug abuse treatment and prevention services from tobacco litigation settlement funds appropriated in S.B. 07-97 and H.B. 07-1359.
9. The appropriation reallocates \$2.0 million from the Colorado Child Care Assistance Program to support statewide expansion of early childhood councils, pursuant to H.B. 07-1062.
10. The appropriation reflects an increase of \$1.9 million General Fund to restore funding for the S.B. 91-94 programs. These programs provide alternatives to detention in order to reduce the reliance on the State's secure detention beds.
11. The appropriation reflects an increase of \$1.7 million General Fund for caseload increases within the child welfare system.
12. The appropriation reflects a one-time increase of \$1.6 million to implement county-oriented updates and improvements to the Colorado Benefits Management System (CBMS) system.
13. Reflects an increase to the base funding for CBMS change requests by \$1.5 million in response to the actual experience with the system.
14. The appropriation adds \$1.4 million to provide mental health services to an additional 446 indigent mentally ill clients.
15. The appropriation restores \$1.4 million for the Child Care Assistance Program that was eliminated in FY 2006-07 due to under-utilization. This includes \$3.4 million restored in the Long Bill offset by the reduction of \$2.0 million pursuant to H.B. 07-1062.

16. The appropriation adds \$1.3 million to expand the Short-term Intensive Residential Remediation Treatment (STIRRT) program for adults involved in the criminal justice system.
17. The appropriation adds 14.5 FTE and associated funding (29.0 FTE for six months) for the Regional Centers for the developmentally disabled to increase staffing intensity.
18. The appropriation adds \$460,000 for community-based mental health services for veterans and youth pursuant to S.B. 07-146 and H.B. 07-1057.

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, and 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) the Colorado Commission for the Deaf and Hard of Hearing (4) compliance 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.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$49,475,278	\$27,666,471	\$1,129,824	\$11,982,414	\$8,696,569	129.1
SB 06-45	38,873	0	38,873	0	0	1.0
SB 06-219	(29,023)	(29,023)	0	0	0	0.0
SB 07-165	<u>(929,250)</u>	<u>(788,303)</u>	<u>20,936</u>	<u>(356,271)</u>	<u>194,388</u>	<u>0.0</u>
TOTAL	\$48,555,878	\$26,849,145	\$1,189,633	\$11,626,143	\$8,890,957	130.1
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$48,555,878	\$26,849,145	\$1,189,633	\$11,626,143	\$8,890,957	130.1

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Salary and benefits adjustments	9,046,389	5,541,800	143,609	1,900,645	1,460,335	0.0
Salary survey adjustment	1,733,278	1,283,078	4,655	422,759	22,786	0.0
Common policy adjustments	1,445,002	613,042	16,737	715,114	100,109	0.0
Annualize FY 2006-07 supplemental funding	987,636	694,703	0	292,933	0	0.0
Transfer of line item from DD	775,888	131,164	0	644,724	0	2.3
HIPAA maintenance	222,375	166,781	0	44,475	11,119	0.0
Annualize salary increases	192,702	85,122	11,090	25,024	71,466	0.0
Records and reports staff increase	61,326	0	61,326	0	0	1.3
DD Council	6,563	0	0	0	6,563	0.0
CBMS emergency processing unit	(52,818)	(18,223)	(4,225)	0	(30,370)	4.0
Base reduction	(44,067)	(18,281)	(3,232)	(5,792)	(16,762)	0.0
Eliminate one-time funding	(3,005)	0	(3,005)	0	0	0.0
SB 07-239	<u>\$62,927,147</u>	<u>\$35,328,331</u>	<u>\$1,416,588</u>	<u>\$15,666,025</u>	<u>\$10,516,203</u>	<u>137.7</u>
TOTAL	<u>\$62,927,147</u>	<u>\$35,328,331</u>	<u>\$1,416,588</u>	<u>\$15,666,025</u>	<u>\$10,516,203</u>	<u>137.7</u>
Increase/(Decrease)	\$14,371,269	\$8,479,186	\$226,955	\$4,039,882	\$1,625,246	7.6
Percentage Change	29.6%	31.6%	19.1%	34.7%	18.3%	5.8%

S.B. 07-239 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation reflects an increase to various line items that contain salary and benefits funding. These items include salary survey; state contributions to health, life, and dental; and others such as shift differential and S.B. 04-257 amortization equalization disbursement for PERA.

Salary survey adjustment: The appropriation reflects increases to the salary survey base due to a FY 2006-07 supplemental decrease resulting from a database miscalculation.

Common policy adjustments: The appropriation reflects an increase for common policy adjustments to line items such as vehicle lease payments and communication services payments.

Annualize FY 2006-07 supplemental funding: The appropriation reflects an increase related to the annualization of FY 2006-07 funding for health, life, and dental benefits and short-term disability associated with operating the 20-bed mental health facility in Pueblo.

Transfer of line item from DD: The appropriation reflects the transfer of the Colorado Commission for the Deaf and Hard of Hearing line item from Services for People with Disabilities to the Executive Director's Office.

HIPAA maintenance: The appropriation reflects an increase for ongoing maintenance costs for information technology hardware and software in order to adhere to federal HIPAA security rules and regulations.

Annualize salary increases: The appropriation includes salary increases allocated to the Division in FY 2006-07.

Records and reports staff increase: The appropriation reflects an increase to allow the Department to process child abuse dispute reviews and background investigations in a timely manner and to address caseload increases and backlogs.

DD Council: The appropriation reflects an increase in federal funding for the Developmental Disabilities Council.

CBMS emergency processing unit: The appropriation reflects a decrease in funding but an increase in FTE for the CBMS emergency processing unit. This line item, recently added for FY 2006-07, will support FTE in FY 2007-08 due to the expected duration of the project.

Base reduction: The appropriation reflects a base reduction of 0.5 percent of base salaries.

Eliminate one-time funding: The appropriation eliminates one-time funding for computer costs associated with S.B. 06-45.

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 funds to purchase 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 (CBMS), the Colorado Financial Management System, and the Colorado Trails information system. 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 significant source of cash funds exempt is Medicaid transferred from the Department of Health Care Policy and Financing. Significant sources of federal funds include Title IV-E of the Social Security Act and Temporary Assistance for Needy Families (TANF).

Office of Information Technology Services						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$47,207,803	\$17,889,578	\$1,806,807	\$8,662,558	\$18,848,860	165.3
SB 07-2	8,550	0	0	4,275	4,275	0.0
SB 07-165	(623,095)	(431,877)	57,006	163,169	(411,393)	0.0

Office of Information Technology Services						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-239	<u>411,850</u>	<u>64,640</u>	<u>33,051</u>	<u>142,953</u>	<u>171,206</u>	<u>0.0</u>
TOTAL	\$47,005,108	\$17,522,341	\$1,896,864	\$8,972,955	\$18,612,948	165.3
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$47,005,108	\$17,522,341	\$1,896,864	\$8,972,955	\$18,612,948	165.3
CBMS one-time county-oriented funding	1,585,923	248,910	127,270	550,475	659,268	0.0
CBMS change request base increase	1,543,426	242,241	123,860	535,723	641,602	0.0
Payments to other agencies	813,357	389,842	(14,827)	18,763	419,579	0.0
CBMS disaster recovery hardware	562,418	88,272	45,134	195,215	233,797	0.0
EDS annual contract increase	555,226	64,392	32,924	142,403	315,507	0.0
Personal services adjustments	228,038	121,531	4,672	28,313	73,522	0.0
CBMS Children's Basic Health Plan premiums assistance	183,000	28,721	14,686	63,520	76,073	0.0
HIMS annualization	1,400	1,400	0	0	0	0.0
Client index project	0	0	0	0	0	3.0
Eliminate one-time funding	(1,966,767)	(307,347)	(157,146)	(683,971)	(818,303)	0.0
Transfer IT support staff	(430,847)	0	0	0	(430,847)	(6.0)
Dissolve Office of CBMS	(191,262)	(30,018)	(15,349)	(66,387)	(79,508)	0.0
SB 07-239	\$49,889,020	\$18,370,285	\$2,058,088	\$9,757,009	\$19,703,638	162.3
SB 07-97	18,000	0	1,445	9,073	7,482	0.0
SB 07-211	<u>59,953</u>	<u>9,692</u>	<u>4,670</u>	<u>20,687</u>	<u>24,904</u>	<u>0.0</u>
TOTAL	\$49,966,973	\$18,379,977	\$2,064,203	\$9,786,769	\$19,736,024	162.3
Increase/(Decrease)	\$2,961,865	\$857,636	\$167,339	\$813,814	\$1,123,076	(3.0)
Percentage Change	6.3%	4.9%	8.8%	9.1%	6.0%	(1.8)%

1/ For FY 2006-07, includes \$68,489 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (A), C.R.S., due to a requirement to implement federal law. These funds were appropriated for CBMS modifications needed to meet mandatory federal changes in eligibility processing for various programs.

S.B. 07- 239 (Long Bill) Issue Descriptions

CBMS one-time county-oriented funding: The appropriation includes one-time funding for expanding and updating several aspects of the CBMS system that impact county operations. These include modifications to the online help system and increased training of county personnel.

CBMS change request base increase: The appropriation includes an increase in the base appropriation for CBMS change requests. Experience with the system to date indicates that the initial estimates for the cost of keeping the system current with changing federal and state requirements, as well as adding features based on user feedback, were too low. This increase is expected to stem, in large part, the need for mid-year supplemental requests.

Payments to other agencies: The appropriation reflects common policy for payments to other agencies for the state multiuse network, for purchase of services from the state computer center, and for the state emergency communication services.

CBMS disaster recovery hardware: The current disaster recovery hardware for the CBMS system would be able to serve only a small fraction of the normal system load if the primary system were to fail. The appropriation includes funding to upgrade the disaster recovery system so that it can serve the full load if necessary.

EDS annual contract increase: The State's contract with EDS, Inc. for maintenance and operations support for the CBMS system includes a payment schedule which increases each year. The appropriation reflects the annual increase in this contractual payment.

Personal services adjustments: The appropriation reflects common policy with regard to adjustments to personal services line items. The adjustments include annualizing salary survey amounts awarded in FY 2006-07 and a 0.5 percent base reduction.

CBMS Children's Basic Health Plan premiums assistance: The appropriation reflects one-time funding for CBMS changes to support this new program. This adjustment appears within the Department of Human Services because of the way that CBMS changes must be funded. A more complete description of this project is included in the Department of Health Care Policy and Financing.

HIMS annualization: The appropriation annualizes funding for a Health Information Management System (HIMS) terminal that the Department must maintain due to changes at a youth corrections facility.

Client Index Project: The Client Index Project has been staffed with contract employees. The project will be ongoing, and the appropriation includes an authorization to convert contract staff to full-time state employees.

Eliminate one-time funding: The appropriation eliminates several one-time appropriations.

Transfer IT support staff: The appropriation transfers 6.0 FTE to the Disability Determination unit to better track the expenditure of federal Social Security Administration funds.

Dissolve Office of CBMS: The Governor issued an Executive Order dissolving the Office of CBMS. The appropriation eliminates funding for this Office for FY 2007-08. The appropriation also reflects the transfer of the remaining employees to the Departments of Human Services and Health Care Policy and Financing where they will continue their current CBMS-related assignments.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Office of Operations

This section contains appropriations for various central departmental functions and incorporates four department units: Facilities Management, Accounting, Procurement, and Contract Management. The largest of these, the *Division of Facilities Management*, is responsible for operating, cleaning, and maintaining all 301 Department buildings and facilities, including youth correctional facilities, the two state mental health institute

campuses, and three regional centers for the developmentally disabled, in addition to Department office buildings. The Department's vehicle leases and facility utility costs are also managed by this division. The *Division of Accounting* manages all departmental financial operations and resources, including payments to counties and service providers throughout the State for human services programs, Medicaid, Medicare and private party billing for the Department's various community and institutional programs, and overall accounts and controls over expenditures and revenues from multiple state and federal sources. The *Procurement Division* purchases goods and services for Departmental programs and operates warehouses and distribution centers for all facilities that house direct care clients. The *Contract Management Unit* is responsible for managing the contracting process in the Department including development, approval, and oversight of performance of all Department contracts.

OFFICE OF OPERATIONS STAFFING	
Division or Unit	FTE
Division of Facilities Management	318.2
Division of Accounting	116.0
Procurement Division	26.0
Contract Management Unit	3.0
Administration	1.0
TOTAL	464.2

Cash funds, cash funds exempt, and federal funds are from various sources, including indirect cost recoveries, since this Office supports programs throughout the Department. A portion of the cash funds exempt amounts are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF). These funds are appropriated as 50 percent General Fund and 50 percent federal funds in HCPF.

Office of Operations						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$37,928,628	\$19,965,486	\$754,875	\$12,940,698	\$4,267,569	470.8
SB 06-219	(56,000)	(29,024)	0	(26,976)	0	(1.0)
SB 07-165	<u>59,541</u>	<u>(57,815)</u>	<u>(324)</u>	<u>125,414</u>	<u>(7,734)</u>	<u>0.6</u>
TOTAL	\$37,932,169	\$19,878,647	\$754,551	\$13,039,136	\$4,259,835	470.4
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$37,932,169	\$19,878,647	\$754,551	\$13,039,136	\$4,259,835	470.4
Annualize salary increases	347,663	88,737	15,441	81,157	162,328	0.0
Facilities maintenance operating costs	288,753	225,227	0	63,526	0	0.0
Annualize prior year increases	154,014	71,638	0	80,015	2,361	2.8

Office of Operations						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Capitol complex leased space	151,159	75,579	0	0	75,580	0.0
Vehicle lease common policy	65,491	28,175	(405)	31,996	5,725	0.0
Nursing home indirect costs adjustment	0	(541,925)	0	541,925	0	0.0
Unused FTE authority	0	0	0	0	0	(10.0)
Base reduction	(114,067)	(56,619)	(2,906)	(45,630)	(8,912)	0.0
SB 07-239	\$38,825,182	\$19,769,459	\$766,681	\$13,792,125	\$4,496,917	463.2
SB 07-4	<u>53,920</u>	<u>0</u>	<u>53,920</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$38,879,102	\$19,769,459	\$820,601	\$13,792,125	\$4,496,917	464.2
Increase/(Decrease)	\$946,933	(\$109,188)	\$66,050	\$752,989	\$237,082	(6.2)
Percentage Change	2.5%	(0.5)%	8.8%	5.8%	5.6%	(1.3)%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary increases: The appropriation includes salary increases allocated to this Division in FY 2006-07.

Facilities maintenance operating costs: The appropriation includes an increase for operating costs associated with ongoing upkeep and maintenance of buildings including the mental health institutes, regional centers, and youth corrections facilities.

Annualize prior year increases: The appropriation includes annualization primarily associated with the opening of the Sol Vista youth corrections facility and the Department of Corrections La Vista facility on the Pueblo campus, and the opening of a new mental health institute competency evaluation unit in FY 2006-07.

Capitol complex leased space: The appropriation includes adjustments that are a function of recoverable overhead amounts in the Department of Personnel and Administration and the Department of Human Services' proportionate share of utilization.

Vehicle lease common policy: The appropriation includes the replacement of 35 vehicles and the annualization of vehicles replaced and added in FY 2006-07.

Nursing home indirect costs adjustment: This appropriation has a net zero General Fund impact department-wide. The appropriation moves General Fund that supports indirect costs for the state and veterans nursing homes and moves the General Fund to the Services for People with Disabilities section so that funds supporting the nursing homes are more visible. The General Fund in the Office of Operations is replaced with cash funds exempt.

Base reduction. The appropriation reflects a base reduction of 0.5 percent of base salaries.

Unused FTE authority: The appropriation includes a reduction of 10.0 FTE (but no associated funding) to more closely align the appropriation with actual FTE utilization in the division.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 also administer the Colorado Works Program (in the Office of Self Sufficiency); however, that administrative funding is shown 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 (Division of Child Welfare and Division of Child Care, respectively); like the Works Program, administrative funding and program funding are reflected in the same section.

Cash funds 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 funds include the Title XX Social Services Block Grant and various other sources.

County Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$72,279,618	\$25,328,781	\$0	\$32,028,474	\$14,922,363	0.0
SB 06-219	(18,306,628)	0	0	(18,306,628)	0	0.0
SB 07-165	<u>1,210,178</u>	<u>1,206,918</u>	<u>0</u>	<u>3,260</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$55,183,168	\$26,535,699	\$0	\$13,725,106	\$14,922,363	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$55,183,168	\$26,535,699	\$0	\$13,725,106	\$14,922,363	0.0
Increased funding for county administration	4,350,410	1,740,164	0	826,578	1,783,668	0.0
Provider rate increase	540,694	214,088	0	102,771	223,835	0.0
Annualization for H.B. 06S-1023	1,483	1,186	0	297	0	0.0
Eliminate one-time funding	(1,193,877)	(1,193,877)	0	0	0	0.0
SB 07-239	<u>\$58,881,878</u>	<u>\$27,297,260</u>	<u>\$0</u>	<u>\$14,654,752</u>	<u>\$16,929,866</u>	<u>0.0</u>
TOTAL	\$58,881,878	\$27,297,260	\$0	\$14,654,752	\$16,929,866	0.0

County Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$3,698,710	\$761,561	\$0	\$929,646	\$2,007,503	0.0
Percentage Change	6.7%	2.9%	n/a	6.8%	13.5%	n/a

S.B. 07- 239 (Long Bill) Issue Descriptions

Increased funding for county administration: Colorado employs a highly decentralized, state-supervised, county-administered model for the delivery of social services. The appropriation includes an increase of \$4.3 million in state payments to Colorado counties for their role in administering social service programs.

Provider rate increase: The General Assembly has traditionally applied the common policy provider rate increase to the county administration line to adjust for inflation. The appropriation includes a 1.5 percent increase calculated from last year's base appropriation.

Annualization for H.B. 06S-1023: The counties incur additional costs in administering social services as a result of the requirements of H.B. 06S-1023 (immigration reform). The appropriation includes an increase due to annualizing those expenses, less one-time costs incurred only in FY 2006-07.

Eliminate one-time funding: In FY 2006-07, one-time funding for emergency property tax relief for certain counties where the cost of delivering social services is high relative to their property tax valuation base was included in the budget. The appropriation eliminates this one-time funding.

Division of Child Welfare

This section provides funding and state staff associated with the state supervision and county administration of programs that protect children from harm and assist families in caring for and protecting their children. 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, docket fee revenues, 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.

Division of Child Welfare						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$395,854,214	\$192,976,179	\$0	\$95,129,764	\$107,748,271	32.0
SB 06-219	(1,593,624)	0	0	(1,593,624)	0	0.0
HB 06-1395	3,623,768	(3,860,114)	0	8,440,301	(956,419)	0.0
SB 07-165	<u>107,802</u>	<u>58,579</u>	<u>0</u>	<u>20,946</u>	<u>28,277</u>	<u>0.0</u>
TOTAL	\$397,992,160	\$189,174,644	\$0	\$101,997,387	\$106,820,129	32.0

Division of Child Welfare						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$397,992,160	\$189,174,644	\$0	\$101,997,387	\$106,820,129	32.0
Cost-of-living adjustment	5,636,813	2,832,762	0	1,343,814	1,460,237	0.0
Population increases	3,690,262	1,661,450	0	967,306	1,061,506	0.0
Collaborative management incentive increase	1,088,750	0	0	1,088,750	0	0.0
Leap year adjustment	495,077	364,605	0	130,472	0	0.0
Annualize salary increases	54,735	28,953	0	1,153	24,629	0.0
Eliminate one-time funding	(57,768)	(31,879)	0	(10,939)	(14,950)	0.0
Base reduction	(12,934)	(7,225)	0	(607)	(5,102)	0.0
SB 07-239	\$408,887,095	\$194,023,310	\$0	\$105,517,336	\$109,346,449	32.0
SB 07-226	<u>142,561</u>	<u>88,388</u>	<u>0</u>	<u>28,512</u>	<u>25,661</u>	<u>0.0</u>
TOTAL	\$409,029,656	\$194,111,698	\$0	\$105,545,848	\$109,372,110	32.0
Increase/(Decrease)	\$11,037,496	\$4,937,054	\$0	\$3,548,461	\$2,551,981	0.0
Percentage Change	2.8%	2.6%	n/a	3.5%	2.4%	0.0%

/1 For FY 2007-08, includes \$88,388 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (A), C.R.S., because S.B. 07-226 is implementing the federal Safe and Timely Interstate Placement of Foster Children Act of 2006, the Child and Family Services Improvement Act of 2006, and the Adam Walsh Child Protection and Safety Act of 2006. For a summary of all amounts exempt from the statutory limit on state General Fund appropriations, as well as more detail concerning the statutory authority for such exemptions, see Appendix H.

S.B. 07-239 (Long Bill) Issue Descriptions

Cost-of-living adjustment: The appropriation includes an increase of 1.5 percent for cost-of-living adjustments.

Population increases: The child and adolescent population (ages 0-17) is projected to grow at 1.10 percent in FY 2007-08. To account for this growth, the appropriation includes funding increases equal to the projected population increase, which are then allocated to each county.

Collaborative management incentive increase: The appropriation adds funding for additional counties participating in the Collaborative Management Program.

Leap year adjustment: The appropriation reflects an increase to account for an additional day of services and contractual obligations due to FY 2007-08 being a leap year.

Annualize salary increases: The appropriation includes salary increases allocated to the Division in FY 2006-07.

Eliminate one-time funding: The appropriation eliminates one-time funding to cover county costs to implement H.B. 06S-1023 (immigration reform).

Base reduction: The appropriation reflects a base reduction of 0.5 percent of base salaries.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 (CCAP), through which counties provide child care subsidies to low income families and families transitioning from the Colorado Works Program. An estimated 16,455 children per month will receive CCAP assistance in FY 2007-08. 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. An estimated 7,280 child care homes and facilities will be licensed by the Division in FY 2007-08. Cash funds sources shown 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.

Division of Child Care						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$92,749,745	\$18,618,916	\$698,648	\$9,710,598	\$63,721,583	63.5
SB 06-45	37,134	0	37,134	0	0	1.0
SB 07-165	<u>(5,132,628)</u>	<u>(2,500,000)</u>	<u>0</u>	<u>(525,962)</u>	<u>(2,106,666)</u>	<u>0.0</u>
TOTAL	\$87,654,251	\$16,118,916	\$735,782	\$9,184,636	\$61,614,917	64.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$87,654,251	\$16,118,916	\$735,782	\$9,184,636	\$61,614,917	64.5
Child Care Assistance Program utilization	3,403,823	2,500,000	0	247,157	656,666	0.0
Annualize salary increases	89,008	44,231	13,269	0	31,508	0.0
CHATs system rebuild	73,924	0	0	0	73,924	0.0
Provider rate increase	27,053	0	0	0	27,053	0.0
Fund split adjustment	0	(1,662)	1,662	0	0	0.0
Base reduction	(20,472)	(9,949)	(2,861)	0	(7,662)	0.0
Annualize prior year bill	(19,844)	0	(19,844)	0	0	(0.5)
Sunset provider loan program	(5,000)	0	0	0	(5,000)	0.0
SB 07-239	\$91,202,743	\$18,651,536	\$728,008	\$9,431,793	\$62,391,406	64.0
HB 07-1062	<u>1,022,168</u>	<u>0</u>	<u>0</u>	<u>1,022,168</u>	<u>0</u>	<u>1.0</u>

Division of Child Care						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$92,224,911	\$18,651,536	\$728,008	\$10,453,961	\$62,391,406	65.0
Increase/(Decrease)	\$4,570,660	\$2,532,620	(\$7,774)	\$1,269,325	\$776,489	0.5
Percentage Change	5.2%	15.7%	(1.1)%	13.8%	1.3%	0.8%

S.B. 07-239 (Long Bill) Issue Descriptions

Child Care Assistance Program utilization: The appropriation for the Colorado Child Care Assistance Program (CCAP) was reduced by \$5.1 million in FY 2006-07 based on projected underutilization of the program that provides child care subsidies to low-income families. The reduction is partially restored in FY 2007-08, based on the expectation that utilization will rebound.

Annualize salary increases: The appropriation includes salary increases allocated to this division in FY 2006-07.

CHATs system rebuild: The appropriation includes a rebuild of the Child Care Automated Tracking System. The majority of the \$8.6 million in funding associated with this project is included in the capital construction budget.

Provider rate increase: The appropriation includes a cost-of-living adjustment for child care licensing contracts. No increase is provided for the CCAP program due to FY 2006-07 underutilization.

Base reduction: The appropriation includes a base reduction of 0.5 percent of base salaries.

Annualize prior year bill: The appropriation annualizes costs associated with S.B. 06-45, consistent with the fiscal note.

Sunset provider loan program: The appropriation eliminates funding for a educational loan program for child care providers, as the program sunsets in June 2007.

Fund split adjustment: The appropriation includes a small fund split adjustment to offset General Fund with anticipated cash funds revenues.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Office of Self Sufficiency

This section contains appropriations for cash assistance programs for specific populations, including the Colorado Works, Low-income Energy Assistance Program (LEAP), child support enforcement, and disability determination programs. Additional detail on funding changes in the Office of Self Sufficiency is reflected in the subsection tables and narratives below.

Office of Self Sufficiency						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$274,379,729	\$6,782,220	\$684,199	\$29,229,808	\$237,683,502	269.1
HB 06-1200	5,950,000	0	5,950,000	0	0	0.0
SB 07-165	<u>21,300,462</u>	<u>(3,846)</u>	<u>1,360</u>	<u>5,380</u>	<u>21,297,568</u>	<u>0.0</u>
TOTAL	\$301,630,191	\$6,778,374	\$6,635,559	\$29,235,188	\$258,981,070	269.1
FY 2007-08 Appropriation:						
SB 07-239	\$297,543,097	\$6,872,486	\$6,638,367	\$29,204,709	\$254,827,535	279.1
HB 07-1349	<u>118,943</u>	<u>40,440</u>	<u>0</u>	<u>0</u>	<u>78,503</u>	<u>0.0</u>
TOTAL	\$297,662,040	\$6,912,926	\$6,638,367	\$29,204,709	\$254,906,038	279.1
Increase/(Decrease)	(\$3,968,151)	\$134,552	\$2,808	(\$30,479)	(\$4,075,032)	10.0
Percentage Change	(1.3)%	2.0%	0.0%	(0.1)%	(1.6)%	3.7%

1/ For FY 2007-08, includes \$40,400 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (A), C.R.S., due to a requirement to implement federal law. For additional detail on this exemption, see the description of H.B. 07-1349.

Administration

This subsection of the Office of Self Sufficiency 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.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$1,609,901	\$614,607	\$0	\$0	\$995,294	19.0
SB 07-165	<u>2,046</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,046</u>	<u>0.0</u>
TOTAL	\$1,611,947	\$614,607	\$0	\$0	\$997,340	19.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,611,947	\$614,607	\$0	\$0	\$997,340	19.0
Additional Food Stamp FTE	163,395	81,697	0	0	81,698	3.0
Personal services adjustment	18,388	25,063	0	0	(6,675)	0.0

<i>Administration</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Eliminate one-time funding	(102,745)	(51,372)	0	0	(51,373)	0.0
SB 07-239	<u>\$1,690,985</u>	<u>\$669,995</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,020,990</u>	<u>22.0</u>
TOTAL	\$1,690,985	\$669,995	\$0	\$0	\$1,020,990	22.0
Increase/(Decrease)	\$79,038	\$55,388	\$0	\$0	\$23,650	3.0
Percentage Change	4.9%	9.0%	n/a	n/a	2.4%	15.8%

S.B. 07-239 (Long Bill) Issue Descriptions

Additional Food Stamp FTE: The state has experienced a large increase in Food Stamp caseload in recent years, and has encountered a variety of problems in supervising the counties' administration of that program. This has led to potential federal sanctions for failing to meet the necessary targets. The appropriation includes funding for 3.0 FTE who will be responsible for additional county training and development of improved compliance plans.

Personal services adjustment: The appropriation reflects common policy with regard to adjustments to personal services line items. The adjustments include annualizing salary survey amounts awarded in FY 2006-07 and a 0.5 percent base reduction.

Eliminate one-time funding: The appropriation removes one-time funding from decision items included in the FY 2006-07 Long Bill.

Colorado Works Program

This subsection of the Office of Self Sufficiency 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.

<i>Colorado Works Program</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$199,586,724	\$627,726	\$0	\$25,673,033	\$173,285,965	17.0
SB 07-165	<u>21,298,416</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>21,298,416</u>	<u>0.0</u>
TOTAL	\$220,885,140	\$627,726	\$0	\$25,673,033	\$194,584,381	17.0

<i>Colorado Works Program</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$220,885,140	\$627,726	\$0	\$25,673,033	\$194,584,381	17.0
CBMS changes due to federal TANF reauthorization	150,000	0	0	0	150,000	0.0
Personal services adjustment	18,998	0	0	0	18,998	0.0
Fraud investigation staff	0	0	0	0	0	1.0
Eliminate one-time funding	(5,118,325)	0	0	0	(5,118,325)	0.0
JBC reduction	(25,000)	0	0	(25,000)	0	0.0
SB 07-239	<u>\$215,910,813</u>	<u>\$627,726</u>	<u>\$0</u>	<u>\$25,648,033</u>	<u>\$189,635,054</u>	<u>18.0</u>
TOTAL	\$215,910,813	\$627,726	\$0	\$25,648,033	\$189,635,054	18.0
Increase/(Decrease)	(\$4,974,327)	\$0	\$0	(\$25,000)	(\$4,949,327)	1.0
Percentage Change	(2.3)%	0.0%	n/a	(0.1)%	(2.5)%	5.9%

S.B. 07-239 (Long Bill) Issue Descriptions

CBMS changes due to federal TANF reauthorization: In 2006, the federal government reauthorized the Temporary Assistance for Needy Families (TANF) program and made substantial changes in the requirements which state programs must meet. The appropriation includes increased funding for modifications to the CBMS system to support the collection of additional information which will allow counties to better meet the new federal requirements.

Personal services adjustment: The appropriation reflects common policy with regard to adjustments to personal services line items. The adjustments include annualizing salary survey amounts awarded in FY 2006-07 and a 0.5 percent base reduction.

Eliminate one-time funding: The appropriation eliminates one-time expenditures contained in FY 2006-07 legislation.

JBC reduction: The appropriation reduces cash fund exempt spending from the Colorado Domestic Abuse Program Fund based on the projected level of funds that will be available.

Fraud investigation staff: The appropriation adds 1.0 FTE, paid for within existing resources, dedicated to managing the fraud investigation activities.

Special Purpose Welfare Programs

This subsection of the Office of Self Sufficiency 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 includes 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. Cash funds exempt sources include: Energy Outreach Colorado Energy Assistance Foundation; county matching and other local funds; in-kind donations; and payments from the Department of Health Care Policy and Financing 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.

<i>Special Purpose Welfare Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$43,474,270	\$1,113,565	\$539,189	\$3,275,286	\$38,546,230	36.2
HB 06-1200	5,950,000	0	5,950,000	0	0	0.0
SB 07-165	<u>0</u>	<u>(3,846)</u>	<u>1,360</u>	<u>5,380</u>	<u>(2,894)</u>	<u>0.0</u>
TOTAL	\$49,424,270	\$1,109,719	\$6,490,549	\$3,280,666	\$38,543,336	36.2
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$49,424,270	\$1,109,719	\$6,490,549	\$3,280,666	\$38,543,336	36.2
Personal services adjustments	33,039	12,733	2,808	(5,479)	22,977	0.0
SB 07-239	<u>\$49,457,309</u>	<u>\$1,122,452</u>	<u>\$6,493,357</u>	<u>\$3,275,187</u>	<u>\$38,566,313</u>	<u>36.2</u>
TOTAL	\$49,457,309	\$1,122,452	\$6,493,357	\$3,275,187	\$38,566,313	36.2
Increase/(Decrease)	\$33,039	\$12,733	\$2,808	(\$5,479)	\$22,977	0.0
Percentage Change	0.1%	1.1%	0.0%	(0.2)%	0.1%	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Personal services adjustments: The appropriation reflects common policy with regard to adjustments to personal services line items. The adjustments include annualizing salary survey amounts awarded in FY 2006-07 and a 0.5 percent base reduction.

Child Support Enforcement

This subsection of the Office of Self Sufficiency contains appropriations for the computer system used by county staff to establish paternity, locate absent parents, manage child support enforcement caseloads, and track collection efforts, and for the personnel and operating costs of several related administrative programs.

<i>Child Support Enforcement</i>						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$13,445,094</u>	<u>\$4,426,322</u>	<u>\$145,010</u>	<u>\$281,489</u>	<u>\$8,592,273</u>	<u>62.4</u>
TOTAL	\$13,445,094	\$4,426,322	\$145,010	\$281,489	\$8,592,273	62.4
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$13,445,094	\$4,426,322	\$145,010	\$281,489	\$8,592,273	62.4
Personal services adjustments	76,319	25,991	0	0	50,328	0.0
SB 07-239	\$13,521,413	\$4,452,313	\$145,010	\$281,489	\$8,642,601	62.4
HB 07-1349	<u>118,943</u>	<u>40,440</u>	<u>0</u>	<u>0</u>	<u>78,503</u>	<u>0.0</u>
TOTAL	\$13,640,356	\$4,492,753	\$145,010	\$281,489	\$8,721,104	62.4
Increase/(Decrease)	\$195,262	\$66,431	\$0	\$0	\$128,831	0.0
Percentage Change	1.5%	1.5%	0.0%	0.0%	1.5%	0.0%

1/ For FY 2007-08, includes \$40,400 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (A), C.R.S., due to a requirement to implement federal law. For additional detail on this exemption, see the description of H.B. 07-1349.

S.B. 07-239 (Long Bill) Issue Descriptions

Personal services adjustments: The appropriation reflects common policy with regard to adjustments to personal services line items. The adjustments include annualizing salary survey amounts awarded in FY 2006-07 and a 0.5 percent base reduction.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Disability Determination Services

This subsection of the Office of Self Sufficiency provides the federal Social Security Administration with medical disability decisions for Colorado residents applying for Social Security Disability Insurance and Supplemental Security Income programs. Federal funding for this program is from the Social Security Administration.

<i>Disability Determination Services</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$16,263,740</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,263,740</u>	<u>134.5</u>

<i>Disability Determination Services</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$16,263,740	\$0	\$0	\$0	\$16,263,740	134.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$16,263,740	\$0	\$0	\$0	\$16,263,740	134.5
Transfer IT support staff	430,847	0	0	0	430,847	6.0
Personal services adjustments	160,223	0	0	0	160,223	0.0
Medical inflation adjustment	107,767	0	0	0	107,767	0.0
SB 07-239	<u>\$16,962,577</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,962,577</u>	<u>140.5</u>
TOTAL	\$16,962,577	\$0	\$0	\$0	\$16,962,577	140.5
Increase/(Decrease)	\$698,837	\$0	\$0	\$0	\$698,837	6.0
Percentage Change	4.3%	n/a	n/a	n/a	4.3%	4.5%

S.B. 07-239 (Long Bill) Issue Descriptions

Transfer IT support staff: The appropriation includes the transfer of 6.0 FTE from the Department's Office of Information Technology Services to the Disability Determination unit. These individuals are specialists who support only the systems required by the federal Social Security Administration. The realignment allows the unit to better track the expenditure of federal funds.

Personal services adjustments: The appropriation reflects common policy decisions with regard to adjustments to personal services line items. The adjustments include annualizing salary survey amounts awarded in FY 2006-07 and a 0.5 percent base reduction.

Medical inflation adjustment: The appropriation reflects common policy that provides a 2.0 percent rate increase for selected expenditures. Disability determination services buys a variety of physician services and hospital and laboratory tests in order to determine applicants' actual medical condition.

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, the Brain Injury Trust Fund, and Supportive Housing and Homelessness programs.

Mental Health and Alcohol and Drug Abuse Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$201,517,023	\$112,034,249	\$7,052,302	\$35,486,901	\$46,943,571	1,320.7
SB 06-122	55,978	0	55,978	0	0	0.0
SB 07-165	244,809	2,785,824	576,439	(12,924,067)	9,806,613	30.4
SB 07-239	<u>0</u>	<u>0</u>	<u>555,565</u>	<u>(555,565)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$201,817,810	\$114,820,073	\$8,240,284	\$22,007,269	\$56,750,184	1,351.1
FY 2007-08 Appropriation:						
SB 07-239	\$211,772,163	\$124,542,292	\$9,034,264	\$20,980,204	\$57,215,403	1,385.5
SB 07-97	3,500,000	0	0	3,500,000	0	0.8
SB 07-146	300,000	0	0	300,000	0	0.3
SB 07-213	700	0	700	0	0	0.0
SB 07-230	0	0	0	0	0	1.0
HB 07-1057	160,366	0	0	160,366	0	0.5
HB 07-1359	<u>(930,669)</u>	<u>0</u>	<u>0</u>	<u>(930,669)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$214,802,560	\$124,542,292	\$9,034,964	\$24,009,901	\$57,215,403	1,388.1
Increase/(Decrease)	\$12,984,750	\$9,722,219	\$794,680	\$2,002,632	\$465,219	37.0
Percentage Change	6.4%	8.5%	9.6%	9.1%	0.8%	2.7%

Administration

This subsection of Mental Health and Alcohol and Drug Abuse Services contains appropriations for the central administration of programs for adults and children. It also includes funding for federal housing programs for low income and indigent persons who require specialized care. An estimated 3,143 Section 8 federal rental subsidies and 467 Shelter Plus Care subsidies (housing and support services) are managed by the Department through 58 local service 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. The primary source of the federal funds is the U.S. Department of Housing and Urban Development.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$20,856,157	\$444,797	\$1,505,318	\$862,177	\$18,043,865	38.1

<i>Administration</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-165	<u>5,391,314</u>	<u>178,924</u>	<u>0</u>	<u>0</u>	<u>5,212,390</u>	<u>10.5</u>
TOTAL	\$26,247,471	\$623,721	\$1,505,318	\$862,177	\$23,256,255	48.6
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$26,247,471	\$623,721	\$1,505,318	\$862,177	\$23,256,255	48.6
Traumatic brain injury services	445,195	0	425,336	19,859	0	0.5
Mental health administration	116,224	116,224	0	0	0	2.0
Annualize salary increases	89,925	11,017	2,515	14,772	61,621	0.0
Add FTE authority	0	0	0	0	0	1.5
Supportive housing and homelessness	(234,588)	0	0	0	(234,588)	(1.0)
Base reduction	(17,450)	(3,069)	(547)	(2,020)	(11,814)	0.0
SB 07-239	\$26,646,777	\$747,893	\$1,932,622	\$894,788	\$23,071,474	51.6
SB 07-146	14,471	0	0	14,471	0	0.3
SB 07-230	77,667	77,667	0	0	0	1.0
HB 07-1057	<u>29,597</u>	<u>0</u>	<u>0</u>	<u>29,597</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$26,768,512	\$825,560	\$1,932,622	\$938,856	\$23,071,474	53.4
Increase/(Decrease)	\$521,041	\$201,839	\$427,304	\$76,679	(\$184,781)	4.8
Percentage Change	2.0%	32.4%	28.4%	8.9%	(0.8)%	9.9%

S.B. 07-239 (Long Bill) Issue Descriptions

Traumatic brain injury services: The appropriation includes an increase for the Traumatic Brain Injury Trust Fund program, based on revenues anticipated to be received by the program from various offense surcharges. The program funds one year of case management and other support services for children and adults who have had traumatic brain injuries. It also supports related research and education programs.

Mental health administration: The appropriation includes an increase of 2.0 FTE for state administration of mental health services.

Annualize salary increases: The appropriation includes salary increases allocated to this Division in FY 2006-07.

Supportive housing and homelessness: The appropriation reflects a reduction in the estimated funding received from federal sources for supportive housing and homelessness programs.

Base reduction: The appropriation reflects a base reduction of 0.5 percent of base salaries.

Add FTE authority: The appropriation restores 1.5 FTE (no dollars) previously eliminated due in part to FTE underutilization.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Mental Health Community Programs

This subsection of the Mental Health and Alcohol and Drug Abuse Services Division provides funding for non-Medicaid mental health programs. These funds support services for over 10,296 indigent mentally ill clients that are delivered by community mental health centers and clinics. Cash funds exempt amounts include tobacco settlement moneys, local funds, and Medicaid funds transferred from the Department of Health Care Policy and Financing. The federal funds are primarily from the Mental Health Services Block Grant.

<i>Mental Health Community Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$54,788,559	\$34,966,632	\$0	\$13,838,719	\$5,983,208	2.0
SB 07-165	<u>(11,294,958)</u>	<u>1,110,725</u>	<u>0</u>	<u>(12,405,683)</u>	<u>0</u>	<u>(2.0)</u>
TOTAL	\$43,493,601	\$36,077,357	\$0	\$1,433,036	\$5,983,208	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$43,493,601	\$36,077,357	\$0	\$1,433,036	\$5,983,208	0.0
Add services for 446 indigent mentally ill clients	1,372,788	1,372,788	0	0	0	0.0
Provider rate increase	538,700	527,720	0	10,980	0	0.0
H.B. 99-1116 residential treatment	103,250	158,501	0	(55,251)	0	0.0
Reduce backfill for services to former Goebel lawsuit population	(486,649)	(486,649)	0	0	0	0.0
Sunset H.B. 00-1034 juvenile mental health pilot services	(369,024)	(184,512)	0	(184,512)	0	0.0
SB 07-239	\$44,652,666	\$37,465,205	\$0	\$1,204,253	\$5,983,208	0.0
SB 07-97	2,800,000	0	0	2,800,000	0	0.8
SB 07-146	285,529	0	0	285,529	0	0.0
SB 07-230	(77,667)	(77,667)	0	0	0	0.0
HB 07-1057	130,769	0	0	130,769	0	0.0
HB 07-1359	<u>(744,535)</u>	<u>0</u>	<u>0</u>	<u>(744,535)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$47,046,762	\$37,387,538	\$0	\$3,676,016	\$5,983,208	0.8

<i>Mental Health Community Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$3,553,161	\$1,310,181	\$0	\$2,242,980	\$0	0.8
Percentage Change	8.2%	3.6%	n/a	156.5%	0.0%	n/a

S.B. 07-239 (Long Bill) Issue Descriptions

Add services for 446 indigent mentally ill clients: The appropriation adds funding that will enable community mental health centers to serve an additional 466 children and adults at an average cost of \$3,078 per person.

Provider rate increase: The appropriation includes a 1.5 percent cost-of-living adjustment for all mental health community programs funded in this section.

H.B. 99-1116 residential treatment: The appropriation restores funding for transitional services that was cut in FY 2006-07 due to underutilization. Overall funding is based on the projected program caseload.

Reduce backfill for services to former Goebel lawsuit population: The appropriation reduces the amount of General Fund provided to maintain certain services for indigent severely-mentally ill people in northwest Denver. The services were developed under court order and some efficiencies are anticipated now that the program is no longer operating under court supervision.

Sunset H.B. 00-1034 juvenile mental health pilot services: The appropriation eliminates funding associated with a program that sunsets in June 2007. The program funded two pilot programs. Evaluations concluded that the pilots were no more effective than the less expensive mental health services provided to a control group.

Additional legislation: Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department. For additional information on S.B. 07-97 and H.B. 07-1359 see also the "Recent Legislation" section at the end of the Department of Public Health and Environment.

Mental Health Institutes

This subsection of Mental Health and Alcohol and Drug Abuse Services 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 Institute at Pueblo is expected to have an average daily census of 402 in FY 2007-08, and the Institute at Fort Logan is expected to have an average daily census of 146 in FY 2007-08. In FY 2006-07, the average annual cost per bed was \$175,912, including \$177,874 at the Mental Health Institute at Fort Logan and \$175,136 at the Mental Health Institute at Pueblo. 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.

<i>Mental Health Institutes</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$87,698,179	\$65,163,670	\$3,770,454	\$18,764,055	\$0	1,252.6
SB 07-165	1,496,175	1,496,175	518,384	(518,384)	0	19.9
SB 07-239	<u>0</u>	<u>0</u>	<u>555,565</u>	<u>(555,565)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$89,194,354	\$66,659,845	\$4,844,403	\$17,690,106	\$0	1,272.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$89,194,354	\$66,659,845	\$4,844,403	\$17,690,106	\$0	1,272.5
Annualize salary increases	2,235,028	2,235,028	0	0	0	0.0
Annualize competency unit added in FY 2006-07	1,523,257	1,523,257	0	0	0	27.8
Support for nurse retention	500,000	500,000	0	0	0	0.0
Medical inflation	349,091	349,091	0	0	0	0.0
Annualize service costs for DOC and DYC facilities added in FY 2006-07	304,294	304,294	0	0	0	3.6
Food inflation	31,995	31,995	0	0	0	0.0
Revenue adjustment	0	1,582,132	0	(1,582,132)	0	0.0
Base reduction	(411,229)	(411,229)	0	0	0	0.0
SB 07-239	<u>\$93,726,790</u>	<u>\$72,774,413</u>	<u>\$4,844,403</u>	<u>\$16,107,974</u>	<u>\$0</u>	<u>1,303.9</u>
TOTAL	\$93,726,790	\$72,774,413	\$4,844,403	\$16,107,974	\$0	1,303.9
Increase/(Decrease)	\$4,532,436	\$6,114,568	\$0	(\$1,582,132)	\$0	31.4
Percentage Change	5.1%	9.2%	0.0%	(8.9)%	n/a	2.5%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary increases: The appropriation includes salary increases allocated to this Division in FY 2006-07.

Annualize competency unit added in FY 2006-07: The appropriation annualizes costs associated with a 20 bed competency evaluation and restoration unit at the mental health institute at Pueblo that was opened mid-year in FY 2006-07.

Support for nurse retention: The appropriation adds \$500,000 to assist the institutes in nurse retention.

Medical inflation: The appropriation reflects an inflationary increase of 2.0 percent for medical, laboratory, and pharmaceutical expenditures. At the institutes, this includes an increase in contractual salaries for physicians and other medical personnel.

Annualize service costs for DOC and DYC facilities added in FY 2006-07: The appropriation includes increases to annualize costs associated with the DOC La Vista facility and the DYC Sol Vista facility on the Pueblo campus. The mental health institute at Pueblo provides various support services for these facilities.

Food inflation: The appropriation reflects an inflationary increase of 1.8 percent for food.

Revenue adjustment: The appropriation is based on cash and cash exempt revenue projected to be received by the institutes in FY 2007-08. This revenue offsets General Fund otherwise required. As the institutes project a reduction in cash exempt revenue for FY 2007-08, additional General Fund is required.

Base reduction: The appropriation reflects a base reduction of 0.5 percent of base salaries.

Alcohol and Drug Abuse Division

This subsection of the Mental Health and Alcohol and Drug Abuse Services Division contains appropriations for alcohol and drug abuse prevention, intervention, and treatment services. Treatment, prevention, and detoxification services are provided primarily through six managed care 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. It anticipates funding 63,462 detoxification episodes and 24,123 treatment episodes in FY 2007-08. Over 70 percent of total division funding is derived from 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.

<i>Alcohol and Drug Abuse Division</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$38,174,128	\$11,459,150	\$1,776,530	\$2,021,950	\$22,916,498	28.0
SB 06-122	55,978	0	55,978	0	0	0.0
SB 07-165	<u>4,652,278</u>	<u>0</u>	<u>58,055</u>	<u>0</u>	<u>4,594,223</u>	<u>2.0</u>
TOTAL	\$42,882,384	\$11,459,150	\$1,890,563	\$2,021,950	\$27,510,721	30.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$42,882,384	\$11,459,150	\$1,890,563	\$2,021,950	\$27,510,721	30.0
Expand STIRR program	1,330,655	730,655	0	600,000	0	0.0
Reflect anticipated block grant spending	650,000		0	0	650,000	0.0
Parenting female residential services	395,000	395,000	0	0	0	0.0

<i>Alcohol and Drug Abuse Division</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Provider performance monitoring system	310,661	310,661	0	0	0	0.0
Multi-systemic therapy for dually-diagnosed adolescents	288,000	288,000	0	0	0	0.0
Persistent Drunk Driver program expansion	273,424	0	0	273,424	0	0.0
Drug Offender Surcharge program expansion	268,000	0	268,000	0	0	0.0
Provider rate increase	185,872	171,114	0	14,758	0	0.0
Support for rural detoxification services	160,000	160,000	0	0	0	0.0
Annualize salary increases	49,814	49,814	0	0	0	0.0
Fund split adjustment	1	0	124,419	(124,418)	0	0.0
Annualize prior year legislation and supplementals	(38,268)	0	(25,743)	(12,525)	0	0.0
Base reduction	(9,613)	(9,613)	0	0		0.0
SB 07-239	\$46,745,930	\$13,554,781	\$2,257,239	\$2,773,189	\$28,160,721	30.0
SB 07-97	700,000	0	0	700,000	0	0.0
SB 07-213	700	0	700	0	0	0.0
HB 07-1359	<u>(186,134)</u>	<u>0</u>	<u>0</u>	<u>(186,134)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$47,260,496	\$13,554,781	\$2,257,939	\$3,287,055	\$28,160,721	30.0
Increase/(Decrease)	\$4,378,112	\$2,095,631	\$367,376	\$1,265,105	\$650,000	0.0
Percentage Change	10.2%	18.3%	19.4%	62.6%	2.4%	0.0%

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Expand STIRRT program: The appropriation includes the statewide expansion of the Short-term Intensive Residential Remediation and Treatment (STIRRT) Program as part of the Governor's recidivism reduction package. STIRRT provides alcohol and drug abuse treatment for adults with criminal justice involvement in a two-week residential setting and eight months of aftercare. This initiative adds a total of 25 new beds in Rifle and Fort Collins and funds aftercare services at the existing Denver and Pueblo locations.

Reflect anticipated block grant spending: The appropriation is to more accurately reflect the Division's anticipated expenditures from the Substance Abuse Prevention and Treatment federal block grant for FY 2007-08. While the Long Bill will be more accurate, there is no projected increase in federal funds to be allocated.

Parenting female residential services: The appropriation includes an increase of \$395,500 General Fund for the purpose of providing residential treatment for parenting female offenders with substance abuse and mental illness who are at high risk to enter jail or prison as a result of substance abuse. The program is a anticipated

to include a 60-day residential program plus a 16-week aftercare program for 30 families over the course of a year.

Provider performance monitoring system: The appropriation includes an increase to support the first year of a two-year project that will enable a managed service organization to acquire, expand, and maintain software for a performance monitoring and treatment outcomes information system. This system, when implemented, is anticipated to enable Colorado's managed services organizations to monitor and improve the performance of alcohol and drug abuse treatment providers in their networks.

Multi-systemic therapy for dually-diagnosed adolescents: The appropriation includes an increase of \$288,000 General Fund for the purpose of supporting enhanced multi-systemic family therapy services for adolescents using a community reinforcement approach. This funding is anticipated to partially fund such services in the Denver metropolitan area for 120 adolescents per month who have co-occurring psychiatric and substance abuse disorders.

Persistent Drunk Driver program expansion: Reflects use of anticipated additional revenue to increase youth prevention programs in counties that have shown positive results, to increase funding for a media program that has been successful in selected communities, and for various other substance-abuse prevention activities.

Drug Offender Surcharge program expansion: Reflects use of additional revenues to increase post-offender-treatment continuing care services, to restore an earlier cut to the Short-term Intensive Residential Remediation and Treatment Program and for costs associated with staff training for offender assessments.

Provider rate increase: The appropriation includes a 1.5 percent cost-of-living adjustment for alcohol and drug abuse treatment and prevention programs funded in this section.

Support for rural detoxification services: The appropriation includes an increase of \$160,000 General Fund for the purpose of supporting the Trinidad and Las Animas detoxification facility and the San Luis Valley detoxification facility, in light of new state-imposed staffing requirements.

Annualize salary increases: The appropriation includes salary survey increases allocated to this division in FY 2006-07.

Annualize prior year legislation and supplementals: The appropriation includes various adjustments related to FY 2006-07 appropriations, consistent with fiscal notes and the expectations reflected in prior year budget requests.

Base reduction: The appropriation reflects a base reduction of 0.5 percent of base salaries.

Fund split adjustment: The appropriation includes an adjustment to reflect funding anticipated to come from current cash flows, as opposed to reserves.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department. For information on S.B. 07-97 and H.B. 07-1359 see also the "Recent Legislation" section at the end of the Department of Public Health and Environment.

Services for People with Disabilities

This section includes all funding for: (1) Developmental Disability Services; (2) the Division of Vocational Rehabilitation; and (3) the Homelake Domiciliary and the State and Veterans Nursing Homes. Funding changes to these areas are described in the relevant subsections below.

Services for People with Disabilities						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriations						
HB 06-1385	\$492,576,018	\$36,483,206	\$3,407,736	\$395,973,020	\$56,712,056	1,867.3
SB 06-61	442,838	48,274	197,282	197,282	0	0.5
SB 06-218	25,000	0	25,000	0	0	0.0
SB 06-219	(29,024)	0	0	(29,024)	0	0.0
SB 07-165	3,407,087	6,780,413	0	(3,553,326)	180,000	0.0
SB 07-239	<u>(7,957,454)</u>	<u>7,738,019</u>	<u>0</u>	<u>(15,695,473)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$488,464,465	\$51,049,912	\$3,630,018	\$376,892,479	\$56,892,056	1,867.8
FY 2007-08 Appropriations						
SB 07-239	\$508,045,002	\$38,684,850	\$3,436,129	\$408,080,800	\$57,843,223	1,874.9
SB 07-4	2,808,580	0	0	2,808,580	0	0.0
HB 07-1274	<u>95,152</u>	<u>0</u>	<u>0</u>	<u>95,152</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$510,948,734	\$38,684,850	\$3,436,129	\$410,984,532	\$57,843,223	1,875.9
Increase/(Decrease)	\$22,484,269	(\$12,365,062)	(\$193,889)	\$34,092,053	\$951,167	8.1
Percentage Change	4.6%	(24.2)%	(5.3)%	9.0%	1.7%	0.4%

Developmental Disability Services

This subsection of Services for People with Disabilities is comprised of four sub-subsections: Community Services (contracted community-based services for adults with developmental disabilities); Regional Centers (state-run community-based and institutional services for adults with developmental disabilities); Services for Children and Families (contracted community-based services for children with developmental disabilities and their families); and the Work Therapy Program, which provides supportive employment for people with developmental disabilities and mental illness who reside in state-run facilities. The overall funding change is reflected in the table immediately below. Additional detail is provided in the subsections that follow.

<i>Developmental Disability Services</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$396,919,644	\$29,514,635	\$2,933,294	\$357,564,748	\$6,906,967	927.8
SB 06-219	(29,024)	0	0	(29,024)	0	0.0
SB 07-165	3,207,087	6,780,413	0	(3,573,326)	0	0.0
SB 07-239	<u>(7,957,454)</u>	<u>7,738,019</u>	<u>0</u>	<u>(15,695,473)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$392,140,253	\$44,033,067	\$2,933,294	\$338,266,925	\$6,906,967	927.8
FY 2007-08 Appropriation:						
SB 07-239	\$407,528,149	\$31,357,380	\$2,960,579	\$366,303,224	\$6,906,966	943.8
SB 07-4	<u>2,808,580</u>	<u>0</u>	<u>0</u>	<u>2,808,580</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$410,336,729	\$31,357,380	\$2,960,579	\$369,111,804	\$6,906,966	943.8
Increase/(Decrease)	\$18,196,476	(\$12,675,687)	\$27,285	\$30,844,879	(\$1)	16.0
Percentage Change	4.6%	(28.8)%	0.9%	9.1%	0.0%	1.7%

Community Services (Subsection of Developmental Disabilities Services Subsection)

This section has been integrated with the former Developmental Disability Services, Services for Children and Families section in FY 2007-08 and thus includes all funding associated with community-based services available to adults and children with developmental disabilities. Twenty Community Centered Boards (CCBs) located throughout the state provide case management and much of the direct services for over 11,000 Coloradans with developmental disabilities. This includes "comprehensive" (24-hour residential care), and supported living services (day-time care and employment support) for adults with developmental disabilities, early intervention services for infants and toddlers, children's extensive support services for children with intensive in-home supervision needs, and family support services (flexible assistance to families caring for a child with a developmental disability). The majority of funding supports adult residential care. 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. Of the total funding for FY 2007-08, \$172.7 million is General Fund that is either directly appropriated in this section or initially appropriated to the Department of Health Care Policy and Financing and transferred to this section.

<i>Community Services (Subsection of Developmental Disability Services)</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$321,701,681	\$12,814,711	\$0	\$308,886,970	\$0	32.4

<i>Community Services (Subsection of Developmental Disability Services)</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-165	1,780,385	5,353,711	0	(3,573,326)	0	0.0
SB 07-239	<u>(6,390,063)</u>	<u>7,738,019</u>	<u>0</u>	<u>(14,128,082)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$317,092,003	\$25,906,441	\$0	\$291,185,562	\$0	32.4
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$317,092,003	\$25,906,441	\$0	\$291,185,562	\$0	32.4
Consolidate Services for Children and Families funding	32,665,848	17,186,364	0	8,572,518	6,906,966	6.5
Annualize one-time supplementals	8,691,320	(12,268,447)	0	20,959,767	0	0.0
Provider rate increase	4,313,629	200,409	0	4,113,220	0	0.0
Annualize adult resources added in FY 2006-07	3,429,729	0	0	3,429,729	0	0.0
78 Adult residential resources for six months	3,418,821	0	0	3,418,821	0	0.0
Leap year adjustment	822,865	26,157	0	796,708	0	0.0
24 Adult supported living resources for six months	216,712	0	0	216,712	0	0.0
Case management for 104 early intervention resources	113,993	78,539	0	35,454	0	0.0
Personal services and operating expense adjustments	52,776	5,469	0	47,307	0	0.0
Annualize other FY 2006-07 adjustments	684	(18,736)	0	19,420	0	0.0
Federally-matched Local Program Costs changes	(8,682,397)	0	0	(8,682,397)	0	0.0
CCMS system cost adjustment	(10,920)	(3,276)	0	(7,644)	0	0.0
SB 07-239	\$362,125,063	\$31,112,920	\$0	\$324,105,177	\$6,906,966	38.9
SB 07-4	<u>2,808,580</u>	<u>0</u>	<u>0</u>	<u>2,808,580</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$364,933,643	\$31,112,920	\$0	\$326,913,757	\$6,906,966	38.9
Increase/(Decrease)	\$47,841,640	\$5,206,479	\$0	\$35,728,195	\$6,906,966	6.5
Percentage Change	15.1%	20.1%	n/a	12.3%	n/a	20.1%

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Consolidate Services for Children and Families funding: The appropriation moves all funding previously located in the Services for Children and Families section into this section. This change in location has no impact on total FY 2007-08 funding for Developmental Disability Services.

Annualize one-time supplementals: The appropriation annualizes one-time FY 2006-07 adjustments. These FY 2006-07 adjustments included: (1) an FY 2006-07 supplemental that reduced Medicaid cash funds exempt appropriations and increased General Fund appropriations based on federally-imposed restrictions on the use of Medicaid funds for developmental disability waiver services (General Fund used to support General Fund direct services and "hold harmless" for providers affected by Medicaid waiver program changes); (2) a late FY 2006-07 supplemental that reduced Medicaid cash funds exempt appropriations and increased General Fund appropriations based on Medicaid billing changes and Medicaid cash-accounting impacts (General Fund used for FY 2006-07 cost of living increase and to roll forward for FY 2007-08 Medicaid waiver transition costs); and (3) General Fund provided in FY 2006-07 to cover one-time Medicaid waiver program transition costs.

Provider rate increase: The appropriation includes a 1.5 percent cost-of-living adjustment for programs funded in this section.

Annualize adult resources added in FY 2006-07: The appropriation annualizes 79 comprehensive resources and nine supported living resources added for six months in FY 2006-07.

78 Adult residential resources for six months: The appropriation includes funding to add comprehensive residential services for 78 adults with developmental disabilities for six months. The amount shown will annualize (double) in FY 2008-09. The resources are targeted to individuals transitioning from foster care, emergency placements, and individuals at high-risk of out-of-home placement due to age or medical or behavioral issues.

Leap year adjustment: The appropriation adds funding for an additional day of direct services for adults in FY 2007-08, due to the leap year.

24 Adult supported living resources for six months: The appropriation includes funding to provide supported living services for 24 adults with developmental disabilities for six months. The resources are targeted to youth transitioning from the Children's Extensive Support program.

Case management for 104 early intervention resources: The appropriation includes funding to add early intervention services for 104 infants and toddlers with developmental disabilities for a full year. The majority of the funding is described in the Services for Children and Families section, but associated case management funding is included here. Beginning in FY 2007-08, funding for adults and children will be consolidated in this section.

Personal services and operating expense adjustments: The appropriation includes adjustments for state staff who administer community-based services. This includes: (1) salary increases allocated to this division in FY 2006-07; (2) a common policy reduction of 0.5 percent of base salaries; and (3) annualization of funding for 1.0 FTE added in FY 2006-07.

Annualize other FY 2006-07 adjustments: The appropriation annualizes various FY 2006-07 actions, including a fund split adjustment for the case management of 30 Children's Extensive Support resources added in FY 2006-07.

Federally-matched Local Program Costs changes: The appropriation reflects the anticipated size of a program that uses certified county funds to draw down federal Medicaid funds for developmental disability services. The program has been greatly reduced as a result of federally-imposed changes that transferred much of the costs associated with this program to the State. While these changes were fully implemented in FY

2006-07, residual billing for services provided in FY 2005-06 but billed in FY 2006-07 required a higher level of appropriation in FY 2006-07.

CCMS system cost adjustments: The appropriation reflects a reduction associated with ongoing maintenance of the Community Contract and Management System. The reduction is based on services from the general government computer center that will ultimately be reflected in the Department's Office of Information Technology Services.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 metro), 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 108 on-campus intermediate care facility (ICF) and skilled nursing resources and 295 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 \$156,229 in FY 2007-08.

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.

<i>Regional Centers (Subsection of Developmental Disability Services)</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$42,997,376	\$0	\$2,608,448	\$40,388,928	\$0	887.4
SB 06-219	(29,024)	0	0	(29,024)	0	0.0
SB 07-165	<u>244,460</u>	<u>244,460</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$43,212,812	\$244,460	\$2,608,448	\$40,359,904	\$0	887.4
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$43,212,812	\$244,460	\$2,608,448	\$40,359,904	\$0	887.4
Annualize salary increases	1,343,798	0	0	1,343,798	0	0.0
Increase staffing	359,211	0	0	359,211	0	14.5
Add General Fund physician services	244,460	244,460	0	0	0	1.5
Medical inflation	11,941	0	0	11,941	0	0.0
Food inflation	10,735	0	0	10,735	0	0.0

<i>Regional Centers (Subsection of Developmental Disability Services)</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Fund split adjustment	0	0	27,558	(27,558)	0	0.0
Eliminate one-time funding	(244,460)	(244,460)	0	0	0	0.0
SB 07-239	<u>\$44,938,497</u>	<u>\$244,460</u>	<u>\$2,636,006</u>	<u>\$42,058,031</u>	<u>\$0</u>	<u>903.4</u>
TOTAL	\$44,938,497	\$244,460	\$2,636,006	\$42,058,031	\$0	903.4
Increase/(Decrease)	\$1,725,685	\$0	\$27,558	\$1,698,127	\$0	16.0
Percentage Change	4.0%	0.0%	1.1%	4.2%	n/a	1.8%

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Annualize salary increases: The appropriation includes salary increases allocated to this division in FY 2006-07.

Increase staffing: The appropriation includes an increase of 29.0 FTE for six months (shown as 14.5 FTE for the first year) to increase staffing at the regional centers. The regional centers serve a more needy population than in the past because they limit admission to clients with the most serious medical and behavioral problems. As a result, the regional centers require higher staff-to-client ratios.

Add General Fund physician services: The appropriation includes funding for 1.5 FTE physicians. Medicaid funds for physician services were previously transferred to the Medicaid State Plan under a federal mandate. However, the regional centers have not been able to identify Medicaid State Plan-funded physicians who will serve their population. As a result, the Department requested, and the General Assembly approved, adding General Fund physician services. Funding for contract physician services was also provided on a one-time basis in FY 2006-07.

Medical inflation: The appropriation reflects the application of a common policy inflationary increase of 2.0 percent for medical, laboratory, and pharmaceutical expenditures.

Food inflation: The appropriation reflects the application of a common policy inflationary increase of 1.8 percent for food.

Eliminate one-time funding: The appropriation eliminates one-time funding for contract physician services.

Fund split adjustment: The appropriation includes an adjustment to anticipated revenue from patients (*e.g.*, for room and board) that offsets Medicaid funds otherwise required.

Services for Children and Families (Subsection of Developmental Disabilities Services)

This section previously contained appropriations for the Early Intervention, Family Support Services and Children's Extensive Support programs for children with developmental disabilities, as well as the federal Part C grant program. For FY 2007-08, funding is transferred to the Community Services section of Developmental Disability Services.

<i>Services for Children and Families (Subsection of Developmental Disability Services)</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$31,755,687	\$16,699,924	\$0	\$8,148,796	\$6,906,967	6.5
SB 07-165	1,182,242	1,182,242	0	0	0	0.0
SB 07-239	<u>(1,567,391)</u>	<u>0</u>	<u>0</u>	<u>(1,567,391)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$31,370,538	\$17,882,166	\$0	\$6,581,405	\$6,906,967	6.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$31,370,538	\$17,882,166	\$0	\$6,581,405	\$6,906,967	6.5
Add 104 early intervention resources	537,432	510,560	0	26,872	0	0.0
Annualize prior year adjustments	385,148	(1,452,802)	0	1,837,951	(1)	0.0
Provider rate increase	372,730	246,440	0	126,290	0	0.0
Consolidate funding	(32,665,848)	(17,186,364)	0	(8,572,518)	(6,906,966)	(6.5)
SB 07-239	\$0	\$0	\$0	\$0	\$0	0.0
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
Increase/(Decrease)	(\$31,370,538)	(\$17,882,166)	\$0	(\$6,581,405)	(\$6,906,967)	(6.5)
Percentage Change	(100.0)%	(100.0)%	n/a	(100.0)%	(100.0)%	(100.0)%

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Add 104 early intervention resources: The appropriation includes funding to add early intervention services for 104 infants and toddlers with developmental disabilities for a full year. The case management portion of the funding is described in the Community Services section. Beginning in FY 2007-08, funding for adults and children, including case management, will be consolidated in the Community Services section.

Annualize prior year adjustments: The appropriation annualizes one-time FY 2006-07 adjustments. The FY 2007-08 appropriation includes the following changes: (1) Reverses a reduction of \$1,567,391 cash funds exempt, taken through a late FY 2006-07 supplemental. This supplemental reduced the FY 2006-07 Medicaid cash funds exempt appropriation in this section and increased the General Fund appropriation to the Community Services, Adult Program Costs line item (a net statewide General Fund impact of \$0). (2) Eliminates a one-time \$1.0 million General Fund supplemental appropriation for child find services for infants and toddlers. (3) Eliminates a one-time supplemental appropriation of \$182,242 General Fund that was provided in FY 2006-07 to limit the impact of changes in the regional allocation of early intervention funding. (4) Reduces General Fund and increases Medicaid cash funds to reflect full Medicaid funding for 30 new Children's Extensive Support resources added in FY 2006-07. The original appropriation was based on six months General Fund and six months Medicaid support. The appropriation also includes a \$1 decrease to the anticipated federal Part C early intervention grant.

Provider rate increase: The appropriation includes a 1.5 percent cost-of-living adjustment for programs funded in this section.

Consolidate funding: The appropriation moves all funding previously located in the Services for Children and Families section into the Community Services section. This change in location has no impact on total FY 2007-08 funding for Developmental Disability Services.

Work Therapy Program (Subsection of Developmental Disabilities Services)

This subsection 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.

<i>Work Therapy Program (Subsection of Developmental Disability Services)</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$464,900</u>	<u>\$0</u>	<u>\$324,846</u>	<u>\$140,054</u>	<u>\$0</u>	<u>1.5</u>
TOTAL	\$464,900	\$0	\$324,846	\$140,054	\$0	1.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$464,900	\$0	\$324,846	\$140,054	\$0	1.5
Base reduction	(311)	0	(273)	(38)	0	0.0
SB 07-239	<u>\$464,589</u>	<u>\$0</u>	<u>\$324,573</u>	<u>\$140,016</u>	<u>\$0</u>	<u>1.5</u>
TOTAL	\$464,589	\$0	\$324,573	\$140,016	\$0	1.5
Increase/(Decrease)	(\$311)	\$0	(\$273)	(\$38)	\$0	0.0
Percentage Change	(0.1)%	n/a	(0.1)%	0.0%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Base reduction: The appropriation reflects a base reduction of 0.5 percent of base salaries.

Division of Vocational Rehabilitation

This subsection of Services for People with Disabilities contains appropriations to assist persons with physical and mental disabilities in overcoming barriers to employment. Vocational counseling services will be provided statewide in FY 2007-08 at 26 offices and 13 satellite sites. 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 2007-08, 2,368 clients are projected to be successfully rehabilitated as a result of Division programs.

<i>Division of Vocational Rehabilitation</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$51,812,177	\$6,401,164	\$474,442	\$5,666,124	\$39,270,447	249.7
SB 06-61	442,838	48,274	197,282	197,282	0	0.5
SB 06-218	25,000	0	25,000	0	0	0.0
SB 07-165	<u>200,000</u>	<u>0</u>	<u>0</u>	<u>20,000</u>	<u>180,000</u>	<u>0.0</u>
TOTAL	\$52,480,015	\$6,449,438	\$696,724	\$5,883,406	\$39,450,447	250.2
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$52,480,015	\$6,449,438	\$696,724	\$5,883,406	\$39,450,447	250.2
Add disability navigators and expand Rehabilitation Program - Local Match	1,180,000	0	0	290,690	889,310	9.0
Expand Business Enterprise Program	1,047,322	0	0	223,080	824,242	0.0
Commission on Deaf funding changes	573,820	17,130	420,220	136,470	0	0.8
Annualize salary increases	296,285	57,837	3,514	5,519	229,415	0.0
Provider rate increase	294,778	27,542	0	50,760	216,476	0.0
Medical inflation	71,365	3,420	0	11,781	56,164	0.0
Move Commission on Deaf line items	(1,420,290)	(130,842)	(644,724)	(644,724)	0	(2.3)
Eliminate one-time funding	(907,480)	0	0	(193,293)	(714,187)	0.0
Base reduction	(70,613)	(13,495)	(184)	(1,288)	(55,646)	0.0
SB 07-239	\$53,545,202	\$6,411,030	\$475,550	\$5,762,401	\$40,896,221	257.7
HB 07-1274	<u>95,152</u>	<u>0</u>	<u>0</u>	<u>95,152</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$53,640,354	\$6,411,030	\$475,550	\$5,857,553	\$40,896,221	258.7
Increase/(Decrease)	\$1,160,339	(\$38,408)	(\$221,174)	(\$25,853)	\$1,445,774	8.5
Percentage Change	2.2%	(0.6)%	(31.7)%	(0.4)%	3.7%	3.4%

S.B. 07-239 (Long Bill) Issue Descriptions

Add disability navigators and expand Rehabilitation Program - Local Match: The appropriation transfers 9.0 FTE disability navigators and related contract staff from the Department of Local Affairs to the Division

of Vocational Rehabilitation. The transfer was requested due to the end of the federal grant that previously supported this program. In the Division of Vocational Rehabilitation, costs will be temporarily supported through Division reserve funds (deferred revenue) and 78.7 percent federal match. The appropriation also includes funding for additional one-time Division special projects.

Expand Business Enterprise Program: The appropriation includes spending authority to allow renovation and expansion of food vending facilities operated by blind vendors. The Business Enterprise Program assists people who are blind in developing food service businesses in state and federal buildings. Funds for this initiative come from assessments on blind vendors who participate in the program and 78.7 percent federal match.

Commission on Deaf funding changes: This includes the following adjustments: (1) Adds \$632,978 (\$316,489 cash funds and \$316,489 cash funds exempt) and 1.5 FTE from the Disabled Telephone Users Fund for the Colorado Commission on the Deaf and Hard of Hearing. This will enable the Commission to fulfill its statutory functions of serving as a liaison and referral agency between hearing impaired and deaf citizens and the state government, and of distributing telecommunications equipment to the deaf and hard of hearing community. (2) Adds \$224,592 (multiple fund sources) and 0.3 FTE to annualize amounts in S.B. 06-61 for legal interpreter services for the deaf and hard of hearing. (3) Eliminates \$283,750 cash funds exempt spending authority from reserves and an associated 1.0 FTE, as reserves are exhausted.

Annualize salary increases: The appropriation includes salary increases allocated to this division in FY 2006-07.

Provider rate increase: The appropriation includes a 1.5 percent cost-of-living adjustment for programs funded in this section.

Medical inflation: The appropriation reflects the application of a common policy inflationary increase of 2.0 percent for medical, laboratory, and pharmaceutical expenditures.

Move Commission on Deaf line items: The appropriation moves all funding associated with the Commission on the Deaf and Hard of Hearing to the Human Services' Executive Director's Office (for cash funds exempt and General Fund appropriations to the Commission on the Deaf and Hard of Hearing) and to the Department of Regulatory Agencies (for cash funds appropriations from the Disabled Telephone Users Fund to the Colorado Commission on the Deaf and Hard of Hearing Cash Fund).

Eliminate one-time funding: The appropriation eliminates several one-time FY 2006-07 appropriations, including funding for Business Enterprise Program projects.

Base reduction: The appropriation reflects a base reduction of 0.5 percent of base salaries.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Homelake Domiciliary and State and Veterans Nursing Homes

This subsection of Services for People with Disabilities reflects funding for: (1) a 46-bed group living facility which serves residents who do not require continuous nursing or medical care but who may need assistance with meals, housekeeping, personal care, laundry, and access to a physician; and (2) the six state nursing homes,

five of which are classified as veterans nursing homes and are eligible for federal Veterans Administration support. The six nursing homes together are projected to serve over 500 persons per day in FY 2007-08. Homelake Domiciliary and the State and Veterans Nursing Homes are enterprises and have statutory authority to spend funds earned; therefore, with the exception of any General Fund appropriations, amounts shown are for informational purposes only. Cash funds exempt amounts reflect resident payments for services; federal funds amounts reflect U.S. Veteran's Administration per diem support.

<i>Homelake Domiciliary and State and Veterans Nursing Homes</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$43,844,197</u>	<u>\$567,407</u>	<u>\$0</u>	<u>\$32,742,148</u>	<u>\$10,534,642</u>	<u>689.8</u>
TOTAL	\$43,844,197	\$567,407	\$0	\$32,742,148	\$10,534,642	689.8
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$43,844,197	\$567,407	\$0	\$32,742,148	\$10,534,642	689.8
Nursing home expense projection	3,892,637	0	0	3,971,619	(78,982)	0.0
Nursing home indirect cost location	541,925	541,925	0	0	0	0.0
Homelake common policy adjustments	14,074	2,734	0	7,231	4,109	0.0
Homelake Long Bill restructure	(1,088,956)	0	0	(669,223)	(419,733)	(16.4)
Nursing home consulting services	(195,626)	(195,626)	0	0	0	0.0
Oversight committee	(36,600)	0	0	(36,600)	0	0.0
SB 07-239	<u>\$46,971,651</u>	<u>\$916,440</u>	<u>\$0</u>	<u>\$36,015,175</u>	<u>\$10,040,036</u>	<u>673.4</u>
TOTAL	\$46,971,651	\$916,440	\$0	\$36,015,175	\$10,040,036	673.4
Increase/(Decrease)	\$3,127,454	\$349,033	\$0	\$3,273,027	(\$494,606)	(16.4)
Percentage Change	7.1%	61.5%	n/a	10.0%	(4.7)%	(2.4)%

S.B. 07-239 (Long Bill) Issue Descriptions

Nursing home expense projection: The appropriation includes an adjustment to the overall amount shown for state and veterans nursing home program costs, based on the homes' anticipated FY 2007-08 expenditures.

Nursing home indirect cost location: The appropriation moves General Fund that has historically been used to cover nursing home indirect costs from the Office of Operations to this section. The adjustment is solely for the purpose of making this support visible; it will have no material impact on nursing home support.

Homelake common policy adjustments: The appropriation includes adjustments for salary and benefits allocated in FY 2006-07, the 0.5 percent base reduction, and medical and food inflation.

Homelake Long Bill restructure: The appropriation changes the Long Bill format for Homelake Domiciliary to eliminate cash funds exempt and federal amounts over which the General Assembly has no control and to instead reflect Homelake General Fund support in a single line item. This does not change total funds available for Homelake.

Nursing home consulting services: The appropriation reduces by 50 percent the General Fund subsidy for consulting services at the nursing homes. It is anticipated that the balance of costs for such services will be covered by the nursing homes.

Oversight committee: The appropriation eliminates funding for the Legislative Oversight Committee on the State and Veterans Nursing Homes, as the Committee is scheduled to sunset.

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. Additional detail on funding changes in Adult Assistance Programs is reflected in the subsection tables and narratives below.

Adult Assistance Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$130,987,331	\$15,448,542	\$80,808,762	\$20,990,972	\$13,739,055	27.5
SB 06-219	58,047	10,544,033	0	(10,485,986)	0	1.0
HB 06-1018	1,000,000	0	1,000,000	0	0	0.0
SB 07-165	(609,284)	(727,553)	48,915	69,354	0	0
HB 07-1324	<u>720,000</u>	<u>0</u>	<u>0</u>	<u>40,000</u>	<u>680,000</u>	<u>0.0</u>
TOTAL	\$132,156,094	\$25,265,022	\$81,857,677	\$10,614,340	\$14,419,055	28.5
FY 2007-08 Appropriation:						
SB 07-239	\$135,345,965	\$25,377,104	\$84,892,824	\$10,643,417	\$14,432,620	28.5
HB 07-1100	<u>2,000,000</u>	<u>0</u>	<u>2,000,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$137,345,965	\$25,377,104	\$86,892,824	\$10,643,417	\$14,432,620	28.5
Increase/(Decrease)	\$5,189,871	\$112,082	\$5,035,147	\$29,077	\$13,565	0.0
Percentage Change	3.9%	0.4%	6.2%	0.3%	0.1%	0.0%

Administration

This subsection of Adult Assistance Programs includes funding and staffing for management of all programs within Adult Assistance and for oversight of programs within the Other Grant Programs subsection.

<i>Administration</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$479,808	\$37,540	\$0	\$94,773	\$347,495	5.0
SB 06-219	<u>58,047</u>	<u>58,047</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$537,855	\$95,587	\$0	\$94,773	\$347,495	6.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$537,855	\$95,587	\$0	\$94,773	\$347,495	6.0
Personal services adjustments	8,054	349	0	1,777	5,928	0.0
SB 07-239	<u>\$545,909</u>	<u>\$95,936</u>	<u>\$0</u>	<u>\$96,550</u>	<u>\$353,423</u>	<u>6.0</u>
TOTAL	\$545,909	\$95,936	\$0	\$96,550	\$353,423	6.0
Increase/(Decrease)	\$8,054	\$349	\$0	\$1,777	\$5,928	0.0
Percentage Change	1.5%	0.4%	n/a	1.9%	1.7%	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Personal services adjustments: The appropriation reflects common policy with regard to adjustments to personal services line items. The adjustments include annualizing salary survey amounts awarded in FY 2006-07 and a 0.5 percent base reduction.

Old Age Pension Program

This subsection of Adult Assistance Programs, authorized by the State Constitution, provides cash assistance, up to a maximum of \$604 per person per month (as of January 2005), to eligible individuals age 60 and older. Revenue for the Old Age Pension 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 the earmarked revenues are continuously appropriated by the State Constitution, the Long Bill simply reflects anticipated program expenditures for informational purposes.

<i>Old Age Pension Program</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$79,397,124	\$0	\$78,808,762	\$588,362	\$0	14.0
SB 07-165	<u>48,915</u>	<u>0</u>	<u>48,915</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$79,446,039	\$0	\$78,857,677	\$588,362	\$0	14.0

<i>Old Age Pension Program</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
<u>FY 2007-08 Appropriation:</u>						
FY 2006-07 Appropriation	\$79,446,039	\$0	\$78,857,677	\$588,362	\$0	14.0
Caseload and average payment increases	2,978,897	0	2,978,897	0	0	0.0
Provider rate increase	35,430	0	35,430	0	0	0.0
Personal services adjustments	16,373	0	16,373	0	0	0.0
H.B. 06S-1023 annualization	4,447	0	4,447	0	0	0.0
SB 07-239	<u>\$82,481,186</u>	<u>\$0</u>	<u>\$81,892,824</u>	<u>\$588,362</u>	<u>\$0</u>	<u>14.0</u>
TOTAL	\$82,481,186	\$0	\$81,892,824	\$588,362	\$0	14.0
<hr/>						
Increase/(Decrease)	\$3,035,147	\$0	\$3,035,147	\$0	\$0	0.0
Percentage Change	3.8%	n/a	3.8%	0.0%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Caseload and average payment increases: The appropriation is based on the forecast for the total benefits that will be paid under the Old Age Pension Program. The funds for the program are continuously appropriated, and this amount is shown for informational purposes only.

Provider rate increase: The General Assembly has traditionally applied the community provider rate increase to the county administration portion of this program. The appropriation reflects the common policy 1.5 percent community provider rate increase.

Personal services adjustments: The appropriation reflects common policy with regard to adjustments to personal services line items. The adjustments include annualizing salary survey amounts awarded in FY 2006-07 and a 0.5 percent base reduction.

H.B. 06S-1023 annualization: The counties incur additional administration costs due to the requirements of H.B. 06S-1023. The appropriation reflects annualization of those costs, less one-time costs incurred in FY 2006-07.

Other Grant Programs

This subsection of Adult Assistance Programs 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).

<i>Other Grant Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$29,496,074	\$12,529,862	\$0	\$16,966,212	\$0	0.0
SB 06-219	0	10,485,986	0	(10,485,986)	0	0.0
SB 07-165	<u>(658,199)</u>	<u>(814,606)</u>	<u>0</u>	<u>156,407</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$28,837,875	\$22,201,242	\$0	\$6,636,633	\$0	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$28,837,875	\$22,201,242	\$0	\$6,636,633	\$0	0.0
Expected benefits adjustments	136,500	109,200	0	27,300	0	0.0
SB 07-239	<u>\$28,974,375</u>	<u>\$22,310,442</u>	<u>\$0</u>	<u>\$6,663,933</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$28,974,375	\$22,310,442	\$0	\$6,663,933	\$0	0.0
Increase/(Decrease)	\$136,500	\$109,200	\$0	\$27,300	\$0	0.0
Percentage Change	0.5%	0.5%	n/a	0.4%	n/a	n/a

S.B. 07-239 (Long Bill) Issue Descriptions

Expected benefits adjustments: The appropriation reflects more current estimates of the benefits that will be paid under the various programs funded in this unit.

Community Services for the Elderly

This subsection of Adult Assistance Programs 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. 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 source is the Older Coloradans Cash Fund created by H.B. 00-1072, and the cash funds exempt sources are local funds and accumulated interest in the Older Coloradans Cash Fund. The federal funds source is Older Americans Act grants.

<i>Community Services for the Elderly</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$21,614,325	\$2,881,140	\$2,000,000	\$3,341,625	\$13,391,560	8.5
HB 06-1018	1,000,000	0	1,000,000	0	0	0.0

<i>Community Services for the Elderly</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-165	0	87,053	0	(87,053)	0	0.0
HB 07-1324	<u>720,000</u>	<u>0</u>	<u>0</u>	<u>40,000</u>	<u>680,000</u>	<u>0.0</u>
TOTAL	\$23,334,325	\$2,968,193	\$3,000,000	\$3,294,572	\$14,071,560	8.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$23,334,325	\$2,968,193	\$3,000,000	\$3,294,572	\$14,071,560	8.5
Personal services adjustments	10,170	2,533	0	0	7,637	0.0
SB 07-239	\$23,344,495	\$2,970,726	\$3,000,000	\$3,294,572	\$14,079,197	8.5
HB 07-1100	<u>2,000,000</u>	<u>0</u>	<u>2,000,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$25,344,495	\$2,970,726	\$5,000,000	\$3,294,572	\$14,079,197	8.5
Increase/(Decrease)	\$2,010,170	\$2,533	\$2,000,000	\$0	\$7,637	0.0
Percentage Change	8.6%	0.1%	66.7%	0.0%	0.1%	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Increased funding for federal matching purposes: From time to time, the federal government makes additional funds available to the states if they increase their own spending on Older Americans Act programs. The federal match is 17:1 on state dollars. The appropriation reflects the anticipated level of spending required to maximize federal matching dollars.

Personal services adjustments: The appropriation reflects common policy with regard to adjustments to personal services line items. The adjustments include annualizing salary survey amounts awarded in FY 2006-07 and a 0.5 percent base reduction.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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.

Division of Youth Corrections						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$130,591,396	\$125,020,254	\$89,426	\$4,169,724	\$1,311,992	986.9
HB 06-1395	625,588	(832,286)	0	1,457,874	0	0.0
SB 07-165	<u>329,164</u>	<u>1,485,345</u>	<u>0</u>	<u>(1,156,181)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$131,546,148	\$125,673,313	\$89,426	\$4,471,417	\$1,311,992	986.9
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$131,546,148	\$125,673,313	\$89,426	\$4,471,417	\$1,311,992	986.9
S.B. 91-94	1,856,017	1,856,017	0	0	0	0.0
Annualize FY 06-07 supplemental	1,620,620	464,439	0	1,156,181	0	0.0
Annualize salary increases	1,275,545	1,273,782	0	1,763	0	0.0
Provider rate increase	1,100,888	1,043,515	0	41,443	15,930	0.0
20-bed mental health facility	900,327	900,327	0	0	0	11.8
Annualize RTC redesign	513,126	0	0	513,126	0	0.0
Medical services	456,570	456,570	0	0	0	0.0
Critical post staffing	212,638	212,638	0	0	0	5.6
Leap year adjustment	190,259	174,391	0	12,958	2,910	0.0
Food and medical increases	111,409	111,409	0	0	0	0.0
Case management and parole services	(525,182)	1,067,086	0	(1,592,268)	0	0.0
Base reduction	(283,494)	(282,759)	0	(735)	0	0.0
Eliminate one-time funding	(110,548)	(110,548)	0	0	0	0.0
SB 07-239	\$138,864,323	\$132,840,180	\$89,426	\$4,603,885	\$1,330,832	1,004.3
HB 07-1093	<u>57,390</u>	<u>57,390</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$138,921,713	\$132,897,570	\$89,426	\$4,603,885	\$1,330,832	1,004.3
Increase/(Decrease)	\$7,375,565	\$7,224,257	\$0	\$132,468	\$18,840	17.4
Percentage Change	5.6%	5.7%	0.0%	3.0%	1.4%	1.8%

S.B. 07-239 (Long Bill) Issue Descriptions

S.B. 91-94: The appropriation restores funding for S.B. 91-94 programs, which provide alternatives to secure detention.

Annualize FY 06-07 supplemental: The appropriation reflects an increase to annualize the funding added for FY 2006-07.

Annualize salary increases: The appropriation includes salary increases allocated to the Division in FY 2006-07.

Provider rate increase: The appropriation includes an increase of 1.5 percent for cost-of-living adjustments.

20-bed mental health facility: The appropriation reflects an increase primarily related to the annualization of the 20-bed mental health facility in Pueblo.

Annualize RTC redesign: The appropriation reflects an increase related to the annualization of H.B. 06-1395, which redesigned the residential treatment centers.

Medical services increase: The appropriation reflects an increase related to escalating medical and psychiatric services costs (primarily pharmaceuticals).

Critical post staffing: The appropriation adds funding for critical post staffing at the Marvin W. Foote Youth Services Center. The appropriation brings the relief factor for critical post staffing to 5.22 FTE per 24/7 post, compared with the current relief factor of 4.8 FTE. The 5.22 FTE relief factor is the same factor that was approved for the 20-bed mental health facility in Pueblo. [The Division plans to request additional staffing increases at its other facilities in future years in order to bring all of its facilities up to the 5.22 FTE relief factor for critical post staffing.]

Leap year adjustment: The appropriation reflects an increase to account for an additional day of services and contractual obligations due to FY 2007-08 being a leap year.

Food and medical increases: The appropriation reflects an increase of 1.8 percent and 2.0 percent for food and medical expenses, respectively, which are not incidental.

Case management and parole services: The appropriation reflects a decrease related to case management and parole based on the December 2006 Legislative Council Staff (LCS) population projections for committed youths and juvenile parolees.

Base reduction: The appropriation reflects a base reduction of 0.5 percent of base salaries.

Eliminate one-time funding: The appropriation eliminates one-time capital outlay appropriations associated with the 20-bed mental health facility in Pueblo.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2006 Session Bills

S.B. 06-45: Requires that child care providers that are otherwise exempt from child care licensing requirements but that receive funding through the Child Care Assistance Program (CCAP) submit to a background check as a condition of receiving CCAP funding. This includes fingerprint-based criminal background checks for all adults residing in the household where services are provided, review of dependency and neglect records for the

household, and an attestation from the provider regarding any court rulings on the mental competence of persons residing in the household. Includes an appropriation of \$76,007 cash funds and 2.0 FTE to the Department of Human Services and \$182,099, including \$134,579 cash funds and \$47,520 cash funds exempt, and 2.0 FTE to the Department of Public Safety for the Colorado Bureau of Investigation.

S.B. 06-61: Transfers the authority for overseeing the provision of legal interpreters and auxiliary services for persons who are deaf or hard of hearing from the Department of Human Services, Division of Rehabilitation, to the Colorado Commission for the Deaf and Hard of Hearing, which is also in the Department of Human Services. Identifies the circumstances under which a court, board, commission, agency, or licensing or law enforcement authority of the state or any of its political subdivisions shall provide an interpreter or auxiliary service to a person who is deaf or hard of hearing. Consolidates funding for related interpreter services, including amounts previously included in the Judicial Department, and expands funding for services using amounts that originate in the Disabled Telephone Users Fund in the Department of Regulatory Agencies. Includes the following appropriations for FY 2006-07: (1) a net General Fund reduction to the Judicial Department of \$48,274 and an increase of 0.3 FTE; (2) a net increase to the Department of Human Services of \$245,556 and 0.5 FTE for provision of services, including \$48,274 General Fund and \$197,282 cash funds exempt from the Colorado Commission for the Deaf and Hard of Hearing Cash Fund; and (3) an appropriation of \$197,282 cash funds from the Disabled Telephone Users Fund to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund.

S.B. 06-122: Creates the Adolescent Substance Abuse Prevention and Treatment Fund to consist of revenue from surcharges imposed on persons convicted of certain underage drinking crimes. Moneys in the fund are to be appropriated by the General Assembly to the Division of Alcohol and Drug Abuse in the Department of Human Services for adolescent substance abuse prevention and treatment programs. Appropriates \$55,978 cash funds to the Department of Human Services for FY 2006-07.

S.B. 06-218: Provides for annual appropriations by the General Assembly from the Colorado Disabled Telephone Users Fund (DTUF) to replenish the Colorado Commission for the Deaf and Hard of Hearing Cash Fund (Commission Cash Fund). Eliminates the prior requirement that \$25,000 per year be transferred from the DTUF to the Commission Cash Fund. Provides an *appropriation* of \$25,000 to the Commission Cash Fund for FY 2006-07 in lieu of the \$25,000 FY 2006-07 *transfer*. This is reflected as a \$25,000 cash funds increase to the Department of Human Services and a \$25,000 cash funds decrease to the Department of Regulatory Agencies.

S.B. 06-219: Provides for the reorganization of statutes and modification of the allocation of responsibilities between the Department of Human Services and the Department of Health Care Policy and Financing with associated appropriations adjustments to both departments. For additional information, see the new legislation section at the end of the Department of Health Care Policy and Financing.

H.B. 06-1018: Increases funding to the Older Coloradans Cash Fund from receipts collected from the state sales and use tax. The funding is increased from \$2.0 million to \$3.0 million annually.

H.B. 06-1200: Appropriates a portion of the Operational Account of the Severance Tax Trust Fund to the Department of Human Services for the Low-Income Energy Assistance Program (LEAP) and to the Office of the Governor for direct bill payment assistance and home energy efficiency improvements for low-income households. For FY 2005-06, appropriates \$24.0 million in total from the Operational Account, with the Department of Human Services receiving \$17.0 million to increase benefits in the LEAP program, and the Office of the Governor receiving \$7.0 million for direct bill payment assistance and home energy efficiency

improvements for low-income households. For FY 2006-07, appropriates \$11.0 million in total from the Operational Account, with the Department of Human Services receiving \$5,950,000 to increase benefits in the LEAP program, and the Office of the Governor receiving \$5,050,000 for direct bill payment assistance and home energy efficiency improvements for low-income households. Fiscal year 2007-08 and FY 2008-09 will provide for \$12.0 million and \$13.0 million of appropriations, respectively, for these programs combined. Finally, the bill ensures that there is an adequate reserve in the prior year with which to make each year's appropriations.

H.B. 06-1219: Supplemental appropriation to the Department of Human Services to modify appropriations included in the FY 2005-06 Long Bill.

H.B. 06-1371: Additional supplemental appropriation to the Department of Human Services to modify appropriations included in the FY 2005-06 Long Bill.

H.B. 06-1385: General appropriations act for FY 2006-07. Also includes supplemental adjustments to further modify appropriations to the Department of Human Services included in the FY 2005-06 Long Bill.

H.B. 06-1395: Establishes the Psychiatric Residential Treatment Facility (PRTF) which will be able to earn federal Medicaid revenue for children placed in out-of-home settings. Provides \$5.8 million General Fund, and matching federal funds, to the Department of Health Care Policy and Financing above the 6.0 percent limit pursuant to the definition of a "requirement of federal law" in Section 24-75-201.1 (1) (a) (VII) (C), C.R.S. In the Department of Human Services, appropriates \$4.2 million, of which \$9.9 million is a transfer from the Department of Health Care Policy and Financing (cash funds exempt Medicaid transfer). It includes a decrease of \$4.7 million General Fund in the Department of Human Services, which represents funding provided for other levels of care in out-of-home placement for children that qualify for PRTF placement. The bill also provides approximately \$30,000 cash funds to the Department of Regulatory Agencies for provisional licensure requirements and a small amount of funding to the Department of Law for legal work related to provisional licensure.

2007 Session Bills

S.B. 07-2: Extends Medicaid eligibility for persons who are in the foster care system immediately prior to emancipation. Appropriates \$8,550 to the Office of Information Technology Services to modify the Colorado Trails system to support the changes in eligibility. For further information about S.B. 07-2, see the "Recent Legislation" section for the Department of Health Care Policy and Financing.

S.B. 07-4: Requires the Department of Human Services, in conjunction with other public and private entities, to develop a coordinated system of payment for early intervention services for infants and toddlers with developmental disabilities and delays, consistent with the requirements of Part C of the federal Individuals with Disabilities Education Act (IDEA). Requires insurance coverage of such services without copayments or deductibles up to a maximum annual liability of \$5,725, for affected policies and services. Requires the Department of Health Care Policy and Financing to make associated adjustments to the Children's Basic Health Plan and the Medicaid program. Authorizes annual appropriations and transfers to support required activities, through FY 2009-10, from the Short-term Innovative Health Programs Grant Fund established by S.B. 07-97 ("S.B. 07-97 Grant Fund"; originates as tobacco settlement funds). Includes the following FY 2007-08 appropriations: (1) \$53,730 cash funds exempt, \$72,850 federal funds, and 1.0 FTE to the Department of Health Care Policy and Financing, with cash funds exempt amounts originating from the S.B. 07-97 Grant Fund; (2) \$53,920 cash funds, \$2,808,580 cash funds exempt custodial funds, and 1.0 FTE to the Department

of Human Services from funds provided by insurance companies in trust for early intervention services and associated administrative payments; (3) \$5,188 cash funds from fees to the Department of Regulatory Agencies, Division of Insurance; and (4) a reduction of \$53,730 cash funds exempt in the appropriation to the Department of Public Health and Environment from the S.B. 07-97 Grant Fund. For more information, see Appendix G.

S.B. 07-14: Specifies that the General Assembly will annually appropriate General Fund to the Central Fund for State Nursing Homes ("Central Fund") in an amount not exceeding ten percent of the prior fiscal year's total Central Fund revenue. (No FY 2007-08 appropriations increase was included in the bill.)

S.B. 07-36: Adds additional mental disorders to mandatory health insurance coverage for mental illness. Defines mental disorders subject to the provisions of the bill to include post-traumatic stress disorders, alcohol and drug disorders, dysthymia, cyclothymia, social phobia, agoraphobia with panic disorder, and general anxiety disorder. Includes anorexia nervosa and bulimia nervosa to the extent treated on an outpatient, day-treatment, and in-patient basis, but excludes residential treatment. Includes an appropriation of \$31,459 to the Department of Health Care Policy and Financing for Children's Basic Health Program Premium Costs, including \$11,011 General Fund and \$20,448 matching federal funds. Includes an associated appropriation reduction of \$11,011 General Fund to the Controlled Maintenance Trust Fund.

S.B. 07-97: Allocates tobacco litigation settlement funds not previously allocated, and provides appropriations to multiple departments. In the Department of Human Services, creates the Offender Mental Health Services Fund for the purchase of mental health services for juvenile and adult offenders who have mental health problems and are involved in the criminal justice system. Specifies that this fund shall receive twelve percent of tobacco settlement moneys that were formerly allocated to the General Fund for allocation to community mental health centers. For FY 2007-08, appropriates \$2.8 million cash funds exempt and 0.8 FTE from the Offender Mental Health Services Fund to the Department of Human Services for mental health services. Also creates the Alcohol and Drug Abuse Community Prevention and Treatment Fund in the Department of Human Services, to provide or purchase alcohol and drug abuse community prevention or treatment services. Specifies that this fund shall receive three percent of tobacco settlement moneys that were formerly allocated to the General Fund. For FY 2007-08, appropriates \$700,000 cash funds exempt from the Alcohol and Drug Abuse Community Prevention and Treatment Fund to the Department of Human Services, Alcohol and Drug Abuse Division. Also for FY 2007-08, appropriates \$18,000 to the Office of Information Technology Services for necessary modifications to the Colorado Benefits Management System. For additional information on this bill, see the "Recent Legislation" section for the Department of Public Health and Environment and Appendix G of the FY 2007-08 Appropriations Report and Appendix G.

S.B. 07-132: Eliminates an obsolete statutory provision that made the Department of Human Services responsible for administration of Medicaid mental health services provided pursuant to the *Arevalo v. Colorado Department of Human Services* case (commonly known as the Goebel Lawsuit Settlement; case dismissed with prejudice in March 2006).

S.B. 07-146: Creates a three-year pilot to provide mental health services for the families of recently discharged veterans. Provides an appropriation of \$300,000 cash funds exempt and 0.3 FTE to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, for FY 2007-08, with funds to be distributed to community mental health centers in the Colorado Springs area. The funding source is tobacco settlement moneys initially allocated to the Short-term Innovative Health Programs Grant Fund created by S.B. 07-97 that are transferred to the Mental Health Services Pilot Program Fund created by bill. Authorizes the transfer of the

lesser of 30 percent of funds in the Short-term Innovative Health Programs Grant Fund or \$300,000 for this purpose for FY 2007-08, FY 2008-09 and FY 2009-10. For more information, see Appendix G.

S.B. 07-165: Supplemental appropriation to the Department of Human Services to modify appropriations included in the FY 2006-07 Long Bill. Also includes supplemental adjustments to FY 2005-06 Department of Human Services appropriations.

S.B. 07-211: Makes changes in eligibility for the Children's Basic Health Plan. For FY 2007-08, makes an appropriation of \$59,953 to the Office of Information Technology Services in order to implement corresponding changes to the Colorado Benefits Management System.

S.B. 07-213: Continues the licensing of addiction treatment programs by the Alcohol and Drug Abuse Division in the Department of Human Services. Provides an appropriation of \$700 cash funds for FY 2007-08 to the Alcohol and Drug Abuse Division from associated fees.

S.B. 07-226: Makes several changes to various statutes concerning the placement of children outside of the home in order to comply with the federal Safe and Timely Interstate Placement of Foster Children Act of 2006, Child and Family Services Improvement Act of 2006, and Adam Walsh Child Protection and Safety Act of 2006. Authorizes the release of certain confidential child abuse information during the screening of prospective foster or adoptive parents. Requires the court to consult with a child, in an age-appropriate manner, regarding the child's permanency plan. Requires all family foster care and kinship care applicants, and all adults who reside in the foster care or kinship care applicant's home, to submit to a fingerprint-based criminal history records check. Requires the court to ensure that a juvenile and the juvenile's foster parents, pre-adoptive parents, or relatives receive notice of all hearings and reviews concerning the juvenile. For FY 2007-08, increases the appropriation to the Department of Human Services, Division of Child Welfare by \$88,388 General Fund, \$28,512 cash funds exempt, and \$25,661 federal funds. The \$88,388 General Fund is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (A), C.R.S., because this legislation is implementing federal law. For a summary of all amounts exempt from the statutory limit on state General Fund appropriations, as well as more detail concerning the statutory authority for such exemptions, see Appendix H.

S.B. 07-230: Modifies the Children's Mental Health Treatment Act, originally authorized through H.B. 99-1116 to provide for residential treatment of children who remain in parental custody and are not subject to a dependency or neglect order. Expands services to be funded under the Act to include a continuum of care. Makes regional mental health centers and behavioral health organization responsible for care management for children in the program, including decision-making regarding a child's placement in and discharge from a residential facility. For FY 2007-08, increases the appropriation to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Administration by \$77,667 General Fund and 1.0 FTE and reduces the appropriation to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Mental Health Community Services, Residential Treatment for Youth by \$77,667 General Fund.

S.B. 07-239: General appropriations act for FY 2007-08. Also includes supplemental adjustments to further modify appropriations to the Department of Human Services included in the FY 2006-07 Long Bill.

S.B. 07-255: Allocates specific responsibilities of the Child Find program of the federal Individuals with Disabilities Education Improvement Act of 2004 (IDEA) for children under age three between the Department of Education and the Department of Human Services. For additional information, see the "Recent Legislation" section for the Department of Education.

H.B. 07-1057: Creates three demonstration programs to provide family advocate services to youth with mental health issues who are involved in the criminal justice system, or who are at risk of such involvement, and their families. The Department of Human Services is to oversee the program, in conjunction with the Department of Public Safety, Division of Criminal Justice. Authorizes the Division of Mental Health in the Department of Human Services to request proposals and select programs for funding that demonstrate how family advocates may be integrated into the system of care for targeted youth. Selected programs are to represent urban, rural, and suburban communities and must contribute 20 percent of funding in cash or in-kind support. Includes evaluation of the programs' impact by the Department of Public Safety, Division of Criminal Justice. Authorizes appropriations for the programs from the Short-term Innovative Health Programs Grant Fund created by S.B. 07-97 ("Grants Fund"; originates as tobacco settlement funds). For FY 2007-08, appropriates \$134,212 cash funds exempt from the Grants Fund, \$26,154 local cash funds exempt, and 0.5 FTE to the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services and \$38,503 cash funds exempt from the Grants Fund to the Department of Public Safety, Division of Criminal Justice. Reduces the cash funds exempt appropriation in SB 07-97 to the Department of Public Health and Environment from the Grants Fund by \$172,715. For fiscal years 2008-09, 2009-10, and 2010-11, authorizes the appropriation of the lesser of \$185,117 or 8.8 percent of moneys in the Grants Fund to the Department of Human Services and the lesser of \$36,700 or 1.7 percent of moneys in the Grants Fund to the Department of Public Safety. For more information, see Appendix G.

H.B. 07-1062: Replaces the pilot program for consolidated child care services with a new, statewide system of early childhood councils. Councils represent public and private stakeholders in a local community who work to develop and improve local early childhood services and to create a seamless network of such services statewide. Expands the existing 17 consolidated childcare pilot sites to additional sites, subject to available appropriation. Establishes procedures for stakeholders to apply to the Department of Human Services to become early childhood council sites; specifies required and optional representation on councils (from local government, health care, mental health care, childcare providers and parents, among others); specifies duties of councils including development of funding applications, local strategic plans to improve early childhood services, accountability measures and evaluations. Indicates that councils may apply for waivers of state rules that would prevent a council from implementing a project. Establishes the Colorado Early Childhood Council Advisory Team in the Office of the Lieutenant Governor. Members appointed by the Office of the Lieutenant Governor from stakeholder groups are responsible for advising the Lieutenant Governor's Office and the Department of Human Services on the early childhood council system and related services. Requires a contracted evaluation of the early childhood council system no later than March 1, 2010. Requires the Office of the State Auditor to conduct a performance audit of the Colorado Child Care Assistance Program in the Department of Human Services beginning in FY 2007-08 with a report of findings and recommendations to the Legislative Audit Committee no later than December 30, 2008. Appropriates \$1,022,168 General Fund to the Early Childhood Cash Fund in the Department of Human Services. Further appropriates this amount as cash funds exempt, as well as \$1,022,169 federal Child Care Development Funds, and 1.0 FTE to the Department of Human Services, Division of Child Care for early childhood councils. Makes a matching reduction of \$1,022,168 General Fund and \$1,022,169 federal funds to the FY 2007-08 Long Bill appropriation to the Department of Human Services for the Colorado Child Care Assistance Program. Also appropriates \$1,912,051 cash funds exempt and 1.0 FTE to the Department of Education and \$80,543 cash funds exempt and 1.0 FTE to the Office of the Lieutenant Governor, with all cash funds exempt amounts transferred from the appropriation to the Department of Human Services for early childhood councils.

H.B. 07-1093: Directs the Department of Corrections (DOC) and the Division of Youth Corrections (DYC) in the Department of Human Services to develop policies and procedures regarding sexual assaults that occur in facilities for which they are responsible. Requires that persons investigating sexual assaults in penal

institutions be trained in sex crimes investigation. Requires the DOC and the DYC to keep data related to sexual assaults and provide an annual report to the Judiciary Committees of the General Assembly. For FY 2007-08, increases the appropriation to the Department of Human Services, Division of Youth Corrections by \$57,390 General Fund.

H.B. 07-1100: Beginning in FY 2007-08, diverts an additional \$2,000,000 per year from the Old Age Pension Fund transfer to the General Fund into the Older Coloradans Fund. Appropriates \$2,000,000 from the Older Coloradans Fund to the Department of Human Services for state funding for senior services in FY 2007-08.

H.B. 07-1211: Creates a seven-member Board of Commissioners of the State and Veterans Nursing Homes, appointed by the Governor. The Commission is responsible for providing advice and guidance to the Division of State and Veterans Nursing Homes in the Department of Human Services and the state and veterans nursing homes regarding homes' operations.

H.B. 07-1274: Creates a fifteen-member Colorado Commission for Individuals who are Blind or Visually Impaired in the Department of Human Services effective September 1, 2007. Members to be appointed by the Governor. Duties of the Commission include providing advice on the provision of the Department of Human Services' vocational rehabilitation, independent living, pre-vocational, and other services for individuals who are blind or visually impaired and serving as an information resource and liaison between the blind and visually impaired community and the executive and legislative branches. Requires the Commission to report its recommendations to the Governor and the Health and Human Services Committees of the House of Representatives and the Senate, and the State Independent Living Council within the Department of Human Services, by December 1, 2008, and annually thereafter. Establishes a sunset date for the Commission of July 1, 2012. Authorizes annual appropriation from the Colorado Disabled Telephone Users Fund in the Department of Regulatory Agencies for the Commission, up to a maximum of \$112,067. For FY 2007-08, provides an appropriation of \$95,152 cash funds to the Department of Regulatory Agencies, Public Utilities Commission from the Colorado Disabled Telephone Users Fund and an appropriation of \$95,152 cash funds exempt and 1.0 FTE to the Department of Human Services, Division of Vocational Rehabilitation from funds transferred from the Department of Regulatory Agencies.

H.B. 07-1324: Exempts accumulated interest in the Older Coloradans Fund from the statutory requirement that such funds be allocated to the Area Agencies on Aging "as a whole". This exemption allows accumulated interest to be appropriated to the Agencies under federal Older Americans Act guidelines, making such an appropriation eligible for federal matching dollars. Appropriates \$40,000 of such accumulated interest for FY 2006-07 in order to draw down an additional \$680,000 in federal moneys.

H.B. 07-1349: Makes a number of technical corrections and adds clarifying language to the child support enforcement statutes. In compliance with a new federal statute, requires that a \$25 fee be collected in the case of certain child support settlements, said fee to be transferred to the federal government and local jurisdictions. Appropriates \$40,400 General Fund for FY 2007-08 to the Department of Human Services to allow necessary modifications of IT systems to meet that federal mandate. This amount is exempt from the 6 percent limit on General Fund expenditures. Requires that the state maintain a database of unpaid child support obligations; that limited gaming operators consult that database in the case of gambling winnings that meet certain requirements; and that if there are unpaid obligations, that the operator divert part or all of the winnings to the Department of Human Services to be applied to the support obligation. Appropriates \$2,575 General Fund to the Department of Revenue to implement this portion of the Act.

H.B. 07-1359: Modifies the allocation and fiscal management of tobacco litigation settlement moneys, including allowing a portion of the tobacco settlement moneys received by the State to be spent on programs during the fiscal year in which the money is received rather than the following fiscal year. Adjusts FY 2007-08 appropriations in S.B. 07-97 and S.B. 07-239 for multiple departments. Reduces the S.B. 07-97 FY 2007-08 appropriation to the Department of Human Services from the Offender Mental Health Services Fund by \$744,535 cash funds exempt. Also reduces the S.B. 07-97 FY 2007-08 appropriation to the Department of Human Services, Alcohol and Drug Abuse Division from the Community Prevention and Treatment Fund by \$186,134 cash funds exempt. For additional information on this bill, see the "Recent Legislation" section for the Department of Public Health and Environment and Appendix G.

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 county courts in every county (except Denver County Court, which 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 Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund	\$219,004,745	\$236,983,530	\$264,610,489	\$297,821,518
Cash Funds	60,208,406	60,507,476	64,937,225	77,352,572
Cash Funds Exempt	6,760,504	7,954,959	9,548,021	10,374,725
Federal Funds	1,289,690	1,158,526	2,296,247	2,291,464
Total Funds	\$287,263,345	\$306,604,491	\$341,391,982	\$387,840,279
Full Time Equiv. Staff	3,260.9	3,365.0	3,544.6	3,853.7

General Factors Driving the Budget

Fiscal year 2007-08 funding for this department consists of 76.8 percent General Fund, 22.6 percent cash and cash funds exempt, and 0.6 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 manage a certain number of cases per year. Caseload is related to increases in the overall population in Colorado, the number of each type of case (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* provides a detailed history of court caseloads for each 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 the operating expenses of the courts. The Probation program also 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 the following: 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. Recent caseloads are shown in the table below.

Supreme Court Caseload							
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
New filings	1,368	1,401	1,317	1,466	1,393	1,577	1,782
Pending July 1	472	425	385	398	391	466	555
Total Caseload	1,840	1,826	1,702	1,864	1,784	2,043	2,337

Court of Appeals Caseload

The Court of Appeals is currently comprised of 19 judges. It receives cases from several different venues: district courts, Denver probate and juvenile courts, state agencies, and the Industrial Appeal Claims Office. Recent caseloads are shown in the table below.

Court of Appeals Caseload							
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
New filings	2,673	2,589	2,556	2,766	2,720	2,754	2,974
Pending July 1	2,264	2,474	2,694	2,950	3,100	3,272	3,461
Total Caseload	4,937	5,063	5,250	5,716	5,820	6,026	6,435

Trial Courts Caseload

State trial courts include district courts in 22 judicial districts, county courts, and water courts. The district courts preside over felony criminal matters, civil claims, all juvenile matters, probate, mental health, and divorce proceedings. They also preside over jury trials, handle appeals from Colorado's municipal and county courts, and review decisions of administrative boards and agencies. County courts handle misdemeanor cases, felony advisements, bond setting, and preliminary hearings, and also hear traffic cases and civil actions involving no more than \$15,000. Water courts have jurisdiction in the determination of water rights and the use and administration of water. Recent caseloads are shown in the table below.

Trial Courts: New Cases Filed							
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
District Court Total	164,237	169,458	177,358	183,821	189,415	189,652	199,681
County Court Total	469,993	498,515	514,094	536,415	556,136	550,341	579,069
Water Court Total	1,550	1,672	1,285	1,093	1,303	1,224	1,483

Probation and Related Services Caseload

Probation is a sentencing alternative to incarceration in the Department of Corrections or in the Division of Youth Corrections, Department of Human Services. 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 programs to target defendants with various risk levels and needs, including regular adult and juvenile probation, intensive adult and juvenile probation, sex offender probation, and female offender probation. Recent caseloads are shown in the table below.

Probation: Caseloads ^a							
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
Adult - Regular ^b	37,259	39,751	41,470	45,332	45,750	46,650	48,630
Juvenile - Regular	8,524	8,558	7,869	7,224	7,182	7,050	6,889
Adult - Intensive	1,551	1,600	1,500	1,500	1,500	1,500	1,500
Juvenile - Intensive	567	525	500	490	490	490	490
Sex Offender	430	739	905	1,058	1,150	1,150	1,150
Total	48,331	51,173	52,244	55,604	56,072	56,840	58,659

^a Caseloads are measured on or estimated for June 30th each year.

^b Figures include the number of State supervised clients and the number of transfers to private probation for supervision.

Public Defender Caseload

The Public Defender's Office is an independent agency within the Judicial Department that represents criminal defendants who have inadequate resources to pay for their own defense. As in the court system, more complicated cases consume more resources than simpler cases: felonies cost more to defend than misdemeanors, and homicides cost more to defend than assaults or robberies. Recent caseloads are shown in the table below.

Public Defender's Office: Closed Cases Summary						
	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
Felony	43,421	47,219	50,309	53,720	58,469	64,111
Misdemeanor	23,119	23,893	23,809	26,108	28,356	31,004
Juvenile (All)	9,569	8,788	8,445	8,647	8,611	8,645
Total	76,109	79,900	82,563	88,475	95,436	103,760

Alternate Defense Counsel Caseload

The Alternate Defense Counsel is an independent agency within the Judicial Department that 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 context is more expensive because private attorneys represent the defendants. Here too, both the total caseload and the complexity of cases determines the amount of resources required. Recent caseloads are shown in the table below.

Alternate Defense Counsel Caseload ^a							
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
Felony	485	6,061	6,840	7,113	8,411	8,365	9,284
Appeals	470	468	546	540	643	710	755
Rule 35(b) & (c) Motions	n/a	450	486	476	498	516	538
Juvenile	n/a	1,636	1,494	1,274	1,498	1,562	1,609
Other ^b	5,424	1,477	1,733	1,703	2,013	2,115	2,276
Total	6,379	10,092	11,099	11,106	13,063	13,268	14,462

^a The Alternate Defense Counsel updated its database in FY 2002-03 to make more detailed distinctions between certain case types.

^b The "Other" category includes misdemeanors, driving under the influence, traffic violations, probation violations, special proceedings, and other miscellaneous case types. Prior to FY 2002-03, the "Other" category also included Rule 35 (b) and (c) motions, and juvenile cases.

Office of the Child's Representative Caseload

The Office of the Child's Representative is an independent agency within the Judicial Department that is responsible for providing legal representation for children involved in the court system due to abuse, neglect, high conflict divorce, delinquency, and certain other case types. Appointments of guardians ad-litem, the attorneys who represent the best interest of the child, drive the budget of this agency. Recent caseloads are shown in the table below.

Office of the Child's Representative Caseload						
	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
Dependency & Neglect	5,847	6,493	6,972	7,618	8,044	8,688
Juvenile Delinquency & Truancy	3,391	3,042	3,655	3,833	3,961	4,027
Domestic Relations & Paternity	860	1,094	848	778	738	760
Probate & Other	157	165	185	179	147	151
Total	10,255	10,794	11,660	12,408	12,890	13,626

Summary of FY 2006-07 and FY 2007-08 Appropriations

Judicial Department						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$341,391,982	\$264,610,489	\$64,937,225	\$9,548,021	\$2,296,247	3,544.6
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Supreme Court/Court of Appeals	16,069,867	9,671,867	6,193,000	205,000	0	180.2
Courts Administration	41,532,346	30,668,703	8,545,776	2,307,532	10,335	197.8
Trial Courts	145,122,497	107,375,284	35,422,586	1,274,469	1,050,158	1,719.5
Probation and Related Services	69,326,742	47,749,933	14,594,973	5,746,082	1,235,754	1,042.2
Public Defender	38,399,193	38,211,365	172,890	14,938	0	395.9
Alternate Defense Counsel	18,291,224	18,283,224	8,000	0	0	5.0
Office of the Child's Representative	12,650,113	12,650,113	0	0	0	4.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	333,941,818	259,513,004	63,360,875	9,901,692	1,166,247	3,499.4
SB 06-22	27,000	0	27,000	0	0	0.0
SB 06-61	(48,274)	(48,274)	0	0	0	0.3
HB 06-1011	19,682	19,682	0	0	0	0.4
HB 06-1028	3,133,968	3,133,968	0	0	0	42.5
SB 07-166	4,317,788	1,992,109	1,549,350	(353,671)	1,130,000	2.0
FY 2007-08 Total Appropriation:	\$387,840,279	\$297,821,518	\$77,352,572	\$10,374,725	\$2,291,464	3,853.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Supreme Court/Court of Appeals	16,076,281	9,633,281	6,238,000	205,000	0	185.2

Judicial Department						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Courts Administration	56,071,937	40,944,690	12,744,842	2,376,853	5,552	201.1
Trial Courts	155,478,447	109,908,940	43,244,880	1,274,469	1,050,158	1,793.5
Probation and Related Services	79,807,259	57,250,689	14,810,960	6,509,856	1,235,754	1,155.6
Public Defender	45,071,101	44,756,664	305,890	8,547	0	486.0
Alternate Defense Counsel	21,640,265	21,632,265	8,000	0	0	6.5
Office of the Child's Representative	13,694,989	13,694,989	0	0	0	25.8
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	377,352,204	297,470,514	67,215,501	10,374,725	2,291,464	3,800.7
SB 07-55	4,186,071	0	4,186,071	0	0	0.0
SB 07-118	2,194,622	0	2,194,622	0	0	1.0
HB 07-1054	4,107,382	351,004	3,756,378	0	0	52.0
Increase/(Decrease)	\$46,448,297	\$33,211,029	\$12,415,347	\$826,704	(\$4,783)	309.1
Percentage Change	13.6%	12.6%	19.1%	8.7%	(0.2)%	8.7%

/1 For FY 2007-08, the appropriation for the Public Defender includes \$936,317 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (B), C.R.S., due to a requirement to implement a U.S. Supreme Court decision.

FY 2007-08 Appropriation Highlights:

1. The appropriation adds \$11.0 million General Fund and \$1.7 million cash funds for adjustments to centrally-appropriated line items such as salary survey, short-term disability, state contributions to health, life, and dental benefits, state contributions to the Public Employees' Retirement Association (PERA) pension fund, workers' compensation, and risk management.
2. The appropriation adds \$6.0 million General Fund for 111.5 FTE additional probation officers, supervisors, and secretaries.
3. The appropriation adds \$5.3 million General Fund and \$310,000 cash funds to annualize salary increases awarded in FY 2006-07. These increases are partially offset by reductions of \$779,000 General Fund and \$56,000 cash funds due to the 0.5 percent personal services base reduction.
4. The appropriation adds \$3.6 million General Fund for 81.1 FTE attorneys, secretaries, and investigators in the Public Defender's Office to address caseload growth.
5. The appropriation adds \$2.4 million General Fund and \$265,000 General Fund to address case cost and caseload increases for the Alternate Defense Counsel and the Office of the Child's Representative, respectively.

6. The appropriation adds \$2.2 million General Fund for community-based treatment services for probationers; this funding is associated with S.B. 03-318, which reduced felony levels for certain drug possession and use offenses.
7. The appropriation adds a total of \$2.0 million General Fund (including \$520,000 for the Judicial Department, \$863,000 for the Alternate Defense Counsel, and \$640,000 for the Office of the Child's Representative) to raise court-appointed counsel hourly rates from \$57 per hour to \$60 per hour.
8. The appropriation adds \$1.0 million General Fund for 28.0 FTE additional Trial Courts staff.
9. The appropriation adds \$351,000 General Fund, \$3.8 million cash funds, and 52.0 FTE pursuant to H.B. 07-1054, which created nine new district court judgeships in FY 2007-08. This bill also creates additional Court of Appeals judgeships, district court judgeships, and county court judgeships in FY 2008-09 and FY 2009-10, subject to available appropriations.

Detail of Appropriation by Administrative Section

Supreme Court/Court of Appeals

This division is comprised of the Colorado Supreme Court and the Court of Appeals. The seven-member Supreme Court is the highest court in the State. It has general supervisory control over the lower courts, both procedural and administrative, and it is responsible for promulgating civil and criminal rules of procedure. 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 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; some cash funds also come from other fees and cost recoveries. 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 cash fund reserves.

The Court of Appeals currently consists of 19 judges. Pursuant to H.B. 07-1054, the number of judges will be increased to 22 beginning in FY 2008-09, contingent on the availability of sufficient appropriations. 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.

Supreme Court/Court of Appeals						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$14,747,683	\$8,489,683	\$6,053,000	\$205,000	\$0	166.7
HB 06-1028	1,263,034	1,263,034	0	0	0	13.5
SB 07-166	<u>59,150</u>	<u>(80,850)</u>	<u>140,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$16,069,867	\$9,671,867	\$6,193,000	\$205,000	\$0	180.2
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$16,069,867	\$9,671,867	\$6,193,000	\$205,000	\$0	180.2
Personal services adjustments	203,351	203,351	0	0	0	0.0
Continuously appropriated funds	45,000	0	45,000	0	0	5.0
Eliminate one-time funding	(241,937)	(241,937)	0	0	0	0.0
SB 07-239	<u>\$16,076,281</u>	<u>\$9,633,281</u>	<u>\$6,238,000</u>	<u>\$205,000</u>	<u>\$0</u>	<u>185.2</u>
TOTAL	\$16,076,281	\$9,633,281	\$6,238,000	\$205,000	\$0	185.2
Increase/(Decrease)	\$6,414	(\$38,586)	\$45,000	\$0	\$0	5.0
Percentage Change	0.0%	(0.4)%	0.7%	0.0%	n/a	2.8%

S.B. 07-239 (Long Bill) Issue Descriptions

Personal services adjustments: The appropriation includes \$250,990 General Fund to annualize salary increases awarded in FY 2006-07. This increase is partially offset by a reduction of \$47,639 General Fund for the 0.5 percent personal services base reduction.

Continuously appropriated funds: The appropriation includes increases of \$45,000 cash funds for continuing legal education and 5.0 FTE for the attorney regulation committees based on anticipated expenditures and staffing need. These line items are shown for informational purposes only as they are continuously appropriated as part of the Supreme Court's constitutional responsibilities.

Eliminate one-time funding: The appropriation includes the elimination of one-time funding for capital outlay associated with judges and staff added in FY 2006-07.

Courts Administration

This division contains appropriations for the administration of Colorado's courts and probation department. It also includes several specialized programs. The division contains the following subdivisions: (1) Administration (the State Court Administrator's Office); (2) Administrative Special Purpose; and (3) Integrated Information Services. Prior to FY 2007-08, funding for the Judicial Performance Program appeared as a

separate subdivision in this section. For FY 2007-08, the Judicial Performance Program appropriation was moved into the Administration subdivision.

Courts Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$40,611,453	\$30,291,300	\$8,080,176	\$2,229,642	\$10,335	194.5
SB 06-61	17,130	17,130	0	0	0	0.3
SB 07-166	<u>903,763</u>	<u>360,273</u>	<u>465,600</u>	<u>77,890</u>	<u>0</u>	<u>3.0</u>
TOTAL	\$41,532,346	\$30,668,703	\$8,545,776	\$2,307,532	\$10,335	197.8
FY 2007-08 Appropriation:						
SB 07-239	\$53,641,450	\$40,944,690	\$10,314,355	\$2,376,853	\$5,552	200.1
SB 07-118	2,194,622	0	2,194,622	0	0	1.0
HB 07-1054	<u>235,865</u>	<u>0</u>	<u>235,865</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$56,071,937	\$40,944,690	\$12,744,842	\$2,376,853	\$5,552	201.1
Increase/(Decrease)	\$14,539,591	\$10,275,987	\$4,199,066	\$69,321	(\$4,783)	3.3
Percentage Change	35.0%	33.5%	49.1%	3.0%	(46.3)%	1.7%

Administration

This subdivision funds the State Court Administrator's Office, which is responsible for: (1) coordination and control of budgeting, human resources, data processing, grant administration, and management services for the entire Judicial Department; (2) internal audits, training, and technical assistance for court programs, judicial districts, and probation offices; (3) support for the probation offices; (4) maintenance of the Judicial/Heritage Complex; (5) and the Judicial Performance Program. Cash funds are from the Family-friendly Court Program Cash Fund, the State Commission on Judicial Performance Cash Fund, and from fees and cost recoveries. Cash funds exempt includes transfers from various sources of cash funds within the Department and from the State Historical Society.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$8,202,487	\$5,479,067	\$1,283,672	\$1,429,413	\$10,335	61.5
SB 07-166	<u>138,048</u>	<u>115,158</u>	<u>0</u>	<u>22,890</u>	<u>0</u>	<u>3.0</u>
TOTAL	\$8,340,535	\$5,594,225	\$1,283,672	\$1,452,303	\$10,335	64.5

<i>Administration</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$8,340,535	\$5,594,225	\$1,283,672	\$1,452,303	\$10,335	64.5
Long Bill reorganization	568,294	0	568,294	0	0	1.0
Personal services adjustments	407,787	407,787	0	0	0	0.0
HR staff increase due to additional probation staff	61,405	61,405	0	0	0	1.0
HR staff increase due to additional trial courts staff	17,992	17,992	0	0	0	0.3
Other	75,411	(65,265)	76,138	69,321	(4,783)	0.0
SB 07-239	\$9,471,424	\$6,016,144	\$1,928,104	\$1,521,624	\$5,552	66.8
SB 07-118	<u>2,194,622</u>	<u>0</u>	<u>2,194,622</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$11,666,046	\$6,016,144	\$4,122,726	\$1,521,624	\$5,552	67.8
Increase/(Decrease)	\$3,325,511	\$421,919	\$2,839,054	\$69,321	(\$4,783)	3.3
Percentage Change	39.9%	7.5%	221.2%	4.8%	(46.3)%	5.1%

S.B. 07-239 (Long Bill) Issue Descriptions

Long Bill reorganization: The appropriation includes merging the Judicial Performance Personal Services and Operating Expenses line items to provide the program with additional flexibility, and moving the appropriation from a separate subdivision into the Administration subdivision.

Personal services adjustments: The appropriation includes \$426,943 General Fund to annualize salary increases awarded in FY 2006-07. This increase is partially offset by a reduction of \$19,156 General Fund for the 0.5 percent personal services base reduction.

HR staff increase due to additional probation staff: Due to the increase of 111.5 FTE probation staff, the appropriation includes funding for 1.0 Human Resources FTE to allow the Department to maintain a certain base level of support functions.

HR staff increase due to additional trial courts staff: Due to the increase of 28.0 FTE trial courts staff, the appropriation includes funding for 0.3 Human Resources FTE to allow the Department to maintain a certain base level of support functions.

Other: The appropriation also includes: (1) an increase of \$11,082 General Fund to annualize new FTE salaries that were appropriated for only 11 months in FY 2006-07; (2) a \$6,010 General Fund reduction to eliminate one-time funding for capital outlay in FY 2006-07; and (3) adjustments to the Department's indirect cost assessments.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Administrative Special Purpose

This subdivision includes several programs within the Judicial Department, such as Collections Investigators, the Child Support Enforcement Program, and the Retired Judge Program. The subdivision 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 Judicial Collection Enhancement Fund, the Offender Services Fund, the Dispute Resolution Fund, the Fines Collection Cash Fund, the Drug Offender Surcharge Fund, the Alcohol and Drug Driving Safety Program Fund, and from cost recoveries. Cash funds exempt are from local Victims and Witness Assistance Law Enforcement (VALE) Boards and federal funds transferred from the Department of Human Services.

<i>Administrative Special Purpose</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$24,585,457	\$19,697,033	\$4,307,195	\$581,229	\$0	84.2
SB 07-166	<u>299,182</u>	<u>228,582</u>	<u>15,600</u>	<u>55,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$24,884,639	\$19,925,615	\$4,322,795	\$636,229	\$0	84.2
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$24,884,639	\$19,925,615	\$4,322,795	\$636,229	\$0	84.2
Salary survey and anniversary funding	7,205,844	6,398,094	807,750	0	0	0.0
State contribution for health, life and dental	2,697,053	1,990,506	706,547	0	0	0.0
PERA amortization equalization disbursement	1,173,003	973,949	199,054	0	0	0.0
Miscellaneous common policy changes	470,542	456,434	14,108	0	0	0.0
FY 2006-07 Salary survey awards	78,205	0	78,205	0	0	0.0
Other	(123,301)	(122,701)	(600)	0	0	0.0
SB 07-239	\$36,385,985	\$29,621,897	\$6,127,859	\$636,229	\$0	84.2
HB 07-1054	<u>235,865</u>	<u>0</u>	<u>235,865</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$36,621,850	\$29,621,897	\$6,363,724	\$636,229	\$0	84.2
Increase/(Decrease)	\$11,737,211	\$9,696,282	\$2,040,929	\$0	\$0	0.0
Percentage Change	47.2%	48.7%	47.2%	0.0%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Salary survey and anniversary funding: The appropriation includes increases for salary survey and anniversary increases which are funded through centrally-appropriated line items in the Administrative Special Purpose subdivision in the year of the award and are incorporated into base funding for each division in the subsequent year.

State contribution for health, life and dental: The appropriation includes adjustments to this centrally-appropriated line item.

PERA amortization equalization disbursement: The appropriation includes increases for Public Employees' Retirement Association (PERA) amortization equalization disbursement pursuant to S.B. 04-257 and S.B. 06-235.

Miscellaneous common policy changes: The appropriation includes the following increases for centrally-appropriated line items: \$417,404 for workers' compensation; \$67,651 for short-term disability; \$18,007 for legal services; and \$17,856 for vehicle lease payments. These increases are partially offset by a \$50,376 reduction in payments to risk management.

FY 2006-07 Salary survey awards: The appropriation includes \$78,205 to annualize salary increases awarded in FY 2006-07.

Other: The appropriation includes a reduction of \$139,462 General Fund based on anticipated costs for retired judges. The appropriation also includes an increase of \$16,761 General Fund and a reduction of \$600 cash funds to align the Leased Space line item with anticipated expenditures.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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. For FY 2007-08, the appropriation for this program was moved to the Administration subdivision of the Courts Administration Division.

<i>Judicial Performance</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$565,997</u>	<u>\$0</u>	<u>\$565,997</u>	<u>\$0</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$565,997	\$0	\$565,997	\$0	\$0	1.0

<i>Judicial Performance</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$565,997	\$0	\$565,997	\$0	\$0	1.0
FY 2006-07 Salary survey awards	2,297	0	2,297	0	0	0.0
Long Bill reorganization	(568,294)	0	(568,294)	0	0	(1.0)
SB 07-239	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
<hr/>						
Increase/(Decrease)	(\$565,997)	\$0	(\$565,997)	\$0	\$0	(1.0)
Percentage Change	(100.0)%	n/a	(100.0)%	n/a	n/a	(100.0)%

S.B. 07-239 (Long Bill) Issue Descriptions

FY 2006-07 Salary survey awards: The appropriation includes \$2,297 to annualize salary increases awarded in FY 2006-07.

Long Bill reorganization: The Judicial Performance Personal Services and Operating Expenses appropriations were merged to provide the program with additional flexibility and moved from a separate subdivision into the Administration subdivision of the Courts Administration Division.

Integrated Information Services

This subdivision provides automated data processing services to the state courts and probation offices. Major systems supported by this division include: (1) the Integrated Colorado On-line Network (ICON), which handles case tracking and financial functions for the trial courts and probation departments; (2) 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; (3) the appellate case tracking system; (4) the court-appointed counsel system; and (5) the state court administrator's local-area network. Cash funds are from fees and cost recoveries. Cash funds exempt are from federal funds transferred to the Judicial Department from other state agencies.

<i>Integrated Information Services</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$7,257,512	\$5,115,200	\$1,923,312	\$219,000	\$0	47.8
SB 06-61	17,130	17,130	0	0	0	0.3
SB 07-166	<u>466,533</u>	<u>16,533</u>	<u>450,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>

<i>Integrated Information Services</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$7,741,175	\$5,148,863	\$2,373,312	\$219,000	\$0	48.1
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$7,741,175	\$5,148,863	\$2,373,312	\$219,000	\$0	48.1
Personal services adjustments	73,759	73,759	0	0	0	0.0
IT staff increase due to additional probation staff	53,757	53,757	0	0	0	1.0
Miscellaneous common policy changes	20,799	20,799	0	0	0	0.0
IT staff increase due to additional trial courts staff	16,080	16,080	0	0	0	0.3
Other	(121,529)	(6,609)	(114,920)	0	0	(0.3)
SB 07-239	<u>\$7,784,041</u>	<u>\$5,306,649</u>	<u>\$2,258,392</u>	<u>\$219,000</u>	<u>\$0</u>	<u>49.1</u>
TOTAL	\$7,784,041	\$5,306,649	\$2,258,392	\$219,000	\$0	49.1
Increase/(Decrease)	\$42,866	\$157,786	(\$114,920)	\$0	\$0	1.0
Percentage Change	0.6%	3.1%	(4.8)%	0.0%	n/a	2.1%

S.B. 07-239 (Long Bill) Issue Descriptions

Personal services adjustments: The appropriation includes \$88,670 General Fund to annualize salary increases awarded in FY 2006-07. This increase is partially offset by a reduction of \$14,911 General Fund for the 0.5 percent personal services base reduction.

IT staff increase due to additional probation staff: Due to the increase of 111.5 FTE probation staff, the appropriation includes funding for 1.0 FTE information technology support staff to allow the Department to maintain a certain base level of support functions.

Miscellaneous common policy changes: The appropriation includes an increase of \$34,364 for multiuse network payments. This increase is partially offset by reductions of \$12,482 for the purchase of services from computer center and \$1,083 for communication services payments.

IT staff increase due to additional trial courts staff: Due to the increase of 28.0 FTE trial courts staff, the appropriation includes funding for 0.3 FTE information technology support staff to allow the Department to maintain a certain base level of support functions.

Other: The appropriation includes the following reductions: \$114,920 cash funds to eliminate one-time funding for hardware replacement in FY 2006-07; \$17,130 and 0.3 FTE to eliminate one-time funding associated with S.B. 06-61; and \$15,025 to eliminate a one-time capital outlay appropriation. These reductions are partially

offset by an increase of \$25,546 General Fund to annualize new FTE salaries that were appropriated for only 11 months in FY 2006-07.

Trial Courts

The Trial Courts Division represents the largest portion (over 40 percent) of the Judicial Department's budget. This division includes district courts in 22 judicial districts, 64 county courts, and seven 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, the Water Adjudication Cash Fund, and various fees and cost recovery charges to those who use the court system. Cash funds exempt are from reserves in the Crime Victim Compensation Funds and in the Victims and Witnesses Assistance and Law Enforcement Funds, federal funds appropriated to other departments and transferred to the Judicial Department, and various gifts, grants, and donations.

Trial Courts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$142,051,718	\$105,309,505	\$35,072,586	\$1,274,469	\$395,158	1,705.5
SB 06-61	(49,148)	(49,148)	0	0	0	0.0
HB 06-1028	1,236,622	1,236,622	0	0	0	16.0
SB 07-166	<u>1,883,305</u>	<u>878,305</u>	<u>350,000</u>	<u>0</u>	<u>655,000</u>	<u>(2.0)</u>
TOTAL	\$145,122,497	\$107,375,284	\$35,422,586	\$1,274,469	\$1,050,158	1,719.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$145,122,497	\$107,375,284	\$35,422,586	\$1,274,469	\$1,050,158	1,719.5
Personal services adjustments	1,686,393	1,720,683	(34,290)	0	0	0.0
Additional trial courts staff	967,772	967,772	0	0	0	28.0
Court-appointed counsel rate increase	520,000	520,000	0	0	0	0.0
Annualize FY 2006-07 funding	289,714	289,714	0	0	0	0.0
Federal funding and grants adjustment	150,000	0	150,000	0	0	0.0
Additional magistrate and staff	107,973	107,973	0	0	0	1.0

Trial Courts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Eliminate one-time funding	(1,029,387)	(1,029,387)	0	0	0	0.0
Other	(43,099)	(43,099)	0	0	0	0.0
SB 07-239	\$147,771,863	\$109,908,940	\$35,538,296	\$1,274,469	\$1,050,158	1,748.5
SB 07-55	4,186,071	0	4,186,071	0	0	0.0
HB 07-1054	<u>3,520,513</u>	<u>0</u>	<u>3,520,513</u>	<u>0</u>	<u>0</u>	<u>45.0</u>
TOTAL	\$155,478,447	\$109,908,940	\$43,244,880	\$1,274,469	\$1,050,158	1,793.5
Increase/(Decrease)	\$10,355,950	\$2,533,656	\$7,822,294	\$0	\$0	74.0
Percentage Change	7.1%	2.4%	22.1%	0.0%	0.0%	4.3%

S.B. 07-239 (Long Bill) Issue Descriptions

Personal services adjustments: The appropriation includes \$2,175,866 General Fund to annualize salary increases awarded in FY 2006-07. This increase is partially offset by reductions of \$455,183 General Fund and \$34,290 cash funds for the 0.5 percent personal services base reduction.

Additional trial courts staff: The appropriation includes funding for 28.0 FTE additional trial courts staff to partially address increased case filings.

Court-appointed counsel rate increase: The appropriation includes funding to raise the hourly court-appointed counsel rate from \$57 per hour to \$60 per hour.

Annualize FY 2006-07 funding: The appropriation includes funding to annualize new FTE salaries that were appropriated for only 11 months in FY 2006-07.

Federal funding and grants adjustment: The appropriation includes an increase of \$150,000 cash funds to better reflect anticipated grant receipts.

Additional magistrate and staff: The appropriation includes funding for 0.25 FTE additional magistrates for Fremont County and 0.75 FTE associated support staff to address increased case filings.

Eliminate one-time funding: The appropriation includes a reduction to eliminate one-time capital outlay funding for FY 2006-07.

Other: The appropriation includes an increase of \$3,967 for administration costs associated with the Sex Offender Surcharge Fund, and a reduction of \$47,066 for District Attorney Mandated Costs.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 include the Offender Services Fund, the Drug Offender Surcharge Fund, the Alcohol and Drug Driving Safety Program Fund, the Sex Offender Surcharge Fund, and various fees and cost recoveries. Cash funds exempt include: reserves from the Alcohol and Drug Driving Safety Program Fund; funds appropriated to other departments and transferred to the Judicial Department; grants from local Victims and Witnesses Assistance and Law Enforcement (VALE) Boards; and gifts, grants, and donations.

Probation and Related Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$68,711,662	\$47,705,292	\$14,067,973	\$6,177,643	\$760,754	1,042.8
SB 06-22	27,000	0	27,000	0	0	0.0
SB 06-61	(16,256)	(16,256)	0	0	0	0.0
HB 06-1011	19,682	19,682	0	0	0	0.4
SB 07-166	<u>584,654</u>	<u>41,215</u>	<u>500,000</u>	<u>(431,561)</u>	<u>475,000</u>	<u>(1.0)</u>
TOTAL	\$69,326,742	\$47,749,933	\$14,594,973	\$5,746,082	\$1,235,754	1,042.2
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$69,326,742	\$47,749,933	\$14,594,973	\$5,746,082	\$1,235,754	1,042.2
Additional probation staff	5,867,477	5,867,477	0	0	0	111.5
S.B. 03-318 Community treatment funding	2,200,000	2,200,000	0	0	0	0.0
Personal services adjustments	1,481,205	1,273,468	207,737	0	0	0.0
S.B. 91-94 Contract funding	431,561	0	0	431,561	0	0.0
Drug Offender Surcharge Fund	332,213	0	0	332,213	0	0.0
S.B. 06-150 Funding	164,065	155,815	8,250	0	0	1.9
Annualize FY 2006-07 funding	91,287	91,287	0	0	0	0.0
Eliminate one-time funding	(87,291)	(87,291)	0	0	0	0.0
SB 07-239	<u>\$79,807,259</u>	<u>\$57,250,689</u>	<u>\$14,810,960</u>	<u>\$6,509,856</u>	<u>\$1,235,754</u>	<u>1,155.6</u>

Probation and Related Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$79,807,259	\$57,250,689	\$14,810,960	\$6,509,856	\$1,235,754	1,155.6
Increase/(Decrease)	\$10,480,517	\$9,500,756	\$215,987	\$763,774	\$0	113.4
Percentage Change	15.1%	19.9%	1.5%	13.3%	0.0%	10.9%

S.B. 07-239 (Long Bill) Issue Descriptions

Additional probation staff: The appropriation includes funding for 111.5 FTE additional probation staff (comprised of 81.1 FTE probation officers, 12.4 FTE probation supervisors, and 18.0 FTE secretaries) to maintain personnel at 75 percent of full staffing.

S.B. 03-318 Community treatment funding: The appropriation includes community treatment funding pursuant to S.B. 03-318. This bill reduced penalties for the use and possession of certain controlled substances. The bill required that a minimum of \$2.2 million in anticipated savings derived from the sentencing changes be appropriated for community treatment annually beginning in FY 2007-08, or the sentencing changes would be reversed.

Personal services adjustments: The appropriation includes increases \$1,507,066 General Fund and \$229,823 cash funds to annualize salary increases awarded in FY 2006-07. These increases are partially offset by reductions of \$233,598 General Fund and \$22,086 cash funds for the 0.5 percent personal services base reduction.

S.B. 91-94 Contract funding: The appropriation includes an anticipated increase in the Department's contract for S.B. 91-94 services with the Department of Human Services. The actual contract will not be finalized until after the Long Bill has passed; the Judicial Department plans to submit a supplemental funding request in FY 2007-08 to align the appropriation with the actual contract amount.

Drug Offender Surcharge Fund: The appropriation includes an increase in cash funds exempt spending authority from the Drug Offender Surcharge Fund to provide training for criminal justice and treatment agency staff, and to provide increased access to inpatient treatment facilities.

S.B. 06-150 Funding: Beginning July 1, 2007, S.B. 06-150 expanded DNA testing requirements to include all persons sentenced for felony convictions, as well as all juveniles if the offense committed would constitute a felony if it was committed by an adult. The appropriation includes funding for the probation program to administer and conduct the newly required DNA tests.

Annualize FY 2006-07 funding: The appropriation includes funding to annualize new FTE salaries that were appropriated for only 11 months in FY 2006-07.

Eliminate one-time funding: The appropriation eliminates one-time FY 2006-07 capital outlay funding.

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 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.

Public Defender						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$37,171,280	\$37,077,202	\$79,140	\$14,938	\$0	380.9
HB 06-1028	634,312	634,312	0	0	0	13.0
SB 07-166	<u>593,601</u>	<u>499,851</u>	<u>93,750</u>	<u>0</u>	<u>0</u>	<u>2.0</u>
TOTAL	\$38,399,193	\$38,211,365	\$172,890	\$14,938	\$0	395.9
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$38,399,193	\$38,211,365	\$172,890	\$14,938	\$0	395.9
Additional staffing	3,557,551	3,557,551	0	0	0	81.1
Leased space	855,408	855,408	0	0	0	0.0
FY 2006-07 Salary survey awards	843,028	843,028	0	0	0	0.0
Salary survey and anniversary funding	495,024	495,024	0	0	0	0.0
State contribution to health, life and dental	370,146	370,146	0	0	0	0.0
PERA amortization equalization disbursement	168,788	168,788	0	0	0	0.0
Annualize FY 2006-07 supplemental	131,250	0	131,250	0	0	2.0
Miscellaneous common policy changes	17,031	17,031	0	0	0	0.0
Other	(117,322)	(112,681)	1,750	(6,391)	0	0.0
SB 07-239	\$44,720,097	\$44,405,660	\$305,890	\$8,547	\$0	479.0
HB 07-1054	<u>351,004</u>	<u>351,004</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7.0</u>
TOTAL	\$45,071,101	\$44,756,664	\$305,890	\$8,547	\$0	486.0
Increase/(Decrease)	\$6,671,908	\$6,545,299	\$133,000	(\$6,391)	\$0	90.1
Percentage Change	17.4%	17.1%	76.9%	(42.8)%	n/a	22.8%

/1 For FY 2007-08, the appropriation includes \$936,317 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (III) (B), C.R.S., due to a U.S. Supreme Court decision that expanded the types of cases for which public defender services must be made available to the indigent.

S.B. 07-239 (Long Bill) Issue Descriptions

Additional staffing: The appropriation includes funding for 81.1 FTE additional staff to address caseload growth. The new staff include 48.8 FTE attorneys, 16.2 FTE investigators/paralegals, 12.2 FTE trial secretaries, and 3.9 FTE administrative staff. This increase includes \$936,317 General Fund associated with 21.2 new FTE that is exempt from the statutory limit on state General Fund appropriations due to a federal court order, pursuant to Section 24-75-201.1 (1) (a) (III) (B), C.R.S.

Leased space: The appropriation includes funding for annual leased space escalators, new leased space contract negotiations, and additional leased space.

FY 2006-07 Salary survey awards: The appropriation includes \$843,028 to annualize salary increases awarded in FY 2006-07.

Salary survey and anniversary funding: The appropriation includes adjustments to these line items.

State contribution to health, life and dental: The appropriation includes adjustments to this line item.

PERA amortization equalization disbursement: The appropriation includes increases for the PERA amortization equalization disbursement pursuant to S.B. 04-257 and S.B. 06-235.

Annualize FY 2006-07 supplemental: The appropriation includes funding to annualize a FY 2006-07 supplemental appropriation to provide cash funds spending authority so that the Denver court system can contract with the Public Defender's Office to provide services to indigent clients in the new Denver Drug Court.

Miscellaneous common policy changes: The appropriation includes increases of \$37,546 for multiuse network payments, \$5,820 for purchase of services from computer center, and \$5,264 for short-term disability. These increases are partially offset by a reduction of \$14,667 for vehicle lease payments.

Other: The appropriation includes reductions of \$112,681 General Fund to eliminate capital outlay funding provided in FY 2006-07, and \$6,391 cash funds exempt in anticipated grant receipts. These reductions are partially offset by an increase of \$1,750 cash funds in anticipated cost recoveries from registration fees paid by private attorneys at the Public Defender's annual training conference.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Alternate Defense Counsel

The Office of the 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 ADC also contracts with private investigators to assist in the defense of the appointed cases and is responsible for the payment of expenses for discovery and interpreters in the appointed cases. Cash funds are from fees for training provided by the ADC.

Alternate Defense Counsel						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$18,291,224</u>	<u>\$18,283,224</u>	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>	<u>5.0</u>
TOTAL	\$18,291,224	\$18,283,224	\$8,000	\$0	\$0	5.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$18,291,224	\$18,283,224	\$8,000	\$0	\$0	5.0
Case cost and caseload growth increase	2,383,314	2,383,314	0	0	0	0.0
Court-appointed counsel rate increase	862,533	862,533	0	0	0	0.0
Attorney oversight and training	68,731	68,731	0	0	0	0.5
Operating expenses base increase	38,700	38,700	0	0	0	0.0
Appellate case manager	(41,973)	(41,973)	0	0	0	1.0
Other	37,736	37,736		0	0	0.0
SB 07-239	<u>\$21,640,265</u>	<u>\$21,632,265</u>	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>	<u>6.5</u>
TOTAL	\$21,640,265	\$21,632,265	\$8,000	\$0	\$0	6.5
Increase/(Decrease)	\$3,349,041	\$3,349,041	\$0	\$0	\$0	1.5
Percentage Change	18.3%	18.3%	0.0%	n/a	n/a	30.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Case cost and caseload growth increase: The appropriation includes funding to account for caseload growth and increases in average costs per case.

Court-appointed counsel rate increase: The appropriation includes funding to raise the hourly court-appointed counsel rate paid from an average of \$57 per hour to an average of \$60 per hour.

Attorney oversight and training: The appropriation includes \$48,731 for staff to evaluate and monitor contract attorneys as part of the ADC's effort to comply with state audit recommendations. The appropriation also includes an increase of \$20,000 to enable the ADC to provide training to its contract attorneys.

Operating expenses base increase: The appropriation includes an increase in the Operating Expenses appropriation for previously unfunded information technology costs and base operating expenses.

Appellate case manager: The appropriation includes funding for 1.0 FTE to manage appellate case filings. Since most contract attorneys do not readily know the correct appellate procedures and contacts, transferring the responsibility for appellate case filings to a staff paralegal will streamline the process and result in a cost

savings, as has been demonstrated by a "pilot" effort in FY 2006-07. Therefore, the cost of the FTE (\$53,787) is offset by a reduction in costs associated with conflict of interest contracts (\$95,760).

Other: The appropriation includes the following increases associated with common policies: \$14,543 for the state contribution to employee health, life and dental benefits; \$7,439 for salary survey; \$7,300 for anniversary increases; \$2,489 for the PERA amortization equalization disbursement pursuant to S.B. 04-257 and S.B. 06-235, \$587 for the purchase of services from the computer center; and \$49 for short-term disability. The appropriation also includes \$10,983 to annualize salary increases awarded in FY 2006-07 and a \$9,000 increase for computer programming costs. These increases are partially offset by a reduction of \$14,654 to adjust the Leased Space appropriation.

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 lone exception is the El Paso County office, which provides guardian ad-litem services through a centralized office.

Office of the Child's Representative						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$12,356,798	\$12,356,798	\$0	\$0	\$0	4.0
SB 07-166	<u>293,315</u>	<u>293,315</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,650,113	\$12,650,113	\$0	\$0	\$0	4.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$12,650,113	\$12,650,113	\$0	\$0	\$0	4.0
Court-appointed counsel rate increase	640,401	640,401	0	0	0	0.0
Case cost and caseload growth increase	264,515	264,515	0	0	0	0.0
Miscellaneous common policies	80,630	80,630	0	0	0	0.0
Personal services adjustments	32,354	32,354	0	0	0	0.0
Miscellaneous changes	26,976	26,976	0	0	0	0.0
Long Bill technical adjustment	0	0	0	0	0	21.8
SB 07-239	<u>\$13,694,989</u>	<u>\$13,694,989</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>25.8</u>
TOTAL	\$13,694,989	\$13,694,989	\$0	\$0	\$0	25.8

Office of the Child's Representative						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$1,044,876	\$1,044,876	\$0	\$0	\$0	21.8
Percentage Change	8.3%	8.3%	n/a	n/a	n/a	545.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Court-appointed counsel rate increase: The appropriation includes funding to raise the hourly court-appointed counsel rate paid from \$57 per hour to \$60 per hour.

Case cost and caseload growth increase: The appropriation includes funding to account for caseload growth increases and increases in average costs per case.

Miscellaneous common policies: The appropriation includes the following increases associated with common policies: \$38,735 for the state contribution to employee health, life and dental benefits; \$12,615 for salary survey; \$20,344 for anniversary increases; \$8,249 for the PERA amortization equalization disbursement pursuant to S.B. 04-257 and S.B. 06-235, \$424 for the purchase of services from computer center, and \$263 for other adjustments.

Personal services adjustments: The appropriation includes \$40,544 to annualize salary increases awarded in FY 2006-07. This increase is partially offset by a reduction of \$8,190 for the 0.5 percent personal services base reduction.

Miscellaneous changes: The appropriation includes the following General Fund increases: \$10,000 for one-time training costs to help send guardians ad litem (GALs) from every judicial district to the National Association of Counsel for Children's annual children's law conference which is being held in Colorado this summer; \$7,841 for subscriptions to Westlaw for legal research for the staff GALs (previously they had subscribed to Loislaw which is less expensive but provides access to fewer resources); \$4,891 for the annual leased space escalator for the administrative office; and \$4,244 to cover the increased mileage costs incurred by the staff GALs due to S.B. 06-173.

Long Bill technical adjustment: When OCR was formed in 2000, it assumed responsibility for all contract GALs and for a pilot project in El Paso County (known as the GAL Office) that provides guardian ad-litem services through a centralized office rather than through contracted services. The goal of the pilot was to determine if high quality services could be provided through a "staff model" at the same or a lower cost as the existing process of contracting with independent GALs. The GAL Office employees have proven to be both highly effective and cost-efficient; therefore, it is now considered a part of OCR's regular operations. The appropriation includes the additional of the 21.8 FTE associated with the GAL Office; the funding associated with these FTE had historically been included in OCR appropriations.

Recent Legislation

2006 Session Bills

S.B. 06-22: Expands the definition of sexually violent predators (SVPs) and the definition of conviction of specified sex offenses. Requires the Probation program to conduct additional risk assessments for sex offenders. Appropriates \$27,000 from the Sex Offender Surcharge Cash Fund to the Judicial Department for FY 2006-07. Requires the Department of Corrections to complete risk assessments on SVPs prior to release on parole or discharge from prison. See the Recent Legislation section for the Department of Corrections for more details.

S.B. 06-61: Transfers the authority for overseeing the provision of hearing interpreters from the Department of Human Services, Division of Rehabilitation to the Department of Human Services, Commission for the Deaf and Hard of Hearing. Reduces the FY 2006-07 Long Bill appropriation for the Judicial Department by \$80,162 General Fund since the Department will no longer be responsible for the payment of all appointments for interpreter services. Provides an FY 2006-07 appropriation for the Judicial Department of \$31,888 and 0.3 FTE to pay for court-appointed counsel when someone is considering waiving their right to an interpreter and for modifications to the Court-Appointed Counsel Payment and Data System. See the Recent Legislation section for the Department of Human Services for more details.

H.B. 06-1011: Creates two new felonies subject to an indeterminate sentence that could reach a maximum of an offender's lifetime: (1) internet luring of a child; and (2) internet sexual exploitation of a child. Provides the Judicial Department an appropriation of \$19,682 General Fund and 0.4 FTE for increased probation costs in FY 2006-07. See the Recent Legislation section for the Department of Corrections for more details.

H.B. 06-1028: Creates three new judgeships on the Colorado Court of Appeals and four new county court judgeships (located in Jefferson, Douglas, Mesa, and Weld counties). In FY 2006-07, appropriates a total of \$3,133,968 General Fund and 42.5 FTE to the Judicial Department for the Supreme Court/Court of Appeals, the Trial Courts, and the Public Defender's Office.

H.B. 06-1385: General appropriations act for FY 2006-07.

2007 Session Bills

S.B. 07-55: Increases the costs levied on certain criminal actions and traffic offenses, and directs the increased revenue to the Crime Victim Compensation Fund in each judicial district in the state. Increases the surcharges on certain traffic offenses and allocates the revenue to the Crime Victim Compensation Fund. Specifies that the portion of the surcharges collected on criminal actions and certain traffic offenses that is currently diverted to the General Fund instead shall be credited to the Victims and Witnesses Assistance and Law Enforcement (VALE) Fund. For FY 2007-08, appropriates \$2,901,319 from the Crime Victim Compensation Fund and \$1,284,752 from the VALE Fund established in the office of the court administrator of each judicial district.

S.B. 07-118: Creates a \$5 surcharge on certain criminal and civil court filings and credits the money to the new Court Security Cash Fund. Allows county-level local security teams to apply to the State Court Administrator's Office for grants from the fund to improve courthouse security. For FY 2007-08, appropriates \$2,194,622 from the fund, and 1.0 FTE, to the Judicial Department for administration of the program.

S.B. 07-166: Supplemental appropriations act for FY 2006-07.

S.B. 07-239: General appropriations act for FY 2007-08.

H.B. 07-1054: In FY 2007-08, creates nine new district court judgeships. Subject to available appropriations, also creates three new judgeships on the Colorado Court of Appeals, 22 new district court judgeships, and eight new county court judgeships to be phased in during FY 2008-09 and FY 2009-10. For FY 2007-08, appropriates a total of \$4,107,382 General Fund and cash funds, and 52.0 FTE, to the Judicial Department for Courts Administration, the Trial Courts, and the Public Defender's Office.

DEPARTMENT OF LABOR AND EMPLOYMENT

The Department is responsible for: (1) administering state and federal employment and training programs; (2) enforcing state and federal labor laws; (3) operating state regulatory programs for the petroleum industry, school construction, boilers, and elevators and similar conveyances; and (4) 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 that can be reached at www.coworkforce.com.

Department Budget: Recent Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund	\$0	\$0	\$140,666	\$0
Cash Funds	27,064,568	32,298,629	30,931,121	35,974,775
Cash Funds Exempt	15,812,355	18,818,603	19,874,799	20,407,127
Federal Funds	<u>88,850,265</u>	<u>102,906,629</u>	<u>102,845,833</u>	<u>101,823,271</u>
Total Funds	\$131,727,188	\$154,023,861	\$153,792,419	\$158,205,173
Full Time Equiv. Staff	1,119.8	1,102.0	1,098.8	1,097.0

General Factors Driving the Budget

Funding for this department consists of 64.4 percent federal funds, 22.7 percent cash funds, and 12.9 percent cash funds exempt. The General Fund expenditures shown in FY 2006-07 are offset by statewide indirect cost recoveries in FY 2007-08. The 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. For FY 2007-08, the Department estimates that \$285,400,000 in unemployment insurance benefits will be paid; the benefit dollars are not subject to appropriation by the General Assembly.

Unemployment Insurance Program Measures					
	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Estimate	FY 2007-08 Estimate
Number of Initial Claims Established	192,419	137,785	126,647	120,290	119,561
Number of New Employer Accounts	22,268	25,073	24,387	26,292	27,317
Number of Appeals Decisions Rendered	28,466	22,778	19,804	18,805	18,823
Percentage of Cases Involving Fraud	2.0%	2.1%	1.7%	1.0%	0.6%

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 emphasis 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. Note that the number of individuals served increased sharply during the recession, and have remained at those levels even as the economy has recovered.

Employment and Training Client Measures								
	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Estimate	2007-08 Estimate
Individuals Served	201,323	210,567	307,879	276,849	287,001	329,875	275,000	300,000
Number Entering Employment	37,404	39,415	30,791	143,926	141,400	109,115	150,000	150,000
Percent Entering Employment	18.6%	18.7%	10.0%	52.0%	49.3%	33.1%	54.5%	50.0%

Public Safety

The Department provides a variety of registration and inspection programs related to public safety. The Department's boiler inspection program had to expand significantly at the beginning of 2007 when Denver discontinued its local inspection program. Denver's program was the only local inspection program in the state; the Department is now responsible for inspection of all boilers and pressure vessels in Colorado. S.B. 07-123 created a new program requiring state registration and inspection of elevators and similar conveyances.

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 by the State 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 accident-related costs.

Workers' Compensation Program Measures					
	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Estimate	FY 2007-08 Estimate
Requests for Workers' Compensation Hearings	10,662	9,751	9,595	10,500	10,500
Hearings Held	1,579	1,145	1,116	1,035	1,035
Customer Contacts	65,275	62,209	58,630	70,400	69,300
Work Related Accident Cost Reduction (savings)	\$16,793,562	\$19,122,759	\$16,869,049	\$12,000,000	\$12,000,000

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 1,280 of these cases still open as of July 1, 2007. The Subsequent Injury Fund program provides compensation to injured workers who have become permanently and totally disabled by more than one work-related injury. There are expected to be 315 open cases as of July 1, 2007.

Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of Labor and Employment						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$153,792,419	\$140,666	\$30,931,121	\$19,874,799	\$102,845,833	1,098.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	26,124,124	140,666	9,750,443	1,888,996	14,344,019	166.9
Division of Employment and Training	98,653,759	0	9,988,096	715,236	87,950,427	746.9
Division of Labor	967,590	0	967,590	0	0	14.0
Division of Oil and Public Safety	5,012,173	0	1,213,267	3,247,519	551,387	53.0
Division of Workers' Compensation	23,034,773	0	9,011,725	14,023,048	0	118.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	154,467,971	0	30,367,495	20,141,876	103,958,600	1,086.2
HB 06-1158	72,647	0	72,647	0	0	1.0
HB 06-1343	140,166	140,166	0	0	0	1.9
HB 06S1-1017	113,670	0	113,670	0	0	2.0
SB 07-167	(1,014,968)	500	364,376	(267,077)	(1,112,767)	7.7
SB 07-239	12,933	0	12,933	0	0	0.0

Department of Labor and Employment						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$158,205,173	\$0	\$35,974,775	\$20,407,127	\$101,823,271	1,097.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	29,729,280	0	13,392,076	2,260,096	14,077,108	166.9
Division of Employment and Training	98,451,344	0	10,529,461	740,147	87,181,736	739.0
Division of Labor	1,097,388	0	1,097,388	0	0	16.0
Division of Oil and Public Safety	5,475,614	0	1,559,462	3,351,725	564,427	57.1
Division of Workers' Compensation	23,451,547	0	9,396,388	14,055,159	0	118.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	157,969,680	0	35,774,917	20,371,492	101,823,271	1,095.2
SB 07-123	196,356	0	196,356	0	0	1.3
SB 07-258	3,502	0	3,502	0	0	0.0
HB 07-1228	35,635	0	0	35,635	0	0.5
Increase/(Decrease)	\$4,412,754	(\$140,666)	\$5,043,654	\$532,328	(\$1,022,562)	(1.8)
Percentage Change	2.9%	(100.0)%	16.3%	2.7%	(1.0)%	(0.2)%

FY 2007-08 Appropriation Highlights:

1. The appropriation increases by \$2.7 million line items used to provide employee benefits to state employees. This increase contains a greater share of state funds than in past years as federal funding has not grown at a pace consistent with common policy increases.
2. The appropriation provides an increase of \$243,000 from various sources to allow the Department to replace aging personal computers. Over 40 percent of the Department's personal computers are more than four years old.
3. The appropriation includes \$196,356 and 1.3 FTE to create a state program for registering and inspecting elevators and similar conveyances. The Department estimates that the cost of this program for the first several years will be covered by the initial registration fee that will be charged.
4. The appropriation includes an increase of \$135,000 cash funds and 2.3 FTE for expansion of the state boiler inspection program due to the termination of Denver's local inspection program. The Department anticipates that the cost of this expansion will be offset by increased fees.
5. The appropriation increases funding for the Labor Certification unit by \$40,000 cash funds to allow the unit to process an increased number of H-2A and H-2B visa applications from employers seeking to hire temporary foreign workers.

6. The appropriation reflects an anticipated decrease of \$1.2 million in the amount of federal funds available for some programs. There is a corresponding decrease of 7.9 FTE.

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 and the Employment Support Fund. Cash funds exempt used for administration are from reserves in the Major Medical Insurance Fund, the Subsequent Injury Fund, the Petroleum Storage Tank Fund, and the Unemployment Revenue Fund. Federal funds are used to administer unemployment insurance 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 would result in an increase in federal funding for the Executive Director's Office.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$27,205,589	\$0	\$9,851,257	\$1,897,546	\$15,456,786	165.0
HB 06-1343	140,166	140,166	0	0	0	1.9
HB 06S1-1017	3,223	0	3,223	0	0	0.0
SB 07-167	<u>(1,224,854)</u>	<u>500</u>	<u>(104,037)</u>	<u>(8,550)</u>	<u>(1,112,767)</u>	<u>0.0</u>
TOTAL	\$26,124,124	\$140,666	\$9,750,443	\$1,888,996	\$14,344,019	166.9
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$26,124,124	\$140,666	\$9,750,443	\$1,888,996	\$14,344,019	166.9
Employee benefits	2,512,935	12,213	844,070	192,780	1,463,872	
Payments to other agencies	525,703	0	197,273	38,219	290,211	0.0
Personal services adjustments	256,850	(41)	96,400	18,676	141,815	0.0
Leased space escalator	249,867	0	93,764	18,165	137,938	0.0

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
IT asset replacement	55,483	0	20,820	4,034	30,629	0.0
Refinance	0	(152,838)	2,384,988	99,226	(2,331,376)	0.0
Eliminate FY 2006-07 one-time funding	(5,441)	0	(5,441)	0	0	0.0
SB 07-239	\$29,719,521	\$0	\$13,382,317	\$2,260,096	\$14,077,108	166.9
SB 07-123	<u>9,759</u>	<u>0</u>	<u>9,759</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$29,729,280	\$0	\$13,392,076	\$2,260,096	\$14,077,108	166.9
Increase/(Decrease)	\$3,605,156	(\$140,666)	\$3,641,633	\$371,100	(\$266,911)	0.0
Percentage Change	13.8%	(100.0)%	37.3%	19.6%	(1.9)%	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Employee benefits: The appropriation includes adjustments for centrally appropriated items including (1) salary survey, (2) health, life, and dental, (3) short-term disability insurance, (4) amortization equalization disbursement and the new supplemental amortization equalization disbursement, and (5) shift differential. These adjustments reflect the change in benefits for all employees in the Department.

Payments to other agencies: The appropriation includes adjustments to payments to the Department of Law for the provision of legal services, as well as adjustments to several line items used to reimburse the Department of Personnel and Administration for services it provides, including payments to the computer center, the multi-use network, vehicle lease payments and capitol complex leased space.

Personal services adjustments: The appropriation includes increases for annualizing FY 2006-07 salary survey awards, which are partially offset by a 0.5 percent base reduction.

Leased space escalator: The appropriation includes additional funds based on anticipated increases in the rates for the Department's leased space. In addition to space in Denver, the Department leases space at various locations in Colorado for workforce centers.

IT asset replacement: The appropriation includes additional funds for the replacement of aging personal computers, both desktop and laptop systems. Such replacements were curtailed during the economic downturn, and over 40 percent of the Department's systems are more than four years old. The appropriation includes the distribution of funds for this purpose to all divisions within the Department.

Refinance: The appropriation reflects two refinancing issues. The first is an adjustment for the anticipated level of federal funds that will be available. The second is a refinancing of certain employee benefits using state funds to offset state-mandated increases (e.g., salary survey increases) in cases where federal funds have not increased correspondingly.

Eliminate FY 2006-07 one-time funding: The appropriation reflects the elimination of one-time funding for decision items and special bills in FY 2006-07.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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, the Unemployment Revenue Fund, and the Displaced Homemakers Fund. Cash funds exempt are primarily from reserves in the Unemployment Revenue Fund, and federal funds are from Workforce Investment Act grants and other federal grants designated for unemployment programs.

Division of Employment and Training						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$98,265,998	\$0	\$9,600,335	\$715,236	\$87,950,427	740.9
SB 07-167	374,828	0	374,828	0	0	6.0
SB 07-239	<u>12,933</u>	<u>0</u>	<u>12,933</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$98,653,759	\$0	\$9,988,096	\$715,236	\$87,950,427	746.9
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$98,653,759	\$0	\$9,988,096	\$715,236	\$87,950,427	746.9
Personal services adjustment	925,043	0	152,687	23,645	748,711	0.0
IT asset replacement	135,792	0	59,603	0	76,189	0.0
Labor certification adjustment	39,224	0	39,224	0	0	0.0
Refinance	0	0	351,844	1,266	(353,110)	0.0
Decrease in federal funds	(1,240,481)	0	0	0	(1,240,481)	(7.9)
Eliminate FY 2006-07 one-time funding	(61,993)	0	(61,993)	0	0	0.0
SB 07-239	<u>\$98,451,344</u>	<u>\$0</u>	<u>\$10,529,461</u>	<u>\$740,147</u>	<u>\$87,181,736</u>	<u>739.0</u>
TOTAL	\$98,451,344	\$0	\$10,529,461	\$740,147	\$87,181,736	739.0
Increase/(Decrease)	(\$202,415)	\$0	\$541,365	\$24,911	(\$768,691)	(7.9)
Percentage Change	(0.2)%	n/a	5.4%	3.5%	(0.9)%	(1.1)%

S.B. 07-239 (Long Bill) Issue Descriptions

Long Bill supplemental: The Foreign Labor Certification unit provides certification to employers seeking to bring foreign workers into the United States under the H-2A (temporary agricultural workers) and H-2B (other temporary workers) visa programs. In recent months, the number of applications which must be processed have increased sharply. The appropriation includes an increased level of funding for the remainder of FY 2006-07, and annualizes that increase for FY 2007-08.

Personal services adjustment: The appropriation includes increases for annualizing FY 2006-07 salary survey awards, which are partially offset by a 0.5 percent base reduction.

IT asset replacement: The appropriation includes additional funds for the replacement of aging personal computers, both desktop and laptop systems. Such replacements were curtailed during the economic downturn, and over 40 percent of the Department's systems are more than four years old.

Labor certification adjustment: The increased demand for services provided by the Labor Certification unit are described above. The appropriation reflects the annualization of the costs associated with this increased activity.

Refinance: The appropriation reflects a refinancing of certain employee benefits using state funds to offset state-mandated increases (e.g., salary survey increases) in cases where federal funds have not increased correspondingly.

Decrease in federal funds: The appropriation reflects an anticipated decrease in the amount of federal funds that will be available.

Eliminate FY 2006-07 one-time funding: The appropriation reflects the elimination of one-time funding for decision items and special bills in FY 2006-07.

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.

Division of Labor						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$857,143	\$0	\$857,143	\$0	\$0	12.0
HB 06S1-1017	<u>110,447</u>	<u>0</u>	<u>110,447</u>	<u>0</u>	<u>0</u>	<u>2.0</u>
TOTAL	\$967,590	\$0	\$967,590	\$0	\$0	14.0

Division of Labor						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$967,590	\$0	\$967,590	\$0	\$0	14.0
H.B. 06S1-1017	92,417	0	92,417	0	0	2.0
Personal services adjustments	32,087	0	32,087	0	0	0.0
IT asset replacement	5,294	0	5,294	0	0	0.0
SB 07-239	<u>\$1,097,388</u>	<u>\$0</u>	<u>\$1,097,388</u>	<u>\$0</u>	<u>\$0</u>	<u>16.0</u>
TOTAL	\$1,097,388	\$0	\$1,097,388	\$0	\$0	16.0
Increase/(Decrease)						
	\$129,798	\$0	\$129,798	\$0	\$0	2.0
Percentage Change						
	13.4%	n/a	13.4%	n/a	n/a	14.3%

S.B. 07-239 (Long Bill) Issue Descriptions

H.B. 06S1-1017: H.B. 06S1-1017 requires employers to demonstrate compliance with federal employment verification requirements. The Department is authorized to conduct random audits, to accept complaints, and to request documentation from an employer upon receipt of a creditable complaint. The appropriation includes annualization of the expenses associated with those activities, less one-time startup costs.

Personal services adjustments: The appropriation includes increases for annualizing FY 2006-07 salary survey awards, which are partially offset by a 0.5 percent base reduction.

IT asset replacement: The appropriation includes additional funds for the replacement of aging personal computers, both desktop and laptop systems. Such replacements were curtailed during the economic downturn, and over 40 percent of the Department's systems are more than four years old.

Division of Oil and Public Safety

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. Pursuant to S.B. 07-123, the Division will create a program providing for state registration and inspection of elevators and similar conveyances. 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. The sources of cash funds are the Boiler Inspection Fund, the Public Safety Inspection Fund, the Conveyance Safety Fund, and the Liquified Petroleum Gas Inspection Fund. The sources of cash funds exempt include the Petroleum Storage Tank Fund and a transfer from the Department of Public Health and Environment.

Division of Oil and Public Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$5,067,386	\$0	\$1,009,953	\$3,506,046	\$551,387	50.3
HB 06-1158	72,647	0	72,647	0	0	1.0
SB 07-167	<u>(127,860)</u>	<u>0</u>	<u>130,667</u>	<u>(258,527)</u>	<u>0</u>	<u>1.7</u>
TOTAL	\$5,012,173	\$0	\$1,213,267	\$3,247,519	\$551,387	53.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$5,012,173	\$0	\$1,213,267	\$3,247,519	\$551,387	53.0
Boiler inspection expansion	135,343	0	135,343	0	0	2.3
Personal services adjustments	99,851	0	21,031	68,109	10,711	0.0
Indirect cost assessment	33,000	0	0	33,000	0	0.0
IT asset replacement	21,015	0	4,203	15,761	1,051	0.0
Refinance	0	0	47,021	(48,299)	1,278	0.0
Ultra-low sulfur test equipment	(48,000)	0	(48,000)	0	0	0.0
SB 07-239	\$5,253,382	\$0	\$1,372,865	\$3,316,090	\$564,427	55.3
SB 07-123	186,597	0	186,597	0	0	1.3
HB 07-1228	<u>35,635</u>	<u>0</u>	<u>0</u>	<u>35,635</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$5,475,614	\$0	\$1,559,462	\$3,351,725	\$564,427	57.1
Increase/(Decrease)	\$463,441	\$0	\$346,195	\$104,206	\$13,040	4.1
Percentage Change	9.2%	n/a	28.5%	3.2%	2.4%	7.7%

S.B. 07-239 (Long Bill) Issue Descriptions

Boiler inspection expansion: On January 1, 2007, the City of Denver terminated its boiler inspection program. Under statute, the Department is required to assume responsibility for the necessary inspections. Expansion of the program for the remainder of FY 2006-07 was funded by a supplemental request. This appropriation reflects annualization of the program expansion.

Personal services adjustments: The appropriation includes increases for annualizing FY 2006-07 salary survey awards, which are partially offset by a 0.5 percent base reduction.

Indirect cost assessment: For TABOR purposes, the Petroleum Storage Tank Fund has been granted enterprise status. This line covers administrative costs incurred by the Department for which the enterprise must be charged. The appropriation reflects higher administrative costs for FY 2007-08.

IT asset replacement: The appropriation includes additional funds for the replacement of aging personal computers, both desktop and laptop systems. Such replacements were curtailed during the economic downturn, and over 40 percent of the Department's systems are more than four years old.

Refinance: The appropriation reflects the anticipated reserve balances in various cash funds, and the anticipated cash funds revenues.

Ultra-low sulfur test equipment: The appropriation removes \$48,000 in FY 2006-07 one-time funding for new test equipment.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 Office of Administrative Courts in the Department of Personnel and Administration 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 1,280 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 315 open cases.

The primary sources of cash funds are the Workers' Compensation Cash Fund, the Subsequent Injury Fund, and the Major Medical Insurance Cash Fund. Cash funds exempt are from reserves in the same funds.

Division of Worker's Compensation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$23,071,855	\$0	\$9,048,807	\$14,023,048	\$0	118.0
SB 07-167	<u>(37,082)</u>	<u>0</u>	<u>(37,082)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$23,034,773	\$0	\$9,011,725	\$14,023,048	\$0	118.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$23,034,773	\$0	\$9,011,725	\$14,023,048	\$0	118.0
Personal services adjustments	224,675	0	197,527	27,148	0	0.0
Administrative law judge services	161,613	0	154,392	7,221	0	0.0
IT asset replacement	25,512	0	29,242	(3,730)	0	0.0
Legal services	1,472	0	0	1,472	0	0.0
SB 07-239	\$23,448,045	\$0	\$9,392,886	\$14,055,159	\$0	118.0
SB 07-258	<u>3,502</u>	<u>0</u>	<u>3,502</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$23,451,547	\$0	\$9,396,388	\$14,055,159	\$0	118.0
Increase/(Decrease)	\$416,774	\$0	\$384,663	\$32,111	\$0	0.0
Percentage Change	1.8%	n/a	4.3%	0.2%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Personal services adjustments: The appropriation includes increases for annualizing FY 2006-07 salary survey awards, which are partially offset by a 0.5 percent base reduction.

Administrative law judge services: The appropriation reflects common policy adjustments for the services of administrative law judges.

IT asset replacement: The appropriation includes additional funds for the replacement of aging personal computers, both desktop and laptop systems. Such replacements were curtailed during the economic downturn, and over 40 percent of the Department's systems are more than four years old.

Legal services: The appropriation reflects common policy adjustments to the cost of legal services obtained from the Department of Law.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2006 Session Bills

H.B. 06-1158: Directs the Division of Oil and Public Safety in the Department of Labor and Employment to conduct plan reviews and inspections of buildings and structures in public schools and junior colleges for compliance with the Division's building and fire codes. Authorizes the Division to delegate this responsibility to an appropriate local building or fire department. Requires the fire department to review the building plans and determine whether the building or structure is in compliance with the fire code. Authorizes a fee to be charged for plan reviews and inspections

Directs the Division of Fire Safety to certify fire inspectors and establishes requirements for certified fire inspectors. Directs the Division of Fire Safety in the Department of Public Safety to perform the plan review or inspection if the fire department declines or if no certified fire inspector is available.

H.B. 06-1221: Supplemental appropriation for the Department of Labor and Employment for FY 2005-06.

H.B. 06-1343: Prohibits state agencies from entering into a public contract with a contractor who knowingly employs or contracts with an illegal alien to perform work under the contract. Requires each prospective contractor, prior to executing a public contract for services, to certify that it does not knowingly employ or contract with illegal aliens to perform work and that the contractor has participated in the Basic Pilot Employment Verification Program administered by the U.S. Department of Homeland Security. Specifies provisions that must be contained in public contracts. Requires the Department to receive complaints of suspected violations of the statutory requirements related to public contracts. Authorizes the Department of Labor and Employment to investigate whether a contractor is complying with the provisions of the bill.

H.B. 06-1385: General appropriations act for FY 2006-07. Also includes supplemental appropriations for the Department of Labor and Employment for FY 2005-06.

2006 Special Session Bills

H.B. 06S1-1017: Requires employers in Colorado to examine and retain copies of documents establishing the legal work status of all new employees. Requires employers to submit such documentation upon request of the Director of the Division of Labor. Allows the Director to conduct random audits of employers to obtain such documentation, and requires the Director to request the documentation if there is reason to believe that an employer has not complied with the statute. Fines may be levied under certain circumstances, and are to be deposited in the newly-created Employment Verification Cash fund.

2007 Session Bills

S.B. 07-123: Directs the Department to create a state program for registration and inspection of elevators, escalators, and similar conveyances, and a licensing program for inspectors of such conveyances. Authorizes the Department to charge fees for such licensing, registration, and inspection in order to fund the program. Creates the Conveyance Safety Fund in which the revenue from such fees is to be deposited. Appropriates \$196,356 and 1.3 FTE for FY 2007-08 for creation of the program.

S.B. 07-167: Supplemental appropriation for the Department of Labor and Employment for FY 2006-07.

S.B. 07-239: General appropriations act for FY 2007-08. Also includes supplemental appropriations for the Department of Labor and Employment for FY 2006-07.

S.B. 07-258: Makes a variety of changes to Colorado's workers' compensation laws. Appropriates \$3,502 from the Workers' Compensation Cash Fund for FY 2007-08 to cover increased costs for administrative law judge services that are estimated to be required by the changes.

S.B. 07-1228: Requires the Petroleum Storage Tank Committee to establish policies that govern the placement of above-ground and underground storage tanks that contain renewable fuels. Makes an appropriation of \$35,635 from the Petroleum Storage Tank Fund and 0.5 FTE to the Division of Oil and Public Safety.

DEPARTMENT OF LAW (Attorney General's Office)

The Attorney General's Office represents and defends the legal interests of the people of the State of Colorado. It serves as chief legal counsel for state agencies and departments and represents Colorado in state and federal courts. The office works concurrently with Colorado's 22 district attorneys and with other local, state and federal law enforcement authorities to carry out its criminal justice responsibilities and represents the State in criminal appeals. It has primary authority for enforcement of consumer protection laws, antitrust laws, and certain natural resource and environmental laws. 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 Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund	\$6,818,152	\$7,203,044	\$9,080,436	\$8,744,803
Cash Funds	3,256,881	3,777,263	3,926,951	6,888,797
Cash Funds Exempt	58,606,689	24,695,099	26,140,331	29,540,471
Federal Funds	<u>825,298</u>	<u>851,960</u>	<u>883,746</u>	<u>1,095,708</u>
Total Funds	\$69,507,020	\$36,527,366	\$40,031,464	\$46,269,779
Full Time Equiv. Staff	337.3	345.5	362.2	383.5

General Factors Driving the Budget

In FY 2007-08, funding for this department consists of 18.9 percent General Fund, 14.9 percent cash funds, 63.8 percent cash funds exempt, and 2.4 percent federal funds.

Legal Services to State Agencies

In FY 2007-08, the provision of legal services to state agencies will cost approximately \$22.1 million (including centrally-appropriated line items) and represents 47.8 percent of the Department's budget. As shown below, six agencies typically account for three quarters of total legal services expenditures.

Legal Services Expenditures by State Agency	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Appropriation
Regulatory Agencies	\$4,984,120	\$5,075,682	\$5,310,731	\$5,818,703	\$6,591,955
Natural Resources	2,229,281	2,198,168	2,471,139	2,738,440	3,165,863
Personnel & Administration	2,152,987	2,315,498	2,548,690	2,392,092	2,664,069
Public Health & Environment	1,464,533	1,354,044	1,599,380	1,872,762	1,982,186
Human Services	1,050,906	1,173,984	1,301,464	1,249,795	1,328,161

Legal Services Expenditures by State Agency	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Appropriation
Corrections	959,650	1,095,811	1,012,821	1,036,898	1,101,915
Other	<u>4,745,487</u>	<u>4,803,063</u>	<u>5,049,056</u>	<u>5,747,633</u>	<u>5,254,751</u>
Total	17,586,964	18,016,250	19,293,281	20,856,323	22,088,900

Criminal Justice and Appellate

The biggest General Fund driver in the Department is the Criminal Justice and Appellate Division, which accounts for 45.6 percent of the Department's FY 2007-08 General Fund appropriation. About half of this division's General Fund appropriation is for the Appellate Unit, which represents the State in civil and criminal appeals. The Special Prosecutions Unit, which primarily handles cases related to insurance, securities and workers compensation fraud, accounts for the next largest share.

Water and Natural Resources

Moneys appropriated to this division are used to support the Department's Federal and Interstate Water Unit and to represent the State in water rights litigation such as the Colorado River Basin Compact. The division also contains funding for legal actions related to the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of Law						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$40,031,464	\$9,080,436	\$3,926,951	\$26,140,331	\$883,746	362.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	6,938,006	1,446,237	248,395	5,159,036	84,338	38.7
Legal Services to State Agencies	18,442,852	0	945,000	17,497,852	0	199.7
Criminal Justice and Appellate	6,994,298	3,662,856	1,442,510	1,089,524	799,408	75.0
Water and Natural Resources	3,102,923	1,821,710	0	1,281,213	0	15.8
Consumer Protection	2,614,226	729,353	1,222,167	662,706	0	31.0
Special Purpose	1,939,159	1,420,280	68,879	450,000	0	2.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	38,755,051	8,859,761	3,855,689	25,157,735	881,866	350.4
SB 06-20	10,312	0	0	10,312	0	0.0
SB 06-38	379,950	0	0	379,950	0	5.0
SB 06-110	68,879	0	68,879	0	0	1.0
SB 06-114	4,834	0	0	4,834	0	0.0

Department of Law						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 06-230	28,874	0	0	28,874	0	0.2
HB 06-1028	75,300	75,300	0	0	0	1.0
HB 06-1046	10,957	0	0	10,957	0	0.1
HB 06-1085	2,578	0	0	2,578	0	0.0
HB 06-1161	25,780	0	0	25,780	0	0.2
HB 06-1257	3,000	0	0	3,000	0	0.0
HB 06-1274	76,051	0	0	76,051	0	0.8
HB 06-1395	322	0	0	322	0	0.0
HB 06S1-1014	45,822	45,822	0	0	0	0.5
HB 06S1-1017	3,223	0	0	3,223	0	0.0
SB 07-168	540,531	99,553	2,383	436,715	1,880	3.0
FY 2007-08 Total Appropriation:	\$46,269,779	\$8,744,803	\$6,888,797	\$29,540,471	\$1,095,708	383.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	7,959,087	1,430,411	334,505	6,059,704	134,467	39.7
Legal Services to State Agencies	20,029,825	0	1,000,000	19,029,825	0	204.2
Criminal Justice and Appellate	7,592,059	4,010,857	1,471,846	1,148,115	961,241	79.0
Water and Natural Resources	5,004,974	1,083,549	2,661,667	1,259,758	0	16.3
Consumer Protection	3,689,848	841,874	1,354,905	1,493,069	0	42.8
Special Purpose	1,993,986	1,378,112	65,874	550,000	0	1.5
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	44,911,955	11,506,470	4,157,413	28,152,364	1,095,708	370.6
SB 07-25	33,885	0	0	33,885	0	0.3
SB 07-41	3,389	0	0	3,389	0	0.0
SB 07-57	69,717	0	69,717	0	0	1.0
SB 07-83	11,860	0	0	11,860	0	0.0
SB 07-85	40,662	0	0	40,662	0	0.3
SB 07-107	29,141	0	0	29,141	0	0.0
SB 07-113	0	(100,000)	0	100,000	0	0.0
SB 07-123	9,759	0	0	9,759	0	0.0
SB 07-137	28,463	0	0	28,463	0	0.2
SB 07-196	8,132	0	0	8,132	0	0.0

Department of Law						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-203	245,648	0	0	245,648	0	2.8
SB 07-210	121,986	0	0	121,986	0	0.9
SB 07-215	30,497	0	0	30,497	0	0.0
SB 07-216	313,541	0	0	313,541	0	3.4
SB 07-261	3,000	0	0	3,000	0	0.0
HB 07-1037	13,554	0	0	13,554	0	0.0
HB 07-1065	4,337	0	0	4,337	0	0.0
HB 07-1228	1,625	0	0	1,625	0	0.0
HB 07-1322	383,206	0	0	383,206	0	4.0
HB 07-1331	5,422	0	0	5,422	0	0.0
HB 07-1357	0	(2,661,667)	2,661,667	0	0	0.0
Increase/(Decrease)	\$6,238,315	(\$335,633)	\$2,961,846	\$3,400,140	\$211,962	21.3
Percentage Change	15.6%	(3.7)%	75.4%	13.0%	24.0%	5.9%

FY 2007-08 Appropriation Highlights:

1. The appropriation provides \$1.9 million cash funds for a Natural Resource Damage Assessment at the Rocky Mountain Arsenal. The assessment will be the basis of a multi-million dollar claim for Natural Resource Damages from the U.S. Army and Shell Oil Company.
2. Senate Bill 07-203, S.B. 07-216, and H.B. 07-1322 together appropriate \$942,395 cash funds exempt for investigation and civil enforcement in cases involving illegal mortgage loan practices.
3. The appropriation provides an additional \$194,967 and 3.0 FTE for the Department's Medicaid Fraud Unit. Three fourths of the funding is federal.
4. The appropriation provides an additional \$183,997 and 2.5 FTE for enhanced enforcement by the Consumer Protection Unit, the Collection Agency Board and the Uniform Consumer Credit Code Unit.
5. The appropriation provides an additional \$88,531 for an additional criminal investigator in the Special Prosecutions Unit.

Detail of Appropriation by Administrative Section

Administration

The Administration Division contains the Office of the Attorney General, which includes the Attorney General and top deputies, as well as the Department's human resources, accounting/budgeting, information technology, and text management sections. The Division coordinates and oversees the operation of the Department's other divisions and provides support services to the entire department. Most of the funding for the Division derives from cash-funds-exempt indirect cost recoveries and from central appropriations for cash-funds-exempt programs located in other divisions. The Division's federal funds represent centralized appropriations for the Medicaid Fraud Control Unit.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$6,872,383	\$1,390,130	\$246,012	\$5,153,783	\$82,458	38.7
SB 07-168	<u>65,623</u>	<u>56,107</u>	<u>2,383</u>	<u>5,253</u>	<u>1,880</u>	<u>0.0</u>
TOTAL	\$6,938,006	\$1,446,237	\$248,395	\$5,159,036	\$84,338	38.7
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$6,938,006	\$1,446,237	\$248,395	\$5,159,036	\$84,338	38.7
Central appropriations	664,618	222,858	66,408	346,992	28,360	0.0
Operating adjustments	137,833	28,396	19,702	83,097	6,638	0.0
Additional information technology professional	85,345	7,225	0	78,120	0	1.0
Annualize salary and benefits adjustments	78,235	90,606	(25)	(12,346)	0	0.0
ADP capital outlay	55,050	26,394	0	13,525	15,131	0.0
Fund mix adjustment	0	(391,305)	25	391,280	0	0.0
SB 07-239	<u>\$7,959,087</u>	<u>\$1,430,411</u>	<u>\$334,505</u>	<u>\$6,059,704</u>	<u>\$134,467</u>	<u>39.7</u>
TOTAL	\$7,959,087	\$1,430,411	\$334,505	\$6,059,704	\$134,467	39.7
Increase/(Decrease)	\$1,021,081	(\$15,826)	\$86,110	\$900,668	\$50,129	1.0
Percentage Change	14.7%	(1.1)%	34.7%	17.5%	59.4%	2.6%

S.B. 07-239 (Long Bill) Issue Descriptions

Central appropriations: These items are appropriated to the Administration Division and are then used throughout the Department. They include increased appropriations for Health, Life, and Dental, Short Term Disability, Amortization Equalization Disbursement, Supplemental Amortization Equalization Disbursement, Salary Survey for Classified Employees, Performance-based Pay for Classified Employees, Performance-based

Pay for Exempt Employees, and Workers' Compensation. Netted against these increases is a \$228,123 decrease of the appropriation for Salary Survey for Exempt Employees, which is set separately from the salary survey appropriation for classified employees.

Operating adjustments: The appropriation includes increases for the following items, which are governed by common policy: Administrative Law Judges, Purchase of Services from Computer Center, Payment to Risk Management and Property Funds, Vehicle Lease, Capital Complex Leased Space, and Communications Services Payments. It also includes IT Asset Maintenance and Leased Space, which are not common-policy items.

Additional information technology professional: The appropriation includes funding for an additional IT professional who will specialize in networking and security.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2006-07. Salary survey increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.5 percent reduction to the base personal services appropriations for the division.

ADP capital outlay: The appropriation reflects one-time expenditures for personal computers and office equipment for new FTE that are added by Long Bill decision items and by special bills.

Fund mix adjustment: The appropriation includes increased indirect cost assessments, which are largely driven by common policy items, particularly an increased statewide indirect charge.

Legal Services to State Agencies

The Department of Law provides legal services on a fee-for-service basis to state agencies and enterprises. The Legal Services to State Agencies section of the Long Bill contains appropriations for the attorneys, paralegals, and support personnel who provide these services. In FY 2007-08, the Department anticipates providing approximately 318,900 hours of legal services to state agencies and enterprises through the Legal Services to State Agencies program at a blended legal rate of \$72.03 per hour. This is a 6.3 percent increase over the blended legal rate of \$67.77 per hour for FY 2006-07. 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 other state agencies.

Legal Services to State Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$17,970,459	\$0	\$945,000	\$17,025,459	\$0	195.9
SB 06-20	10,312	0	0	10,312	0	0.0
SB 06-114	4,834	0	0	4,834	0	0.0
SB 06-230	28,874	0	0	28,874	0	0.2

Legal Services to State Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1046	10,957	0	0	10,957	0	0.1
HB 06-1085	2,578	0	0	2,578	0	0.0
HB 06-1161	25,780	0	0	25,780	0	0.2
HB 06-1257	3,000	0	0	3,000	0	0.0
HB 06-1274	76,051	0	0	76,051	0	0.8
HB 06-1395	322	0	0	322	0	0.0
HB 06S1-1017	3,223	0	0	3,223	0	0.0
SB 07-168	<u>306,462</u>	<u>0</u>	<u>0</u>	<u>306,462</u>	<u>0</u>	<u>2.5</u>
TOTAL	\$18,442,852	\$0	\$945,000	\$17,497,852	\$0	199.7
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$18,442,852	\$0	\$945,000	\$17,497,852	\$0	199.7
Annualize salary and benefits adjustments	707,228	0	(4,725)	711,953	0	0.0
Indirect cost assessment	299,646	0	0	299,646	0	0.0
Increases to support initiatives in other departments	283,849	0	0	283,849	0	3.1
Second year impact of prior session bills	44,693	0	0	44,693	0	0.5
Legal rate reconciliation	(320,508)	0	59,725	(380,233)	0	(2.7)
SB 07-239	\$19,457,760	\$0	\$1,000,000	\$18,457,760	\$0	200.6
SB 07-25	33,885	0	0	33,885	0	0.3
SB 07-41	3,389	0	0	3,389	0	0.0
SB 07-83	11,860	0	0	11,860	0	0.0
SB 07-85	40,662	0	0	40,662	0	0.3
SB 07-107	29,141	0	0	29,141	0	0.0
SB 07-123	9,759	0	0	9,759	0	0.0
SB 07-137	28,463	0	0	28,463	0	0.2
SB 07-196	8,132	0	0	8,132	0	0.0
SB 07-203	59,299	0	0	59,299	0	0.5
SB 07-210	121,986	0	0	121,986	0	0.9
SB 07-215	30,497	0	0	30,497	0	0.0
SB 07-216	48,456	0	0	48,456	0	0.4
SB 07-261	3,000	0	0	3,000	0	0.0

Legal Services to State Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 07-1037	13,554	0	0	13,554	0	0.0
HB 07-1065	4,337	0	0	4,337	0	0.0
HB 07-1228	1,625	0	0	1,625	0	0.0
HB 07-1322	118,598	0	0	118,598	0	1.0
HB 07-1331	<u>5,422</u>	<u>0</u>	<u>0</u>	<u>5,422</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$20,029,825	\$0	\$1,000,000	\$19,029,825	\$0	204.2
Increase/(Decrease)	\$1,586,973	\$0	\$55,000	\$1,531,973	\$0	4.5
Percentage Change	8.6%	n/a	5.8%	8.8%	n/a	2.3%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2006-07. Salary survey increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.5 percent reduction to the base personal services appropriations for the division.

Indirect cost assessment: The appropriation adjusts indirect cost assessments to reflect changes in the distribution of FTE and funding sources within the Department as well as changes for common policy items.

Increases to support initiatives in other departments: The appropriation provides increased legal services for initiatives that are approved for other departments.

Second year impact of prior session bills: The appropriation reflects the second year effect of prior session bills that required the Department of Law to supply legal services to other departments, including S.B. 06-20 (Nurse Licensure, \$10,312 decrease), S.B. 06-230 (Drug Wholesalers, \$967 decrease), H.B. 06-1085 (Building Regulation Fund, \$2,578 decrease), H.B. 06-1161 (Mortgage Brokers, \$73,473 increase), H.B. 06-1257 (Highway Noise, \$3,000 decrease), H.B. 06-1274 (Pesticide Regulation, \$11,601 decrease), and H.B. 06-1395 (Child Health, \$322 decrease).

Legal rate reconciliation: The appropriation reflects the expectation that the Department will supply relatively more legal services to enterprises, colleges and other entities that are outside the state TABOR district. Legal-services supplied to such entities are classified as cash funds. The appropriation also reflects a variety of small decreases in the amount of legal services supplied to other departments in support of existing programs.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Criminal Justice and Appellate

The Criminal Justice and Appellate section includes the following programs:

- **Special Prosecution Unit** - Investigates and prosecutes securities, insurance, and workers' compensation fraud; gang-related criminal activity; misappropriation of state funds; and environmental crimes. The unit also coordinates the activities of the state's grand jury and works with the Mexican government to prosecute fugitives under Article IV of Mexico's penal code.
- **Appellate Unit** - Represents Colorado in state and federal appellate courts when felony convictions are appealed.
- **Medicaid Fraud Control Unit** - Investigates and prosecutes criminal fraud involving 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. The unit also assists with death-penalty appeals in state and federal courts.
- **Peace Officers Standards and Training (P.O.S.T.) Board** - Certifies and helps train peace officers appointed by state and local law enforcement agencies.

Cash funds in this division derive primarily from fees paid by peace officers and from the 25 cent vehicle registration fee authorized by Section 42-3-304 (24), C.R.S. 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.

Criminal Justice and Appellate						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$6,539,048	\$3,587,556	\$1,442,510	\$709,574	\$799,408	69.0
SB 06-38	379,950	0	0	379,950	0	5.0
HB 06-1028	<u>75,300</u>	<u>75,300</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$6,994,298	\$3,662,856	\$1,442,510	\$1,089,524	\$799,408	75.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$6,994,298	\$3,662,856	\$1,442,510	\$1,089,524	\$799,408	75.0
Annualize salary and benefits adjustments	221,629	169,367	16,573	15,153	20,536	0.0
Medicaid fraud	194,967	48,742	0	0	146,225	3.0
Special prosecutions	88,531	88,531	0	0	0	1.0
Indirect cost assessment	83,411	0	12,763	70,648	0	0.0

Criminal Justice and Appellate						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Digitize P.O.S.T. board records	44,638	44,638	0	0	0	0.0
Fund mix adjustment	0	3,113	0	1,815	(4,928)	0.0
Second year impact of prior session bills	(35,415)	(6,390)	0	(29,025)	0	0.0
SB 07-239	<u>\$7,592,059</u>	<u>\$4,010,857</u>	<u>\$1,471,846</u>	<u>\$1,148,115</u>	<u>\$961,241</u>	<u>79.0</u>
TOTAL	\$7,592,059	\$4,010,857	\$1,471,846	\$1,148,115	\$961,241	79.0
Increase/(Decrease)	\$597,761	\$348,001	\$29,336	\$58,591	\$161,833	4.0
Percentage Change	8.5%	9.5%	2.0%	5.4%	20.2%	5.3%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2006-07. Salary survey increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.5 percent reduction to the base personal services appropriations for the division.

Medicaid fraud: The appropriation adds two criminal investigators and one paralegal to the Medicaid Fraud Unit.

Special prosecutions: The appropriation includes an additional criminal investigator for the special prosecutions unit.

Indirect cost assessment: The appropriation adjusts indirect cost assessments to reflect changes in the distribution of FTE and funding sources within the Department as well as changes for common policy items.

Digitize P.O.S.T. board records: The appropriation will allow the Peace Officer Standards and Training Board to scan and store digital images of approximately 400,000 pages of pre-2004 documents.

Fund mix adjustment: The appropriation reflects an anticipated decrease in federal funding and increased use of cash fund reserves.

Second year impact of prior session bills: The appropriation reflects the impact in FY 2007-08 of S.B. 06-38 (Insurance Fraud, \$29,025 decrease) and H.B. 06-1028 (Increase Number of Judges, \$6,390 decrease).

Water and Natural Resources

The Water and Natural Resources Division is comprised of two units:

- **The Federal and Interstate Water Unit**, which provides legal counsel and representation for cases involving federal water rights, compliance with federal regulatory programs, and interstate water allocation agreements such as the Colorado River Basin Compact, and
- **The CERCLA Unit**, which leads enforcement actions at sites contaminated with hazardous substances under the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

Cash funds in this division are from the Hazardous Substance Response Fund while cash funds exempt are predominantly from the Colorado Water Conservation Board Litigation Fund.

Water and Natural Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$3,102,923</u>	<u>\$1,821,710</u>	<u>\$0</u>	<u>\$1,281,213</u>	<u>\$0</u>	<u>15.8</u>
TOTAL	\$3,102,923	\$1,821,710	\$0	\$1,281,213	\$0	15.8
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$3,102,923	\$1,821,710	\$0	\$1,281,213	\$0	15.8
Rocky Mountain Arsenal Natural Resource Damage Assessment	1,922,695	1,922,695	0	0	0	0.0
Annualize salary and benefits adjustments	28,702	28,824	0	(122)	0	0.0
Arkansas River litigation	(49,346)	(28,013)	0	(21,333)	0	0.5
SB 07-239	\$5,004,974	\$3,745,216	\$0	\$1,259,758	\$0	16.3
HB 07-1357	<u>0</u>	<u>(2,661,667)</u>	<u>2,661,667</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,004,974	\$1,083,549	\$2,661,667	\$1,259,758	\$0	16.3
Increase/(Decrease)	\$1,902,051	(\$738,161)	\$2,661,667	(\$21,455)	\$0	0.5
Percentage Change	61.3%	(40.5)%	n/a	(1.7)%	n/a	3.2%

S.B. 07-239 (Long Bill) Issue Descriptions

Rocky Mountain Arsenal Natural Resource Damage Assessment: The appropriation includes funding for a Natural Resource Damage Assessment at the Rocky Mountain Arsenal, a study that will be prepared by a private contractor. The assessment will be the basis of a multi-million dollar claim for natural resource damages from the U.S. Army and Shell Oil Company.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2006-07. Salary survey increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.5 percent reduction to the base personal services appropriations for the division.

Arkansas River litigation: As the Arkansas River lawsuit winds down, the appropriation provides funding that will allow the Department to gradually stop using outside counsel as it trains a Department of Law attorney to take over the case at a lower cost.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Consumer Protection

The Consumer Protection section includes the following programs:

- **Antitrust Program** - Investigates and prosecutes antitrust violations involving such practices as 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 in such areas as telephone solicitation, health clubs, automobile repossession, and manufactured home sales.
- **Collection Agency Board** - Enforces Colorado's Fair Debt Collection Practices Act, which regulates collection agencies.
- **Uniform Consumer Credit Code** - Protects the rights of borrowers by ensuring that interest rates comply with statutory ceilings and creditors adequately disclose all costs associated with credit; also protects consumers from abusive "credit repair" and "rent-to-own" practices.

Cash funds for the division derive from fees paid by non-depository lenders, collection agencies, debt collectors and entities that sell manufactured homes, as well as the Public Utilities Commission. Cash funds exempt are from the Defense Account of the Tobacco Litigation Settlement Cash Fund, the Mortgage Broker Registration Cash Fund, and custodial funds awarded to the Department for consumer protection purposes.

Consumer Protection						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$2,614,226</u>	<u>\$729,353</u>	<u>\$1,222,167</u>	<u>\$662,706</u>	<u>\$0</u>	<u>31.0</u>
TOTAL0	\$2,614,226	\$729,353	\$1,222,167	\$662,706	\$0	31.0

Consumer Protection						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$2,614,226	\$729,353	\$1,222,167	\$662,706	\$0	31.0
FTE for the Uniform Consumer Credit Code Unit and Collection Agency Board	99,514	0	0	99,514	0	1.5
FTE for consumer protection	84,483	84,483	0	0	0	1.0
Annualize salary and benefits adjustments	57,432	28,038	20,594	8,800	0	0.0
Indirect cost assessment	48,434	0	42,427	6,007	0	0.0
SB 07-239	\$2,904,089	\$841,874	\$1,285,188	\$777,027	\$0	33.5
SB 07-57	69,717	0	69,717	0	0	1.0
SB 07-203	186,349	0	0	186,349	0	2.3
SB 07-216	265,085	0	0	265,085	0	3.0
HB 07-1322	<u>264,608</u>	<u>0</u>	<u>0</u>	<u>264,608</u>	<u>0</u>	<u>3.0</u>
TOTAL	\$3,689,848	\$841,874	\$1,354,905	\$1,493,069	\$0	42.8
<hr/>						
Increase/(Decrease)	\$1,075,622	\$112,521	\$132,738	\$830,363	\$0	11.8
Percentage Change	41.1%	15.4%	10.9%	125.3%	n/a	38.1%

S.B. 07-239 (Long Bill) Issue Descriptions

FTE for the Uniform Consumer Credit Code Unit and Collection Agency Board: The appropriation includes an extra attorney and half-time a legal assistant for the Uniform Consumer Credit Code and the Collection Agency Board units.

FTE for consumer protection: The appropriation includes an extra attorney for the Department's consumer protection program.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2006-07. Salary survey increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.5 percent reduction to the base personal services appropriations for the division.

Indirect cost assessment: The appropriation adjusts indirect cost assessments to reflect changes in the distribution of FTE and funding sources within the Department as well as changes for common policy items.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Special Purpose

This section contains the appropriation that pays the base salaries of Colorado's twenty-two district attorneys, as well as separate line item funding for various programs that do not fit elsewhere in the Department's budget. The Litigation Management and Technology Fund provides funding for unanticipated legal expenditures and for implementation of information technology projects approved by the General Assembly. Cash funds exempt represent surplus revenue earned in the Legal Services to State Agencies program, which is used to fund the Litigation Management and Technology Fund, and moneys received from tobacco manufacturers under the terms of the Master Settlement Agreement.

Special Purpose						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$1,656,012	\$1,331,012	\$0	\$325,000	\$0	0.0
SB 06-110	68,879	0	68,879	0	0	1.0
SB 06S1-1014	45,822	45,822	0	0	0	0.5
SB 07-168	<u>168,446</u>	<u>43,446</u>	<u>0</u>	<u>125,000</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$1,939,159	\$1,420,280	\$68,879	\$450,000	\$0	2.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,939,159	\$1,420,280	\$68,879	\$450,000	\$0	2.0
Tobacco litigation	100,000	100,000	0	0	0	0.0
Second year impact of prior session bills	(48,827)	(45,822)	(3,005)	0	0	(0.5)
Other	3,654	3,654	0	0	0	0.0
SB 07-239	\$1,993,986	\$1,478,112	\$65,874	\$450,000	\$0	1.5
SB 07-113	<u>0</u>	<u>(100,000)</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,993,986	\$1,378,112	\$65,874	\$550,000	\$0	1.5
Increase/(Decrease)	\$54,827	(\$42,168)	(\$3,005)	\$100,000	\$0	(0.5)
Percentage Change	2.8%	(3.0)%	(4.4)%	22.2%	n/a	(25.0)%

S.B. 07-239 (Long Bill) Issue Descriptions

Tobacco litigation: The appropriation includes an extra \$100,000 to prepare for an arbitration proceeding concerning master settlement agreement payments that tobacco manufacturers have withheld and placed in escrow. The Long Bill funds this increase with General Fund. Senate Bill 07-113 replaces this \$100,000 General Fund appropriation with a \$100,000 cash funds exempt appropriation from the Defense Account of the Tobacco Litigation Settlement Cash Fund.

Second year impact of prior session bills: The appropriation reflects a decrease of \$45,822 General Fund for the second year implementation of S.B. 06S1-1014 (Federal Reimbursement for Illegal Immigration Costs) and \$3,005 cash funds for S.B. 06-110 (Fraudulent Documents).

Other: The appropriation includes an extra \$2,356 to pay the State's share of the salaries of District Attorneys and an extra \$1,278 for HIPAA legal services to state agencies.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2006 Session Bills

S.B. 06-20: Appropriates \$10,312 cash funds exempt to the Department of Law for the provision of legal services. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

S.B. 06-38: Increases the annual registration fee for insurance companies regulated by the Department of Regulatory Agencies from \$120 to \$425 so that additional funds are available for the prosecution of insurance fraud. Requires the Attorney General's Office to provide annual reports to the Joint Budget Committee, the Senate Business, Labor and Technology Committee, and the House Business Affairs and Labor Committee, as well as to post a statistical report of the number of referrals, convictions, arrests, actions initiated and restitutions, fines, costs, and forfeitures obtained from the investigation and prosecution of insurance fraud on the Department of Law's website. Appropriates \$379,950 cash funds exempt and 5.0 FTE to the Department of Law for the provision of legal services.

S.B. 06-110: Creates a minimum \$50,000 fine for any person or entity who recklessly forges, counterfeits, alters, or falsely makes or provides any document listed in Title 8, Section 274a.2 (b)(1)(v) of the Code of Federal Regulations for any purpose. Deposits any fines collected into the Judicial Stabilization Cash Fund for the pursuit of legal actions brought pursuant to this legislation. Appropriates \$68,879 cash funds and 1.0 FTE to the Department of Law for the provision of legal services.

S.B. 06-114: Appropriates \$4,834 cash funds exempt to the Department of Law for the provision of legal services. For more information, see the corresponding bill description for the Department of Public Health and Environment.

S.B. 06-230: Appropriates \$28,874 cash funds exempt and 0.2 FTE to the Department of Law for the provision of legal services. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 06-1028: Creates three new judgeships on the Colorado Court of Appeals, and four new county court judgeships (located in Jefferson, Douglas, Mesa, and Weld counties). Appropriates \$75,300 General Fund and 1.0 FTE to the Department of Law to process and prosecute the increased caseload from the creation of these judgeships.

H.B. 06-1046: Appropriates \$10,957 cash funds exempt and 0.1 FTE to the Department of Law for the provision of legal services. For more information, see the corresponding bill description for the Department of Higher Education.

H.B. 06-1085: Appropriates \$2,578 cash funds exempt to the Department of Law for the provision of legal services. For more information, see the corresponding bill description for the Department of Local Affairs.

H.B. 06-1161: Appropriates \$25,780 cash funds exempt and 0.2 FTE to the Department of Law for the provision of legal services. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 06-1257: Appropriates \$3,000 cash funds exempt to the Department of Law for the provision of legal services. For more information, see the corresponding bill description for the Department of Transportation.

H.B. 06-1274: Appropriates \$76,051 cash funds exempt and 0.8 FTE to the Department of Law for the provision of legal services. For more information, see the corresponding bill description for the Department of Agriculture.

H.B. 06-1385: General appropriations act for FY 2006-07.

H.B. 06-1395: Appropriates \$322 cash funds exempt to the Department of Law for the provision of legal services. For more information, see the corresponding bill description for the Department of Human Services.

2006 Special Session Bills

H.B. 06S1-1014: Directs the Attorney General to pursue all available remedies to recover moneys owing from the federal government to the state of Colorado for the reimbursement of costs incurred by the state of Colorado in dealing with illegal immigration. Requires the Attorney General, on or before the end of the 2006 and 2007 calendar years, to file reports detailing the status of this endeavor. For the 2006-07 fiscal year, appropriates \$45,822 and 0.5 FTE from the General Fund to the Department.

H.B. 06S1-1017: Requires employers to attest that they have verified the legal work status of each employee, have retained copies of certain required documents, have not falsified these documents, and have not knowingly hired an unauthorized alien. Upon request, employers must submit the retained documents to the Department of Labor and Employment, which can conduct random employer audits to ensure compliance. Employers who violate these rules are subject to fines. Appropriates \$3,223 cash funds exempt to the Department for the provision of legal services to the Department of Labor and Employment.

2007 Session Bills

S.B. 07-25: Bans employment discrimination on the basis of sexual orientation and religion. Appropriates \$33,885 cash funds exempt and 0.3 FTE to the Department for the provision of legal services to the Department of Regulatory Agencies. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

S.B. 07-41: Creates the Advisory Committee for Public School Capital Construction. Appropriates \$3,389 cash funds exempt to the Department for the provision of legal services to the Department of Education. For more information, see the corresponding bill description for the Department of Education.

S.B. 07-57: Enacts the Uniform Debt-Management Services Act, which requires that providers who develop debt repayment plans for clients register with the Attorney General's Office and regulates the services that these providers supply. Appropriates \$69,717 cash funds and 1.0 FTE to the Department and \$11,850 to the Department of Public Safety.

S.B. 07-83: Makes various technical changes to Colorado's election laws. Appropriates \$6,099 cash funds exempt to the Department for the provision of legal services to the Department of State. For more information, see the corresponding bill description for the Department of State.

S.B. 07-85: Prohibits mortgage brokers and others from improperly influencing a real estate appraisal and makes such actions a deceptive trade practice under the Colorado Consumer Protection Act, which is enforced by the Attorney General. Appropriates \$40,662 cash funds exempt and 0.3 FTE to the Department for the provision of legal services to the Department of Regulatory Agencies. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

S.B. 07-107: Licenses landscape architects. Appropriates \$29,141 cash funds exempt to the Department for the provision of legal services to the Department of Regulatory Agencies. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

S.B. 07-110: Requires natural resource damage assessment costs and other costs recovered by the state to be returned to the fund from which such costs were originally paid.

S.B. 07-113: Allows moneys in the Defense Account of the Tobacco Litigation Settlement Cash Fund, which derives its fund balance from payments the state received under the tobacco Master Settlement Agreement (MSA), to be used to pay for MSA litigation expenses and the enforcement of state laws concerning tobacco manufacturers who do not participate in the MSA. The FY 2007-08 Long Bill appropriated an extra \$100,000 General Fund to prepare for an MSA arbitration proceeding. Senate Bill 07-113 replaces this appropriation with a \$100,000 cash funds exempt appropriation from the Defense Account of the Tobacco Litigation Settlement Cash Fund.

S.B. 07-123: Creates a program for registration and inspection of elevators and escalators, and a licensing program for inspectors of such conveyances. Appropriates \$9,759 cash funds exempt to the Department for the provision of legal services to the Department of Labor and Employment. For more information, see the corresponding bill description for the Department of Labor and Employment.

S.B. 07-137: Requires registration of plumbing contractors, requires plumbing contractors to employ a master plumber, and limits master plumbers to working for only one plumbing contractor. Appropriates \$28,463 cash funds exempt to the Department for the provision of legal services to the Department of Regulatory Agencies. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

S.B. 07-168: Supplemental appropriation to the FY 2006-07 Long Bill.

S.B. 07-196: Creates a Health Information Technology Advisory Committee and expands the use of telemedicine for Medicaid clients. Appropriates \$8,132 cash funds exempt to the Department for the provision of legal services to the Department of Public Health and Environment. For more information, see the corresponding bill descriptions for the Department of Public Health and Environment and for the Department of Health Care Policy and Financing.

S.B. 07-203: Changes the regulatory framework for mortgage brokers from a registration system to a licensing system and generally subjects mortgage brokers to more stringent regulation. The bill expands the list of prohibited acts in Section 38-40-105, C.R.S. Violations of this section are violations of the Colorado Consumer Protection Act, which is enforced by the Attorney General. Provides \$59,299 and 0.5 FTE to the Department for the provision of legal services to the Department of Regulatory Agencies and provides \$186,349 and 2.3 FTE to the Department for the enforcement of the expanded Consumer Protection rules. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

S.B. 07-210: Clarifies certain provisions of Article XXIX of the Colorado Constitution (added by Amendment 41). Appropriates \$121,986 cash funds exempt and 0.9 FTE to the Department for the provision of legal services to the Department of Personnel and Administration. For more information, see the corresponding bill description for the Department of Personnel and Administration.

S.B. 07-215: Changes the oversight, structure, and funding of public school on-line education. Appropriates \$30,497 to the Department for the provision of legal services to the Department of Education. For more information, see the corresponding bill description for the Department of Education.

S.B. 07-216: Regulates the marketing of non-traditional mortgage-loan products. Specifies that a mortgage broker engages in deceptive trade practices in violation of the Colorado Consumer Protection Act, which is enforced by the Attorney General, if he or she does not act for the benefit of the borrower or does not make reasonable efforts to understand the borrower's financial circumstances prior to arranging a loan. Appropriates \$48,456 cash funds exempt and 0.4 FTE to the Department for the provision of legal services to the Department of Regulatory Agencies and appropriates \$265,085 cash funds exempt and 3.0 FTE to the Department for enforcement of the bill's Consumer Protection Act provisions. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

S.B. 07-239: General appropriations act for FY 2007-08.

S.B. 07-261: Clarifies that personnel from the Office of Economic Development (OED) and the Economic Development Commission, within the Office of the Governor, may staff the Venture Capital Authority. Appropriates \$3,000 cash funds exempt to the Department for the provision of legal services to the Governor's Office. For more information, see the corresponding bill description for the Office of the Governor.

H.B. 07-1037: Requires the Public Utilities Commission (PUC) to develop rules that promote energy efficiency for natural gas and electric distributors. Appropriates \$13,554 cash funds exempt to the Department for the provision of legal services to the PUC. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 07-1065: Requires new employees and contractors who will be driving for certain motor vehicle carriers to submit a set of fingerprints to the Public Utility Commission (PUC) for a fingerprint-based criminal history

check. Appropriates \$4,337 cash funds exempt to the Department for the provision of legal services to the PUC. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 07-1170: Establishes a schedule of minimum annual salaries for District Attorneys beginning January 1, 2009. The minimum salary is set at \$100,000 on January 1, 2009 and increases by \$10,000 on each succeeding January 1 through 2012. Requires the state to pay 80 percent of this salary.

H.B. 07-1228: Requires the Petroleum Storage Tank Committee to establish policies that govern the placement of renewable-fuel storage tanks. Appropriates \$1,625 cash funds exempt to the Department for the provision of legal services to the Department of Labor and Employment. For more information, see the corresponding bill description for the Department of Labor and Employment.

H.B. 07-1322: Prohibits mortgage brokers, real estate agents, real estate appraisers, and other parties involved in real estate transactions from engaging in a number of practices. Specifies that a mortgage broker engages in deceptive trade practices in violation of the Colorado Consumer Protection Act, which is enforced by the Attorney General, if he or she does not act for the benefit of the borrower or does not make reasonable efforts to understand the borrower's financial circumstances prior to arranging a loan. Appropriates \$118,598 cash funds exempt and 1.0 FTE to the Department for the provision of legal services to the Department of Regulatory Agencies and appropriates \$264,608 cash funds exempt and 3.0 FTE to the Department for enforcement of the bill's Consumer Protection Act provisions. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 07-1331: Requires licensed medical practitioners to submit information to the State Board of Medical Examiners, which will then make this information available to the public. Appropriates \$5,422 cash funds exempt to the Department for the provision of legal services to the Department of Regulatory Agencies. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 07-1357: Allows moneys in the Hazardous Substance Response Fund to be used to pay for litigation expenses at superfund pollution sites. The FY 2007-08 Long Bill includes an appropriation of \$2,661,667 General Fund for such an action at Rocky Mountain Arsenal. This bill substitutes a \$2,661,667 appropriation from the Hazardous Substance Response Fund for the General Fund appropriation in the Long Bill.

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 Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund	\$28,628,519	\$29,686,409	\$30,931,554	\$32,613,798
Cash Funds	90,000	90,000	90,000	90,000
Cash Funds Exempt	760,127	1,166,367	913,551	1,033,774
Federal Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds	\$29,478,646	\$30,942,776	\$31,935,105	\$33,737,572
Full Time Equiv. Staff	273.2	274.0	276.3	277.1

General Factors Driving the Budget

Funding for this department consists of 96.7 percent General Fund, 0.3 percent cash funds, and 3.0 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; (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.

	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Approp.	FY 07-08 Approp.
Property Tax Study	\$622,000	\$639,990	\$624,990	\$638,500	\$638,500
Ballot Analysis	941,669	522,473	1,266,678	492,000	492,000

Summary of FY 2006-07 and FY 2007-08 Appropriations

Legislative Branch						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$31,935,105	\$30,931,554	\$90,000	\$913,551	\$0	276.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
General Assembly	12,701,916	12,608,100	90,000	3,816	0	76.0
State Auditor	7,167,001	6,377,266	0	789,735	0	73.0
Joint Budget Committee	1,355,584	1,355,584	0	0	0	16.0
Legislative Council	5,889,453	5,769,453	0	120,000	0	55.2
Committee on Legal Services	4,821,151	4,821,151	0	0	0	56.1
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	2,409,830	2,409,830	0	0	0	0.0
SB 06-48	120,000	0	0	120,000	0	0.0
HB 06-1145	3,816	0	0	3,816	0	0.0
HB 06-1310	(165)	0	0	(165)	0	0.0
HB 06-1375	3,816	3,816	0	0	0	0.0
HB 06-1377	29,352,957	28,473,057	90,000	789,900	0	276.3
SB 07-169	44,851	44,851	0	0	0	0.0
FY 2007-08 Total Appropriation:	\$33,737,572	\$32,613,798	\$90,000	\$1,033,774	\$0	277.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
General Assembly	13,378,179	13,284,363	90,000	3,816	0	76.8
State Auditor	7,526,581	6,746,623	0	779,958	0	73.0
Joint Budget Committee	1,434,010	1,434,010	0	0	0	16.0
Legislative Council	6,291,395	6,041,395	0	250,000	0	55.2
Committee on Legal Services	5,107,407	5,107,407	0	0	0	56.1
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	2,861,519	2,611,519	0	250,000	0	0.0
SB 07-223	30,874,133	30,000,359	90,000	783,774	0	277.1
HB 07-1358	1,920	1,920	0	0	0	0.0
Increase/(Decrease)	\$1,802,467	\$1,682,244	\$0	\$120,223	\$0	0.8
Percentage Change	5.6%	5.4%	0.0%	13.2%	n/a	0.3%

FY 2007-08 Appropriation Highlights:

1. The appropriation provides an increase of \$1.4 million General Fund for personnel-related expenses, including salary, Public Employees Retirement Association (PERA), and health, life, and dental increase.
2. The appropriation provides an increase of \$250,000 cash funds exempt spending authority for the cost of living study required pursuant to Section 22-54-104 (5)(c)(III)(A), C.R.S.
3. The appropriation includes a decrease of \$120,000 cash funds exempt due to the elimination of one-time funding associated with the implementation of SB 06-48.

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.

General Assembly						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1377 and HB 06-1385	\$12,649,433	\$12,559,433	\$90,000	\$0	\$0	76.0
<i>HB 06-1377 (non-add)</i>	<i>11,370,103</i>	<i>11,280,103</i>	<i>90,000</i>	<i>0</i>	<i>0</i>	<i>76.0</i>
<i>HB 06-1385 (non-add)</i>	<i>1,279,330</i>	<i>1,279,330</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0</i>
HB 06-1145	3,816	0	0	3,816	0	0.0
HB 06-1375	3,816	3,816	0	0	0	0.0
SB 07-169	<u>44,851</u>	<u>44,851</u>	<u>0</u>	<u>0</u>	<u>0</u>	
TOTAL	\$12,701,916	\$12,608,100	\$90,000	\$3,816	\$0	76.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$12,701,916	\$12,608,100	\$90,000	\$3,816	\$0	76.0
Salary and benefits related adjustments (SB 07-223)	471,967	471,967	0	0	0	0.8
Operating Adjustments (SB 07-239)	156,838	156,838	0	0	0	0.0
PERA amortization disbursement (SB07-223)	49,354	49,354	0	0	0	0.0
Eliminate one-time funding	(3,816)	(3,816)	0	0	0	0.0

General Assembly						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-239 and SB 07-223	\$13,376,259	\$13,282,443	\$90,000	\$3,816	\$0	76.8
<i>SB 07-223 (non-add)</i>	<i>11,895,240</i>	<i>11,801,424</i>	<i>90,000</i>	<i>3,816</i>	<i>0</i>	<i>76.8</i>
<i>SB 07-239 (non-add)</i>	<i>1,481,019</i>	<i>1,481,019</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0</i>
HB 07-1358	<u>1,920</u>	<u>1,920</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$13,378,179	\$13,284,363	\$90,000	\$3,816	\$0	76.8
Increase/(Decrease)	\$676,263	\$676,263	\$0	\$0	\$0	0.8
Percentage Change	5.3%	5.4%	0.0%	0.0%	n/a	1.1%

S.B. 07-223 (Legislative Appropriation) and S.B. 07-239 (Long Bill) Issue Descriptions

Salary and benefits related adjustments (S.B. 07-223): The increase in appropriation reflects a base salary increase as the result of salary survey and merit based pay, and the employer share of health, dental and life insurance. There is also an increase of 0.8 FTE for a dome supervisor to conduct tours of the Capitol dome and attic gallery on a year round basis.

Operating adjustments (S.B. 07-239): The appropriation contains various centrally appropriated line items. These centrally appropriated line items include Workers' Compensation, Risk Management and Property, and Legal Services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law, as is the case with legal Services, that are allocated to other departments based on a proportionate share or utilization.

PERA amortization disbursement (S.B. 07-223): The increase in appropriation reflects the amount necessary to contribute an additional 1.0 percent of base salary to the Public Employees' Retirement Association (0.5 percent pursuant to S.B.04-257 and 0.5 percent pursuant to S.B. 06-235).

Eliminate one-time funding: Eliminates one-time funding for implementation of H.B. 06-1375.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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.

State Auditor						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1377	\$7,167,166	\$6,377,266	\$0	\$789,900	\$0	73.0
HB 06-1310	<u>(165)</u>	<u>0</u>	<u>0</u>	<u>(165)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$7,167,001	\$6,377,266	\$0	\$789,735	\$0	73.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$7,167,001	\$6,377,266	\$0	\$789,735	\$0	73.0
Salary and benefits related adjustments	330,730	340,672	0	(9,942)	0	0.0
PERA amortization disbursement	28,685	28,685	0	0	0	0.0
Eliminate one-time reduction	165	0	0	165	0	0.0
SB 07-223	<u>\$7,526,581</u>	<u>\$6,746,623</u>	<u>\$0</u>	<u>\$779,958</u>	<u>\$0</u>	<u>73.0</u>
TOTAL	\$7,526,581	\$6,746,623	\$0	\$779,958	\$0	73.0
Increase/(Decrease)	\$359,580	\$369,357	\$0	(\$9,777)	\$0	0.0
Percentage Change	5.0%	5.8%	n/a	(1.2)%	n/a	0.0%

S.B. 07-223 (Legislative Appropriation) Issue Descriptions

Salary and benefits related adjustments: The increase in appropriation reflects a base salary increase as the result of salary survey and merit based pay, and the employer share of health, dental and life insurance.

PERA amortization disbursement: The increase in appropriation reflects the amount necessary to contribute an additional 1.0 percent of base salary to the Public Employees' Retirement Association (0.5 percent pursuant to S.B.04-257 and 0.5 percent pursuant to S.B. 06-235).

Eliminate one-time reduction: Eliminates a one-time reduction as a result of H.B. 06-1310.

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, including two from the majority political party, and three members from the Senate, including two from the majority political party. 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.

Joint Budget Committee						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1377	<u>\$1,355,584</u>	<u>\$1,355,584</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>16.0</u>
TOTAL	\$1,355,584	\$1,355,584	\$0	\$0	\$0	16.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,355,584	\$1,355,584	\$0	\$0	\$0	16.0
Salary and benefits related adjustments	70,081	70,081	0	0	0	0.0
PERA amortization disbursement	8,345	8,345	0	0	0	0.0
SB 07-223	<u>\$1,434,010</u>	<u>\$1,434,010</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>16.0</u>
TOTAL	\$1,434,010	\$1,434,010	\$0	\$0	\$0	16.0
Increase/(Decrease)	\$78,426	\$78,426	\$0	\$0	\$0	0.0
Percentage Change	5.8%	5.8%	n/a	n/a	n/a	0.0%

S.B. 07-223 (Legislative Appropriation) Issue Descriptions

Salary and benefits related adjustments: The increase in appropriation reflects a base salary increase as the result of salary survey and merit based pay, and the employer share of health, dental and life insurance.

PERA amortization disbursement: The increase in appropriation reflects the amount necessary to contribute an additional 1.0 percent of base salary to the Public Employees' Retirement Association (0.5 percent pursuant to S.B.04-257 and 0.5 percent pursuant to S.B. 06-235).

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.

Legislative Council						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1377 and HB 06-1385	\$5,769,453	\$5,769,453	\$0	\$0	\$0	55.2
<i>HB 06-1377 (non-add)</i>	<i>4,638,953</i>	<i>4,638,953</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>55.2</i>
<i>HB 06-1385 (non-add)</i>	<i>1,130,500</i>	<i>1,130,500</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0</i>
SB 06-48	<u>120,000</u>	<u>0</u>	<u>0</u>	<u>120,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,889,453	\$5,769,453	\$0	\$120,000	\$0	55.2
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$5,889,453	\$5,769,453	\$0	\$120,000	\$0	55.2
Operating adjustments (SB 07-239)	250,000	0	0	250,000	0	0.0
Salary and benefits related adjustments (SB 07-223)	245,020	245,020	0	0	0	0.0
PERA amortization disbursement (SB 07-223)	26,922	26,922	0	0	0	0.0
Eliminate one-time funding	(120,000)	0	0	(120,000)	0	0.0
SB 07-239 and SB 07-223	\$6,291,395	\$6,041,395	\$0	\$250,000	\$0	55.2
<i>SB 07-223 (non-add)</i>	<i>4,910,895</i>	<i>4,910,895</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>55.2</i>
<i>SB 07-239 (non-add)</i>	<i><u>1,380,500</u></i>	<i><u>1,130,500</u></i>	<i><u>0</u></i>	<i><u>250,000</u></i>	<i><u>0</u></i>	<i><u>0.0</u></i>
TOTAL	\$6,291,395	\$6,041,395	\$0	\$250,000	\$0	55.2
Increase/(Decrease)	\$401,942	\$271,942	\$0	\$130,000	\$0	0.0
Percentage Change	6.8%	4.7%	n/a	108.3%	n/a	0.0%

S.B. 07-223 (Legislative Appropriation) and S.B. 07-239 (Long Bill) Issue Descriptions

Operating adjustments (S.B. 07-239): The appropriation contains an increase of \$250,000 cash funds exempt spending authority for the cost of living study required pursuant to Section 22-54-104 (5)(c)(III)(A), C.R.S. Legislative Council staff is required to certify the cost of living factor for each school district every two years based on a cost of living analysis that is typically conducted through a contract. The funds are transferred from the Department of Education for the cost of the study.

Salary and benefits related adjustments (S.B. 07-223): The increase in appropriation reflects a base salary increase as the result of salary survey and merit based pay, and the employer share of health, dental and life insurance.

PERA amortization disbursement (S.B. 07-223): The increase in appropriation reflects the amount necessary to contribute an additional 1.0 percent of base salary to the Public Employees' Retirement Association (0.5 percent pursuant to S.B.04-257 and 0.5 percent pursuant to S.B. 06-235).

Eliminate one-time funding: Eliminates one-time funding for implementation of S.B. 06-48.

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 and 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), represents 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.

Committee on Legal Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1377	<u>\$4,821,151</u>	<u>\$4,821,151</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>56.1</u>
TOTAL	\$4,821,151	\$4,821,151	\$0	\$0	\$0	56.1
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$4,821,151	\$4,821,151	\$0	\$0	\$0	56.1
Salary and benefits related adjustments	260,439	260,439	0	0	0	0.0
PERA amortization disbursement	25,817	25,817	0	0	0	0.0
SB 07-223	<u>\$5,107,407</u>	<u>\$5,107,407</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>56.1</u>
TOTAL	\$5,107,407	\$5,107,407	\$0	\$0	\$0	56.1
Increase/(Decrease)	\$286,256	\$286,256	\$0	\$0	\$0	0.0
Percentage Change	5.9%	5.9%	n/a	n/a	n/a	0.0%

S.B. 07-223 (Legislative Appropriation) Issue Descriptions

Salary and benefits related adjustments: The increase in appropriation reflects a base salary increase as the result of salary survey and merit based pay, and the employer share of health, dental and life insurance.

PERA amortization disbursement: The increase in appropriation reflects the amount necessary to contribute an additional 1.0 percent of base salary to the Public Employees' Retirement Association (0.5 percent pursuant to S.B.04-257 and 0.5 percent pursuant to S.B. 06-235).

Recent Legislation

2006 Session Bills

S.B. 06-48: Reestablishes the pilot program initially created through House Bill 05-1046 that allowed for gifts, grants, and donations to be accepted by the Director of Research of the Legislative Council in order to pursue the possibility of creating a dynamic model for analyzing tax policy changes. Appropriates \$120,000 cash funds exempt to the Legislative Department for FY 2006-07. Upon receipt of at least \$120,000 by the Director of Research of the Legislative Council, the director would begin a process to evaluate various options for procuring a dynamic model.

H.B. 06-1145: Creates a State Methamphetamine Task Force to study the best practices for the prevention, intervention, and treatment of methamphetamine abuse, including changes in state laws to accomplish those objectives. The task force is comprised of 28 people, including four members of the General Assembly and two members appointed by the Governor. Members of the task force are required to serve without compensation. The bill also specifies that staff support for the task force must be paid from gifts, grants, and donations that are deposited into the Methamphetamine Abuse Prevention, Intervention, and Treatment (MAPIT) Cash Fund. Appropriates \$3,816 cash funds exempt to the Legislative Department for FY 2006-07.

H.B. 06-1310: Alters the rules governing the distribution of tobacco settlement moneys so as to reduce the number of supplemental appropriations for tobacco-settlement-supported programs. Eliminates numerous double appropriations that appear in the Long Bill by substituting automatic transfers for appropriations. The bill also makes small positive and negative adjustments to eight appropriations that support various tobacco programs. These adjustments total \$236. Decreases the FY 2006-07 appropriation to the Legislative Department by \$165 cash funds exempt.

H.B. 06-1375 (annual "school finance act"): Makes the following specific change to the Legislative Department:

Tax Increment Financing. Establishes a task force to study the impact of tax increment financing provisions in urban renewal plans on public school finance. Appropriates \$3,816 General Fund to the Legislative Department for FY 2006-07 to fund per diem costs for the members of the task force.

For a complete explanation of the legislation, please see the "Recent Legislation" section at the end of the Department of Education.

H.B. 06-1377: Separate legislative appropriations bill for FY 2006-07.

H.B. 06-1385: General appropriations act for FY 2006-07.

2007 Session Bills

SB. 07-223: Separate legislative appropriations act for FY 2007-08.

S.B. 07-239: General appropriations act for FY 2007-08.

H.B. 07-1358: Creates the Colorado Criminal and Juvenile Justice Commission in the Department of Public Safety (DPS). Four legislators will be appointed to the commission. Appropriates \$1,920 General Fund to the Legislature in FY 2007-08 for reimbursement of the legislators' travel expenses to attend commission meetings. For a complete explanation of the legislation, please see the "Recent Legislation" section at the end of the Department of Public Safety.

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 Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund ^{/1}	\$8,665,475	\$8,599,468	\$10,303,099	\$11,025,955
Cash Funds	25,438,627	25,855,405	29,211,540	29,961,711
Cash Funds Exempt	99,285,237	100,171,655	101,962,367	107,436,143
Federal Funds	<u>48,400,111</u>	<u>85,313,338</u>	<u>97,750,554</u>	<u>80,264,037</u>
Total Funds	\$181,789,450	\$219,939,866	\$239,227,560	\$228,687,846
Full Time Equiv. Staff	175.1	180.1	192.8	184.0

/1 With the exception of FY 2004-05, appropriations include General Fund Exempt.

General Factors Driving the Budget

Funding for this department consists of 4.8 percent General Fund, 13.1 percent cash funds, 47.0 percent cash funds exempt, and 35.1 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.

Constitutionally or Statutorily Dedicated Cash Revenues as Estimated by the Department of Local Affairs					
	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
Conservation Trust Fund	\$41,628,583	\$41,494,373	\$50,220,437	\$46,500,000	\$52,000,000
Severance Tax & Federal Mineral Lease Revenues	77,809,505	106,026,324	157,599,655	115,638,000	137,251,000
Limited Gaming	12,193,815	6,040,463	6,526,085	6,580,019	6,800,000
Waste Tire Fund	2,552,254	3,017,203	2,952,320	2,998,455	2,998,455

Federal Funds

Federally-funded programs make up 35.1 percent of the Department of Local Affairs' FY 2007-08 appropriation. These programs generally have no state match, and funding is provided at the discretion of federal authorities. Major on-going federal grant expenditures are summarized in the table below.

Major On-going Federal Grant Expenditures					
	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
Housing and Urban Development (HUD) affordable housing development	\$6,807,396	\$11,386,947	\$15,158,765	\$8,559,000	\$8,880,825
HUD Section 8 rental assistance	17,725,830	17,610,525	17,058,301	17,040,000	17,040,000
HUD Emergency Shelter Program	916,602	882,672	968,623	890,000	971,220
HUD Community Development Block Grants (CDBG) economic development and infrastructure	4,662,307	10,064,728	8,107,528	7,835,637	6,701,843
Health and Human Services (HHS) Community Services Block Grants	4,969,801	5,655,461	5,669,684	5,237,289	5,176,401

In FY 2004-05, pursuant to an executive order, the Department took over administration of the federal Homeland Security Grant Funds. The state has received the following amounts from the federal government for homeland security grants.

Homeland Security Grant Funds by Federal Grant Cycle					
	2002	2003	2004	2005	2006
Homeland Security Grant Funds	\$5,220,000	\$50,159,464	\$45,539,347	\$36,798,900	\$21,079,809

Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of Local Affairs						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$239,227,560	\$10,303,099	\$29,211,540	\$101,962,367	\$97,750,554	192.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	4,348,137	1,126,801	207,097	2,066,731	947,508	19.0
Property Taxation	3,361,435	1,637,287	644,588	1,079,560	0	53.5
Division of Housing	30,671,711	1,425,053	1,261,867	178,368	27,806,423	32.1
Division of Local Government	200,846,277	6,113,958	27,097,988	98,637,708	68,996,623	88.2
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	238,706,672	10,093,321	28,900,041	101,964,543	97,748,767	191.7
HB 06-1085	311,302	0	311,302	0	0	1.1
HB 06-1304	206,684	206,684	0	0	0	0.0
SB 07-170	(1,238)	(1,046)	197	(2,176)	1,787	0.0
HB 07-1251	4,140	4,140	0	0	0	0.0
FY 2007-08 Total Appropriation:	\$228,687,846	\$11,025,955	\$29,961,711	\$107,436,143	\$80,264,037	184.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	4,830,875	1,404,995	217,334	2,168,474	1,040,072	19.0
Property Taxation	3,390,456	1,892,151	654,756	843,549	0	53.5
Division of Housing	31,334,874	1,563,013	1,274,417	186,650	28,310,794	32.1
Division of Local Government	189,131,641	6,165,796	27,815,204	104,237,470	50,913,171	79.4
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	227,955,281	11,025,955	29,229,146	107,436,143	80,264,037	183.8
HB 07-1288	732,565	0	732,565	0	0	0.2
Increase/(Decrease)	(\$10,539,714)	\$722,856	\$750,171	\$5,473,776	(\$17,486,517)	(8.8)
Percentage Change	(4.4)%	7.0%	2.6%	5.4%	(17.9)%	(4.6)%

/1 Includes \$2,288,099 General Fund Exempt in FY 2006-07 and \$2,342,968 in FY 2007-08. See Division Detail for more information on General Fund Exempt appropriations.

/2 For FY 2006-07, includes \$4,106,684 and for FY 2007-08, includes \$4,112,138 that is continuously appropriated by a permanent statute or constitutional provision and is not subject to the limitation on General Fund appropriations as set forth in Section 24-75-201.1, C.R.S.

FY 2007-08 Appropriation Highlights:

1. The appropriation provides an additional \$123,324 General Fund for affordable housing construction grants and loans.
2. The appropriation adjusts projected funding for various programs with statutorily-, constitutionally-, or federally-dedicated fund sources, including:

- a. an increase of \$5.5 million lottery funds for Conservation Trust Fund disbursements;
 - b. an anticipated increase of \$483,299 federal funds for affordable housing, rental assistance, and emergency shelters;
 - c. an increase of \$242,810 in limited gaming impact grants;
 - d. an anticipated decrease of \$1.1 million federal funds for business and infrastructure grants through the Community Development Block Grant program; and
 - e. an anticipated decrease of \$60,888 federal funds for the Community Services Block Grant.
3. The appropriation reflects an anticipated \$16.5 million decrease in federal funds for disaster preparedness grants. Of the decrease, \$16.0 million is attributable to homeland security grants.
 4. The appropriation moves \$444,065 federal funds and 9.0 FTE associated with the administration of the federally-funded Disability Navigator Project that provides employment and training services to people with disabilities to the Division of Vocational Rehabilitation in the Department of Human Services.

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.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$4,346,797	\$1,127,847	\$204,322	\$2,068,907	\$945,721	19.0
HB 06-1085	2,578	0	2,578	0	0	0.0
SB 07-170	<u>(1,238)</u>	<u>(1,046)</u>	<u>197</u>	<u>(2,176)</u>	<u>1,787</u>	<u>0.0</u>
TOTAL	\$4,348,137	\$1,126,801	\$207,097	\$2,066,731	\$947,508	19.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$4,348,137	\$1,126,801	\$207,097	\$2,066,731	\$947,508	19.0
Salary and benefit increases	387,766	212,940	10,714	69,962	94,150	0.0

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Leased space	48,317	45,331	2,147	5,742	(4,903)	0.0
Operating expenses	26,791	19,923	(46)	3,597	3,317	0.0
Annualize salary increases	22,442	0	0	22,442	0	0.0
One-time legal expenses	(2,578)	0	(2,578)	0	0	0.0
SB 07-239	<u>\$4,830,875</u>	<u>\$1,404,995</u>	<u>\$217,334</u>	<u>\$2,168,474</u>	<u>\$1,040,072</u>	<u>19.0</u>
TOTAL	\$4,830,875	\$1,404,995	\$217,334	\$2,168,474	\$1,040,072	19.0
Increase/(Decrease)	\$482,738	\$278,194	\$10,237	\$101,743	\$92,564	0.0
Percentage Change	11.1%	24.7%	4.9%	4.9%	9.8%	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Salary and benefit increases: The appropriation includes \$387,766 for salary and benefit increases, including: \$181,676 for performance based pay; \$100,361 for health, life and dental premiums; \$83,688 for salary survey; and \$22,041 for miscellaneous other changes.

Leased space: The appropriation includes an increase of \$48,317 for leased space.

Operating expenses: The appropriation includes an increase of \$26,791 for various operating expenses. The largest increase is \$14,416 for vehicle lease payments based on replacing vehicles projected to exceed 100,000 miles in the next fiscal year.

Annualize salary increases: The appropriation includes an increase of \$22,442 to annualize salary survey increases provided in FY 2006-07. This amount is net of the 0.5 percent common policy base reduction for personal services expenses.

One-time legal expenses: The appropriation includes a reduction of \$2,578 cash funds for one-time legal services expenses that occurred in FY 2006-07 related to implementing H.B. 06-1085 (Garcia/Entz) Building Regulation Fund Expenditures.

Property Taxation

This division supervises property tax collection by local governments to ensure property tax laws are administered consistently and fairly throughout the State. Responsibilities include 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.

Property Taxation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$3,357,295	\$1,633,147	\$644,588	\$1,079,560	\$0	53.5
HB 07-1251	<u>4,140</u>	<u>4,140</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,361,435	\$1,637,287	\$644,588	\$1,079,560	\$0	53.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$3,361,435	\$1,637,287	\$644,588	\$1,079,560	\$0	53.5
Annualize salary increases	52,553	26,022	10,168	16,363	0	0.0
Fund source adjustment	0	232,982	0	(232,982)	0	0.0
Indirect cost assessment	(19,392)	0	0	(19,392)	0	0.0
Eliminate one-time H.B. 07-1251 funding	(4,140)	(4,140)	0	0	0	0.0
SB 07-239	<u>\$3,390,456</u>	<u>\$1,892,151</u>	<u>\$654,756</u>	<u>\$843,549</u>	<u>\$0</u>	<u>53.5</u>
TOTAL	\$3,390,456	\$1,892,151	\$654,756	\$843,549	\$0	53.5
Increase/(Decrease)	\$29,021	\$254,864	\$10,168	(\$236,011)	\$0	0.0
Percentage Change	0.9%	15.6%	1.6%	(21.9)%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary increases: The appropriation includes an increase of \$52,553 to annualize salary survey increases provided in FY 2006-07. This amount is net of the 0.5 percent common policy base reduction for personal services expenses.

Fund source adjustment: The appropriation includes a decrease in the amount of indirect cost recoveries applied to offset the need for General Fund in this division, which necessitates an increase in the General Fund appropriation.

Indirect cost assessment: The appropriation includes a decrease of \$19,392 cash funds exempt for a lower indirect cost assessment against this division.

Eliminate one-time H.B. 07-1251 funding: The appropriation eliminates one-time funding provided for implementing the constitutional property tax exemption for qualifying disabled veterans.

Division of Housing

The Division provides financial and technical assistance to help communities provide 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, the Division regulates the manufacture of factory-built residential and commercial buildings.

Division of Housing						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$30,362,987	\$1,425,053	\$953,143	\$178,368	\$27,806,423	31.0
HB 06-1085	<u>308,724</u>	<u>0</u>	<u>308,724</u>	<u>0</u>	<u>0</u>	<u>1.1</u>
TOTAL	\$30,671,711	\$1,425,053	\$1,261,867	\$178,368	\$27,806,423	32.1
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$30,671,711	\$1,425,053	\$1,261,867	\$178,368	\$27,806,423	32.1
Federal housing funds	483,299	0	0	0	483,299	0.0
Colorado housing grants	123,324	123,324	0	0	0	0.0
Annualize salary increases	70,404	14,636	1,084	17,948	36,736	0.0
Indirect cost assessment	(13,864)	0	11,466	(9,666)	(15,664)	0.0
SB 07-239	<u>\$31,334,874</u>	<u>\$1,563,013</u>	<u>\$1,274,417</u>	<u>\$186,650</u>	<u>\$28,310,794</u>	<u>32.1</u>
TOTAL	\$31,334,874	\$1,563,013	\$1,274,417	\$186,650	\$28,310,794	32.1
Increase/(Decrease)	\$663,163	\$137,960	\$12,550	\$8,282	\$504,371	0.0
Percentage Change	2.2%	9.7%	1.0%	4.6%	1.8%	0.0%

S.B. 07- 239 (Long Bill) Issue Descriptions

Federal housing funds: The appropriation includes a projected net increase in federal funds for affordable housing and rental assistance of \$483,299. Of this amount, \$321,825 is for construction grants, \$81,220 is for emergency shelters, and the remainder is for grant administration and technical assistance.

Colorado housing grants: The appropriation includes a \$123,324 General Fund increase for affordable housing construction grants and loans.

Annualize salary increases: The appropriation includes \$70,404 to annualize salary survey increases awarded in FY 2006-07. This figure is net of the common policy 0.5 percent base personal services reduction.

Indirect cost assessment: The appropriation includes a decrease of \$13,864 cash funds exempt for a lower indirect cost assessment against this division.

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) (I), 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) the collection of indirect cost on federal grants used to offset division 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, the Homeland Security Grant program, and various emergency preparedness, response, recovery, and mitigation grants administered through the state Division of Emergency Management.

Division of Local Government						
	Total Funds	General Fund/1, 2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$200,639,593	\$5,907,274	\$27,097,988	\$98,637,708	\$68,996,623	88.2
HB 06-1304	<u>206,684</u>	<u>206,684</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$200,846,277	\$6,113,958	\$27,097,988	\$98,637,708	\$68,996,623	88.2
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$200,846,277	\$6,113,958	\$27,097,988	\$98,637,708	\$68,996,623	88.2
Conservation Trust Fund disbursements	5,500,000	0	0	5,500,000	0	0.0
Limited gaming impact grants	242,810	0	0	242,810	0	0.0
Annualize salary increases	133,159	46,384	1,718	22,237	62,820	0.0

Division of Local Government						
	Total Funds	General Fund/1, 2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Volunteer firefighter retirement plans	5,454	5,454	0	0	0	0.0
Disaster preparedness grants	(16,500,000)	0	0	0	(16,500,000)	0.0
Community Development Block Grant	(1,133,794)	0	0	0	(1,133,794)	0.0
Disability navigator project	(444,065)	0	0	0	(444,065)	(9.0)
Indirect cost assessment	(177,725)	0	(17,067)	(153,133)	(7,525)	0.0
Community Services Block Grant	(60,888)	0	0	0	(60,888)	0.0
Disaster response and recovery	(12,152)	0	0	(12,152)	0	0.0
SB 07-239	<u>\$188,399,076</u>	<u>\$6,165,796</u>	<u>\$27,082,639</u>	<u>\$104,237,470</u>	<u>\$50,913,171</u>	<u>79.2</u>
HB 07-1288	732,565	0	732,565	0	0	0.2
TOTAL	\$189,131,641	\$6,165,796	\$27,815,204	\$104,237,470	\$50,913,171	79.4
Increase/(Decrease)	(11,714,636)	\$51,838	\$717,216	\$5,599,762	(\$18,083,452)	(8.8)
Percentage Change	(5.8)%	0.8%	2.6%	5.7%	(26.2)%	(10.0)%

/1 This amount includes a General Fund Exempt appropriation.

/2 For FY 2006-07 includes \$4,106,684 and for FY 2007-08 includes \$4,112,138 that is continuously appropriated by a permanent statute or constitutional provision and is not subject to the limitation on General Fund appropriations as set forth in Section 24-75-201.1, C.R.S.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2006-07 Appropriation	\$6,113,958	\$2,288,099	\$3,825,859
Volunteer firefighter retirement plans	5,454	8,485	(3,031)
Annualize salary increases	<u>46,384</u>	<u>46,384</u>	<u>0</u>
FY 2007-08 Appropriation	\$6,165,796	\$2,342,968	\$3,822,828

General Fund Exempt

In November 2005, the Colorado voters passed Referendum C. Referendum C allowed the State to retain all revenue that is collected above the TABOR limit for FY 2005-06 through FY 2009-10. This revenue must be placed in a General Fund Exempt Account (see Section 24-77-103.6 (2), Colorado Revised Statutes). The above table shows the amount of General Fund Exempt appropriated from the General Fund Exempt Account for purposes of funding retirement plans for firefighters and police officers pursuant to Sections 24-77-103.6 (2) and 24-77-104.5 (1) (a), Colorado Revised Statutes.

S.B. 07-239 (Long Bill) Issue Descriptions

Conservation Trust Fund disbursements: The appropriation includes a projected \$5.5 million increase in Conservation Trust Fund disbursements based on projected lottery revenues deposited in the Conservation Trust Fund.

Limited gaming impact grants: The appropriation includes a \$242,810 increase in limited gaming impact grants based on projected limited gaming revenues that will be distributed pursuant to statute to the Limited Gaming Impact Fund.

Annualize salary increases: The appropriation includes \$133,159 to annualize salary survey increases awarded in FY 2006-07. This figure is net of the common policy 0.5 percent base personal services reduction.

Volunteer firefighter retirement plans: The appropriation includes an increase of \$5,454 for the state's statutory obligations to contribute to volunteer firefighter retirement plans, which is exempt from the six percent limit on the annual growth of General Fund expenditures.

Disaster preparedness grants: The appropriation reflects a projected \$16.5 million decrease in federal funds for disaster preparedness grants. Of the decrease, \$16.0 million is attributable to homeland security grants.

Community Development Block Grant: The appropriation reflects a projected decrease of \$1,133,794 federal funds for business and infrastructure development through the Community Development Block Grant program.

Disability navigator project: The appropriation includes moving the administration of the federally-funded Disability Navigator Project that provides employment and training services to people with disabilities to the Division of Vocational Rehabilitation in the Department of Human Services.

Indirect cost assessment: The appropriation includes a decrease of \$177,725 cash funds exempt for a lower indirect cost assessment against this division.

Community Services Block Grant: The appropriation includes an anticipated decrease of \$60,888 federal funds for the Community Services Block Grant.

Disaster response and recovery: The appropriation reflects a \$12,152 decrease in projected expenditures from the Disaster Emergency Fund administered by the Governor for the response to and recovery from disasters. This appropriation is a placeholder to track actual expenditures. In a declared disaster emergency, the Governor has broad statutory authority to make necessary expenditures to respond.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2006 Session Bills

H.B. 06-1085: Expands the purposes for which moneys in the Building Regulation Cash Fund may be expended to include:

- training to the factory-built structures industry regarding the building codes applicable to factory-built structures within the state;

- training to help consumers make informed decisions when purchasing or considering the purchase of a manufactured home; and
- grants to help manufacturers, installers, owners and other members of the factory-built structures industry address safety issues affecting existing factory-built residential structures.

Appropriates \$311,302 cash funds and 1.1 FTE to the Department of Local Affairs in FY 2006-07 from the Building Regulation Cash Fund. Out of this amount, appropriates \$2,578 to the Department of Law for the provision of legal services related to the implementation of the bill.

H.B. 06-1304: Modifies the state contribution for local volunteer firefighter pensions. The bill also allows certain local governments to use tax collections other than property taxes to pay for volunteer firefighter pensions. In total, the bill will affect state contributions for 23 local governments. Appropriates \$21,600 General Fund in FY 2005-06 and \$206,684 General Fund in FY 2006-07 to the Department of Local Affairs for volunteer firefighter pensions. These appropriations are exempt from the six percent statutory limit on the annual growth of General Fund appropriations.

H.B. 06-1385: General appropriations act for FY 2006-07. Also includes supplemental adjustments to modify FY 2005-06 appropriations to the Department of Local Affairs.

2007 Session Bills

S.B. 07-170: Supplemental appropriation to the Department of Local Affairs to modify the appropriation included in the FY 2006-07 Long Bill.

S.B. 07-239: General appropriations act for FY 2007-08.

H.B. 07-1251: Makes the statutory changes necessary to implement the property tax exemption for qualifying disabled veterans created by the registered electors of the state through the approval of referendum E at the 2006 general election. Appropriates \$4,140 General Fund to the Department of Local Affairs for one-time implementation expenses of the Division of Property Taxation.

H.B. 07-1288: Increases existing solid waste disposal and waste tire fees to fund recycling incentives and waste management programs in the Department of Public Health and Environment and the Department of Local Affairs. For FY 2007-08, the bill appropriates: (1) \$3,307,565 cash funds from the Recycling Resources Economic Opportunity Fund and the Solid Waste Management Fund, and 4.8 FTE, to the Department of Public Health and Environment; and (2) \$732,565 cash funds from the Waste Tire Cleanup Fund, and 0.2 FTE, to Department of Local Affairs.

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans Affairs has approximately 5,000 Army and Air National Guard members trained and ready for federal active duty abroad and for preserving life and property during natural disasters and civil emergencies at home in Colorado. Currently, 418 members of the Colorado National Guard are serving on federal active duty abroad, almost all of them in Iraq and Afghanistan.

The Department maintains the equipment and facilities for the state military forces; provides for safekeeping the public arms, military records, relics and banners of the state; assists veterans and National Guard members with benefits claims; maintains the Western Slope Veterans' Cemetery; supports the Civil Air Patrol, Colorado Wing; and assists in fighting the spread of drug trafficking and abuse.

Approximately 96 percent of the Department's budget is federal funds. The federal government fully funds the training of National Guard troops and provides most of the funding for the construction of armories and other military buildings. Under its cooperative agreements with the federal government, the Department provides 100 percent of maintenance and utilities costs at fifteen armories, and 20 or 25 percent of those costs at four other facilities.

Department Budget: Recent Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund	\$3,884,923	\$4,426,900	\$5,215,526	\$5,521,333
Cash Funds	26,244	51,217	76,413	119,124
Cash Funds Exempt	2,444,862	2,530,529	1,475,343	1,580,665
Federal Funds	<u>122,210,754</u>	<u>125,552,802</u>	<u>145,789,638</u>	<u>165,473,575</u>
Total Funds	\$128,566,783	\$132,561,448	\$152,556,920	\$172,694,697
Full Time Equiv. Staff	1,184.8	1,184.8	1,187.8	1,383.8

General Factors Driving the Budget

The major factor driving the Department's budget overall continues to be the "Global War on Terror," which has resulted in unprecedented activation of Colorado Air and Army National Guard members. The primary budget driver for the Colorado National Guard is the "federal force structure," or number of Guard personnel authorized by the U.S. National Guard Bureau, and the State's ability to fill the force structure, which together with the associated facilities maintenance and utilities needs, determine the amount of federal funds flowing into and through the Department. The primary budget driver for the Division of Veterans Affairs is the number of veterans who need assistance with federal benefits claims. The State provides ongoing financial support for the Civil Air Patrol, the auxiliary of the U.S. Air Force, through the Division of Civil Air Patrol.

Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of Military and Veterans Affairs						
	Total	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$152,556,920	\$5,215,526	\$76,413	\$1,475,343	\$145,789,638	1,187.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director and Army National Guard	8,473,823	3,894,359	51,413	654,425	3,873,626	51.2
Division of Veterans Affairs	1,663,748	766,830	25,000	820,918	51,000	12.5
Air National Guard	3,106,095	442,010	0	0	2,664,085	46.1
Federal Funded Programs	139,200,927	0	0	0	139,200,927	1,077.0
Civil Air Patrol	112,327	112,327	0	0	0	1.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	153,401,397	5,273,892	76,413	2,245,313	145,805,779	1,187.8
HB 06-1310	(873,913)	0	0	(873,913)	0	0.0
SB 07-171	28,136	(59,666)	0	103,943	(16,141)	0.0
HB 07-1251	1,300	1,300	0	0	0	0.0
FY 2007-08 Total Appropriation:	\$172,694,697	\$5,521,333	\$119,124	\$1,580,665	\$165,473,575	1,383.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director and Army National Guard	10,290,981	4,168,272	51,340	706,051	5,365,318	85.2
Division of Veterans Affairs	1,773,700	780,302	67,784	874,614	51,000	12.5
Air National Guard	3,167,044	448,095	0	0	2,718,949	46.1
Federal Funded Programs	157,338,308	0	0	0	157,338,308	1,239.0
Civil Air Patrol	124,664	124,664	0	0	0	1.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	172,580,229	5,521,333	119,124	1,466,197	165,473,575	1,383.8
HB 07-1359	114,468	0	0	114,468	0	0.0
Increase/(Decrease)	\$20,137,777	\$305,807	\$42,711	\$105,322	\$19,683,937	196.0
Percentage Change	13.2%	5.9%	55.9%	7.1%	13.5%	16.5%

FY 2007-08 Appropriation Highlights:

1. The appropriation adds \$194,000 one-time General Fund to address approximately one-half of the remaining armory maintenance backlog and \$73,740 General Fund to add 2.0 FTE armory maintenance staff for Western Slope facilities.

In addition, the Department's capital construction appropriation includes a total of \$2,558,403 from the Capital Construction Fund: \$658,000 for the new Grand Junction field maintenance building, \$544,000 for the Grand Junction regional center, and \$1,356,403 for the State Area Command (STARC) Headquarters in Centennial.

2. The appropriation includes an anticipated increase of almost \$20 million federal funds for Army and Air National Guard cooperative agreements for troops and equipment.
3. The appropriation decreases Veterans Trust Fund expenditures to reflect 1) the lower amount of tobacco settlement proceeds transferred to the Trust Fund, and 2) the lower allowable expenditure level, which decreased from 75 percent to 65 percent of the amount transferred, pursuant to S.B. 06-126.

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 for Army National Guard facilities.

Most of the Department's General Fund expenditures are for administrative and professional staff in the Executive Director/Army National Guard office, and for the labor trades and crafts employees who maintain and repair the armories and other military facilities.

Executive Director and Army National Guard						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$8,390,556	\$3,954,025	\$51,413	\$495,351	\$3,889,767	51.2
SB 07-171	<u>83,267</u>	<u>(59,666)</u>	<u>0</u>	<u>159,074</u>	<u>(16,141)</u>	<u>0.0</u>
TOTAL	\$8,473,823	\$3,894,359	\$51,413	\$654,425	\$3,873,626	51.2
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$8,473,823	\$3,894,359	\$51,413	\$654,425	\$3,873,626	51.2
Army National Guard Cooperative Agreement	1,127,981	0	0	0	1,127,981	31.0

Executive Director and Army National Guard						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Personal services and benefits adjustments	430,790	98,680	(73)	(9,103)	341,286	0.0
Colorado National Guard Tuition Fund	219,803	0	0	219,803	0	0.0
Personal services increase	133,764	133,764	0	0	0	3.0
Other centrally appropriated items	(66,071)	70,578	0	(159,074)	22,425	0.0
Armory maintenance	(29,109)	(29,109)	0	0	0	0.0
SB 07-239	<u>\$10,290,981</u>	<u>\$4,168,272</u>	<u>\$51,340</u>	<u>\$706,051</u>	<u>\$5,365,318</u>	<u>85.2</u>
TOTAL	\$10,290,981	\$4,168,272	\$51,340	\$706,051	\$5,365,318	85.2
Increase/(Decrease)	\$1,817,158	\$273,913	(\$73)	\$51,626	\$1,491,692	34.0
Percentage Change	21.4%	7.0%	(0.1)%	7.9%	38.5%	66.4%

S.B. 07-239 (Long Bill) Issue Descriptions

Army National Guard Cooperative Agreement: The appropriation includes an expected increase in federal funds and an additional 31 full time National Guard positions.

Personal services and benefits adjustments: The appropriation annualizes FY 2006-07 salary survey and benefits adjustments, including health, life, and dental insurance; short-term disability insurance; pension amortization disbursements; and workers compensation insurance.

Colorado National Guard Tuition Fund: The appropriation includes the maximum amount allowed in statute from Department of Higher Education Financial Aid funds.

Personal services increase: The appropriation increases General Fund for 3.0 FTE, two new armory maintenance staff for Western Slope facilities and one new information technology and purchasing support staff, primarily for the Division of Veterans Affairs.

Other centrally appropriated items: The appropriation adjusts centrally appropriated expenses, including variable vehicle, information technology asset maintenance, legal services, purchase of services from computer center, multiuse network payments, risk management and property payments, vehicle lease payments, leased space, communications services, and utilities.

Armory maintenance: The appropriation eliminates a one-time General Fund appropriation of \$224,000 to address the armory maintenance backlog, and adds a one-time General Fund appropriation of \$194,891 to address the armory maintenance backlog.

Division of Veterans Affairs

State expenditures for services to veterans and veterans' families are shown in the Department of Military and Veterans Affairs section of the budget and in the Department of Human Services section of the budget. This

year the General Assembly adopted S.B. 07-146, which appropriates \$300,000 and 0.3 FTE cash funds exempt to the Department of Human Services for the Mental Health Services Pilot Program for Families of Discharged Veterans of Operation Enduring Freedom and Operation Iraqi Freedom.

The Division of Veterans Affairs represents veterans in federal benefits claims, primarily in claims on appeal, and provides information, training, and a small amount of direct funding to county veterans service officers. The State Board of Veterans Affairs makes grants to veterans service organizations from the Veterans Trust Fund, which is derived from the tobacco settlement proceeds. The Division also maintains the Western Slope Veterans' Cemetery in Grand Junction. Cash funds exempt are from the Veterans Trust Fund and the Veterans Cemetery Fund.

Division of Veterans Affairs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$2,591,492	\$765,530	\$25,000	\$1,749,962	\$51,000	12.5
HB 06-1310	(873,913)	0	0	(873,913)	0	0.0
SB 07-171	(55,131)	0	0	(55,131)	0	0.0
HB 07-1251	<u>1,300</u>	<u>1,300</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,663,748	\$766,830	\$25,000	\$820,918	\$51,000	12.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,663,748	\$766,830	\$25,000	\$820,918	\$51,000	12.5
Personal services	73,694	13,472	0	60,222	0	0.0
Veterans Trust Fund Expenditures	(78,210)	0	42,784	(120,994)	0	0.0
SB 07-239	\$1,659,232	\$780,302	\$67,784	\$760,146	\$51,000	12.5
HB 07-1359	<u>114,468</u>	<u>0</u>	<u>0</u>	<u>114,468</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,773,700	\$780,302	\$67,784	\$874,614	\$51,000	12.5
Increase/(Decrease)	\$109,952	\$13,472	\$42,784	\$53,696	\$0	0.0
Percentage Change	6.6%	1.8%	171.1%	6.5%	0.0%	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Personal services: The appropriation annualizes FY 2006-07 salary survey increases.

Veterans Trust Fund Expenditures: The appropriation reduces Veterans Trust Fund spending authority because 1) the transfer of funds from tobacco settlement proceeds to the Veterans Trust Fund was significantly less than expected this year, and 2) the allowable expenditure level was reduced pursuant to statute from 75 percent to 65 percent of the transfer amount.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 varies under its agreements with the federal government, based on the type and use of the building and whether it is on state or federal land. The federal government pays the State to employ five full-time security guards at the space command facility at Greeley.

Air National Guard						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$3,106,095</u>	<u>\$442,010</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,664,085</u>	<u>46.1</u>
TOTAL	\$3,106,095	\$442,010	\$0	\$0	\$2,664,085	46.1
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$3,106,095	\$442,010	\$0	\$0	\$2,664,085	46.1
Increase for Buckley and Greeley	54,864	0	0	0	54,864	0.0
Armory maintenance and utilities	6,085	6,085	0	0	0	0.0
SB 07-239	<u>\$3,167,044</u>	<u>\$448,095</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,718,949</u>	<u>46.1</u>
TOTAL	\$3,167,044	\$448,095	\$0	\$0	\$2,718,949	46.1
Increase/(Decrease)	\$60,949	\$6,085	\$0	\$0	\$54,864	0.0
Percentage Change	2.0%	1.4%	n/a	n/a	2.1%	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Increase for Buckley and Greeley: The appropriation includes an expected increase in federal funds for Buckley and the Space Command at Greeley.

Armory maintenance and utilities: The appropriation increases General Fund for the state share of armory maintenance and utilities.

Federal Funded Programs

This section is included for informational purposes only. It describes funding that is managed by the Department but which is not subject to state appropriation and does not flow through the state accounting system. This funding supports training each weekend and two weeks per year for members of the Colorado National Guard, as well as maintenance and construction of armories and other military facilities.

Federal Funded Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$139,200,927</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$139,200,927</u>	<u>1,077.0</u>
TOTAL	\$139,200,927	\$0	\$0	\$0	\$139,200,927	1,077.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$139,200,927	\$0	\$0	\$0	\$139,200,927	1,077.0
Federal Funded Programs	18,137,381	0	0	0	18,137,381	162.0
SB 07-239	<u>\$157,338,308</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$157,338,308</u>	<u>1,239.0</u>
TOTAL	\$157,338,308	\$0	\$0	\$0	\$157,338,308	1,239.0
Increase/(Decrease)	\$18,137,381	\$0	\$0	\$0	\$18,137,381	162.0
Percentage Change	13.0%	n/a	n/a	n/a	13.0%	15.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Federal Funded Programs: The appropriation reflects an expected increase in federal funds and an additional 162 full time National Guard positions.

Civil Air Patrol

The Civil Air Patrol is a federally-chartered nonprofit corporation, created in Title 10 of the U.S. Code (10 U.S.C. 9441), as an auxiliary to the U.S. Air Force. It is funded primarily by the U.S. Air Force and user fees. The organization's statutory purposes include encouraging citizens to contribute to developing aviation and maintaining air supremacy; providing aviation education and training; and fostering civil aviation in local communities. The Division of Civil Air Patrol was created to support the Civil Air Patrol, Colorado Wing.

Civil Air Patrol						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$112,327</u>	<u>\$112,327</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$112,327	\$112,327	\$0	\$0	\$0	1.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$112,327	\$112,327	\$0	\$0	\$0	1.0
Aircraft maintenance	10,414	10,414	0	0	0	0.0

Civil Air Patrol						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Personal services	1,923	1,923	0	0	0	0.0
SB 07-239	<u>\$124,664</u>	<u>\$124,664</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$124,664	\$124,664	\$0	\$0	\$0	1.0
Increase/(Decrease)	\$12,337	\$12,337	\$0	\$0	\$0	0.0
Percentage Change	11.0%	11.0%	n/a	n/a	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Aircraft maintenance: The appropriation increases funding to reflect increased labor and parts costs.

Personal services: The appropriation annualizes the FY 2006-07 salary survey increase.

Recent Legislation

2006 Session Bills

S.B. 06-126: Extends the Veterans Trust Fund Expenditures limit at 75 percent of the Trust Fund transfer, plus interest, to FY 2006-07, and then reduces the limit in steps over the next four years to 25 percent.

S.C.R. 06-1: Submits to the voters a constitutional amendment extending the senior property tax homestead exemption to disabled veterans. This amendment was approved by the voters on November 7, 2006.

H.B. 06-1025: Creates concurrent federal/state jurisdiction for a parcel of land at Buckley Air Force Base.

H.B. 06-1310: Changes the flow of funds from the Tobacco Settlement Fund to the Veterans Trust Fund from an appropriation to a transfer.

H.B. 06-1385: General appropriations act for FY 2006-07.

2007 Session Bills

S.B. 07-42: Allows a member of the armed forces residing in Colorado who holds a drivers license from another state to enroll in the Motorcycle Operators Safety Training Program at the same charge as that for a person with a Colorado driver's license.

S.B. 07-86: Establishes the Fallen Heroes Memorials Construction Fund. Establishes the Fallen Heroes Memorial Commission in the Department of Personnel and Administration, to make recommendations on and to solicit gifts, grants, and donations for erecting memorials. Requires that the first memorial be for service members killed during the war on terrorism.

S.B. 07-146: Creates the Mental Health Services Pilot Program for Families of Discharged Veterans of Operation Enduring Freedom and Operation Iraqi Freedom in the Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, with funds to be distributed to community mental health centers in the Colorado Springs area. For additional information, see the "Recent Legislation" section at the end of the Department of Human Services.

S.B. 07-171: Supplemental appropriation for FY 2006-07.

S.B. 07-183: Continues the Colorado Board of Veterans Affairs unchanged.

S.B. 07-239: General appropriations act for FY 2007-08.

H.B. 07-1069: Amends the "consent to acquire land" statute to withdraw the legislature's consent for the federal government to take land within the State by eminent domain for the expansion of the Pinon Canyon Maneuver Site.

H.B. 07-1251: Implements Referendum E (see S.C.R. 06-1 above), approved in the November 2006 general election, which amends the Colorado Constitution to extend the senior homestead exemption to veterans who are 100 percent permanently disabled due to a service-connected disability. Requires the Department to notify veterans who may be eligible for the exemption by May 1, 2007, to annually verify the eligibility of each applicant, and to notify local property tax assessors of those verifications. Appropriates \$1,300 General Fund to the Department of Military and Veterans Affairs. For additional information on this bill, see the "Recent Legislation" section at the end of the Department of the Treasury.

H.B. 07-1275: Adds the Colorado National Guard, when participating in drug interdiction and enforcement, to law enforcement agencies authorized to receive property forfeited to the federal government. Creates the Department of Military and Veterans Affairs Counterdrug Program Federal Forfeiture Fund, which will be continuously appropriated to the Department.

H.B. 07-1359: Makes changes to the allocation of tobacco litigation settlement moneys, and adjusts FY 2007-08 appropriations for many departments, including increasing the spending authority from the Colorado State Veterans Trust Fund. Appropriates \$114,468 cash funds exempt from the Veterans Trust Fund to the Department of Military and Veterans Affairs. For additional information on this bill, see the "Recent Legislation" section at the end of the Department of Public Health and Environment and Appendix G.

H.B. 07-1371: Eliminates the maximum pay grade requirement for certain military personnel to receive grants from the Military Family Relief Fund.

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 divisions: Executive Director's Office; Reclamation, Mining, and Safety; 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); Wildlife; and Forestry.

Department Budget: Recent Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund	\$22,356,999	\$22,843,818	\$28,427,902	\$30,336,286
Cash Funds	36,791,001	40,704,370	40,311,776	49,392,482
Cash Funds Exempt	101,770,456	106,796,254	109,269,434	113,019,941
Federal Funds	<u>16,459,536</u>	<u>15,947,364</u>	<u>16,749,675</u>	<u>16,906,425</u>
Total Funds	\$177,377,992	\$186,291,806	\$194,758,787	\$209,655,134
Full Time Equiv. Staff	1,537.2	1,546.4	1,466.8	1,515.4

General Factors Driving the Budget

Funding for this department in FY 2007-08 consists of 14.5 percent General Fund, 23.6 percent cash funds, 53.9 percent cash funds exempt, and 8.1 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Severance Tax (Operational Account) Funds

The Operational Account of the Severance Tax Trust Fund was created as a trust 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 divisions is established by statute.

Specifically, Section 39-29-108 (2), C.R.S., provides that 50 percent of severance tax revenues are credited to the Severance Tax Trust Fund and 50 percent of the revenues are used by the Department of Local Affairs for grants and distributions to local governments impacted by mining activities. Section 39-29-109, C.R.S., provides that 50 percent of revenues credited to the Severance Tax Trust Fund shall be allocated to the Perpetual Base Account of the Severance Tax Trust Fund (or 25 percent of total severance tax revenues), which is used by the Colorado Water Conservation Board for water construction projects. The other 50 percent of Severance Tax Trust Fund revenues (or 25 percent of total severance tax revenues) are allocated to the Operational Account to fund programs that "promote and encourage sound natural resource planning, management, and development related to minerals, energy, geology, and water". The following chart shows the

Operational Account S.B. 96-170 authorized expenditures on Department of Natural Resources programs and plus recent transfers and expenditures from the Operational Account for other purposes.

Operational Account of the Severance Tax Trust Fund						
	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08
Available Funds						
Beginning Fund Balance	\$4,008,410	\$0	\$18,149,884	\$25,399,591	\$50,851,611	\$42,139,816
DNR Operational Account Revenues /1	<u>9,259,373</u>	<u>30,566,662</u>	<u>36,555,003</u>	<u>64,468,852</u>	<u>37,116,971</u>	<u>38,031,250</u>
Available Funds	\$13,267,783	\$30,566,662	\$54,704,887	\$89,868,443	\$87,968,582	\$80,171,066
DNR Expenses						
Geological Survey	\$918,003	\$1,983,289	\$2,028,490	\$2,099,875	\$2,310,385	\$2,203,750
Oil & Gas Conservation Commission	2,119,508	1,395,526	912,863	1,463,687	2,160,935	2,337,538
Division of Reclamation, Mining, and Safety	2,738,548	2,298,330	2,635,116	2,747,033	3,666,508	4,344,196
Colorado Water Conservation Board	<u>614,330</u>	<u>621,087</u>	<u>628,827</u>	<u>856,489</u>	<u>1,121,194</u>	<u>1,319,250</u>
DNR Expenses	\$6,390,389	\$6,298,232	\$6,205,296	\$7,167,084	\$9,259,022	\$10,204,734
Legislative Transfers and Expenditures /2						
Transfers to General Fund	\$6,877,394	\$4,600,000	\$0	\$0	\$0	0
Transfers & Expenditures (Various Bills)	<u>0</u>	<u>1,518,546</u>	<u>23,100,000</u>	<u>31,849,748</u>	<u>36,569,744</u>	<u>30,031,881</u>
Legislative Transfers and Expenditures	\$6,877,394	\$6,118,546	\$23,100,000	\$31,849,748	\$36,569,744	\$30,031,881
Ending Fund Balance	\$0	\$18,149,884	\$25,399,591	\$50,851,611	\$42,139,816	\$39,934,451

/1 Pursuant to 96-170, 25.0 percent of the total severance tax revenue is credited to the Operational Account of the Severance Tax Trust Fund. The estimates for FY 2006-07 and FY 2007-08 reflect the June 2007 Legislative Council Staff severance tax forecast.

/2 For details regarding legislative transfers and expenditures, refer to Appendix F.

Board of State Land Commissioners School Trust Earnings

Approximately 96 percent of the land managed by the State Board of Land Commissioners is for the School Trust. These school trust lands generate cash and cash funds exempt revenues for the public school system (K-12). The following table shows the revenues from the School Trust's exempt and non-exempt cash sources. After administrative expenses for the Board of State Land Commissioners are removed, the net cash funds exempt earnings are deposited into the Public School Fund. Pursuant to S.B. 05-196, the first \$12.0 million of cash funds

revenues generated are authorized for appropriation in the School Finance Act; any revenues in excess of this sum are credited to the Public School Fund.

School Trust Earnings	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
Cash Funds Revenues					
Mineral Rentals	\$986,720	\$1,253,324	\$1,751,130	\$1,708,113	\$1,708,113
Surface Rentals	6,793,722	7,988,701	8,009,916	8,218,484	8,614,531
Commercial/Other Revenue	<u>4,036,047</u>	<u>4,195,851</u>	<u>3,569,678</u>	<u>3,024,243</u>	<u>3,824,243</u>
Subtotal	11,816,489	13,437,876	13,330,724	12,950,840	14,146,887
Annual Change	n/a	1,621,387	(107,152)	(379,884)	1,196,047
Annual Percent Change	n/a	13.7%	(0.8)%	(2.9)%	9.2%
Cash Funds Exempt Revenues					
Mineral Royalties/Bonuses	\$24,517,032	\$40,121,204	\$50,399,909	\$42,493,157	\$49,036,878
Land Sales/Other Earnings	<u>112,159</u>	<u>212,860</u>	<u>137,920</u>	<u>137,920</u>	<u>137,920</u>
Subtotal	24,629,191	40,334,064	50,537,829	42,631,077	49,174,798
Annual Change	n/a	15,704,873	10,203,765	(7,906,752)	6,543,721
Annual Percent Change	n/a	63.8%	25.3%	(15.6)%	15.4%
Total State Board of Land Commissioner Earnings					
	\$36,445,680	\$53,771,940	\$63,868,553	\$55,581,917	\$63,321,685
Annual Change	36,445,680	17,326,260	10,096,613	(8,286,636)	7,739,768
Annual Percent Change	n/a	47.5%	18.8%	(13.0)%	13.9%

Increase in Oil and Gas Activity

The Colorado Oil and Gas Conservation Commission (OGCC) is responsible for promoting the exploration, development, and conservation of Colorado's oil and natural gas resources. Colorado has experienced a significant increase in oil and gas drilling activity, which has dramatically affected the Colorado Oil and Gas Conservation Commission's workload and associated costs. As the table below indicates, workload estimates for FY 2007-08 project the following as compared to a FY 2003-04 baseline: (1) a 164 percent increase in oil and gas permits received; (2) a 35 percent increase in active wells; and (3) a 134 percent increase in the number of drilling rigs.

Oil and Gas Conservation Commission	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
<u>Workload Activity</u>					
Number of Drilling Permits Received	2,650	3,847	5,833	6,640	7,000
Number of Drilling Permits Approved	2,576	3,507	4,960	6,430	5,780
Number of Active Wells	25,870	28,032	30,324	31,968	35,000
Average Number of Drilling Rigs	47	63	83	97	110

Oil and Gas Conservation Commission	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
Total OGCC Expenditures /1	\$3,331,168	\$3,795,106	\$4,060,821	\$7,325,191	\$7,829,786
Total FTE	34.0	35.3	35.3	49.0	55.0

/1 Division-only expenditures include all fund sources; does not include centrally appropriated items funded in the Executive Director's Office.

State Parks

Funding for state parks is a primarily a mixture of General Fund and cash funds, from fees. The following table shows the level of General Fund relative to total funds for the Division of Parks and Outdoor Recreation.

State Parks Funding Mix /1	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Estimated	FY 2007-08 Estimated
General Fund - State Parks	\$5,217,167	\$5,562,217	\$5,244,382	\$6,436,856	\$6,690,622
<i>Percent Change</i>	<i>n/a</i>	<i>6.6%</i>	<i>(5.7)%</i>	<i>22.7%</i>	<i>3.9%</i>
Total Funds - State Parks	\$28,357,966	\$29,599,026	\$32,103,800	\$34,867,027	\$38,149,941
<i>Percent Change</i>	<i>n/a</i>	<i>4.4%</i>	<i>8.5%</i>	<i>8.6%</i>	<i>9.4%</i>
State Parks Visitation	10,926,432	11,203,691	11,393,494	11,093,314	11,272,418
<i>Percent Change</i>	<i>n/a</i>	<i>2.5%</i>	<i>1.7%</i>	<i>(2.6)%</i>	<i>1.6%</i>

/1 Includes centrally appropriated items funded in the Executive Director's Office.

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.

Great Outdoors Colorado Board Grants	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08
Parks Capital Budget	\$11,360,000	\$9,183,000	\$13,048,000	\$7,143,000	\$4,475,000
Parks Operating Budget	<u>2,798,670</u>	<u>3,793,000</u>	<u>4,980,000</u>	<u>4,980,000</u>	<u>4,025,000</u>
Total GOCO Grants to Parks	\$14,158,670	\$12,976,000	\$18,028,000	\$12,123,000	\$8,500,000
<i>Percent of Parks' Expenditures</i>	<i>25.9%</i>	<i>23.3%</i>	<i>23.5%</i>	<i>10.8%</i>	<i>10.8%</i>
Wildlife Capital Budget	\$4,400,100	\$6,940,000	\$7,940,000	\$4,905,000	\$5,300,968
Wildlife Operating Budget	<u>8,091,026</u>	<u>8,060,000</u>	<u>8,060,000</u>	<u>5,345,000</u>	<u>6,181,000</u>
Total Grants to Wildlife	\$12,491,126	\$15,000,000	\$16,000,000	\$10,250,000	\$11,481,968
<i>Percent of DOW Expenditures</i>	<i>15.9%</i>	<i>15.1%</i>	<i>16.1%</i>	<i>10.0%</i>	<i>11.0%</i>

Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$194,758,787	\$28,427,902	\$40,311,776	\$109,269,434	\$16,749,675	1,466.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	30,187,626	7,137,197	6,740,725	15,147,758	1,161,946	58.6
Reclamation, Mining, and Safety	6,854,928	0	3,433,254	628,376	2,793,298	65.7
Colorado Geological Survey	4,677,684	0	2,530,739	1,176,585	970,360	35.0
Oil and Gas Conservation Commission	7,325,191	0	3,159,670	4,068,962	96,559	49.0
State Board of Land Commissioners	3,505,316	0	894,846	2,610,470	0	34.0
Parks and Outdoor Recreation	31,074,911	2,709,397	20,007,523	7,347,962	1,010,029	261.6
Colorado Water Conservation Board	11,421,119	0	2,422,702	8,851,074	147,343	42.2
Water Resources Division	20,670,921	18,581,308	1,122,317	911,628	55,668	268.3
Division of Wildlife	79,041,091	0	0	68,526,619	10,514,472	652.4
Division of Forestry	0	0	0	0	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	186,527,179	28,534,012	38,833,979	102,407,438	16,751,750	1,465.4
SB 06-193	125,000	0	125,000	0	0	0.0
HB 06-1124	13,157	0	13,157	0	0	0.2
HB 06-1293	9,400	0	9,400	0	0	0.0
HB 06-1311	3,550,000	0	0	3,550,000	0	0.0
HB 06-1313	3,981,555	0	0	3,981,555	0	0.0
HB 06-1400	855,481	0	855,481	0	0	1.2
SB 07-172	(302,985)	(106,110)	474,759	(669,559)	(2,075)	0.0
FY 2007-08 Total Appropriation:	\$209,655,134	\$30,336,286	\$49,392,482	\$113,019,941	\$16,906,425	1,515.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	34,353,499	5,663,353	10,272,888	17,469,371	947,887	60.6
Reclamation, Mining, and Safety	7,257,163	0	3,891,862	633,109	2,732,192	66.7
Colorado Geological Survey	4,385,177	0	2,555,245	860,910	969,022	34.0
Oil and Gas Conservation Commission	9,841,626	0	7,321,319	2,418,191	102,116	55.0
State Board of Land Commissioners	3,852,750	0	1,042,286	2,810,464	0	38.0
Parks and Outdoor Recreation	33,909,691	5,466,161	19,420,221	7,991,060	1,032,249	292.1

Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Colorado Water Conservation Board	13,142,329	0	2,748,702	10,255,480	138,147	43.2
Water Resources Division	21,089,344	19,206,772	1,139,959	661,530	81,083	273.4
Division of Wildlife	80,823,555	0	0	69,919,826	10,903,729	652.4
Division of Forestry (new)	1,000,000	0	1,000,000	0	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	198,280,485	30,336,286	46,380,582	104,657,192	16,906,425	1,514.4
SB 07-8	82,749	0	0	82,749	0	1.0
SB 07-122	5,795,000	0	1,000,000	4,795,000	0	0.0
SB 07-198	2,003,400	0	2,003,400	0	0	0.0
HB 07-1180	3,450	0	3,450	0	0	0.0
HB 07-1182	3,485,000	0	0	3,485,000	0	0.0
HB 07-1298	5,050	0	5,050	0	0	0.0
Increase/(Decrease)	\$14,896,347	\$1,908,384	\$9,080,706	\$3,750,507	\$156,750	48.6
Percentage Change	7.6%	6.7%	22.5%	3.4%	0.9%	3.3%

FY 2007-08 Appropriation Highlights:

1. The appropriation includes \$1.6 million total funds, including \$265,000 General Fund, for additional staff and operating expenses associated with the state park system.
2. The appropriation adds \$1.3 million General Fund for benefits increases for staff throughout the Department.
3. The appropriation adds \$1.3 million cash funds exempt to reflect anticipated increases in lottery proceeds and funds from Great Outdoors Colorado (GOCO).
4. The appropriation adds \$568,000 total funds (cash funds and cash funds exempt) for additional staff and contract employees to process oil and gas permit applications.
5. The appropriation adds \$511,000 General Fund for additional water commissioners and hydrographers in the Division of Water Resources based on the need for additional monitoring of groundwater augmentation.
6. The appropriation adds \$435,500 cash funds (Operational Account of the Severance Tax Trust Fund) for projects in the Colorado Water Conservation Board.

7. The appropriation includes \$427,000 total funds for additional contract staff and state FTE to process permit applications for five oil shale pilot projects in Northwestern Colorado, and to respond to the growing energy development throughout the state.
8. The appropriation includes \$342,000 cash funds for the reclamation of forfeited mine sites.
9. The appropriation includes \$288,000 cash funds for information technology resources in the Oil and Gas Conservation Commission.
10. The appropriation includes reductions of \$9.4 million total funds for one-time appropriations in FY 2006-07, primarily from special legislation that did not require an ongoing appropriation in FY 2007-08.
11. The appropriation includes reductions of \$540,000 total funds for a 0.5 percent reduction to personal services line items throughout the Department.

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.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$27,362,095	\$7,216,707	\$6,314,050	\$12,667,317	\$1,164,021	58.6
HB 06-1311	3,150,000	0	0	3,150,000	0	0.0
SB 07-172	<u>(324,469)</u>	<u>(79,510)</u>	<u>426,675</u>	<u>(669,559)</u>	<u>(2,075)</u>	<u>0.0</u>
TOTAL	\$30,187,626	\$7,137,197	\$6,740,725	\$15,147,758	\$1,161,946	58.6
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$30,187,626	\$7,137,197	\$6,740,725	\$15,147,758	\$1,161,946	58.6
FY 2006-07 salary and benefits adjustments	3,762,831	1,262,405	646,048	1,725,773	128,605	0.0
Central impacts for various decision items	439,063	37,534	231,117	170,412	0	0.0
Energy development staff	146,940	0	8,708	138,232	0	2.0
Annualize 2006 appropriation	2,400	2,400	0	0	0	0.0
Fund mix adjustments	0	0	(52,145)	52,145	0	0.0
Eliminate one-time appropriations in FY 2006-07	(3,160,417)	0	(10,417)	(3,150,000)	0	0.0

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Reduction in federal funds	(364,605)	0	0	0	(364,605)	0.0
Common policy adjustments	(121,093)	80,891	(136,118)	(87,807)	21,941	0.0
Personal services reduction	(24,246)	0	(12,104)	(12,142)	0	0.0
Refinance state parks central appropriations	0	(2,857,074)	2,857,074	0	0	0.0
SB 07-239	\$30,868,499	\$5,663,353	\$10,272,888	\$13,984,371	\$947,887	60.6
HB 07-1182	<u>3,485,000</u>	<u>0</u>	<u>0</u>	<u>3,485,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$34,353,499	\$5,663,353	\$10,272,888	\$17,469,371	\$947,887	60.6
Increase/(Decrease)	\$4,165,873	(\$1,473,844)	\$3,532,163	\$2,321,613	(\$214,059)	2.0
Percentage Change	13.8%	(20.7)%	52.4%	15.3%	(18.4)%	3.4%

S.B. 07-239 (Long Bill) Issue Descriptions

FY 2006-07 salary and benefits adjustments: The appropriation includes benefits increases for the entire Department for the following line items: health, life, and dental; short-term disability; amortization equalization disbursement; supplemental amortization equalization disbursement; salary survey and senior executive service; performance-based pay; and shift differential.

Central impacts for various decision items: The appropriation includes adjustments for legal services for three decision items: \$136,857 cash funds and 1,900 legal hours for oil shale permit processing, \$115,248 cash funds exempt and 1,600 legal hours for conservation easements in the Division of Wildlife, and \$64,827 cash funds and 900 legal hours for mineral audits for the State Land Board. The appropriation also includes miscellaneous increases associated with new vehicles, and leased space increases.

Energy development staff: The appropriation includes \$147,000 and 2.0 FTE to assist the Executive Director's Office in responding to the rapid pace of energy development in the state. Of these positions, 1.0 FTE is for a staff person to coordinate responses from the Department of Natural Resources for environmental impact statements, as required by the National Environmental Policy Act (NEPA). The second FTE was appropriated to assist the director of the Department in responding to and representing the Department on issues related to the development of energy resources throughout the state.

Annualize 2006 appropriation: The appropriation annualizes a lease that was authorized for part of FY 2006-07.

Fund mix adjustments: The appropriation includes fund mix adjustments pursuant to the Department's indirect cost plan, which is used to offset the need for General Fund in the Executive Director's Office.

Eliminate one-time appropriations in FY 2006-07: The appropriation eliminates one-time funding that was provided to the Department in FY 2006-07 through H.B. 06-1311 (Species Conservation Trust Fund) and miscellaneous one-time funds provided for leased space and operating expenses.

Reduction in federal funds: The appropriation includes an adjustment to reflect the amount of federal funds that the Department anticipates receiving in FY 2007-08.

Common policy adjustments: The appropriation includes adjustments for line items that provide statewide services to divisions throughout the Department. These increases include adjustments to the following line items: administrative law judge services; multi-use network payments; vehicle lease payments; workers' compensation; payments to risk management; capitol complex leased space; and communications services payments.

Personal services reduction: The appropriation includes a 0.5 percent reduction in accordance with the common policy for personal services line items.

Refinance state parks central appropriations: The appropriation includes a reduction in General Fund, with a corresponding increase in cash funds from the Parks and Outdoor Recreation Cash Fund for line items in the Executive Director's Office used to provide central support and employee benefits for the Division of Parks and Outdoor Recreation. In the Division of Parks and Outdoor Recreation, there is a corresponding adjustment to increase General Fund and decrease cash funds. This appropriation will allow the cash funds to support the costs of administration for the Division.

Additional legislation: For information on H.B. 07-1182, see the "Recent Legislation" section at the end of this department.

Division of Reclamation, Mining, and Safety

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.
- **Inactive Mines** -- This program safeguards mine openings, inspects and monitors mine sites, and reclaims abandoned mines. There are over 23,000 hazardous mine openings in Colorado, of which only about 6,000 have been safeguarded.
- **Minerals** -- This program issues and enforces mining and reclamation permits for all non-coal mines in Colorado on state, federal, and private lands. The program permits and inspects the 1,735 non-coal mines in Colorado with permitted areas covering 100,386 acres and regulates 374 active prospecting operations.
- **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.

Division of Reclamation, Mining, and Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$6,854,928</u>	<u>\$0</u>	<u>\$3,433,254</u>	<u>\$628,376</u>	<u>\$2,793,298</u>	<u>65.7</u>

Division of Reclamation, Mining, and Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$6,854,928	\$0	\$3,433,254	\$628,376	\$2,793,298	65.7
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$6,854,928	\$0	\$3,433,254	\$628,376	\$2,793,298	65.7
Reclamation of forfeited mine sites	342,000	0	342,000	0	0	0.0
FY 2006-07 salary and benefits adjustments	98,471	0	46,670	0	51,801	0.0
Staff for oil shale development	76,210	0	76,210	0	0	1.0
Fund mix adjustments	0	0	(13,536)	5,463	8,073	0.0
Change in indirect cost recoveries	(89,115)	0	19,974	0	(109,089)	0.0
Personal services reduction	(25,331)	0	(12,710)	(730)	(11,891)	0.0
SB 07-239	<u>\$7,257,163</u>	<u>\$0</u>	<u>\$3,891,862</u>	<u>\$633,109</u>	<u>\$2,732,192</u>	<u>66.7</u>
TOTAL	\$7,257,163	\$0	\$3,891,862	\$633,109	\$2,732,192	66.7
Increase/(Decrease)	\$402,235	\$0	\$458,608	\$4,733	(\$61,106)	1.0
Percentage Change	5.9%	n/a	13.4%	0.8%	(2.2)%	1.5%

S.B. 07-239 (Long Bill) Issue Descriptions

Reclamation of forfeited mine sites: The appropriation includes funding to reclaim and control hazardous conditions at ten forfeited mine sites.

FY 2006-07 salary and benefits adjustments: The appropriation includes salary survey increases allocated to this division in FY 2006-07.

Staff for oil shale development: The appropriation includes an additional staff person for processing of oil shale permits being submitted for oil shale pilot projects administered by the Bureau of Land Management.

Fund mix adjustments: The appropriation includes fund mix adjustments based on the anticipated fund sources needed to support the appropriation.

Change in indirect cost recoveries: The appropriation reflects adjustments to the indirect cost plan, which is used to offset the need for General Fund in the Executive Director's Office based on Department-wide and state-wide indirect cost recoveries.

Personal services reduction: The appropriation includes a 0.5 percent reduction in accordance with the common policy for personal services line items.

Colorado Geological Survey

This division includes the following three programs:

Environmental Geology and Geological Hazards -- This program is designed to lessen the impact of, and increase the awareness and understanding of, geological hazards in Colorado.

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.

Colorado Avalanche Information Center -- This program provides avalanche forecasting services and education to back country recreation users, industry, and travelers.

Geological Survey						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$4,677,684</u>	<u>\$0</u>	<u>\$2,530,739</u>	<u>\$1,176,585</u>	<u>\$970,360</u>	<u>35.0</u>
TOTAL	\$4,677,684	\$0	\$2,530,739	\$1,176,585	\$970,360	35.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$4,677,684	\$0	\$2,530,739	\$1,176,585	\$970,360	35.0
Staff for oil shale development and groundwater mapping	153,705	0	153,705	0	0	2.0
FY 2006-07 salary and benefits adjustments	54,469	0	35,217	15,747	3,505	0.0
Fund mix adjustments	0	0	(995)	927	68	0.0
Eliminate vacant positions	(327,125)	0	0	(327,125)	0	(3.0)
Eliminate one-time appropriations in FY 2006-07	(153,000)	0	(153,000)	0	0	0.0
Personal services reduction	(20,167)	0	(10,421)	(5,224)	(4,522)	0.0
Change in indirect cost recoveries	(389)	0	0	0	(389)	0.0
SB 07-239	<u>\$4,385,177</u>	<u>\$0</u>	<u>\$2,555,245</u>	<u>\$860,910</u>	<u>\$969,022</u>	<u>34.0</u>
TOTAL	\$4,385,177	\$0	\$2,555,245	\$860,910	\$969,022	34.0
Increase/(Decrease)	(\$292,507)	\$0	\$24,506	(\$315,675)	(\$1,338)	(1.0)
Percentage Change	(6.3)%	n/a	1.0%	(26.8)%	(0.1)%	(2.9)%

S.B. 07-239 (Long Bill) Issue Descriptions

Staff for oil shale development and groundwater mapping: The appropriation includes cash funds from the Operational Account of the Severance Tax Trust Fund for 1.0 FTE with oil shale expertise. This FTE will provide

scientific research, monitoring, and support for a multi-disciplinary team responding to oil shale development on the Western Slope. The appropriation also includes 1.0 FTE to conduct groundwater quality studies and to study the potential impact of more development on the quantity and quality of groundwater along the Front Range.

FY 2006-07 salary and benefits adjustments: The appropriation includes salary survey increases allocated to this division in FY 2006-07.

Fund mix adjustments: The appropriation includes miscellaneous fund mix adjustments based on the anticipated revenues that will be used to support the appropriation in FY 2007-08.

Eliminate vacant positions: The appropriation includes reductions for vacant positions that had previously been filled with transfer payments from other state agencies.

Eliminate one-time appropriations in FY 2006-07: The appropriation includes a reduction associated with a one-time appropriation made in FY 2006-07 for a coalbed methane stream depletion study that was cash funded with appropriations from the Operational Account of the Severance Tax Trust Fund.

Personal services reduction: The appropriation includes a 0.5 percent reduction in accordance with the common policy for personal services line items.

Change in indirect cost recoveries: The appropriation reflects adjustments to the indirect cost plan which is used to offset the need for General Fund in the Executive Director's Office based on Department-wide and state-wide indirect cost recoveries.

Oil and Gas Conservation Commission

The Commission is responsible for promoting the exploration, development, and conservation of Colorado's oil and natural gas resources. The Commission also has the authority to regulate oil and gas operations so as to protect public health, prevent significant adverse environmental impacts, and prevent waste. 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.

Colorado has experienced a significant increase in oil and gas drilling activity, which has dramatically affected the Colorado Oil and Gas Conservation Commission's workload and associated costs. Workload estimates for FY 2007-08 project the following as compared to a FY 2003-04 baseline: (1) a 164 percent increase in oil and gas permits received; (2) a 35 percent increase in active wells; and (3) a 134 percent increase in the number of drilling rigs. The appropriation reflects the workload attributable to the increase in active wells statewide.

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 Conservation and Environmental Response Fund created pursuant to Section 34-60-122 (5), 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.

Oil and Gas Conservation Commission						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$7,325,191</u>	<u>\$0</u>	<u>\$3,159,670</u>	<u>\$4,068,962</u>	<u>\$96,559</u>	<u>49.0</u>
TOTAL	\$7,325,191	\$0	\$3,159,670	\$4,068,962	\$96,559	49.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$7,325,191	\$0	\$3,159,670	\$4,068,962	\$96,559	49.0
Permit staff increase	542,784	0	0	542,784	0	4.0
Information technology resources	287,963	0	210,694	77,269	0	1.0
Hearings officer	75,447	0	75,447	0	0	1.0
FY 2006-07 salary and benefits adjustments	62,463	0	62,463	0	0	0.0
Oil shale consultant	60,000	0	0	60,000	0	0.0
Change in indirect cost recoveries	41,109	0	35,552	0	5,557	0.0
Establish office in Rifle	18,138	0	0	18,138	0	0.0
Fund mix adjustments	0	0	2,160,337	(2,160,337)	0	0.0
Eliminate one-time appropriations in FY 2006-07	(567,011)	0	(378,386)	(188,625)	0	0.0
Personal services reduction	(16,358)	0	(16,358)	0	0	0.0
SB 07-239	\$7,829,726	\$0	\$5,309,419	\$2,418,191	\$102,116	55.0
SB 07-198	2,003,400	0	2,003,400	0	0	0.0
HB 07-1180	3,450	0	3,450	0	0	0.0
HB 07-1298	<u>5,050</u>	<u>0</u>	<u>5,050</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$9,841,626	\$0	\$7,321,319	\$2,418,191	\$102,116	55.0
Increase/(Decrease)	\$2,516,435	\$0	\$4,161,649	(\$1,650,771)	\$5,557	6.0
Percentage Change	34.4%	n/a	131.7%	(40.6)%	5.8%	12.2%

S.B. 07-239 (Long Bill) Issue Descriptions

Permit staff increase: The appropriation includes funds for a combination of FTE and contract well-permitting staff to address the significant increase in workload associated with processing oil and gas permits.

Information technology resources: The appropriation includes the following adjustments for information technology in the Oil and Gas Conservation Commission: (1) \$119,356 in one-time cash funds for contract workers to clean up data that was migrated from an old database to a new Internet enabled information

management system; (2) \$91,338 cash funds to replace information technology equipment used by the OGCC; and (3) \$77,269 cash funds for a computer application programmer to maintain the Oil and Gas Conservation Information System and to provide technical support to the Commission's Geographic Information System (GIS) administrator.

Hearings officer: The appropriation includes funds for an additional hearings officer to assist the Division in reducing the backlog for hearings and to improve customer service levels.

FY 2006-07 salary and benefits adjustments: The appropriation includes salary survey increases allocated to this division in FY 2006-07.

Oil shale consultant: The appropriation includes \$60,000 cash funds exempt (reserves in the Oil and Gas Conservation Commission Environmental Response Fund) for a contract staff person to provide advice to the Division of Reclamation, Mining, and Safety regarding the processing of oil shale permits submitted for pilot projects administered by the Bureau of Land Management in Northwestern Colorado.

Change in indirect cost recoveries: The appropriation reflects adjustments to the indirect cost plan, which is used to offset the need for General Fund in the Executive Director's Office based on Department-wide and state-wide indirect cost recoveries.

Establish office in Rifle: The appropriation includes funding for leased space in Rifle. This space will allow the Department to transfer a Denver employee to a newly created office in Rifle to be closer to oil and gas development sites in Western Colorado.

Fund mix adjustments: The appropriation reflects an adjustment in fund mixes to reflect the portion of the Division that is expected to be financed with reserves versus cash revenue in FY 2007-08.

Eliminate one-time appropriations in FY 2006-07: The appropriation includes the elimination of one-time funds used by the OGCC for contract permit application processing staff, and a study related to gas seepage in the Raton Basin.

Personal services reduction: The appropriation includes a 0.5 percent reduction in accordance with the common policy for personal services line items.

Additional legislation: For information on S.B. 07-198, H.B. 07-1180, and H.B. 07-1298, see the "Recent Legislation" section at the end of this department.

State Board of Land Commissioners

The five member Board is responsible for managing 2.8 million surface acres and 4.0 million mineral acres of state lands for the benefit of eight trusts, as well as managing 300,000 acres for a stewardship trust designed to preserve the long-term value of designated lands. Appropriations in this division support management of state lands carried out by the Director and staff in the seven district offices throughout the state, and the minerals, real estate, finance, and operations sections.

Approximately 96 percent of the land managed by the State Board of Land Commissioners is for the School Trust. These lands generate cash and cash funds exempt revenues for the public school system (K-12). The State

Land Board generates cash funds from agricultural and mineral leases, rights-of-way leases, timber sales, and other sources. The State Land Board generates cash funds exempt revenue from land sales, mineral royalties and bonuses from non-renewable mineral resources such as oil, gas, and coal.

State Board of Land Commissioners						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$3,505,316</u>	<u>\$0</u>	<u>\$894,846</u>	<u>\$2,610,470</u>	<u>\$0</u>	<u>34.0</u>
TOTAL	\$3,505,316	\$0	\$894,846	\$2,610,470	\$0	34.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$3,505,316	\$0	\$894,846	\$2,610,470	\$0	34.0
New district office	134,710	0	0	134,710	0	2.0
Water portfolio management	118,194	0	0	118,194	0	1.0
Mineral auditor	60,730	0	0	60,730	0	1.0
FY 2006-07 salary and benefits adjustments	55,745	0	13,323	42,422	0	0.0
Fund mix adjustment	0	0	135,904	(135,904)	0	0.0
Personal services reduction	(11,695)	0	(1,787)	(9,908)	0	0.0
Change in indirect cost recoveries	(10,250)	0	0	(10,250)	0	0.0
SB 07-239	<u>\$3,852,750</u>	<u>\$0</u>	<u>\$1,042,286</u>	<u>\$2,810,464</u>	<u>\$0</u>	<u>38.0</u>
TOTAL	\$3,852,750	\$0	\$1,042,286	\$2,810,464	\$0	38.0
Increase/(Decrease)	\$347,434	\$0	\$147,440	\$199,994	\$0	4.0
Percentage Change	9.9%	n/a	16.5%	7.7%	n/a	11.8%

S.B. 07-239 (Long Bill) Issue Descriptions

New district office: The appropriation includes funds to create a new district office. Currently, the State Land Board has six district offices. The appropriation to create a seventh district is intended to reduce travel time for property inspections, and to free up time for land managers to identify, assess, and implement opportunities for land transactions that will increase the value of the State Land Board's portfolio of land holdings.

Water portfolio management: The appropriation includes funding for a water portfolio manager to analyze the State Land Board's water rights portfolio and to develop a strategic plan for maximizing revenue with the water rights that are owned.

Mineral auditor: The appropriation includes funds to add an auditor to audit mineral royalty revenues received from state lands. This position is expected to generate \$234,000 in additional revenue to the State Land Board.

FY 2006-07 salary and benefits adjustments: The appropriation includes salary survey increases allocated to this division in FY 2006-07.

Fund mix adjustment: The appropriation includes an adjustment to reflect the portion of the State Land Board's revenue stream that is from fee revenue (cash funds) and mineral royalties, which are collected as cash funds exempt.

Personal services reduction: The appropriation includes a 0.5 percent reduction in accordance with the common policy for personal services line items.

Change in indirect cost recoveries: The appropriation reflects adjustments to the indirect cost plan which is used to offset the need for General Fund in the Executive Director's Office based on Department-wide and state-wide indirect cost recoveries.

Parks and Outdoor Recreation

This division manages 43 parks and associated park projects. The Division also manages statewide recreation programs, including the snowmobile program, the off-highway vehicle program, and river outfitters regulation. State parks are estimated to have approximately 11,000,000 visitors in FY 2007-08. The parks are supported by a mixture of General Fund, fee revenue, cash funds exempt from the State Lottery and Great Outdoors Colorado, and a small amount of federal funds.

Parks and Outdoor Recreation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$31,043,427	\$2,725,997	\$19,959,439	\$7,347,962	\$1,010,029	261.6
SB 07-172	<u>31,484</u>	<u>(16,600)</u>	<u>48,084</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$31,074,911	\$2,709,397	\$20,007,523	\$7,347,962	\$1,010,029	261.6
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$31,074,911	\$2,709,397	\$20,007,523	\$7,347,962	\$1,010,029	261.6
Additional staff for state parks	1,564,614	265,188	1,270,932	0	28,494	24.0
Adjustment for GOCO and lottery proceeds	643,098	0	0	643,098	0	6.5
FY 2006-07 salary and benefits adjustments	425,293	399,855	25,438	0	0	0.0
Change in indirect cost recoveries	177,569	0	183,843	0	(6,274)	0.0
Cheyenne Mountain and Lone Mesa State Parks	111,414	(2,400)	113,814	0	0	0.0
Refinance General Fund with parks and outdoor recreation cash funds	0	(750,000)	750,000	0	0	0.0

Parks and Outdoor Recreation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Refinance central appropriations	0	2,857,074	(2,857,074)	0	0	0.0
Personal services reduction	(87,208)	(12,953)	(74,255)	0	0	0.0
SB 07-239	<u>\$33,909,691</u>	<u>\$5,466,161</u>	<u>\$19,420,221</u>	<u>\$7,991,060</u>	<u>\$1,032,249</u>	<u>292.1</u>
TOTAL	\$33,909,691	\$5,466,161	\$19,420,221	\$7,991,060	\$1,032,249	292.1
Increase/(Decrease)	\$2,834,780	\$2,756,764	(\$587,302)	\$643,098	\$22,220	30.5
Percentage Change	9.1%	101.7%	(2.9)%	8.8%	2.2%	11.7%

S.B. 07-239 (Long Bill) Issue Descriptions

Additional staff for state parks: The appropriation includes funding to add staff at 16 state parks based on increased visitation and to increase service levels. The appropriation also includes administrative personnel to assist in the sales of passes at state parks, staff to oversee the development of an automated entrance system at state park facilities, accounting staff, and information technology staff.

Adjustment for GOCO and lottery proceeds: The appropriation reflects adjustments based on the anticipated level of funding that the Division of Parks and Outdoor Recreation will receive from lottery proceeds and Great Outdoors Colorado (GOCO).

FY 2006-07 salary and benefits adjustments: The appropriation includes salary survey increases allocated to this division in FY 2006-07.

Change in indirect cost recoveries: The appropriation reflects adjustments to the indirect cost plan which is used to offset the need for General Fund in the Executive Director's Office based on Department-wide and state-wide indirect cost recoveries.

Cheyenne Mountain and Lone Mesa State Parks: The appropriation includes an increase of \$113,814 cash funds for anticipated costs at Cheyenne Mountain State Park. These costs are associated with the opening of the campground at this new state park facility, and with the increased visitation that is expected to occur in FY 2007-08. The \$2,400 General Fund adjustment is related to annualization of a FY 2006-07 supplemental appropriation that transferred funds from this line item to the leased space line item in the Executive Director's Office. This supplemental appropriation only included a partial year impact in FY 2006-07.

Refinance General Fund with parks and outdoor recreation cash funds: The appropriation includes a reduction of General Fund with a corresponding increase in cash funds based on an anticipated fund balance in the Parks and Outdoor Recreation Cash Fund that to offset the need for General Fund.

Refinance central appropriations: The appropriation includes an increase in General Fund and a corresponding decrease in cash funds. This appropriation is associated with the appropriation to refinance the central appropriations in the Executive Director's Office for the Division of Parks and Outdoor Recreation. There is no

net increase in funds associated with these two appropriations. The General Fund increase in the Division of Parks and Outdoor Recreation is offset by an equal reduction in the Executive Director's Office.

Personal services reduction: The appropriation includes a 0.5 percent reduction in accordance with the common policy for personal services line items.

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 minimizing 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. 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.

Colorado Water Conservation Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$6,809,083	\$0	\$1,442,221	\$5,219,519	\$147,343	41.0
SB 06-193	125,000	0	125,000	0	0	0.0
HB 06-1313	3,631,555	0	0	3,631,555	0	0.0
HB 06-1400	<u>855,481</u>	<u>0</u>	<u>855,481</u>	<u>0</u>	<u>0</u>	<u>1.2</u>
TOTAL	\$11,421,119	\$0	\$2,422,702	\$8,851,074	\$147,343	42.2
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$11,421,119	\$0	\$2,422,702	\$8,851,074	\$147,343	42.2
Severance tax projects	435,500	0	435,500	0	0	0.0
FY 2006-07 salary and benefits adjustments	75,918	0	0	75,918	0	0.0
Change in indirect cost recoveries	47,096	0	0	56,292	(9,196)	0.0
Compact dues	43,397	0	0	43,397	0	0.0
Interbasin compacts	16,288	0	16,288	0	0	0.0
Eliminate one-time appropriation in FY 2006-07	(3,756,555)	0	(125,000)	(3,631,555)	0	0.0
Personal services reduction	(18,183)	0	(788)	(17,395)	0	0.0
SB 07-239	\$8,264,580	\$0	\$2,748,702	\$5,377,731	\$138,147	42.2
SB 07-8	82,749	0	0	82,749	0	1.0
SB 07-122	<u>4,795,000</u>	<u>0</u>	<u>0</u>	<u>4,795,000</u>	<u>0</u>	<u>0.0</u>

Colorado Water Conservation Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$13,142,329	\$0	\$2,748,702	\$10,255,480	\$138,147	43.2
Increase/(Decrease)	\$1,721,210	\$0	\$326,000	\$1,404,406	(\$9,196)	1.0
Percentage Change	15.1%	n/a	13.5%	15.9%	(6.2)%	2.4%

S.B. 07-239 (Long Bill) Issue Descriptions

Severance tax projects: The increase includes an increase in cash fund appropriations from the Operational Account of the Severance Tax Trust Fund for a number of small-scale grant projects funded by the Colorado Water Conservation Board.

FY 2006-07 salary and benefits adjustments: The appropriation includes salary survey increases allocated to this division in FY 2006-07.

Change in indirect cost recoveries: The appropriation reflects adjustments to the indirect cost plan, which is used to offset the need for General Fund in the Executive Director's Office based on Department-wide and state-wide indirect cost recoveries.

Compact dues: The appropriation includes funding to support the anticipated increases in Western States Water Council dues and Interstate Compact dues.

Interbasin compacts: The appropriation includes adjustments for interbasin compacts associated with the implementation of H.B. 05-1177 and H.B. 06-1400.

Eliminate one-time appropriation in FY 2006-07: The appropriation includes a reduction of \$3,631,555 associated with one-time appropriations contained in H.B. 06-1313 (Water Conservation Board Construction Fund), and a reduction of \$125,000 associated with one-time funding contained in S.B. 06-193 (Develop Underground Water Storage).

Personal services reduction: The appropriation includes a 0.5 percent reduction in accordance with the common policy for personal services line items.

Additional legislation: For information on S.B. 07-8 and S.B. 07-122, see the "Recent Legislation" section at the end of this department.

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 water allocations within the state and downstream interstate compact compliance, monitoring of water supply through stream-flow measurements, and groundwater regulation. The Division administers 88,487 direct flow water rights. The Division is also responsible for dam safety inspections and groundwater well construction regulation. The General Fund provides approximately 90 percent of the

Division's funding, excluding centrally appropriated items in the Executive Director's Office. The Colorado Water Conservation Board Construction Fund provides the bulk of cash funds exempt.

Water Resources Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$20,308,364	\$18,591,308	\$1,099,760	\$561,628	\$55,668	268.1
HB 06-1124	13,157	0	13,157	0	0	0.2
HB 06-1293	9,400	0	9,400	0	0	0.0
HB 06-1313	350,000	0	0	350,000	0	0.0
SB 07-172	<u>(10,000)</u>	<u>(10,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$20,670,921	\$18,581,308	\$1,122,317	\$911,628	\$55,668	268.3
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$20,670,921	\$18,581,308	\$1,122,317	\$911,628	\$55,668	268.3
Additional water commissioners	491,875	491,875	0	0	0	7.1
FY 2006-07 salary and benefits adjustments	348,034	336,209	5,638	6,187	0	0.0
Vehicle mileage adjustments	90,153	(3,400)	0	93,553	0	0.0
Change in federal funds	25,041	0	0	0	25,041	0.0
Change in indirect cost recoveries	12,215	0	10,260	1,581	374	0.0
Leased space	10,000	10,000	0	0	0	0.0
Annualize 2006 decision item	4,257	0	4,257	0	0	0.0
Eliminate one-time appropriations	(470,856)	(120,856)	0	(350,000)	0	(2.0)
Personal services reduction	(92,296)	(88,364)	(2,513)	(1,419)	0	0.0
SB 07-239	<u>\$21,089,344</u>	<u>\$19,206,772</u>	<u>\$1,139,959</u>	<u>\$661,530</u>	<u>\$81,083</u>	<u>273.4</u>
TOTAL	\$21,089,344	\$19,206,772	\$1,139,959	\$661,530	\$81,083	273.4
Increase/(Decrease)	\$418,423	\$625,464	\$17,642	(\$250,098)	\$25,415	5.1
Percentage Change	2.0%	3.4%	1.6%	(27.4)%	45.7%	1.9%

S.B. 07-239 (Long Bill) Issue Descriptions

Additional water commissioners: The appropriation includes funding to add water commissioners and hydrographers to the Department based on increased workload associated with monitoring groundwater augmentation and water right decrees.

FY 2006-07 salary and benefits adjustments: The appropriation includes salary survey increases allocated to this division in FY 2006-07.

Vehicle mileage adjustments: The appropriation includes adjustments for mileage reimbursement. The increase in cash funds exempt is from cash reserves and is associated with higher costs due to increases in the rates paid to reimburse employees who use their own vehicles.

Change in federal funds: The appropriation includes an adjustment to reflect the amount of federal funds that the Department anticipates receiving in FY 2007-08.

Change in indirect cost recoveries: The appropriation reflects adjustments to the indirect cost plan, which is used to offset the need for General Fund in the Executive Director's Office based on Department-wide and state-wide indirect cost recoveries.

Leased space: The appropriation includes an increase of \$10,000 General Fund for one time expenses associated with leasing space from the Department of Transportation in Glenwood. This amount had originally been approved in the 2006 Long Bill (H.B. 06-1385). Due to delays in occupying the space, the funding for FY 2006-07 was reduced through a supplemental appropriation.

Annualize 2006 decision item: The appropriation provides 12 months of funding for a decision item that was approved in the 2006 session. The funding in FY 2006-07 only provided 11 months of personal services funding due to the pay date shift.

Eliminate one-time appropriations: The appropriation includes a reduction of \$350,000 cash funds exempt for one-time appropriations that were made for water construction projects. It also includes a \$120,856 General Fund and 2.0 FTE reduction for personal services appropriations that were made for positions that were to be eliminated in FY 2007-08.

Personal services reduction: The appropriation includes a 0.5 percent reduction in accordance with the common policy for personal services line items.

Division of Wildlife

The Division manages the state's 960 game and non-game wildlife species by issuing hunting and fishing licenses, enforcing wildlife regulations, protecting habitat and native wildlife populations and managing more than 250 state wildlife areas. The Division appropriations contain funding for 13 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 points 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** - This 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 to divisional 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) Great Outdoors Colorado (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.

Division of Wildlife						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$78,641,091	\$0	\$0	\$68,126,619	\$10,514,472	652.4
HB 06-1311	<u>400,000</u>	<u>0</u>	<u>0</u>	<u>400,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$79,041,091	\$0	\$0	\$68,526,619	\$10,514,472	652.4
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$79,041,091	\$0	\$0	\$68,526,619	\$10,514,472	652.4
FY 2006-07 salary and benefits adjustments	1,214,196	0	0	1,214,196	0	0.0
Adjustment for GOCO funds	1,030,000	0	0	1,030,000	0	0.0
Change in indirect cost recoveries	181,812	0	0	(241,342)	423,154	0.0
Eliminate one-time appropriation in FY 2006-07	(400,000)	0	0	(400,000)	0	0.0
Personal services reduction	(243,544)	0	0	(209,647)	(33,897)	0.0
SB 07-239	<u>\$80,823,555</u>	<u>\$0</u>	<u>\$0</u>	<u>\$69,919,826</u>	<u>\$10,903,729</u>	<u>652.4</u>
TOTAL	\$80,823,555	\$0	\$0	\$69,919,826	\$10,903,729	652.4
Increase/(Decrease)	\$1,782,464	\$0	\$0	\$1,393,207	\$389,257	0.0
Percentage Change	2.3%	n/a	n/a	2.0%	3.7%	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

FY 2006-07 salary and benefits adjustments: The appropriation includes salary survey increases allocated to this division in FY 2006-07.

Adjustment for GOCO funds: The appropriation reflects an increase for anticipated grant funds from Great Outdoors Colorado (GOCO).

Change in indirect cost recoveries: The appropriation reflects adjustments to the indirect cost plan which is used to offset the need for General Fund in the Executive Director's Office based on Department-wide and state-wide indirect cost recoveries.

Eliminate one-time appropriation in FY 2006-07: The appropriation includes a reduction in one-time appropriations made in FY 2006-07.

Personal services reduction: The appropriation includes a 0.5 percent reduction in accordance with the common policy for personal services line items.

Division of Forestry

The Division of Forestry was created pursuant to House Bill 00-1460, which established a collaborative relationship between the Department of Natural Resources and the Colorado State Forest Service, a program of Colorado State University. The Division monitors the health of all forests in the state, including national and private forests. By statute, the Division of Forestry is headed by the State Forester and is staffed by the Colorado State Forest Service.

Division of Forestry						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$0	\$0	\$0	\$0	\$0	0.0
SB 07-239	\$0	\$0	\$0	\$0	\$0	0.0
SB 07-122	<u>1,000,000</u>	<u>0</u>	<u>1,000,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,000,000	\$0	\$1,000,000	\$0	\$0	0.0
Increase/(Decrease)	\$1,000,000	\$0	\$1,000,000	\$0	\$0	0.0
Percentage Change	n/a	n/a	n/a	n/a	n/a	n/a

S.B. 07-239 (Long Bill) Issue Description:

The Department of Natural Resources did not receive an appropriation for the Division of Forestry in FY 2006-07, nor was any funding provided in FY 2007-08 through the 2007 Long Bill (S.B. 07-239).

Additional legislation: For information on S.B. 07-122, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2006 Session Bills

S.B. 06-142: Increases the cap on the two-year average of the unobligated balance of the Oil and Gas Conservation and Environmental Response Fund from \$2.0 million to \$4.0 million.

S.B. 06-183: Appropriates \$500,000 cash funds from the Operational Account of the Severance Tax Trust Fund to the Department of Higher Education, Regents of the University of Colorado, for the Water Resources Research Institute, in FY 2006-07. For more information, please see the Department of Higher Education section of this report.

S.B. 06-193: Requires the Colorado Water Conservation Board (CWCB) to conduct a study of underground water storage sites in the South Platte and Arkansas River basins. Authorizes the CWCB to consult with the Interbasin Compact Committee, the State Engineer, and the State Geologist. Requires the Board to submit a report of its findings to the General Assembly by March 1, 2007. Appropriates \$125,000 cash funds from the Operational Account of the Severance Tax Trust Fund to the Department of Natural Resources, Colorado Water Conservation Board for FY 2006-07. Also appropriates \$21,000 cash funds from this source and makes a reduction of \$21,000 in fees to the Colorado Geological Survey for FY 2006-07.

S.B. 06-229: Requires the General Assembly to appropriate a total of \$20 million from the Operational Account of the Severance Tax Trust Fund over a five-year period beginning in FY 2007-08, to pay the State's share of the costs related to the construction and operation of a national deep underground science and engineering laboratory (DUSEL) facility that will house a visitor's center, educational resources, and DUSEL administrative offices. The appropriation is conditional upon the National Science Foundation awarding DUSEL to the Henderson Mine near Empire.

H.B. 06-1124: Authorizes a water judge to approve a rotational crop management contract. The contract would allow a water rights owner or group of owners to agree to implement a new use of water by forgoing irrigation of a portion of lands that have been historically irrigated. The fallowed land would be rotated on an annual basis as long as there is no injurious effect to other water rights. Appropriates \$13,157 cash funds and 0.2 FTE to the Department of Natural Resources, Water Resources Division, for FY 2006-07.

H.B. 06-1200: Appropriates a portion of the Operational Account of the Severance Tax Trust Fund to the Department of Human Services for the Low-Income Energy Assistance Program (LEAP) and the Office of the Governor for direct bill payment assistance and home energy efficiency improvements for low-income households. For FY 2005-06, appropriates \$24.0 million in total from the Operational Account, with the Department of Human Services receiving \$17.0 million to increase benefits in the LEAP program, and the Office of the Governor receiving \$7.0 million for direct bill payment assistance and home energy efficiency improvements for low-income households. For FY 2006-07, appropriates \$11.0 million in total from the Operational Account, with the Department of Human Services receiving \$5,950,000 to increase benefits in the LEAP program, and the Office of the Governor receiving \$5,050,000 for direct bill payment assistance and home energy efficiency improvements for low-income households. Fiscal year 2007-08 and FY 2008-09 will provide for \$12.0 million and \$13.0 million of appropriations, respectively, for these programs combined. Finally, the bill ensures that there is an adequate reserve in the prior year with which to make each year's appropriations.

H.B. 06-1293: Changes statutory levels of groundwater well permit fees. Appropriates \$9,400 cash funds to the Department of Natural Resources, Water Resources Division for FY 2006-07.

H.B. 06-1311: Transfers a total of \$12,800,000 to the Species Conservation Trust Fund from the Operational Account of the Severance Tax Trust Fund, including \$4,000,000 in FY 2005-06 and \$8,800,000 in FY 2006-07. Appropriates money to the Operations and Maintenance Account and the Capital Account of the Species Conservation Trust Fund for programs submitted by the Executive Director of the Department of Natural Resources. These programs are designed to conserve native species that are listed as threatened or endangered

under state or federal law, are candidate species, or are likely to become candidate species as determined by the U.S. Fish and Wildlife Service. Appropriates \$3,732,813 cash funds exempt and \$3,550,000 cash funds exempt to the Department of Natural Resources for FY 2005-06 and FY 2006-07, respectively.

H.B. 06-1313: Decreases the amount of specified prior loans from the Colorado Water Conservation Board (CWCB) Construction Fund by \$2,180,000. Transfers \$150,000 from the CWCB Construction Fund to the Flood Response Fund and transfers \$2 million from the Operational Account of the Severance Tax Trust Fund to the Litigation Fund. Appropriates \$3,981,555 cash funds exempt from the Colorado Water Conservation Board Construction Fund to the Department of Natural Resources in FY 2006-07. Of this sum, \$3,631,555 cash funds exempt is appropriated to the Colorado Water Conservation Board and \$350,000 cash funds exempt is appropriated to the Division of Water Resources.

H.B. 06-1385: General appropriations act for FY 2006-07. Also includes a FY 2005-06 appropriation of \$20,000 General Fund for the Division of Water Resources in the Department of Natural Resources.

H.B. 06-1400: Approves the interbasin compact charter, pursuant to the provisions of H.B. 05-1177. Appropriates \$75,837 cash funds from the Operational Account of the Severance Tax Trust Fund and 0.5 FTE to the Office of the Governor, Director of Compact Negotiations, and \$855,481 cash funds from the Operational Account of the Severance Tax Trust Fund and 1.2 FTE to the Department of Natural Resources, Colorado Water Conservation Board, for FY 2006-07.

2007 Session Bills

S.B. 07-8: Authorizes any state or local governmental entity that provides water at retail to customers to participate in the water efficiency grant program administered by the Colorado water conservation board. Extends the repeal of the program to July 1, 2012. Transfers revenues from the Operational Account of the Severance Tax Trust Fund to the Water Efficiency Grant Program Cash Fund. Appropriates \$82,749 and 1.0 FTE in FY 2007-08 to the Department of Natural Resources for allocation to the Colorado Water Conservation Board.

S.B. 07-122: Loans \$75,750,000 for the city of Aurora water activity enterprise - prairie waters project pipeline from the Colorado Water Conservation Board Construction Fund (Construction Fund). Loans \$60,600,000 to the Southeastern Colorado Water Conservancy District Water Activity Enterprise and \$8,844,570 to the Penrose Water District Water Activity Enterprise from the Severance Tax Trust Fund Perpetual Base Account. Decreases a prior water project loan and grant authorization from the Construction Fund. Authorizes a continuous appropriation from the newly created Stream Gauge Fund (\$250,000 cash funds exempt from annual transfers into the Stream Gauge Fund from the Colorado Water Conservation Board Construction Fund). Increases the continuous spending authority from the Flood Response Fund from \$150,000 per year to \$300,000 per year. Appropriates \$4,795,000 cash funds exempt from the Colorado Water Conservation Board Construction Fund to the Department of Natural Resources in FY 2007-08 for various projects. Of this sum, \$4,405,000 cash funds exempt is appropriated to the Colorado Water Conservation Board, \$350,000 cash funds exempt is appropriated to the Division of Water Resources, and \$40,000 is appropriated to the Colorado Geological Survey. Continuously appropriates to the Colorado Water Conservation Board all revenue from weather modification permit fees. Increases the Board's authority to make loans without legislative approval from \$5,000,000 to \$10,000,000. Appropriates \$1,000,000 cash funds from the Perpetual Base Account of the Severance Tax Trust Fund to the Department of Natural Resources, for allocation to the Division of Forestry, for FY 2007-08 contingent upon H.B. 07-1130 becoming law.

S.B. 07-172: Supplemental appropriation to the Department of Natural Resources to modify the appropriations included in the FY 2006-07 Long Bill (H.B. 06-1385).

S.B. 07-198: Creates the Coalbed Methane Seepage Cash Fund which consists of funds appropriated from the Oil and Gas Conservation and Environmental Response Fund. Requires the General Assembly to make the following appropriations to the Coalbed Methane Seepage Cash Fund: (1) up to \$2,003,400 for FY 2007-08; (2) up to \$2,003,400 for FY 2008-09; and (3) up to \$445,200 for FY 2009-10. Authorizes the Oil and Gas Conservation Commission to use the moneys in the fund for a project to determine the most cost-effective methods of mitigating the seepage of methane gas along the outcrop of the Fruitland formation in La Plata county; and for the installation of wells to monitor the seepage of methane gas in the Fruitland formation in Archuleta county. Appropriates \$2,003,400 from the Oil and Gas Conservation and Environmental Response Fund to the Coalbed Methane Seepage Cash fund for FY 2007-08.

S.B. 07-239: General appropriations act for FY 2007-08.

H.B. 07-1180: Requires the Colorado Oil and Gas Conservation Commission to promulgate rules to ensure the accuracy of oil and gas production reporting by establishing standards for wellhead oil and gas measurement and reporting. Appropriates \$3,450 cash funds (Oil and Gas Conservation and Environmental Response Fund) to the Department of Natural Resources in FY 2007-08 for allocation to the Oil and Gas Conservation Commission.

H.B. 07-1182: Appropriates \$3,485,000 from the Species Conservation Trust Fund (trust fund) to the Department of Natural Resources for programs that are designed to conserve native species that have been listed as threatened or endangered under state or federal law, or are candidate species or are likely to become candidate species as determined by the United States Fish and Wildlife Service. If the National Science Foundation has not awarded the national Deep Underground Science and Engineering Laboratory (DUSEL) to the Henderson mine near Empire by the end of any fiscal year through June 30, 2012, directs the state treasurer to transfer the moneys that were appropriated for such fiscal year by July 1 of the succeeding fiscal year to the Species Conservation Trust Fund. If actual FY 2006-07 severance tax collections exceed the March 2007 quarterly revenue forecast by Legislative Council Staff for FY 2006-07 severance tax collections, directs the State Treasurer to deduct from the Operational Account of the Severance Tax Trust fund the following amounts: one-half of the amount of such excess that would otherwise be credited to the operational account, up to \$3.0 million, and transfer such sum to the Capital Account of the Species Conservation Trust Fund; and one-half of the amount of such excess, up to \$3.0 million, and transfer such sum to the Operations and Maintenance Account of the Trust Fund. Subject to the maintenance of a two-year reserve in the Severance Tax Trust Fund, directs the state treasurer to deduct from the Operational Account of the Severance Tax Trust fund the following amounts: (1) \$2.0 million after July 1, 2008; (2) \$4.0 million after July 1, 2009; and (3) \$6.0 million after July 1, 2010. Of these amounts, one half of the amount reduced in each year shall be transferred to the Capital Account of the Species Conservation Trust Fund, and one half shall be transferred to the Operations and Maintenance Account of the Species Conservation Trust Fund.

H.B. 07-1298: Requires the Colorado Oil and Gas Conservation Commission to administer the oil and gas conservation law so as to minimize adverse impacts to wildlife resources affected by oil and gas operations. Directs the Oil and Gas Conservation Commission to do the following: (1) consult with the Wildlife Commission and Division of Wildlife on decision-making that impacts wildlife resources; (2) consult with and obtain the consent of affected surface owners regarding permit-specific conditions for wildlife habitat protection; (3) implement, when reasonably practicable, best management practices and other reasonable measures to conserve wildlife resources; and (4) promulgate rules by July 1, 2008, in consultation with the Wildlife

Commission, to establish standards for minimizing adverse impacts to wildlife resources affected by oil and gas operations and to ensure the proper reclamation of wildlife habitat during and following such operations. Appropriates \$5,050 cash funds (Oil and Gas and Environmental Response Fund) to the Department of Natural Resources in FY 2007-08.

H.B. 07-1372: Makes adjustments to ensure that reserve requirements for the Operational Account of the Severance Tax Trust Fund are met. Reduces statutory transfers from the Operational Account of the Severance Tax Trust Fund to the Water Supply Reserve Account by \$4.0 million per year from FY 2007-08 through FY 2010-11 (from \$10.0 million per year to \$6.0 million per year). Strikes an appropriation of \$75,837 cash funds (Operational Account of the Severance Tax Trust Fund) and 0.5 FTE that had been made to the Governor's Office in FY 2006-07 pursuant to H.B. 06-1400. Strikes an appropriation of \$151,371 cash funds (Operational Account of the Severance Tax Trust Fund) and 1.0 FTE made to the Governor's Office in FY 2007-08 pursuant to the 2007 Long Bill (S.B. 07-239).

DEPARTMENT OF PERSONNEL AND ADMINISTRATION

The Department of Personnel and Administration is responsible for administering the State personnel system, which includes approximately 30,197 full time equivalent (FTE) employees, excluding the Department of Higher Education. Its 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 Director's Office; (2) Division of Human Resources; (3) Personnel Board; (4) Central Services; (5) Finance and Procurement; (6) Division of Information Technology; and (7) Administrative Courts.

Department Budget: Recent Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund	\$7,863,549	\$8,266,947	\$9,466,191	\$10,776,579
Cash Funds	10,385,054	11,484,436	12,559,141	12,272,608
Cash Funds Exempt	143,894,333	140,387,269	150,341,703	153,509,908
Federal Funds	<u>71,531</u>	<u>121,000</u>	<u>121,000</u>	<u>121,000</u>
TOTAL	\$162,214,467	\$160,259,652	\$172,488,035	\$176,680,095
Full Time Equiv. Staff	571.8	542.3	541.3	567.2

General Factors Driving the Budget

Funding for this department consists of 6.1 percent General Fund, 6.9 percent cash funds, and 86.9 percent cash funds exempt. In addition, the Department receives a small amount of federal funding, less than 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. All of these transfers are exempt from revenue limitations, except transfers received from entities such as authorities or enterprises, that are exempt from the spending limits imposed by TABOR (Article X, Section 20 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 shows the number of FTE appropriated statewide, *excluding* all employees in the Department of Higher Education.

State Employees	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08
Total Number of FTE Appropriated by the General Assembly	27,403.9	28,351.4	28,536.4	29,106.7	30,197.1

State employees are provided benefits such as health insurance, salary increases, and retirement plans. The State contributes funding for these benefits and the number of FTE does affect the cost of these contributions. Health, Life, and Dental contributions are determined by the General Assembly; employees voluntarily enroll in the program. Enrollment and the General Assembly's determination of the State's contribution determine the fiscal impact to the State.

Estimated FY 2007-08 Cost of State's Contribution Rate for Health Insurance for All Eligible and Enrolled Employees			
	Enrollees	State Contribution Rate Per Month*	FY 2007-08 Cost
Employee	14,101	\$285.84	\$48,367,558
Employee with Spouse	3,711	491.18	21,873,228
Employee with Child(ren)	3,587	442.84	19,061,605
Employee with Family	<u>5,273</u>	663.96	<u>42,012,733</u>
TOTAL	26,672		\$131,315,124

* Note: the contribution rates listed are different from the rates that the JBC approved in January. The difference is based on two factors: (1) the Department decided to use the approved JBC increase for the dental state contribution to instead further increase the medical contribution; and (2) there is an additional \$2.26 per month per enrollee as a result of S.B. 07-97, which reallocated a portion of the tobacco settlement money received by the state to the Supplemental State Contribution Fund to supplement the monthly state contribution for state employee group benefit plans that include medical benefits by an equal amount for each employee.

**Estimated FY 2007-08 Cost of State's Contribution Rate for Health Insurance for
All Enrolled Appropriated Positions Only***

	Enrollees	State Contribution Rate Per Month**	FY 2007-08 Cost
Employee	9,948	\$285.84	\$34,122,436
Employee with Spouse	2,647	491.18	15,601,842
Employee with Child(ren)	2,720	442.84	14,454,298
Employee with Family	<u>3,949</u>	663.96	<u>31,463,736</u>
TOTAL	19,264		\$95,642,312

* This table excludes non-appropriated positions in the Departments of Higher Education, Transportation, Human Services, and Public Health and Environment.

** Note: the contribution rates listed are different from the rates that the JBC approved in January. The difference is based on two factors: (1) the Department decided to use the approved JBC increase for the dental state contribution to instead further increase the medical contribution; and (2) there is an additional \$2.26 per month per enrollee as a result of S.B. 07-97, which reallocated a portion of the tobacco settlement money received by the state to the Supplemental State Contribution Fund to supplement the monthly state contribution for state employee group benefit plans that include medical benefits by an equal amount for each employee.

In addition to contributing funding for health insurance, the State provides other salary and benefit adjustments. For FY 2007-08, the General Assembly included a 3.70 percent average increase for market salary adjustments and 1.37 percent for payments related to performance. For FY 2007-08 the Department of Personnel and Administration introduced a new methodology for awarding salary increases called Achievement Pay. This new methodology has two components: base and non-base building. Base Achievement Pay consists of market salary increases by occupational group, adjusted for the Supplemental Amortization Equalization Disbursement (SAED), and a single uniform statewide increase of 1.00 percent to recognize performance. Permanent state personnel system employees will receive base-building salary increases, except those rated at Level 1 (Needs Improvement). Achievement Pay also includes a non-base building payment of 2.00 percent to those rated at Level 4 (Outstanding). Appropriations for the salary increases are as follows:

FY 2006-07 and FY 2007-08 Appropriations for Salary Increase Awards

	FY 2006-07 Salary Survey	FY 2007-08 Achievement Pay*
General Fund	\$23,773,681	\$42,687,592
Cash Funds	3,260,001	7,853,608
Cash Funds Exempt	8,936,455	14,321,165
Federal Funds	<u>4,191,200</u>	<u>6,113,426</u>
TOTAL	\$40,161,337	\$70,975,791

* Includes market salary adjustments and performance awards. The numbers above reflect a reduction of funds for SAED.

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 financing 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. Pursuant to H.B. 04-1009, as of FY 2004-05, institutions in the Department of Higher Education can exempt themselves from certain centralized programs operated by the Department of Personnel and Administration, including the fleet management program. For FY 2007-08, the University of Colorado, the Colorado State University, and Ft. Lewis College have exempted themselves from the centralized Fleet Management Program. The figures in the table below reflect these decisions.

Fiscal Year	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Appropriated	FY 07-08 Appropriated
Number of Fleet Vehicles	5,627	5,569	4,970	4,915	5,454
Total Cost of Fleet Management (Includes Vehicles, Maintenance, and Fuel)	\$28,077,329	\$28,215,160	\$29,669,350	\$32,010,261	\$32,956,319
<i>Staff Estimated Net General Fund Share of Vehicle Costs</i>	<i>\$11,545,257</i>	<i>\$11,601,933</i>	<i>\$12,199,888</i>	<i>\$13,162,459</i>	<i>\$13,551,474</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. Generally, appropriations for the coverage provided by the Risk Management program are calculated using actuarially determined prospective claims losses. As of FY 2004-05, institutions in the Department of Higher Education can exempt themselves from certain centralized programs administered by the Department of Personnel and Administration, including the Risk Management program. To date, only the University of Colorado and the Colorado State University are operating individual risk management programs; however, the University of Colorado's program was authorized and established prior to H.B. 04-1009.

Fiscal Year	Actual FY 03-04	Actual FY 04-05	Actual FY 05-06	Appropriated FY 06-07	Appropriated FY 07-08
Workers' Compensation	\$30,157,471	\$27,478,224	\$26,517,136	\$30,305,844	\$30,305,844
Property	7,617,016	6,751,128	5,818,914	8,805,849	8,585,311
Liability	7,125,777	5,436,926	5,271,058	8,345,546	8,345,546

Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of Personnel and Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$172,488,035	\$9,466,191	\$12,559,141	\$150,341,703	\$121,000	541.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Office	12,936,308	5,581,845	48,247	7,306,216	0	23.5
Division of Human Resources	54,791,672	0	4,957,657	49,834,015	0	53.7
Personnel Board	456,843	20,586	1,198	435,059	0	4.8
Central Services	58,229,132	0	2,983,311	55,245,821	0	183.5
Finance and Procurement	5,973,381	319,398	2,034,046	3,619,937	0	61.5
Division of Information Technology	36,727,468	3,544,362	2,505,993	30,556,113	121,000	175.3
Administrative Courts	3,373,231	0	28,689	3,344,542	0	39.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	162,229,117	7,274,376	12,153,774	142,679,967	121,000	541.3
SB 06-15	1,800,000	0	0	1,800,000	0	0.0
HB 06S1-1015	93,750	93,750	0	0	0	0.0
SB 07-173	8,365,168	2,098,065	405,367	5,861,736	0	0.0
FY 2007-08 Total Appropriation:	\$176,680,095	\$10,776,579	\$12,272,608	\$153,509,908	\$121,000	567.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	13,449,222	5,068,217	150,553	8,230,452	0	23.5
Division of Human Resources	56,025,877	100,135	4,940,618	50,985,124	0	54.2
Personnel Board	466,390	255,376	1,196	209,818	0	4.8
Central Services	58,736,446	0	3,083,765	55,652,681	0	202.1
Finance and Procurement	6,559,709	1,421,328	1,549,209	3,589,172	0	65.5
Division of Information Technology	37,966,034	3,833,513	2,518,721	31,492,800	121,000	176.3
Administrative Courts	3,476,417	98,010	28,546	3,349,861	0	40.8
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	175,050,541	10,094,551	12,272,608	152,562,382	121,000	562.6
SB 07-86	13,225	0	0	13,225	0	0.3
SB 07-97	1,000,000	0	0	1,000,000	0	0.0
SB 07-210	219,996	219,996	0	0	0	1.8

Department of Personnel and Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-228	361,897	361,897	0	0	0	2.0
SB 07-258	3,502	0	0	3,502	0	0.0
HB 07-1335	260,135	100,135	0	160,000	0	0.5
HB 07-1359	(229,201)	0	0	(229,201)	0	0.0
Increase/(Decrease)	\$4,192,060	\$1,310,388	(\$286,533)	\$3,168,205	\$0	25.9
Percentage Change	2.4%	13.8%	(2.3)%	2.1%	0.0%	4.8%

FY 2007-08 Appropriation Highlights:

1. The appropriation includes an increase of \$1.4 million (from all fund sources) salary, benefits, and other common operating adjustments.
2. The appropriation includes an increase of \$1.1 million (from cash funds exempt and cash funds sources) for the replacement of 596 vehicles and the addition of 64 vehicles to the state fleet. The increase is also related to an increase in fuel costs, an increase in miles driven, and an increase in the number of vehicles in the state fleet as a result of S.B. 06-15.
3. The appropriation includes an increase of \$848,000 (from all fund sources) to annualize salary awards granted in FY 2006-07.
4. The appropriation includes an increase of \$771,000 (cash funds exempt) from the Supplemental State Contribution Fund for supplementing the monthly state contribution for each state employee enrolled in a group benefit plan that includes enrollment in medical benefits.
5. The appropriation includes an increase of \$543,000 (from cash funds exempt and cash funds sources) related to a statewide increase in multiuse network circuits.
6. The appropriation includes an increase of \$325,000 (from General Fund and cash funds exempt sources) for the payment of private collection agency fees and out-of-pocket legal expenses incurred in the collection of debts owed to the State.
7. The appropriation includes a decrease of \$1.3 million (from General Fund, cash funds exempt, and cash funds sources) for the purchase of services from the computer center. The large reduction has to do with a change in billing methodology by the computer center.

Detail of Appropriation by Administrative Section

Executive Director's 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 (61.2 percent), is from indirect cost recoveries originating in other divisions throughout the Department and user fees from other state agencies. General Fund accounts for 37.7 percent of the Division's total funds.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$9,754,939	\$3,483,780	\$45,271	\$6,225,888	\$0	23.5
SB 07-173	<u>3,181,369</u>	<u>2,098,065</u>	<u>2,976</u>	<u>1,080,328</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,936,308	\$5,581,845	\$48,247	\$7,306,216	\$0	23.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$12,936,308	\$5,581,845	\$48,247	\$7,306,216	\$0	23.5
FY 2007-08 salary and benefits adjustments	1,423,639	367,218	102,044	954,377	0	0.0
Leased space	263,240	22,976	817	239,447	0	0.0
Annualize FY 2006-07 salary increases	59,496	0	0	59,496	0	0.0
Operating adjustments	(1,311,500)	(1,019,546)	(555)	(291,399)	0	0.0
One-time funding reductions	(31,567)	(6,262)	0	(25,305)	0	0
Personal services base reductions	(12,380)	0	0	(12,380)	0	0.0
SB 07-239	\$13,327,236	\$4,946,231	\$150,553	\$8,230,452	\$0	23.5
SB 07-210	<u>121,986</u>	<u>121,986</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$13,449,222	\$5,068,217	\$150,553	\$8,230,452	\$0	23.5
Increase/(Decrease)	\$512,914	(\$513,628)	\$102,306	\$924,236	\$0	0.0
Percentage Change	4.0%	(9.2)%	212.0%	12.7%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

FY 2007-08 salary and benefits adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary and benefits, including the following increases: \$581,481 for health, life and

dental benefits; \$452,094 for performance-based pay awards; \$165,023 for salary survey and senior executive service; \$144,200 for S.B. 04-257 amortization equalization disbursement; \$74,808 for S.B. 06-235 supplemental amortization equalization disbursement; and \$6,033 for short-term disability.

Leased space: The appropriation includes an increase in leased space of \$203,750 to increase leased space in Pueblo due to an increase in business operations within the Document Solutions Group and \$59,490 for a five percent inflationary factor for the Department's remaining leased space.

Annualize FY 2006-07 salary increases: The appropriation includes the salary increases allocated to the Division in FY 2006-07.

Operating adjustments: The appropriation reflects various changes in centrally appropriated line items, including: an increase of \$106,523 for workers' compensation; an increase of \$36,425 for Capitol complex leased space; an increase of \$26,834 for vehicle lease payments; an increase of \$14,466 for legal services and administrative law judges; an increase of \$9,117 for shift differential; an increase of \$4,994 for multiuse network payments; a decrease of \$1,303,000 for purchase of services from computer center (the large reduction has to do with a change in billing methodology); a decrease of \$206,857 for risk management and property; and a decrease of \$2 for communications services. Operating adjustments are a function of recoverable overhead in the Department of Personnel or the Department of Law, as is the case with legal services, that are allocated to other departments based on a proportionate share of risk or utilization.

One-time funding reductions: The appropriation eliminates two one-time funding increases in FY 2006-07: (1) funding for the Department's compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA); and (2) funding for a one-time Governor's transition expense related to the 2006 gubernatorial election.

Personal services base reductions: The appropriation includes a reduction of \$12,380 associated with a 0.5 percent reduction in funding for personal services.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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; 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.

Division of Human Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$49,427,104	\$0	\$4,555,266	\$44,871,838	\$0	53.7
SB 07-173	<u>5,364,568</u>	<u>0</u>	<u>402,391</u>	<u>4,962,177</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$54,791,672	\$0	\$4,957,657	\$49,834,015	\$0	53.7
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$54,791,672	\$0	\$4,957,657	\$49,834,015	\$0	53.7
Performance audits	160,000	0	0	160,000	0	0.0
Legal services	135,724	0	0	135,724	0	0.0
Annualize FY 2006-07 salary increases	91,248	0	(128)	91,376	0	0.0
Audit expense	63,120	0	0	63,120	0	0.0
Property premiums	(220,538)	0	(16,911)	(203,627)	0	0.0
Personal services base reductions	(19,277)	0	0	(19,277)	0	0.0
Indirect cost assessment	(7,006)	0	0	(7,006)	0	0.0
SB 07-239	\$54,994,943	\$0	\$4,940,618	\$50,054,325	\$0	53.7
SB 07-97	1,000,000	0	0	1,000,000	0	0.0
HB 07-1335	260,135	100,135	0	160,000	0	0.5
HB 07-1359	<u>(229,201)</u>	<u>0</u>	<u>0</u>	<u>(229,201)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$56,025,877	\$100,135	\$4,940,618	\$50,985,124	\$0	54.2
Increase/(Decrease)	\$1,234,205	\$100,135	(\$17,039)	\$1,151,109	\$0	0.5
Percentage Change	2.3%	n/a	(0.3)%	2.3%	n/a	0.9%

S.B. 07-239 (Long Bill) Issue Descriptions

Performance audits: The appropriation includes a new line item for FY 2007-08 in order to fund audits for the Deferred Compensation Plan and Defined Contribution Plans.

Legal services: The appropriation reflects the incremental change of the blended rate for legal services (\$72.03 per hour in FY 2007-08). The liability program's allotment of hours remains unchanged from FY 2006-07.

Annualize FY 2006-07 salary increases: The appropriation includes the salary increases allocated to the Division in FY 2006-07.

Audit expense: The appropriation includes funding for a periodic audit of the self-insured or self-administered risk management programs as required by Section 24-30-1513, C.R.S.

Property premiums: The Department collects premiums from all state agencies, except for Colorado University and Colorado State University, for the State's risk management program. The change to the property program premiums is based on actuarial estimates of prospective losses in FY 2007-08 relative to FY 2006-07.

Personal services base reductions: The appropriation includes a reduction of \$19,277 associated with a 0.5 percent reduction in funding for personal services.

Indirect cost assessment: The indirect cost assessment to the Division of Human Resources is decreasing pursuant to the Statewide Indirect Cost Allocation Plan. The appropriation reflects adjustments to the appropriations of this division in order to properly offset General Fund elsewhere in the Department.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Personnel Board

This division provides staff support for the five-member State Personnel Board authorized in Article XII, Section 14, 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 212 cases in FY 2005-06, the last year for which statistics are available. This caseload represents a decrease over prior fiscal years. 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 2007-08, General Fund accounts for 54.8 percent of the appropriation, while cash funds exempt accounts for 45 percent of the appropriation.

Personnel Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$456,843</u>	<u>\$20,586</u>	<u>\$1,198</u>	<u>\$435,059</u>	<u>\$0</u>	<u>4.8</u>
TOTAL	\$456,843	\$20,586	\$1,198	\$435,059	\$0	4.8
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$456,843	\$20,586	\$1,198	\$435,059	\$0	4.8
Annualize FY 2006-07 salary increases	11,741	11,741	0	0	0	0.0

Personnel Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Fund mix adjustments	4	225,247	(2)	(225,241)	0	0.0
Personal services base reductions	(2,198)	(2,198)	0	0	0	0.0
SB 07-239	<u>\$466,390</u>	<u>\$255,376</u>	<u>\$1,196</u>	<u>\$209,818</u>	<u>\$0</u>	<u>4.8</u>
TOTAL	\$466,390	\$255,376	\$1,196	\$209,818	\$0	4.8
Increase/(Decrease)	\$9,547	\$234,790	(\$2)	(\$225,241)	\$0	0.0
Percentage Change	2.1%	1140.5%	(0.2)%	(51.8)%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize FY 2006-07 salary increases: The appropriation includes the salary increases allocated to the Division in FY 2006-07.

Fund mix adjustments: The appropriation includes a reduction in the cash funds exempt appropriation and an increase to the General Fund appropriation due to fewer statewide indirect costs available to offset the Division's General Fund expenses for FY 2007-08 as compared to FY 2006-07.

Personal services base reductions: The appropriation includes a reduction of \$2,198 associated with a 0.5 percent reduction in funding for personal services.

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.

Central Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$56,609,901	\$0	\$2,983,311	\$53,626,590	\$0	183.5
SB 06-15	1,800,000	0	0	1,800,000	0	0.0
SB 07-173	<u>(180,769)</u>	<u>0</u>	<u>0</u>	<u>(180,769)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$58,229,132	\$0	\$2,983,311	\$55,245,821	\$0	183.5

Central Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$58,229,132	\$0	\$2,983,311	\$55,245,821	\$0	183.5
Fleet management costs	1,125,972	0	100,454	1,025,518	0	0.0
Annualize FY 2006-07 salary increases	202,937	0	0	202,937	0	0.0
Department of Revenue data entry	112,040	0	0	112,040	0	0.0
Capitol complex security	29,105	0	0	29,105	0	0.0
Indirect cost assessment	(405,153)	0	0	(405,153)	0	0.0
One-time funding reduction	(274,560)	0	0	(274,560)	0	0.0
Integrated Document Factory realignment of resources	(205,421)	0	0	(205,421)	0	18.3
Personal services base reductions	(46,652)	0	0	(46,652)	0	0.0
Camp George West	(44,179)	0	0	(44,179)	0	0.0
SB 07-239	\$58,723,221	\$0	\$3,083,765	\$55,639,456	\$0	201.8
SB 07-86	<u>13,225</u>	<u>0</u>	<u>0</u>	<u>13,225</u>	<u>0</u>	<u>0.3</u>
TOTAL	\$58,736,446	\$0	\$3,083,765	\$55,652,681	\$0	202.1
Increase/(Decrease)	\$507,314	\$0	\$100,454	\$406,860	\$0	18.6
Percentage Change	0.9%	n/a	3.4%	0.7%	n/a	10.1%

S.B. 07-239 (Long Bill) Issue Descriptions

Fleet management costs: The appropriation includes a \$376,305 increase for state fleet operating expenses related to an increase in fuel costs, an increase in miles driven, and an increase in the number of vehicles in the state fleet as a result of S.B. 06-15. The appropriation also includes a \$749,667 increase for 596 vehicle replacements and 64 additional vehicles.

Annualize FY 2006-07 salary increases: The appropriation includes the salary increases allocated to the Division in FY 2006-07.

Department of Revenue data entry: The appropriation includes an increase in spending authority due to an increase in data entry and image manipulation workload coming from the Department of Revenue.

Capitol complex security: The appropriation reflects an increase in personal services costs for Capitol complex security.

Indirect cost assessment: The indirect cost assessment to the Division of Central Services is decreasing pursuant to the Statewide Indirect Cost Allocation Plan. The appropriation reflects adjustments to the appropriations of this division in order to properly offset General Fund elsewhere in the Department.

One-time funding reduction: The appropriation includes a reduction to the Document Solutions Group, Personal Services line, for a one-time cost related to data entry services provided to the Colorado Bureau of Investigation in FY 2006-07.

Integrated Document Factory realignment of resources: The appropriation includes several adjustments related to a department request for realignment of resources: (1) a \$541,135 reduction to the Mail Services, Operating Expenses line item; (2) a \$100,000 increase to the Reprographics, Operating Expenses line item; (3) a \$85,000 increase to the Document Solutions Group, Operating Expenses line item; (4) an \$83,233 and 5.0 FTE increase to the Mail Services, Personal Services line item; (5) a \$40,426 and 13.3 FTE increase to the Document Solutions Group, Personal Services line item for the conversion of temporary data entry employees into full time FTE; and (6) a \$27,055 increase to the Document Solutions Group, Utilities line item related to an increase in operating leased space in Pueblo.

Personal services base reductions: The appropriation includes a reduction of \$46,652 associated with a 0.5 percent reduction in funding for personal services.

Camp George West: The appropriation reflects a reduction in operating expenses related to the maintenance of the Camp George West facility.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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. It manages the financial affairs of all departments through the State Controller's Office utilizing 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.

Finance and Procurement						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$5,973,381</u>	<u>\$319,398</u>	<u>\$2,034,046</u>	<u>\$3,619,937</u>	<u>\$0</u>	<u>61.5</u>
TOTAL	\$5,973,381	\$319,398	\$2,034,046	\$3,619,937	\$0	61.5

Finance and Procurement						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$5,973,381	\$319,398	\$2,034,046	\$3,619,937	\$0	61.5
Private collection agency fees	325,000	169,542	0	155,458	0	0.0
Additional collectors staff	98,300	0	10,515	87,785	0	3.0
Annualize FY 2006-07 salary increases	94,589	71,054	4,537	18,998	0	0.0
Indirect cost assessment	36,480	0	0	36,480	0	0.0
Fund mix adjustments	0	808,993	(495,609)	(313,384)	0	0.0
Personal services base reductions	(22,334)	(1,952)	(4,280)	(16,102)	0	0.0
SB 07-239	\$6,505,416	\$1,367,035	\$1,549,209	\$3,589,172	\$0	64.5
SB 07-228	<u>54,293</u>	<u>54,293</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$6,559,709	\$1,421,328	\$1,549,209	\$3,589,172	\$0	65.5
Increase/(Decrease)	\$586,328	\$1,101,930	(\$484,837)	(\$30,765)	\$0	4.0
Percentage Change	9.8%	345.0%	(23.8)%	(0.9)%	n/a	6.5%

S.B. 07-239 (Long Bill) Issue Descriptions

Private collection agency fees: The appropriation includes an increase for the payment of private collection agency fees and out-of-pocket legal expenses incurred in the collection of debts owed to the State. Currently, private collection entities and a contracted law firm remit gross debtor collections to central collections and central collections remits fees back to these entities. The appropriated increase allows for a more accurate reflection of those fees in the Long Bill.

Additional collectors staff: The appropriation includes \$87,785 and 3.0 FTE to address an increase in workload. The appropriation also includes \$10,515 of associated operating expenses for the three additional staff.

Annualize FY 2006-07 salary increases: The appropriation includes the salary increases allocated to the Division in FY 2006-07.

Indirect cost assessment: The indirect cost assessment to the Division of Finance and Procurement is increasing pursuant to the Statewide Indirect Cost Allocation Plan. The appropriation reflects adjustments to the appropriations of this division in order to properly offset General Fund elsewhere in the Department.

Fund mix adjustments: The appropriation includes a reduction in appropriated cash funds and cash funds exempt and an increase in appropriated General Fund. The adjustment is due to a decrease in statewide indirect costs from the Departments of Higher Education, Labor and Employment, and State available to offset General Fund expenditures in this department.

Personal services base reductions: The appropriation includes a reduction of \$22,334 associated with a 0.5 percent reduction in funding for personal services.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 (82.9 percent), a majority of which is from fees charged to other state agencies for services provided by the Division. General Fund accounts for 10.1 percent of the Division's funding.

Division of Information Technology						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$36,633,718	\$3,450,612	\$2,505,993	\$30,556,113	\$121,000	175.3
HB 06S1-1015	<u>93,750</u>	<u>93,750</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$36,727,468	\$3,544,362	\$2,505,993	\$30,556,113	\$121,000	175.3
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$36,727,468	\$3,544,362	\$2,505,993	\$30,556,113	\$121,000	175.3
Network services operating expenses	542,815	0	15,369	527,446	0	0.0
Annualize FY 2006-07 salary increases	310,502	91,714	0	218,788	0	0.0
Indirect cost assessment	236,243	0	0	236,243	0	0.0
One-time funding reductions	(93,750)	(93,750)	0	0	0	0.0
Personal services base reductions	(64,848)	(16,417)	(2,641)	(45,790)	0	0.0
SB 07-239	\$37,658,430	\$3,525,909	\$2,518,721	\$31,492,800	\$121,000	175.3
SB 07-228	<u>307,604</u>	<u>307,604</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$37,966,034	\$3,833,513	\$2,518,721	\$31,492,800	\$121,000	176.3
Increase/(Decrease)	\$1,238,566	\$289,151	\$12,728	\$936,687	\$0	1.0
Percentage Change	3.4%	8.2%	0.5%	3.1%	0.0%	0.6%

S.B. 07-239 (Long Bill) Issue Descriptions

Network services operating expenses: The appropriation includes an increase for the Department's operating expenses line item related to a statewide increase in multiuse network circuits.

Annualize FY 2006-07 salary increases: The appropriation includes the salary increases allocated to this division in FY 2006-07.

Indirect cost assessment: The indirect cost assessment to the Division of Information Technology is increasing pursuant to the Statewide Indirect Cost Allocation Plan. The appropriation reflects adjustments to the appropriations of this division in order to properly offset General Fund elsewhere in the Department.

One-time funding reductions: The appropriation eliminates funding for a one-time project funded through H.B. 06S-1015.

Personal services base reductions: The appropriation includes a reduction of \$64,848 associated with a 0.5 percent reduction in funding for personal services.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Administrative Courts (previously named 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: Labor and Employment, Human Services, Regulatory Agencies, and Public Health and Environment. Approximately 58 percent of all hearings are related to workers' compensation cases. The funding for this division is 96.4 percent cash funds exempt, funding transferred from agencies using administrative court services, 2.8 percent General Fund, and 0.8 percent cash funds, from user fees from non-state agencies.

Administrative Courts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$3,373,231</u>	<u>\$0</u>	<u>\$28,689</u>	<u>\$3,344,542</u>	<u>\$0</u>	<u>39.0</u>
TOTAL	\$3,373,231	\$0	\$28,689	\$3,344,542	\$0	39.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$3,373,231	\$0	\$28,689	\$3,344,542	\$0	39.0
Annualize FY 2006-07 salary increases	77,648	0	0	77,648	0	0.0
Operating expenses increase	14,325	0	0	14,325	0	0.0
Indirect cost assessment	(75,183)	0	0	(75,183)	0	0.0

Administrative Courts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Personal services base reductions	(15,116)	0	(143)	(14,973)	0	0.0
SB 07-239	\$3,374,905	\$0	\$28,546	\$3,346,359	\$0	39.0
SB 07-210	98,010	98,010	0	0	0	1.8
SB 07-258	<u>3,502</u>	<u>0</u>	<u>0</u>	<u>3,502</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,476,417	\$98,010	\$28,546	\$3,349,861	\$0	40.8
Increase/(Decrease)	\$103,186	\$98,010	(\$143)	\$5,319	\$0	1.8
Percentage Change	3.1%	n/a	(0.5)%	0.2%	n/a	4.6%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize FY 2006-07 salary increases: The appropriation includes the salary increases allocated to this division in FY 2006-07.

Operating expenses increase: The appropriation includes increased funding for ongoing maintenance and support of the Legal Files case management system.

Indirect cost assessment: The indirect cost assessment to the Division of Administrative Courts is decreasing pursuant to the Statewide Indirect Cost Allocation Plan. The appropriation reflects adjustments to the appropriations of this division in order to properly offset General Fund elsewhere in the Department.

Personal services base reductions: The appropriation includes a reduction of \$15,116 associated with a 0.5 percent reduction in funding for personal services.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2006 Session Bills

S.B. 06-6: Allows the Public Employees' Retirement Association (PERA) to deny employment to an individual who has been convicted of a felony or other specified offense if the person would have access to PERA investment information, PERA assets, or other information relating to PERA members beneficiaries.

S.B. 06-15: Expands the centralized state fleet to include all trucks, regardless of weight, except for Department of Transportation vehicles rated at more than one ton. Appropriates \$1.8 million cash funds exempt to the Department of Personnel and Administration, Division of Central Services, Fleet Management Program and Motor Pool Services, for Operating Expenses. Prior to this bill state-owned passenger vehicles

and trucks weighing 3/4 ton or less were managed by the Department of Personnel and Administration as a centralized state fleet. The bill also requires executive branch agencies that own vehicles outside of the State fleet to provide data on these vehicles, upon request, to the Department of Personnel and Administration. The bill also requires that all motor vehicles purchased for the State-owned motor vehicle fleet on or after January 1, 2007, meet or exceed the average fuel efficiency standards established pursuant to the federal "Energy Policy Conservation Act", 15 U.S.C. sec. 2001, et seq.

S.B. 06-16: Requires the Executive Director of the Department of Personnel and Administration to establish a policy by January 1, 2007, requiring all state-owned vehicles and equipment to use a fuel blend of at least 20 percent biodiesel and 80 percent petroleum diesel. The requirement is contingent on such fuels being available and costing no more than 10 cents per gallon more than petroleum diesel fuel.

S.B. 06-173: Allows members of the General Assembly to be reimbursed for all actual and necessary travel expenses incurred for vehicle travel while attending to legislative business. Increases the State reimbursement rate for mileage traveled by state employees in a personal vehicle on official state business. Commencing June 1, 2006, but before January 1, 2007, allows seventy-five percent of the prevailing internal revenue service mileage reimbursement rate to the nearest cent, eighty percent of the prevailing internal revenue service mileage reimbursement rate to the nearest cent for four-wheel-drive vehicles, and forty cents per nautical mile for privately owned aircraft. Commencing January 1, 2007, but before January 1, 2008, allows eighty percent of the prevailing internal revenue service mileage reimbursement rate to the nearest cent, eighty-five percent of the prevailing internal revenue service mileage reimbursement rate to the nearest cent for four-wheel-drive vehicles, and forty cents per nautical mile for privately owned aircraft. Commencing January 1, 2008, allows ninety percent of the prevailing internal revenue service mileage reimbursement rate to the nearest cent, ninety-five percent of the prevailing internal revenue service mileage reimbursement rate to the nearest cent for four-wheel-drive vehicles, and forty cents per nautical mile for privately owned aircraft.

S.B. 06-202: Modifies the process for collecting debts due the State. Among other things, the bill eliminates the requirement that state agencies refer debts to the State Controller in the Department of Personnel and Administration when payment arrangements have been made; extends the time for assigning certain debts to private collections agencies; allows the department to collect debts on behalf of other political subdivisions of the State; and clarifies that if a debt is litigated, the debtor is liable for attorney fees, costs, and fees in addition to the collection fee.

S.B. 06-235: Reforms PERA benefit plans. Adds a Supplemental Amortization Equalization Disbursement (SAED). Amends the Highest Average Salary (HAS) calculation formula. Changes the Rule of 80 to a Rule of 85 with a minimum retirement age of 55. Implements a new Cost-of-Living Adjustment (COLA) fund for new hires. Reduces the statutorily prescribed amortization period from 40 years to 30 years. Requires the General Assembly to contract for an independent actuarial study before future benefit increases could occur. Establishes a new requirement to purchase service credit at full actuarial cost. Amends the composition of the PERA Board. Expands DC choice to higher education institutions.

H.B. 06-1256: Clarifies the procedure for calculating state employee salaries to ensure that no additional adjustment is made to compensate for the fact that there were no salary survey or performance awards in FY 2003-04. The bill also amends the laws governing dependent eligibility for purposes of state employees group benefit plans and annual elections for the State's defined contribution plan.

H.B. 06-1385: General appropriations act for FY 2006-07.

2006 Special Session Bills

H.B. 06S1-1015: For income tax years beginning January 1, 2008, requires a trade, business, or corporation that pays a non-employee for services and reports that payment on any of the 18 federal 1099 forms to deduct and withhold state income tax at the rate of 4.63 percent if the person performing the services fails to provide a correct taxpayer identification number (TIN) *or* provides an Internal Revenue Service (IRS)-issued TIN for nonresident aliens. The withholding requirement for state income tax purposes would become effective for the 2008 income tax year if the state establishes a work eligibility verification portal (database) that is up and running on or after January 1, 2008, that allows a business to verify whether a TIN is valid. If the database is not in place and accessibly by January 1, 2008, the withholding requirement would be effective on the January 1 that immediately follows the date when the database becomes accessible. For FY 2006-07, appropriates \$93,750 General Fund to the Department of Personnel for computer programing costs in order to allow the Colorado Financial Reporting System (COFRS) to be able to withhold state income taxes when processing payments to vendors.

2007 Session Bills

S.B. 07-45: Sets the maximum fee that a custodian of public records may charge for copies of certain public records at 25 cents per standard page, or a fee not to exceed the actual cost of providing a copy, printout, or photograph of a public record in a format other than a standard page. The bill exempts the Department of Personnel and Administration from the fee cap and allows institutions of higher education to charge a reasonable fee for certified transcripts.

S.B. 07-51: Directs the State Architect (Department of Personnel and Administration) to adopt a "high performance standard certification program" for "state-assisted facilities". The certification program must:

- include standards and performance measures that can be quantified and verified by an independent third party;
- reduce long-term operating costs (e.g., energy, water consumption);
- recoup increased initial costs within 15 years through lower operating costs;
- improve indoor environmental quality;
- encourage the use of local building products and materials; and
- comply with the federal standards for historic properties.

The Department is required to report annually to the Capital Development Committee regarding the high performance standard certification program.

S.B. 07-86: Creates a five-member commission in the Department of Personnel and Administration to oversee the design and construction of war memorials. The war memorials will be erected near the Colorado Veterans Monument in Lincoln Park to honor the lives of Coloradans who died during specific military conflicts. Creates the Fallen Heroes Memorial Construction Fund in the state Treasury. The five-member commission is authorized to solicit and accept gifts, grants, and donations for the design and construction of the war memorials. The bill contains a repealer clause effective July 1 of the year that the war memorials are erected. For FY 2007-08, appropriates \$13,225 cash funds exempt and 0.3 FTE from the Fallen Heroes Memorial Construction Fund to the Department of Personnel and Administration, Division of Central Services, for provision of support to the commission.

S.B. 07-97: Reallocates the tobacco settlement money received by the state that currently is credited to the General Fund and Tobacco Settlement Litigation Trust Fund, and provides appropriations to multiple departments. In the Department of Personnel and Administration, creates the Supplemental State Contribution Fund to supplement the monthly state contribution for state employee group benefit plans that include medical benefits by an equal amount for each employee. Specifies that this fund shall receive four and one-half percent of tobacco settlement moneys. For FY 2007-08, appropriates \$1 million cash funds exempt from the Supplemental State Contribution Fund to the Department of Personnel and Administration for supplementing the monthly state contribution for each state employee enrolled in a group benefit plan that includes enrollment in medical benefits. For additional information on this bill, see the "Recent Legislation" section for the Department of Public Health and Environment.

S.B. 07-99: Modifies the centralized state fleet to exclude vehicles rated at one ton or more that are owned, operated, or controlled by an institution of higher education.

S.B. 07-156: Modifies administrative functions related to the state deferred compensation plans. These plans provide employees and officials with a means for investing a portion of their compensation on a tax-deferred basis. Among other things, the bill:

- allows administration fees to be held in a separate fund in each plan's exclusive benefit trust, in addition to being used to cover administrative costs;
- requires the State Deferred Compensation Committee to establish a reasonable level of reserves for the funds it manages, and requires that moneys in excess of the reserve be used to reduce fees for participants or be credited back to participant accounts; and
- provides that employee contributions be treated as employer contributions to the extent permitted by federal law in order to maximize the deferral of federal income tax imposed on an employee's salary.

S.B. 07-173: Supplemental appropriation to the Department of Personnel and Administration to modify FY 2006-07 appropriations included in the FY 2006-07 Long Bill (H.B. 06-1385). Also, includes supplemental adjustments to the FY 2006-07 appropriation in S.B. 06-15, as well as FY 2005-06 appropriation in H.B. 06-1227.

S.B. 07-210: Clarifies certain provisions of Article XXIX of the Colorado Constitution added by Amendment 41. Among other things, establishes a five-member ethics commission in the Office of Administrative Courts to hear complaints, issue findings and advisory opinions, and assess penalties. Requires four of the commission's five members to approve any subpoena, and requires that the commission respond to requests for advisory opinions from covered officials within 20 days. Advisory opinions and letter rulings issued by the commission must be posted on a publicly-accessible website. For FY 2007-08, appropriates \$219,996 General Fund and 1.8 FTE to the Department of Personnel and Administration. Of this amount, \$121,986 is appropriated to the Executive Director's Office to be used for legal services from the Department of Law, and, \$98,010 and 1.8 FTE is appropriated to the Division of Administrative Courts for staff support to the commission. The bill also reduces the General Fund appropriation to the Controlled Maintenance Trust Fund by \$219,996 for FY 2007-08.

S.B. 07-228: Modifies the state procurement system in three key ways. First, requires development of a publicly accessible and searchable database by June 30, 2009, to track personal services contracts worth more than \$100,000 to which the state is a party. Second, once the database is implemented, requires that state

agencies and state vendors monitor such contracts and evaluate whether relevant performance measures are met. Third, requires that state agencies prepare a performance evaluation report prior to the completion of any construction contract worth \$500,000 or more and that the report be reviewed prior to making future contract awards. Adds new conditions for entering into a sole source contract and requires a vendor to justify in writing the basis for performing any work outside Colorado or the United States. For FY 2007-08, appropriates \$361,897 General Fund and 2.0 FTE to the Department of Personnel and Administration for the development of a database to track personal services contracts. The bill also reduces the General Fund appropriation to the Controlled Maintenance Trust Fund by \$361,897 for FY 2007-08.

S.B. 07-239: General appropriations act for FY 2007-08.

S.B. 07-258: Makes a variety of changes to Colorado's workers' compensation laws. For FY 2007-08, appropriates \$3,502 from the Workers' Compensation Cash Fund to the Department of Labor and Employment to be transferred to the Department of Personnel and Administration to cover increased costs for administrative law judge services.

H.B. 07-1184: Requires certain public fund managers to develop a list of "scrutinized" companies that have business operations in Sudan; notify those companies by mail; and sell, redeem, divest, or withdraw all publicly traded securities of any company that does not stop its active Sudan-related business operations within 90 days of receiving notification. The Attorney General is charged with enforcing the requirements of the bill. The requirements apply to the following public fund managers:

- the Colorado State Treasurer;
- the board of directors of the Public Employees Retirement Association;
- the State Deferred Compensation Committee;
- the Colorado County Officials and Employees Retirement Association;
- the board of directors of the Fire and Police Pension Association;
- the board of directors for the Regional Transportation District; and
- the board of trustees of the Denver Public School Retirement System.

H.B. 07-1220: Requires governmental entities in Colorado to purchase "environmentally preferable" products or services when certain conditions are met. The purchasing preference applies to products and services that have a lesser or reduced effect on human health and the environment than comparable competing products. Agencies can accept bids for environmentally preferable products or services that cost up to 5 percent more than the lowest bid. But, higher bids are also allowed if a life cycle analysis shows that purchasing the environmentally preferable products or services will result in long-term savings. Each purchasing agency must ensure that the purchase can be accommodated within the agency's existing budget. Any agency that spends over five percent more for an environmentally preferable product or service must report to the Joint Budget Committee the results of any life-cycle cost analysis used to justify the purchase.

H.B. 07-1228: Requires the executive director of the Department of Personnel and Administration to purchase *only* flexible fuel vehicles (FFVs) or hybrid vehicles beginning January 1, 2008, unless the cost is more than 10 percent higher than a comparable vehicle that runs on petroleum gasoline.

Within 120 days after January 1, 2008, requires the Petroleum Storage Tank Committee to establish policies that govern the placement of above-ground and underground storage tanks that contain renewable fuels.

Requires the Public Utilities Commission (PUC) to develop a policy to establish incentives for consumers who produce distributed generation, including small wind turbines, thermal biomass, electric biomass, and solar thermal energy.

H.B. 07-1335: Beginning with FY 2008-09, reallocates tobacco litigation settlement moneys currently allocated pursuant to S.B. 07-97 to supplement the state contribution to the medical benefit plan premiums of all state employees to instead supplement the state contribution to the benefit plan premiums of lower-income state employees who have at least one dependent other than their spouse. Lower-income state employees eligible for participation in the supplement program must be eligible to enroll in a group benefit plan, have an annual household income of less than 300 percent of the federal poverty level (FPL), and have at least one dependent other than the employee's legal spouse. The bill stipulates that available funding shall first be used to provide a supplement to eligible employees that have an annual household income of less than 200 percent of the FPL, any available funds shall then be used to provide a supplement to eligible employees that have an annual household income of 200 percent or more of the FPL but less than 250 percent of the FPL, any available funds shall then be used to provide a supplement to eligible employees that have an annual household income of at least 250 percent of the FPL. Also requires the Department of Personnel and Administration to report to the Health and Human Services Committees and the Joint Budget Committee on the Supplemental State Contribution Program each January starting in 2009. The report is required to include information on the number of employees and child dependents receiving supplements, the dollar amount of the supplements, and the increased state costs resulting from the supplement program due to increased enrollees and eligible employees adding coverage for their dependents. Finally, the bill requires the Department of Personnel and Administration to establish a pilot disease management program using money from the Short-term Innovative Health Program Grant Fund established in S.B. 07-97. For FY 2007-08, appropriates \$260,135 and 0.5 FTE to the Department of Personnel and Administration, of this amount, \$100,135 General Fund is for administrative costs and \$160,000 cash funds exempt from the Short-term Innovative Health Program Grant Fund is for a pilot disease management program. The bill also reduces the General Fund appropriation to the Controlled Maintenance Trust Fund by \$100,135 for FY 2007-08 and reduces the appropriation contained in S.B. 07-97 from the Short-term Innovative Health Program Grant Fund to the Department of Public Health and Environment by \$160,000.

H.B. 07-1342: The bill allows state agencies, county and municipal governments, and certain special districts (public entities) to award contracts for public projects using an "integrated project delivery" (IPD) method. This method is a contractual agreement between an agency and a single contract bidder for the design, construction, alteration, operation, repair, improvement, demolition, maintenance, or financing for a public project. The bill allows these public entities:

- to prequalify participating contract bidders for IPD contracts;
- to accept the proposal that represents the best value to a public entity; and
- to set supplemental provisions to carry out this bill.

Additionally, the bill requires public entities to prepare and announce a short list of contract bidders determined to be the most qualified to receive a request for proposal (RFP). It also requires participating bidders to demonstrate to public entities that it has access to an apprentice training program certified by the U.S. Department of Labor or a comparable program, where available, for training their apprentices.

H.B. 07-1359: The bill changes the amount of tobacco settlement money that the tobacco settlement programs are expected to receive in FY 2007-08. In the Department of Personnel and Administration, reduces the amount appropriated in S.B. 07-97 from the Supplemental State Contribution Fund by \$229,201. For additional

information on this bill, see the "Recent Legislation" section for the Department of Public Health and Environment and see Appendix G.

H.B. 07-1365: Adds the Colorado Consortium for Earth and Space Science Education (CCESSE), also known as the Challenger Learning Center of Colorado, to the definition of "employer" for purposes of the Colorado Public Employees' Retirement Association (PERA).

H.B. 07-1373: Modifies the cap on salary increases for the highest paid classes of state employees. Previously, annual salary adjustments were limited to the *lesser* of the change in the consumer price index for the Denver-Boulder metropolitan statistical area for the preceding calendar year or the percentage change in state General Fund appropriations for the preceding fiscal year. Under the bill, the adjustment is equal to the *greater* of the employment cost index for the preceding calendar year or the percentage change in state General Fund appropriations for the preceding fiscal year. Such increases will continue until the salary levels reach the maximum found in the market as determined by the annual compensation survey.

H.B. 07-1377: Repeals the authority, starting on January 1, 2008, for employees of state colleges and universities and institutions under the control of the board of regents of the university of Colorado to participate in a defined contribution plan established by the public employees' retirement association, the state defined contribution plan, or the state deferred compensation plan.

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

The Department of Public Health and Environment is responsible for protecting and improving the health of the people of Colorado; protecting the quality of Colorado's environment; and helping to assure the availability of health and medical care services to individuals and families.

The Department is comprised of eleven divisions:

1. Administration and Support
2. Center for Health and Environmental Information
3. Laboratory 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 Services Division
11. Health Facilities and Emergency Medical Services Division

These divisions are organized into three sections: Administration, consisting of divisions 1 through 3, Environmental Programs, consisting of divisions 5 through 8, and Health Programs, consisting of divisions 4 and 9 through 11.

Department Budget: Recent Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund/1	\$13,106,464	\$20,570,942	\$22,819,173	\$23,914,282
Cash Funds	32,135,179	30,975,401	32,566,551	39,752,221
Cash Funds Exempt	64,460,031	134,953,130	185,371,937	185,489,027
Federal Funds	<u>169,665,132</u>	<u>201,431,922</u>	<u>210,383,465</u>	<u>210,937,078</u>
TOTAL	\$279,366,806	\$387,931,395	\$451,141,126	\$460,092,608
Full Time Equiv. Staff	1,115.5	1,143.2	1,150.2	1,187.9

/1 For FY 2006-07 and FY 2007-08, appropriations include General Fund Exempt.

General Factors Driving the Budget

Funding for the Department for FY 2007-08 consists of 5.2 percent General Fund (including appropriations from the General Fund Exempt account), 8.6 percent cash funds, 40.3 percent cash funds exempt, and 45.8 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 individuals and families, with the definition of low income varying 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 (\$38,202 annually for a family of four in 2007). For free mammograms under the Women's Cancer Control Initiative, the annual income limit is \$51,625 for a family of four. Many of the programs are directed at women and children or Medicaid recipients. Services are often delivered through contracts with local health providers. The following table shows those programs directly targeted at low-income individuals. Other programs within the Department may also serve this population.

	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Approp.
Appropriations to Low-Income Programs	\$135,654,182	\$121,587,429	\$132,317,933	\$151,829,407	\$153,990,003
As a Percent of Total Administration and Health Divisions Budget	52.6%	47.5%	44.0%	33.9%	30.2%

Federal Programs

Federal funds are the largest funding source for programs in the health divisions. The majority of the federal funds are for programs that are exclusively funded with federal dollars, such as the Women, Infants and Children Grant Program, although some programs, such as the Maternal and Child Health Block Grant, require a state match.

Health Divisions	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Approp.
Total Federal Funds - Health Divisions	\$189,839,145	\$178,206,053	\$187,710,430	\$187,761,823	\$189,270,187
As a Percent of Total Administration and Health Divisions Budget	73.7%	69.6%	62.4%	47.0%	47.0%

Over 38 percent of the budget for environmental divisions is funded by federal dollars, down from nearly 50 percent in FY 2002-03. This reduction is due to cuts in federal spending on environmental programs and increased General Fund support for these divisions. The environmental divisions manage over 100 active federal grants, some of which require a state match or maintenance of effort. Current grants included sub-awards of the Performance Partnership Block Grant and the Superfund Block Grant from the U.S. Environmental Protection Agency (EPA).

Environmental Divisions /1	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Approp.
Total Federal Funds - Environ. Divisions	\$20,107,552	\$20,816,836	\$20,181,565	\$22,399,234	\$22,621,642	\$21,666,891
As a Percent of the Total Environ. Divisions Budget	49.6%	47.0%	45.3%	46.3%	44.0%	38.2%

/1 Includes: Air Quality Control, Water Quality Control, Hazardous Materials and Waste Management, and Consumer Protection.

Tobacco Funding

Two tobacco-related funding sources support several of the Department's prevention and treatment programs: the payments that Colorado receives under the terms of the Master Settlement Agreement (MSA) and the tobacco-tax revenues collected under the provisions of Amendment 35. In FY 2006-07, the MSA supported the Ryan White AIDS Drug Assistance program, the HIV and AIDS Prevention Grant Program, the Tony Grampsas Youth Services program, the Nurse Home Visitor program, and the Dental Loan Repayment program. Senate Bill 07-97 expanded the list of MSA-supported programs, adding Local Public Health Services, the Colorado Immunization Program, and Short-term Innovative Health Program Grants. See Appendix G for details. Amendment 35 tax revenues support the Tobacco Education, Prevention, and Cessation program, the Health Disparities Grant Program, the Cardiovascular, Pulmonary, and Chronic Disease Grant Programs and a portion of the Breast and Cervical Cancer Screening Program

The following table summarizes tobacco-related funding. All appropriations are cash funds exempt.

	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Approp.	FY 2007-08 Approp.
MSA funding	\$21,445,937	\$30,375,511	\$24,249,916	\$18,300,635	\$22,756,810
Amendment 35 funding	0	0	43,879,290	136,645,368	123,613,900
Total	\$21,445,937	\$30,375,511	\$68,129,206	\$154,946,003	\$146,370,710
As a percent of total health divisions budget	8.3%	11.9%	22.7%	38.8%	36.3%

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.

Environmental Divisions	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
<u>Permits and Applications Processed</u>						
Air Quality Control Division	6,421	7,710	6,619	6,037	6,072	7,000
Water Quality Control Division	2,235	2,452	2,579	2,326	2,327	2,400
Hazardous Waste Division	1,121	804	750	1,244	1,362	1,120
Consumer Protection Division	<u>1,979</u>	<u>2,548</u>	<u>2,548</u>	<u>2,530</u>	<u>2,529</u>	<u>2,524</u>
Total Permits & Applications	11,756	13,514	12,496	12,137	12,290	13,044

Environmental Divisions	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Estimate	FY 07-08 Estimate
<u>Inspections Conducted</u>						
Air Quality Control Division /1	3,424	3,540	3,573	3,584	3,056	4,262
Water Quality Control Division	941	1,255	1,562	1,034	929	1,024
Hazardous Waste Division /2,3	518	6,550	6,100	7,040	6,230	4,262
Consumer Protection Division	<u>3,110</u>	<u>3,131</u>	<u>3,131</u>	<u>3,367</u>	<u>3,429</u>	<u>3,427</u>
Total Inspections	7,993	14,476	14,366	15,025	13,644	12,975

/1 The number of inspections dropped in FY 2006-07 due to a large number of vacant positions in the Stationary Sources program.

/2 The increase in the number of inspections conducted by the Hazardous Materials and Waste Management Division in FY 2003-04 is due to the addition of the Radiation Management Program to the Division as part of a departmental reorganization.

/3 The actual number of x-ray inspections will vary from year to year because machines are on a three-year inspection cycle.

Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of Public Health and Environment						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$451,141,126	\$22,819,173	\$32,566,551	\$185,371,937	\$210,383,465	1,150.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration and Support	30,028,907	429,655	1,871,324	23,213,970	4,513,958	64.7
Center for Health and Environmental Information	7,100,075	0	2,441,107	3,139,767	1,519,201	71.4
Laboratory Services	8,895,461	169,737	6,362,725	803,702	1,559,297	73.9
Local Health Services	6,712,939	6,453,571	0	0	259,368	5.4
Air Quality Control Division	16,193,128	0	6,776,820	5,781,652	3,634,656	154.1
Water Quality Control Division	14,648,330	2,490,084	3,648,652	243,901	8,265,693	130.6
Hazardous Materials and Waste Management Division	18,201,510	0	7,492,672	372,289	10,336,549	127.5
Consumer Protection	2,374,298	1,083,163	817,877	88,514	384,744	27.8
Disease Control and Environmental Epidemiology Division	66,221,644	4,516,872	8,538	4,704,570	56,991,664	185.0
Prevention Services Division	264,832,603	6,123,958	1,599,091	137,875,219	119,234,335	182.4
Health Facilities and Emergency Medical Services Division	15,932,231	1,552,133	1,547,745	9,148,353	3,684,000	127.4
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	458,004,337	22,264,041	31,812,335	193,770,940	210,157,021	1,145.2

Department of Public Health and Environment						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 06-114	52,312	0	52,312	0	0	0.5
SB 06-171	0	0	0	0	0	0.0
HB 06-1045	52,626	52,626	0	0	0	0.6
HB 06-1054	3,168,896	0	0	3,168,896	0	1.2
HB 06-1154	24,400	0	24,400	0	0	0.0
HB 06-1277	3,829	0	3,829	0	0	0.0
HB 06-1278	31,541	0	31,541	0	0	0.5
HB 06-1302	250,000	0	0	250,000	0	1.5
HB 06-1310	(9,813,220)	0	0	(9,813,220)	0	0.0
HB 06-1322	135,000	0	0	135,000	0	0.0
HB 06-1337	292,990	0	292,990	0	0	0.0
HB 06-1396	500,000	500,000	0	0	0	0.7
HB 06-1410	0	0	0	0	0	0.0
SB 07-174	(1,661,585)	2,506	349,144	(2,239,679)	226,444	0.0
SB 07-239	100,000	0	0	100,000	0	0.0
FY 2007-08 Total Appropriation:	\$460,092,608	\$23,914,282	\$39,752,221	\$185,489,027	\$210,937,078	1,187.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration and Support	31,773,182	723,916	2,730,390	22,239,487	6,079,389	71.6
Center for Health and Environmental Information	6,865,001	0	2,390,373	2,969,874	1,504,754	71.4
Laboratory Services	10,038,382	171,731	6,592,898	567,008	2,706,745	84.0
Local Health Services	7,921,291	6,458,175	0	1,199,021	264,095	5.4
Air Quality Control Division	17,678,092	0	7,897,620	6,191,081	3,589,391	160.7
Water Quality Control Division	15,777,487	2,491,457	4,616,532	463,226	8,206,272	142.8
Hazardous Materials and Waste Management Division	20,831,382	0	10,964,977	378,524	9,487,881	129.2
Consumer Protection	2,481,867	1,164,593	842,382	91,545	383,347	27.8
Disease Control and Environmental Epidemiology Division	68,617,816	4,754,586	8,538	8,024,796	55,829,896	173.0
Prevention Services Division	261,461,451	6,463,502	1,620,612	134,153,026	119,224,311	187.4
Health Facilities and Emergency Medical Services Division	16,646,657	1,686,322	2,087,899	9,211,439	3,660,997	134.6

Department of Public Health and Environment						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	450,585,361	23,532,900	35,181,508	180,933,875	210,937,078	1,168.6
SB 07-004	(53,730)	0	0	(53,730)	0	0.0
SB 07-097	3,900,000	0	0	3,900,000	0	1.0
SB 07-146	(300,000)	0	0	(300,000)	0	0.0
SB 07-182	495,000	0	0	495,000	0	0.0
SB 07-196	17,780	17,780	0	0	0	0.2
SB 07-232	(60,000)	0	0	(60,000)	0	0.0
HB 07-1057	(172,715)	0	0	(172,715)	0	0.0
HB 07-1064	(125,000)	0	0	(125,000)	0	0.0
HB 07-1131	5,862	5,862	0	0	0	0.1
HB 07-1221	557,925	76,000	481,925	0	0	6.7
HB 07-1248	600,000	300,000	0	300,000	0	0.0
HB 07-1288	3,307,565	0	3,307,565	0	0	4.8
HB 07-1301	134,205	0	0	134,205	0	0.0
HB 07-1321	174,932	0	174,932	0	0	1.5
HB 07-1329	488,031	(18,260)	506,291	0	0	4.0
HB 07-1335	(160,000)	0	0	(160,000)	0	0.0
HB 07-1341	100,000	0	100,000	0	0	1.0
HB 07-1346	(37,500)	0	0	(37,500)	0	0.0
HB 07-1359	634,892	0	0	634,892	0	0.0
Increase/(Decrease)	\$8,951,482	\$1,095,109	\$7,185,670	\$117,090	\$553,613	37.7
Percentage Change	2.0%	4.8%	22.1%	0.1%	0.3%	3.3%

/1 FY 2006-07 and FY 2007-08 General Fund appropriations include \$516,147 and \$513,000 of General Fund Exempt, respectively. These appropriations result from a voter approved tax increase and are also not subject to the limitation on General Fund appropriations set forth in Section 24-75-201.1, C.R.S.

FY 2007-08 Appropriation Highlights:

1. The appropriation provides an extra \$1,943,388 of cash funds exempt Tobacco Master Settlement Agreement moneys to the Department through the combined effects of S.B. 07-4, S.B. 07-97, S.B. 07-146, S.B. 07-232, H.B. 07-1057, H.B. 07-1064, H.B. 07-1335, H.B. 07-1346, and H.B. 07-1359.
2. The appropriation increases of \$961,000 cash funds and 7.0 FTE to the Air Quality Control Division to address workload increases driven by the expansion of the oil and gas industry.

3. The appropriation provides increases of \$607,000 cash and cash funds exempt and 8.2 FTE to the Water Quality Control Division to implement state and federal water quality control provisions.
4. The appropriation provides, through H.B. 07-1221, an extra \$557,925 and 6.7 FTE for Health Facilities licensure, comprised of \$76,000 General Fund and \$481,925 cash funds.
5. The appropriation provides, through S.B. 07-182, \$495,000 of cash funds exempt for matching grants in support of federally-sponsored research projects at state institutions of higher education.
6. The appropriation provides, through H.B. 07-1248, \$300,000 of General Fund for the Colorado Student Before and After School Project.
7. The appropriation provides an extra \$215,982 cash funds exempt and 2.8 FTE for the Health Disparities Grant Program, which is supported by Amendment 35 tobacco tax money.
8. The appropriation provides an extra \$197,435 cash funds exempt and 3.0 FTE to administer the Cancer, Cardiovascular and Pulmonary Disease Grant Program, which is supported by Amendment 35 tobacco tax money.

Detail of Appropriation by Administrative Section

Administration and Support

This division includes the Executive Director's Office, support services, business services, human resources, and customer services. In addition to the Executive Director, the division includes the Department's Chief Medical Officer, the Environmental Leadership and Pollution Prevention Program, and the Office of Health Disparities. Support services include building operations, telecommunications, and internal audit and management analysis. Business services include accounting, budgeting, contracts, payroll, and purchasing. The Division's primary sources of cash funds exempt are indirect cost recoveries and central appropriations for cash-funds-exempt programs located in other divisions. The division's cash funds derive from a wide variety of sources within the department.

Administration and Support						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$25,567,904	\$429,655	\$1,863,359	\$18,793,424	\$4,481,466	64.7
HB 06-1322	135,000	0	0	135,000	0	0.0
HB 06-1410	4,253,157	0	0	4,253,157	0	0.0
SB 06-114	4,834	0	4,834	0	0	0.0
HB 07-174	<u>68,012</u>	<u>0</u>	<u>3,131</u>	<u>32,389</u>	<u>32,492</u>	<u>0.0</u>
TOTAL	\$30,028,907	\$429,655	\$1,871,324	\$23,213,970	\$4,513,958	64.7

Administration and Support						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$30,028,907	\$429,655	\$1,871,324	\$23,213,970	\$4,513,958	64.7
Central appropriations	3,530,200	276,481	742,077	949,350	1,562,292	0.0
Annualize salary and benefits adjustments	116,095	0	3,279	112,816	0	0.0
Legal rate change	90,230	0	6,001	84,228	1	0.0
Move appropriation for Lab maintenance personnel to Administration and Support	78,078	0	0	78,078	0	1.9
Health Disparities Grant Program FTE	0	0	0	0	0	2.8
Health Disparities Grants	(2,481,645)	0	0	(2,481,645)	0	0.0
Operating adjustments	(185,250)	0	7,709	(196,097)	3,138	0.0
Second year impact of H.B. 06-1322	(135,000)	0	0	(135,000)	0	0.0
SB 07-239	\$31,041,615	\$706,136	\$2,630,390	\$21,625,700	\$6,079,389	69.4
SB 07-004	(53,730)	0	0	(53,730)	0	0.0
SB 07-097	1,400,000	0	0	1,400,000	0	1.0
SB 07-146	(300,000)	0	0	(300,000)	0	0.0
SB 07-182	495,000	0	0	495,000	0	0.0
SB 07-196	17,780	17,780	0	0	0	0.2
SB 07-232	(60,000)	0	0	(60,000)	0	0.0
HB 07-1057	(172,715)	0	0	(172,715)	0	0.0
HB 07-1064	(125,000)	0	0	(125,000)	0	0.0
HB 07-1335	(160,000)	0	0	(160,000)	0	0.0
HB 07-1341	100,000	0	100,000	0	0	1.0
HB 07-1346	(37,500)	0	0	(37,500)	0	0.0
HB 07-1359	<u>(372,268)</u>	<u>0</u>	<u>0</u>	<u>(372,268)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$31,773,182	\$723,916	\$2,730,390	\$22,239,487	\$6,079,389	71.6
Increase/(Decrease)	\$1,744,275	\$294,261	\$859,066	(\$974,483)	\$1,565,431	6.9
Percentage Change	5.8%	68.5%	45.9%	(4.2)%	34.7%	10.7%

S.B. 07-239 (Long Bill) Issue Descriptions

Central appropriations: These personal-service-related items are appropriated to the Administration Division and are then used throughout the Department. The appropriation includes increased appropriations for health,

life, and dental, short term disability, amortization equalization disbursement, supplemental amortization equalization disbursement, salary survey, retirements, performance-based pay, shift differential and workers' compensation.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2006-07. Salary survey increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.5 percent reduction to the base personal services appropriations for the division.

Legal rate change: The number of legal hours underlying the legal services appropriation is unchanged, but the legal services rate has increased, leading to a higher appropriation.

Move the appropriation for Lab maintenance personnel to Administration and Support: The appropriation moves the funding for 1.9 maintenance FTE from Laboratory Services to Administration and Support. It does not change the duties that these FTE perform.

Health Disparities Grant Program FTE: The appropriation provides an extra \$215,982 and 2.8 FTE for the Health Disparities Grant Program, which is supported by Amendment 35 tobacco tax money. As a consequence, program grants will be \$215,982 less than they otherwise would be.

Health Disparities Grants: The appropriation for grants reflects the unusually large appropriation for Health Disparities grants during the program's two start-up years. The grant appropriation is declining to a more sustainable level in FY 2007-08.

Operating adjustments: The appropriation includes adjustments for Vehicle Lease, Payment to Risk Management and Property Funds, Communications Services Payments, Capitol Complex Leased Space, and Leased Space.

Second year impact of H.B. 06-1322: House Bill 06-1322 (Clean Energy Development Fund Seed Capital) provided one-time funding to the Department. The appropriation reflects a return to base funding levels.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Center for Health and Environmental Information

The Center for Health and Environmental Information is divided into two sections: (1) Health Statistics and Vital Records, and (2) Information Technology Services.

The Health Statistics and Vital Records section is divided into three areas: registration, certification, and health statistics. The registration area maintains birth, death, marriage, divorce, fetal death, and induced pregnancy termination records and provides training on vital records rules, regulations, and statutes to individuals and local agencies. 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 analyzes vital records collected by the Department and provides information to internal and external users. The Health Statistics and

Vital Records section is primarily cash funded with most cash funds deriving from the Vital Statistics Records Cash Fund.

The Information Technology Services section is responsible for technology planning, networking, user support, applications development and maintenance, and Internet support. The section derives most of its support from cash-funds-exempt indirect cost recoveries.

Center for Health and Environmental Information and Statistics						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$6,527,653	\$0	\$2,311,050	\$2,743,534	\$1,473,069	71.4
HB 06-1154	24,400	0	24,400	0	0	0.0
HB 07-174	<u>548,022</u>	<u>0</u>	<u>105,657</u>	<u>396,233</u>	<u>46,132</u>	<u>0.0</u>
TOTAL	\$7,100,075	\$0	\$2,441,107	\$3,139,767	\$1,519,201	71.4
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$7,100,075	\$0	\$2,441,107	\$3,139,767	\$1,519,201	71.4
Annualize salary and benefits adjustments	60,566	0	32,026	33,494	(4,954)	0.0
Fund mix adjustment	0	0	57,955	7,170	(65,125)	0.0
Central appropriations	(257,372)	0	(44,205)	(203,364)	(9,803)	0.0
Indirect cost assessment	(21,368)	0	(79,610)	(7,193)	65,435	0.0
Second year impact of H.B. 06-1154	(16,900)	0	(16,900)	0	0	0.0
SB 07-239	<u>\$6,865,001</u>	<u>\$0</u>	<u>\$2,390,373</u>	<u>\$2,969,874</u>	<u>\$1,504,754</u>	<u>71.4</u>
TOTAL	\$6,865,001	\$0	\$2,390,373	\$2,969,874	\$1,504,754	71.4
Increase/(Decrease)	(\$235,074)	\$0	(\$50,734)	(\$169,893)	(\$14,447)	0.0
Percentage Change	(3.3)%	n/a	(2.1)%	(5.4)%	(1.0)%	0.0%

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Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2006-07. Salary survey increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.5 percent reduction to the base personal services appropriations for the division.

Fund mix adjustment: The appropriation includes adjustments due to the reduced availability of federal funds.

Central appropriations: The appropriation increases funding for the Multiuse Network by \$15,719 and reduces the appropriation for Purchase of Services from Computer Center by \$273,091.

Indirect cost assessment: The appropriation adjusts indirect cost assessments to reflect changes in the distribution of cash and federal expenditures within the Department as well as changing costs for common policy items and other administration-division costs.

Second year impact of H.B. 06-1154: The appropriation reflects the reduced costs of running the Heirloom Birth and Marriage Certificate program after the initial start-up year.

Laboratory Services

This division conducts tests and provides analysis and advice for the Department's health and environmental programs and for outside clients. It performs genetic screening tests for Colorado newborns and certifies private medical laboratories, environmental laboratories, dairy on-site laboratories, DUI testing laboratories, and law enforcement breath alcohol-testing devices throughout the state. The division's cash funds derive from fees that it charges for its services, the most important being newborn screening fees.

Laboratory Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$8,541,952	\$169,737	\$6,257,725	\$567,013	\$1,547,477	73.9
SB 07-174	<u>353,509</u>	<u>0</u>	<u>105,000</u>	<u>236,689</u>	<u>11,820</u>	<u>0.0</u>
TOTAL	\$8,895,461	\$169,737	\$6,362,725	\$803,702	\$1,559,297	73.9
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$8,895,461	\$169,737	\$6,362,725	\$803,702	\$1,559,297	73.9
Move appropriation for federally-funded FTE to Laboratory Services	1,150,000	0	0	0	1,150,000	12.0
Newborn screening	74,958	0	291,300	(216,342)	0	0.0
Annualize salary and benefits adjustments	51,637	1,820	56,391	(1,121)	(5,453)	0.0
Medical inflation	14,362	174	7,448	3,839	2,901	0.0
Move appropriation for lab maintenance personnel to Administration and Support	(78,078)	0	(55,008)	(23,070)	0	(1.9)
Indirect cost assessment	(69,958)	0	(69,958)	0	0	0.0
SB 07-239	<u>\$10,038,382</u>	<u>\$171,731</u>	<u>\$6,592,898</u>	<u>\$567,008</u>	<u>\$2,706,745</u>	<u>84.0</u>
TOTAL	\$10,038,382	\$171,731	\$6,592,898	\$567,008	\$2,706,745	84.0

Laboratory Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$1,142,921	\$1,994	\$230,173	(\$236,694)	\$1,147,448	10.1
Percentage Change	12.8%	1.2%	3.6%	(29.5)%	73.6%	13.7%

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Move appropriation for federally-funded FTE to Laboratory Services: The appropriation moves the appropriation for 12.0 federally-funded FTE from the Disease Control and Environmental Epidemiology Division to the Laboratory Services Division. This change moves the location of the appropriation in the Long Bill, but has no effect on the work done by these FTE.

Newborn screening: Senate Bill 07-174 increased the FY 2006-07 cash funds exempt appropriation for newborn screening, financing the increase from the balance in the Newborn Genetics Fund. This appropriation substitutes cash funding from increased fees for the cash funds exempt and provides additional funds for screening.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2006-07. Salary survey increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.5 percent reduction to the base personal services appropriations for the division.

Medical inflation: The appropriation provides a 2.0 percent medical inflation increase.

Move the appropriation for Lab maintenance personnel to Administration and Support: The appropriation moves the funding for 1.9 maintenance FTE from Laboratory Services to Administration and Support. It does change the duties that these FTE perform or the place where they work.

Indirect cost assessment: The appropriation adjusts indirect cost assessments to reflect changes in the distribution of cash and federal expenditures within the Department as well as changing costs for common policy items and administration-division costs.

Local Health Services

This division provides support for health and environmental services in counties and districts around the state. In counties not served by local health departments, it contracts with local government agencies to provide public health nurses and/or environmental health specialists. Counties served by health departments receive "per capita" distributions of funds pursuant to Section 25-1-516 (1) (a), C.R.S. The division also administers the Community Nursing Program which provides technical assistance to local and county public health nurses. The division's cash funds exempt appropriation comes from tobacco-settlement payments.

Local Health Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$6,703,061	\$6,452,693	\$0	\$0	\$250,368	5.4
SB 07-174	<u>9,878</u>	<u>878</u>	<u>0</u>	<u>0</u>	<u>9,000</u>	<u>0.0</u>
TOTAL	\$6,712,939	\$6,453,571	\$0	\$0	\$259,368	5.4
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$6,712,939	\$6,453,571	\$0	\$0	\$259,368	5.4
Annualize salary and benefits adjustments	9,331	4,604	0	0	4,727	0.0
SB 07-239	\$6,722,270	\$6,458,175	\$0	\$0	\$264,095	5.4
SB 07-97	1,600,000	0	0	1,600,000	0	0.0
HB 07-1359	<u>(400,979)</u>	<u>0</u>	<u>0</u>	<u>(400,979)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$7,921,291	\$6,458,175	\$0	\$1,199,021	\$264,095	5.4
Increase/(Decrease)	\$1,208,352	\$4,604	\$0	\$1,199,021	\$4,727	0.0
Percentage Change	18.0%	0.1%	n/a	n/a	1.8%	0.0%

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Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2006-07. Salary survey increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.5 percent reduction to the base personal services appropriations for the division.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 appropriations 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.

Air Quality Control Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$15,954,696	\$0	\$6,699,342	\$5,640,698	\$3,614,656	152.3
SB 06-114	47,478	0	47,478	0	0	0.5
HB 06-1302	250,000	0	0	250,000	0	1.5
SB 07-174	<u>(59,046)</u>	<u>0</u>	<u>30,000</u>	<u>(109,046)</u>	<u>20,000</u>	<u>(0.2)</u>
TOTAL	\$16,193,128	\$0	\$6,776,820	\$5,781,652	\$3,634,656	154.1
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$16,193,128	\$0	\$6,776,820	\$5,781,652	\$3,634,656	154.1
Resources due to new oil and gas regulations	708,873	0	708,873	0	0	4.0
Resources for local contracts	380,000	0	0	380,000	0	0.0
Resources due to workload growth	252,135	0	252,135	0	0	3.0
Personal Services adjustments	119,228	0	85,968	43,525	(10,265)	0.0
Indirect costs adjustment	115,000	0	75,000	75,000	(35,000)	0.0
Annualize FY 2006-07 special bills	(61,176)	0	(1,176)	(60,000)	0	0.0
Annualize FY 2006-07 supplemental	(29,096)	0	0	(29,096)	0	(0.4)
SB 07-239	<u>\$17,678,092</u>	<u>\$0</u>	<u>\$7,897,620</u>	<u>\$6,191,081</u>	<u>\$3,589,391</u>	<u>160.7</u>
TOTAL	\$17,678,092	\$0	\$7,897,620	\$6,191,081	\$3,589,391	160.7
Increase/(Decrease)	\$1,484,964	\$0	\$1,120,800	\$409,429	(\$45,265)	6.6
Percentage Change	9.2%	n/a	16.5%	7.1%	(1.2)%	4.3%

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Resources due to new oil and gas regulations: The appropriation includes funding for 4.0 FTE to implement more stringent air quality control, monitoring, and reporting requirements adopted by the Air Quality Control Commission in December 2006. The source of funding is the Stationary Sources Control Fund.

Resources for local contracts: The appropriation includes an increase of \$380,000 from reserves in the Stationary Sources Control Fund to contract with local agencies for additional air quality monitoring.

Resources due to workload growth: The appropriation includes funding for 3.0 FTE to address the additional workload caused by growth in the oil and gas industry, including: major source permitting; oil and gas non-major source permitting; and oil and gas inspections. The source of funding is the Stationary Sources Control Fund.

Personal Services adjustments: The appropriation includes increases of \$98,211 cash funds and \$58,933 cash funds exempt for FY 2006-07 salary survey awards. These increases are partially offset by reductions of \$12,243 cash funds, \$15,408 cash funds exempt, and \$10,265 federal funds for the 0.5 percent personal services base reduction.

Indirect cost assessment: The appropriation adjusts indirect cost assessments to reflect changes in the distribution of cash and federal expenditures within the Department as well as changing costs for common policy items and administration-division costs.

Annualize FY 2006-07 special bills: House Bill 06-1302 required the Department to develop a "high emitter program" and increase "clean screen testing" for automobile inspections. The bill specified that there may be costs in both FY 2006-07 and FY 2007-08. However, FY 2007-08 costs are less than FY 2006-07 costs. Therefore, the appropriation includes a reduction of \$60,000 related to this bill. Senate Bill 06-117 established the Housed Commercial Swine Feeding Operating (HCSFO) Program. The appropriation includes a reduction of \$1,030 due to the elimination of one-time capital outlay funding in FY 2006-07.

Annualize FY 2006-07 supplemental: In December 2006, the Basic Automobile Inspection and Maintenance Program was ended in Greeley, Fort Collins, and Colorado Springs. The appropriation is adjusted accordingly.

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.

Water Quality Control Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$14,225,340	\$2,490,084	\$3,250,662	\$238,901	\$8,245,693	130.6
HB 06-1337	292,990	0	292,990	0	0	0.0
SB 07-174	<u>130,000</u>	<u>0</u>	<u>105,000</u>	<u>5,000</u>	<u>20,000</u>	<u>0.0</u>

Water Quality Control Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$14,648,330	\$2,490,084	\$3,648,652	\$243,901	\$8,265,693	130.6
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$14,648,330	\$2,490,084	\$3,648,652	\$243,901	\$8,265,693	130.6
Clean Water Act program resources	504,978	0	294,651	210,327	0	7.0
Indirect costs adjustments	160,350	0	185,350	10,000	(35,000)	0.0
On-site wastewater management	102,132	0	102,132	0	0	1.2
Personal Services adjustments	64,861	46,679	43,605	(1,002)	(24,421)	0.0
Annualize FY 2006-07 special bills	(161,144)	0	(161,144)	0	0	0.0
Eliminate FY 2006-07 one-time capital outlay	(30,051)	(27,046)	(3,005)	0	0	0.0
SB 07-239	\$15,289,456	\$2,509,717	\$4,110,241	\$463,226	\$8,206,272	138.8
HB 07-1329	<u>488,031</u>	<u>(18,260)</u>	<u>506,291</u>	<u>0</u>	<u>0</u>	<u>4.0</u>
TOTAL	\$15,777,487	\$2,491,457	\$4,616,532	\$463,226	\$8,206,272	142.8
Increase/(Decrease)	\$1,129,157	\$1,373	\$967,880	\$219,325	(\$59,421)	12.2
Percentage Change	7.7%	0.1%	26.5%	89.9%	(0.7)%	9.3%

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Clean Water Act program resources: The appropriation includes funding for 7.0 FTE to help the Division better implement Clean Water Act requirements, including: reducing the permitting backlog; developing Total Maximum Daily Loads; implementing new regulations; improving data management; responding to spills and sanitary system overflows; and monitoring water quality.

Indirect cost assessment: The appropriation adjusts indirect cost assessments to reflect changes in the distribution of cash and federal expenditures within the Department as well as changing costs for common policy items and administration-division costs.

On-site wastewater management: The appropriation includes increases of \$102,132 cash funds from the Water Quality Control Fund and 1.2 FTE to provide additional resources for on-site wastewater management (also known as individual sewage disposal systems or ISDS).

Personal Services adjustments: The appropriation includes increases of \$55,685 General Funds and \$59,941 cash funds for FY 2006-07 salary survey awards. These increases are partially offset by reductions of \$9,006 General Fund, \$13,336 cash funds, \$1,002 cash funds exempt, and \$24,421 federal funds for the 0.5 percent personal services base reduction.

Annualize FY 2006-07 special bills: House Bill 06-1337 adjusts water quality control violation penalties and requires the Division to spend collected civil penalties on improving the water quality in impacted communities by awarding grants or providing matching funds for certain federal programs. The appropriation includes a reduction of \$161,144 to align the appropriation with the FY 2007-08 estimate in the Legislative Council Staff Revised Fiscal Note for the bill.

Eliminate FY 2006-07 one-time capital outlay: The appropriation includes reduction of \$27,046 General Fund and \$3,005 cash funds associated with one-time capital outlay expenditures in FY 2006-07.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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.

Hazardous Materials and Waste Management Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$18,347,010	\$0	\$7,512,672	\$328,789	\$10,505,549	127.5
SB 06-171	0	0	0	0	0	0.0
SB 07-174	<u>(145,500)</u>	<u>0</u>	<u>(20,000)</u>	<u>43,500</u>	<u>(169,000)</u>	<u>0.0</u>
TOTAL	\$18,201,510	\$0	\$7,492,672	\$372,289	\$10,336,549	127.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$18,201,510	\$0	\$7,492,672	\$372,289	\$10,336,549	127.5
Additional radiation control responsibilities	89,593	0	89,593	0	0	1.0
Personal Services adjustments	37,253	0	61,443	4,956	(29,146)	0.0
Rocky Flats base reduction	(777,064)	0	0	0	(777,064)	(4.1)
Other	(27,475)	0	13,704	1,279	(42,458)	0.0

Hazardous Materials and Waste Management Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-239	\$17,523,817	\$0	\$7,657,412	\$378,524	\$9,487,881	124.4
HB 07-1288	<u>3,307,565</u>	<u>0</u>	<u>3,307,565</u>	<u>0</u>	<u>0</u>	<u>4.8</u>
TOTAL	\$20,831,382	\$0	\$10,964,977	\$378,524	\$9,487,881	129.2
Increase/(Decrease)	\$2,629,872	\$0	\$3,472,305	\$6,235	(\$848,668)	1.7
Percentage Change	14.4%	n/a	46.3%	1.7%	(8.2)%	1.3%

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Additional radiation control responsibilities: The appropriation includes funding for 1.0 FTE to allow the Division to perform additional inspections that are required: (1) under the new security requirements for radioactive materials licensees mandated by the U.S. Nuclear Regulatory Commission (NRC); and (2) under the NRC's regulations for entities operating under reciprocity from other states.

Personal Services adjustments: The appropriation includes increases of \$88,536 cash funds and \$5,599 cash funds exempt for FY 2006-07 salary survey awards. These increases are partially offset by reductions of \$27,093 cash funds, \$643 cash funds exempt, and \$29,146 federal funds for the 0.5 percent personal services base reduction.

Rocky Flats base reduction: The appropriation includes a base reduction in funding for oversight related to the Rocky Flats clean-up. The physical remediation at the site is complete; however, the Division will continue to have a regulatory oversight role. The appropriation is based on anticipated expenditures.

Other: The appropriation includes increases of: \$1,019 cash funds exempt to annualize a FY 2006-07 supplemental appropriation that allows the Division to receiving funding from the Department of Law to provide assistance with the state's Rocky Mountain Arsenal litigation; and \$6,506 total funds in changes to legal services costs (comprised of increases of \$13,704 cash funds and \$260 cash funds exempt, and a reduction of \$7,458 federal funds). The appropriation also includes a \$35,000 federal fund reduction to adjust to the Division's indirect costs based on the FY 2007-08 appropriation.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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.

Consumer Protection						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$2,363,043	\$1,081,535	\$811,250	\$87,514	\$382,744	27.8
SB 07-174	<u>11,255</u>	<u>1,628</u>	<u>6,627</u>	<u>1,000</u>	<u>2,000</u>	<u>0.0</u>
TOTAL	\$2,374,298	\$1,083,163	\$817,877	\$88,514	\$384,744	27.8
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$2,374,298	\$1,083,163	\$817,877	\$88,514	\$384,744	27.8
Computer equipment for retail food inspectors	62,372	64,872	(2,500)	0	0	0.0
Personal Services adjustments	26,060	14,930	9,496	3,031	(1,397)	0.0
Wholesale Food Program sunset	(149,050)	0	(149,050)	0	0	(1.5)
Other	(6,745)	1,628	(8,373)	0	0	0.0
SB 07-239	\$2,306,935	\$1,164,593	\$667,450	\$91,545	\$383,347	26.3
HB 07-1321	<u>174,932</u>	<u>0</u>	<u>174,932</u>	<u>0</u>	<u>0</u>	<u>1.5</u>
TOTAL	\$2,481,867	\$1,164,593	\$842,382	\$91,545	\$383,347	27.8
Increase/(Decrease)	\$107,569	\$81,430	\$24,505	\$3,031	(\$1,397)	0.0
Percentage Change	4.5%	7.5%	3.0%	3.4%	(0.4)%	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Computer equipment for retail food inspectors: The appropriation includes one-time funding for laptops and mobile printers that would allow local health agency inspectors to directly input inspection data into the Division's web-based database for retail food inspections. Retail food establishments include restaurants, cafeterias, grocery stores, schools, child care centers, and summer camps. Currently data is sent to the Division for review, then forwarded to the Department of Personnel and Administration (DPA) for entry into the database - a process that can take up to six weeks. The cash funds reduction eliminates the funds that are transferred to DPA for data entry services.

Personal Services adjustments: The appropriation includes increases of \$20,353 General Fund, \$12,698 cash funds, and \$3,389 cash funds exempt for FY 2006-07 salary survey awards. These increases are partially offset by reductions of \$5,423 General Fund, \$3,202 cash funds, \$358 cash funds exempt, and \$1,397 federal funds for the 0.5 percent personal services base reduction.

Wholesale Food Program sunset: The appropriation includes a reduction in funding associated with the sunset of the Wholesale Food Program statute.

Other: The appropriation includes a reduction of \$10,000 cash funds to adjust to the Division's indirect costs from based on the FY 2007-08 appropriation. This reduction is partially offset by an increase of \$1,628 General Fund and \$1,627 cash funds to annualize the impact of H.B. 06S1-1023, Restrictions on Defined Public Benefits (Romanoff/Fitz-Gerald).

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Disease Control and Environmental Epidemiology Division

This division works to track, control and prevent the spread of communicable diseases throughout the state, with a special emphasis on viral hepatitis, tuberculosis, and HIV/AIDS. It also runs an immunization program and collects birth defects data. The birth defect data helps reduce the incidence of such defects and helps prevent secondary disabilities by connecting children and their families with available services. Staff members also assess risks from environmental contaminants that pose a threat to human health and the environment. The bulk of the division's cash-funds exempt appropriations derive from tobacco-settlement payments and from Amendment 35 tobacco-tax revenues.

Disease Control and Environmental Epidemiology Division						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$64,858,113	\$4,516,872	\$8,538	\$3,361,039	\$56,971,664	183.8
HB 06-1054	3,168,896	0	0	3,168,896	0	1.2
HB 06-1310	(104)	0	0	(104)	0	0.0
SB 07-174	<u>(1,805,261)</u>	<u>0</u>	<u>0</u>	<u>(1,825,261)</u>	<u>20,000</u>	<u>0.0</u>
TOTAL	\$66,221,644	\$4,516,872	\$8,538	\$4,704,570	\$56,991,664	185.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$66,221,644	\$4,516,872	\$8,538	\$4,704,570	\$56,991,664	185.0
HIV-AIDS prevention grants	1,435,609	0	0	1,435,609	0	0.0
Amendment 35 tobacco tax adjustments	509,853	(3,147)	0	513,000	0	0.0
Medical inflation	274,700	45,004	0	2,500	227,196	0.0
Ryan White AIDS drug assistance program	76,343	0	0	76,343	0	0.0
Communicable Disease Reporting System	0	186,055	0	0	(186,055)	0.0
Move appropriation for federally-funded FTE to Laboratory Services	(1,150,000)	0	0	0	(1,150,000)	(12.0)
Indirect Cost Adjustments	(22,873)	0	0	0	(22,873)	0.0
Annualize salary and benefits adjustments	(20,664)	9,802	0	(430)	(30,036)	0.0

Disease Control and Environmental Epidemiology Division						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-239	\$67,324,612	\$4,754,586	\$8,538	\$6,731,592	\$55,829,896	173.0
SB 07-97	900,000	0	0	900,000	0	0.0
HB 07-1301	134,205	0	0	134,205	0	0.0
HB 07-1359	<u>258,999</u>	<u>0</u>	<u>0</u>	<u>258,999</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$68,617,816	\$4,754,586	\$8,538	\$8,024,796	\$55,829,896	173.0
Increase/(Decrease)	\$2,396,172	\$237,714	\$0	\$3,320,226	(\$1,161,768)	(12.0)
Percentage Change	3.6%	5.3%	0.0%	70.6%	(2.0)%	(6.5)%

/1 The FY 2006-07 and FY 2007-08 General Fund appropriations include \$516,147 and \$513,000 of General Fund Exempt, respectively. These appropriations result from a voter approved tax increase and are also not subject to the limitation on General Fund appropriations set forth in Section 24-75-201.1, C.R.S.

General Fund Summary - Disease Control and Environmental Epidemiology Division	Total General Fund	General Fund	General Fund Exempt
FY 2006-07 Appropriation	\$4,516,872	\$4,000,725	\$516,147
Change in Amendment 35 tobacco tax revenues	(3,147)	0	(3,147)
Other General Fund changes	<u>240,861</u>	<u>240,861</u>	<u>0</u>
FY 2007-08 Appropriation	\$4,754,586	\$4,241,586	\$513,000

In November 2004, Colorado voters passed Amendment 35 to the Colorado Constitution, which imposed new taxes on tobacco products. The amendment required that a portion of the tobacco-tax revenue be appropriated to the General Fund and then be reappropriated for health-related purposes. The implementing legislation for Amendment 35, H.B. 05-1262 directed 0.3 percent of revenues, starting in FY 2006-07, to immunizations performed by county public health nursing services. Because Amendment 35 moneys are exempt from the TABOR limit, General Fund appropriations of those moneys are General Fund Exempt.

S.B. 07-239 (Long Bill) Issue Descriptions

HIV-AIDS prevention grants: The appropriation for the HIV and AIDS Prevention Grant Program reflects spending from a large fund balance and a moderate increase of tobacco-settlement receipts.

Amendment 35 tobacco tax adjustments: The appropriation moves a \$513,000 appropriation from Amendment 35 revenues to the General Fund from HCPF to CDPHE. The related appropriation for immunizations by county public health nursing services is \$3,147 lower due to a small decrease in Amendment 35 revenues. These appropriations result from a voter approved tax increase and are not subject to the limitation on General Fund appropriations set forth in Section 24-75-201.1, C.R.S.

Medical inflation: The appropriation provides a 2.0 percent medical inflation increase.

Communicable Disease Reporting System: Federal funding for the system is ending. The appropriation replaces lost federal funds with General Fund.

Move appropriation for federally-funded FTE to Laboratory Services: The appropriation moves the appropriation for 12.0 federally-funded FTE from the Disease Control and Environmental Epidemiology Division to the Laboratory Services Division. This change moves the location of the appropriation in the Long Bill, but has no effect on the work done by the FTE.

Ryan White AIDS drug assistance program: The appropriation reflects a moderate increase of receipts from the tobacco Master Settlement Agreement.

Indirect cost assessment: The appropriation adjusts indirect cost assessments to reflect changes in the distribution of cash and federal expenditures within the Department as well as changing costs for common policy items and administration-division costs.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2006-07. Salary survey increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.5 percent reduction to the base personal services appropriations for the division.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Prevention Services Division

This division contains 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 includes the Tony Grampas 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.

Prevention Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$279,072,948	\$5,623,958	\$1,594,750	\$152,853,905	\$119,000,335	181.7
HB 06-1310	(9,813,116)	0	0	(9,813,116)	0	0.0
HB 06-1396	500,000	500,000	0	0	0	0.7

Prevention Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1410	(4,253,157)	0	0	(4,253,157)	0	0.0
SB 07-174	(774,072)	0	4,341	(1,012,413)	234,000	0.0
SB 07-239	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$264,832,603	\$6,123,958	\$1,599,091	\$137,875,219	\$119,234,335	182.4
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$264,832,603	\$6,123,958	\$1,599,091	\$137,875,219	\$119,234,335	182.4
Tobacco settlement supported programs	1,041,521	0	0	1,041,521	0	0.0
Medical inflation	52,984	14,178	20,350	214	18,242	0.0
Annualize salary and benefits adjustments	30,686	25,366	3,852	1,677	(209)	0.0
Nurse Home Visitor Program	0	0	0	0	0	2.0
Cancer, Cardiovascular and Pulmonary Disease Grant Program.	0	0	0	0	0	3.0
Amendment 35	(6,114,745)	0	0	(6,114,745)	0	0.0
Second year impact of FY 2006-07 supplemental appropriation in SB 07-239 to the Nurse Home Visitor Program	(100,000)	0	0	(100,000)	0	0.0
Indirect Cost Assessment	(28,057)	0	0	0	(28,057)	0.0
H.B. 06S1-1023	(2,681)	0	(2,681)	0	0	0.0
SB 07-239	\$259,712,311	\$6,163,502	\$1,620,612	\$132,703,886	\$119,224,311	187.4
HB 07-1248	600,000	300,000	0	300,000	0	0.0
HB 07-1359	<u>1,149,140</u>	<u>0</u>	<u>0</u>	<u>1,149,140</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$261,461,451	\$6,463,502	\$1,620,612	\$134,153,026	\$119,224,311	187.4
Increase/(Decrease)	(\$3,371,152)	\$339,544	\$21,521	(\$3,722,193)	(\$10,024)	5.0
Percentage Change	(1.3)%	5.5%	1.3%	(2.7)%	0.0%	2.7%

S.B. 07-239 (Long Bill) Issue Descriptions

Tobacco settlement supported program: Revenue from the tobacco Master Settlement Agreement rose moderately, resulting in increased appropriations for the Nurse Home Visitor Program and the Tony Grampsas Youth Services grant program, which are both supported with tobacco-settlement dollars. In addition, the percentage of tobacco-settlement moneys provided to the Nurse Home Visitor Program by statute increased; in FY 2007-08 statute provides 12 percent of tobacco settlement moneys to the Nurse Home Visitor Program, compared with 11 percent in FY 2006-07.

Medical inflation: The appropriation provides a 2.0 percent medical inflation increase.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2006-07. Salary survey increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.5 percent reduction to the base personal services appropriations for the division.

Nurse Home Visitor Program: The appropriation provides an extra \$102,955 and 2.0 FTE to administer the program, which is supported by tobacco settlement money. As a consequence, grants to Nurse Home visitor contractors are \$102,955 less than they would otherwise be.

Cancer, Cardiovascular and Pulmonary Disease Grant Program: The appropriation provides an extra \$197,435 and 3.0 FTE to administer the program, which is supported by amendment 35 tobacco tax money. This increase is offset by a decrease in the amount of funding provided to the grants program.

Amendment 35 tobacco tax programs: The appropriation adjusts the appropriations for Amendment 35 tobacco tax programs. The appropriation for Tobacco Cessation and Prevention Grants is \$2,611,277 lower as grants decline to a more sustainable level following two high initial start-up years. The \$2,000,000 transfer to the Department of Health Care Policy and Financing for Disease Management is ending pursuant to the rules in H.B. 05-1262. In addition, revenues of the Prevention Detection and Treatment Fund are projected to be \$1,850,592 lower.

Second year impact of FY 2006-07 supplemental appropriation in SB 07-239 to the Nurse Home Visitor Program: Senate Bill 07-239 provided an extra \$100,000 for the Nurse Home Visitor Program in FY 2006-07; funding the increase from fund balance in the Nurse Home Visitor Program Fund. Because this is a one time appropriation from fund balance, there is an offsetting negative adjustment to the FY 2007-08 appropriation.

Indirect cost assessment: The appropriation adjusts indirect cost assessments to reflect changes in the distribution of cash and federal expenditures within the Department as well as changing costs for common policy items and administration-division costs.

H.B. 06S1-1023: The appropriation reflects the second year impact of H.B. 06S1-1023, Restrictions on Public Benefits.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Health Facilities and Emergency Medical Services Division

This division establishes and enforces standards for the operation of health care facilities throughout the state. This division's activities include: licensure of hospitals and other health care facilities; certification of nursing homes; training individuals to administer medications in residential and non-residential care facilities; 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 division's cash funds derive from fees paid by licensees while its cash funds exempt derive from the Highway Users Tax Fund and from transfers from the Department of Health Care Policy and Financing.

Health Facilities and Emergency Medical Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$15,842,617	\$1,499,507	\$1,502,987	\$9,156,123	\$3,684,000	126.1
HB 06-1045	52,626	52,626	0	0	0	0.6
HB 06-1277	3,829	0	3,829	0	0	0.0
HB 06-1278	31,541	0	31,541	0	0	0.5
SB 07-174	<u>1,618</u>	<u>0</u>	<u>9,388</u>	<u>(7,770)</u>	<u>0</u>	<u>0.2</u>
TOTAL	\$15,932,231	\$1,552,133	\$1,547,745	\$9,148,353	\$3,684,000	127.4
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$15,932,231	\$1,552,133	\$1,547,745	\$9,148,353	\$3,684,000	127.4
Annualize salary and benefits adjustments	62,241	916	6,597	67,731	(13,003)	0.0
Indirect Cost Adjustments	50,000	0	60,000	0	(10,000)	0.0
Medical inflation	27,871	27,871	0	0	0	0.0
Second year impact of prior session bills	10,527	23,540	(8,368)	(4,645)	0	0.4
SB 07-239	\$16,082,870	\$1,604,460	\$1,605,974	\$9,211,439	\$3,660,997	127.8
HB 07-1131	5,862	5,862	0	0	0	0.1
HB 07-1221	<u>557,925</u>	<u>76,000</u>	<u>481,925</u>	<u>0</u>	<u>0</u>	<u>6.7</u>
TOTAL	\$16,646,657	\$1,686,322	\$2,087,899	\$9,211,439	\$3,660,997	134.6
Increase/(Decrease)	\$714,426	\$134,189	\$540,154	\$63,086	(\$23,003)	7.2
Percentage Change	4.5%	8.6%	34.9%	0.7%	(0.6)%	5.7%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2006-07. Salary survey increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into base personal-services funding for each division in the subsequent year. The adjustment shown also includes a 0.5 percent reduction to the base personal services appropriations for the division.

Indirect cost assessment: The appropriation adjusts indirect cost assessments to reflect changes in the distribution of cash and federal expenditures within the Department as well as changing costs for common policy items and administration-division costs.

Medical inflation: The appropriation provides a 2.0 percent medical inflation increase.

Second year impact of prior session bills: The appropriation reflects the second year impact of H.B. 06-1045 (Hospital Infection, \$23,540 increase), H.B. 06-1277 (Mental Illness \$2,575 decrease), H.B. 06-1278 (Hospital Report Card, \$3,005 decrease), and H.B. 06S1-1023 (Restrictions on Public Benefits, \$7,433 increase).

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2006 Session Bills

S.B. 06-114: Allows wastewater vessels and impoundments used in a housed commercial swine operation to be operated with technologies or practices to minimize the emission of odorous gases so long as those technologies are at least as effective as covers. Establishes an annual fee for housed commercial swine feeding operations. Appropriates \$52,312 cash funds from the Commercial Swine Feeding Operation Fund, and 0.5 FTE, to the Department of Public Health and Environment Air Quality Control Division in FY 2006-07.

S.B. 06-171: Transfers the following authorities from the State Board of Health: (1) authority regarding drinking water standards, project eligibility lists, and fee setting is transferred to the Water Quality Control Commission; and (2) authority regarding solid waste is transferred to the Solid and Hazardous Waste Commission. Specifies that the costs associated with the Solid and Hazardous Waste Commission must be split equally between the Solid and Hazardous Waste Commission Fund and Solid Waste Management Fund. Amends the FY 2006-07 appropriation to the Department of Public Health and Environment from H.B. 06-1385 with an increase of \$48,660 cash funds from the Solid Waste Management Fund and a proportionate decrease from the Solid and Hazardous Waste Commission Fund.

H.B. 06-1045: Requires the Department to collect data on hospital-acquired infections and report the data to National Healthcare Safety Network, the General Assembly, and the public. Creates an advisory committee of health care professionals to assist the department with program development. For FY 2006-07 appropriates \$52,626 General Fund and 0.6 FTE to the Health Facilities and Emergency Medical Services Division.

H.B. 06-1054: Creates the Colorado HIV and AIDS Prevention Grant Program to address local community needs in the areas of medically appropriate prevention and education. A 7-member advisory committee oversees the program. For FY 2006-07 appropriates \$1,584,448 of cash funds exempt tobacco settlement moneys to the AIDS and HIV Prevention Fund and then appropriates \$1,584,448 cash funds exempt from that fund, along with 1.2 FTE, to the Disease Control and Environmental Epidemiology Division.

H.B. 06-1154: Requires the Department of Public Health and Environment to issue heirloom birth and marriage certificates suitable for framing. The Department will credit \$10 from each heirloom birth certificate payment to the Infant Immunization Fund and \$10 from each heirloom marriage certificate payment to the Colorado Domestic Abuse Program Fund. For FY 2006-07 appropriates \$24,400 cash funds to the Center for Health and Environmental Information in the Department of Public Health and Environment.

H.B. 06-1277: Changes laws relating to persons with a mental illness. Defines acute treatment units (ATUs) and requires the Department of Public Health and Environment to establish and enforce standards for licensure

of ATUs. For FY 2006-07 appropriates \$3,829 cash funds to the Department of Public Health and Environment, Health Facilities and Emergency Medical Services Division.

H.B. 06-1278: Creates the Colorado Hospital Report Card Act. Requires the Department to approve a comprehensive hospital information system for the collection, compilation, analysis, and utilization of hospital-related data. The information will be annually reported to the Governor, the General Assembly, and the public (through the internet). An association of hospitals will provide assistance with the project. For FY 2006-07 appropriates \$31,541 cash funds and 0.5 FTE to the Department of Public Health and Environment, Health Facilities and Emergency Medical Services Division.

H.B. 06-1302: Requires the Department to develop a "high emitter program" for auto emissions testing that is acceptable to the federal Environmental Protection Agency. Requires an increase in "clean screen" auto emissions testing. Changes the fee structure that supports the emissions testing program. Terminates the state's current vehicle emissions testing program effective December 31, 2010. Appropriates \$250,000 cash funds exempt from the Clean Screen Fund, and 1.5 FTE, to the Department of Public Health and Environment, Air Quality Control Division.

H.B. 06-1310: Alters the rules governing the distribution of tobacco settlement moneys so as to reduce the number of supplemental appropriations for tobacco-settlement-supported programs. Eliminates numerous double appropriations that appear in the Long Bill by substituting automatic transfers for appropriations. Specifically, the following appropriations are eliminated from the FY 2006-07 Long Bill and replaced by transfers. (Each of these appropriations is from the Tobacco Litigation Settlement Cash Fund to a cash fund that supports a program, with the exception of the two-step transfer from the Tobacco Litigation Settlement Cash Fund to the Capital Construction Fund and the transfer from the Capital Construction Fund to the Fitzsimons Trust Fund.)

Department of Education:

To Read-to-achieve Cash Fund	(\$4,369,567)
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Department of Health Care Policy and Financing:

To Children's Basic Health Plan Trust	(\$20,973,924)
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To Comprehensive Primary and Preventive Care Fund	(\$2,621,740)
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Department of Military and Veterans Affairs:

To Colorado State Veterans Trust Fund	(\$873,913)
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Department of Public Health and Environment:

To State Dental Loan Repayment Fund	(\$199,619)
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To Nurse Home Visitor Program Fund	(\$9,613,048)
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Capital Construction:

From Tobacco Litigation Settlement Cash Fund to Capital Construction Fund	(\$7,004,644)
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From Capital Construction Fund to Fitzsimons Trust Fund	<u>(\$7,004,644)</u>
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<i>Total</i>	(\$52,661,099)
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The bill also makes small positive and negative adjustments to eight appropriations that support various tobacco programs. These adjustments total \$236.

H.B. 06-1322: Transfers \$135,000 to the Department of Public Health and Environment from the Operational Account of the Severance Tax Trust Fund and then appropriates this money as cash funds exempt to the

Department's Administration and Support Division for the purpose of making grants to Colorado universities to study climate-change issues in FY 2006-07. For more on this bill see the Department of Agriculture section of this document.

H.B. 06-1337: Increases the civil penalty for violations of water quality control provisions from up to \$10,000 to up to \$25,000 per violation per day. Requires the Department to spend civil penalties collected on improving the water quality in impacted communities by awarding grants or providing matching funds for certain federal programs. Appropriates \$292,990 cash funds from the Water Quality Improvement Fund to the Department of Public Health and Environment, Water Quality Control Division in FY 2006-07.

H.B. 06-1372: Supplemental FY 2005-06 appropriation to the Department. Appropriates \$1,250,000 General Fund to the Department of Public Health and Environment, Local Health Services Division for Local, District and Regional Health Department Distributions, pursuant to Section 25-1-516 (1) (a).

H.B. 06-1385: General appropriations act for FY 2006-07. Includes supplemental FY 2005-06 appropriations for the Department of Public Health and Environment that (1) increase the General Fund appropriation to the Water Quality Control Division by \$18,075 and decrease the cash funds exempt appropriation by an offsetting amount; (2) increase the appropriation for the Tony Grampsas Youth Services Program by \$4,000,000 General Fund; and (3) increase the FTE appropriation to the Department by 0.9 FTE.

H.B. 06-1396: Creates a grant program for the establishment, expansion, or on-going operation of school-based health centers. Health centers eligible for the grant moneys provide services on school district property and will be run by the school districts in cooperation with other health service providers. For FY 2006-07 appropriates \$500,000 General Fund and 0.7 FTE to the Department of Public Health and Environment, Prevention Services Division.

H.B. 06-1410: Creates the Health Disparities Grant Program Fund which is to receive 15 percent of the moneys transferred to the Prevention, Early Detection, and Treatment Fund. Changes the funding source for the \$5,570,400 cash funds exempt FY 2005-06 appropriation to the Health Disparities Grant Program (along with the associated 0.2 FTE) from the Prevention, Early Detection, and Treatment Fund to the Health Disparities Grant Program Fund. This also has the effect of moving the appropriation from the Prevention Services Division to the Administration and Support Division. Increases the FY 2006-07 cash funds exempt appropriation for the Health Disparities Grants Program by a net of \$4,253,157 while decreasing the cash funds exempt appropriation for Prevention, Early Detection, and Treatment Grants by a like amount.

2006 Special Session Bills

H.B. 06S1-1023: Requires all state agencies and political subdivisions to verify the lawful presence in the United States of each person 18 years-of-age or older who applies for state and federal public benefits.

2007 Session Bills

S.B. 07-4: Requires the Department of Human Services to develop and implement a system for coordinating payments from various sources for the treatment of children with actual and potential developmental disabilities. For the FY 2007-08 fiscal year, reduces the cash funds exempt appropriation to the Department of Public Health and Environment for Short-term Grants for Innovative Health Programs by \$53,730. For more information, see the corresponding bill description for the Department of Human Services and Appendix G.

S.B. 07-97: Reallocates the portion of the tobacco settlement money received by the state pursuant to the Master Settlement Agreement that was previously credited to the General Fund and Tobacco Litigation Settlement Trust Fund. The bill allocates these moneys as follows:

Program	Percentage
University of Colorado Health Sciences Center	49.0%
Mental Health Services for Juvenile and Adult Offenders	12.0%
Indigent Health Care Provided by Rural and Public Hospitals	8.5%
Local Public Health Services	7.0%
Increase Eligibility in the Children's Basic Health Plan from 200% to 205% of the Federal Poverty Level	5.0%
Supplement State Contribution for Group Benefit Plans	4.5%
Colorado Immunization Program	4.0%
Expansion of Alcohol and Drug Abuse programs	3.0%
Short-term Grants for Innovative Health Programs	6.0%
Offset Medicaid Shortfall at Children's Hospital	1.0%
Total	100.0%

For more information, see Appendix G.

S.B. 07-146: Creates the Mental Health Services Pilot Program for Families of Recently Discharged Veterans in the Department of Human Services. For the FY 2007-08 fiscal year, reduces the cash funds exempt appropriation to the Department of Public Health and Environment for Short-term Grants for Innovative Health Programs by \$300,000. For more information, see the corresponding bill description for the Department of Human Services and Appendix G.

S.B. 07-174: Supplemental appropriation to the FY 2006-07 Long Bill for the Department.

S.B. 07-182: Transfers control of the Advanced Technology Fund from the Colorado Commission on Higher Education to the Pollution Prevention Advisory Board in the Department of Public Health and Environment and continuously appropriates the moneys in the Advanced Technology Fund to the Department of Public Health and Environment. Includes, for informational purposes, a \$495,000 cash funds exempt appropriation from the Advanced Technology Fund to the Department of Public Health and Environment for FY 2007-08 to reflect the amount that is anticipated to be available for expenditure. For more information, see the corresponding bill description for the Department of Higher Education.

S.B. 07-196: Creates a Health Information Technology Advisory Committee and expands the use of telemedicine for Medicaid clients. For the FY 2007-08 fiscal year, appropriates \$17,780 and 0.2 FTE to the Department's Administration and Support Division for the support of the new committee and for the purchase of legal services from the Department of Law. For more information, see the corresponding bill description for the Department of Health Care Policy and Financing.

S.B. 07-232: Moves the loan repayment program for health professionals from the University of Colorado Health Sciences Center to the Department of Higher Education, Division of CollegeInvest and changes various

program rules. For the FY 2007-08 fiscal year, reduces the cash funds exempt appropriation to the Department of Public Health and Environment for Short-term Grants for Innovative Health Programs by \$60,000, which equals the amount of the transfer to the Health Care Provider Loan Repayment Fund. For more information, see the corresponding bill description for the Department of Higher Education and Appendix G.

S.B. 07-239: General appropriations act for FY 2007-08. Also contains a \$100,000 FY 2006-07 supplemental appropriation for the Nurse Home Visitor Program.

H.B. 07-1057: Creates three demonstration programs to provide family advocate services for youth with certain medical conditions who are involved in the juvenile justice system or risk such involvement. For the FY 2007-08 fiscal year, reduces the cash funds exempt appropriation to the Department of Public Health and Environment for Short-term Grants for Innovative Health Programs by \$172,715. For more information, see the corresponding bill descriptions for the Department of Human Services and for the Department of Public Safety. Also see Appendix G.

H.B. 07-1064: This bill encourages counties to implement Lifesaver Programs to assist county sheriffs' departments in locating persons who wander due to a medical condition. For the FY 2007-08 fiscal year, reduces the cash funds exempt appropriation to the Department of Public Health and Environment for Short-term Grants for Innovative Health Programs by \$125,000. For more information, see the corresponding bill description for the Department of Public Safety and Appendix G.

H.B. 07-1131: Requires the State Board of Health to establish a process to verify that hemodialysis technicians have proper credentials. For the FY 2007-08 fiscal year, appropriates \$5,862 General Fund and 0.1 FTE to the Department and reduces the FY 2007-08 Long Bill appropriation to the Controlled Maintenance Trust fund by an offsetting amount.

H.B. 07-1221: Allows the State Board of Health to establish a schedule of fees for the licensure of non-publically owned hospitals and health facilities in lieu of the prior \$360 annual fee. Includes FY 2007-08 appropriations for the Department of Public Health and Environment totaling \$557,925 and 6.7 FTE. Of this total, \$481,925 and 5.7 FTE are from the Health Facilities General Licensure Cash Fund, and \$76,000 and 1.0 FTE are from the General Fund.

H.B. 07-1248: Creates the Colorado Student Before and After School Project (CSBASP) as part of the Tony Grampsas Youth Services Program. For the FY 2007-08 fiscal year, appropriates \$300,000 from the General Fund to the CSBASP Fund and appropriates \$300,000 from the CSBASP Fund to the Department of Public Health and Environment.

H.B. 07-1288: Increases existing solid waste disposal and waste tire fees to fund recycling incentives and waste management programs in the Department of Public Health and Environment and the Department of Local Affairs. For FY 2007-08, the bill appropriates: (1) \$3,307,565 cash funds from the Recycling Resources Economic Opportunity Fund and the Solid Waste Management Fund, and 4.8 FTE, to the Department of Public Health and Environment; and (2) \$732,565 cash funds from the Waste Tire Cleanup Fund, and 0.2 FTE, to Department of Local Affairs.

H.B. 07-1301: Establishes the Cervical Cancer Immunization Program to immunize females against cervical cancer. Senate Bill 07-97 and H.B. 07-1359 together contain a \$685,155 FY 2007-08 appropriation from the Colorado Immunization Fund to the Department for general immunization activities. The moneys in the

Immunization Fund derive from tobacco-settlement payments. House Bill 07-1301 reduces this general immunization appropriation by \$233,395, substituting the following appropriations from the Immunization Fund: (1) a \$42,600 appropriation to the Department's Cervical Cancer Immunization Program, (2) a \$100,000 appropriation to the Department for a cervical cancer immunization awareness campaign, and (3) a \$90,795 appropriation to the Department of Health Care Policy and Financing for cervical cancer immunization costs of the Children's Basic Health Plan. Appropriation (2) only becomes effective if, by January 1, 2008, the department has not received \$800,000 in gifts, grants and donations for its cervical cancer immunization awareness campaign. The bill also appropriates \$225,000 cash funds exempt to the department out of moneys received as gifts, grants, and donations for a cervical cancer immunization awareness campaign. For more information on this bill, see the corresponding bill description for the Department of Health Care Policy and Financing and Appendix G.

H.B. 07-1321: Changes the repeal date of the Wholesale Food Manufacturing and Storage Facility Registration Program from July 1, 2007 to July 1, 2017. The FY 2007-08 Long Bill contained no appropriation for this program due to the repeal date in effect at the time the bill was introduced. Therefore, the bill also appropriates \$174,932 cash funds from the Wholesale Food Manufacturing and Storage Protection Cash Fund, and 1.5 FTE, to the Division of Consumer Protection for FY 2007-08.

H.B. 07-1329: Adjusts and establishes a variety of fees related to wastewater discharge permits and drinking water systems. For FY 2007-08, the bill appropriates \$488,031 and 4.0 FTE to the Water Quality Control Division. This appropriation includes an increase of \$506,291 cash funds from the Drinking Water Cash Fund and the Water Quality Control Fund. This increase is partially offset by a reduction of \$18,260 General Fund from the Department's Long Bill appropriation. The reduction eliminates General Fund support for the Individual Sewage Disposal Systems program, which will now be supported with fee revenue.

H.B. 07-1335: Beginning with FY 2008-09, reallocates tobacco litigation settlement moneys that in FY 2007-08 supplement the state contribution to the medical and dental benefit plan premiums of all state employees to instead supplement the state contribution to the benefit plan premiums of lower-income state employees who have at least one dependent other than a spouse. For the FY 2007-08 fiscal year, reduces the cash funds exempt appropriation to the Department of Public Health and Environment for Short-term Grants for Innovative Health Programs by \$160,000. For more information, see the corresponding bill description for the Department of Personnel and Administration and Appendix G.

H.B. 07-1341: Modifies the membership of the Colorado Oil and Gas Conservation Commission and requires the Commission to promulgate rules that establish a timely and efficient procedure for the review of drilling permit applications. Requires the Department to provide comments on the Commission's rules. The Department must also review the permit applications. For the FY 2007-08 fiscal year, appropriates \$100,000 cash funds and 1.0 FTE to the Department.

H.B. 07-1346: Allows the Department of Health Care Policy and Financing (DHCPF) to enter into prepaid inpatient health plan agreements. For the FY 2007-08 fiscal year, reduces the cash funds exempt appropriation to the Department of Public Health and Environment for Short-term Grants for Innovative Health Programs by \$37,500. For more information, see the corresponding bill description for the Department of Health Care Policy and Financing and Appendix G.

H.B. 07-1359: Accelerates the use of a portion of the moneys that Colorado receives under the Master Settlement Agreement (MSA) and makes up to \$24.4 million of MSA moneys available prior to April 16, 2008,

to pay for FY 2006-07 and FY 2007-08 overexpenditures and supplementals of the Children's Basic Health Plan and the Colorado Benefits Management System. Alters the appropriations in the FY 2007-08 Long Bill and in S.B. 07-97 to most MSA supported programs. For more information see Appendix G.

DEPARTMENT OF PUBLIC SAFETY

The Department consists of five divisions: the Executive Director's Office; the Colorado State Patrol; the Office of Preparedness, Security, and Fire Safety; the Division of Criminal Justice; and the Colorado Bureau of Investigation. The Department operates the law enforcement training academy for the State Patrol and administers the Colorado Integrated Criminal Justice Information System.

The Colorado State Patrol promotes safety and protects human life by enforcing traffic laws on state highways. For 2006, the State Patrol reported a 7.8 percent decrease from the previous year in traffic fatalities on patrol-supervised roads, from 374 to 345, or 29 fewer traffic deaths. In support of its highway safety plan, the State Patrol coordinates the "Alive at 25" defensive driving training program for students ages 15 to 24. Of the more than 60,000 students who have completed the Alive at 25 course in Colorado since it started ten years ago, only three have died in car accidents. This is an estimated 47 fewer traffic deaths than would otherwise be expected, using national traffic fatality rates. In further support of the highway safety plan, the Communications Program operates the *CSP and *DUI toll free hotlines for motorists to report aggressive drivers, drunk drivers, and other hazards.

The Office of Preparedness, Security and Fire Safety coordinates the State's response to the threat of terrorism; the Division of Fire Safety also assists in solving fire safety problems, administers a statewide fire reporting system, and trains firefighters and first responders. (The Department of Local Affairs administers federal homeland security funds and manages emergency preparedness and response.)

The Division of Criminal Justice assists with policy formation, conducts criminal justice research, administers grants for law enforcement and community crime control programs, addresses the needs of crime victims, manages community corrections programs, and sets standards for the treatment of juvenile and adult sex and domestic violence offenders.

The Colorado Bureau of Investigation assists state and local law enforcement in investigating crime and in enforcing criminal laws; investigates organized crime; maintains more than 1.2 million fingerprint records and almost 50,000 DNA profiles; operates the statewide crime reporting program; and arranges for scientific laboratory services and facilities.

Department Budget: Recent Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund	\$56,498,955	\$58,901,926	\$68,158,776	\$72,830,763
Cash Funds	10,374,569	10,865,049	12,259,049	13,890,793
Cash Funds Exempt	109,623,522	115,218,660	106,745,824	113,966,549
Federal Funds	<u>42,081,845</u>	<u>35,496,685</u>	<u>35,214,951</u>	<u>23,492,483</u>
TOTAL	\$218,578,891	\$220,482,320	\$222,378,600	\$224,180,588
Full Time Equiv. Staff	1,265.7	1,260.8	1,285.8	1,312.6

General Factors Driving the Budget

The Department budget is driven largely by state highway supervision needs, which are funded from the Highway Users Tax Fund (HUTF); by community corrections caseload; and by statutory requirements for DNA and fingerprint identification data. The Department budget is composed of 32.5 percent General Fund; 6.2 percent cash funds from various sources; 50.8 percent cash funds exempt, primarily from the HUTF and from indirect cost recoveries; and 10.5 percent federal funds, primarily from criminal justice grants.

Colorado State Patrol

Highway supervision needs, and hence the State Patrol's budget, depend largely on highway usage. The State Patrol enforces traffic laws on approximately 9,000 miles of state and federal highways and 57,000 miles of county roads, and has special safety programs for hazardous materials transport and for commercial vehicles.

The Highway Users Tax Fund (HUTF) provides more than 39.4 percent of the Department budget and 88.1 percent of the State Patrol budget. HUTF revenue sources include gas and special-fuel taxes, driver's license fees, motor vehicle title and registration fees, fines, license plate fees, and passenger-mile taxes. The State Patrol, along with the Ports of Entry, receives a portion of HUTF revenues for supervision of the highways, before any other distributions are made. The distribution to the State Patrol and the Ports of Entry is taken "off-the-top," before the formula allocation of HUTF to the state highway fund, counties, and cities. State statute limits the off-the-top HUTF expenditures for highway supervision to 6.0 percent annual growth, regardless of any increase or decrease in overall highway-related revenues.

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.

	Actual FY 03-04	Actual FY 04-05	Actual FY 05-06	Approp. FY 06-07	Approp. FY 07-08
Residential Diversion Beds Funded	1,231	1,231	1,231	1,231	1,297
Residential Transition Beds Funded	1,183	1,310	1,384	1,523	1,597
Residential Daily Rates per Bed	\$34.70	\$34.70	\$35.39	\$36.63	\$37.18
<i>Percent Change in Reimbursement Rate</i>	n/a	0.0%	2.0%	3.5%	1.5%
Total General Fund Expenditures (residential and non-residential programs)	\$35,982,499	\$37,670,993	\$40,157,590	\$43,773,000	\$47,230,849
<i>Growth of General Fund Expenditures</i>	n/a	4.7%	6.6%	9.0%	7.9%

Office of Preparedness, Security, and Fire Safety

The statutory mandate of the Office of Preparedness, Security and Fire Safety is to coordinate the state's response to the threat of terrorism. The budget has been driven primarily by the availability of federal homeland security funds.

Colorado Bureau of Investigation (CBI)

The CBI provides information technology, laboratory, and investigative services to local, state, and federal law enforcement agencies upon request. The budget is driven in part by the Bureau's statewide expansion plan. In FY 07-08, the General Assembly approved additional funding for the remainder of the architectural and design costs, in addition to move-in costs and operating costs, associated with the Bureau's agreement to build and lease a new forensic crime laboratory in Grand Junction. The Department commissioned a Master Plan for a new Western Slope facility in 2001 and a Master Plan for a new Denver office in 2000. It also plans a new laboratory in Durango.

The Colorado Crime Information Center (CCIC) provides information around the clock to law enforcement agencies on warrants, case status, stolen property, vehicle registration, known offenders, and drivers licenses. The CCIC maintains system hardware and software, including a statewide telecommunications network connecting more than 350 client law enforcement agencies to the CCIC. The CCIC provides criminal identification checks online, criminal background checks, and fingerprint-based criminal background checks and also operates the state's "instacheck" criminal background check program for the firearms industry. The budget is driven primarily by information technology enhancement needs and by the expansion of statutory requirements.

The CBI laboratory analyzes DNA, fingerprint, firearms and toolmarks, physiological fluids, chemical, document, and digital evidence, as well as trace evidence and shoe and tire track evidence. In addition, the Investigative Services subdivision investigates crime scenes, upon the request of local, state, and federal law enforcement agencies. Three of the 15 investigators are assigned to perform pre-employment and other polygraph tests for the Department and for other agencies.

Colorado Integrated Criminal Justice Information System (CICJIS)

CICJIS is a collaborative effort to transfer data among agencies electronically and to match arrest information with case dispositions. The budget is driven largely by technological advances, which can enhance system capabilities.

Summary of FY 2006-07 and FY 2007-08 Appropriations

	Department of Public Safety					
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$222,378,600	\$68,158,776	\$12,259,049	\$106,745,824	\$35,214,951	1,285.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	20,370,006	2,598,382	593,429	16,559,387	618,808	40.5
Colorado State Patrol	95,392,390	2,939,161	3,113,892	85,517,315	3,822,022	952.0

Department of Public Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Office of Preparedness, Security and Fire Safety	1,139,472	93,789	401,884	144,411	499,388	12.5
Division of Criminal Justice	80,290,606	47,484,281	2,351,945	1,012,677	29,441,703	60.7
Colorado Bureau of Investigation	25,186,126	15,043,163	5,797,899	3,512,034	833,030	220.1
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	218,746,189	65,268,870	11,091,707	107,170,890	35,214,722	1,264.7
SB 06-22	29,000	29,000	0	0	0	0.0
SB 06-45	182,099	0	134,579	47,520	0	2.0
SB 06-176	0	0	337,816	(337,816)	0	0.0
SB 06-225	1,542,563	1,542,563	0	0	0	12.0
SB 06-230	70,783	0	31,183	39,600	0	0.3
HB 06-1058	187,000	0	187,000	0	0	0.5
HB 06-1153	58,835	58,835	0	0	0	1.2
HB 06-1158	55,645	0	55,645	0	0	1.0
HB 06-1161	112,894	0	46,894	66,000	0	0.6
HB 06-1347	378,435	0	378,435	0	0	3.5
SB 07-175	(263,019)	21,512	(4,210)	(280,550)	229	0.0
SB 07-239	1,278,176	1,237,996	0	40,180	0	0.0
FY 2007-08 Total Appropriation:	\$224,180,588	\$72,830,763	\$13,890,793	\$113,966,549	\$23,492,483	1,312.6
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	24,002,848	3,388,259	810,944	19,032,799	770,846	41.5
Colorado State Patrol	99,536,058	2,924,307	3,399,118	89,269,269	3,943,364	968.0
Office of Preparedness, Security and Fire Safety	1,473,009	96,798	748,425	149,922	477,864	12.5
Division of Criminal Justice	71,585,334	50,362,918	2,633,592	1,117,320	17,471,504	60.9
Colorado Bureau of Investigation	27,583,339	16,058,481	6,298,714	4,397,239	828,905	229.7
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	222,631,250	72,604,324	13,440,962	113,093,481	23,492,483	1,307.0
SB 07-57	11,850	0	5,250	6,600	0	0.0
SB 07-70	74,389	0	74,389	0	0	1.0
SB 07-203	379,064	0	167,864	211,200	0	0.0

Department of Public Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-226	79,772	0	0	79,772	0	0.0
HB 07-1057	38,503	0	0	38,503	0	0.0
HB 07-1064	125,000	0	0	125,000	0	0.0
HB 07-1065	192,915	0	0	192,915	0	0.9
HB 07-1249	7,878	0	0	7,878	0	0.0
HB 07-1263	116,240	0	116,240	0	0	0.0
HB 07-1272	67,822	67,822	0	0	0	1.0
HB 07-1322	297,288	0	86,088	211,200	0	1.7
HB 07-1326	38,400	38,400	0	0	0	0.0
HB 07-1343	27,560	27,560	0	0	0	0.0
HB 07-1358	92,657	92,657	0	0	0	1.0
Increase/(Decrease)	\$1,801,988	\$4,671,987	\$1,631,744	\$7,220,725	(\$11,722,468)	26.8
Percentage Change	0.8%	6.9%	13.3%	6.8%	(33.3)%	2.1%

FY 2007-08 Appropriation Highlights:

1. The appropriation adds \$1.0 million General Fund for 74 additional residential community corrections placements based on the Legislative Council Staff December 2006 projected inmate population.
2. The appropriation includes \$994,000 General Fund related to the annualization of prior year legislation.
3. The appropriation includes \$925,000 General Fund for 66 additional residential community corrections diversion placements.
4. The appropriation includes \$696,000 General Fund for a 1.5 percent increase in the community corrections provider rates.
5. The appropriation includes \$563,000 General Fund to add 60 community corrections beds that specialize in mental health treatment for transition offenders.
6. The appropriation includes \$675,000 General Fund for salary and benefits adjustments, such as salary survey and performance-based pay.
7. The appropriation includes \$471,000 General Fund for the annualization of salary survey awarded in FY 2006-07.

8. The appropriation includes \$200,000 General Fund to study the impact of the Governor's Recidivism Reduction and Offender Diversion Package. It also includes an increase of \$220,000 General Fund to offset a reduction in federal funds and indirect cost recoveries from federal funds that were previously used to support the Office of Research Statistics to conduct research required by state law.
9. The appropriation includes \$160,000 General Fund for the new CBI Western Slope facility. Specifically, the project includes General Fund for building operating and maintenance costs, telecommunications and waste removal costs, a one-time procurement of routers and switches, and a one-time appropriation for a project manager.
10. The appropriation includes \$154,000 General Fund related to common policy increases to items such as workers' compensation, vehicle lease payments, and communications services payments.
11. The appropriation adds \$127,000 General Fund for a leap year adjustment for community corrections providers that are paid on a per-offender per-day basis.
12. The appropriation adds \$120,000 General Fund for a mental health differential for diversion community corrections programs for 20 offenders, and it includes \$104,000 cash funds exempt (reserves in the Drug Offender Surcharge Fund) for a cost differential for 20 diversion offenders to be placed in a therapeutic community for enhanced substance abuse treatment.
13. The appropriation includes \$113,000 General Fund for 2.0 FTE additional Colorado Crime Information Center (CCIC) audit staff positions.
14. The appropriation reflects a reduction of \$11.7 million in federal funds based on the amount of federal funds that the Department estimates receiving in FY 2007-08.

Detail of Appropriation by Administrative Section

Executive Director's Office

This Office manages the administrative and fiscal affairs of the Department. It also administers the Witness Protection Program and houses the Colorado Integrated Criminal Justice Information System (CICJIS). The primary cash funds and cash funds exempt sources include the Highway Users Tax Fund, limited gaming funds transferred from the Department of Revenue, the Hazardous Materials Safety Fund, and indirect cost recoveries.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$20,216,481	\$2,514,000	\$593,398	\$16,490,504	\$618,579	40.5
SB 07-175	75,349	46,386	31	28,703	229	0.0
SB 07-239	<u>78,176</u>	<u>37,996</u>	<u>0</u>	<u>40,180</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$20,370,006	\$2,598,382	\$593,429	\$16,559,387	\$618,808	40.5

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$20,370,006	\$2,598,382	\$593,429	\$16,559,387	\$618,808	40.5
Salary and benefits adjustments	3,025,836	675,757	218,451	1,979,086	152,542	0.0
Common policy adjustments	426,476	151,233	(936)	275,435	744	0.0
Annualize salary increases awarded in FY 2006-07	94,609	94,609	0	0	0	0.0
CSP trooper increase for gaming highways	54,304	0	0	54,304	0	1.0
Recidivism reduction package	883	883	0	0	0	0.0
Fund mix adjustment	0	(94,136)	0	94,136	0	0.0
Eliminate one-time funding	(78,176)	(37,996)	0	(40,180)	0	0.0
Base reduction	(16,090)	(473)	0	(14,369)	(1,248)	0.0
SB 07-239	\$23,877,848	\$3,388,259	\$810,944	\$18,907,799	\$770,846	41.5
HB 07-1064	<u>125,000</u>	<u>0</u>	<u>0</u>	<u>125,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$24,002,848	\$3,388,259	\$810,944	\$19,032,799	\$770,846	41.5
Increase/(Decrease)	\$3,632,842	\$789,877	\$217,515	\$2,473,412	\$152,038	1.0
Percentage Change	17.8%	30.4%	36.7%	14.9%	24.6%	2.5%

S.B. 07-239 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation reflects an increase of \$3,025,836 for adjustments to salary and benefits line items such as salary survey and performance-based pay awards.

Common policy adjustments: The appropriation reflects an increase of \$426,476 total funds pursuant to JBC common policy.

Annualize salary increases awarded in FY 2006-07: The appropriation includes funds to annualize salary increases awarded in FY 2006-07.

CSP trooper increase for gaming highways: The appropriation reflects an increase related to adding additional troopers to the gaming highways. This increase specifically relates to adding 1.0 FTE for human resources functions.

Recidivism reduction package: The appropriation reflects an increase to the PERA amortization equalization disbursement related to the Governor's Recidivism Reduction and Offender Diversion Package.

Fund mix adjustment: The appropriation reflects an adjustment related to salary survey.

Eliminate one-time funding: The appropriation eliminates one-time supplemental funding in FY 2006-07.
Base reduction: The appropriation reflects a reduction of \$16,090 total funds for a 0.5 percent personal services reduction.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 from state and non-state agencies.

Colorado State Patrol						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$94,190,544	\$1,396,598	\$3,118,133	\$85,853,791	\$3,822,022	940.0
SB 06-225	1,542,563	1,542,563	0	0	0	12.0
SB 07-175	<u>(340,717)</u>	<u>0</u>	<u>(4,241)</u>	<u>(336,476)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$95,392,390	\$2,939,161	\$3,113,892	\$85,517,315	\$3,822,022	952.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$95,392,390	\$2,939,161	\$3,113,892	\$85,517,315	\$3,822,022	952.0
Annualize salary increases awarded in FY 2006-07	2,749,287	69,435	72,085	2,510,900	96,867	0.0
Annualize prior year legislation	634,511	634,511	0	0	0	12.0
CSP trooper increase for gaming highways	398,092	0	0	398,092	0	4.0
Indirect cost adjustment	363,600	0	10,612	321,754	31,234	0.0
CSP victim assistance	200,000	0	200,000	0	0	0.0
Common policy adjustments	160,983	0	14,514	134,565	11,904	0.0
Fund mix adjustment	0	(703,241)	0	703,241	0	0.0
Base reduction	(362,805)	(15,559)	(11,985)	(316,598)	(18,663)	0.0
SB 07-239	<u>\$99,536,058</u>	<u>\$2,924,307</u>	<u>\$3,399,118</u>	<u>\$89,269,269</u>	<u>\$3,943,364</u>	<u>968.0</u>
TOTAL	\$99,536,058	\$2,924,307	\$3,399,118	\$89,269,269	\$3,943,364	968.0

Colorado State Patrol						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$4,143,668	(\$14,854)	\$285,226	\$3,751,954	\$121,342	16.0
Percentage Change	4.3%	(0.5)%	9.2%	4.4%	3.2%	1.7%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary increases awarded in FY 2006-07: The appropriation includes funds to annualize salary increases awarded in FY 2006-07.

Annualize prior year legislation: The appropriation reflects an increase related to the annualization of S.B. 06-225, which created the Human Smuggling Unit.

CSP trooper increase for gaming highways: The appropriation adds 4.0 FTE troopers for the gaming highways.

Indirect cost adjustment: The appropriation reflects an increase related to indirect cost recoveries.

CSP victim assistance: The appropriation reflects an increase of \$200,000 cash funds to authorize the Department to spend funds collected by the CSP from fines for driving without insurance.

Common policy adjustments: The appropriation reflects an increase of \$160,983 total funds pursuant to JBC common policy.

Fund mix adjustment: The appropriation reflects an adjustment to decrease the General Fund appropriation for the Human Smuggling unit and replace it with HUTF "off-the-top" funding in order to bring the HUTF "off-the-top" appropriation up to the HUTF "off-the-top" six percent growth limit.

Base reduction: The appropriation reflects a reduction of \$362,805 total funds for a 0.5 percent personal services reduction.

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 Office of Anti-terrorism Planning and Training.

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 for this Division include: the Fire Service Education and Training Fund, the Hazardous Materials Responder Voluntary Certification Fund, the Fire Suppression Cash Fund, and limited gaming funds transferred from the Department of Revenue.

The Office of Anti-terrorism Planning and Training creates and implements terrorist preparedness plans and develops protocols for the State's response to terrorism. It includes an information and analysis center and a critical infrastructure protection team. This office is funded entirely from federal homeland security grants administered through the Department of Local Affairs.

Office of Preparedness, Security, and Fire Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$1,083,827	\$93,789	\$346,239	\$144,411	\$499,388	11.5
HB 06-1158	<u>55,645</u>	<u>0</u>	<u>55,645</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$1,139,472	\$93,789	\$401,884	\$144,411	\$499,388	12.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,139,472	\$93,789	\$401,884	\$144,411	\$499,388	12.5
DFS information technology system	337,725	0	337,725	0	0	0.0
Annualize salary increases awarded in FY 2006-07	15,434	3,457	8,190	3,787	0	0.0
Indirect cost adjustment	4,668	0	1,814	2,330	524	0.0
Federal grants	(20,250)	0	0	0	(20,250)	0.0
Base reduction	(4,040)	(448)	(1,188)	(606)	(1,798)	0.0
SB 07-239	<u>\$1,473,009</u>	<u>\$96,798</u>	<u>\$748,425</u>	<u>\$149,922</u>	<u>\$477,864</u>	<u>12.5</u>
TOTAL	\$1,473,009	\$96,798	\$748,425	\$149,922	\$477,864	12.5
Increase/(Decrease)	\$333,537	\$3,009	\$346,541	\$5,511	(\$21,524)	0.0
Percentage Change	29.3%	3.2%	86.2%	3.8%	(4.3)%	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

DFS information technology system: The appropriation reflects an increase of \$337,725 cash funds related to the procurement and implementation of an information technology system for the Division of Fire Safety's all-hazards certification, registration, and licensing programs.

Annualize salary increases awarded in FY 2006-07: The appropriation includes funds to annualize salary increases awarded in FY 2006-07.

Indirect cost adjustment: The appropriation reflects an increase related to indirect cost recoveries.

Federal grants: The appropriation reflects an anticipated decrease in federal homeland security funding from the Department of Local Affairs.

Base reduction: The appropriation reflects a reduction of \$4,040 total funds for a 0.5 percent personal services reduction.

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.

Division of Criminal Justice						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$78,874,606	\$46,255,281	\$2,164,945	\$1,012,677	\$29,441,703	60.2
SB 06-22	29,000	29,000	0	0	0	0.0
HB 06-1058	187,000	0	187,000	0	0	0.5
SB 07-239	<u>1,200,000</u>	<u>1,200,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$80,290,606	\$47,484,281	\$2,351,945	\$1,012,677	\$29,441,703	60.7
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$80,290,606	\$47,484,281	\$2,351,945	\$1,012,677	\$29,441,703	60.7
Caseload increase for community corrections transition programs	1,027,730	1,027,730	0	0	0	0.0
Caseload increase for community corrections diversion programs	924,506	924,506	0	0	0	0.0
1.5 percent provider rate increase	707,140	695,546	11,594	0	0	0.0
Increase in transition mental health beds	562,833	562,833	0	0	0	0.0
Specialized community corrections diversion programs	223,939	119,995	0	103,944	0	0.0
Increase for Office of Research Statistics	200,000	420,217	0	(35,438)	(184,779)	0.0
Annualize H.B. 06-1058	132,000	0	132,000	0	0	(0.1)

Division of Criminal Justice						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Leap year adjustment	128,334	127,239	1,095	0	0	0.0
Community corrections sanctions and incentives model development	82,240	82,240	0	0	0	1.5
Annualize salary increases awarded in FY 2006-07	65,733	31,117	14,443	16,918	3,255	0.0
Reduction in federal funds	(11,737,302)	0	0	0	(11,737,302)	(2.2)
Eliminate one-time funding	(1,200,000)	(1,200,000)	0	0	0	0.0
Change in indirect costs	(55,982)	0	8,840	(14,689)	(50,133)	0.0
Base reduction	(13,843)	(5,443)	(2,565)	(4,595)	(1,240)	0.0
SB 07-239	\$71,337,934	\$50,270,261	\$2,517,352	\$1,078,817	\$17,471,504	59.9
HB 07-1057	38,503	0	0	38,503	0	0.0
HB 07-1263	116,240	0	116,240	0	0	0.0
HB 07-1358	<u>92,657</u>	<u>92,657</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$71,585,334	\$50,362,918	\$2,633,592	\$1,117,320	\$17,471,504	60.9
Increase/(Decrease)	(\$8,705,272)	\$2,878,637	\$281,647	\$104,643	(\$11,970,199)	0.2
Percentage Change	(10.8)%	6.1%	12.0%	10.3%	(40.7)%	0.3%

S.B. 07-239 (Long Bill) Issue Descriptions

Caseload increase for community corrections transition programs: The appropriation includes funding for 74 additional residential community corrections transition placements based on the anticipated increase in the prison population using the December 2006 Legislative Council Staff inmate population projections. The appropriation assumes 6.75 percent of the inmate population will be placed in a community corrections program.

Caseload increase for community corrections diversion programs: The appropriation includes funding for 66 additional residential community corrections diversion placements.

1.5 percent provider rate increase: The appropriation includes funding for a 1.5 percent increase for community corrections providers.

Increase in transition mental health beds: The appropriation adds \$269,989 to pay for 45 additional community corrections beds that specialize in mental health treatment for transition offenders for 180 days. The appropriation also adds \$292,844 for the Joan Eachon Re-entry Program, a 15-bed residential community corrections program that provides intensive mental health services for offenders transitioning from prison.

Specialized community corrections diversion programs: The appropriation includes \$119,995 General Fund for a mental health differential payment for diversion community corrections programs for 20 offenders. The appropriation also includes \$103,944 cash funds exempt (reserves in the Drug Offender Surcharge Fund) for a cost differential payment for 20 diversion offenders to be placed in a therapeutic community for enhanced substance abuse treatment.

Increase for Office of Research and Statistics: The appropriation includes \$200,000 General Fund to study the impact of the Governor's Recidivism Reduction and Offender Diversion Package. The appropriation also includes an increase of \$220,217 General Fund to offset a reduction in federal funds and indirect cost recoveries from federal funds that were previously used to support the Office of Research Statistics to conduct research required by state law.

Annualize H.B. 06-1058: The appropriation includes an increase of \$132,000 cash funds (Child Abuse Investigation Surcharge Fund) and a reduction of 0.1 FTE for the second year impact of H.B. 06-1058, which provides funding for training and multi-disciplinary teams to provide intervention services for victims of child abuse.

Leap year adjustment: The appropriation includes increases for a leap year adjustment for community corrections providers that are paid on a per-offender per-day basis.

Community corrections sanctions and incentives model development: The appropriation includes \$82,240 General Fund to support 1.5 FTE to develop a community corrections incentives and sanctions model. This model will create a mechanism to reimburse high performing community corrections programs at a higher reimbursement rate than low performing programs.

Annualize salary increases awarded in FY 2006-07: The appropriation includes funds to annualize salary increases awarded in FY 2006-07.

Reduction in federal funds: The appropriation reflects a reduction of federal funds based on the amount of federal funds that the Division of Criminal Justice estimates receiving in FY 2007-08.

Eliminate one-time funding: The appropriation includes a reduction of \$1,200,000 General Fund for community corrections diversion beds that were funded on a one-time basis in FY 2006-07.

Change in indirect costs: The appropriation includes an adjustment for indirect cost assessments.

Base reduction: The appropriation reflects a reduction of \$13,843 total funds for a 0.5 percent personal services reduction.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Colorado Bureau of Investigation

The Colorado Bureau of Investigation (CBI) provides information technology, laboratory, and investigative services to local, state, and federal law enforcement agencies upon request. Primary cash funds and cash funds

exempt sources include: fingerprint and name check fees collected from other state and non-state agencies and limited gaming funds transferred from the Department of Revenue.

Colorado Bureau of Investigation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$24,380,731	\$15,009,202	\$4,868,992	\$3,669,507	\$833,030	212.5
SB 06-45	182,099	0	134,579	47,520	0	2.0
SB 06-176	0	0	337,816	(337,816)	0	0.0
SB 06-230	70,783	0	31,183	39,600	0	0.3
HB 06-1153	58,835	58,835	0	0	0	1.2
HB 06-1161	112,894	0	46,894	66,000	0	0.6
HB 06-1347	378,435	0	378,435	0	0	3.5
SB 07-175	<u>2,349</u>	<u>(24,874)</u>	<u>0</u>	<u>27,223</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$25,186,126	\$15,043,163	\$5,797,899	\$3,512,034	\$833,030	220.1
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$25,186,126	\$15,043,163	\$5,797,899	\$3,512,034	\$833,030	220.1
Annualize salary increases awarded in FY 2006-07	378,448	303,635	44,759	30,054	0	0.0
CBI Western Slope office relocation	360,499	160,499	0	200,000	0	0.0
Annualize prior year bills	352,417	359,092	102,828	(109,503)	0	3.0
CBI CCIC audit FTE	113,073	113,073	0	0	0	2.0
CBI laboratory price increases	61,125	0	0	61,125	0	0.0
Indirect cost adjustment	29,991	0	32,002	(2,011)	0	0.0
Common policy adjustments	2,930	2,930	0	0	0	0.0
Base reduction	(78,208)	(57,693)	(12,365)	(4,025)	(4,125)	0.0
SB 07-239	\$26,406,401	\$15,924,699	\$5,965,123	\$3,687,674	\$828,905	225.1
SB 07-57	11,850	0	5,250	6,600	0	0.0
SB 07-70	74,389	0	74,389	0	0	1.0
SB 07-203	379,064	0	167,864	211,200	0	0.0
SB 07-226	79,772	0	0	79,772	0	0.0
HB 07-1065	192,915	0	0	192,915	0	0.9
HB 07-1249	7,878	0	0	7,878	0	0.0
HB 07-1272	67,822	67,822	0	0	0	1.0

Colorado Bureau of Investigation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 07-1322	297,288	0	86,088	211,200	0	1.7
HB 07-1326	38,400	38,400	0	0	0	0.0
HB 07-1343	<u>27,560</u>	<u>27,560</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$27,583,339	\$16,058,481	\$6,298,714	\$4,397,239	\$828,905	229.7
Increase/(Decrease)	\$2,397,213	\$1,015,318	\$500,815	\$885,205	(\$4,125)	9.6
Percentage Change	9.5%	6.7%	8.6%	25.2%	(0.5)%	4.4%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary increases awarded in FY 2006-07: The appropriation includes funds to annualize salary increases awarded in FY 2006-07.

CBI Western Slope office relocation: The appropriation reflects an increase related to relocation and maintenance costs associated with the new CBI Western Slope facility.

Annualize prior year bills: The appropriation reflects an increase of \$352,417 total funds and 3.0 FTE related to the annualization of multiple special bills passed in the 2006 Session.

CBI CCIC Audit FTE: The appropriation reflects an increase related to additional audit staff to comply with the Federal Bureau of Investigation CCIC auditing requirements.

CBI laboratory price increases: The appropriation includes funding for the increased cost of DNA amplification kits.

Indirect cost adjustment: The appropriation reflects an increase related to indirect cost recoveries.

Common policy adjustments: The appropriation reflects an increase of \$2,930 total funds pursuant to JBC common policy.

Base reduction: The appropriation reflects a reduction of \$78,208 total funds for a 0.5 percent personal services reduction.

Additional legislation: For information on S.B. 07-57, S.B. 07-203, and H.B. 07-1322, see the "Recent Legislation" section at the end of the Department of Law. For information on H.B. 07-1065 and H.B. 07-1249, see the "Recent Legislation" section at the end of the Department of Regulatory Agencies. For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2006 Session Bills

S.B. 06-22: Expands the statutory definition of "sexually violent predator" to include offenders who are found to be a sexually violent predator in any other state or jurisdiction. Requires sexually violent predators to be subject to community notification subject to procedures established by the Sex Offender Management Board. Requires the Department of Corrections to complete risk assessments on sexually violent predators prior to release on parole or discharge from prison. Requires local authorities to be notified when a sexually violent predator has been released into the community. Establishes notification requirements for local agencies when a sexually violent predator changes residence. Requires peace officers to arrest an individual if a determination is made that there is probable cause that the individual is a sexually violent predator who has failed to register as a sex offender as required by law. Appropriates \$29,000 General Fund to the Division of Criminal Justice in the Department of Public Safety in FY 2006-07. Appropriates \$71,806 General Fund and 0.7 FTE to the Department of Corrections in FY 2006-07, and appropriates \$27,000 cash funds (Sex Offender Surcharge Fund) to the Judicial Department in FY 2006-07.

S.B. 06-45: Requires that child care providers that are otherwise exempt from child care licensing requirements but that receive funding through the Child Care Assistance Program (CCAP) submit to background check requirements as a condition of receiving CCAP funding. Among other appropriations, includes an appropriation of \$182,099, including \$134,579 cash funds and \$47,520 cash funds exempt, and 2.0 FTE to the Department of Public Safety for the Colorado Bureau of Investigation. For additional information, see the "Recent Legislation" section at the end of the Department of Human Services.

S.B. 06-150: Expands DNA testing requirements to include all persons who are sentenced for a felony conviction on or after July 1, 2007; requires DNA testing of juveniles if the offense would constitute a felony if committed by an adult.

S.B. 06-176: Clarifies certain provisions related to educator licensure. Directs applicants for educator licenses and nonpublic schools to submit fingerprints (and the associated fees) directly to the Colorado Bureau of Investigation (CBI) for a criminal history record check. Eliminates the \$775,000 cash funds appropriation to the Department of Education for background record checks, and shifts \$337,816 of the appropriation to the Department of Public Safety for fingerprint processing services (the portion related to CBI record checks) from cash funds exempt to cash funds.

SB 06-225: Establishes a new unit within the Colorado State Patrol to address human smuggling and human trafficking on state highways. Appropriates \$1,542,563 and 12.0 FTE General Fund to the Department of Public Safety in FY 2006-07 for this purpose.

S.B. 06-230: Requires prescription drug wholesalers to become licensed with the State Board of Pharmacy. Makes the following FY 2006-07 appropriations: \$219,915 cash funds and 3.3 FTE to the Department of Regulatory Agencies; \$28,874 cash funds exempt and 0.2 FTE to the Department of Law out of the appropriation to the Department of Regulatory Agencies; \$31,183 cash funds, \$39,600 cash funds exempt, and 0.3 FTE to the Department of Public Safety.

H.B. 06-1058: Defines a "crime against a child" as any offense listed in Section 18-3-411, C.R.S., incest in violation of Section 18-6-301, C.R.S., child abuse in violation of Section 18-6-401, C.R.S., or contributing to the delinquency of a minor in violation of Section 18-6-701, C.R.S. Further defines "crime against a child" to include criminal attempt, conspiracy, or solicitation to commit any of these offenses. Requires a surcharge to be assessed to each person convicted of a crime against a child. Establishes surcharges ranging from \$75 to \$1,500 based on the type of conviction. Authorizes five percent of the surcharge to be credited to the Judicial Stabilization Fund. Authorizes 95.0 percent of the surcharge to be credited to the Child Abuse Investigation Surcharge Fund, which is created by the bill. Authorizes the fund to be used by the Division of Criminal Justice to support training and enhanced services that coordinate a multi-disciplinary team response for child sexual abuse intervention. Appropriates \$187,000 cash funds (Child Abuse Investigation Surcharge Fund) and 0.5 FTE to the Division of Criminal Justice in the Department of Public Safety in FY 2006-07.

H.B. 06-1153: Requires the Colorado Bureau of Investigation to determine the whereabouts of sex offenders who fail to register; requires sex offenders who live in cars, trailers, or mobile homes to provide vehicle specific information (VIN, license plate number, registration, etc.) when registering as a sex offender. Appropriates \$58,835 and 1.2 FTE General Fund to the Department of Public Safety in FY 2006-07 for this purpose.

H.B. 06-1158: Directs the Division of Fire Safety to conduct plan reviews and inspections of public schools and junior colleges when the local fire department that has been delegated that responsibility by the Department of Labor and Employment declines to do so or has no certified fire inspector. Appropriates \$55,645 and 1.0 FTE cash funds, including \$49,020 from the Public Safety Inspection Fund and \$6,625 from the Firefighter and First Responder Certification Fund, to the Department of Public Safety in FY 2006-07 for this purpose.

H.B. 06-1161: Establishes regulatory requirements for mortgage brokers. Appropriates \$123,153 cash funds and 1.5 FTE to the Department of Regulatory Agencies; \$25,780 cash funds exempt and 0.2 FTE to the Department of Law; and \$46,894 cash funds, \$66,000 cash funds exempt and 0.6 FTE to the Department of Public Safety. Each of these appropriations is for FY 2006-07. The appropriation to the Department of Law is from funds transferred from the Department of Regulatory Agencies.

H.B. 06-1347: Creates the Identity Theft and Financial Fraud Board; creates a unit in the Colorado Bureau of Investigation to investigate and prosecute identity theft and financial fraud; and creates the Colorado Identity Theft and Financial Fraud Cash Fund, funded by surcharges on certain licenses and uniform commercial code filings. Appropriates \$378,435 and 3.5 FTE cash funds from the Colorado Identity Theft and Financial Fraud Cash Fund to the Department of Public Safety in FY 2006-07 for this purpose.

H.B. 06-1385: General appropriations act for FY 2006-07.

2007 Session Bills

S.B. 07-57: Enacts the Uniform Debt-Management Services Act, which requires that providers who develop debt repayment plans for clients register with the Attorney General's Office and regulates the services that these providers supply. Appropriates \$5,250 cash funds and \$6,600 cash funds exempt in FY 2007-08 to the Colorado Bureau of Investigation.

S.B. 07-70: Requires motor vehicle recyclers (i.e., vehicles scrapped or dismantled for parts) to verify whether a vehicle is stolen by using a newly-created Motor Vehicle Verification System. Requires the Department of Public Safety to establish an internet-accessible verification system for use by recyclers, vehicle dealers, repair

shops, tow operators, and the general public. Appropriates \$74,389 cash funds and 1.0 FTE in FY 2007-08 to the Colorado Bureau of Investigation.

S.B. 07-175: Supplemental appropriation to the Department of Public Safety to modify appropriations included in the FY 2006-07 Long Bill.

S.B. 07-203: Changes the regulatory framework for mortgage brokers from a registration system to a licensing system and generally subjects mortgage brokers to more stringent regulation. Expands the list of prohibited acts in under the Colorado Consumer Protection Act, which is enforced by the Attorney General. Appropriates \$167,864 cash funds and \$211,200 cash funds exempt in FY 2007-08 to the Colorado Bureau of Investigation.

S.B. 07-226: Makes several changes to various statutes concerning the placement of children outside of the home in order to comply with the federal Safe and Timely Interstate Placement of Foster Children Act of 2006, Child and Family Services Improvement Act of 2006, and Adam Walsh Child Protection and Safety Act of 2006. Requires all family foster care and kinship care applicants, and all adults who reside in the foster care or kinship care applicant's home, to submit to a fingerprint-based criminal history records check. Appropriates \$79,772 cash funds exempt in FY 2007-08 to the Colorado Bureau of Investigation.

S.B. 07-239: General appropriations act for FY 2007-08.

H.B. 07-1057: Creates three demonstration programs to provide family advocate services to youth with certain medical conditions who are involved in the juvenile justice system or risk such involvement in addition to their families. Requires an evaluation of the program's impact by the Division of Criminal Justice (DCJ). Appropriates \$38,503 cash funds exempt to DCJ in FY 07-08 for the evaluation (Short-term Innovative Health Program Grant Fund created in Section 25-36-101 (2), C.R.S., created by Senate Bill 07-97). For a more complete explanation of the bill, see the "Recent Legislation" section for the Department of Human Services.

H.B. 07-1064: Encourages counties to implement Lifesaver Programs to assist county sheriffs' departments in locating persons who wander due to a medical condition. The Department of Public Safety is to administer a grant program providing funding to counties for capital equipment costs and initial training of up to \$10,000 per county. For FY 2007-08, increases the appropriation to the Department of Public Safety, Executive Director's Office by \$125,000 cash funds exempt. These cash funds exempt will come from the Lifesaver Program Cash Fund, which will be funded through a transfer from the Short-term Innovative Health Program Grant Fund.

H.B. 07-1065: Requires criminal history checks for certain motor vehicle carriers, including operators of taxicabs, charter or scenic buses, fire crew transports, luxury limousines, off-road scenic charters, or children's activity buses. Appropriates \$192,915 cash funds exempt and 0.9 FTE in FY 2007-08 to the Colorado Bureau of Investigation

H.B. 07-1249: Requires a fingerprint-based criminal background check for officers of moving companies applying for new registrations. Appropriates \$7,878 cash funds exempt in FY 2007-08 to the Colorado Bureau of Investigation.

H.B. 07-1263: Authorizes the Division of Criminal Justice (DCJ) in the Department of Public Safety to charge fees in exchange for providing training programs. Creates the Criminal Justice Training Cash Fund, and specifies that the fees charged will be deposited in the fund. Requires moneys in the fund to be subject to

annual appropriation by the General Assembly to cover costs associated with training. Appropriates \$116,240 cash funds (Criminal Justice Training Cash Fund created in section 24-33.5-503.5 (2), C.R.S.) to the Division of Criminal Justice in FY 2007-08.

H.B. 07-1272: Creates a cold case unit in the Department of Public Safety, Colorado Bureau of Investigation. Requires the unit to develop a database containing information on open homicide cases in the State since 1970. Creates the cold case task force, permits the task force to review general homicide investigation methods, and requires the task force to report annually to the General Assembly, beginning on October 1, 2008. For FY 2007-08, increases the appropriation to the Department of Public Safety, Colorado Bureau of Investigation by \$67,822 General Fund and 1.0 FTE.

H.B. 07-1322: Specifies that a mortgage broker engages in deceptive trade practices in violation of the Colorado Consumer Protection Act, which is enforced by the Attorney General, if he or she does not act for the benefit of the borrower or does not make reasonable efforts to understand the borrower's financial circumstances prior to arranging a loan. Appropriates \$86,088 cash funds, \$211,200 cash funds exempt, and 1.7 FTE in FY 2007-08 to the Colorado Bureau of Investigation.

H.B. 07-1326: Specifies that sex offenders who commit a child sex crime as defined in the bill must provide all e-mail addresses, instant-messaging identities, and chat-room identities to local law enforcement agencies when registering. Requires the Colorado Bureau of Investigation to include such information in the CCIC database. Appropriates \$38,400 General Fund in FY 2007-08 to the Colorado Bureau of Investigation.

H.B. 07-1343: Expands DNA testing requirements to include all offenders in the custody of the Department of Corrections and certain offenders in community corrections or county jail on July 1, 2007, for a sentence imposed before that date. For FY 2007-08, increases the appropriation to the Department of Public Safety, Colorado Bureau of Investigation by \$27,560 General Fund.

H.B. 07-1358: Creates the Colorado Criminal and Juvenile Justice Commission in the Department of Public Safety (DPS). Authorizes members of the commission to be reimbursed for travel expenses incurred. Requires the commission to conduct research on sentencing policies and practices, alternatives to incarceration, recidivism, and cost-effective crime prevention programs. Requires the commission to prepare an annual report of its findings and recommendations. Requires the Divisions of Criminal Justice, in consultation with the Department of Corrections, to provide staff support for the commission. Appropriates \$92,657 General Fund and 1.0 FTE to the Division of Criminal Justice in FY 2007-08.

DEPARTMENT OF REGULATORY AGENCIES

The Department of Regulatory Agencies consists of ten divisions: the Executive Director's Office and Administrative Services, the Division of Banking, the Division of Civil Rights, the Office of Consumer Counsel, the Division of Financial Services, the Division of Insurance, the Public Utilities Commission, the Division of Real Estate, the Division of Registrations, and the Division of Securities. While one division, Civil Rights, receives substantial General Fund support, the other divisions are funded primarily through fees and assessments.

The Department protects the citizens of Colorado from fraudulent or dangerous businesses and professionals by regulating more than 640,000 active licenses in 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 30 occupations, including accountants, barbers, chiropractors, dentists, mortgage brokers, 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), conducts sunrise and sunset reviews of state-run programs, and evaluates the economic impact of rules proposed by state agencies.

Department Budget: Recent Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund	\$1,029,665	\$1,383,348	\$1,297,219	\$1,416,593
Cash Funds	51,095,062	51,921,670	54,044,598	61,899,105
Cash Funds Exempt	11,404,339	7,923,569	9,305,868	8,446,994
Federal Funds	<u>1,087,152</u>	<u>1,396,498</u>	<u>1,152,262</u>	<u>1,155,898</u>
Total Funds	\$64,616,218	\$62,625,085	\$65,799,947	\$72,918,590
Full Time Equiv. Staff	520.1	525.3	536.7	558.5

General Factors Driving the Budget

For FY 2007-08, funding for the Department consists of 1.9 percent General Fund, 84.9 percent cash funds, 11.6 percent cash funds exempt, and 1.6 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 services for FY 2007-08 represents 29.8 percent of the State's total legal services appropriation for legal services and 9.0 percent of the Department's total appropriation, the largest component of the Department's budget after personal services. Given the large stakes involved in many of the Department's regulatory decisions, legal services will continue to be a driving factor. The following table shows that DORA typically accounts for nearly one third of total state legal services expenditures.

Legal Services Expenditures	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Appropriation	FY 2007-08 Appropriation
Regulatory Agencies	\$4,984,120	\$5,075,682	\$5,310,731	\$5,818,703	\$6,591,955
Percent of Total State Legal Expenditures	28.3%	28.2%	27.5%	27.9%	29.8%
Other	12,602,844	12,940,568	13,982,550	15,037,620	15,496,945
Total	\$17,586,964	\$18,016,250	\$19,293,281	\$20,856,323	\$22,088,900

Population Growth

Population growth affects the Department in two ways. First, more individuals apply for professional and occupational licenses and more regulated businesses are established. Second, 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. The following table shows the number of individuals and entities recently licensed by the divisions with the largest number of licensees.

Division	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	5-Year Growth
Insurance	73,924	82,800	93,000	94,179	110,911	50.0%
Real Estate	41,496	46,604	49,386	52,747	58,694	41.4%
Registrations	251,236	261,280	265,569	277,928	282,521	12.5%
Securities	134,878	131,846	135,408	139,191	147,392	9.3%
Total	501,534	522,530	543,363	564,045	599,518	19.5%

Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of Regulatory Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$65,799,947	\$1,297,219	\$54,044,598	\$9,305,868	\$1,152,262	536.7

Department of Regulatory Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office and Administrative Services	16,777,252	270,381	11,175,247	5,177,332	154,292	53.0
Division of Banking	3,416,529	0	3,416,529	0	0	38.5
Civil Rights Division	1,737,968	1,026,838	0	234,347	476,783	29.0
Office of Consumer Counsel	879,403	0	879,403	0	0	7.0
Division of Financial Services	1,017,057	0	1,017,057	0	0	11.0
Division of Insurance	8,069,459	0	7,393,244	155,028	521,187	81.0
Public Utilities Commission	12,515,165	0	11,112,789	1,402,376	0	93.5
Division of Real Estate	3,221,762	0	3,221,762	0	0	38.5
Division of Registrations	15,798,097	0	13,461,312	2,336,785	0	165.2
Division of Securities	2,367,255	0	2,367,255	0	0	20.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	64,126,359	1,302,093	52,713,269	8,959,333	1,151,664	529.5
SB 06-20	327,461	0	327,461	0	0	2.0
SB 06-38	379,950	0	379,950	0	0	0.0
SB 06-208	150,000	0	0	150,000	0	0.0
SB 06-218	(25,000)	0	(25,000)	0	0	0.0
SB 06-230	219,915	0	219,915	0	0	3.3
HB 06-1161	123,153	0	123,153	0	0	1.5
HB 06-1196	2,542	0	2,542	0	0	0.0
HB 06-1325	44,600	0	0	44,600	0	0.0
HB 06-1330	5,243	0	5,243	0	0	0.0
HB 06-1395	30,397	0	30,397	0	0	0.4
HB 06S1-1009	24,800	0	24,800	0	0	0.0
SB 07-176	390,527	(4,874)	242,868	151,935	598	0.0
FY 2007-08 Total Appropriation:	\$72,918,590	\$1,416,593	\$61,899,105	\$8,446,994	\$1,155,898	558.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office and Administrative Services	19,338,536	435,043	13,142,140	5,595,380	165,973	54.0

Department of Regulatory Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Division of Banking	3,486,162	0	3,486,162	0	0	38.5
Civil Rights Division	1,752,685	973,145	0	311,532	468,008	31.0
Office of Consumer Counsel	891,177	0	891,177	0	0	7.0
Division of Financial Services	1,168,643	0	1,168,643	0	0	13.0
Division of Insurance	8,360,510	0	7,818,593	20,000	521,917	82.0
Public Utilities Commission	14,835,621	8,405	14,446,142	381,074	0	96.9
Division of Real Estate	4,455,461	0	4,455,461	0	0	46.6
Division of Registrations	16,189,881	0	14,050,873	2,139,008	0	169.5
Division of Securities	2,439,914	0	2,439,914	0	0	20.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	70,139,240	1,374,303	59,229,007	8,380,032	1,155,898	543.2
SB 07-4	6,188	0	6,188	0	0	0.0
SB 07-25	33,885	33,885	0	0	0	0.0
SB 07-85	56,696	0	56,696	0	0	0.3
SB 07-107	172,836	0	172,836	0	0	1.6
SB 07-137	159,419	0	159,419	0	0	0.7
SB 07-187	5,500	0	5,500	0	0	0.0
SB 07-203	422,463	0	422,463	0	0	1.8
SB 07-204	31,267	0	31,267	0	0	0.0
SB 07-216	392,242	0	392,242	0	0	1.5
SB 07-249	143,448	0	143,448	0	0	1.7
HB 07-1037	191,776	0	191,776	0	0	2.0
HB 07-1065	250,030	0	250,030	0	0	1.3
HB 07-1101	29,569	0	29,569	0	0	0.0
HB 07-1104	10,201	0	10,201	0	0	0.0
HB 07-1114	4,878	0	4,878	0	0	0.0
HB 07-1228	8,405	8,405	0	0	0	0.1
HB 07-1234	37,192	0	37,192	0	0	(0.2)
HB 07-1249	7,878	0	3,038	4,840	0	0.0
HB 07-1274	95,152	0	95,152	0	0	0.0

Department of Regulatory Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 07-1311	62,122	0	0	62,122	0	1.0
HB 07-1322	495,084	0	495,084	0	0	2.5
HB 07-1331	163,119	0	163,119	0	0	1.0
Increase/(Decrease)	\$7,118,643	\$119,374	\$7,854,507	(\$858,874)	\$3,636	21.8
Percentage Change	10.8%	9.2%	14.5%	(9.2)%	0.3%	4.1%

FY 2007-08 Appropriation Highlights:

1. The appropriation adds \$96,150 cash funds exempt to replace the Department's imaging system by purchasing licenses to use the Electronic Data Warehouse (EDW) system, which is housed, operated, and maintained by the Department of Personnel and Administration.
2. The appropriation adds \$111,606 cash funds and 2.0 FTE for financial/credit union examiners to perform on-site examinations and off-site monitoring of financial institutions' financial condition and compliance with state laws.
3. The appropriation adds \$36,333 cash funds and 1.5 FTE to address mortgage foreclosures in the state.
4. The appropriation relocates the cash funds appropriation for the Commission for the Deaf and Hard of Hearing Cash Fund to the Public Utilities Commission from the Department of Human Services, Division of Vocational Rehabilitation.
5. The appropriation adds 2.0 FTE to enable the procurement authority to re-establish a regional presence outside the Denver metro area. The FTE will only be hired if federal funding is available.
6. The passage of new legislation regulating mortgage brokers and land titling companies (S.B. 07-85, S.B. 07-203, 07-216, S.B. 07-249, H.B. 07-1322), natural gas and electric distributor energy efficiency (H.B. 07-1037), motor vehicle carriers (H.B. 07-1065), the Michael Skolnik Medical Transparency Act (H.B. 07-1331), landscape architects (S.B. 07-107), and plumbing contractors (S.B. 07-137), increased the cash funds appropriation to the Division by \$2.5 million and 14.4 FTE.

Detail of Appropriation by Administrative Section

Executive Director's Office and Administrative Services

The Executive Director's Office and Administrative Services 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. The Division also includes

funding and staff for the Office of Policy and Research, which conducts sunrise and sunset evaluations for state programs. The Division's cash funds derive from a variety of cash funds within the Department. The cash funds exempt come from indirect cost recoveries within the Department plus occasional transfers from other departments, while the federal funds come from indirect cost recoveries from the Civil Rights and Insurance Divisions.

Executive Director's Office and Administrative Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385/1	\$16,469,688	\$275,255	\$10,875,611	\$5,165,128	\$153,694	53.0
SB 06-20	10,312	0	10,312	0	0	0.0
SB 06-230	28,874	0	28,874	0	0	0.0
HB 06-1161	25,780	0	25,780	0	0	0.0
HB 06-1395	322	0	322	0	0	0.0
HB 06S1-1009	24,800	0	24,800	0	0	0.0
SB 07-176	<u>217,476</u>	<u>(4,874)</u>	<u>209,548</u>	<u>12,204</u>	<u>598</u>	<u>0.0</u>
TOTAL	\$16,777,252	\$270,381	\$11,175,247	\$5,177,332	\$154,292	53.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$16,777,252	\$270,381	\$11,175,247	\$5,177,332	\$154,292	53.0
Salary and benefits adjustments	1,175,036	81,029	999,416	94,591	0	0.0
Adjustments for central appropriations	1,008,284	9,361	868,720	118,522	11,681	0.0
Annualize salary survey	99,564	0	0	99,564	0	0.0
Document imaging system	96,150	0	0	96,150	0	0.0
Annualize special bill	32,662	0	45,398	(12,736)	0	0.0
Vehicle lease payments	6,672	0	6,672	0	0	0.0
Fund mix adjustment	0	46,500	(20,000)	(26,500)	0	0.0
Eliminate one-time appropriations	(197,753)	0	(197,753)	0	0	0.0
Expedited settlement FTE	(73,759)	0	(73,759)	0	0	0.0
Other changes	(29,511)	(6,113)	(9,733)	(13,665)	0	0.0
SB 07-239	\$18,894,597	\$401,158	\$12,794,208	\$5,533,258	\$165,973	53.0
SB 07-25	33,885	33,885	0	0	0	0.0
SB 07-85	40,662	0	40,662	0	0	0.0
SB 07-107	29,141	0	29,141	0	0	0.0

Executive Director's Office and Administrative Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-137	28,463	0	28,463	0	0	0.0
SB 07-203	59,299	0	59,299	0	0	0.0
SB 07-216	48,456	0	48,456	0	0	0.0
HB 07-1037	13,554	0	13,554	0	0	0.0
HB 07-1065	4,337	0	4,337	0	0	0.0
HB 07-1311	62,122	0	0	62,122	0	1.0
HB 07-1322	118,598	0	118,598	0	0	0.0
HB 07-1331	<u>5,422</u>	<u>0</u>	<u>5,422</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$19,338,536	\$435,043	\$13,142,140	\$5,595,380	\$165,973	54.0
Increase/(Decrease)	\$2,561,284	\$164,662	\$1,966,893	\$418,048	\$11,681	1.0
Percentage Change	15.3%	n/a	7,629.5%	n/a	n/a	n/a

/1 Excludes \$33,885 General Fund that was appropriated through H.B. 06-1344 and reflected in the FY 2006-07 Appropriations Report. This bill was contingent upon the passage of Referendum I, which was not approved by voters in November 2006.

S.B. 07-239 (Long Bill) Issue Descriptions

Salary and benefits adjustments: The appropriation includes additional funds for increases in salary, health, life, and dental insurance, and performance-based pay awards for Department employees.

Adjustments for central appropriations: These amounts reflect the rates approved for other centrally appropriated items by the General Assembly. Such items include the following: short-term disability, S.B. 04-257 amortization equalization disbursement, S.B. 06-235 supplemental amortization equalization disbursement, capitol complex leased space, multiuse network payments, and purchase of services from computer center. The appropriation contains various changes in centrally appropriated line items. These centrally appropriated items include workers' compensation, risk management and property, vehicle lease payments, and legal services.

Annualize salary survey: The appropriation includes an additional \$99,564 that represents the salary increases allocated to the Division in FY 2006-07.

Document imaging system: The appropriation includes funding to replace the Department's imaging system by purchasing licenses to use the Electronic Data Warehouse (EDW) system, which is housed, operated, and maintained by the Department of Personnel and Administration.

Annualize special bill: The appropriation includes the annualization of H.B. 06S1-1009. This results in a decrease of \$12,736 cash funds exempt spending authority in the Division's personal services line and an increase of \$45,398 in cash funds for legal expenditures in connection with this legislation.

Vehicle lease payments: The appropriation includes increases as recommended in the Joint Budget Committee's common policies and provides funding for the replacement of six high-mileage vehicles as well as funding for three additional vehicles through the state fleet management program. The three vehicles consist of two sedans for the Pharmacy Board Inspection Program and one four-wheel-drive vehicle for the Tramway Safety Board Inspection Program.

Fund mix adjustment: The funding mix was adjusted for sunset reviews by decreasing cash funds and cash funds exempt and increasing General Fund.

Eliminate one-time appropriations: The appropriation includes the elimination of one-time cash funds appropriations for operating expenses of \$24,800, pursuant to H.B. 06S-1009 (Illegal Alien Business Permits), and \$10,312, pursuant to S.B. 06-020 (Interstate Nurse Licensure Compact). The appropriation also includes the elimination of one-time cash funds of \$162,641 for IT Systems Modifications in connection with H.B. 06S-1009.

Expedited settlement FTE: The appropriation includes a transfer of funding from the Department's Legal Services appropriation to the personal services and operating line items for the use of expedited settlement in the Division of Registrations.

Other changes: The appropriation includes small changes to personal services, centralized appropriations related to departmental change requests, and operating expenses.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 related to the Public Deposit Protection Act, The Money Transmitters Act, trust department operations, electronic funds transfers, electronic data processing, The Foreign Capital Depository Act, 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.

Division of Banking						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$3,416,529</u>	<u>\$0</u>	<u>\$3,416,529</u>	<u>\$0</u>	<u>\$0</u>	<u>38.5</u>
TOTAL	\$3,416,529	\$0	\$3,416,529	\$0	\$0	38.5

Division of Banking						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$3,416,529	\$0	\$3,416,529	\$0	\$0	38.5
Annualize salary survey	56,537	0	56,537	0	0	0.0
Other changes	13,096	0	13,096	0	0	0.0
SB 07-239	<u>\$3,486,162</u>	<u>\$0</u>	<u>\$3,486,162</u>	<u>\$0</u>	<u>\$0</u>	<u>38.5</u>
TOTAL	\$3,486,162	\$0	\$3,486,162	\$0	\$0	38.5
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Increase/(Decrease)	\$69,633	\$0	\$69,633	\$0	\$0	0.0
Percentage Change	2.0%	n/a	2.0%	n/a	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary survey: The appropriation includes an additional \$56,537 that represents the salary increases allocated to the Division in FY 2006-07.

Other changes: The appropriation includes various small changes to personal services and operating expenses.

Civil Rights Division

The Civil Rights Division is the administrative arm of the Colorado Civil Rights Commission. It enforces 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 filed 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. Department of Housing and Urban Development. The remainder of the Division's activities are supported by the General Fund, which is partially offset by cash funds exempt from indirect cost recoveries.

Civil Rights Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation/1:						
HB 06-1385	<u>\$1,737,968</u>	<u>\$1,026,838</u>	<u>\$0</u>	<u>\$234,347</u>	<u>\$476,783</u>	<u>29.0</u>
TOTAL	\$1,737,968	\$1,026,838	\$0	\$234,347	\$476,783	29.0

Civil Rights Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,737,968	\$1,026,838	\$0	\$234,347	\$476,783	29.0
Annualize salary survey	29,611	29,611	0	0	0	0.0
Fund mix adjustment	0	(36,220)	0	36,220	0	0.0
Regional in-take FTE	0	0	0	0	0	2.0
Other changes	(14,894)	(47,084)	0	40,965	(8,775)	0.0
SB 07-239	<u>\$1,752,685</u>	<u>\$973,145</u>	<u>\$0</u>	<u>\$311,532</u>	<u>\$468,008</u>	<u>31.0</u>
TOTAL	\$1,752,685	\$973,145	\$0	\$311,532	\$468,008	31.0
Increase/(Decrease)	\$14,717	(\$53,693)	\$0	\$77,185	(\$8,775)	2.0
Percentage Change	0.8%	(5.2)%	n/a	32.9%	(1.8)%	6.9%

/1 Excludes \$24,167 General Fund and 0.5 FTE that was appropriated through H.B. 06-1344 and reflected in the FY 2006-07 Appropriations Report. This bill was contingent upon the passage of Referendum I, which was not approved by voters in November 2006.

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary survey: The appropriation includes an additional \$29,611 that represents the salary increases allocated to the Division in FY 2006-07.

Fund mix adjustment: The appropriation includes increased cash funds exempt spending authority required for indirect expenditures, offsetting General Fund.

Regional in-take FTE: The appropriation includes no funding and 2.0 FTE to enable the procurement authority to re-establish a regional presence outside the Denver metro area. The FTE will only be hired if federal funding available.

Other changes: The appropriation includes various small changes to personal services and operating expenses.

Office of Consumer Counsel

The Office of Consumer Counsel (OCC) represents the interests of residential, small business and agricultural consumers before the Public Utilities Commission (PUC), federal agencies, and in the courts on appeal. The OCC is also Colorado's consumer advocate in electric, gas and telecommunications utility rate and rule making matters. The office represents consumers by participating in complex utility cases. While the OCC is charged with representing the small consumer before the PUC, it is prohibited by statute from representing individuals in complaints with utilities. Instead, the PUC is staffed to resolve individual complaints. The OCC is interested

in individual complaints when they show a pattern of rate or service problems the office believes should be addressed. The Office is funded entirely through cash funds from assessments paid by entities regulated by the PUC.

Office of Consumer Counsel						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$879,403</u>	<u>\$0</u>	<u>\$879,403</u>	<u>\$0</u>	<u>\$0</u>	<u>7.0</u>
TOTAL	\$879,403	\$0	\$879,403	\$0	\$0	7.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$879,403	\$0	\$879,403	\$0	\$0	7.0
Annualize salary survey	12,374	0	12,374	0	0	0.0
Other changes	(600)	0	(600)	0	0	0.0
SB 07-239	<u>\$891,177</u>	<u>\$0</u>	<u>\$891,177</u>	<u>\$0</u>	<u>\$0</u>	<u>7.0</u>
TOTAL	\$891,177	\$0	\$891,177	\$0	\$0	7.0
Increase/(Decrease)	\$11,774	\$0	\$11,774	\$0	\$0	0.0
Percentage Change	1.3%	n/a	1.3%	n/a	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary survey: The appropriation includes an additional \$12,374 that represents the salary increases allocated to the Division in FY 2006-07.

Other changes: The appropriation includes various small changes to personal services and to the indirect cost assessment.

Division of Financial Services

The Division examines and supervises state-chartered credit unions, and savings and loan associations, administers and enforces the Savings and Loan Public Deposit Protection Act, and regulates certain financial activities of life care institutions. Further, the Division maintains general information to help citizens get answers to their questions about mortgage loan and other consumer loan practices. Conducts on-site examinations utilizing 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 with cash funds from fees and assessments paid by regulated entities.

Division of Financial Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$1,017,057</u>	<u>\$0</u>	<u>\$1,017,057</u>	<u>\$0</u>	<u>\$0</u>	<u>11.0</u>
TOTAL	\$1,017,057	\$0	\$1,017,057	\$0	\$0	11.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,017,057	\$0	\$1,017,057	\$0	\$0	11.0
Financial/credit union examiner FTE	111,606	0	111,606	0	0	2.0
Annualize salary survey	15,606	0	15,606	0	0	0.0
Other changes	24,374	0	24,374	0	0	0.0
SB 07-239	<u>\$1,168,643</u>	<u>\$0</u>	<u>\$1,168,643</u>	<u>\$0</u>	<u>\$0</u>	<u>13.0</u>
TOTAL	\$1,168,643	\$0	\$1,168,643	\$0	\$0	13.0
Increase/(Decrease)	\$151,586	\$0	\$151,586	\$0	\$0	2.0
Percentage Change	14.9%	n/a	14.9%	n/a	n/a	18.2%

S.B. 07-239 (Long Bill) Issue Descriptions

Financial/credit union examiner FTE: The appropriation includes funding and 2.0 FTE for financial/credit union examiners to perform on-site examinations and off-site monitoring of financial institutions' financial condition and compliance with state laws.

Annualize salary survey: The appropriation includes an additional \$15,606 that represents the salary increases allocated to the Division in FY 2006-07.

Other changes: The appropriation includes various small changes to personal services and to the indirect cost assessment.

Division of Insurance

This division regulates insurance entities operating in Colorado. Insurance companies regulated by the division include traditional insurance entities such as automobile, homeowners, life, health, and workers' compensation insurers, as well as health maintenance organizations (HMOs), pre-need funeral companies, bail bond companies, fraternal benefit societies, captive insurers, risk retention groups, and self-insurance pools. The cash funds are from tax assessments and license fees paid by regulated entities. The federal funds support the Senior Health Counseling Program.

Division of Insurance						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$7,524,966	\$0	\$6,998,751	\$5,028	\$521,187	81.0
SB 06-38	379,950	0	379,950	0	0	0.0
SB 06-208	150,000	0	0	150,000	0	0.0
HB 06-1330	5,243	0	5,243	0	0	0.0
SB 07-176	<u>9,300</u>	<u>0</u>	<u>9,300</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$8,069,459	\$0	\$7,393,244	\$155,028	\$521,187	81.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$8,069,459	\$0	\$7,393,244	\$155,028	\$521,187	81.0
Annualize salary survey	122,376	0	122,376	0	0	0.0
Insurance fraud prosecution	101,289	0	101,289	0	0	0.0
Eliminate one-time appropriations	(159,300)	0	(9,300)	(150,000)	0	0.0
PIP exam program removal	(26,670)	0	(26,670)	0	0	(0.5)
Fund mix adjustment	0	0	5,003	(5,003)	0	0.0
Other changes	26,758	0	6,053	19,975	730	0.0
SB 07-239	\$8,133,912	\$0	\$7,591,995	\$20,000	\$521,917	80.5
SB 07-4	6,188	0	6,188	0	0	0.0
SB 07-249	143,448	0	143,448	0	0	1.7
HB 07-1101	29,569	0	29,569	0	0	0.0
HB 07-1104	10,201	0	10,201	0	0	0.0
HB 07-1234	<u>37,192</u>	<u>0</u>	<u>37,192</u>	<u>0</u>	<u>0</u>	<u>(0.2)</u>
TOTAL	\$8,360,510	\$0	\$7,818,593	\$20,000	\$521,917	82.0
Increase/(Decrease)	\$291,051	\$0	\$425,349	(\$135,028)	\$730	1.0
Percentage Change	3.6%	n/a	5.8%	(87.1)%	0.1%	1.2%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary survey: The appropriation includes an additional \$122,376 that represents the salary increases allocated to the Division in FY 2006-07.

Insurance fraud prosecution: The appropriation includes an increase as recommended in the Joint Budget Committee's common policies for personal services and legal expenses.

Eliminate one-time appropriations: The appropriation includes the reduction of \$9,300 cash funds, pursuant to H.B. 06S-1009 (Illegal Alien Business Permits), and \$150,000 cash funds exempt for the Blue Ribbon Commission on Health Care Reform (S.B. 06-208).

PIP exam program removal: The appropriation includes the removal of funding and 0.5 FTE for the Personal Injury Protection (PIP) Exam Program which provided services to persons injured while "no-fault" insurance rules were in effect.

Fund mix adjustment: The appropriation includes a fund mix adjustment from cash funds exempt to cash funds in personal services appropriations.

Other changes: The appropriation includes various small changes to personal services, common policies, and operating expenses.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Public Utilities Commission

The three-member Public Utilities Commission (PUC) regulates the rates and services of fixed and transportation utilities located in the State. Fixed utilities include: electric power utilities, natural gas utilities, intrastate natural gas pipelines, district heating utilities, drinking water utilities, and telecommunications utilities. Transportation utilities railroads and motor carrier utilities that are for hire (taxis, shuttles, movers of household goods). It possesses quasi-legislative and quasi-judicial authority. The PUC is also responsible for administering 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.

Public Utilities Commission						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$12,494,577	\$0	\$11,136,801	\$1,357,776	\$0	93.5
SB 06-218	(25,000)	0	(25,000)	0	0	0.0
HB 06-1325	44,600	0	0	44,600	0	0.0
SB 07-176	<u>988</u>	<u>0</u>	<u>988</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,515,165	\$0	\$11,112,789	\$1,402,376	\$0	93.5

Public Utilities Commission						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$12,515,165	\$0	\$11,112,789	\$1,402,376	\$0	93.5
Increased spending authority	1,141,233	0	1,141,233	0	0	0.0
Commission for the Deaf and Hard of Hearing Cash Fund move to PUC	619,724	0	619,724	0	0	0.0
Annualize salary survey	180,529	0	180,529	0	0	0.0
Fund mix adjustment	0	0	917,439	(917,439)	0	0.0
Eliminate one-time appropriations	(95,000)	0	(50,400)	(44,600)	0	0.0
Other changes	(66,258)	0	(2,155)	(64,103)	0	0.0
SB 07-239	\$14,295,393	\$0	\$13,919,159	\$376,234	\$0	93.5
HB 07-1037	178,222	0	178,222	0	0	2.0
HB 07-1065	245,693	0	245,693	0	0	1.3
HB 07-1114	4,878	0	4,878	0	0	0.0
HB 07-1228	8,405	8,405	0	0	0	0.1
HB 07-1249	7,878	0	3,038	4,840	0	0.0
HB 07-1274	<u>95,152</u>	<u>0</u>	<u>95,152</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$14,835,621	\$8,405	\$14,446,142	\$381,074	\$0	96.9
Increase/(Decrease)	\$2,320,456	\$8,405	\$3,333,353	(\$1,021,302)	\$0	3.4
Percentage Change	18.5%	n/a	30.0%	(72.8)%	n/a	3.6%

S.B. 07-239 (Long Bill) Issue Descriptions

Increased spending authority: The appropriation reflects an increase in current-year revenue expenditures from the Low-Income Telephone Assistance Trust Fund, created by the Public Utilities Commission Decision # C06-0164 for informational purposes only.

Commission for the Deaf and Hard of Hearing Cash Fund move to PUC: This appropriation was relocated from the Department of Human Services, Division of Vocational Rehabilitation. The Colorado Commission for the Deaf and Hard of Hearing, and an associated cash funds exempt appropriation, are still located in the Department of Human Services.

Annualize salary survey: The appropriation includes an additional \$180,529 that represents the salary increases allocated to the Division in FY 2006-07.

Fund mix adjustment: The appropriation includes a fund mix adjustment from cash funds exempt to cash funds related to spending current year moneys from the Low-Income Telephone Assistance trust fund.

Eliminate one-time appropriations: The appropriation eliminates \$50,400 cash funds for FY 2006-07 E-Filings document imaging system, and \$44,600 cash funds exempt, pursuant to H.B. 06-1395 (Electric Transmission Facilities Study).

Other changes: The appropriation includes various small changes to personal services and operating expenses.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Division of Real Estate

The Division of Real Estate licenses real estate brokers and appraisers, oversees regulation of mortgage brokers, analyzes subdivision offerings on undeveloped land, and administers an enforcement program that responds to the needs of the industry and the consumer. 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.

Division of Real Estate						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$3,121,689	\$0	\$3,121,689	\$0	\$0	37.0
HB 06-1161	97,373	0	97,373	0	0	1.5
SB 07-176	<u>2,700</u>	<u>0</u>	<u>2,700</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,221,762	\$0	\$3,221,762	\$0	\$0	38.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$3,221,762	\$0	\$3,221,762	\$0	\$0	38.5
Annualize salary survey	62,046	0	62,046	0	0	0.0
Real estate appraiser FTE	33,799	0	33,799	0	0	1.5
Annualize special bills	22,505	0	22,505	0	0	0.5
Other changes	15,879	0	15,879	0	0	0.0
SB 07-239	\$3,355,991	\$0	\$3,355,991	\$0	\$0	40.5
SB 07-85	16,034	0	16,034	0	0	0.3
SB 07-203	363,164	0	363,164	0	0	1.8
SB 07-216	343,786	0	343,786	0	0	1.5

Division of Real Estate						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 07-1322	<u>376,486</u>	<u>0</u>	<u>376,486</u>	<u>0</u>	<u>0</u>	<u>2.5</u>
TOTAL	\$4,455,461	\$0	\$4,455,461	\$0	\$0	46.6
Increase/(Decrease)	\$1,233,699	\$0	\$1,233,699	\$0	\$0	8.1
Percentage Change	38.3%	n/a	38.3%	n/a	n/a	21.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary survey: The appropriation includes an additional \$62,046 that represents the salary increases allocated to the Division in FY 2006-07.

Real estate appraiser FTE: The appropriation includes funding and 1.5 FTE to address mortgage foreclosures in the state.

Annualize special bills: The appropriation includes an increase in funding and 0.5 FTE, pursuant to H.B. 06-1161 (Regulation of Mortgage Brokers).

Other changes: The appropriation includes various small changes to personal services, common policies, and operating expenses.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Division of Registrations

This division regulates over 265,000 licensees in more than 30 professions and occupations. Its boards and licensing programs ensure a minimum level of competency among the practitioners, facilities, programs, and equipment that it licenses. The Division also conducts inspections, investigates complaints, and restricts or revokes 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 funds exempt are Medicaid and Medicare funds transferred from the Department of Health Care Policy and Financing and the Department of Public Health and Environment, respectively, for the nurse aide certification program.

Division of Registrations						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$15,097,227	\$0	\$12,900,173	\$2,197,054	\$0	159.5
SB 06-20	317,149	0	317,149	0	0	2.0

Division of Registrations						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 06-230	191,041	0	191,041	0	0	3.3
HB 06-1196	2,542	0	2,542	0	0	0.0
HB 06-1395	30,075		30,075			0.4
SB 07-176	<u>160,063</u>	<u>0</u>	<u>20,332</u>	<u>139,731</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$15,798,097	\$0	\$13,461,312	\$2,336,785	\$0	165.2
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$15,798,097	\$0	\$13,461,312	\$2,336,785	\$0	165.2
Annualize salary survey	277,511	0	222,226	55,285	0	0.0
Fund mix adjustment	180,237	0	307,973	(127,736)	0	0.0
Expedited settlement FTE	73,759	0	73,759	0	0	1.0
Eliminate one-time appropriations	(633,927)	0	(494,196)	(139,731)	0	0.0
Annualize special bills	(25,500)	0	(25,500)	0	0	0.0
Other changes	50,589	0	36,184	14,405	0	0.0
SB 07-239	\$15,720,766	\$0	\$13,581,758	\$2,139,008	\$0	166.2
SB 07-107	143,695	0	143,695	0	0	1.6
SB 07-137	130,956	0	130,956	0	0	0.7
SB 07-187	5,500	0	5,500	0	0	0.0
SB 07-204	31,267	0	31,267	0	0	0.0
HB 07-1331	<u>157,697</u>	<u>0</u>	<u>157,697</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$16,189,881	\$0	\$14,050,873	\$2,139,008	\$0	169.5
Increase/(Decrease)	\$391,784	\$0	\$589,561	(\$197,777)	\$0	4.3
Percentage Change	2.5%	n/a	4.4%	(8.5)%	n/a	2.6%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary survey: The appropriation includes an additional \$277,511 that represents the salary increases allocated to the Division in FY 2006-07.

Fund mix adjustment: The appropriation includes a fund mix adjustment from cash funds exempt to cash funds related to spending current year moneys from the Division of Registrations Cash Fund.

Expedited settlement FTE: The appropriation includes a transfer in funding from the Legal Services appropriation in the Executive Director's Office and 1.0 FTE to expand the use of expedited settlement in the Division of Registrations.

Eliminate one-time appropriations: The appropriation includes cash funds reductions of \$241,922 from S.B. 06-020 (Nurse Licensure Compact), \$222,075 from H.B. 05-1130 (Prescription Drug Monitoring), \$15,967 from S.B. 06-230 (Prescription Drug Wholesalers), \$14,232 from H.B. 06-1395 (Residential Child Health Care). Further, this appropriation includes a one-time reduction of \$139,731 cash funds exempt spending authority from reserves for the costs associated with certified nurse aides.

Annualize special bills: The appropriation includes a decrease of \$25,500 cash funds spending authority related to S.B. 06-020 (Nurse Licensure Compact).

Other changes: The appropriation includes various changes to personal services, common policies, and to the indirect cost assessment.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Division of Securities

The Division of Securities licenses broker-dealers, investment advisors, investment advisor representatives, and sales representatives. It conducts on-site examinations of broker-dealers, investment advisors, and local government investment pool trust funds. It also investigates citizen complaints and other indications of investment fraud. The Division enforces 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.

Division of Securities						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$2,367,255</u>	<u>\$0</u>	<u>\$2,367,255</u>	<u>\$0</u>	<u>\$0</u>	<u>20.0</u>
TOTAL	\$2,367,255	\$0	\$2,367,255	\$0	\$0	20.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$2,367,255	\$0	\$2,367,255	\$0	\$0	20.0
Annualize salary survey	43,297	0	43,297	0	0	0.0
Other changes	29,362	0	29,362	0	0	0.0
SB 07-239	<u>\$2,439,914</u>	<u>\$0</u>	<u>\$2,439,914</u>	<u>\$0</u>	<u>\$0</u>	<u>20.0</u>
TOTAL	\$2,439,914	\$0	\$2,439,914	\$0	\$0	20.0

Division of Securities						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	\$72,659	\$0	\$72,659	\$0	\$0	0.0
Percentage Change	3.1%	n/a	3.1%	n/a	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary survey: The appropriation includes an additional \$43,297 that represents the salary increases allocated to the Division in FY 2006-07.

Other changes: The appropriation includes various small changes to personal services and operating expenses.

Recent Legislation

2006 Session Bills

S.B. 06-20: Directs the Governor to enter into a multi-state nurse licensure compact. Appropriates \$327,461 cash funds and 2.0 FTE to the Department and appropriates \$10,312 cash funds exempt to the Department of Law.

S.B. 06-38: Provides \$379,950 cash funds to the Department from insurance fraud investigation fees. For a description of this bill, see the Department of Law.

S.B. 06-61: Appropriates \$197,274 cash funds from the Disabled Telephone Users Fund to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund. For more information on this bill, see the Department of Human Services section.

S.B. 06-208: Establishes the Blue Ribbon Commission for Health Care Reform for the purpose of studying and establishing health care reform models to expand health care coverage and to decrease health care costs. Appropriates \$100,000 General Fund to the Health Care Reform cash fund in FY 2005-06 and appropriates \$150,000 cash funds exempt from the Health Care Reform cash fund to the Division of Insurance for FY 2006-07. Of the FY 2006-07 appropriation, \$50,000 is from potential gifts, grants and donations.

S.B. 06-218: Provides for annual appropriations by the General Assembly from the Colorado Disabled Telephone Users Fund to replenish the Colorado Commission for the Deaf and Hard of Hearing Cash Fund. Reduces the FY 2006-07 appropriation to the Deaf and Hard of Hearing Cash Fund in the Public Utilities Commission Section of the Department's Long Bill by \$25,000 cash funds. For more information on this bill, see the Department of Human Services section of this document.

S.B. 06-230: Requires prescription drug wholesalers to become licensed with the State Board of Pharmacy. Makes the following FY 2006-07 appropriations: \$219,915 cash funds and 3.3 FTE to the Department of Regulatory Agencies; \$28,874 cash funds exempt and 0.2 FTE to the Department of Law out of the appropriation to the Department of Regulatory Agencies; \$31,183 cash funds, \$39,600 cash funds exempt, and 0.3 FTE to the Department of Public Safety.

H.B. 06-1161: Establishes regulatory requirements for mortgage brokers. Appropriates \$123,153 cash funds and 1.5 FTE to the Department of Regulatory Agencies; \$25,780 cash funds exempt and 0.2 FTE to the Department of Law; and \$46,894 cash funds, \$66,000 cash funds exempt and 0.6 FTE to the Department of Public Safety. Each of these appropriations is for FY 2006-07. The appropriation to the Department of Law is from funds transferred from the Department of Regulatory Agencies.

H.B. 06-1196: Creates the State Board for Licensure of Technical Professionals and appropriates \$2,542 cash funds to the Department.

H.B. 06-1325: Creates the Reliable Electricity Infrastructure Task Force to develop a comprehensive plan that addresses the state's future electric infrastructure needs. Appropriates \$44,600 cash funds exempt to the Department in FY 2006-07 out of any gifts, grants and donations the Public Utilities Commission may receive.

H.B. 06-1330: Modifies reporting requirements for property and casualty insurers. Appropriates \$5,243 cash funds to the Department.

H.B. 06-1385: General appropriations act for FY 2006-07.

H.B. 06-1395: Establishes the Psychiatric Residential Treatment Facility (PRTF) which will be eligible to receive federal Medicaid revenue for children placed in out-of-home settings. Provides \$58,052 General Fund and 0.5 FTE to the Department of Regulatory Agencies, and provides \$33,885 cash funds exempt and 0.2 FTE to the Department of Law. For a more complete description of this bill, see "Recent Legislation" for the Department of Human Services.

2006 Special Session Bills

H.B. 06S1-1009: Appropriates \$24,800 cash funds in FY 2006-07 for computer programming costs to modify the Department's licensing systems to accommodate residency status information. Of this amount, \$4,800 is required from the Division of Registrations Cash Fund, \$10,000 is required from the Division of Insurance Cash Fund, and \$10,000 is required from the Division of Real Estate Cash Fund.

2007 Session Bills

S.B. 07-4: Requires that the Department of Education, Department of Health Care Policy and Financing, Department of Public Health and Environment, and the Department of Regulatory Agencies (Division of Insurance) coordinate in developing a coordinated system of payment for developmentally disabled children or children with conditions that may result in developmental delays. Appropriates \$6,188 cash funds to the Division of Insurance from the Division of Insurance Cash Fund to contract labor to handle consumer

complaints and inquiries pertaining to the implementation of the payment system. For more information, please reference the Department of Human Services section of this report.

S.B. 07-25: Adds sexual orientation and religion to the list of protected classes for illegal employment discrimination, and permits persons subject to discriminatory or unfair employment practices to seek civil damages against an employer. Appropriates \$33,885 from the Controlled Maintenance Trust Fund to the Executive Director's Office for transfer to the Department of Law for legal services.

S.B. 07-85: Prohibits a mortgage broker from improperly influencing a real estate appraisal and makes such improper influencing a deceptive trade practice; specifies criminal penalties for improperly influencing a real estate appraisal; and modifies the powers and duties of the director of the Division of Real Estate. Appropriates \$56,696 and 0.3 FTE to the Department of Regulatory Agencies (DORA) from the Mortgage Broker Registration Cash Fund. Appropriates \$40,662 cash funds exempt to the Department of Law for legal services out of the appropriation to DORA. Appropriates 0.3 FTE to the Department of Law.

S.B. 07-107: Requires landscape architects to be licensed and provides regulatory authority to the newly created Board of Landscape Architects in the Division of Registrations, Department of Regulatory Agencies (DORA). Appropriates \$172,836 and 1.6 FTE to DORA from the Division of Registrations Cash Fund. Appropriates \$29,141 cash funds exempt to the Department of Law for legal services out of the appropriation to DORA.

S.B. 07-137: Creates a registration system and corresponding fee for plumbing contractors, requires plumbing contractors to employ a master plumber, limits master plumbers to working for only one plumbing contractor and expands the reasons and procedures for disciplinary action by the Examining Board of Plumbers. Appropriates \$159,419 and 0.7 FTE from the Division of Registrations Cash Fund, of which \$28,463 cash funds exempt and 0.2 FTE to the Department of Law for legal services and \$130,956 cash funds and 0.7 FTE to the Division of Registrations. The appropriation to the Department of Law is from funds transferred from the DORA.

S.B. 07-176: Supplemental FY 2006-07 appropriation for the Department.

S.B. 07-187: Creates an academic veterinarian license, requires veterinary school faculty to possess this license or a standard veterinary license by January 1, 2008, and requires all veterinarians to provide copies of veterinary records to local law enforcement authorities and to the Bureau of Animal Protection in the Department of Agriculture for animal cruelty investigations. Appropriates \$5,500 from the Division of Registrations Cash Fund to the Division of Registrations for computer programming expenses.

S.B. 07-203: Changes the regulatory framework for mortgage brokers from registration to licensing; makes errors and omissions insurance a licensing requirement; establishes education, testing, and continuing education requirements for mortgage brokers; defines grounds for disciplinary action. Appropriates \$422,463 and 1.8 FTE to the Department of Regulatory Agencies (DORA) from the Mortgage Broker Registration Cash Fund. Of this amount, \$59,299 cash funds exempt is re-appropriated to the Department of Law for legal services and \$186,349 cash funds exempt is re-appropriated to the Department of Law for consumer protection. In addition, appropriates 2.3 FTE to the Department of Law.

S.B. 07-204: Removes the requirement that the Electronic Prescription Drug Monitoring Program receive all funding from gifts, grants, and donations, and allows the State Board of Pharmacy to collect an annual fee from those who prescribe controlled substances to fund the program. Appropriates \$31,267 cash funds to the Division of Registrations from the Division of Registrations Cash Fund for FY 2007-08. The Department received a \$400,000 federal grant, of which \$221,692 is being applied in FY 2007-08 for the program.

S.B. 07-216: Creates a duty of good faith and fair dealing for mortgage brokers in their communications and transactions with borrowers; requires refinancing transactions to have a reasonable, tangible net benefit to borrowers; and requires the Director of the Division of Real Estate to promulgate rules governing the marketing of nontraditional mortgages by mortgage brokers. Appropriates \$392,242 and 1.5 FTE to the Department of Regulatory Agencies (DORA) from the Mortgage Broker Registration Cash Fund. Appropriates to the Department of Law \$48,456 cash funds exempt for legal services and \$265,085 cash funds exempt for consumer protection. The appropriations to the Department of Law are from funds transferred from the DORA. In addition, appropriates 3.4 FTE to the Department of Law

S.B. 07-239: General appropriations act for FY 2007-08.

S.B. 07-249: Requires the Division of Insurance to perform an annual market analysis of the title insurance industry in the state and investigate and enforce title insurance laws. Appropriates \$143,448 cash funds and 1.7 FTE to the Division of Insurance from the Division of Insurance Cash Fund for FY 2007-08.

H.B. 07-1037: Appropriates \$191,776 cash funds and 2.0 FTE to the Public Utilities Commission (PUC) to develop rules for programs that promote energy efficiency for investor-owned natural gas and electric distributors. The appropriation includes \$13,554 to be transferred to the Department of Law for legal services.

H.B. 07-1065: Provides the Public Utilities Commission (PUC) authority to collect and spend \$197,500 in application fees for criminal history checks for certain motor vehicle carriers and to pass through these moneys to the Department of Public Safety to perform the criminal history checks. Carriers include operators of taxicabs, charter or scenic buses, fire crew transports, luxury limousines, off-road vehicle scenic charters, or children's activity buses.

H.B. 07-1101: Appropriates \$29,569 cash funds from the Division of Insurance Cash Fund to conduct a study to determine factors involved in health insurance costs in Pueblo County.

H.B. 07-1104: Prohibits property and casualty insurers from requiring that appraisals or repairs be made by a specified repair business, representing to a claimant that the failure to use a particular repair business may result in nonpayment, and soliciting a referral fee in exchange for referring claimants to a repair business. Appropriates \$10,201 cash funds to the Division of Insurance from the Division of Insurance Cash Fund for FY 2007-08.

H.B. 07-1114: Regulates the lease rate charged to taxi drivers by taxicab companies and makes such lease rates subject to certain public notice requirements. Appropriates \$4,878 cash funds to the Public Utilities Commission (PUC) from the Public Utilities Commission Motor Carrier Fund for FY 2007-08.

H.B. 07-1228: Requires the Public Utilities Commission (PUC) to research distributed energy generation programs and to develop a policy to establish incentives for consumers who produce distributed generation,

including small wind turbines, thermal biomass, electric biomass, and solar thermal energy. Appropriates \$8,405 General Fund and 0.1 FTE to the PUC for FY 2007-08.

H.B. 07-1234: Requires all insurance carriers to electronically submit rate filings for certain types of health care coverages to the Division of Insurance and also include rate standards used to ensure that rates are not excessive, inadequate, or unfairly discriminatory. Appropriates \$42,000 cash funds to the Division of Insurance from the Division of Insurance Cash Fund and decreases the appropriation to the division by \$4,808 cash funds and 0.2 FTE.

H.B. 07-1249: Changes oversight responsibilities by the Public Utilities Commission (PUC) for movers of household goods, including the requirement to conduct a fingerprint-based criminal background check for officers of moving companies applying for new registrations. Appropriates \$7,878 cash funds to the Public Utilities Commission (PUC) from the Public Utilities Commission Motor Carrier Fund for FY 2007-08 and transfers this amount to the Department of Public Safety, Colorado Bureau of Investigation (CBI) to conduct background checks. Of this amount, \$3,038 are cash funds and \$4,840 are cash funds exempt for pass through to the CBI for requisite expenses associated with FBI fingerprinting.

H.B. 07-1274: Appropriates \$95,152 cash funds from the Colorado Disabled Telephone Users Fund to the Public Utilities Commission (PUC) and transfers this amount and 1.0 FTE to the Department of Human Services, Division of Vocational Rehabilitation for the Colorado Commission for Individuals who are Blind or Visually Impaired.

H.B. 07-1311: Changes sunrise review procedures of unregulated occupations and professions by the Department of Regulatory Agencies (DORA). Appropriates \$62,122 cash funds exempt 1.0 FTE to the Office of Policy Research and Regulatory Reform for FY 2007-08. The source of funding is from various fund balances and reserves.

H.B. 07-1322: Expands the Mortgage Broker Registration Act by defining prohibited conduct regarding fraud, misrepresentation, and conflict of interest, and requires disclosures specific to fees, costs, and lock-in agreement terms. Appropriates \$495,084 cash funds and 2.5 FTE to the Department from the Mortgage Brokers Registration Cash Fund. Appropriates to the Department of Law \$118,598 cash funds exempt for legal services and \$264,608 cash funds exempt for consumer protection out of the appropriation to DORA. In addition, appropriates 4.0 FTE to the Department of Law

H.B. 07-1331: Creates the Michael Skolnik Medical Transparency Act, which requires licensed medical practitioners to submit information to the State Board of Medical Examiners, which will then make this information available to the public in a searchable manner. Appropriates \$163,118 cash funds from the Division of Registrations Cash Fund and 1.0 FTE for FY 2007-08. Of this amount, \$5,422 will be transferred to the Department of Law for legal services.

DEPARTMENT OF REVENUE

The Department of Revenue is organized into three functional groups: Taxation, Motor Vehicles, and Enforcement. The Taxation group collects revenues for the operation of state government and for local governments; the Division of Motor Vehicles regulates motor vehicle safety, issues personal identification documents, and regulates commercial vehicles; and the Enforcement group regulates alcohol, tobacco, and gambling. The three functional areas are supported by the Executive Director's Office, Central Department Operations, and Information Technology.

The Department also operates the State Lottery, which accounts for approximately 70 percent of the Department's annual budget. (Please note that some Lottery direct costs are included in the consolidated costs line items in the Executive Director's Office section of the budget.)

The Department is statutorily authorized to contract with cities and counties for collecting any tax which it also collects for state government. Central Department Operations currently receives and distributes sales and use taxes on behalf of more than 246 local governments and special districts.

Department Budget: Recent Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund	\$87,137,300	\$82,781,784	\$93,811,579	\$94,300,024
Cash Funds	44,545,391	44,027,000	45,263,855	53,752,413
Cash Funds Exempt	389,183,398	413,319,584	442,883,386	413,411,524
Federal Funds	<u>1,806,849</u>	<u>1,674,459</u>	<u>1,561,754</u>	<u>1,546,214</u>
Total Funds	\$522,672,938	\$541,802,827	\$583,520,574	\$563,010,175
Full Time Equiv. Staff	1,444.6	1,429.9	1,422.1	1,479.7

General Factors Driving the Budget

The Department's primary budget drivers are the state tax structure, population levels, business activity in regulated industries, and technological capabilities. In addition, increases in mineral severance activity and legislative changes related to identification document requirements have increased demands on department staff and systems in recent years. The Department of Revenue's funding for FY 2007-08 consists of 16.8 percent General Fund, 9.5 percent cash funds, 73.4 percent cash funds exempt, and 0.3 percent federal funds.

Taxation

Last year, the Department received and distributed more than \$10 billion in taxes, fines, fees, and licensing payments for the state and for local governments, and it handled more than 5 million pieces of incoming mail and walk-in transactions.

The complexity of the Colorado's tax structure affects Taxation, Central Operations, and Information Technology. Colorado's sales and use tax structure is particularly complex, relative to other states. In addition to the state tax, the Department collects local taxes for most counties, cities and special districts in Colorado, and tracks and distributes the collections monthly to the local governments. Local sales taxes include: county lodging, local marketing, regional transportation, football stadium, scientific and cultural, local improvement, mass transit, and short term rental tax.

Recent legislation has increased both the numbers and complexity of special tax districts. In the last five years, the General Assembly has created a new Republican River Water Conservation District, authorized a Mental Health Care Service District, authorized Regional Library Authorities, and allowed additional regional transportation authorities. It also authorized several changes to the Regional Transportation District (RTD), the Denver Metropolitan Scientific and Cultural Facilities District (SCFD), and the Metropolitan Football Stadium District, and authorized multi-jurisdictional housing authorities to levy sales and use taxes.

Colorado's severance tax structure is also particularly complex, relative to other states. One significant reason for the complexity of Colorado's severance tax is that it is applied at the mineral interest owner level. This means that producers, working interest owners, royalty interest owners, and those with any other interest from oil and gas produced in Colorado, must pay severance taxes on their respective ownership percentage. Because each owner is only responsible for reporting a percentage of the gross income, it is difficult for the Department to verify that the total oil and gas production of a well has been reported.

However, the most confusing aspect of Colorado's severance tax for both tax collectors and taxpayers is the ad valorem (property) tax credit. The complexity of local property tax rates contributes to the complexity of the ad valorem tax credit and severance tax collection. There are currently more than 2,600 mill levy rates in Colorado, and one mineral lease can be subject to several different mill levy rates if it cuts across jurisdictions or if it is located in overlapping jurisdictions. The ever-changing nature of local government mill levies compounds the confusion.

Motor Vehicles

There are more than 3.2 million licensed drivers in Colorado. Drivers license offices issue drivers licenses and state identification (ID) cards, as well as vehicle titles and registrations, dealer licenses, and other official state documents. The volume of documents issued by drivers license offices has decreased in recent years, as shown in the following table:

Documents Issued by Drivers License Offices				
FY 01-02	FY 020-03	FY 03-04	FY 04-05	FY 05-06
1,421,626	1,344,643	1,101,291	1,322,344	1,056,727

At the same time, recent changes in state and federal law have increased transaction times for drivers licenses and ID cards, because the Department has had to institute new policies and procedures to insure that those documents are secure and verifiable.

New legislation on both the state and federal level is a significant budget driver for this division. In the past, the purpose and function of the drivers license was to certify that a driver is competent to operate a motor vehicle. Today, the drivers license serves not only as proof of the ability and permission to use state roads, but

also as proof of identity and of lawful presence for other essential needs, such as public benefits and voting. It also serves as proof of age for tobacco and liquor enforcement, and other purposes.

More specifically, under Colorado's new "Restrictions on Public Benefits" law, H.B. 06S-1023, citizen-applicants for federal, state, or local public benefits must present a Colorado driver's license or ID (or tribal or military ID) in order to receive public benefits. In addition, under Colorado's "Help America Vote Act" law, H.B. 03-1356, a person must provide a drivers license or ID number (or be issued a voter registration ID number by the Secretary of State) in order to register to vote. That statute also requires the Department of Revenue to match information in the voter registration database with information in the motor vehicle database and to verify applicable information with the federal social security database.

The table below shows the recent budget history for the division's Driver and Vehicles Services unit:

Motor Vehicle Division / Driver and Vehicle Services Budget History						
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Approp
Total	\$ 24,961,186	\$ 21,296,325	\$ 20,643,492	\$ 22,468,442	\$ 23,336,702	\$ 23,168,539
FTE	351.3	325.7	307.2	338.0	309.8	321.2
General Fund	19,771,303	14,669,667	10,688,206	8,379,409	7,759,680	16,480,896
HUTF	3,287,703	5,077,198	4,566,446	8,441,863	8,948,375	0
Cash Funds	1,100,000	2,000	3,727,405	4,231,740	4,909,538	5,046,916
CF Exempt	802,180	1,426,398	1,419,174	1,415,430	1,719,109	1,640,727
Federal Funds	0	121,062	242,261	0	0	0

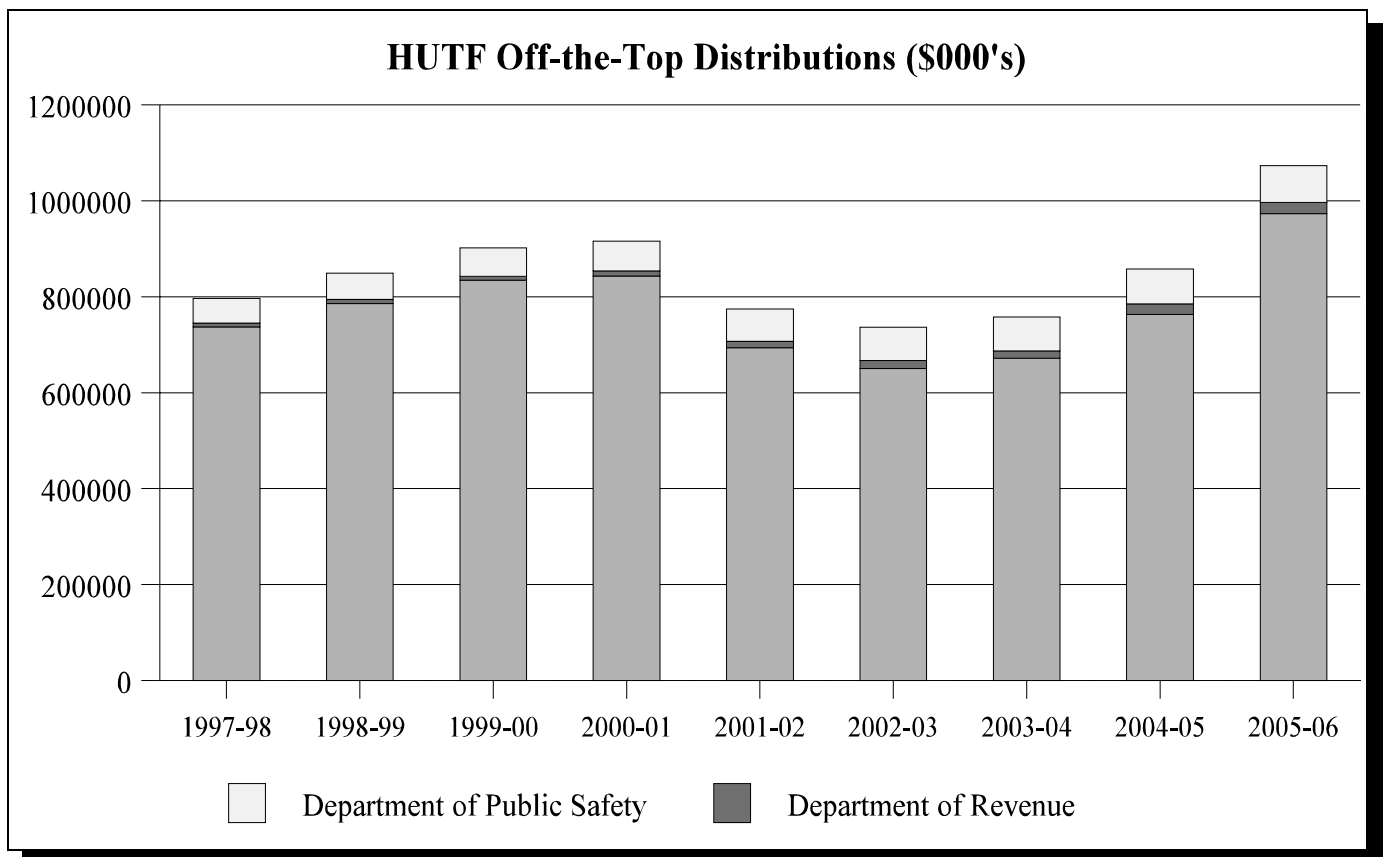
Information Technology

In April 2007, the Department discovered the theft, through fraudulent refunds, of approximately \$10 million in state tax revenues. A new tax information system, the \$45 million Colorado Integrated Tax Architecture (CITA) system, is expected to reduce the risk of such thefts in the future. The General Assembly appropriated \$8.1 million capital construction funds for FY 2006-07 for the first phase of the project, which was to include the project plan, issuing the Request for Proposal, contract negotiation, and deployment of system components for three tax types. The General Assembly appropriated an additional \$9.5 million capital construction funds for FY 2007-08 for the second phase of the CITA project.

Motor Carrier Services

The Motor Carrier Services Division (Ports of Entry) receives a portion of Highway Users Tax Fund (HUTF) revenues for supervision of the highways before any other distributions are made. The distributions to the Ports of Entry and to the State Patrol are taken "off-the-top" before the formula allocation of HUTF to the State Highway Fund, counties, and cities. Statute limits the off-the-top HUTF expenditures for highway supervision to six percent annual growth over the previous year's off-the-top appropriation, regardless of any increase or decrease in overall highway-related revenues. The off-the-top limit is calculated on the previous year's base; it is not a proportion of revenues going to HUTF, nor is there a specific monetary cap. The following graph

and table provide a history of the off-the-top distributions. (Please note that, during the economic downturn, the Division of Motor Vehicles was partially refinanced from the HUTF.)



State Treasurer's Reports of HUTF Off-the-Top and Other Distributions					
Fiscal Year	Department of Public Safety*	Department of Revenue*	Total Public Safety and Revenue	Other Distributions	Total Distributions
1997-98	\$51,663,911	\$7,969,234	\$59,633,145	\$736,973,371	\$796,606,516
1998-99	54,644,655	8,804,061	63,448,716	785,541,342	848,990,058
1999-00	59,383,936	8,310,217	67,694,153	834,183,563	901,877,716
2000-01	61,627,158	10,682,676	72,309,834	843,241,886	915,551,720
2001-02	67,502,495	13,389,757	80,892,252	693,990,722	774,882,974
2002-03	69,431,499	16,597,648	86,029,147	650,637,360	736,666,507
2003-04	70,652,400	15,715,432	86,367,832	671,698,181	758,066,013
2004-05	72,660,803	22,076,996	94,737,799	763,193,166	857,930,965
2005-06	76,475,194	23,586,614	100,061,808	973,128,936	1,073,190,744

*Includes capital construction.

Enforcement

The Enforcement Business Group regulates the liquor, tobacco, racing, gambling (except games of chance operated for charity, which are regulated by the Secretary of State) and automobile sales industries. The Limited Gaming Control Commission approves the Limited Gaming Division budget. For FY 2005-06, gaming revenues were \$108 million. The Liquor Enforcement Division collected \$2.1 million in FY 2005-06, including \$1.1 million by screening liquor renewal license applications for existing distraint warrants on taxes owed by licensees. The Division of Racing Events collected approximately \$3.4 million in pari-mutuel taxes and \$1.9 million in fees in FY 2005-06. The Motor Vehicle Dealer Licensing Board issued and renewed a total of more than 19,000 licenses of dealers, wholesalers, and salespeople in FY 2005-06.

Lottery

The State Lottery recorded sales of more than \$468.8 million in FY 2005-06. Expenses, *excluding* direct costs shown in the consolidated budget items in the Executive Director's Office, were \$346.7 million. Net proceeds were \$122.1 million, and distributions from the Lottery Fund were \$125.6 million. The goal of the State Lottery is to maximize revenue, and its FY 2006-07 appropriation included \$8.9 million for marketing.

Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of Revenue						
	Total Funds	General Fund /1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$583,520,574	\$93,811,579	\$45,263,855	\$442,883,386	\$1,561,754	1,422.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	22,707,330	13,244,815	2,675,310	6,787,205	0	43.5
Central Department Operations Division	11,082,274	10,567,507	66,555	448,212	0	109.9
Information Technology Division	12,397,519	5,092,871	257,376	7,047,272	0	117.2
Taxation Business Group	50,966,312	47,398,099	93,851	2,566,947	907,415	321.0
Division of Motor Vehicles	27,157,906	16,667,074	5,046,916	5,443,916	0	383.2
Motor Carrier Services Division	8,081,808	663,660	240,470	6,523,339	654,339	144.2
Enforcement Business Group	39,791,586	177,553	36,883,377	2,730,656	0	177.1
State Lottery Division	411,335,839	0	0	411,335,839	0	126.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	556,110,378	94,933,476	45,161,021	414,454,127	1,561,754	1,429.0
SB 06-28	1,608	0	1,608	0	0	0.0
SB 06-80	16,080	0	16,080	0	0	0.0
HB 06-1019	350	0	0	350	0	0.0
HB 06-1072	1,608	0	1,608	0	0	0.0
HB 06-1178	(1,023,445)	0	0	(1,023,445)	0	(7.0)

Department of Revenue						
	Total Funds	General Fund /1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 06-1297	350	0	0	350	0	0.0
HB 06-1312	72,000	0	72,000	0	0	1.0
HB 06-1339	53,600	0	53,600	0	0	0.0
HB 06-1404	16,080	0	16,080	0	0	0.0
SB 07-177	28,271,965	(1,121,897)	(58,142)	29,452,004	0	(0.9)
FY 2007-08 Total Appropriation:	\$563,010,175	\$94,300,024	\$53,752,413	\$413,411,524	\$1,546,214	1,479.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	26,579,834	16,007,082	3,438,935	7,133,817	0	43.5
Central Department Operations Division	11,239,590	10,494,727	127,866	616,997	0	109.9
Information Technology Division	12,651,880	5,213,145	445,397	6,926,529	66,809	119.8
Taxation Business Group	50,959,613	47,685,079	92,201	2,425,928	756,405	321.0
Division of Motor Vehicles	29,523,753	14,118,858	10,477,131	4,927,764	0	438.2
Motor Carrier Services Division	8,270,355	632,631	246,354	6,668,370	723,000	144.2
Enforcement Business Group	41,619,655	148,502	38,924,529	2,546,624	0	177.1
State Lottery Division	382,165,495	0	0	382,165,495	0	126.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	562,781,625	100,056,378	47,834,318	413,411,524	1,479,405	1,476.0
SB 07-27	804	0	804	0	0	0.0
SB 07-67	16,080	0	16,080	0	0	0.0
SB 07-241	0	(5,758,929)	5,758,929	0	0	0.0
HB 07-1020	66,809	0	0	0	66,809	1.7
HB 07-1081	94,882	0	94,882	0	0	2.0
HB 07-1120	16,080	0	16,080	0	0	0.0
HB 07-1200	15,240	0	15,240	0	0	0.0
HB 07-1349	2,575	2,575	0	0	0	0.0
HB 07-1352	16,080	0	16,080	0	0	0.0
Increase/(Decrease)	(\$20,510,399)	\$488,445	\$8,488,558	(\$29,471,862)	(\$15,540)	57.6
Percentage Change	(3.5)%	0.5%	18.8%	(6.7)%	(1.0)%	4.1%

/1 Of these amounts, for both FY 2006-07 and FY 2007-08, \$27.5 million is not subject to the statutory limit on state General Fund appropriations.

FY 2007-08 Appropriation Highlights:

1. The appropriation includes \$5.8 million cash funds from the new Licensing Services Cash Fund (created in S.B. 07-241), consisting of revenues from drivers license and specialty license plate fee increases, for the Division of Motor Vehicles to add three new drivers license offices and 53 new drivers license office staff, to replace \$2.5 million General Fund with cash funds, and to partner with the counties.

Detail of Appropriation by Administrative Section

Executive Director's Office

The Executive Director's Office includes a citizens' advocate, a public information officer, and the following units: Central Budget Office, Accounting and Financial Services, Internal Audit, Office of Human Resources, and Office of Research and Analysis. The Executive Director's Office section of the Long Bill includes centrally appropriated direct and indirect costs. Major sources of cash funds include the Lottery Fund, the Limited Gaming Fund, the Auto Dealers License Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Racing Cash Fund, and the Aviation Fund for indirect cost recoveries. Cash funds exempt sources include the Highway Users Tax Fund, the Colorado State Titling and Registration Account, the Limited Gaming Fund, the Drivers License Administrative Revocation Account, and the AIR Account, for indirect cost recoveries.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$24,382,659	\$14,677,585	\$2,733,452	\$6,971,622	\$0	43.5
HB 06-1178	(64,636)	0	0	(64,636)	0	0.0
SB 07-177	<u>(1,610,693)</u>	<u>(1,432,770)</u>	<u>(58,142)</u>	<u>(119,781)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$22,707,330	\$13,244,815	\$2,675,310	\$6,787,205	\$0	43.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$22,707,330	\$13,244,815	\$2,675,310	\$6,787,205	\$0	43.5
Personal services and employee benefits	2,938,460	1,513,223	734,546	690,691	0	0.0
Expenses related to new drivers license offices and staff	595,061	595,061	0	0	0	0.0
Other consolidated expenses	338,983	1,485,851	(802,789)	(344,079)	0	0.0
SB 07-239	\$26,579,834	\$16,838,950	\$2,607,067	\$7,133,817	\$0	43.5
SB 07-241	<u>0</u>	<u>(831,868)</u>	<u>831,868</u>	<u>0</u>	<u>0</u>	<u>0.0</u>

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$26,579,834	\$16,007,082	\$3,438,935	\$7,133,817	\$0	43.5
Increase/(Decrease)	\$3,872,504	\$2,762,267	\$763,625	\$346,612	\$0	0.0
Percentage Change	17.1%	20.9%	28.5%	5.1%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Personal services and employee benefits: The appropriation includes funding to annualize salary increases awarded in FY 2006-07, and adjustments to centrally-appropriated line items for salary and benefits, including the following increases (excludes the increases related to new drivers license offices and staff): \$1,074,177 for performance-based pay; \$241,362 for salary survey and senior executive service; \$889,427 for health, life and dental benefits; and \$502,450 for Public Employees' Retirement Association (PERA) amortization equalization disbursements pursuant to S.B. 04-257 and S.B. 06-235.

Expenses related to new drivers license offices and staff: The Long Bill appropriation includes \$595,061 General Fund for the indirect costs and centrally appropriated direct costs for three new drivers license offices and 53 new drivers license office staff. With the passage of S.B. 07-241, this General Fund increase for drivers license offices was replaced with cash funds from the new Licensing Services Cash Fund.

Other consolidated expenses: The appropriation reflects adjustments to various centrally appropriated expenses, including variable vehicle expense, legal services, the purchase of services from the computer center, multiuse network payments, risk management and property payments, vehicle lease payments, leased space, capitol complex leased space, communications services, and utilities.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Central Department Operations Division

This division maintains documents and records transactions for taxes, licensing, and other fee payments; deposits tax remittances; processes tax documents; issues income tax refunds; and handles a variety of incoming and outgoing mail. Major sources of cash funds include the Lottery Fund, the Limited Gaming Fund, the Auto Dealers License Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Racing Cash Fund, and the Aviation Fund. Cash funds exempt sources include the Highway Users Tax Fund, the Identification Security Fund, the Colorado State Titling and Registration Account, the Limited Gaming Fund, the Drivers License Administrative Revocation Account, the Outstanding Judgments and Warrants Account, and the AIR Account.

Central Department Operations Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$10,829,854	\$10,315,087	\$66,555	\$448,212	\$0	109.9
SB 07-177	<u>252,420</u>	<u>252,420</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$11,082,274	\$10,567,507	\$66,555	\$448,212	\$0	109.9
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$11,082,274	\$10,567,507	\$66,555	\$448,212	\$0	109.9
Postage	2,391,618	2,125,192	31,569	234,857	0	0.0
Pueblo Data Entry Center Payments	112,040	112,040	0	0	0	0.0
Operating expenses	(2,346,342)	(2,310,012)	29,742	(66,072)	0	0.0
SB 07-239	<u>\$11,239,590</u>	<u>\$10,494,727</u>	<u>\$127,866</u>	<u>\$616,997</u>	<u>\$0</u>	<u>109.9</u>
TOTAL	\$11,239,590	\$10,494,727	\$127,866	\$616,997	\$0	109.9
Increase/(Decrease)	\$157,316	(\$72,780)	\$61,311	\$168,785	\$0	0.0
Percentage Change	1.4%	(0.7)%	92.1%	37.7%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Postage: The appropriation includes a new line item to separately identify postage expense, which was previously included in the Operating Expenses budget line item. This new line item includes \$187,072 to cover U.S. Post Office rate increases.

Pueblo Data Entry Center Payments: The appropriation adds funding to reflect data entry rate increases.

Operating expenses: The appropriation for the Operating Expenses line item excludes \$2.4 million, which has been transferred to a separate line item for postage expenses.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Information Technology Division

This division includes two sections: Systems Support, which provides most of the Department's information technology support; and the Colorado State Titling and Registration System (CSTARS). Major sources of cash funds include the Racing Cash Fund, the Lottery Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Auto Dealers License Fund, and the Aviation Fund, for indirect cost recoveries. Cash funds exempt sources include the Highway Users Tax Fund, the Colorado State Titling and Registration

Account, the Limited Gaming Fund, the Drivers License Administrative Revocation Account, the AIR Account and the Outstanding Judgments and Warrants Account.

The Colorado State Titling and Registration System (CSTARS) is the motor vehicle titling and registration information system that automates the distribution of vehicle registration taxes among the State, the counties, and the Highway Users Tax Fund (HUTF). CSTARS enables Colorado's 64 county clerks offices to issue approximately 2.1 million vehicle titles and 4.3 million vehicle registrations every year. A new titling and registration system called the CSTARS Rewrite Project, initiated in 2002 with a budget of \$13.6 million, has been a significant budget driver for this division. However, as of April 2007, the new system had not been deployed to any counties, and the Executive Director suspended the project.

Information Technology Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$12,258,774	\$5,035,817	\$257,376	\$6,965,581	\$0	118.1
HB 06-1019	350	0	0	350	0	0.0
HB 06-1297	350	0	0	350	0	0.0
SB 07-177	<u>138,045</u>	<u>57,054</u>	<u>0</u>	<u>80,991</u>	<u>0</u>	<u>(0.9)</u>
TOTAL	\$12,397,519	\$5,092,871	\$257,376	\$7,047,272	\$0	117.2
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$12,397,519	\$5,092,871	\$257,376	\$7,047,272	\$0	117.2
Personal services	211,519	127,226	188,021	(103,728)	0	0.0
CSTARS county office expansion	21,317	0	0	21,317	0	0.0
Programming costs for session legislation	0	0	0	0	0	0.9
Operating expenses	(45,284)	(6,952)	0	(38,332)	0	0.0
SB 07-239	\$12,585,071	\$5,213,145	\$445,397	\$6,926,529	\$0	118.1
HB 07-1020	<u>66,809</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>66,809</u>	<u>1.7</u>
TOTAL	\$12,651,880	\$5,213,145	\$445,397	\$6,926,529	\$66,809	119.8
Increase/(Decrease)	\$254,361	\$120,274	\$188,021	(\$120,743)	\$66,809	2.6
Percentage Change	2.1%	2.4%	73.1%	(1.7)%	n/a	2.2%

S.B. 07-239 (Long Bill) Issue Descriptions

Personal services: The appropriation includes funding to annualize salary increases awarded in FY 2006-07.

CSTARS county office expansion: The appropriation increases the spending authority from the CSTARS account to pay for additional workstations for a branch office in El Paso County, and new workstations for offices in Morgan and Weld Counties.

Programming costs for session legislation: The FTE authorization for computer programming is increased to more accurately reflect actual staffing levels.

Operating expenses: The appropriation reflects adjustments to operating expenses.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Taxation Business Group

The Taxation Business Group administers business taxes; income taxes; severance taxes; estate and transfer taxes; special taxes, including gasoline, special fuel, aviation fuel, cigarette, tobacco, and liquor excise taxes; public utility assessments; and food service licensing fees. Sources of cash funds include the Private Letter Ruling Fund and the Aviation Fund. Cash funds exempt sources include the Tobacco Tax Cash Fund, the Alternative Fuels Rebate Fund, the Highway Users Tax Fund (for the Fuel Tracking System), the Mineral Audit Program, and the State Board of Land Commissioners.

The Mineral Audit Division audits oil, gas, and mineral rents and royalties; the mill levy from oil and gas production; and severance taxes from federal, state, and private lands. It receives funding from the U.S. Department of Interior's Minerals Management Service under a cooperative agreement for delegated authority to audit federal minerals production in Colorado.

The Taxation Business Group manages the State's subsystem of the International Fuel Tracking System, which licenses fuel distributors, suppliers, importers, exporters and transporters, and collects fuel taxes for the Highway Users Tax Fund. This group also administers the Old Age Heat and Fuel and Property Tax Assistance Grants, the Cigarette Tax Rebate to local governments, the Amendment 35 Distribution to Local Governments of proceeds from the Tobacco Tax Fund, and the Alternative Fuels Rebate.

Taxation Business Group						
	Total Funds	General Fund /1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$50,870,126	\$47,398,099	\$21,851	\$2,542,761	\$907,415	320.0
HB 06-1312	72,000	0	72,000	0	0	1.0
SB 07-177	<u>24,186</u>	<u>0</u>	<u>0</u>	<u>24,186</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$50,966,312	\$47,398,099	\$93,851	\$2,566,947	\$907,415	321.0

Taxation Business Group						
	Total Funds	General Fund /1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$50,966,312	\$47,398,099	\$93,851	\$2,566,947	\$907,415	321.0
Old Age Heat and Fuel and Property Tax Assistance Grants	1,100,000	1,100,000	0	0	0	0.0
Personal services	117,550	284,405	(1,650)	(141,019)	(24,186)	0.0
Cigarette Tax Rebate	(1,100,000)	(1,100,000)	0	0	0	0.0
Mineral Audit Program	(126,824)	0	0	0	(126,824)	0.0
SB 07-239	\$50,957,038	\$47,682,504	\$92,201	\$2,425,928	\$756,405	321.0
HB 07-1349	<u>2,575</u>	<u>2,575</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$50,959,613	\$47,685,079	\$92,201	\$2,425,928	\$756,405	321.0
Increase/(Decrease)	(\$6,699)	\$286,980	(\$1,650)	(\$141,019)	(\$151,010)	0.0
Percentage Change	0.0%	0.6%	(1.8)%	(5.5)%	(16.6)%	0.0%

/1 Of these amounts, for both FY 2006-07 and FY 2007-08, \$27.5 million is not subject to the statutory limit on General Fund appropriations. For FY 2006-07, this amount includes \$13,600,000 for the Cigarette Tax Rebate and \$13,900,000 for the Old Age Heat and Fuel and Property Tax Assistance Grant; for FY 2007-08 this amount includes \$12,500,000 for the Cigarette Tax Rebate and \$15,000,000 for Old Age Heat and Fuel and Property Tax Assistance Grant.

S.B. 07-239 (Long Bill) Issue Descriptions

Old Age Heat and Fuel and Property Tax Assistance Grants: The informational line item reflecting Old Age Heat and Fuel and Property Tax Assistance Grants is increased based on recent projections. This amount is not subject to the statutory limit on General Fund appropriations.

Personal services: The appropriation includes funding to annualize salary increases awarded in FY 2006-07.

Cigarette Tax Rebate: The informational line item reflecting the allocation of cigarette tax revenues to local governments is decreased based on recent projections. This amount is not subject to the statutory limit on General Fund appropriations.

Mineral Audit Program: The appropriation reflects an expected decrease in federal funds available for federal mineral lease audits.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Division of Motor Vehicles

The Division of Motor Vehicles licenses drivers and issues personal identification documents; provides administrative support for the statewide vehicle titling and registration system; regulates commercial driving schools; oversees the Motor Carrier Services Division; oversees the Motorist Insurance Identification Database;

and enforces the State's auto emissions program, including overseeing daily audits of the nine clean screen vans in the Denver metropolitan area.

A major source of cash funds is the License Plate Cash Fund. Cash funds exempt sources include the Highway Users Tax Fund, the Colorado State Titling and Registration System Account, the AIR Account, the Driver's License Administrative Revocation Account, the Identification Security Account, and the Motorist Insurance Identification Account.

Division of Motor Vehicles						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$27,964,671	\$16,665,675	\$4,957,940	\$6,341,056	\$0	390.2
SB 06-28	1,608	0	1,608	0	0	0.0
SB 06-80	16,080	0	16,080	0	0	0.0
HB 06-1072	1,608	0	1,608	0	0	0.0
HB 06-1178	(958,809)	0	0	(958,809)	0	(7.0)
HB 06-1339	53,600	0	53,600	0	0	0.0
HB 06-1404	16,080	0	16,080	0	0	0.0
SB 07-177	<u>63,068</u>	<u>1,399</u>	<u>0</u>	<u>61,669</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$27,157,906	\$16,667,074	\$5,046,916	\$5,443,916	\$0	383.2
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$27,157,906	\$16,667,074	\$5,046,916	\$5,443,916	\$0	383.2
New drivers license offices and staff	2,670,086	2,670,086	0	0	0	53.0
License plates	343,820	0	343,820	0	0	0.0
Personal services	240,598	339,251	0	(98,653)	0	0.0
Drivers license documents	(719,245)	(642,837)	0	(76,408)	0	0.0
Motorist Insurance Identification Database program	(328,131)	0	0	(328,131)	0	0.0
Operating expenses	(447)	12,345	168	(12,960)	0	0.0
SB 07-239	\$29,364,587	\$19,045,919	\$5,390,904	\$4,927,764	\$0	436.2
SB 07-27	804	0	804	0	0	0.0
SB 07-67	16,080	0	16,080	0	0	0.0
SB 07-241	0	(4,927,061)	4,927,061	0	0	0.0
HB 07-1081	94,882	0	94,882	0	0	2.0
HB 07-1120	16,080	0	16,080	0	0	0.0
HB 07-1200	15,240	0	15,240	0	0	0.0

Division of Motor Vehicles						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 07-1352	<u>16,080</u>	<u>0</u>	<u>16,080</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$29,523,753	\$14,118,858	\$10,477,131	\$4,927,764	\$0	438.2
Increase/(Decrease)	\$2,365,847	(\$2,548,216)	\$5,430,215	(\$516,152)	\$0	55.0
Percentage Change	8.7%	(15.3)%	107.6%	(9.5)%	n/a	14.4%

S.B. 07-239 (Long Bill) Issue Descriptions

New drivers license offices and staff: The Long Bill appropriation includes \$2.7 million General Fund for the personal services and operating expenses for three new drivers license offices and 53 new drivers license office staff. With the passage of S.B. 07-241, this General Fund increase for drivers license offices was replaced with cash funds from the new Licensing Services Cash Fund.

License plates: The appropriation provides funding to replenish the license plate inventory.

Personal services: The appropriation includes funding to annualize salary increases awarded in FY 2006-07.

Drivers license documents: The appropriation for drivers license document production is reduced to reflect decreased demand for drivers license documents.

Motorist Insurance Identification Database program: The appropriation for this database is reduced to reflect the program's reduced scope. House Bill 06-1178 restructured the program to eliminate its enforcement functions, and the Department now contracts with the Statewide Internet Portal Authority to maintain the database.

Operating expenses: The appropriation reflects adjustments to operating expenses.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Motor Carrier Services Division

This division enforces interstate trucking laws through the ports of entry system. It registers motor carriers, collects registration fees on fuel distributors, petroleum storage companies, and interstate carriers; enforces vehicle safety regulations; and enforces regulations concerning owners and operators of motor carriers. It operates 17 port of entry buildings and ten mobile port scales. (The Taxation Business Group manages the federally funded interstate trucker registration audit system, known as the Joint Federal-State Motor Fuel Tax System.) Major sources of cash funds include the Nuclear Materials Transportation Fund and the Hazardous Materials Safety Fund. Cash funds exempt sources include the Highway Users Tax Fund, the Hazardous Materials Safety Fund, and the Motor Carrier Safety Assistance Program.

Motor Carrier Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$8,081,808</u>	<u>\$663,660</u>	<u>\$240,470</u>	<u>\$6,523,339</u>	<u>\$654,339</u>	<u>144.2</u>
TOTAL	\$8,081,808	\$663,660	\$240,470	\$6,523,339	\$654,339	144.2
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$8,081,808	\$663,660	\$240,470	\$6,523,339	\$654,339	144.2
Personal services, operating expenses, and other adjustments	188,547	(31,029)	5,884	145,031	68,661	0.0
SB 07-239	<u>\$8,270,355</u>	<u>\$632,631</u>	<u>\$246,354</u>	<u>\$6,668,370</u>	<u>\$723,000</u>	<u>144.2</u>
TOTAL	\$8,270,355	\$632,631	\$246,354	\$6,668,370	\$723,000	144.2
Increase/(Decrease)	\$188,547	(\$31,029)	\$5,884	\$145,031	\$68,661	0.0
Percentage Change	2.3%	(4.7)%	2.4%	2.2%	10.5%	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Personal services, operating expenses, and other adjustments: The appropriation includes funding to annualize salary increases awarded in FY 2006-07, adjustments to operating expenses, and an increase of \$68,661 federal funds to the Motor Carrier Safety Assistance Program.

Enforcement Business Group

This group regulates limited gaming; enforces the State's liquor and tobacco laws; licenses liquor retailers, wholesalers, and manufacturers; regulates horse and dog racing events; regulates the sale and distribution of motor vehicles; and adjudicates complaints related to drivers licenses, liquor licenses, certain racing licenses, and some tax disputes. Major sources of cash funds include the Limited Gaming Fund, the Auto Dealers License Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Racing Cash Fund, and the Horse Breeders' and Owners' Awards and Supplemental Purse Fund. Cash funds exempt sources include the Driver's License Administrative Revocation Account, the Limited Gaming Fund, and the Tobacco Education Programs Fund.

Enforcement Business Group						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$39,791,586</u>	<u>\$177,553</u>	<u>\$36,883,377</u>	<u>\$2,730,656</u>	<u>\$0</u>	<u>177.1</u>
TOTAL	\$39,791,586	\$177,553	\$36,883,377	\$2,730,656	\$0	177.1

Enforcement Business Group						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$39,791,586	\$177,553	\$36,883,377	\$2,730,656	\$0	177.1
Distribution to gaming cities and counties	1,518,070	0	1,518,070	0	0	0.0
Personal services and other expenses	309,999	(29,051)	523,082	(184,032)	0	0.0
SB 07-239	<u>\$41,619,655</u>	<u>\$148,502</u>	<u>\$38,924,529</u>	<u>\$2,546,624</u>	<u>\$0</u>	<u>177.1</u>
TOTAL	\$41,619,655	\$148,502	\$38,924,529	\$2,546,624	\$0	177.1
<hr/>						
Increase/(Decrease)	\$1,828,069	(\$29,051)	\$2,041,152	(\$184,032)	\$0	0.0
Percentage change	4.6%	(16.4)%	5.5%	(6.7)%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Distribution to gaming cities and counties: The informational line item reflecting the distribution of limited gaming funds to cities and counties is increased based on projected revenues.

Personal services and other expenses: The appropriation includes funding to annualize salary increases awarded in FY 2006-07, and it increases the Limited Gaming Division indirect cost assessment to more accurately reflect the division share of departmental and statewide indirect costs.

State Lottery Division

The State Lottery Division is an enterprise under Article X, Section 20, of the Colorado Constitution (the Taxpayer's Bill of Rights). Expenditures are paid from the State Lottery Fund and appropriated as cash funds exempt. The Lottery's direct costs for worker's compensation, variable vehicle expenses, legal services, the purchase of services from the computer center, multiuse network payments, payments to risk management, vehicle lease payments, leased space, Capitol Complex leased space, and communications services payments are shown in the Executive Director's Office consolidated budget lines.

State Lottery Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$381,930,900	\$0	\$0	\$381,930,900	\$0	126.0
SB 07-177	<u>29,404,939</u>	<u>0</u>	<u>0</u>	<u>29,404,939</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$411,335,839	\$0	\$0	\$411,335,839	\$0	126.0

State Lottery Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$411,335,839	\$0	\$0	\$411,335,839	\$0	126.0
Personal services and other expenses	134,088	0	0	134,088	0	0.0
Indirect cost assessment	100,507	0	0	100,507	0	0.0
Variable cost adjustments	(29,404,939)	0	0	(29,404,939)	0	0.0
SB 07-239	<u>\$382,165,495</u>	<u>\$0</u>	<u>\$0</u>	<u>\$382,165,495</u>	<u>\$0</u>	<u>126.0</u>
TOTAL	\$382,165,495	\$0	\$0	\$382,165,495	\$0	126.0
Increase/(Decrease)						
	(\$29,170,344)	\$0	\$0	(\$29,170,344)	\$0	0.0
Percentage Change						
	(7.1)%	n/a	n/a	(7.1)%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Personal services and other expenses: The appropriation includes an increase in funding to annualize salary increases awarded in FY 2006-07, and a reduction of \$101,078 in payments to other state agencies for audits, investigations, fingerprinting, and background checks..

Indirect cost assessment: The appropriation from the Lottery Fund is increased to more accurately reflect the Lottery share of departmental and statewide indirect costs.

Variable cost adjustments: Appropriations for variable costs, including vendor fees, prizes, retailer compensation, and ticket costs, are adjusted based on projected sales.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2006 Session Bills

S.B. 06-28: Creates a Bronze Star special license plate.

S.B. 06-80: Creates a Support the Troops special license plate.

H.B. 06-1019: Creates a Colorado Easter Seals Fund individual income tax checkoff.

H.B. 06-1072: Creates a Fallen Service Member special license plate.

H.B. 06-1178: Restructures the Motorist Insurance Identification Database (MIIDB) to eliminate the program's enforcement functions, and allows the Department to contract with a vendor to perform the new functions of the MIIDB.

H.B. 06-1297: Creates a Multiple Sclerosis Fund individual income tax checkoff.

H.B. 06-1312: Allows taxpayers to request a private letter ruling from the Executive Director on the tax consequences of a proposed or completed transaction.

H.B. 06-1339: Creates a Denver Broncos special license plate.

H.B. 06-1385: General appropriations act for FY 2006-07, which also includes a supplemental adjustment to the Department of Revenue for FY 2005-06.

H.B. 06-1404: Creates a Support Public Education special license plate.

2006 Special Session Bills

H.B. 06S-1023: Requires the immediate implementation of restrictions on public benefits. Beginning August 1, 2006, requires every agency and political subdivision of the State to verify the lawful presence in the U.S. of any natural person age 18 or older who applies for state or local public benefits or federal public benefits for the applicant. The agency or political subdivision must verify lawful presence with a Colorado driver's license or identification card, a U.S. military card or military dependent ID, a U.S. Coast Guard Merchant Mariner card, or a Native American tribal document; and an affidavit that they are a U.S. citizen, or an affidavit that they are a lawful permanent resident or otherwise lawfully present. When the applicant provides an affidavit that they are a lawful permanent resident or otherwise lawfully present, the agency or subdivision must verify lawful presence through the federal SAVE program. Allows the Department of Revenue to issue emergency rules effective until March 1, 2007, that allow additional forms of identification and a waiver process.

2007 Session Bills

S.B. 07-27: Creates a U.S. Coast Guard special license plate.

S.B. 07-67: Creates a Share the Road special license plate.

S.B. 07-177: Supplemental appropriation to the Department of Revenue to modify FY 2006-07 appropriations included in the FY 2006-07 Long Bill (H.B. 06-1385). Includes \$372,533 General Fund to implement H.B. 06S-1023.

S.B. 07-239: General appropriations act for FY 2007-08.

S.B. 07-241: Increases fees on drivers licenses and special license plates, creates a new cash fund, and appropriates \$5.8 million from the new cash fund for FY 2007-08 for existing and new drivers license offices and staff. Reduces General Fund appropriations in the FY 2007-08 Long Bill by \$5.8 million.

S.B. 07-253: Directs the Legislative Council Staff, in consultation with the Office of State Planning and Budgeting, to prepare a quarterly forecast of severance revenues, including price and production volume. Severance revenues include state severance tax revenues and the state share of federal mineral leasing royalties.

H.B. 07-1020: Increases penalties for failing to register a motor vehicle.

H.B. 07-1081: Provides for the regulation of the powersports vehicle industry.

H.B. 07-1120: Creates an Italian-American Heritage special license plate.

H.B. 07-1200: Creates a U.S. Air Force special license plate.

H.B. 07-1314: Requires the Executive Director to promulgate rules providing for additional forms of identification and a waiver process to individuals seeking public benefits.

H.B. 07-1349: Requires the Department of Revenue to create and maintain a registry for the purpose of registering information concerning the gambling winnings of parents with outstanding child support obligations. For additional information, see the "Recent Legislation" section at the end of the Department of Human Services.

H.B. 07-1352: Creates a U.S. Army Special Forces special license plate and expands the list of those who may be issued a Fallen Service Member special license plate.

H.B. 07-1361: Imposes reporting requirements on organizations that accept conservation easement donations that are a basis for an income tax credit, imposes additional requirements on taxpayers that claim an income tax credit for a conservation easement donation, and authorizes the Department to require a second appraisal on such claims.

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. It regulates charitable solicitations, charitable gaming, and notaries public, and serves as the depository for many state records. It collects, stores and provides public access to disclosure statements filed by public officials and lobbyists and to business documents filed by for-profit and not-for-profit businesses. The Department also operates the statewide information technology (IT) disaster recovery facility.

Department Budget: Recent Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund	\$0	\$0	\$0	\$0
Cash Funds	15,937,115	16,630,109	19,130,770	17,690,163
Cash Funds Exempt	9,433,366	15,203,349	8,924,997	3,851,101
Federal Funds	<u>31,897</u>	<u>0</u>	<u>0</u>	<u>110,594</u>
Total Funds	\$25,402,378	\$31,833,458	\$28,055,767	\$21,651,858
Full Time Equiv. Staff	128.3	127.0	126.5	126.0

General Factors Driving the Budget

Funding for the Department in FY 2007-08 consists of 81.7 percent cash funds, 17.8 percent cash funds exempt, and 0.5 percent federal funds. Most of the cash funds derive from fees collected for business filings and document searches while the cash funds exempt represent expenditures from the Federal Elections Assistance Fund in support of the Help America Vote Act program.

Information Technology Services

Since FY 1999-2000, the General Assembly has enacted a stream of information technology legislation for the Department of State. As a consequence of these legislative measures, 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. In June 2004, aging floor panels in the Department's IT data center began shedding microscopic metal fibers that damaged a large number of departmental computers. To deal with these problems the Department received supplemental appropriations that initially repaired and ultimately replaced nearly all the data center's equipment. In FY 2005-06, the Department received a \$3.6 million IT funding increase to establish a disaster recovery center for its IT operation. This center has been extended to create the statewide IT disaster recovery facility which is available for use by all state agencies.

IT Division	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Appropriation	FY 07-08 Appropriation
Expenditure	\$4,206,582	\$5,740,013	\$7,252,990	\$7,641,717	\$7,029,548
FTE	23.5	22.3	27.8	32.0	33.0

Help America Vote Act Program

The federal Help America Vote Act of 2002 (HAVA) required the State to replace outdated voting systems, improve voter education and institute a statewide voter registration system. House Bill 03-1356 established the Federal Elections Assistance Fund to receive federal HAVA grants 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 recent actual expenditures, appropriations and FTE.

	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Appropriation	FY 07-08 Appropriation
Program expenditures	\$801,394	\$5,497,564	\$3,032,936	\$8,750,000	\$3,810,214
Program FTE	4.5	8.6	15.0	11.0	9.5

Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of State						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$28,055,767	\$0	\$19,130,770	\$8,924,997	\$0	126.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	8,154,127	0	7,989,972	164,155	0	83.5
Special Purpose	12,259,923	0	3,509,923	8,750,000	0	11.0
Information Technology Services	7,641,717	0	7,630,875	10,842	0	32.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	24,603,049	0	15,678,052	8,924,997	0	126.5
SB 06-170	814,534	0	814,534	0	0	0.0
SB 06-188	656,333	0	656,333	0	0	(0.5)
HB 06-1086	265,557	0	265,557	0	0	0.5
HB 06-1149	36,400	0	36,400	0	0	0.0
SB 07-178	1,679,894	0	1,679,894	0	0	0.0

Department of State						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$21,651,858	\$0	\$17,690,163	\$3,851,101	\$110,594	126.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	9,032,173	0	8,880,692	140,887	10,594	83.5
Special Purpose	5,590,137	0	1,779,923	3,710,214	100,000	9.5
Information Technology Services	7,029,548	0	7,029,548	0	0	33.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	21,373,058	0	17,411,363	3,851,101	110,594	122.5
SB 07-083	82,332	0	82,332	0	0	1.0
SB 07-259	86,679	0	86,679	0	0	1.0
HB 07-1350	109,789	0	109,789	0	0	1.5
Increase/(Decrease)	(\$6,403,909)	\$0	(\$1,440,607)	(\$5,073,896)	\$110,594	(0.5)
Percentage Change	(22.8)%	n/a	(7.5)%	(56.9)%	n/a	(0.4)%

FY 2007-08 Appropriation Highlights:

1. The appropriation reflects a \$5.0 million cash funds exempt reduction in Help America Vote Act program expenditures due to smaller grants to counties and the completion of the statewide voter registration database.
2. The appropriation eliminates \$1.5 million cash funds for grants to counties to assist them in implementing technology for electronic filings. Revenue that funded these grants is now retained directly by county clerks and recorders.
3. The appropriation makes adjustments for prior year special bills and decision items. Many of the special bills require limited-time spending in order to modify the IT systems the Department uses for various electronic filings, but result in subsequent savings.
4. The appropriation restructures the Information Technology Services Division's budget. The Department is responsible for operating the statewide IT disaster recovery facility (e-FOR³T). A new group of line items that allow the expenses associated with this facility to be tracked separately has been added to the budget for the Information Technology Services Division.

Detail of Appropriation by Administrative Section

Administration

The Administration Division includes upper management for the Department. The Division is responsible for budgeting, accounting, human resources, and responding to inquiries from the public. The Division also arranges for administrative hearings as authorized or required by statute. Most of the Division's functions are carried out by the following sections:

Business Filings Section: The Business Filings Section has two parts: (1) Business Organizations and Entities and (2) Uniform Commercial Code (UCC). Business Organizations 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. UCC 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. Business Organizations charges for many of its services, thus creating the bulk of the revenue that flows into the Department of State Cash Fund. This fund 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. The Elections Section also helps the Secretary of State, Colorado'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. This section 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.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$6,500,648	\$0	\$6,336,493	\$164,155	\$0	84.5
SB 06-188	(26,415)	0	(26,415)	0	0	(1.0)
SB 07-178	<u>1,679,894</u>	<u>0</u>	<u>1,679,894</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$8,154,127	\$0	\$7,989,972	\$164,155	\$0	83.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$8,154,127	\$0	\$7,989,972	\$164,155	\$0	83.5
Salary and benefit adjustments	452,073	0	423,116	28,957	0	0.0

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Payments to other agencies	271,491	0	231,390	29,507	10,594	0.0
Personal services adjustments	131,175	0	131,175	0	0	0.0
Fund source adjustment	0	0	81,732	(81,732)	0	0.0
Eliminate one-time funding	(109,578)	0	(109,578)	0	0	(2.5)
Legal services	(52,931)	0	(52,931)	0	0	0.0
Leased space	(6,305)	0	(6,305)	0	0	0.0
SB 07-239	\$8,840,052	\$0	\$8,688,571	\$140,887	\$10,594	81.0
SB 07-083	82,332	0	82,332	0	0	1.0
HB 07-1350	<u>109,789</u>	<u>0</u>	<u>109,789</u>	<u>0</u>	<u>0</u>	<u>1.5</u>
TOTAL	\$9,032,173	\$0	\$8,880,692	\$140,887	\$10,594	83.5
Increase/(Decrease)	\$878,046	\$0	\$890,720	(\$23,268)	\$10,594	0.0
Percentage Change	10.8%	n/a	11.1%	(14.2)%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Salary and benefit adjustments: The appropriation includes adjustments for centrally appropriated items including: (1) salary survey; (2) health, life, and dental; (3) short-term disability insurance; (4) PERA amortization equalization disbursement; and (5) the new PERA supplemental amortization equalization.

Payments to other agencies: The appropriation includes adjustments to payments to the Department of Law for the provision of legal services, as well as adjustments to several line items used to reimburse the Department of Personnel and Administration for services it provides, including: payments to the computer center, the multiuse network, and vehicle lease payments.

Personal services adjustments: The appropriation includes an increase of \$153,000 to annualize salary increases awarded in FY 2006-07, offset by a reduction of \$21,000 associated with a 0.5 percent base reduction.

Fund source adjustment: Cash funds exempt expenditures in this Division represent services provided to the Help America Vote Act (HAVA) program. The appropriation reflects a decrease in the HAVA program's share of administrative expenses.

Eliminate one-time funding: The appropriation reflects the elimination of one-time funding from special bills and prior year decision items.

Legal services: The appropriation reflects a decrease in funding for legal services purchased from the Department of Law compared to the FY 2006-07 appropriation.

Leased space: The appropriation reflects an anticipated decrease in leased space expenditures.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Special Purpose

This division includes: (1) the State's Help America Vote Act (HAVA) program; (2) the Master Distribution List, in which agricultural-product security interests are recorded; (3) reimbursements for certain election expenses of local governments; and (4) initiative and referendum appropriations, which fund petition-related activities such as signature verification and the Title Setting Board. The Federal Elections Assistance Fund supports the HAVA program; the Department of State Cash Fund supports other Division appropriations.

Special Purpose						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$11,445,389	\$0	\$2,695,389	\$8,750,000	\$0	11.0
SB 06-170	<u>814,534</u>	<u>0</u>	<u>814,534</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,259,923	\$0	\$3,509,923	\$8,750,000	\$0	11.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$12,259,923	\$0	\$3,509,923	\$8,750,000	\$0	11.0
Help America Vote Act	(4,939,786)	0	0	(5,039,786)	100,000	(1.5)
Electronic filing grants to counties	(1,500,000)	0	(1,500,000)	0	0	0.0
Initiative and referendum	(150,000)	0	(150,000)	0	0	0.0
Master list distribution contract	(80,000)	0	(80,000)	0	0	0.0
SB 07-239	<u>\$5,590,137</u>	<u>\$0</u>	<u>\$1,779,923</u>	<u>\$3,710,214</u>	<u>\$100,000</u>	<u>9.5</u>
TOTAL	\$5,590,137	\$0	\$1,779,923	\$3,710,214	\$100,000	9.5
Increase/(Decrease)	(\$6,669,786)	\$0	(\$1,730,000)	(\$5,039,786)	\$100,000	(1.5)
Percentage Change	(54.4)%	n/a	(49.3)%	(57.6)%	n/a	(13.6)%

S.B. 07-239 (Long Bill) Issue Descriptions

Help America Vote Act: Moneys for the State's Help America Vote Act (HAVA) program are continuously appropriated from reserves in the Federal Elections Assistance Fund. Anticipated program expenditures are included in the Long Bill for informational purposes only. The appropriation reflects an expectation that FY 2007-08 expenditures will be lower than FY 2006-07 expenditures because distributions to counties will be smaller and the statewide voter registration database will be completed.

Electronic filing grants to counties: The Department makes grants to counties from the Clerks and Records Electronic Filing Technology Fund to help pay the costs of implementing electronic filing technology at the county level. S.B. 04-219 removed the source of revenue for the Fund. Authority to make grants from the Fund expires on July 1, 2008, and the Department anticipates expending the remaining fund balance during FY 2006-07. The appropriation eliminates funding for these grants.

Initiative and referendum: This appropriation primarily funds petition verification, an expense that tends to rise and fall with the two-year election cycle. The appropriation decreases the amount for this line in anticipation of a smaller number of initiative petitions in an odd-numbered year.

Master list distribution contract: The State is required by federal statute to maintain a central database in which agricultural product financial security interests are recorded. Lenders file "effective financing statements" with the Department of State, which maintains "Master Lists" of such interests. Historically, the Department employed a vendor to prepare and distribute those lists to private-sector subscribers and this appropriation funded the payments to that vendor. Last year, the General Assembly authorized the Department to have new software developed and to bring the Master List function in-house. The in-house costs are distributed across other lines in the budget.

Information Technology Services

This division provides information technology support for the rest of the Department. The Department of State Cash Fund is the source of most of the Division's cash fund appropriations. The Division's cash funds exempt appropriations are from the Federal Elections Assistance Fund.

Information Technology Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$6,657,012	\$0	\$6,646,170	\$10,842	\$0	31.0
SB 06-188	682,748	0	682,748	0	0	0.5
HB 06-1086	265,557	0	265,557	0	0	0.5
HB 06-1149	<u>36,400</u>	<u>0</u>	<u>36,400</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$7,641,717	\$0	\$7,630,875	\$10,842	\$0	32.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$7,641,717	\$0	\$7,630,875	\$10,842	\$0	32.0
Hardware/software maintenance	4,666	0	4,666	0	0	0.0
Fund source adjustment	0	0	10,842	(10,842)	0	0.0
Eliminate one-time funding	(469,424)	0	(469,424)	0	0	0.0
IT asset management	(219,075)	0	(219,075)	0	0	0.0
Base reduction	(15,015)	0	(15,015)	0	0	0.0

Information Technology Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-239	\$6,942,869	\$0	\$6,942,869	\$0	\$0	32.0
SB 07-259	<u>86,679</u>	<u>0</u>	<u>86,679</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$7,029,548	\$0	\$7,029,548	\$0	\$0	33.0
Increase/(Decrease)	(\$612,169)	\$0	(\$601,327)	(\$10,842)	\$0	1.0
Percentage Change	(8.0)%	n/a	(7.9)%	(100.0)%	n/a	3.1%

S.B. 07-239 (Long Bill) Issue Descriptions

Hardware/software maintenance: The appropriation reflects the increased cost of contract arrangements for support of different hardware and software systems used by the Department.

Fund source adjustment: The appropriation reflects an anticipated decrease in the HAVA program's share of services provided by this Division.

Eliminate one-time funding: This Division's expenses have been affected by a variety of bills passed since 2004 which require that information systems be modified in order to accommodate additional requirements for business or election filings. In many cases, the work is performed by contract employees. The appropriation reflects the elimination of one-time funding for such modifications.

IT asset management: The IT asset management line was increased sharply a few years ago when the "zinc whiskers" disaster in the Department's computer center required the unplanned replacement of a large amount of equipment. The appropriation reflects the continuing adjustment of this funding from that unusual level to support their current mix of new and ageing equipment.

Base reduction: The appropriation reflects a 0.5 percent base reduction in funding for personal services.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2006 Session Bills

S.B. 06-170: Increases the reimbursement to counties for the cost of conducting elections that include state measures and allows the Secretary of State to include this reimbursement when setting fees.

S.B. 06-188: Changes and clarifies rules and procedures related to effective financing statement (EFS). Requires the Department to distribute the master list of EFS filings electronically.

H.B. 06-1086: Changes the laws governing the Department's regulation of games of chance, such as bingo and raffles. Requires the Department to accept electronic filings.

H.B. 06-1149: Expands reporting requirements for lobbyists.

H.B. 06-1385: The General appropriations act for FY 2006-07. This bill also includes a supplemental FY 2005-06 appropriation for the Department.

2007 Session Bills

S.B. 07-83: Makes a variety of technical changes in Colorado election law. Certain infractions that were previously misdemeanors and referred to district attorneys are now handled as administrative matters by the Department of State. Appropriates \$82,332 and 1.0 FTE to the Department of State to investigate infractions that can no longer be referred, and appropriates \$11,860 to the Department of Law for the provision of additional legal services to the Department of State.

S.B. 07-178: Supplemental FY 2006-07 appropriation for the Department. Most of this large supplemental increase is due to greatly increased use of the State's multi-use broadband network by the Department of State associated with the Help America Vote Act and with the statewide IT disaster recovery facility.

S.B. 07-239: General appropriations act for FY 2007-08.

S.B. 07-259: Requires the Secretary of State to develop and implement improvements to the Secretary's website to improve the public's ability to search, download, and analyze campaign finance information. Appropriates \$86,679 and 1.0 FTE to the Department of State for FY 2007-08 for the system design phase of the project.

H.B. 07-1350: Requires the Secretary of State to create an address confidentiality program that may be used by victims of domestic violence, a sexual offense, or stalking. Appropriates \$109,789 and 1.5 FTE for the creation of the program. Includes an accountability clause requiring a post-enactment review after two years.

DEPARTMENT OF TRANSPORTATION

The Department is responsible for operating and maintaining Colorado's 9,148-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 line items 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 establishes 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, and Operations line item. Other legislative authority over the Department's budget includes appropriations authority for the Gaming Impacts Program. With the passage of H.B. 06-1244, the General Assembly will no longer appropriate the Division of Aeronautics administrative budget; instead, the Transportation Commission will budget and allocate fund revenues for the Division's administrative costs. The General Assembly also has statutory oversight over revenue-raising measures and approval of the Governor's appointments to the Transportation Commission.

The Department's FY 2007-08 Long Bill organization includes four primary areas: Administration; Construction, Maintenance & Operations; Statewide Tolling Enterprise; and Gaming Impacts.

Department Budget: Recent Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund	\$0	\$0	\$0	\$0
Cash Funds	64,501,672	54,569,770	81,343,825	84,007,659
Cash Funds Exempt	551,952,803	431,474,156	538,767,263	536,710,649
Federal Funds	<u>299,745,225</u>	<u>334,332,742</u>	<u>415,271,865</u>	<u>441,417,139</u>
Total Funds	\$916,199,700	\$820,376,668	\$1,035,382,953	\$1,062,135,447
Full Time Equiv. Staff	3,301.2	3,307.2	3,307.2	3,316.0

General Factors Driving the Budget

Funding for this department in FY 2007-08 consists of 7.9 percent cash funds, 50.5 percent cash funds exempt, and 41.6 percent federal funds. Important factors driving the budget are reviewed below.

General Fund Expenditures for Highway Construction

In 2005, the Transportation Commission approved the 2030 Statewide Transportation Plan, which estimated that projected revenues over the next 26 years would be short of the amount required to complete priority transportation projects. 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 from General Fund sources. 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), H.B. 99-1325 which allowed the Department to issue bonds to accelerate projects and use future federal and state revenues to pay back bondholders over time, and two-thirds of the year-end General Fund surplus (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. However, with the passage of Referendum C, the Department will be able to receive funds from the General Fund sources described above. For example, for FY 2005-06, the Department received \$220.4 million in S.B. 97-1 transfers, \$65.3 million pursuant to H.B. 02-1310, and a \$10 million Capital Construction transfer. For FY 2006-07, the Department is estimated to receive a total of \$540.4 million from the three sources mentioned above as well as gaming revenue. For FY 2007-08, based on the March 1, 2007, Legislative Council Staff Revenue Forecast, JBC Staff has estimated that the Department could receive approximately \$306 million.

The table below reflects JBC Staff estimates as of May 2007, of Department of Transportation funding from S.B. 97-1, H.B. 02-1310, Capital Construction, and Gaming Impacts for a six year period (FY 2005-06 through FY 2010-11). These estimates are based on the most recent information available and may change based on updates in revenue projections and actions by the General Assembly.

Estimated S.B. 97-1, H.B. 02-1310, Capital Construction and Gaming Impacts Funding (in millions)*							
Funding Source	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	Total
S.B. 97-1	\$220.4	\$228.9	\$237.9	\$249.1	\$260.6	\$273.2	\$1,470.1
H.B. 02-1310	65.3	291.2	34.1	1.0	63.0	55.4	510.0
Capital Construction**	10.0	15.0	20.0	20.0	20.0	20.0	105.0
Gaming Impacts***	<u>0.0</u>	<u>5.3</u>	<u>14.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	19.6
Total Funds	\$295.7	\$540.4	\$306.3	\$270.1	\$343.6	\$348.6	\$2,104.7

* Please Note: These amounts are estimates. They are based on the Legislative Council March 2007 Revenue Estimate and include the impacts of all bills that passed during the 2007 Legislative Session as well as the Governor's actions. These estimates can change based on updates in revenue projections and decisions by the General Assembly.

** H.B. 06-1386 transferred \$10 million from the General Fund Exempt Account to the Capital Construction Fund in FY 06 and \$15 million in FY 07. S.B. 07-240 transferred \$20 million from the General Fund Exempt Account to the Capital Construction Fund in FY 08. The numbers for FY 09, FY 10, and FY 11 are estimates only and may change.

***Pursuant to Section 12-47.1-701 (1) (c) (I), C.R.S., the General Assembly shall determine and appropriate an amount as a separate line item to be transferred to the State Highway Fund. Staff has not included an amount for each year after FY 08 because the General Assembly makes this determination on a year-by-year basis.

Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of Transportation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$1,035,382,953	\$0	\$81,343,825	\$538,767,263	\$415,271,865	3,307.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Division of Aeronautics	18,046,460	0	17,771,460	0	275,000	8.0
Administration	23,909,131	0	0	23,909,131	0	219.7
Construction, Maintenance, and Operations	983,967,951	0	58,312,954	510,658,132	414,996,865	3,079.5
Statewide Tolling Enterprise	4,200,000	0	0	4,200,000	0	0.0
Gaming Impacts	5,259,411	0	5,259,411	0	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	1,034,332,386	0	81,347,112	537,713,409	415,271,865	3,307.2
SB 07-179	1,050,567	0	(3,287)	1,053,854	0	0.0
FY 2007-08 Total Appropriation:	\$1,062,135,447	\$0	\$84,007,659	\$536,710,649	\$441,417,139	3,316.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Division of Aeronautics	0	0	0	0	0	0.0
Administration	23,929,075	0	0	23,929,075	0	219.7
Construction, Maintenance, and Operations	1,018,793,615	0	67,994,902	509,381,574	441,417,139	3,096.3
Statewide Tolling Enterprise	5,120,000	0	1,720,000	3,400,000	0	0.0
Gaming Impacts	14,292,757	0	14,292,757	0	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	1,062,135,447	0	84,007,659	536,710,649	441,417,139	3,316.0
Increase/(Decrease)	\$26,752,494	\$0	\$2,663,834	(\$2,056,614)	\$26,145,274	8.8
Percentage Change	2.6%	n/a	3.3%	(0.4)%	6.3%	0.3%

FY 2007-08 Appropriation Highlights:

1. The appropriation reflects a \$26.4 million increase in the Department's estimated apportionment of federal funds from the Federal Highway Administration transportation program.
2. The appropriation reflects a \$9.0 million increase in Gaming Impacts funds for highway construction and maintenance on gaming related roads.
3. The appropriation reflects a \$1.7 million increase in estimated tolling revenue.
4. The appropriation reflects a \$13.1 million total reduction including: local government match funds, miscellaneous revenue, Law Enforcement Assistance Fund (LEAF) and Motorcycle Operator Safety Training (MOST) program fund.

Detail of Appropriation by Administrative Section

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. With the passage of H.B. 06-1244, the General Assembly will no longer appropriate the Division of Aeronautics administrative budget; instead, the Transportation Commission will budget and allocate fund revenues for the Division's administrative costs.

Division of Aeronautics						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$18,049,747	\$0	\$17,774,747	\$0	\$275,000	8.0
SB 07-179	<u>(3,287)</u>	<u>0</u>	<u>(3,287)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$18,046,460	\$0	\$17,771,460	\$0	\$275,000	8.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$18,046,460	\$0	\$17,771,460	\$0	\$275,000	8.0
Division of Aeronautics transfer	(18,046,460)	0	(17,771,460)	0	(275,000)	(8.0)
SB 07-239	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0

Division of Aeronautics						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Increase/(Decrease)	(\$18,046,460)	\$0	(\$17,771,460)	\$0	(\$275,000)	(8.0)
Percentage Change	(100.0)%	n/a	(100.0)%	n/a	(100.0)%	(100.0)%

S.B. 07-239 (Long Bill) Issue Descriptions

Division of Aeronautics transfer: H.B. 06-1244 transferred the appropriation authority for the Division of Aeronautics administrative budget from the General Assembly to the Transportation Commission. Beginning with FY 2007-08, the Division of Aeronautics' budget will be included as part of the Construction, Maintenance, and Operations line item within the Department of Transportation.

Administration

The Administration section consists of the following offices and divisions: Transportation Commission; Office of the Executive Director; Office of Government Relations; Office of Public Relations; Office of Information Technology; Office of Financial Management and Budget; Accounting Branch; Office of the Chief Engineer and Region Transportation Directors; Division of Human Resources and Administration; and Division of Audit. 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 Administration. This line item is a "program" line item, 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.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$22,855,277	\$0	\$0	\$22,855,277	\$0	219.7
SB 07-179	<u>1,053,854</u>	<u>0</u>	<u>0</u>	<u>1,053,854</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$23,909,131	\$0	\$0	\$23,909,131	\$0	219.7
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$23,909,131	\$0	\$0	\$23,909,131	\$0	219.7
FY 2007-08 salary and benefits adjustments	557,141	0	0	557,141	0	0.0
Annualize FY 2006-07 salary increases	336,248	0	0	336,248	0	0.0
Indirect cost assessment	(489,582)	0	0	(489,582)	0	0.0
Operating adjustments	(309,184)	0	0	(309,184)	0	0.0

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Personal services base reductions	(74,679)	0	0	(74,679)	0	0.0
SB 07-239	<u>\$23,929,075</u>	<u>\$0</u>	<u>\$0</u>	<u>\$23,929,075</u>	<u>\$0</u>	<u>219.7</u>
TOTAL	\$23,929,075	\$0	\$0	\$23,929,075	\$0	219.7
<hr/>						
Increase/(Decrease)	\$19,944	\$0	\$0	\$19,944	\$0	0.0
Percentage Change	0.1%	n/a	n/a	0.1%	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

FY 2007-08 salary and benefits adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary and benefits, including the following increases: \$187,094 for health, life and dental benefits; \$174,685 for performance-based pay awards; \$103,610 for salary survey and senior executive service; \$61,366 for S.B. 04-257 amortization equalization disbursement; and \$32,346 for S.B. 06-235 supplemental amortization equalization disbursement. The appropriation also includes a decrease of \$1,960 for short-term disability.

Annualize FY 2006-07 salary increases: The appropriation includes the salary increases allocated to the Administration section in FY 2006-07.

Indirect cost assessment: The indirect cost assessment to the Administration section is decreasing pursuant to the Statewide Indirect Cost Allocation Plan. The appropriation makes the appropriate adjustments to the appropriations of the Division in order to properly offset indirect costs elsewhere in the Department.

Operating adjustments: The appropriation contains various changes in centrally appropriated line items. These centrally appropriated items include an increase of \$64,249 for workers' compensation; an increase of \$28,031 for legal services (the appropriation reflects the incremental change of the blended rate for legal services of \$72.03 per hour in FY 2007-08; the Administration section's allotment of hours remains unchanged from FY 2006-07) ; an increase of \$1,017 for short-term disability; and a decrease of \$402,481 for risk management and property funds.

Personal services base reductions: The appropriation includes a reduction of \$74,679 associated with a 0.5 percent reduction in funding for personal 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. Past ratings of Colorado roadways are summarized below.

Colorado Roadways	2000	2001	2002	2003	2004	2005	2006
Percent Rated "Fair" or "Good"	54%	56%	58%	58%	61%	65%	63%

This line item 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.

Construction, Maintenance, and Operations						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$983,967,951</u>	<u>\$0</u>	<u>\$58,312,954</u>	<u>\$510,658,132</u>	<u>\$414,996,865</u>	<u>3,079.5</u>
TOTAL	\$983,967,951	\$0	\$58,312,954	\$510,658,132	\$414,996,865	3,079.5
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$983,967,951	\$0	\$58,312,954	\$510,658,132	\$414,996,865	3,079.5
Federal funds	26,420,274	0	0	0	26,420,274	0.0
Cash funds (aeronautics, locals, miscellaneous)	9,681,948	0	9,681,948	0	0	8.0
State Highway Funds (HUTF)	(1,276,558)	0	0	(1,276,558)	0	8.8
SB 07-239	<u>\$1,018,793,615</u>	<u>\$0</u>	<u>\$67,994,902</u>	<u>\$509,381,574</u>	<u>\$441,417,139</u>	<u>3,096.3</u>
TOTAL	\$1,018,793,615	\$0	\$67,994,902	\$509,381,574	\$441,417,139	3,096.3
Increase/(Decrease)	\$34,825,664	\$0	\$9,681,948	(\$1,276,558)	\$26,420,274	16.8
Percentage Change	3.5%	n/a	16.6%	(0.3)%	6.4%	0.5%

S.B. 07-239 (Long Bill) Issue Descriptions

Federal funds: The appropriation represents the Department's new estimated apportionment of federal funds from the Federal Highway Administration transportation program.

Cash funds (aeronautics, locals, miscellaneous): The appropriation includes an increase of \$9.7 million due to the move of the Division of Aeronautics to this line item totaling \$22.8 million and 8.0 FTE in FY 2007-08 pursuant to H.B. 06-1244, a reduction of \$3.3 million of local government match funds, and a reduction of \$9.8 million including miscellaneous revenue, Law Enforcement Assistance Fund (LEAF), and Motorcycle Operator Safety Training (MOST) program fund.

State Highway Funds (HUTF): The appropriation represents the Department's forecasted decrease in its share of Highway User Tax Fund (HUTF) revenues per statutory formula. The increase in FTE is for additional engineering positions.

Statewide Tolling Enterprise

This section contains appropriations for the 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.

Statewide Tolling Enterprise						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$4,200,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,200,000</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$4,200,000	\$0	\$0	\$4,200,000	\$0	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$4,200,000	\$0	\$0	\$4,200,000	\$0	0.0
Transportation Commission allocation	920,000	0	1,720,000	(800,000)	0	0.0
SB 07-239	<u>\$5,120,000</u>	<u>\$0</u>	<u>\$1,720,000</u>	<u>\$3,400,000</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$5,120,000	\$0	\$1,720,000	\$3,400,000	\$0	0.0
Increase/(Decrease)	\$920,000	\$0	\$1,720,000	(\$800,000)	\$0	0.0
Percentage Change	21.9%	n/a	n/a	(19.0)%	n/a	n/a

S.B. 07-239 (Long Bill) Issue Descriptions

Transportation Commission allocation: The appropriation represents an adjustment to the amount allocated by the Transportation Commission to the Statewide Tolling Enterprise. The Commission estimates that tolling revenue for FY 2007-08 will increase by \$1,720,000. The Commission is also reflecting a reduction in State Highway Fund transfers to the Tolling Enterprise by \$800,000.

Gaming Impacts

This section contains appropriations for Gaming Impacts. Pursuant to Section 12-47.1-701 (1) (C) (I), C.R.S., the Department may annually request funds from the 50 percent share of the Limited Gaming Fund year-end balance that is transferred to the General Fund in order to partially pay for highway construction and maintenance in the vicinity of Colorado's gaming communities.

Gaming Impacts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$5,259,411</u>	<u>\$0</u>	<u>\$5,259,411</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$5,259,411	\$0	\$5,259,411	\$0	\$0	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$5,259,411	\$0	\$5,259,411	\$0	\$0	0.0
Gaming impacts	9,033,346	0	9,033,346	0	0	0.0
SB 07-239	<u>\$14,292,757</u>	<u>\$0</u>	<u>\$14,292,757</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$14,292,757	\$0	\$14,292,757	\$0	\$0	0.0
Increase/(Decrease)	\$9,033,346	\$0	\$9,033,346	\$0	\$0	0.0
Percentage Change	171.8%	n/a	171.8%	n/a	n/a	n/a

S.B. 07-239 (Long Bill) Issue Descriptions

Gaming impacts: The appropriation includes an increase of \$9,033,346 for gaming impacts-related highway construction and maintenance for FY 2007-08.

Recent Legislation

2006 Session Bills

H.B. 06-1003: Sets out various restrictions, requirements, and authorizations for a corporation forming a toll road company. It states that a corporation constructing a private toll road does not have the power to use eminent domain to acquire right-of-way for the toll road or highway. The bill allows a corporation to enter into a public-private initiative with the Colorado Department of Transportation (CDOT) to enable the construction of a toll road.

H.B. 06-1033: Changes the timing of the distribution of the General Fund surplus. Under current law, any revenue that is above the State's four percent reserve requirement, also known as the General Fund surplus, is allocated to the Highway Users Tax Fund (HUTF) and the Capital Construction Fund (CCF) at the end of the State's fiscal year. Under this bill, on September 20, the State Controller will allocate 90 percent of the General Fund surplus estimated at that time to the HUTF and the CCF. When the Comprehensive Annual Financial Report is complete, the State Controller will allocate the remainder.

H.B. 06-1244: Eliminates the requirement that the General Assembly appropriate revenue from the Aviation Fund for administrative costs of the Division of Aeronautics in the Colorado Department of Transportation. Instead, requires the Colorado Transportation Commission to budget and allocate fund revenues for the

Division's administrative costs. The bill also requires the Colorado Aeronautical Board to recommend to the Commission the amount to be allocated.

H.B. 06-1257: Allows citizens living next to state highways to apply to the Colorado Department of Transportation for the construction of specified noise mitigation barriers along the highway if a local government in the area has adopted an ordinance to mitigate noise in future residential or other noise-sensitive developments along a highway and 75 percent of the households in the area closest to a highway sign a petition supporting noise mitigation. If a local government in an eligible area has not agreed to provide at least 50 percent of the noise mitigation funding, a homeowner may apply *only* if the area was residential before the highway was constructed or widened.

H.B. 06-1385: General appropriations act for FY 2006-07.

H.B. 06-1398: Clarifies procedures used to divert General Fund revenues to the Highway Users Tax Fund (HUTF), often referred to as the "Senate Bill 97-1 transfer". Creates the Sales and Use Tax Holding Fund ("Holding Fund") and requires 10.355 percent of net sales and use tax revenues that are currently credited directly to the HUTF to be credited to the Holding Fund. Beginning in FY 2006-07, requires the State Treasurer to make the following periodic transfers of funds from the Holding Fund to the HUTF:

- *October 15* (this transfer is to occur in FY 2006-07 only): if the September Legislative Council Staff (LCS) revenue estimate indicates that General Fund revenues for that fiscal year will be sufficient to maintain the four percent statutory reserve, transfer 25 percent of the estimated HUTF diversion for that entire fiscal year;
- *February 1*: if the December LCS revenue estimate indicates that General Fund revenues for that fiscal year will be sufficient to maintain the four percent statutory reserve, transfer an additional amount so that the cumulative amount transferred equals 50 percent of the estimated HUTF diversion for that entire fiscal year;
- *April 15*: if the March LCS revenue estimate indicates that General Fund revenues for that fiscal year will be sufficient to maintain the four percent statutory reserve, transfer an additional amount so that the cumulative amount transferred equals 75 percent of the estimated HUTF diversion for that entire fiscal year;
- *September 20*: transfer an additional amount so that the cumulative amount transferred for the previous fiscal year equals 90 percent of the amounts accrued by the State Controller to the HUTF on June 30; and
- *Close of the fiscal year* (the date on which the State Controller distributes the Comprehensive Annual Financial Report of the State for the previous fiscal year): transfer an additional amount so that the cumulative amount transferred for the previous fiscal year equals 100 percent of the amounts accrued by the State Controller on June 30 of the previous fiscal year.

2007 Session Bills

S.B. 07-239: General appropriations act for FY 2007-08.

S.B. 07-6: Allows affected railroads, the Public Utilities Commission (PUC), the Colorado Department of Transportation (CDOT), or local governments supervising or maintaining roads at any at-grade railroad crossings to eliminate the crossing without the required hearing before the PUC if the following requirements are met:

- the crossing is not the only crossing providing access to property;
- the crossing is without gates, signals, alarms, warning personnel, or a separated grade crossing and is located within one-quarter mile of a crossing that has these features;
- conspicuous notice is posted at the crossing and is provided to interested parties no less than 60 days prior to eliminating the crossing; and
- no notice nor objection is filed regarding the crossing's elimination.

S.B. 07-42: Allows members of the armed forces who are permanently stationed in Colorado, and who hold a valid driver's license from another state, to enroll in a Motorcycle Operators Safety Program (MOST) course for the same charge as a Colorado resident.

S.B. 07-77: Requires minors to pass driver education approved by the Department of Revenue (DOR) prior to applying for an instruction permit.

S.B. 07-88: Expands the authority of the Regional Transportation District (RTD) to manage parking at an RTD parking facility. Specifically, it expands RTD's authority to charge a parking fee that is payable in advance at a district parking facility, reduces the time RTD has to post signs that warn of future parking fees, and expands the information to be included on these signs.

S.B. 07-95: Repeals the Department of Transportation FTE statutory limit, which was set at 3,316.0 FTE. It also repeals a statutory provision stating that it was the General Assembly's intent to enact the limit to provide additional moneys for financing the maintenance and improvement of the State's transportation system.

S.B. 07-179: Supplemental appropriation to the Department of Transportation to modify FY 2006-07 appropriations included in the FY 2006-07 Long Bill (H.B. 06-1385).

S.B. 07-240: Transfers \$20,000,000 from the General Fund Exempt Account to the Capital Construction Fund in FY 2007-08. For additional information on this bill, see the "Recent Legislation" at the end of the Capital Construction section.

S.B. 07-251: Repeals current law requiring the Regional Transportation District (RTD) to contract with private companies for a minimum of 50 percent of its vehicle service. Allows the RTD to contract up to 58 percent of its service without setting a minimum level of contracted services. The bill also repeals current law limiting the term of any collective bargaining or other agreement related to privatizing the RTD service and prohibits an arbitrator from having the power to establish a level of vehicle service to be provided by private companies.

H.B. 07-1018: Expands the scope of the Transportation Legislation Review Committee (TLRC) to include traffic regulation, drivers' licensing, registration and titling of motor vehicles, penalties imposed for violating traffic laws, and oversight of state departments or agencies that administer laws related to these issues.

H.B. 07-1117: Prohibits a person under 18 years from operating or being a passenger on a motorcycle or motorized bicycle unless he or she wears an approved helmet that is properly secured with a chin strap. Creates a new class A traffic violation punishable by a \$100 fine, a \$15 surcharge, and 3 points against one's driver's license if convicted.

H.B. 07-1205: Clarifies the statutory definition of “truck tractor - laden” and “laden truck tractor.” Under current law, the terms are defined as any motor vehicle carrying cargo or designed to carry cargo over the public highways. Adds a qualification that the vehicle has to be drawing a semitrailer or trailer and its cargo load over the public highways in order to be considered laden.

H.B. 07-1229: Makes violating a snow and mud restriction when operating a commercial vehicle and causing a lane closure a class B traffic infraction. Enhances the penalties for failing to comply with snow and mud restrictions. Exempts a tow operator who is towing a vehicle or traveling to a site to tow a vehicle. Requires the Colorado Department of transportation (CDOT) to identify an appropriate location for commercial vehicles to apply chains. Requires CDOT to authorize vendor vehicles that sell or apply tire chains along a roadway as vehicles rendering essential public service. Allows CDOT to contract with businesses providing roadside assistance to comply with snow and mud restrictions.

H.B. 07-1295: Specifies the geographic area that is to comprise the Regional Transportation District (RTD). Requires the district to consist of all land within the district on July 1, 2007. Also, requires RTD to create a map and a district description to be maintained in RTD’s office for public inspection. The map and description are to be filed with the Colorado Secretary of State, Department of Local Affairs, Department of Revenue (DOR), House and Senate Transportation Committees, and the county clerk and recorder of the counties in which the district exists.

DEPARTMENT OF THE TREASURY

The Department has the following duties: (1) acts as the State's banker and investment officer, providing investment, accounting, and cash management services and preparing related reports; (2) administers the Unclaimed Property Program and transmits moneys from the Unclaimed Property Trust Fund to CoverColorado; (3) reimburses local governments for property tax revenues foregone due to the senior citizen and disabled veteran property tax exemption; (4) provides short-term, interest-free financing to school districts by issuing tax and revenue anticipation notes and making loans from the General Fund; (5) assists charter schools with long-term financing by making direct bond payments; (6) transfers moneys to the Fire and Police Pension Association (FPPA) for local "old hire" pension plans; (7) distributes Highway Users Tax Fund (HUTF) revenues to counties and municipalities; and (8) distributes federal "mineral leasing funds" received for the State's share of sales, bonuses, royalties, and rentals of public lands within Colorado.

Department Budget: Recent Appropriations

Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
General Fund/1	\$749,822	\$26,033,148	\$100,187,249	\$114,226,142
Cash Funds	2,300,955	2,529,943	2,584,606	2,608,187
Cash Funds Exempt	261,627,000	279,615,432	265,236,100	281,038,178
Federal Funds	0	0	0	0
Total Funds	\$264,677,777	\$308,178,523	\$368,007,955	\$397,872,507
Full Time Equiv. Staff	25.5	26.0	26.0	26.0

/1 With the exception of FY 2004-05, appropriations include General Fund Exempt.

General Factors Driving the Budget

Funding for the Department consists of 28.7 percent General Fund (including appropriations from the General Fund Exempt account), 0.7 percent cash funds, and 70.6 percent cash funds exempt. The General Fund appropriation primarily supports the senior citizen property tax exemption and the state contribution for local fire and police pension plans, with the remainder covering department administrative expenses. The Department's cash fund appropriation includes: (a) transaction fee revenue, which supports department administrative expenses; and (b) moneys in the Unclaimed Property Trust Fund, which supports the unclaimed property program. The cash funds exempt appropriation reflects transmittals to the CoverColorado program and distributions from the HUTF to counties and municipalities.

Senior Citizen and Disabled Veteran Property Tax Exemption

Article X, Section 3.5 of the Colorado Constitution, approved by voters in November 2000 and implemented through Sections 39-3-201 to 208, C.R.S., grants a property tax exemption to qualifying senior citizens and disabled veterans¹. This provision exempts from taxation 50 percent of the first \$200,000 of actual home value. The State Treasurer is required to reimburse local governments for the resulting lost property tax revenues.

The Constitution grants the General Assembly the power to raise or lower the maximum amount of residence value that is exempt from taxation. For tax year 2002, the first year this exemption was made available, the exemption was limited to the first \$200,000 of actual residence value. The General Assembly lowered this amount from \$200,000 to \$0 for tax years 2003, 2004, and 2005, thereby eliminating the associated state expenditures for fiscal years 2003-04, 2004-05, and 2005-06. State payments thus resumed in FY 2006-07. The actual amount of the annual payment is not known until early April each year.

These state payments are subject to the Taxpayer's Bill of Rights (TABOR) limitation on fiscal year spending², but are not subject to the statutory six percent limit on General Fund appropriations. The costs associated with the exemption are treated outside of the six percent limit and are not built into the funding base used to calculate the limit for subsequent fiscal years. Estimated General Fund expenditures are included in the Department of Treasury's budget for informational purposes.

Senior Citizen and Disabled Veteran Property Tax Exemption (for those tax years in which the exemption was made available)			
	FY 02-03 Actual	FY 06-07 Actual	FY 07-08 Approp.
County Reimbursement for Tax Exemption /a	\$61,491,764	\$74,231,509	\$78,600,000
Number of Exemptions Granted	123,326	146,836	not projected
Average Property Tax Exempted	\$499	\$506	not projected
Percent of Residences Granted Exemption	8.0%	8.5%	not projected
Actual Value Exempted	\$8,865,984,923	\$11,737,065,090	not projected
Assessed Value Exempted	\$811,237,620	\$934,270,381	not projected

/a The figure for FY 2006-07 represents the total amount paid by the State Treasurer's Office as of April 30, 2007. The FY 2007-08 appropriation is based on estimates included in the Legislative Council staff March 2007 revenue forecast.

¹ The exemption applies if (a) the property owner-occupier is sixty-five years of age or older (as of the assessment date) and has occupied the property as a primary residence for the past ten years; or (b) the owner-occupier is the spouse or surviving spouse of an owner-occupier who previously qualified for the exemption. Pursuant to the passage of Referendum E, beginning tax year 2007, the exemption also applies if the property owner-occupier is a disabled veteran (100 percent permanent service-connected disability) as of the assessment date.

² The provision specified that voter approval of the measure constituted a voter-approved revenue change, thereby allowing the TABOR limit for FY 2001-02 to increase by \$44.1 million and that such an amount should be included for the purpose of calculating subsequent fiscal year spending limits. However, by the time the State was required to pay the first year reimbursement in April 2003, state revenues no longer exceeded the TABOR limit. Thus, this measure never increased the State's TABOR limit.

State Contributions for Local Fire and Police Pension Plans

Section 31-30.5-307, C.R.S., requires the State to pay part of the unfunded liability of retirement plans that cover police and firefighters who were hired before 1978 ("old hire" pension plans). The Department annually transfers the required amount from the General Fund to the Fire and Police Pension Association (FPPA), which administers these plans. Beginning in FY 2005-06, this amount is appropriated from the General Fund Exempt Account. The annual General Fund transfer is included in the Long Bill for informational purposes; this appropriation is not subject to the statutory six percent limit on General Fund appropriations.

Senate Bill 03-263 suspended the State's annual \$25.3 million FPPA contribution for FY 2003-04 and FY 2004-05 and extended state payments by two years through FY 2011-12. This bill also required the State to pay the amount of unfunded liability that accrued as a result of the suspension of the state contribution. This additional payment may be made at any time prior to April 30, 2012. Finally, S.B. 03-263 changed the date of the annual payment from September to April, which is more consistent with the State's General Fund cash flow.

The following table provides a summary of remaining state contributions to "old hire" pension plans using two different assumptions about the payment schedule. The first column details contributions required under current law, and the second identifies an alternative payment schedule should the FY 2007-08 appropriation level be sustained for two more fiscal years. The latter approach would allow the General Assembly to avoid the "balloon payment" otherwise scheduled for April 2012.

Fire and Police Pension Association - State-Assisted "Old Hire" Pension Plans		
Payment Date	Annual State Contribution Required Under Current Law	Alternative Contribution Schedule
April 2008	\$25,321,079	\$34,777,172
April 2009	25,321,079	34,777,172
April 2010	25,321,079	34,777,172
April 2011	25,321,079	25,321,079
April 2012 (estimate)	61,127,531	25,321,079

CoverColorado

Colorado does not require insurance companies that offer individual health coverage to accept everyone who applies, regardless of their health status. The General Assembly created CoverColorado in 1990 to offer health insurance to those "high risk" individuals who are unable to obtain health insurance except at prohibitive rates or with restrictive exclusions. Although CoverColorado premiums are currently set at 140 percent of the industry average³, premium revenues cover only 65 percent of program costs. Thus, the program requires a subsidy from one or more other sources of revenue. These other sources of revenue currently include: contributions from insurance companies provided in exchange for a 100 percent premium tax credit (a maximum of \$5.0 million total per year); interest and principal from the Unclaimed Property Trust Fund; and insurance carrier assessments.

³ Reduced from 150 percent of the industry average, effective January 1, 2007.

CoverColorado: Recent Funding History						
Fiscal Year	Claims and Administrative Costs	Premiums Paid by Enrollees	Ratio: Premiums/ Total Costs	Total Subsidy Required	Other Sources of Revenue /a	Annual Surplus/ (Deficit)
01-02	\$17,715,896	\$9,380,110	52.9%	(\$8,335,786)	\$8,144,133	(\$191,653)
02-03	28,163,622	17,064,208	60.6%	(11,099,414)	3,527,552	(7,571,862)
03-04	34,505,598	21,361,177	61.9%	(13,144,421)	40,843,100	27,698,679
04-05	34,294,676	21,312,572	62.1%	(12,982,104)	6,268,704	(6,713,400)
05-06	36,732,677	23,878,912	65.0%	(12,853,765)	8,757,987	(4,095,778)
06-07 Projection /b	45,753,505	23,331,029	51.0%	(22,422,476)	17,276,719	(5,145,757)

/a Other sources of revenue include: interest earned on the CoverColorado Cash Fund, moneys made available from the Unclaimed Property Program, insurance carrier assessments, federal funds, and (beginning in 2005) annual contributions from insurance carriers in exchange for a premium tax credit.

/b Projection prepared by Leif Associates, dated October 17, 2006. Reflects "most likely" actuarial scenario.

The only revenue source that is reflected in the annual Long Bill is the amount anticipated to be transferred from the Unclaimed Property Trust Fund; this amount appears in the Treasury section (\$12.3 million for FY 2006-07). CoverColorado is defined as a "special purpose authority" for purposes of TABOR, so none of CoverColorado's expenditures are subject to TABOR limits, including moneys transferred from the Unclaimed Property Trust Fund.

Highway Users Tax Fund Disbursements

The Department of Treasury distributes revenues from the Highway Users Tax Fund (HUTF) to counties and municipalities for use on local transportation projects pursuant to statutory formulas in Sections 43-4-207 and 208, C.R.S. The amounts anticipated to be distributed to counties and municipalities are reflected as cash funds exempt appropriations within the Treasury section of the Long Bill for informational purposes. The following table details recent distributions of HUTF revenues, as well as projections for FY 2006-07 and FY 2007-08.

Highway Users Tax Fund (HUTF) /a						
Actual Revenues and Distributions				Projections		
	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	
Total Revenues	\$751,986,557	\$763,860,847	\$787,427,989	\$787,273,900	\$798,610,500	
<i>Annual Percent Change</i>	2.1%	1.6%	3.1%	0.0%	1.4%	
<u>Treasury Distributions:</u>						
Counties	\$153,822,038	\$155,980,977	\$159,784,050	\$158,382,100	\$159,496,100	
Municipalities	101,666,670	102,184,633	104,524,983	103,455,900	104,306,000	

/a Actual data provided by State Treasurer's Office. Figures exclude transfers that occur pursuant to Section 24-75-218, C.R.S. ("one-third/two-thirds" transfers). Projected data provided by Legislative Council staff based on their March 2007 revenue forecast.

Summary of FY 2006-07 and FY 2007-08 Appropriations

Department of Treasury						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Total Appropriation:	\$368,007,955	\$100,187,249	\$2,584,606	\$265,236,100	\$0	26.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	1,624,263	813,108	811,155	0	0	16.0
Unclaimed Property Program	1,773,451	0	1,773,451	0	0	10.0
Special Purpose	364,610,241	99,374,141	0	265,236,100	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 06-1385	367,951,695	100,130,989	2,584,606	265,236,100	0	26.0
SB 07-180	56,260	56,260	0	0	0	0.0
FY 2007-08 Total Appropriation:	\$397,872,507	\$114,226,142	\$2,608,187	\$281,038,178	\$0	26.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	1,676,802	848,970	827,832	0	0	16.0
Unclaimed Property Program	1,780,355	0	1,780,355	0	0	10.0
Special Purpose	394,415,350	113,377,172	0	281,038,178	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 07-239	396,810,507	114,226,142	2,608,187	279,976,178	0	26.0
SB 07-49	1,062,000	0	0	1,062,000	0	0.0
Increase/(Decrease)	\$29,864,552	\$14,038,893	\$23,581	\$15,802,078	\$0	0.0
Percentage Change	8.1%	14.0%	0.9%	6.0%	n/a	0.0%

/1 Includes General Fund Exempt. See Division Detail for information on General Fund Exempt appropriations.

/2 For FY 2006-07, includes \$99,374,141 that is not subject to the statutory limit on state General Fund appropriations imposed by Section 24-75-201.1, C.R.S. For FY 2007-08, includes \$113,377,172 that is not subject to the statutory limit on state General Fund appropriations.

FY 2007-08 Appropriation Highlights:

1. The appropriation reflects a \$14.0 million General Fund⁴ increase, compared to the FY 2006-07 appropriation, in payments to local governments to offset the local property tax revenues that will be foregone for tax year 2007 due to the senior citizen and disabled veteran property tax exemption.
2. The appropriation reflects a \$9.7 million cash funds exempt increase in the projected disbursements of HUTF revenues to counties and municipalities.

⁴ This amount is not subject to the six percent statutory limit on General Fund appropriations.

3. The appropriation reflects a \$6.1 million increase in the amount that is anticipated to be transferred from the Unclaimed Property Trust Fund to CoverColorado, including \$1.1 million related to the new plans authorized through S.B. 07-49.

Detail of Appropriation by Administrative Section

Administration

This Division is responsible for the operation and oversight of the Department. The Division provides accounting, cash management, and investment services for the State. For FY 2006-07, the Treasury projects interest earned on General Fund and cash fund balances to total \$214 million. The Division's cash funds derive from the Treasury transaction fee imposed pursuant to Section 24-36-120, C.R.S.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	\$1,568,003	\$756,848	\$811,155	\$0	\$0	16.0
SB 07-180	<u>56,260</u>	<u>56,260</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,624,263	\$813,108	\$811,155	\$0	\$0	16.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,624,263	\$813,108	\$811,155	\$0	\$0	16.0
FY 2007-08 salary and benefit adjustments	37,193	25,285	11,908	0	0	0.0
Annualize salary increases	24,737	24,737	0	0	0	0.0
Eliminate one-time funding	(25,049)	(25,049)	0	0	0	0.0
Other	15,658	10,889	4,769	0	0	0.0
SB 07-239	<u>\$1,676,802</u>	<u>\$848,970</u>	<u>\$827,832</u>	<u>\$0</u>	<u>\$0</u>	<u>16.0</u>
TOTAL	\$1,676,802	\$848,970	\$827,832	\$0	\$0	16.0
Increase/(Decrease)	\$52,539	\$35,862	\$16,677	\$0	\$0	0.0
Percentage Change	3.2%	4.4%	2.1%	n/a	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

FY 2007-08 salary and benefit adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey and benefits, including the following increases: \$17,887 for salary increases; \$11,144 for PERA amortization equalization disbursement; and \$8,162 for health, life, and dental benefits.

Annualize salary increases: The appropriation includes \$24,737 to annualize salary survey increases awarded in FY 2006-07.

Eliminate one-time funding: The appropriation eliminates one-time funding that was provided in FY 2006-07 to cover costs associated with the retirement of the Chief Financial Officer / Controller.

Other: The appropriation reflects relatively small increases in a number of centrally-appropriated line items, including Capitol complex leased space, workers' compensation, short-term disability, and payment to risk management and property funds. These increases are partially offset by small decreases in funding for the purchase of services from computer center.

Unclaimed Property Program

Pursuant to the Unclaimed Property Act, the State takes possession of dormant properties held by a wide range of institutions and attempts to return the properties to their rightful owners. The Department anticipates paying approximately 20,000 claims valued at \$18 million in FY 2006-07. The Department deposits recovered moneys in the Unclaimed Property Trust Fund, using the principal and interest to pay claims as well as the costs of operating the program. The remaining principal and interest earnings help support the CoverColorado health 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 on this fund to promote tourism and the State Fair. The fund source for this section is the Unclaimed Property Trust Fund.

Unclaimed Property Program						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$1,773,451</u>	<u>\$0</u>	<u>\$1,773,451</u>	<u>\$0</u>	<u>\$0</u>	<u>10.0</u>
TOTAL	\$1,773,451	\$0	\$1,773,451	\$0	\$0	10.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$1,773,451	\$0	\$1,773,451	\$0	\$0	10.0
Annualize salary increases	16,904	0	16,904	0	0	0.0
Leased space	(10,000)	0	(10,000)	0	0	0.0
SB 07-239	<u>\$1,780,355</u>	<u>\$0</u>	<u>\$1,780,355</u>	<u>\$0</u>	<u>\$0</u>	<u>10.0</u>
TOTAL	\$1,780,355	\$0	\$1,780,355	\$0	\$0	10.0
Increase/(Decrease)	\$6,904	\$0	\$6,904	\$0	\$0	0.0
Percentage Change	0.4%	n/a	0.4%	n/a	n/a	0.0%

S.B. 07-239 (Long Bill) Issue Descriptions

Annualize salary increases: The appropriation includes \$16,904 to annualize salary survey increases awarded in FY 2006-07.

Leased space: The appropriation reflects a reduction for leased space expenses based on the July 1, 2006, relocation of the Program to less expensive space.

Special Purpose

This section of the Long Bill reflects various disbursements and transfers the Treasurer is required to make, including the following: (1) reimbursements to local governments for property tax revenues foregone due to the senior citizen and disabled veteran property tax exemption; (2) transmittals from the Unclaimed Property Trust Fund to CoverColorado; (3) transfers to the FPPA for "old hire" fire and police pension plans; and (4) allocations of HUTF revenues to local governments. The General Fund and General Fund Exempt appropriations for the senior citizen property tax exemption and FPPA are not subject to the six percent statutory limit on General Fund appropriations.

Special Purpose						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2006-07 Appropriation:						
HB 06-1385	<u>\$364,610,241</u>	<u>\$99,374,141</u>	<u>\$0</u>	<u>\$265,236,100</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$364,610,241	\$99,374,141	\$0	\$265,236,100	\$0	0.0
FY 2007-08 Appropriation:						
FY 2006-07 Appropriation	\$364,610,241	\$99,374,141	\$0	\$265,236,100	\$0	0.0
Property tax exemption	14,000,000	14,000,000	0	0	0	0.0
HUTF disbursements	9,716,800	0	0	9,716,800	0	0.0
Transfer to CoverColorado	5,023,278	0	0	5,023,278	0	0.0
Transfer to FPPA for old hire plans	3,031	3,031	0	0	0	0.0
SB 07-239	\$393,353,350	\$113,377,172	\$0	\$279,976,178	\$0	0.0
SB 07-49	<u>1,062,000</u>	<u>0</u>	<u>0</u>	<u>1,062,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$394,415,350	\$113,377,172	\$0	\$281,038,178	\$0	0.0
Increase/(Decrease)	\$29,805,109	\$14,003,031	\$0	\$15,802,078	\$0	0.0
Percentage Change	8.2%	14.1%	n/a	6.0%	n/a	n/a

/1 Includes General Fund Exempt amounts.

/2 For FY 2006-07, includes \$99,374,141 that is not subject to the statutory limit on state General Fund appropriations imposed by Section 24-75-201.1, C.R.S., including \$64,600,000 for the senior citizen and disabled veteran property tax exemption (enactment of Article X, Section 3.5 of the State Constitution constitutes voter approval of a weakening of the limitation) and \$34,774,141 for FPPA - Old Hire Plans (this amount, transferred pursuant to Section 31-30.5-307 (2), C.R.S., is not deemed to be an appropriation subject to the limitation). For FY 2007-08, includes

\$113,377,172 that is not subject to the statutory limit on state General Fund appropriations, including \$78,600,000 for the senior citizen and disabled veteran property tax exemption and \$34,777,172 for FPPA - Old Hire Plans.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2006-07 Appropriation	\$99,374,141	\$64,600,000	\$34,774,141
Property tax exemption	14,000,000	14,000,000	0
FPPA - "old hire" plans	<u>3,031</u>	<u>0</u>	<u>3,031</u>
Total FY 2007-08 Appropriation	\$113,377,172	\$78,600,000	\$34,777,172

General Fund Exempt

In November 2005, the Colorado voters passed Referendum C. Referendum C allows the State to retain all revenue that is collected above the TABOR limit for FY 2005-06 through FY 2009-10. This revenue must be placed in a General Fund Exempt Account (see Section 24-77-103.6 (2), C.R.S.). The above table shows the amount appropriated for FY 2006-07 and FY 2007-08 from the General Fund Exempt Account for purposes of funding retirement plans for firefighters and police officers pursuant to Sections 24-77-103.6 (2) and 24-77-104.5 (1) (a), C.R.S.

S.B. 07-239 (Long Bill) Issue Descriptions

Property tax exemption: The appropriation reflects a \$14.0 million increase, *compared to the FY 2006-07 Long Bill appropriation*, in payments to local governments to offset the local property tax revenues that will be foregone for tax year 2007 due to the senior citizen and disabled veteran property tax exemption. [Please note that as of April 30, 2007, the State Treasurer actually paid out \$74.2 million for tax year 2006 (compared to an appropriation of \$64.6 million based on earlier projections). Thus, the foregone property tax revenues are anticipated to increase from \$74.2 million in FY 2006-07 to \$78.6 million in FY 2007-08 (5.9 percent).]

Highway Users Tax Fund (HUTF) disbursements: The appropriation reflects a \$9.7 million increase in the projected disbursements of HUTF revenues to counties and municipalities, *compared to amounts reflected in the FY 2006-07 Long Bill*. [Please note that based on revised projections for FY 2006-07 (which are not reflected in FY 2006-07 appropriations), these disbursements are anticipated to increase from \$260.7 million in FY 2006-07 to \$262.7 million in FY 2007-08 (0.8 percent).]

Transfer to CoverColorado: The appropriation reflects a \$5.0 million increase in the amount that is anticipated to be transferred from the Unclaimed Property Trust Fund to CoverColorado, *compared to the amount reflected in the FY 2006-07 Long Bill*. The appropriation is based on projections of program costs as well as other sources of revenues available to CoverColorado.

Transfer to the Fire and Police Pension Association (FPPA) for "old hire" plans: The appropriation reflects a \$3,031 increase in the annual transfer to the FPPA for the State's contribution to pay part of the unfunded liability of retirement plans that cover police and firefighters who were hired before 1978 ("old hire" pension plans). The increase covers a portion of the unfunded liability that accrued as a result of the 30-month suspension of the state contributions pursuant to S.B. 03-263. The amount, if sustained through FY 2009-10, would eliminate the need for a "balloon payment" otherwise scheduled for April 2012.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Recent Legislation

2006 Session Bills

S.B. 06-180: Establishes a minimum and maximum *average* premium rate for coverage under CoverColorado. Specifies that the statutory premium rate range does not apply to individuals approved by the Board of Directors of CoverColorado for participation in a premium subsidy program established by the Board.

S.C.R. 06-1: Refers a measure to the voters at the November 2006 general election to allow for the senior homestead exemption to be extended to veterans who are 100 percent permanently disabled due to a service-connected disability. Specifies that the cost associated with the backfill of revenue to local governments for lost property taxes is a voter-approved revenue change, thereby allowing the State to retain the revenue necessary to backfill local governments out of surplus revenue.

H.B. 06-1385: General appropriations act for FY 2006-07. Includes an adjustment to the FY 2005-06 appropriation for FPPA "old hire" pension plans, identifying the source as the General Fund Exempt Account.

2007 Session Bills

S.B. 07-49: Authorizes the Board of Directors for CoverColorado to offer one or more coordination of benefits plans to supplement Medicare reimbursement for hospital, medical, or surgical expenses for an eligible participant. Includes a provision to identify the additional amount that is anticipated to be transferred from the Unclaimed Property Trust Fund in FY 2007-08 as a result of this act (\$1,062,000).

S.B. 07-180: Treasury Department supplemental appropriation for FY 2006-07.

S.B. 07-239: General appropriations act for FY 2007-08.

H.B. 07-1251: Implements Referendum E (see description of S.C.R. 06-1, above). Requires the Division of Veterans Affairs in the Department of Military and Veterans Affairs to mail a notice of the exemption to each resident who the Division believes to be a qualifying disabled veteran by May 1, 2007. Requires the Division to annually verify the eligibility of each applicant and send notice of its determination to the local assessor. Appropriates \$1,300 General Fund to the Department of Military and Veterans Affairs for FY 2006-07 to notify, provide applications, and certify those disabled veterans in Colorado who qualify for the exemption. Appropriates \$4,140 General Fund to the Department of Local Affairs for FY 2006-07 to design applications and brochures for disabled veterans and make computer programming changes.

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.

Department Budget: Recent Appropriations

Appropriations for Capital Construction and Controlled Maintenance Projects (Does not include appropriations and transfers to the Capital Construction Fund^{/1})				
Funding Source	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
Capital Construction Fund Exempt	\$7,746,144	\$99,223,579	\$138,537,539	\$272,627,342
Cash Funds	19,400,000	1,550,000	6,963,802	2,102,808
Cash Funds Exempt	313,494,775	258,087,707	289,909,967	495,547,555
Federal Funds	<u>41,540,658</u>	<u>10,862,866</u>	<u>26,416,088</u>	<u>40,395,569</u>
Total Funds	\$382,181,577	\$369,724,152	\$461,827,396	\$810,673,274

^{/1} See the table "Appropriations and Transfers to the Capital Construction Fund" for this information.

General Factors Driving the Budget

Revenue Available for Capital Construction

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 dominant sources of revenue for capital construction projects include the Capital Construction Fund, the Controlled Maintenance Trust Fund, the Corrections Expansion Reserve Fund, the Fitzsimons Trust Fund, and various cash funds administered by the Department of Higher Education and the Department of Natural Resources. The revenues to the Capital Construction Fund to support appropriations in FY 2006-07 and FY 2007-08 are as follows:

Summary of Revenue to the Capital Construction Fund Available for Appropriation		
Revenue Source	FY 2006-07	FY 2007-08
<u>Funds from Prior Years</u>		
Carry-forward	\$26,000,000	\$69,887,799
1/3 of the General Fund in excess of the 4.0 percent statutory reserve		
FY 2004-05 excess reserve identified in H.B. 06-1385	31,021,698	n/a
FY 2005-06 excess reserve identified in S.B. 07-239	n/a	145,600,000
Fund balance from reversions, accounting adjustments, etc. appropriated in Long Bill	3,026,000	226,000
Interest appropriated in Long Bill	2,500,000	9,900,000
Subtotal - Funds from Prior Years	\$62,547,698	\$225,613,799

Summary of Revenue to the Capital Construction Fund Available for Appropriation

Revenue Source	FY 2006-07	FY 2007-08
<u>General Fund Transfers Exempt from the Six Percent Limit</u>		
5-year Sentencing Bills (see detail at the end of this section)	\$3,179,866	\$4,128,157
<i>Other Transfers:</i>		
H.B. 06-1373	15,000,000	22,885,386
H.B. 06-1386	61,944,687	0
S.B. 07-222	30,000,000	0
S.B. 07-240	<u>35,753,087</u>	<u>20,000,000</u>
Subtotal - General Fund Transfers Exempt from the Six Percent Limit	\$145,877,640	\$47,013,543
Total Revenue to the Capital Construction Fund Available for Appropriation	\$208,425,338	\$272,627,342
Total appropriations from the Capital Construction Fund	<u>(138,537,539)</u>	<u>(272,627,342)</u>
Carry-forward	69,887,799	0

Distribution of Funds

In FY 2007-08, appropriations for capital construction and controlled maintenance consist of 33.6 percent Capital Construction Funds Exempt (CCFE), 0.3 percent cash funds, 61.1 percent cash funds exempt, and 5.0 percent federal funds. The departments with the largest percentage of Capital Construction Funds Exempt appropriations are listed in the table below.

Department	Percent of CCFE Appropriations
Higher Education	47.7%
Corrections/Corrections Expansion Reserve	20.7%
Human Services	13.3%
Transportation	7.3%

Summary of FY 2006-07 and FY 2007-08 Appropriations

Appropriations for Capital Construction and Controlled Maintenance Projects (Does not include appropriations and transfers to the Capital Construction Fund)					
	Total Funds	Capital Construction Funds Exempt	Cash Funds	Cash Funds Exempt	Federal Funds
FY 2006-07 Total Appropriation:	\$461,827,396	\$138,537,539	\$6,963,802	\$289,909,967	\$26,416,088
<u>Breakdown of Total Appropriation by Department</u>					
Agriculture	2,109,681	0	2,109,681	0	0
Corrections	19,110,635	15,952,529	1,090,319	2,067,787	0
Corrections Expansion Reserve Fund	3,179,866	3,179,866	0	0	0
Education	1,004,705	1,004,705	0	0	0
Higher Education	279,384,681	56,498,838	0	222,885,843	0
Human Services	22,114,571	22,114,571	0	0	0
Judicial Department	777,579	777,579	0	0	0
Labor and Employment	36,080,052	0	2,113,802	32,000,000	1,966,250
Military and Veterans' Affairs	8,561,806	1,900,403	0	658,000	6,003,403
Natural Resources	36,104,807	0	1,400,000	29,564,872	5,139,935
Personnel and Administration	8,546,352	7,741,138	0	805,214	0
Public Health and Environment	18,412,300	3,377,300	250,000	1,478,500	13,306,500
Public Safety	2,532,080	2,339,542	0	192,538	0
Revenue	8,908,281	8,651,068	0	257,213	0
Transportation	15,000,000	15,000,000	0	0	0
<u>Breakdown of Total Appropriation by Bill</u>					
HB 06-1385	378,592,414	131,497,029	4,850,000	230,302,047	11,943,338
HB 02S1-1006	22,924	22,924	0	0	0
HB 03-1004	291,761	291,761	0	0	0
HB 03-1138	125,041	125,041	0	0	0
HB 03-1213	69,467	69,467	0	0	0
HB 03-1317	69,467	69,467	0	0	0
HB 04-1016	69,467	69,467	0	0	0
HB 04-1021	90,307	90,307	0	0	0
SB 06-206	174,388	174,388	0	0	0
SB 06-207	174,388	174,388	0	0	0

Appropriations for Capital Construction and Controlled Maintenance Projects
(Does not include appropriations and transfers to the Capital Construction Fund)

	Total Funds	Capital Construction Funds Exempt	Cash Funds	Cash Funds Exempt	Federal Funds
HB 06-1011	523,164	523,164	0	0	0
HB 06-1092	435,970	435,970	0	0	0
HB 06-1145	87,194	87,194	0	0	0
HB 06-1151	87,194	87,194	0	0	0
HB 06-1310	(7,004,644)	(7,004,644)	0	0	0
HB 06-1326	610,358	610,358	0	0	0
HB 06-1373	15,000,000	15,000,000	0	0	0
SB 06S1-4	87,194	87,194	0	0	0
SB 06S1-5	174,388	174,388	0	0	0
SB 06S1-7	87,194	87,194	0	0	0
SB 07-181	72,059,760	(3,984,056)	2,113,802	59,457,264	14,472,750
SB 07-239	0	(150,656)	0	150,656	0
FY 2007-08 Total Appropriation:	\$810,673,274	\$272,627,342	\$2,102,808	\$495,547,555	\$40,395,569
<u>Breakdown of Total Appropriation by Department</u>					
Agriculture	1,853,137	1,513,137	340,000	0	0
Corrections	58,823,585	52,357,136	0	6,466,449	0
Corrections Expansion Reserve Fund	4,128,157	4,128,157	0	0	0
Education	1,096,825	1,096,825	0	0	0
Higher Education	555,293,518	130,125,341	0	425,115,177	53,000
Human Services	47,029,185	36,249,116	0	0	10,780,069
Labor and Employment	32,800,000	0	0	32,000,000	800,000
Military and Veterans' Affairs	2,567,500	2,567,500	0	0	0
Natural Resources	35,196,900	0	1,500,000	29,234,400	4,462,500
Personnel and Administration	6,346,410	6,346,410	0	0	0
Public Health and Environment	27,250,000	0	250,000	2,700,000	24,300,000
Public Safety	8,029,555	8,029,555	0	0	0
Revenue	10,258,502	10,214,165	12,808	31,529	0
Transportation	20,000,000	20,000,000	0	0	0

Appropriations for Capital Construction and Controlled Maintenance Projects
(Does not include appropriations and transfers to the Capital Construction Fund)

	Total Funds	Capital Construction Funds Exempt	Cash Funds	Cash Funds Exempt	Federal Funds
<u>Breakdown of Total Appropriation by Bill</u>					
SB 07-239	774,215,472	238,499,185	2,090,000	493,230,718	40,395,569
HB 03-1004	416,802	416,802	0	0	0
HB 03-1317	55,574	55,574	0	0	0
HB 04-1021	13,893	13,893	0	0	0
SB 06-206	209,266	209,266	0	0	0
SB 06-207	209,266	209,266	0	0	0
HB 06-1011	523,164	523,164	0	0	0
HB 06-1151	69,755	69,755	0	0	0
HB 06-1326	610,358	610,358	0	0	0
SB 06S1-5	17,439	17,439	0	0	0
SB 07-96	375,495	375,495	0	0	0
SB 07-263 ¹	32,329,645	30,000,000	12,808	2,316,837	0
HB 07-1040	1,126,485	1,126,485	0	0	0
HB 07-1326	500,660	500,660	0	0	0

¹ This appropriation is contingent on there being a \$30.0 million transfer from the General Fund to the Capital Construction Fund pursuant to S.B. 07-222. Senate Bill 07-222 authorizes a transfer from the General Fund to the Capital Construction Fund of up to \$30.0 million, but no more than can be transferred and still maintain a 4.0 percent General Fund reserve.

FY 2007-08 Appropriation Highlights:

1. The appropriation provides \$36.9 million state funds for the Colorado State Penitentiary II, High Custody Expansion project by the Department of Corrections (the Capital Development Committee's (CDC's) priority #38 and #39 projects combined);
2. The appropriation provides \$13.1 million state funds from the Fitzsimons Trust Fund for the Fitzsimons certificates of participation (CDC's priority #1 project);
3. The appropriation provides \$186.7 million state funds, including the Capital Construction Fund, Corrections Expansion Reserve Fund, and Controlled Maintenance Trust Fund, for the CDC's priority #2 through #17 projects;
4. The appropriation provides \$30.0 million state funds, contingent on there being a \$30.0 million transfer from the General Fund to the Capital Construction Fund pursuant to S.B. 97-222, for the CDC's priority #18 through #31 projects; and,

5. The appropriation provides \$20.0 million state funds for strategic transportation projects from General Fund Exempt authorized by Referendum C.

In order to pay for these projects, the appropriation includes new transfers to the Capital Construction Fund as detailed in the table on the following page. Transfers to the Capital Construction Fund are exempt from the six percent limit on the annual growth of General Fund appropriations.

Appropriations and Transfers to the Capital Construction Fund					
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
FY 2006-07 Total Appropriations and Transfers:	\$145,877,640	145,877,640	\$0	\$0	\$0
Appropriations to Capital Construction Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
HB 06-1385	7,004,644	0	0	7,004,644	0
HB 06-1310	(7,004,644)	0	0	(7,004,644)	0
General transfers to Capital Construction Fund	<u>142,697,774</u>	<u>142,697,774</u>	<u>0</u>	<u>0</u>	<u>0</u>
HB 06-1373	15,000,000	15,000,000	0	0	0
HB 06-1386 ¹	61,944,687	61,944,687	0	0	0
SB 07-222 ²	30,000,000	30,000,000	0	0	0
SB 07-240	35,753,087	35,753,087	0	0	0
5-year sentencing bill transfers to Capital Construction Fund	<u>3,179,866</u>	<u>3,179,866</u>	<u>0</u>	<u>0</u>	<u>0</u>
HB 02S1-1006	22,924	22,924	0	0	0
HB 03-1004	291,761	291,761	0	0	0
HB 03-1138	125,041	125,041	0	0	0
HB 03-1213	69,467	69,467	0	0	0
HB 03-1317	69,467	69,467	0	0	0
HB 04-1016	69,467	69,467	0	0	0
HB 04-1021	90,307	90,307	0	0	0
SB 06-206	174,388	174,388	0	0	0
SB 06-207	174,388	174,388	0	0	0
HB 06-1011	523,164	523,164	0	0	0
HB 06-1092	435,970	435,970	0	0	0
HB 06-1145	87,194	87,194	0	0	0
HB 06-1151	87,194	87,194	0	0	0
HB 06-1326	610,358	610,358	0	0	0
SB 06S1-4	87,194	87,194	0	0	0

Appropriations and Transfers to the Capital Construction Fund					
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
SB 06S1-5	174,388	174,388	0	0	0
SB 06S1-7	87,194	87,194	0	0	0
FY 2007-08 Total Appropriations and Transfers:	\$47,013,543	47,013,543	\$0	\$0	\$0
Appropriations to Capital Construction Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
General transfers to Capital Construction Fund	<u>42,885,386</u>	<u>42,885,386</u>	<u>0</u>	<u>0</u>	<u>0</u>
SB 07-240 ³	20,000,000	20,000,000	0	0	0
HB 06-1373	22,885,386	22,885,386	0	0	0
5-year sentencing bill transfers to Capital Construction Fund	<u>4,128,157</u>	<u>4,128,157</u>	<u>0</u>	<u>0</u>	<u>0</u>
HB 03-1004	416,802	416,802	0	0	0
HB 03-1317	55,574	55,574	0	0	0
HB 04-1021	13,893	13,893	0	0	0
SB 06-206	209,266	209,266	0	0	0
SB 06-207	209,266	209,266	0	0	0
HB 06-1011	523,164	523,164	0	0	0
HB 06-1151	69,755	69,755	0	0	0
HB 06-1326	610,358	610,358	0	0	0
SB 06S1-5	17,439	17,439	0	0	0
SB 07-96	375,495	375,495	0	0	0
HB 07-1040 ⁴	1,126,485	1,126,485	0	0	0
HB 07-1326	500,660	500,660	0	0	0

¹ Includes \$15.0 million General Fund Exempt.

² Senate Bill 07-222 authorizes a transfer from the General Fund to the Capital Construction Fund of up to \$30.0 million, but no more than can be transferred and still maintain a 4.0 percent General Fund reserve.

³ Includes \$20.0 million General Fund Exempt.

⁴ House Bill 07-1040 provides that if it is determined that a defendant of a felony or class 1 or class 2 misdemeanor is illegally in the country, any bond posted by the defendant is forfeited and shall be credited to the Capital Construction Fund for appropriation to the Corrections Expansion Reserve Fund. The Fiscal Note for the bill indicated that there was inadequate information to make a projection of the revenue that would accrue to the Capital Construction Fund. This table displays the minimum amount of revenue that would need to accrue in FY 2007-08 to support the appropriation made from the Capital Construction Fund to the Corrections Expansion Reserve Fund in H.B. 07-1040.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
Statutory Transfers to Corrections Expansion Reserve Fund	\$3,179,866	\$3,179,866	\$0
H.B. 06-1373: Build Institute for Forensic Psychiatry	15,000,000	15,000,000	0
H.B. 06-1386: Capital Construction Transfer Bill	61,944,687	46,944,687	15,000,000
S.B. 07-222: Contingent Transfer to Capital Construction	30,000,000	30,000,000	0
S.B. 07-240: Capital Construction Transfer Bill	<u>35,753,087</u>	<u>35,753,087</u>	<u>0</u>
FY 2006-07 General Fund Appropriations & Transfers	\$145,877,640	\$130,877,640	\$15,000,000
Statutory Transfers to Corrections Expansion Reserve Fund	\$4,128,157	\$4,128,157	\$0
H.B. 06-1373: Build Institute for Forensic Psychiatry	22,885,386	22,885,386	0
S.B. 07-240: Capital Construction Transfer Bill	<u>20,000,000</u>	<u>0</u>	<u>20,000,000</u>
FY 2007-08 General Fund Appropriations & Transfers	\$47,013,543	\$27,013,543	\$20,000,000

General Fund Exempt

In November 2005, the Colorado voters passed Referendum C. Referendum C allowed the State to retain all revenue that is collected above the TABOR limit for FY 2005-06 through FY 2009-10. This revenue must be placed in a General Fund Exempt Account (see Section 24-77-103.6 (2), C.R.S.). The above table shows the amounts of General Fund Exempt appropriated and transferred from the General Fund Exempt Account for strategic transportation projects pursuant to Sections 24-77-103.6 (2) (d), C.R.S.

Appropriations to the Controlled Maintenance Trust Fund

In FY 2007-08 the Long Bill included an appropriation to the Controlled Maintenance Trust Fund. This appropriation was adjusted by several bills as detailed in the table below. The appropriation to the Controlled Maintenance Trust Fund is subject to the six percent limit on the annual growth of General Fund appropriations.

Appropriations to the Controlled Maintenance Trust Fund					
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
FY 2007-08 Total Appropriations:	<u>\$162,328</u>	<u>162,328</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
SB 07-239	2,000,000	2,000,000	0	0	0
SB 07-25	(33,885)	(33,885)	0	0	0
SB 07-36	(11,011)	(11,011)	0	0	0
SB 07-210	(219,996)	(219,996)	0	0	0
SB 07-228	(361,897)	(361,897)	0	0	0
HB 07-1054	(351,004)	(351,004)	0	0	0
HB 07-1093	(57,390)	(57,390)	0	0	0

Appropriations to the Controlled Maintenance Trust Fund

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
HB 07-1131	(5,862)	(5,862)	0	0	0
HB 07-1183	(100,000)	(100,000)	0	0	0
HB 07-1209	(29,073)	(29,073)	0	0	0
HB 07-1228	(8,405)	(8,405)	0	0	0
HB 07-1248	(300,000)	(300,000)	0	0	0
HB 07-1272	(67,822)	(67,822)	0	0	0
HB 07-1326	(38,400)	(38,400)	0	0	0
HB 07-1335	(100,135)	(100,135)	0	0	0
HB 07-1343	(27,560)	(27,560)	0	0	0
HB 07-1349	(2,575)	(2,575)	0	0	0
HB 07-1358	(122,657)	(122,657)	0	0	0

Detail of Appropriation by Department (FY 2007-08 Only)

Project	Total	CCFE	CF	CFE	FF
<u>AGRICULTURE</u>					
State Fair, Carnival Lot, Repair/Replace Infrastructure	441,128	101,128	340,000	0	0
<p>The five-phase project repairs or replaces electric systems, sewer system components, storm drainage systems, and cracking asphalt at the Colorado State Fair's Carnival Lot. The State Fair says these problems present safety issues. Phase 1 included engineering design; replacement of existing electrical services, water mains, and hydrants; and asphalt patching. Phase 2, the current appropriation, completes the replacement of water mains and hydrants. Phase 3 will remove and replace sanitary sewer mains and patch asphalt. Phase 4 will replace the storm sewer system in the Carnival Lot area, and will provide a detention basin, lighting, and fire protection. Phase 5 will replace all asphalt, and will stripe and number all parking spaces.</p>					
State Fair, Repair/Replace Infrastructure at Fairgrounds	830,000	830,000	0	0	0
<p>The three-phase project addresses infrastructure problems in certain areas of the State Fair grounds. The sanitary sewer system, water supply system, natural gas supply system, and storm drainage system are 40 to 60 years old. The systems violate code by mixing sanitary sewer and storm drain output, and fail to drain the fair grounds. Also, the water pressure in buildings is inadequate. The project is divided into three phases, according to construction zones and starting with the most critical area first. Areas to be addressed include the horse show arena; the area around the Palace of Agriculture; the Sheep, Swine and Goat Barn; Sunshine Park area; the Giadone Park area; and the livestock pavilion. Utilities such as natural gas, telephone, and electrical supply systems will be disturbed during the project but this impact will be mitigated.</p>					

Project	Total	CCFE	CF	CFE	FF
Insectary Upgrade, Palisade	582,009	582,009	0	0	0
<p>The project addresses numerous mechanical, electrical, architectural, and maintenance problems in the Insectary in Palisade. Specifically, the project repairs the roofing near the dormers, replaces the roof drainage system with external fascia-mounted gutters and external downspouts, installs an emergency electrical backup generator system, and replaces old, outdated lighting equipment. The HVAC and humidification systems are not integrated and, at times, the heating and cooling components function at the same time in the same space, resulting in high energy costs and the loss of plants or insects. Also, occasional electrical power outages have shut down insect incubators and refrigeration units resulting in the loss of ongoing work. The roof has improper drainage and leaks near the dormers, causing interior damage.</p>					
TOTAL - AGRICULTURE	\$1,853,137	\$1,513,137	\$340,000	\$0	\$0
<u>CORRECTIONS</u>					
Arkansas Valley Correctional Facility and Fremont Correctional Facility, Perimeter Security Improvements, Phase I	339,745	339,745	0	0	0
<p>The three-phase project replaces or repairs lighting and fencing in order to improve perimeter security at two state prisons. At Arkansas Valley, there is deficient security lighting in the north recreation yard, and the facility has a history of attempted escapes. At Fremont Correctional Facility, there are numerous deficiencies in the 50-year old perimeter security fence. Deficiencies include rust at the concrete bases of fence posts, weakened chain-link fence fabric, missing top rails, inadequate separation distance between exterior and interior fences, and razor coil in poor condition. Phase 1, the current appropriation, installs new 40-foot poles with lights at Arkansas Valley to provide consistent illumination, and funds a department-wide security audit and vulnerability analysis regarding perimeter security. Phase 2, also appropriated for FY 2007-08 as project #122, will replace the transponders and microprocessor head in the motion detection system at Fremont, and will repair three sections of the fence at that facility. Phase 3 will repair seven more sections of the fence at Fremont.</p>					
Arrowhead Correctional Facility, Critical Structural Repairs	328,691	328,691	0	0	0
<p>The project adds additional piers to the foundation system, replaces the perimeter sidewalk, and repairs interior finishes at the prison. The project also funds a geological and hydrological impact study for the facility in order to document structural distress, foundation/slab movement, and architectural damage, and to make appropriations concerning monitoring or additional remedial work. The Clinical Services Building is manifesting signs of structural movement including cracked pre-cast wall panels, failed and displaced expansion joints, and interior displacement at floors, partitions, and doors.</p>					
Buena Vista Correctional Complex, Electrical System Improvements	653,590	653,590	0	0	0
<p>The three-phase project improves the prison's 40-year-old electrical power infrastructure. The existing power lines frequently fail, causing major outages. Phase 1, the current appropriation, replaces the primary service throughout the entire complex. Phase 2 will construct an emergency circuit from the Generator Building to the southwest corner of the complex, install a new main voltage automatic transfer switch, transformer, and sectionalizing switch at the Generator Building, and construct the emergency power circuit to the Warehouse/Bootcamp. Phase 3 will replace secondary electrical equipment in portions of the Main Building, Vocational Building, Chapel, and North Building.</p>					
Buena Vista Correctional Facility, Repair/Replace Cellhouse Showers, Phases I and II	1,569,642	1,569,642	0	0	0
<p>The two-phase project repairs and replaces shower facilities in four buildings at the prison. The project expands or replaces existing walls, floors, plumbing, ventilation, and lighting in the showers to meet American Correctional Association standards. Some design work was accomplished under a previous project. Phase 1, the current appropriation, addresses the Administration and Orientation Unit and the Segregation Unit. Phase 2 addresses the South Unit, East Unit, and Honor Dorm.</p>					
Colorado Territorial Correctional Facility and Buena Vista Correctional Complex, Roof Replacements, Various Buildings, Phase II	163,943	163,943	0	0	0
<p>The four-phase project replaces the roofs on several buildings at two prisons. Phase 1 designed and replaced the roof on the Carpenter's Shop at the Colorado Territorial facility. Phase 2, the current appropriation, designs roof replacements at the Buena Vista facility. Phase 3 replaces the metal roofing panels on the East Housing Unit, Services Building, and Administration # 2 at the Buena Vista facility, all of which are 75 years old and have deteriorated due to corrosion, wind, and extreme temperatures. Phase 4 will replace the roof on North Housing Unit at the Buena Vista facility, and will replace the roofing systems on the South Housing Unit, Segregation, and the Lower North Housing Unit.</p>					

Project	Total	CCFE	CF	CFE	FF
Delta Correctional Center, Wastewater Treatment/Ammonia Compliance	269,132	269,132	0	0	0
<p>The two-phase project funds a study of all Department of Corrections facilities to determine if they are in compliance with new standards adopted by the Department of Public Health and Environment and the Water Quality Control Commission for ammonia concentrations in waste water treatment plant discharge receiving waters and, if not, how to bring them into compliance. The project also funds the design of a new sludge plant at Delta Correctional Center from a three-cell aerated lagoon system, with the remaining ponds converted to biosolids stabilization ponds. Phase 1, the current appropriation, funds the study. Phase 2 will fund construction.</p>					
Limon Correctional Facility and Arkansas Valley Correctional Facility, Replace Kitchen Drain Line, Phase I	474,657	474,657	0	0	0
<p>The two-phase project replaces failed kitchen drain and sewer lines at two prisons, and funds a temporary kitchen to be used during construction. Continued use of the existing drain lines could result in health violations when spills occur because of the potential for cross contamination of food products by liquid waste. Phase 1, the current appropriation, replaces the drain line, some P-traps and the grease line at the Limon facility. (The facility has installed temporary bypass drain lines above the floor in the dishwashing machine room and at the beverage line in Dining Hall 2.) Phase 2 replaces the failed cast iron sewer lines in the kitchen at the Arkansas Valley facility with acid resistant pipe. Currently, there is no running water or restrooms in the dining hall, so staff must escort inmates to other locations.</p>					
Rifle Correctional Facility, Replace Water System	780,593	780,593	0	0	0
<p>The two-phase project provides a new water storage tank with a capacity of approximately 240,000 gallons, associated distribution piping, and an automated water treatment system. The domestic water system provides water for the prison, and the nearby Division of Parks & Outdoor Recreation headquarters and a Division of Wildlife residence. The existing water system is at the end of its projected life and consists of a limited capacity well, a package treatment facility, and storage and distribution components. The reservoir at the prison recently failed, and emergency funds were used to replace the lining and the pumping system. An interim plan of action was created for water storage and fire protection until full repairs can be made. The existing water storage tank and treatment plant are undersized to treat the new well flow and cannot adequately meet either the domestic water demand or fire flow requirements. A new well has recently been located on the site to provide a better water source. Phase 1, the current appropriation, designs, explores, and develops new wells and installs the new tank. Phase 2 will complete the installation of the water treatment system.</p>					
Colorado Women's Correctional Facility, Replace Locks/Door Controls	466,167	466,167	0	0	0
<p>The project replaces antiquated locks and door controls in Housing Units 1, 2, 3 and 4 and the Control Centers in the Main Building. The existing locks and door controls are no longer supported by the manufacturer, do not have available replacement components, are inadequate for a level IV custody facility, and require extensive maintenance. The new locks and doors will be controlled by a programmable, computer-based system with back-up.</p>					
Colorado State Penitentiary II, High Custody Expansion	36,911,874	36,911,874	0	0	0
<p>The project constructs a new 948-bed high-custody prison in Canon City. As a result, the project's cost has increased mainly due to inflation in the construction sector. House Bill 03-1256 capped the construction costs at \$102.8 million. This appropriation is in addition to the amount authorized by House Bill 03-1256 and paid for by COPs.</p>					
Colorado State Penitentiary II, Inmate In-Cell Services	1,249,500	0	0	1,249,500	0
<p>The project creates the means to deliver audio and/or visual information directly to the 948 inmate cells at the Colorado State Penitentiary II- Various equipment will be added including servers, PCs, laptops, terminals, keyboards, PDAs, printers, scanners, peripherals, and network equipment/cabling.</p>					
Correctional Industries, Minor Construction Projects	650,000	0	0	650,000	0
<p>This ongoing appropriation allows Correctional Industries to accommodate growth and new business opportunities and to maintain safe operations.</p>					

Project	Total	CCFE	CF	CFE	FF
Denver Reception Diagnostic Center, Expansion/Renovation	14,966,051	10,399,102	0	4,566,949	0
The three-phase project increases the overall bed capacity of the Denver Reception and Diagnostic Center from 480 beds to 542 beds to allow for more inmates to be processed through the facility on an annual basis. The project includes 33,900 GSF of renovation and 24,100 GSF of new construction, for a total of 58,000 GSF. This year's appropriation is for Phase III, and will fund the remaining construction and finishing work. Phase I funded planning and design. Phase II funded architectural/engineering services and construction for the east half of the administration/support building to infill a two-story structure in the existing courtyard, construct 15 holding cells to expand intake capacity, and renovate the facility's central file and clinic holding functions.					
TOTAL - CORRECTIONS	\$58,823,585	\$52,357,136	\$0	\$6,466,449	\$0
Corrections Expansion Reserve Fund (CERF)					
SB 07-96	375,495	375,495	0	0	0
Creates a new classification for theft from an at-risk adult or at-risk juvenile when the theft is committed by a person in a position of trust.					
SB 07-1040	1,126,485	1,126,485	0	0	0
Prohibits a court from dismissing criminal charges, at any stage of criminal proceedings, against a person who is illegally present in the country, except upon the motion of the district attorney. Requires the defendant or a person other than a bail agent to forfeit the bond and fees on a felony or class 1 or 2 misdemeanor if the defendant is removed from the country.					
SB 07-1326	500,660	500,660	0	0	0
Requires a sex offender who has been convicted of a child sex crime, when registering as a sex offender, to provide any email address, instant-messaging identity, or chat room identity prior to using the address or identity.					
Appropriations from prior years to comply with Section 2-2-703, C.R.S.	2,125,517	2,125,517	0	0	0
This includes \$416,802 from H.B. 03-1004, \$55,574 from H.B. 03-1317, \$13,893 from H.B. 04-1021, \$209,266 from S.B. 06-206, \$209,266 from S.B. 06-207, \$523,164 from H.B. 06-1011, \$69,755 from H.B. 06-1151, \$610,358 from H.B. 06-1326, and \$17,439 from S.B. 06S1-5.					
TOTAL - Corrections Expansion Reserve Fund	\$4,128,157	\$4,128,157	\$0	\$0	\$0
<u>EDUCATION</u>					
School for the Deaf and Blind, Boiler Replacement	403,150	403,150	0	0	0
The two-phase project replaces 27-year-old boilers that no longer function and are at the end of their useful lives. Phase 1, the current appropriation, replaces the boiler and provides back-up boilers, new direct digital controls, and pumping equipment in an auxiliary area of the Central Heating Plant. Phase 2 will abate asbestos and demolish abandoned equipment.					
School for the Deaf and Blind, Electrical Distribution Upgrades	450,075	450,075	0	0	0
The three-phase project makes upgrades to the school's electrical distribution system, which is over 30 years old. The system's panels do not meet National Electrical Code grounding and bonding requirements. Further, the wiring combines various insulation types and has not been properly sized for the building's loads. The project replaces the main distribution panels, sub-distribution panels, and conductors in the school's buildings in three phases. Phase 1 completed work in the Industrial Group, Student Health Center, Industrial Building, Gottlieb Building, and Argo Dining hall. Phase 2, the current appropriation, completes work in Palmer Residential Hall and Jones Preschool. Phase 3 will complete work in the West Residential Hall, Stone Vocational High School, Administration, and Barn.					
School for the Deaf and Blind, Student Bus Zone Safety Enhancements	243,600	243,600	0	0	0
The project funds the design and construction of a separate pick up/drop off zone in order to enhance student safety. The school provides services to residential students and non-residential day students. Currently, 10 buses from various school districts drop off and pick up students in a parking lot where cross traffic involving vehicles and pedestrians occurs.					
TOTAL - EDUCATION	\$1,096,825	\$1,096,825	\$0	\$0	\$0

Project	Total	CCFE	CF	CFE	FF
HIGHER EDUCATION					
Adams State College					
Facilities Services Building, Replace Switchgear	113,586	113,586	0	0	0
The project replaces original switchgear in a building built in 1946. The new switchgear will accommodate the building's current load and will meet code requirements. The existing circuitry is protected by original fuses that fail occasionally, and the secondary electrical capacity is inadequate. In addition, the existing switchgear is difficult to repair, and replacement parts are not available.					
Upgrade Campus Water Distribution System	953,016	953,016	0	0	0
The three-phase project replaces a patchwork of irrigation systems that are served by the city's potable water through multiple buildings. Work includes rebuilding the well casing and developing the proper-sized pumps, holding pond, and centralized control and distribution system. The college currently owns a well that has been temporarily capped. It has a capacity of about 500 gallons per minute. As a result of the project, the college will realize significant cost savings by using existing water rights instead of paying the city water fees. Phase 1 funded engineering, design, and the Landscape Master Plan (which appropriated a third irrigation system). Phase 2, the current appropriation, connects the water distribution system to a single source of non-potable water from the city, and develops the existing well. Phase 3 will provide a new, upgraded irrigation system that includes a centralized control system.					
Plachy Hall, Renovation and Addition	5,194,709	5,194,709	0	0	0
The project renovates 62,343 GSF and constructs 12,200 GSF of additional space in Plachy Hall to address safety issues and federal requirements related to the ADA. The project is being phased as two separate projects. This year's appropriation is for Phase II, and will construct a new lobby area, additional bleacher seating and restrooms, a lecture hall, and corridor improvements to facilitate spectator movement at sporting events. Phase I constructed a 13,000 GSF addition to the facility for a new weight room and men's and women's locker rooms; constructed a portion of the spectator corridor; replaced the roof over areas under renovation; and initiated renovations in the existing space (approximately 30,700 GSF, with some carry-over between phases).					
Mesa State College					
Campus Utility Infrastructure Upgrades	610,849	610,849	0	0	0
The project upgrades electrical systems, improves site lighting, and makes storm drainage/sewer improvements on campus. Work includes rerouting some utility lines that are already operating at their limit, completing a campus wide study/design, and making the necessary infrastructure improvements. The college indicates that the existing electrical, gas, storm sewer, and irrigation distribution systems are antiquated and undersized. The electrical system lacks redundancy. The storm sewer system has had three breaks in the last two years.					
United Technology Education Center, Replace Air Conditioning System	68,173	68,173	0	0	0
The project replaces the air conditioning system in the college's United Technology Education Center. The system's cooling tower has reached the end of its useful life, and ground water infiltrates the pump vault, requiring pumping of water to prevent damage to the system. This pumping has caused concerns with the city of Grand Junction's Department of Public Works and Utilities, and Department of Health and Environment.					
Business and Information Technology Center	7,805,501	7,805,501	0	0	0
The project constructs a Business and Information Technology Center to address space shortages for the business and technology-intensive programs associated with the Departments of Accounting & Information Technology, Business Administration, and Computer Science.					
Saunders Fieldhouse/Field Development	7,805,196	0	0	7,805,196	0
The project completes renovations and additions to the Saunders Field House. According to the college, the fieldhouse's academic, athletic, recreation, and mixed-use space is undersized, programmatically inadequate, and under-equipped to meet the needs of the programs using the space. The project will provide Health Sciences classrooms, labs, and offices; a new fitness center with aerobics studios; a natatorium with a new pool and diving well; recreation locker facilities; athletic facilities; kinesiology classrooms and labs; multi-purpose rooms; and a lobby with a central control desk. Prior phases of the project were funded as independent, stand-alone projects.					
Saunders Fieldhouse/Addition and Renovation	13,927,500	0	0	13,927,500	0
The project completes renovations and additions to the Saunders Field House. According to the college, the fieldhouse's academic, athletic, recreation, and mixed-use space is undersized, programmatically inadequate, and under-equipped to meet the needs of the programs using the space. The project will provide Health Sciences classrooms, labs, and offices; a new fitness center with aerobics studios; a natatorium with a new pool and diving well; recreation locker facilities; athletic facilities; kinesiology classrooms and labs; multi-purpose rooms; and a lobby with a central control desk. Prior phases of the project were funded as independent, stand-alone projects.					

Project	Total	CCFE	CF	CFE	FF
W.W. Campbell College Center	25,720,290	0	0	25,720,290	0
The project will renovate and construct an addition to the Campbell College Center. The project will expand the GSF by 56,558. The Campbell College Center includes dining services; student space for studying, games, and recreation; a design studio; student activity offices; a print/copy/graphics outlet; a cultural diversity center; student media offices; administrative space; the campus book store; and a ballroom.					
Western State College					
Repair/Replace Electrical Power Distribution	382,480	382,480	0	0	0
The three-phase project replaces the primary and secondary power distribution systems in various buildings on campus. Transformers, main distribution panels, main switchgears, sub-distribution panels and sub panels and conductors in these buildings are reaching the end of their useful life, and have caused concerns about overheating due to additional loads. Phase 1, the current appropriation, replaces the systems in the Maintenance Building, Warehouse, and Press Box public area 111. Phase 2 will replace the systems in the Quigley quad area of the campus, which includes the Quigley, Hurst, Kelley, Taylor, and Library Buildings. Phase 3 will replace the systems in the Crawford and Paul Wright Buildings.					
Repair/Replace Sewer Distribution	287,654	287,654	0	0	0
The three-phase project replaces the sewer system that services Western State College. The college says the system is beyond its useful life. Emergency repairs to replace collapsed sewer lines in several locations have indicated that the college should anticipate further collapses. In addition, clay joints have separated and are leaking sewage, and the concrete catch basins are in poor condition. Each phase will address a specific zone on campus. Phase 1 addressed the first zone. Phase 2, the current appropriation, addresses the second zone. Phase 3 will address the remaining zone.					
Repair/Replacement Main Gym Roofing and Flooring	350,000	350,000	0	0	0
The project replaces the main gymnasium's clay tile roof, which was installed 50 years ago, leaks, and is difficult to repair. Work includes removal of the existing sleepers, placement of new ice and water shields on the decking, installation of new sleepers, and replacement of the tile. The project also replaces the gymnasium's wood floor, which is damaged and deteriorated. Work includes removal of the existing floor, installation of new underlayment and sub floor systems, and installation of a new wood floor.					
Kelley Hall Renovation	3,984,970	3,984,970	0	0	0
The two-phase project renovates Kelley Hall, which houses 12 classrooms, the academic offices of the Department of Behavioral & Social Sciences, and the Children's Center. The project also provides a permanent space for the college's Center for Environmental Studies, and a future location for other centers of excellence or interdisciplinary programs that are developed by Western State College. This year's appropriation is for Phase II, and will fund construction. Phase I funded professional services.					
Colorado State University at Fort Collins					
Forestry Building, Replace Deteriorated Items	588,694	588,694	0	0	0
The project replaces electrical, heating, and plumbing systems that are nearly 60 years old and obsolete. The heating system is leaking and experiences frequent outages. The plumbing system no longer meets code. Phase 1 replaced the electrical and plumbing systems. Phase 2, the current appropriation, replaces the heating system and ceiling tiles.					
Multiple Buildings, Replace Environmental Control Systems	344,773	344,773	0	0	0
The three-phase project replaces worn-out pneumatic controls that are inefficient and do not interface with the school's digital control system. Component failures have caused damage to mechanical equipment and have closed facilities at times. Replacement parts are difficult to obtain and maintenance costs are high. Phase 1 replaced the systems in 5 buildings: Chemistry, Andrew Clark, Engineering, Gifford, and Atmospheric Science. Phase 2, the current appropriation, replaces the systems in Auditorium, Engineering South/Glover, and Natural Resources. Phase 3 will replace the systems in an additional 11 buildings.					
Music Building, Replace Deteriorated Items	651,600	651,600	0	0	0
The two-phase project replaces 73-year-old electrical, heating, and plumbing systems that are beyond their life cycle. The plumbing, electrical, and fire alarm systems do not meet code. The skylights leak, and the wood windows are single glazed and have dry rot. The building's flooring is deteriorated and the tiles contain asbestos. Phase 1 replaced the electrical and plumbing systems. Phase 2, the current appropriation, replaces the heating system.					
Pitkin Station Electrical Switchgear Replacement ¹	580,800	580,800	0	0	0
Replaces a switching station that is obsolete and at maximum capacity. There could be an extended loss of power to portions of the main campus in the event of a failure of the existing station.					

Project	Total	CCFE	CF	CFE	FF
Replace Deteriorated Fire Alarms	400,000	400,000	0	0	0
<p>The three-phase project replaces deteriorated fire alarm systems in various buildings on campus. Fire alarm systems in these buildings are 25 to 30 years old, and replacement parts are not available. None of the buildings comply with the fire code. Phase 1 replaced fire alarms in the Anatomy/Zoology building. Phase 2, the current appropriation, replaces fire alarms in the Physiology and Visual Arts buildings. Phase 3 will replace fire alarms in the Microbiology and Natural Resources buildings.</p>					
Replace Deteriorating Steam and Condensate North Line	678,664	678,664	0	0	0
<p>The three-phase project replaces steam and condensate lines that are over 50 years old and are being operated at twice their intended pressure. According to the university, if a pressure relief valve failed, it would create a significant safety hazard. Phase 1 installed 2 pressure relief valve stations and piping in the tunnel leaving the heating plant. Phase 2, the current appropriation, installs a new tunnel lid and piping from the Occupational Therapy building to Ammons Hall. Phase 3 will install a new concrete trench from Ammons Hall to Rockwell Hall.</p>					
Sanitary Sewer Improvements	639,852	639,852	0	0	0
<p>The three-phase project performs sanitary sewer improvements on the main campus. The system is overloaded in several places and many lines have excessive groundwater infiltration. Work includes installing a new line from the Auditorium/Gymnasium to Shields Street, rerouting and regrading a line across the Intramural Field, and increasing the size of lines in areas. Phase 1, the current appropriation, performs design work and initial work on upsizing selected lines. Phases 2 and 3 will repair and replace lines on the north and south halves of the campus, respectively.</p>					
Academic Training and Indoor Practice Facility	20,000,000	0	0	20,000,000	0
<p>The project constructs a 56,880-GSF Indoor Practice Facility and an 18,146-GSF Academic/Training Facility addition to the southwest of Moby Arena. The Indoor Practice Facility will provide practice space for the football team, men's and women's basketball teams, and women's volleyball team during inclement weather. In addition, all 16 varsity sports and a number of recreational sports will use the facility year-round. The Athletic Department will use the Academic/Training Facility for academic instruction and physical training purposes.</p>					
Alumni and Welcome Center Building	11,062,485	0	0	11,062,485	0
<p>The project will build a 25,620 GSF facility at Laurel and Meridian/Loomis streets, north of Green Hall that will include offices, meeting rooms, and lounge/entertaining areas for alumni and students. The project will also include a patio and outside stage.</p>					
Biomass District Heating Plant, Foothills Campus	1,231,000	0	0	1,231,000	0
<p>The project builds a wood chip biomass district heating plant (2,400 GSF) to address existing operational deficiencies, achieve cost savings, and assist forest management programs. Currently, the Foothills campus does not have central district energy utilities such as the ones that exist on the Main and South campuses. The new plant will provide about 90 percent of the space heating for the existing Animal Reproduction Biotechnology Lab (ARBL) building (41,000 GSF). The ARBL facility is used by 30 scientists in the Department of Biomedical Sciences for bovine and equine reproductive research, and is heated by a natural gas burning boiler. The new biomass heating plant will be located adjacent to this boiler and will become the primary heating source for the ARBL facility, with the existing boiler becoming the backup heating source. The heating plant will also provide a use for 74,200 tons of diseased and dead trees from 13 counties along the Front Range that create wildfire risk and need to be removed to lower such risk.</p>					
Clark Building Revitalization ¹	4,000,000	2,000,000	0	2,000,000	0
<p>The project performs general maintenance on the Andrew Clark Building in order to address numerous code and infrastructure deficiencies. The university says the facility needs major maintenance to extend its life, and will otherwise continue to deteriorate. The building is used for general education classes. On an average daily basis, the building accommodates over 400 faculty and graduate teaching assistants and over 16,000 students.</p>					
Diagnostic Medicine Center	19,420,741	19,420,741	0	0	0
<p>The three-phase project constructs a 90,000 GSF Diagnostic Medicine Center close to the Veterinary Teaching Hospital on the university's south campus. The project also renovates 18,523 GSF that will be vacated by the center. The new center will provide animal diagnostic and processing labs, research labs, and office and support space to relieve space shortages. The university says current operations are carried out in 38 percent of the space that should be provided for the laboratory's functions. The project will also improve instructional and outreach capabilities through co-locating programs in the new building, and will enhance safety in laboratories. This year's appropriation is for Phase II, which will fund construction work. Phase I funded design work. Phase III will fund the renovation construction work, equipment, and furnishings.</p>					

Project	Total	CCFE	CF	CFE	FF
District Cooling Plant No. 2	2,800,000	0	0	2,800,000	0
The project constructs a second cooling plant to provide additional air conditioning capacity for the university's Main campus. The additional capacity will provide air conditioning for a number of existing buildings that currently have no cooling systems, and will also replace less-efficient, maintenance-intensive cooling systems in specific buildings. In addition, the new cooling plant will meet cooling demand associated with campus building growth, and provide backup cooling capacity for the existing plant.					
Purchase 555 South Howes Street	4,000,000	0	0	4,000,000	0
The project purchases, upgrades, alters, and furnishes a three-story building located at 555 South Howes Street (30,629 GSF) for 110 employees in five university administrative offices, the first four of which are under the Vice President for Administrative Services: (1) Human Resource Services; (2) Business & Financial Services; (3) Internal Auditing; (4) Purchasing; and (5) Training Development. The purchase includes the acquisition of two parking lots adjacent to the current structure, with a combined total of 108 parking spaces.					
Research Innovation Center	52,000,000	0	0	52,000,000	0
The project constructs two additions totaling 72,000 GSF to the Regional Biocontainment Laboratory, an infectious disease and bioterrorism research facility funded primarily by a grant from the National Institutes of Health that provides for collaboration between government, academic, and industry scientists. The university will use the new space to partner with private sector entities to research infectious diseases and develop treatments for these diseases.					
Rockwell Hall Business Expansion	11,803,850	0	0	11,803,850	0
The project builds a 34,660 GSF addition to Rockwell Hall to provide classrooms, faculty offices, graduate student offices, student waiting areas, and circulation areas for the Minor in Business program that began in spring 2006. The addition will also have an entrance that will include seminar and conference space, as well as spaces for student presentations and coursework. The project is expected to accommodate an eventual 8,574 students with business minors.					
Colorado State University at Pueblo					
Psychology, Art / Music / Music Classroom, and Administration Buildings, Replace Roofs	385,842	385,842	0	0	0
The three-phase project replaces the roofs on three buildings that leak constantly. Phase 1, the current phase, replaces the roof on the Psychology building. Phase 2 will replace the roof on the Art/Music/Music Classroom building. Phase 3 will replace the roof on the Administration building.					
Replace Campus Water Lines ¹	283,589	283,589	0	0	0
Replaces 30-year old under-sized lines. Because of the expansive soils on campus, some water lines have broken and required emergency repairs. This project will repair and or replace lines based upon the water line structural status.					
Health, Physical Education, and Recreation Building Renovation, Life/Safety Upgrade	887,900	887,900	0	0	0
The three-phase project renovates 61,683 GSF and adds 15,000 GSF to the Health, Physical Education, and Recreation (HPER) building to address inadequate space and electrical/mechanical systems, along with related health and safety concerns. The building is used by the exercise science, health promotion and recreation, and student recreation programs; intramurals; the Experiential Learning Center; and the athletic department. This year's appropriation is for Phase III, and will fund furnishings and equipment for the new and renovated space. Phase I funded architectural engineering, gymnasium roof replacement, installation of the gym bleachers, and upgrading of the air handling units. Phase II funded the renovation of the gymnasium and the building entrance.					
Student Recreation Center	10,116,387	0	0	10,116,387	0
The project will construct a new student recreation center that will be attached to the Health, Physical Education, and Recreation Building at the southeast corner. The project will add 43,308 GSF and renovate 8,904 GSF.					
Fort Lewis College					
Central Campus Infrastructure Improvements	463,925	463,925	0	0	0
The three-phase project repairs three infrastructure problems in the center of the campus. The repairs include replacement of deficient sanitary and storm sewers, reconstruction of deteriorated sidewalks, and installation of lighting to improve pedestrian safety and vehicular access. The project is phased to minimize disruption to ongoing college operations. Phase 1 consisted of design work. Phase 2, the current appropriation, performs construction work in the southern section of the project area. Phase 3 will perform construction work in the northern section.					

Project	Total	CCFE	CF	CFE	FF
Improvements to Electrical Distribution	728,153	728,153	0	0	0
The two-phase project addresses needed electrical improvements to the Fort Lewis College campus. Phase 1 replaced two leaking transformers, improved safety and security lighting in various areas of the campus, replaces the outmoded and unserviceable main gear in the Aquatic Center, and provides a UL-listed (Universal Laboratories) master lightning protection system for the Concert Hall. Phase 2, the current appropriation, relocates and replaces a number of transformers throughout the campus. It also establishes a centralized campus metering system, and replaces outmoded and unserviceable main gear in Berndt Hall, Nobel Hall, and the Geology Field Lab.					
Berndt Hall Reconstruction -- Biology, Agriculture, and Forestry	1,500,000	1,500,000	0	0	0
The three-phase project demolishes about 12,500 GSF in Berndt Hall and replaces the demolished space with 29,030 GSF of new construction. The college says the biology program space must be demolished and replaced because it is not feasible to reuse the existing space for modern laboratory facilities, and because of structural problems in the existing space. This year's appropriation is for Phase II, and will address space for the Biology/Agriculture/Forestry Department.					
Old Fort Lewis Campus, Library Renovation	61,500	0	0	61,500	0
The project will renovate systems and stabilize the building.					
University of Colorado at Boulder					
Chemical Engineering Building, Upgrade HVAC System	451,742	451,742	0	0	0
The two-phase project upgrades a deteriorated HVAC system that is unable to maintain comfort levels and requires additional outside air in order to meet current codes and regulations. Work includes the following: fume hood replacement, the installation of emergency shower and eye washing equipment, exhaust air upgrades; modification of air handling units, the return air system, and exhaust systems; installation of pre-heat coils and fire/smoke dampers; and repair or replacement of terminal boxes and exhaust fans. Work on the project has been split into two areas, corresponding with the two phases, to minimize disruption to the building's occupants.					
Fire Safety Upgrades	425,252	425,252	0	0	0
The two-phase project upgrades 31 buildings that do not meet safety code. Deficiencies include an inadequate number of exits, lack of enclosure for fire exits, inappropriate door hardware such as door closers and latching hardware, lack of firestopping of penetrations, inadequate exit signage, improper exit arrangement, inadequate handrails or guardrails, inadequate emergency lighting, and corridor enclosures at open stairwells. Phase 1, the current appropriation, addresses the following buildings: University Theater, Stadium Building, Denison, Economics, Clare Small, Norlin Library, Willard Administration Center, Laboratory for Atmospheric and Space Physics, Imig Music, Regents Administration Center, and the McKenna Languages Building. Phase 2 will address additional buildings.					
Main Campus Tunnel Security Projects ¹	100,907	100,907	0	0	0
This project addresses security problems concerning access to the utility tunnels. A previous project replaced sidewalk hatches with models that can be secured in order to prevent students and vagrants from entering the confined space and unsafe conditions (asbestos pipe insulation) in the tunnels. Phases 1, 2 and 3 will replace doorways into the tunnels. The current doors are made of different materials, do not have rated assemblies, and do not provide easy egress in an emergency.					
Repair/Replace Roof Main Campus Compressed Air System	362,351	362,351	0	0	0
The two-phase project replaces air supply piping with larger piping valves, drainage devices, and other equipment, and installs supplementary air compressors at the Power House on campus. The existing air supply piping on campus is old and deteriorated, improperly sized, and has many leaks. Parts of the system contain old copper-coated steel pipe from the World War II era. Phase 1, the current appropriation, installs the piping from the Power House in tunnels 1N, 1S, 5, and 6. Phase 2 will install the compressor and associated equipment, and will replace the remaining tunnel piping in tunnels 7 and 8.					
Repair/Replace Building Electrical Services	507,011	507,011	0	0	0
The four-phase project repairs or replaces electrical system components serving four buildings on campus. The university says that the transformers serving these buildings are old and at or near capacity. The main gear is obsolete and past its useful life. Phase 1 replaced the switchgear and one service transformer in the Engineering Center. Phase 2, the current appropriation, replaces the transformer in Norlin Library. Future phases will address the Muenzinger and Porter buildings.					

Project	Total	CCFE	CF	CFE	FF
Upgrade Building Transformers/Electrical Services	535,203	535,203	0	0	0
The two-phase project replaces old electrical equipment in two buildings on campus. Phase 1, the current appropriation, replaces and relocates old transformers and main distribution switchboards that are at capacity and run hot in the Mechanical Engineering building. Phase 2 will replace the existing main switchgear and service transformers in Litman Research Lab No.1. The main gear is obsolete, past its useful life, and parts are no longer available.					
Various Buildings, Upgrade Central Fire Alarm System	217,568	217,568	0	0	0
The five-phase project upgrades the central fire alarm system, which is old, obsolete, and unreliable. The central fire alarm system notifies the campus and the Boulder Fire Department of a campus fire. Initially, the project was planned for four phases, but Phase 4 was split into two parts, creating fifth phase. Phases 1 through 4 addressed various buildings on campus.					
Various Buildings, Upgrade Fire Sprinklers and Alarms	765,766	765,766	0	0	0
The seven-phase project provides fire sprinkler coverage in buildings on campus that were built at a time when no fire or life safety codes were in effect. Risks include open stairs and unprotected corridors. A fire on one floor of such a building will quickly spread to other parts of the floor through these unprotected corridors. Phases 1, 2, and 3 upgraded fire safety devices in various campus buildings. Phases 4 and 5 designed and provided sprinkler coverage for the Duane Physics building. Phase 6 provided sprinkler coverage in the Hellums building. Phase 7, the current appropriation, will complete the sprinkler installation in the Duane Physics building.					
Arnett Hall Renovation	12,960,000	0	0	12,960,000	0
The project will renovate the residence hall, including adding a new heating and air conditioning system, removing lead paint and asbestos, improving acoustic separation between rooms, replacing doors, improving ADA compliance, upgrading bathroom finishes, repairing roof and structural systems, replacing exterior windows, and reconfiguring room spaces to include more learning and community space.					
Athletic Practice Air-supported Structure	2,637,041	0	0	2,637,041	0
The project will construct a removable 190-by-370-foot inflatable bubble over an existing synthetic surface field north of Boulder Creek. The 55-foot tall bubble will be used for football practice during the winter and removed during summer months. It will also be made available for use by other athletic programs.					
Bear Creek Apartments Acquisition	67,000,000	0	0	67,000,000	0
Purchases three buildings (398,830 GSF, 298,514 ASF) on a 10-acre site one mile east of the main campus in Boulder to provide housing for students. Acquiring the buildings will provide expansion and surge space on campus during future housing renovation projects and allow the university to have financial control over the facilities.					
Ekeley Sciences Middle Wing Renovation ¹	2,853,075	2,567,767	0	285,308	0
The two-phase project renovates the first two levels of the middle wing of the Ekeley Sciences Building, totaling 21,660 GSF. The renovations will address problems with the mechanical and ventilation systems that limit the Department of Chemistry and Biochemistry's ability to provide state-of-the-art laboratory instruction. This phase will fund design work.					
Ketchum Arts and Sciences Building ¹	991,015	991,015	0	0	0
The two-phase project upgrades the systems within the Ketchum Arts and Sciences building (59,454 GSF), which serves all arts and sciences programs, hosts programs from other academic areas, and houses faculty offices. The building is used year-round, 6 days per week. The project will also provide improved space for program delivery. This year's funding will begin design work.					
Norlin Library Renovation	5,101,051	0	0	5,101,051	0
The project renovates a portion of Norlin Library (26,050 GSF) that is becoming functionally obsolete. The project also alleviates space shortages for library services and mitigates deficiencies due to the building's age. This year's appropriation is the first of five stand-alone projects under the Norlin Renaissance Plan, and will renovate portions of three floors in the library, creating a student learning commons, consolidated reference and periodicals, and a graduate student study suite. The project also relocates a portion of the Norlin Library collection to the Preservation and Access Service Center for Colorado Academic Libraries facility at the university's Fitzsimons campus.					
Visual Arts Complex	29,388,623	9,168,742	0	20,219,881	0
The three-phase project demolishes the Sibell Wolle Fine Arts Building, and constructs a 148,075 GSF Visual Arts Complex in the center of campus. The complex will house the Department of Fine Arts and the University Art Museum, and will contain open classrooms, laboratories, studios, and continuing education facilities, which will be available to students working in the adjacent facility for the Alliance for Technology, Learning, and Society. The project seeks to address numerous health and life safety issues with the existing facility.					

Project	Total	CCFE	CF	CFE	FF
University of Colorado at Colorado Springs					
Campus Services Building, Repair Structural Damage	253,311	253,311	0	0	0
The two-phase project repairs structural damage to a building that has been damaged by foundation movement over the past several years. The movement has caused severe floor and wall cracking (greater than 1 inch) and affects the door closure. Phase 1 determined the cause, which is much greater than originally anticipated due to extreme movement that occurred in the last year. Phase 2, the current appropriation, replaces damaged slabs and relieves wall pressure. Phase 2 was added as a result of discoveries during Phase 1, and completes the corrections.					
Campuswide, Fire Alarm System Upgrades	273,392	273,392	0	0	0
The project upgrades fire alarm control panels and devices in the following buildings to comply with existing codes and provide better fire safety: Campus Services, Columbine Hall, Cragmoor Hall, Kramer Library, Main Hall, Science, Engineering, and University Hall. Improvements include new software, new audible and visual devices, addressable controls, and an upgraded monitoring station.					
Campuswide, Upgrade ADA Accessibility Guidelines Compliance	382,161	382,161	0	0	0
The project seeks to rectify access problems that impede travel on campus, and makes the campus fully compliant with ADA Accessibility Guidelines for buildings and facilities (ADAAG). The pathway to the Public Safety Building -- where the Student Health Center, Public Safety Dispatch, and Parking Services are located -- is constructed of small gravel, which makes it difficult for blind and wheelchair-bound individuals to access the building, particularly on wet days. The pathway is not marked by curbs or railings, and there is no way-finding feature for blind individuals to follow. Also, the path from the University Center to Dwire and Main Hall is graded at between 7 and 8 percent, which is difficult for wheelchair-bound individuals to travel. In addition, each building on campus should have one set of bathroom doors that open automatically for the physically challenged.					
Cragmor Hall, Repair Water Lines ¹	467,995	467,995	0	0	0
Cragmor Hall is sited over the oldest utilities on campus. Water lines date from the 1940s. In the last year the water distribution system regularly delivered yellow to red colored water. Lab tests reveal a concentration of iron. There are dead ends in the piping that contribute to poor water quality. To correct this situation all the old pipes will be dug up and replaced.					
North Nevada Avenue Acquisition 3650 through 3750	3,210,000	0	0	3,210,000	0
Acquires 13.5 acres from the university's foundation, including a 144,000 GSF facility that was previously occupied as a research and manufacturing plant for electronic components. The university plans to use lease revenues from the property and potentially proceeds from a future sale to fund portions of the new Science/Engineering Building and the renovation of the existing Science Building.					
Science/Engineering Buildings, Phase I of III	11,000,000	11,000,000	0	0	0
The project constructs a building that, in conjunction with construction and renovation under two other separate capital projects, will accommodate the College of Engineering and Applied Science, the Dean's Office and several departments of the College of Liberal Arts & Sciences, the Institute for BioEnergetics, the Network Information & Space Security Center, and the Science/Health Science Learning Center. The plan incorporates planning and design work previously performed for construction of a new engineering building. This year's appropriation is for Phase I, and will continue to design and construct a new, 173,000 GSF "U"-shaped building. Phase II will construct an additional 90,000 GSF building, and Phase III will renovate 74,000 GSF of space in the existing Engineering Building. All three phases are being appropriated separately as stand-alone projects.					
University of Colorado at Denver and Health Sciences Center					
Fitzsimons, Building 500, Replace Air Handling Units	410,555	156,268	0	254,287	0
The project replaces 14 of 33 air handling units that provide HVAC needs for a 65-year-old building: Building 500. The units malfunction and perform poorly, which causes serious problems with building operation. The school says it may need to shut down a portion of the building if the air handling units fail. Phase 1 replaced 3 units. Phase 2, the current appropriation, replaces 4 units. Phase 3 will replace 7 smaller units.					
Fitzsimons, Building 500, Temperature Control Improvements ¹	327,700	327,700	0	0	0

Project	Total	CCFE	CF	CFE	FF
9th Avenue Remediation	17,100,000	0	0	17,100,000	0
The project removes hazardous materials from the 9th Avenue campus so the buildings can be safely demolished, and allows the university to obtain the highest monetary value for the property. House Bill 03-1256 authorized the university to develop a master plan for the development, sale, and use of the real estate interests of the 9th Avenue campus. The land and buildings at the campus are under agreement to be sold to a private developer, but the property can only be sold if the structures on the campus are cleared of hazardous materials and ready for demolition.					
Fitzsimons, Infrastructure 10B	5,349,033	0	0	5,349,033	0
The project continues site infrastructure work at the Fitzsimons campus in Aurora. The new infrastructure is necessary to service many buildings on campus, specifically the research and academic office facilities located in the research zone. This year's appropriation reimburses the University of Colorado Hospital for the campus's share of site infrastructure work. The infrastructure work will construct water lines and roadways primarily for the west side of the campus, but will also tie in with previous infrastructure projects to help support the overall campus development. As of December 2006, the mechanical infrastructure has been constructed, but the roadways have not been constructed.					
Lease Purchase of Academic Facilities at Fitzsimons	13,145,713	0	0	13,145,713	0
The funds provide for the third payment for the construction of seven capital construction projects at the Fitzsimons Campus. The authority to enter into the lease-purchase agreements via certificates of participation (COPs) was provided through House Bill 03-1256. The COP payments for the Fitzsimons projects will continue for 26 fiscal years, through FY 2030-31.					
Anschutz Facility, Linear Accelerator Vault	1,834,143	0	0	1,834,143	0
The project will construct a 1,600 GSF addition to the Anschutz facility on the Fitzsimons Campus on the North end to house linear accelerators used in radiation therapy programs. The vault is intended to shield peripheral areas from radiation.					
Aspen Satellite Campus, Given Institution Renovation	4,835,000	0	0	4,835,000	0
The project will renovate the 12,602 GSF Given Institute in Aspen, and construct an 8,238 GSF addition including a dining room and catering kitchen.					
New Pharmacy Research Building	42,032,512	0	0	42,032,512	0
The project constructs a 105,215 GSF building for the School of Pharmacy, the only pharmacy school in Colorado. The project will provide space for recent and future program growth, and address inadequate facilities. The university says the current research laboratories are inadequate in number and size, and the program needs a clinical trial suite to conduct certain research projects and closely monitor subjects. The new four-story facility will house the research, faculty, and administrative programs associated with the school, including the Department of Clinical Pharmacy and the Department of Pharmaceutical Sciences.					
Colorado School of Mines					
Brown Hall, Replace HVAC System	746,900	746,900	0	0	0
The three-phase project replaces a 30-year-old heating and cooling system that does not comply with code and is incapable of maintaining temperatures necessary for computer modeling classes and equipment. Cotton fabric on the air handlers requires constant maintenance and is typically covered with biological growth. Temperatures in the building during the summer session approach 80 degrees, interrupting classes. Phase 1, the current appropriation, replaces the air handling units and controls. Phases 2 and 3 will replace ductwork and additional controls.					
Campus Fire Safety Improvements	533,772	533,772	0	0	0
The three-phase project makes fire safety improvements in several mixed-use buildings on campus. The buildings have active laboratories that utilize hazardous materials, but are equipped with outdated non-addressable fire alarm systems. Phase 1, the current appropriation, replaces the fire alarm and fire sprinkler system in Berthoud Hall, and conducts an arc flash evaluation of electrical equipment in order to minimize the danger to persons who maintain medium voltage equipment on campus. Phases 2 and 3 make similar fire safety improvements in Meyer Hall, Unit Ops, Alderson Hall Stratton, Engineering, and the Steinhauer Field House.					
Repair/Replace High Pressure Steam Distribution System	295,735	295,735	0	0	0
The three-phase project addresses buried steam lines on the east side of campus that are over 25 years old and have begun to leak. The Heating Plant contains two boilers that are at the end of their useful life, and working boilers are necessary to provide steam so the lines can be repaired. Steam is also used on the campus for heating and cooling, and all academic, research, and administrative programs will be interrupted if the steam system fails. Phase 1, the current appropriation, installs cathodic protection to slow the rate of corrosion of the existing buried lines. Phases 2 and 3 will abate asbestos and replace the boilers in the Heating Plant.					

Project	Total	CCFE	CF	CFE	FF
Replace Failed Corroded Piping	410,730	410,730	0	0	0
The two-phase project replaces domestic water and low pressure steam distribution pipes in several buildings on campus. The pipes are at the end of their life cycle. The school has identified 67 pipe leaks repaired during the last seven years. Recently, a water line ruptured in Meyer Hall, discharging water into a room of 480-volt electrical panels and transformers, and leaving two inches of standing water in the room. Phase 1, the current appropriation, replaces piping in the Lakes Library, Meyer Hall, and Guggenheim buildings. Phase 2 will replace piping in the Chauvenet, Volk Gymnasium, Unit Ops, and Green Center buildings.					
Hall of Justice Demolition ¹	2,841,145	2,841,145	0	0	0
The project demolishes and removes the Hall of Justice Building (83,000 GSF), and renovates existing space in various campus buildings.					
University of Northern Colorado					
Butler Hancock Hall, McKee and Frasier Halls, Replace Electrical and Fire Alarm Systems	455,800	455,800	0	0	0
The two-phase project replaces the electrical and fire alarm systems in a number of halls on campus. Currently, the electrical systems in Butler Hancock, McKee, and Frasier halls are at their maximum capacity. The fire alarm systems in Butler Hancock and McKee halls do not meet ADA standards and the controllers cannot be expanded. Phase 1 replaced the fire alarm systems in McKee and Butler Hancock halls and the electrical distribution systems in Butler Hancock. Phase 2, the current appropriation, replaces the electrical distribution systems in McKee and Frasier halls, including a review of existing raceways and conductors in the buildings.					
McKee Hall, Repair/Replace HVAC System	638,000	638,000	0	0	0
The two-phase project repairs and replaces an HVAC system that was last modified in the mid 1980's and no longer meets air quality standards. The system is not able to accommodate energy performance contract modifications without these upgrades. Phase 1 designed and replaced the air handling unit coils, heat exchangers, and pumps. Phase 2, the current appropriation, replaces the mixing boxes, relief/exhaust fans, and room air controls.					
Ross Hall Animal Facility HVAC Replacement	865,000	0	0	865,000	0
Replaces two 23-year-old HVAC systems serving Ross Hall, and adds boilers and a condensing unit to provide redundancy for the main heating and cooling systems. Allows the university to meet eligibility requirements for accreditation and seek federal animal research grants, and ensures that animals housed in the facility are not harmed in the event of a future system failure.					
West Campus Housing Improvements	63,200,000	0	0	63,200,000	0
The project will demolish McCowen Residence Hall, which currently houses 504 students, and replace it with multiple smaller residential buildings that will house approximately 700 students. The project includes outdoor and indoor student gathering spaces. The facilities will feature suites with two 2-bed student rooms and a shared full bath.					
Arapahoe Community College					
Main Building, Replace Boiler and Low Pressure Steam Supply/Return Lines	705,580	705,580	0	0	0
The project replaces the 32-year-old steam boiler, deteriorated and leaking steam lines, and failing steam traps in the Main Building. Leaking water soaks through the boiler room floor and floods the offices and classrooms below. The frequency of steam line failures has created a safety concern about possible rupture, which could cause personal injury and loss of domestic hot water for the Main and Annex buildings.					
Main Building, Structural/Exterior Concrete Repair ¹	439,602	439,602	0	0	0
The Main Building exterior decks are comprised of 3½" of concrete topping over metal pan roofs over occupied areas of the building. The concrete has cracked and deteriorated in numerous areas exposing structural steel. The steel is beginning to rust and leaks are entering occupied spaces. The existing concrete topping slab and waterproofing will be replaced by rubberized asphalt waterproofing membrane system, insulation, and concrete topping slab.					
Colorado Northwestern Community College					
Rangely Campus, Tunnel Repair and Safety Upgrade	624,030	624,030	0	0	0
The project eliminates asbestos and repairs the tunnels in a system that connects 10 buildings on campus. Steam, water, and other utilities in the tunnels are connected to the return air duct system in some of the buildings. Some of the steam pipes have asbestos insulation. The tunnel walls and roofs have started to fail in some locations, which has the potential to create sinkholes under the sidewalks and grounds on campus.					

Project	Total	CCFE	CF	CFE	FF
Front Range Community College					
Westminster Campus, Repair/Replace Electrical Switchgear, Phase II	581,017	581,017	0	0	0
The three-phase project replaces three electrical switchgears and branch circuits in the Main building on the college's Westminster campus, and adds room clearance to comply with overall safety standards. A 1999 facility audit identified that the electrical rooms and switchgear violate code, creating a safety problem due to overloading. Further, the college says that the components are obsolete and can no longer be maintained. Phase 1 provided design and replaced one switchgear. Phase 2, the current appropriation, replaces a second switchgear. Phase 3 will replace a third switchgear.					
Westminster Campus, Repair/Replace Electrical Switchgear, Phase III ¹	581,017	581,017	0	0	0
The three-phase project replaces three electrical switchgears and branch circuits in the Main building on the college's Westminster campus, and adds room clearance to comply with overall safety standards. A 1999 facility audit identified that the electrical rooms and switchgear violate code, creating a safety problem due to overloading. Further, the college says that the components are obsolete and can no longer be maintained. Phase 1 provided design and replaced one switchgear. Phase 2, the current appropriation, replaces a second switchgear. Phase 3 will replace a third switchgear.					
Larimer Campus Parking Lots Expansion	1,500,000	0	0	1,500,000	0
The project will upgrade 545 parking spaces at the Larimer campus from gravel/crushed asphalt to pavement, to add safety lighting, speed bumps, signage, and striping to the lot, to expand the number of spaces by 184, to relocate the bus stop and provide a pedestrian walkway from the stop to the campus, and to improve the storm water drainage. Traffic through the parking lot will be reconfigured as part of the project to improve safety and flow.					
Internet Protocol Telephony Project ¹	1,305,712	1,305,712	0	0	0
The project upgrades voice services for students, faculty and staff at the Larimer, Boulder County, and Westminster campuses by replacing PBX telephone switches with PBX IP telephone systems that will integrate voice, video, and data networks.					
Lamar Community College					
Bowman/Trustees Building, Replace Windows/Repair Exterior Wall	677,467	677,467	0	0	0
The project replaces windows in the Bowman Building and in the Trustees Building with double-glazed, low E-type glass that will reduce utility costs. The original windows are single-pane and lack insulation, and the caulking and sealing components have deteriorated so that outside air leaks inside.					
Horse Training Management Facilities Remodel	1,759,430	1,759,430	0	0	0
The two-phase project remodels 2,000 GSF and adds 13,000 GSF of instructional space for the Horse Training and Management program. The remodel will provide instructional classrooms, a demonstration lab, and offices for instructors; 30 more horse stalls and boarding areas in the indoor arena; a larger exercise and training area in the indoor arena; and renovated restrooms and other public areas of both arenas. The college says the horse training program is currently limited because there is no instructional classroom space in the indoor arena, and the indoor arena is too small for those who use it, creating safety concerns for students, staff, and the public during use. This year's appropriation is for Phase II, and will fund construction and equipment costs. Phase I funded architectural services and associated costs.					
Telecommunications Upgrade ¹	490,355	490,355	0	0	0
The project installs a communication system that combines voice and data across the same network, and upgrades technology infrastructure on campus.					
Morgan Community College					
Aspen Hall and 300 Main, Replace HVAC/Direct Digital Controls	216,180	216,180	0	0	0
The project replaces four HVAC units on Aspen Hall and two HVAC units at 300 Main. The units are over 20 years old and frequently need repair. The project also provides new direct digital controls that will integrate with the existing system and allow for cost efficient monitoring of all HVAC units.					
Information Technology and Connectivity ¹	1,446,255	1,446,255	0	0	0
The project upgrades technology connections on campus and at all five remote college centers, including the replacement of the outdated phone system.					

Project	Total	CCFE	CF	CFE	FF
Northeastern Junior College					
Hays, ES French, and Portions of Walker and Knowles Halls, Replace Roofs	440,360	440,360	0	0	0
The two-phase project provides four buildings with new roofing systems that incorporate tapered insulation under a membrane. The current roofs all collect water and leaks have developed. Offices within the buildings have been closed occasionally due to the leaks. Phase 1 replaced the most critical roofs: E.S. French and Walker Hall. Phase 2, the current appropriation, replaces the roofs on the Hays Student Center and Knowles Hall.					
Otero Junior College					
Humanities Building, Replace Roof	261,170	261,170	0	0	0
The project replaces the deteriorated roof of the Humanities building with a four-ply built-up roof and tapered insulation system. The school says that continued deterioration of the roof will damage interior finishes and disrupt programs.					
Pikes Peak Community College					
Remove/Replace D Parking Lot Stairs and Scarify/Riprap Hillside	274,933	274,933	0	0	0
The project replaces all three sets of stairs that provide access to/from the largest parking lot on campus, Lot D. The treads, riser landings, handrails and related support structures are falling apart due to freeze/thaw cycles, normal wear and tear from approximately 27 years of daily use, expansion of subsoil, and surrounding hillside erosion due to inadequate drainage. Safety hazards have developed from cracks and chips in the concrete, and protruding structural components. The project also addresses the hillside erosion by breaking up the topsoil and providing a stabilizing material to prevent further erosion.					
Pueblo Community College					
Central Administration, Repair/Replace Electrical Distribution Panels ^{/1}	370,008	370,008	0	0	0
The electrical distribution system is old in the Central Administration Building. It has numerous code violations and hazards. The electrical distribution system has been modified over the last 40 years with no as-built documentation available to identify circuits. The main electrical room is poorly ventilated; this needs to be corrected to maintain a proper working environment for electrical equipment. Much of the lighting in the building is dated and in need of replacement. The campus-wide security and fire alarm network computer is also located in this building and failure of electrical distribution will affect the entire campus network. Circuits need to be identified, redistributed to new panels to ease overloading of circuits, and old panels removed. This project will replace the electrical distribution system and upgrade the lighting fixtures.					
Replace HVAC System and Roof Repair Health Science Annex	130,620	130,620	0	0	0
The project replaces the HVAC system and repairs the roof of the Health Science Annex building, and integrates these upgrades into the existing campuswide direct digital control system. The cooling is marginal throughout the building, and is showing corrosion on the cooling coils. The roof needs patches, and tiles that are broken or missing need to be replaced.					
Red Rocks Community College					
Construction Technology Building, Replace Multizone HVAC Equipment	150,000	150,000	0	0	0
The project replaces heating, ventilation, and air conditioning equipment that serves classrooms in the Construction Technology Building. Adequate ventilation is necessary to reduce breathing problems and fire hazards from fine wood particulates generated from the wood construction technology program housed in the facility. The equipment has exceeded its useful life, cannot keep classrooms adequately heated or cooled, and parts are difficult to acquire.					
Trinidad State Junior College					
Replace Library/Davis Roofs	408,212	408,212	0	0	0
The project replaces the original roofs of the Library and the Davis Building (constructed in 1968) in order to promote energy efficiency and eliminate further roof damage. The interior of the building, including ceiling tiles and library stacks, have sustained water damage, and the leakage is causing maintenance problems.					

Project	Total	CCFE	CF	CFE	FF
Replace San Luis Valley Campus Main Building Roof ¹	490,000	490,000	0	0	0
<p>The existing roof is the original roof that was installed when the building was constructed in 1936. The building roof material is Spanish tile construction; and some minor repair was done during 2000 when a new addition was constructed. The old roof has cracked and wind has displaced tiles; it is now leaking badly and is jeopardizing equipment and furnishings. The project will replace the tile roof with embossed steel (Spanish tile effect) for a long-term solution.</p>					
Colorado Community College System at Lowry					
Building 758, Upgrade Mechanical System Components and Replace Roof	644,383	644,383	0	0	0
<p>The project upgrades components of the mechanical system in Building 758, which house information technology classes on campus. Upgrades include replacement of mixing boxes and pneumatic controls, and balancing of the system. Also, the roof above the computer classrooms and office spaces leaks, and will be replaced.</p>					
Building 965, HVAC/Controls Upgrades	576,090	576,090	0	0	0
<p>The project replaces the chiller, boiler, pumps, four air handlers, variable air volume boxes, associated piping, ductwork, and controls in Building 965. The building houses the digital video production studio. The mechanical systems in this facility are 25 years old and are unreliable, causing ongoing disruptions.</p>					
Building 965, HVAC Upgrades ¹	331,372	331,372	0	0	0
<p>The mechanical systems in Building 965, which house the digital video production studio, are 25 years old and are causing continual disruptions. The equipment is unreliable, the air distribution is inadequate and the existing system controls are antiquated and unable to serve the needs of a state of the art video production studio. This project replaces the boiler, pumps, four air handlers, VAV boxes, associated piping, ductwork and controls.</p>					
Demolish H Buildings	494,000	494,000	0	0	0
<p>The project demolishes nine unoccupied, asbestos-filled buildings in the center of the campus that are a security and liability problem. The project also grades the site for any future use. The buildings have been used for fire rescue training and have numerous openings in them. The school says this creates a fire hazard, allows asbestos to be blown out of the building when there are high winds, and creates easy access for trespassers.</p>					
Auraria Higher Education Center					
Repair/Replace Elevator Systems Campuswide	1,284,113	1,284,113	0	0	0
<p>The project repairs or replaces eleven elevators in the South Classroom, North Classroom, Central Classroom, Library, Plaza, and Physical Education buildings at the Auraria Higher Education Center. The elevators are worn and obsolete, and do not meet building conveyance code requirements.</p>					
Replace/Repair Campus Emergency Generator	451,855	451,855	0	0	0
<p>The project replaces emergency generator systems that are failing in the Facilities Management Building, HPER, North Classroom, South Classroom, and Technology on the Auraria campus. The systems are over 30 years old, susceptible to fuel leaks, undersized against current loads, and inadequate to meet current safety code requirements.</p>					
Science Building Addition and Renovation	29,887,876	29,887,876	0	0	0
<p>The project renovates 143,000 GSF in the Science Building and the North Classroom Building, and constructs 181,346 GSF of new space adjacent to the Science Building for the science programs of all three institutions on the Auraria campus: the University of Colorado at Denver, Metropolitan State College of Denver, and the Community College of Denver. The project will also replace all equipment and furnishings in the existing building with new equipment and furnishings. Auraria cites a number of problems with the existing building, such as inefficient layout and use of space, inadequate ventilation and equipment, overcrowding, and lack of space. In addition, Auraria desires to bring the science programs from all three institutions together into one facility for more collaborative teaching and more efficient research and learning.</p>					

Project	Total	CCFE	CF	CFE	FF
Colorado Historical Society					
Cumbres and Toltec Scenic Railroad, Chama Car Shop/Engine House Rehabilitation	160,000	80,000	0	80,000	0
The project makes various improvements to deteriorated and unsafe components in the Car Shop/Engine House in Chama. The improvements include: (1) installing an overhead radiant tube heat system in the machining room (the room is currently heated by a single coal stove that is vented through a wood ceiling); (2) replacing four roll-up doors; (3) replacing concrete structural components in the outside ash pits; (4) installing track pans at the south entrance to the shop where the locomotives are serviced. The pans will collect oil and grease and route it to the existing oil and water separator; and (5) replacing the deteriorated smokestack and fan.					
Georgetown Loop Railroad Environmental Upgrade	395,000	395,000	0	0	0
The project makes various upgrades at the Georgetown Loop Railroad/Silver Plume Depot in order to maintain a safe environment. The railroad schedules six trips daily, and the depot is the main departure point for the 75,000 people transported throughout the operating season. The entrance to the depot has vehicular, pedestrian, and train traffic patterns; there is no clear delineation for safe pedestrian access, which creates potential liability for the railroad. The project will provide a clearly marked, safe entrance to the depot and yard area for all users. In addition, the engine house will be upgraded to meet current railroad standards for ventilation, heat, and oil disposal. Finally, the fuel tank area will obtain a containment basin to meet EPA and Colorado Department of Health & Environment standards and security upgrades to prevent terrorist threats.					
Grant Humphreys Mansion Facilities Improvements ¹	301,000	301,000	0	0	0
The terra cotta cornice elements continue to fail over time on the Grant Humphreys Mansion. The cornice has previously been netted to catch any failure. The tiles on the porch continue to fail and individual tiles have deteriorated. The terra cotta elements will be removed, repaired, cleaned and reinstalled on the mansion as needed. Leaks from the roof have caused deterioration of interior plaster walls. The kitchen exhaust system does not meet code and needs to be upgraded and properly ventilated					
Regional Museum Preservation Projects	1,031,000	0	0	978,000	53,000
The project address a number of deficiencies at 14 regional museums. Funds will be used to address growth concerns relating to safety, historic preservation, and general public amenities, as detailed by past studies of the various preservation needs of the existing structures.					
Ute Indian Museum ¹	146,000	146,000	0	0	0
The project builds a 5,720 GSF addition to the Ute Indian Museum, and rehabilitates 1,900 GSF in the museum in Montrose.					
TOTAL - HIGHER EDUCATION	\$555,293,518	\$130,125,341	\$0	\$425,115,177	\$53,000

HUMAN SERVICES

Child Care

Replace Child Care Automated Tracking System	8,541,664	0	0	0	8,541,664
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The project builds a new automated web-based system for the Child Care Assistance Program to replace the existing Child Care Automated Tracking System (CHATS). CHATS is an automated system that provides payments to child care providers, serving more than 40,000 children of 19,000 low income and disadvantaged families who receive services from 11,000 child care providers. The system supports the Division of Child Care and all 64 counties in Colorado by providing client administration, provider administration, payments, recovery, program technical assistance, program monitoring, and reporting. The department says a new system will improve tracking of attendance, payments, and reporting; give users better access to child care-related information; reduce the amount of fraud associated with administering subsidized child care programs; and reduce inefficiencies and maintenance costs. A recent feasibility study appropriated creating a new system because it best met the division's business needs, it was the least expensive option, and it had the highest net benefit when quantified benefits were considered.

Mental Health and Alcohol and Drug Abuse Services

Colorado Mental Health Institute at Fort Logan, Repair/Replace Roofs ¹	406,340	406,340	0	0	0
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Many of the buildings constructed at the Colorado Mental Health Institute at Fort Logan (CMHIFL) during the 1960's are in critical need of their second cycle of roof replacement. Phase 1 will replace the entire roof assembly including saturated insulation on the residential wings of the H Building. Leaks have been repaired nine times during the last three years. Phase 2 will replace the roofing system on the KA Building roof of the K Complex, which is also significantly deteriorated. Phase 3 replaces the balance of the H Building roof as well as the roofing system on the KB Building.

Project	Total	CCFE	CF	CFE	FF
Colorado Mental Health Institute at Fort Logan, Replace Fire Hydrants and Water Mains	705,999	705,999	0	0	0
The project provides new service and six new hydrants to the main hospital complex at the Fort Logan institute. The existing water pipelines are corroded and have significant blockages. Some of the existing hydrants provide insufficient water flow rates to fight fires on much of the campus. Another project funded in FY 2003-04 through the federal Job and Growth Tax Relief Reconciliation Act of 2003 installed a new pipeline under lawn areas and nine hydrants serving the wood frame buildings on Princeton Circle and the children's complex on the western end of the campus.					
Colorado Mental Health Institute at Fort Logan, Replace Panic/Duress and Fire Alarm Systems	1,045,605	1,045,605	0	0	0
The five-phase project replaces the panic/duress and fire alarm systems at the Fort Logan institute. Parts for the 39-year-old panic/duress system are no longer available and the system fails frequently, resulting in the lack of an emergency notification system. Parts for components of the fire alarm system are also unavailable, and the institute says the system is old, unreliable, and not code-compliant. Phase 1 provided design for both systems. Phase 2 completed replacement and testing of the panic/duress systems, installation of reporting and monitoring panels and the fire alarm system in the Central Heat Plant, and installation of fire alarm systems in residential and support buildings. Phase 3 installed fire alarm systems in other residential and program buildings. Phase 4, the current appropriation, completes installation of the fire alarm system in more residential buildings. Phase 5 will expand coverage to office areas, some patient activity spaces, and buildings with a greater risk of fire, such as shops and warehouses.					
Colorado Mental Health Institute at Pueblo, Repair/Replace Campus Tunnel and Utility Infrastructure System	1,826,480	1,826,480	0	0	0
The six-phase project repairs or replaces the institute's chilled water, soft water, compressed air, raw water, steam distribution, and domestic water systems, as well as the distribution tunnels for these systems. Some of these systems have not been replaced since their installation 50 years ago. The project also involves asbestos abatement and enhanced egress and ventilation. Each phase will focus on a section of tunnel and systems, and this year's work constitutes Phase 2.					
Colorado Mental Health Institute at Fort Logan and Pueblo, Equipment Replacement ¹	935,733	935,733	0	0	0
The two-phase project replaces broken and outdated medical and nutritional services equipment and patient furniture at both of the state's mental health institutes.					
Colorado Mental Health Institute at Fort Logan and Pueblo, Suicide Risk Assessment/Prevention ¹	160,000	160,000	0	0	0
The project is a multi-year modification of buildings at the state's Mental Health Institutes to repair or replace components that present a significant safety risk and/or suicide risk.					
Colorado Mental Health Institute at Pueblo, Forensics Medium and Maximum Security Replacement	29,042,858	29,042,858	0	0	0
The project replaces and expands the maximum and medium security units in the Institute of Forensic Psychiatry (IFP) with a new High Security Forensic Institute at the Colorado Mental Health Institute at Pueblo. The new facility is necessary to address bed shortages, curb the use of civil beds for forensic patients, address the growing waiting list for admissions, and modify the existing forensic psychiatry space. House Bill 06-1373 made available \$35 million in state funds for FY 2005-06 and FY 2006-07 for expansion/extension of the heat plant and supporting infrastructure and replacement of the IFP. The bill also authorized the transfer of \$22,885,386 from the General Fund to the Capital Construction Fund on July 1, 2007, in order to complete the project. The cost of the project has increased \$6,157,472 since the passage of House Bill 06-1373 due to rapidly escalating demand for construction materials and related inflation.					
Services for People with Disabilities					
Grand Junction Regional Center, Heat Plant Repair and Equipment Replacement	811,010	811,010	0	0	0
The project provides a new 300-horsepower steam generator with modified controls and new auxiliary equipment in the Heat Plant, which is 118 years old. The campus's existing steam generators are 25 years old, are problematic to maintain, and create the potential to lose steam on the campus. The north wall of the Heat Plant is severely deteriorated from water damage and age; it will be repaired and reconstructed with a new footing and supporting foundation, along with additional deteriorated masonry. The project also adds a new water softener equipment in the Laundry Building					

Project	Total	CCFE	CF	CFE	FF
Pueblo Regional Center, Replace Fire and Intrusion Alarms	212,796	212,796	0	0	0
<p>The two-phase project addresses alarm deficiencies in the Group Homes and Core Buildings at the Pueblo Regional Center. The facilities house developmentally disabled adults with significant behavioral and medical issues, and provide program and therapeutic services to these clients. The existing alarm system in the group homes is not supported by the manufacturer, is not connected to the Colorado Mental Health Institute at Pueblo's Communications Center (operated round-the-clock), and parts are difficult to obtain. The existing alarm systems in the Core Buildings are 25 years old, are residential type systems with limited zone coverage detection, and are unsupported by the manufacturer. Phase I, the current appropriation, replaces the systems in seven of the Group Homes. Phase 2 will address the other four Group Homes and both Core Buildings.</p>					
Colorado State Veterans Center at Homelake, Domiciliary Renovation	3,155,500	917,095	0	0	2,238,405
<p>The project renovates 25 domiciliary cottages (1,050 GSF each, a total of 26,250 GSF) at the state's only assisted living facility for veterans. The renovation work will address a number of deficiencies, such as abating hazardous materials (e.g., asbestos, lead paint, and galvanized piping), improving accessibility, replacing the mechanical and electrical systems, and replacing the emergency response system. The department indicates that in both 2004 and 2005, the U.S. Department of Veterans Affairs noted the cottages' accessibility deficiencies in an annual survey report, and required the department to provide a plan for corrective action. This year's appropriation is for Phase II, and will fund the renovation construction. Phase I funded design work.</p>					
Division of Youth Corrections					
Adams County Youth Services Center Renovation, Program Plan ¹	185,200	185,200	0	0	0
<p>The funding provides for the development of a program plan to renovate the youth services center.</p>					
TOTAL - HUMAN SERVICES	\$47,029,185	\$36,249,116	\$0	\$0	\$10,780,069
<u>LABOR AND EMPLOYMENT</u>					
Petroleum Storage Tank Site Cleanup	32,800,000	0	0	32,000,000	800,000
<p>The ongoing project reimburses the cost of remediating storage sites contaminated by leaking petroleum products.</p>					
TOTAL - LABOR & EMPLOYMENT	\$32,800,000	\$0	\$0	\$32,000,000	\$800,000
<u>MILITARY AFFAIRS</u>					
Building System Revitalization ¹	938,000	938,000	0	0	0
<p>The Montrose Armory was built over unstable soils that are contracting and heaving. A structural analysis was conducted in 2000 to evaluate the problems and suggest solutions. The problem exists throughout the east side of the building including the Firing Range, Exercise Room, Classrooms, Main Hallway, Medical Exam Rooms and Restrooms. Each area has substantial floor heaving and settling and horizontal cracking in wall and door openings. Some areas will require a new structural slab and foundation system. Where that is not possible, the floors will be mud jacked and stabilized. Wall cracks will be repaired. Floor and wall finishes will be replaced. The site will be landscaped with xeriscape landscaping. The roof is at the end of its expected life span and will be replaced with a built-up roof system. Drainage issues from the roof and landscaping will be corrected to ensure all water is directed away from the building.</p>					
Englewood Starc Headquarters, Replace Mechanical Equipment	684,500	684,500	0	0	0
<p>The two-phase project rebuilds antiquated HVAC systems that do not meet minimum air circulation requirements and are at the end of their serviceable life. Work includes replacement of a boiler that is leaking, along with associated pumps and piping, and modification of the structure, roof curb, and electrical system to accommodate new rooftop HVAC units. The main ducts extending down from the unit are made out of fiberglass and need to be replaced with sheet metal to stop air leakage and ensure proper air flow. Phase 1, the current appropriation, addresses Building #248 at the Englewood Starc Headquarters. Phase 2 will address Building #200 at the Aurora Armory.</p>					
Pueblo, Colorado Springs, and Sterling Armories, Code Compliance and Building System Upgrades	945,000	945,000	0	0	0
<p>The three-phase project performs upgrades at three state armories to resolve unsafe conditions and numerous building code violations. Phase 1, the current phase, modifies the Pueblo Armory by adding a fire alarm system; replacing the HVAC system; rebuilding exit corridors, stairs, an exit door, and window assemblies; retrofitting bathrooms to make them safe, sanitary, and code-compliant; retrofitting walls to gain proper fire ratings; and rebuilding the kitchen space to provide sanitary conditions that meet Army standards. Phases 2 and 3 will perform upgrades at the Colorado Springs and Sterling armories.</p>					
TOTAL - MILITARY AFFAIRS	\$2,567,500	\$2,567,500	\$0	\$0	\$0

Project	Total	CCFE	CF	CFE	FF
<u>NATURAL RESOURCES</u>					
Division of Parks and Outdoor Recreation					
Automated Entrances	500,000	0	0	500,000	0
The project develops automated park entrances at state parks in Colorado in order to provide higher levels of service to a growing and changing customer base, with minimal growth in staffing. The project will also bring in more revenue to offset reduced state General Fund support by ensuring that as many visitors as possible who are entering state parks are paying customers. The automated entrances will be designed as user-friendly for both the public and staff, and equipment will be developed to non-intrusively capture information about park visitors and their experience.					
Cheyenne Mountain State Park	2,505,000	0	0	2,505,000	0
The project is to develop the first state park in El Paso County, the Cheyenne Mountain State Park. The park opened for limited day use 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 to address management issues related to facility deterioration and resource degradation. The U.S. Army Corps of Engineers (Corps) and the state mutually agreed to share the cost for the needed improvements, as the Corps owns the park properties and the state is responsible for managing them.					
Improvements to Lake Pueblo State Park	900,000	0	0	450,000	450,000
Rehabilitates several aging facilities at Lake Pueblo State Park through a cost share agreement with the federal Bureau of Reclamation.					
Highline Lake State Park, Visitor Center and Maintenance Facility	800,000	0	0	800,000	0
The two-phase project constructs a 2,368 GSF visitor center and a new maintenance shop at Highline Lake State Park. Currently, the park does not have a visitor center, and the division says the existing maintenance facility is unsafe. This year's appropriation is for Phase II, and will fund the construction of the maintenance facility. Phase I, funded as a supplemental appropriation for FY 2006-07, constructed the visitor center and the educational displays.					
Major Repairs, Minor Recreation Improvements	4,063,000	0	0	4,063,000	0
Provides various repairs, replacements, and improvements, such as picnic and campsite renovations, water, sewer and electrical system improvements, toilets, docks, and ramps.					
Off-Highway Vehicle Program Grants and Minor New Construction and Renovation	1,610,000	0	1,500,000	0	110,000
Provides grants for project sponsors, which include local governments, federal agencies, and not-for-profit organizations.					
Park Improvements and Buffer Acquisitions	340,000	0	0	340,000	0
Acquire 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.					
Reservoir Enhancements	250,000	0	0	62,500	187,500
The project consists of various reservoir enhancement projects throughout Colorado State Parks. The projects are intended to meet health and safety standards for park visitors, provide natural resource protection and enhancement, enrich recreational opportunities at the parks, and reduce the effects of recent drought conditions. The current appropriation will make the following improvements: (1) breakwater at Jackson Lake; (2) breakwater barrels at Eleven Mile; (3) restroom demolition and installation at Lathrop; and (4) toilet installation at the boat ramp at Stagecoach.					
Revenue Enhancements	1,680,000	0	0	1,680,000	0
The appropriation funds a variety of projects intended to generate additional revenue in support of the state parks system. Projects include renovating Harmen Ranch at Golden Gate Canyon State Park, and expanding the marinas at Navajo State Park and Ridgway State Park.					
Saint Vrain Corridor	133,000	0	0	133,000	0
The project allows the division to acquire land and water along the Saint Vrain River Corridor.					
State Trails Grant Program	1,407,000	0	0	817,000	590,000
Provides grant assistance for planning, design and construction of trails.					

Project	Total	CCFE	CF	CFE	FF
Staunton State Park	200,000	0	0	200,000	0
The project develops Staunton State Park. The park area was initially acquired in 1986 as a donation to Parks. Subsequent acquisitions enlarged the park area and improved access to the park property. This year's appropriation will allow Parks to begin implementation of the park's master plan, which was developed with prior year funding. Following this, the preliminary day use facilities will be designed and constructed. The division expects the park to open sometime after July 2008, serving 250,000 visitors at that time and as many as 400,000 once the park is fully developed in 2010.					
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	1,200,000	0	0	300,000	900,000
The project proposes to prevent wildfires and improve the resilience of state park areas to recover from the effects of wildfire.					
Division of Wildlife					
Cooperative Habitat Improvements	450,000	0	0	450,000	0
Increases the quality and quantity of habitats on private property and improves small game hunting opportunities.					
Dam Maintenance, Repair, and Improvement	525,000	0	0	525,000	0
This is an annual appropriation for ongoing maintenance, repair, and improvements to dams located on division-owned or leased property.					
Employee Housing Repairs	299,000	0	0	299,000	0
The project repairs, maintains, and modernizes employee housing located on properties owned or managed by the Division of Wildlife.					
Fish Unit Maintenance and Improvement	989,700	0	0	989,700	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.					
Foothills Wildlife Research Facility Relocation	2,000,000	0	0	2,000,000	0
The three-phase project relocates the Wildlife Research Facility to a new site. The division conducts captive wildlife research projects at the facility to assist in managing wildlife resources. The facility currently occupies 35 acres on Colorado State University's foothills campus, but the division says that the campus has become unsuitable as a wildlife research location due to changes in land use on adjacent lands. The division plans to relocate the Wildlife Research Facility to a larger site that has yet to be determined, but says the facility will most likely remain in Larimer County. This year's appropriation is for all three phases. Phase I will develop a coordinated site plan. Phase II will involve site acquisition. Phase III will construct the facility and relocate the Wildlife Research Facility.					
Motorboat Access on Lakes and Streams	300,000	0	0	75,000	225,000
The project constructs motorboat access facilities that include boat ramps, docks, roads, parking lots, restrooms, and other facilities on property owned by the division or other public property. Funds are also used to maintain, repair, and expand existing facilities.					
Property Acquisition	6,500,000	0	0	6,500,000	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	1,362,600	0	0	1,362,600	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	1,600,000	0	0	1,600,000	0
Upgrades and renovates the Division of Wildlife's service centers.					
Small Maintenance and Improvement Projects	681,500	0	0	681,500	0
Pays for emergency repairs and minor maintenance and improvements, including roof work, HVAC maintenance, fence installation, and comfort station improvements.					

Project	Total	CCFE	CF	CFE	FF
Stream and Lake Improvements	200,000	0	0	200,000	0
Funds habitat projects for selected streams and lakes such as replacing boulders in stream channels, seeding eroded banks, and fencing to keep livestock away.					
Wetlands Improvement Projects	101,100	0	0	101,100	0
Funds the Colorado Wetlands Initiative, a joint project with other private and government partners.					
TOTAL - NATURAL RESOURCES	\$35,196,900	\$0	\$1,500,000	\$29,234,400	\$4,462,500
<u>PERSONNEL AND ADMINISTRATION</u>					
Emergency Controlled Maintenance	1,000,000	1,000,000	0	0	0
Provides a pool of funds for emergency controlled maintenance needs.					
Annex and Centennial Buildings, Repair Passenger and Freight Elevators	975,295	975,295	0	0	0
The three-phase project repairs three passenger elevators and one freight elevator in the Capitol Annex building (the Department of Revenue building) and repairs six elevators and one freight elevator in the Centennial building. The 25-year-old elevators have been malfunctioning for several years, require constant attention and repair, and are injury hazards. The project installs new controller and drive equipment in the elevator machine room, installs new door operators on each elevator, upgrades the cooling system for the new controls, repairs and replaces the car doors and interiors, and replaces inadequate safety devices. Phase 1 replaced the freight elevator in the Annex building. Phase 2 designed and installed new elevators in the Centennial building. Phase 3, the current appropriation, installs new elevators in the Annex building.					
Camp George West, Demolish Building 37	149,875	149,875	0	0	0
The project demolishes an unoccupied, deteriorating building that was built in 1926. The building contains lead and asbestos, the roof has failed, and the building evidences structural fatigue. The demolition work includes an environmental assessment of the area, removal of hazardous materials, and site grading with gravel.					
Centennial Building, Fire Alarm System Upgrades	219,963	219,963	0	0	0
The two-phase project replaces the fire system, smoke detection system, and fire pumps in the Centennial Building. The systems and pumps are outdated and unreliable, do not meet current National Fire Protection Association codes, and cannot be maintained. Because the system is 30 years old, repair parts are no longer available and specific zones cannot be disabled. Phase 1, the current appropriation, designs the new system. Phase 2 will install the new upgrades.					
Centennial Building, Variable Air Volume Boxes Replacement ¹	993,473	993,473	0	0	0
The existing moduline variable air volume (VAV) boxes/terminals in the Centennial Building are outdated, have exceeded their life expectancy, and do not operate properly. The dampers are deteriorated and have numerous cracks. The existing interior moduline VAV boxes can't be repaired because there are no repair parts available (product discontinued). The scope of work also includes the re-zoning of air distribution to match the current tenant occupancies, duct repair and insulation, duct modifications to reduce air loss, and installation of additional return air grilles to improve return air flow to the plenum space above the ceiling. Phase 1 will design the new system and replace approximately one third of the VAV boxes. Phase 2 will finish the replacement.					
690 Kipling, 1st Floor, Upgrade HVAC/Replace Obsolete Cooling Units, Phase I	232,225	232,225	0	0	0
The project replaces components of the cooling and ventilation systems on the floor that houses Division of Information Technology functions, which are critical for all Colorado Bureau of Investigation criminal investigations, payroll, and drivers licenses. The systems are past their useful life, broken or leaking beyond repair, and parts are no longer available. Phase 1, the current appropriation, designs the upgrade and installs the new controls and hot/cold water lines. Phase 2 will install the air handing units.					
Repair/Replace Critical Lighting Surge Protection and Power Condition Equipment	146,520	146,520	0	0	0
The two-phase project replaces surge protectors and conditioners at the Division of Information Technology's remote public safety radio transmitter buildings. The radio network equipment is required to be in constant operation to support statewide public safety operations and first responders. The current surge protectors and conditioners at the sites are 20 years old on average, and lightning or power surges have created radio outages lasting several hours on numerous occasions. Phase 1 replaced the surge protection equipment at 53 sites. Phase 2, the current appropriation, protects the remaining 60 sites.					

Project	Total	CCFE	CF	CFE	FF
State Capitol, Repair/Replace All Elevators ¹	549,350	549,350	0	0	0
There have been problems with elevators in the State Capitol building ranging from the elevator not leveling properly to component failures, including broken relay shunts, failed relay coils, contact failures in various circuits, selector boxes and hoist way switch failures, and various door related problems. The elevators have been malfunctioning for several years and now require constant attention and repairs. The project will replace/update the elevators with new efficient ones.					
State Capitol, Repair Exterior Stairs at East Entrance	400,000	400,000	0	0	0
The project repairs the stairs that approach four exterior entrances to the State Capitol building. The granite, soap masonry, and steel supporting members of the stairs have deteriorated due to age and water infiltration. A recent investigation indicated severe structural integrity problems in the steel support beams of the stairs. According to the Department of Personnel, failure of the steel beams could result in damage to the building's electrical and mechanical equipment and utility lines. Phase 1, the current appropriation, investigates the problem, designs the solution, and starts repairing the most critical areas. Phase 2 will complete repairs to the structural support of the stairs.					
State Human Services Building, Fire Alarm System Upgrades, Phase II	1,479,709	1,479,709	0	0	0
The two-phase project replaces the building's outdated, unreliable fire alarm system with a code-compliant system that is supervised by a fire alarm control panel. The existing system was installed in 1987, does not meet current National Fire Protection Association code requirements, and is no longer supported by the manufacturer. In addition, the fire zones on the third floor and the ground floor do not respond to the fire control panel properly. Phase 1, the current appropriation, designs the new system. Phase 2 will install the new upgrades.					
Transmitter Site Tower Analysis/Emergency Repairs ¹	200,000	200,000	0	0	0
Virtually all towers in the current inventory are in excess of 35 years of age. In those 35 years these towers have been exposed to moisture, winds, lightning and loading stresses. These stresses over time may have caused severe metal fatigue conditions to the metal structure. Further, it is required that maintenance personnel perform tasks on and around these radio towers. This project is to analyze the current condition and status of these towers. An analysis is required to determine the exact functionality status as well as recommend required modifications and upgrading. Structure upgrading, if required, would also bring the state radio tower inventory into compliance with OSHA standards.					
TOTAL - PERSONNEL AND ADMINISTRATION	\$6,346,410	\$6,346,410	\$0	\$0	\$0

PUBLIC HEALTH AND ENVIRONMENT

Superfund Site Cleanup - California Gulch, Captain Jack Mill, Standard Mine	27,000,000	0	0	2,700,000	24,300,000
The project funds cleanup of the California Gulch, Captain Jack Mill, and Standard Mine Superfund sites in order to eventually delete them from U. S. Environmental Protection Agency's (EPA) National Priorities List. The federal Superfund program provides for cleanup of hazardous/radioactive waste sites on the EPA list. Twenty sites were identified in Colorado in September 1983, including the three sites identified above. Studies and cleanup of various portions have been performed by responsible mining companies and the EPA. A portion of each of these sites has no responsible party and therefore requires state and federal funds for final cleanup.					
Contaminated Sites Redevelopment Pursuant to H.B. 00-1306	250,000	0	250,000	0	0
House Bill 00-1306 authorized 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.					
TOTAL - PUBLIC HEALTH & ENVIRONMENT	\$27,250,000	\$0	\$250,000	\$2,700,000	\$24,300,000

PUBLIC SAFETY

Camp George West, Repair Exterior/Interior/Roof of Small Office Buildings	412,830	412,830	0	0	0
The project repairs/replaces several 80-year-old historic facilities that have been heavily used and show deterioration. The project includes interior and exterior work on the following small office buildings: Golden Troop Garage, both Storage #58 facilities, CSU Forest #67, both CSU offices, and the CSP Shooting Range #126. Exterior work includes repair/replacement of roofs and painting. Interior work includes repair/replacement of windows and doors. The shooting range needs to have the lead collection system updated or replaced.					

Project	Total	CCFE	CF	CFE	FF
Colorado Crime Information System Upgrade	7,616,725	7,616,725	0	0	0
The project replaces complex hardware that functions as the backbone of the Colorado Crime Information System (CCIC), which connects users to all state, national, and international criminal databases. Over 13,000 users in the law enforcement and criminal justice communities use CCIC to check criminal histories and arrest warrants, Amber alerts, sex offender registration, and criminal background checks including InstaChecks for firearm purchases. A 2005 feasibility study determined that the message switching hardware and software are beyond their lives and are becoming increasingly unreliable and difficult to maintain, and are leading to more and more unplanned outages when users cannot access data. The department says the current system cannot be extended to accommodate the projected increases in message size and overall data volume. This year's appropriation is for Phase II, and will fund the replacement of the hardware. Phase I funded preliminary design work.					
TOTAL - PUBLIC SAFETY	\$8,029,555	\$8,029,555	\$0	\$0	\$0
REVENUE					
Pierce street Building, Upgrade HVAC, Plumbing, and Electrical Systems	644,500	644,500	0	0	0
The two-phase project addresses mechanical systems at 1881 Pierce Street that are more than 30 years old and have insufficient heating and cooling, poor air distribution, and inadequate controls. Phase 1, the current appropriation, designs the HVAC system upgrade, and evaluates the electrical, plumbing, and structural systems and other components such as asbestos. Phase 2 will provide new chillers, boilers, pumps, heat exchangers, expansion tank, and controls.					
Colorado Integrated Tax Architecture ^{/1}	9,515,475	9,515,475	0	0	0
The five-phase project replaces the department's current tax system with a single, integrated, "off-the-shelf" system modified to meet the department's specific requirements. This phase will redesign the income and estate tax code and accounts and the International Fuel Tax Agreement quarterly filings.					
Fire Suppression System ^{/1}	98,527	54,190	12,808	31,529	0
The project replaces a water-based fire suppression system in the computer room at 1881 Perce Street with a gas system to reduce the risk of damage or destruction of the computer equipment contained in the room.					
TOTAL - REVENUE	\$10,258,502	\$10,214,165	\$12,808	\$31,529	\$0
TRANSPORTATION					
Highway Construction Projects	20,000,000	20,000,000	0	0	0
This amount is from moneys in the General Fund Exempt Account transferred to the Capital Construction Fund and appropriated for transportation projects to comply with Section 24-77-103.6 (2), C.R.S.					
TOTAL - TRANSPORTATION	\$20,000,000	\$20,000,000	\$0	\$0	\$0
TOTAL - CAPITAL CONSTRUCTION	\$810,673,274	\$272,627,342	\$2,102,808	\$495,547,555	\$40,395,569

^{/1} These appropriations are contingent on there being a \$30.0 million transfer from the General Fund to the Capital Construction Fund pursuant to S.B. 07-222. Senate Bill 07-222 authorizes a transfer from the General Fund to the Capital Construction Fund of up to \$30.0 million, but no more than can be transferred and still maintain a 4.0 percent General Fund reserve.

Recent Legislation

2006 Session Bills

S.B. 06-56: If the Joint Budget Committee changes the priority of capital construction projects established by the Capital Development Committee, requires the JBC to notify the CDC and allow for a joint meeting of the two committees. Specifies that, if the article authorizing the CDC is repealed, the JBC shall make determinations of priority with regard to capital construction projects.

S.B. 06-206: Makes smuggling of humans a class 3 felony. Creates a separate offense for each person smuggled. Allows the offenses to be tried in any county in which a person who is illegally present in the United States and who is a subject of the action is found. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S. to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$174,388
2007-08	\$53,626	\$209,266
2008-09	\$111,977	\$392,373
2009-10	\$238,636	\$523,164
2010-11	\$399,514	\$523,164

S.B. 06-207: Makes trafficking in adult humans a class 3 felony unless the adults who have been trafficked are illegally present in the United States, in which case trafficking in adults is a class 2 felony. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$174,388
2007-08	\$53,626	\$209,266
2008-09	\$117,977	\$392,373
2009-10	\$238,636	\$523,164
2010-11	\$399,514	\$523,164

H.B. 06-1011: Creates two new felonies subject to an indeterminate sentence that could reach a maximum of an offender's lifetime: (1) internet luring of a child and (2) internet sexual exploitation of a child. The first felony is committed if a person communicates with a child through a computer network, whom they believe is less than 15 years old, for the purpose of enticing or luring the child to meet without the consent of the child's parent or guardian. Enticing a child to meet is a Class 5 felony, except it is Class 4 felony if the intent of the meeting is for sexual contact or sexual exploitation. The second felony is committed if a person uses a computer network to entice a child, who is under 15 years old, to expose or touch the child's own or another person's intimate parts while communicating via a computer network, or to observe the person's intimate parts while communicating via a computer network. This form of child sexual exploitation is a Class 4 felony. The bill also makes the possession of more than 20 different items of sexual exploitative material depicting children (photographs, videotapes, slides, etc.) a Class 4 felony for a first offense.

Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes

transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$523,164
2007-08	\$160,878	\$523,164
2008-09	\$321,756	\$523,164
2009-10	\$482,634	\$523,164
2010-11	\$643,512	\$523,164

H.B. 06-1092: Increases the penalty for sexual exploitation of a child by possession of sexually exploitative material from a class 1 misdemeanor to a class 6 felony. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S. to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$435,970
2007-08	\$134,065	
2008-09	\$134,065	
2009-10	\$134,065	
2010-11	\$134,065	

H.B. 06-1145: Creates a State Methamphetamine Task Force to study the best practices for the prevention, intervention, and treatment of methamphetamine abuse, including changes in state laws to accomplish those objectives. The task force is funded from gifts, grants, and donations that are deposited into the Methamphetamine Abuse Prevention, Intervention, and Treatment (MAPIT) Cash Fund. Limits the amount of methamphetamine precursor drugs that can be sold at retail establishments and prohibits the sale of those drugs to minors. Specifies that the crime of child abuse is committed when a person brings a child to a place where methamphetamine is manufactured or attempted to be manufactured. The latter is a Class 3 felony. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$87,194
2007-08	\$26,813	
2008-09	\$26,813	\$26,158
2009-10	\$34,857	\$43,597
2010-11	\$48,263	\$43,597

H.B. 06-1151: Specifies that for a second or subsequent misdemeanor child abuse offense, if the court finds that a person committed any of the following forms of child abuse, the offense is a Class 5 felony:

- cruel punishment or unreasonable isolation of a child;
- threats of harm to a child or other significant people in a child's life;
- acts of domestic violence in the presence of a child;
- malnourishment or a lack of proper medical care for a child; or
- extreme deprivation of hygienic or sanitary living conditions.

Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$87,194
2007-08	\$26,813	\$69,755
2008-09	\$48,263	
2009-10	\$48,263	
2010-11	\$48,263	

H.B. 06-1235: Supplemental appropriation to modify capital construction appropriations in prior years. In addition to modifying capital construction projects, the bill reduces appropriations from tobacco funds to the Capital Construction Fund by \$129,076 in FY 2005-06.

H.B. 06-1310: Alters the rules governing the distribution of tobacco settlement moneys so as to reduce the number of supplemental appropriations for tobacco-settlement-supported programs. Adjusts appropriations in the Long Bill (H.B. 06-1385) accordingly, including a reduction of \$7,004,644 in the appropriation from tobacco funds to the Capital Construction Fund. For more details about all of the provisions in the bill, see the description under the Department of Public Health and Environment.

H.B. 06-1326: Repeals the following crimes: unlawful possession of personal identifying information; theft of personal identifying information; and sale or possession for sale of a financial transaction device. Reorganizes the statutes pertaining to identity theft and related offenses. Creates the following new crimes: identity theft; criminal possession of a financial device; and possession of identity theft tools. Allows a charge

of identity theft to be tried in the county where an act occurred, in any county where an act in furtherance of the offense is committed, or in the county where the victim resides. Adds certain identity crimes to the list of crimes under the "Colorado Organized Crime Control Act". Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$610,358
2007-08	\$187,691	\$610,358
2008-09	\$375,382	\$462,128
2009-10	\$517,491	
2010-11	\$517,491	

H.B. 06-1373: Authorizes the Department of Human Services to expend \$53,537,527 on the construction of an institute for forensic psychiatry at the Colorado Mental Health Institute at Pueblo and to expend \$4,347,859 on auxiliary facility improvements (\$57,885,386 for the entire project). Appropriates \$20,000,000 General Fund to the Capital Construction Fund in FY 2005-06 and furthermore appropriates the \$20,000,000 Capital Construction Fund to the Department of Human Services in FY 2005-06. Transfers \$15,000,000 General Fund to the Capital Construction Fund in FY 2006-07 and furthermore appropriates the \$15,000,000 Capital Construction Fund to the Department of Human Services in FY 2006-07. Finally, transfers \$22,885,386 General Fund to the Capital Construction Fund on July 1, 2007.

H.B. 06-1381: Requires the department of corrections to notify the capital development committee before it issues requests for proposals relating to construction of new private prisons.

H.B. 06-1385: General appropriations act for FY 2006-07. Also includes supplemental adjustments to modify prior year capital appropriations. In addition to making appropriations for capital projects, the bill appropriates \$42,092,409 from the General Fund to the Capital Construction Fund in FY 2005-06. Also, the bill appropriates \$7,004,644 from tobacco funds to the Capital Construction Fund.

H.B. 06-1386: Transfers \$10,000,000 from the General Fund Exempt account to the Capital Construction Fund in FY 2005-06 and \$15,000,000 from the General Fund Exempt account to the Capital Construction Fund in FY 2006-07. Transfers an additional \$44,687 General Fund (not from the General Fund Exempt account) to the Capital Construction Fund in FY 2006-07.

H.B. 06-1405: Amends the 2003 general appropriation act to add a footnote to the University of Colorado Health Sciences Center, in the Department of Higher Education, to specify that moneys for the Center for Bioethics and Humanities remain available until June 30, 2008. Also adds a footnote specifying that moneys for the Research Complex II at Fitzsimons remain available until June 30, 2009.

2006 Special Session Bills

S.B. 06S1-4: Prohibits extortion based on threats relating to a person's immigration status. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$87,194
2007-08	\$26,813	
2008-09	\$26,813	\$69,755
2009-10	\$48,263	
2010-11	\$26,813	\$69,755

S.B. 06S1-5: Prohibits coercing an individual to perform involuntary labor or services by the use of threats relating to a person's immigration status. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$174,388
2007-08	\$53,626	\$17,439
2008-09	\$58,989	
2009-10	\$58,989	
2010-11	\$58,989	

S.B. 06S1-7: Makes voting by a person in an election in which that person knows he or she is not entitled to vote a class 5 felony. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2006-07		\$87,194
2007-08	\$26,813	
2008-09	\$21,450	

2007 Session Bills

S.B. 07-239: General appropriations act for FY 2007-08.

S.B. 07-96: Creates a new classification for theft from an at-risk adult or at-risk juvenile when the theft is committed by a person in a position of trust. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2007-08		\$375,495
2008-09	\$82,761	\$325,429
2009-10	\$154,487	\$150,198
2010-11	\$187,592	\$750,990
2011-12	\$353,114	\$750,990

S.B. 07-181: Supplemental appropriation to modify capital construction appropriations in prior years.

S.B. 07-222: Transfers up to \$30.0 million from the General Fund to the Capital Construction Fund, but no more than can be transferred and still maintain a 4.0 percent General Fund reserve.

S.B. 07-263: Second supplemental appropriation provides an additional \$30.0 million in appropriations from the Capital Construction Fund in FY 2007-08, contingent on a \$30 million transfer from the General Fund pursuant to S.B. 07-222. Senate Bill 07-222 authorizes a transfer from the General Fund to the Capital Construction Fund of up to \$30.0 million, but no more than can be transferred and still maintain a 4.0 percent General Fund reserve.

H.B. 07-1040: Requires a court to issue a no-bond warrant when a defendant is determined to be illegally present in the country and the defendant is either removed from the country or is subject to removal. Directs that a no-bond warrant be issued when a defendant who has posted a bond is released to the immigration and customs enforcement agency. Requires that a defendant arrested on a no-bond warrant be taken into custody and held. Prohibits a court from dismissing criminal charges, at any stage of the criminal proceedings, against a person who is illegally present in the country, except upon the motion of the district attorney. Requires the defendant or a person other than a bail agent to forfeit the bond and fees on a felony or class 1 or 2 misdemeanor if the defendant is removed from the country. If, after bail is posted, it is determined that the defendant was in the country illegally, directs the court to return all of the bail documents to the bail agent, and directs the agent to return the bail fee to the court for forfeiture. Credits the bonds and fees to the Capital Construction Fund for transfer to the Corrections Expansion Reserve Fund. Includes five-year statutory appropriations pursuant to Section 2-2-703, C.R.S., from the Capital Construction Fund to the Corrections Expansion Reserve Fund and from the Corrections Expansion Reserve Fund to the Department of Corrections.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2007-08		\$1,126,485
2008-09	\$248,823	\$700,924
2009-10	\$402,770	\$375,495
2010-11	\$485,531	\$50,066
2011-12	\$496,566	

H.B. 07-1326: Requires a sex offender who has been convicted of a child sex crime, when registering as a sex offender, to provide any email address, instant-messaging identity, or chat room identity prior to using the address or identity. Requires a reasonable effort be made to verify the information provided, including requiring the registrant to sign a statement that the information provided is accurate. Includes a five-year statutory appropriation pursuant to Section 2-2-703, C.R.S., to appropriate General Fund to the Department of Corrections for operating expenses. The five-year statutory appropriation further includes transfers from the General Fund to the Capital Construction Fund that are then appropriated to the Corrections Expansion Reserve Fund for construction costs.

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2007-08		\$500,660
2008-09	\$110,348	\$150,198
2009-10	\$143,452	\$75,099
2010-11	\$160,005	
2011-12	\$160,005	

APPENDICES

A. GLOSSARY OF TERMS

Capital Construction Fund: 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. Appropriations from this fund are exempt from the provisions of Article X, Section 20 of the Colorado constitution, also known as the Taxpayers Bill of Rights (TABOR), because they authorize expenditures from a reserve.

Cash Funds: Separate funds set up to receive earmarked revenues, such as fees and fines. These funds typically 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: Cash funds appropriations that are exempt from the provisions of TABOR. Appropriations paid by donations or from 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.

Common Policies: Policies adopted by the General Assembly that are applicable to all departments, unless specifically exempted. Examples of common policies are the rates paid by agencies to the Department of Personnel for vehicle leases, capitol complex leased space, and information technology services. These rates are used to calculate appropriations for those line items for all departments, unless exempted.

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 TABOR.

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, such as education and corrections.

General Fund Exempt: TABOR places restrictions on the amount of total General Fund and cash funds that can be collected, and consequently spent, by the State. Certain General Fund revenues are exempt from these provisions. There are currently two sources of General Fund Exempt revenues. First, tobacco tax revenues received pursuant to Article 10, Section 21 of the Colorado Constitution and deposited into the General Fund are counted as General Fund Exempt. Second, in November 2005, voters approved Referendum C, which authorizes the State to retain and spend money in excess of the TABOR limitations for five years. These moneys must be deposited in the General Fund Exempt Account and be appropriated for health care, education, retirement plans for firefighters and police officers, and strategic transportation projects.

General Fund Exempt from the Six Percent Limit: Section 24-75-201.1, C.R.S., restricts the annual 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 fiscal year. There are three specified exemptions to the six percent, or "Arveschoug/Bird", limit: appropriations due to federal law requiring a new program or service or an increase in the level of service for an existing program; those due to a state or federal court order requiring a new program or service or increase in the level of service for an existing program; and those funded from an increase in taxes or fees approved by voters. For more information, see Appendix H.

Long Bill: Colorado's annual general appropriations act.

B. COMMON POLICIES

The appropriations for many line items are determined by general policies applied consistently to State agencies. A brief explanation for each of these line items and policies is provided below.

Administrative Law Judge Services

Funds for Administrative Law Judge (ALJ) services are included for the eleven departments that use such services. The recommended billing is calculated by applying each department's percentage of actual ALJ use in FY 2005-06 to the Administrative Courts' overhead (personal services, centrally appropriated items such as salary survey and short-term disability insurance, operating expenses, and indirect costs). In FY 2007-08, spending authority for the Administrative Courts totals approximately \$4.3 million.

ADP Capital Outlay and Information Technology Asset Maintenance

These line items fund the replacement or addition of automated data processing equipment. Automated Data Processing (ADP) Capital Outlay is the common title for one-time, incidental information technology appropriations. The Information Technology Asset Maintenance line item is used by departments to fund network maintenance, hardware and software maintenance contracts, and anti-virus software. Requests for these items are reviewed by the Commission on Information Management (IMC).

Capitol Complex Leased Space

This line item is for 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, which is located in Golden. This line item appears in most department's executive director's office, with some exceptions. The appropriated funding level is based on a rate of \$12.41 per square foot for the Capitol Complex, \$4.24 per square foot for the North Campus, \$6.00 per square foot for the Pierce Street Building, \$7.89 per square foot for the Grand Junction State Office Building, and \$1.00 per square foot for Camp George West. 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 appropriated funds may not be used for leased space outside of these facilities, which are administered by the Department of Personnel and Administration, Division of Central Services. A matching amount of transfer spending authority, \$9.5 million for FY 2007-08, is appropriated to the Department of Personnel and Administration to pay all costs associated with maintenance and upkeep for 754,366 square feet of space in the Capitol Complex, 42,871 square feet of space in the North Campus, 116,448 square feet for the Pierce Street Building, 34,499 square feet in the Grand Junction State Office Building, and 285,755 square feet at Camp George West.

Communications Services Payments

This line item appears in most department's executive director's office, with some exceptions, and represents each department's share of the overhead related to the state's public safety communications infrastructure. For FY 2007-08, 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 recoverable costs of \$4.4 million.

Community Provider Rates

The appropriation includes a 1.5 percent community provider rate increase applied to selected programs in the Departments of Human Services, Health Care Policy and Financing, Corrections, and Public Safety. In general, community provider rate increases apply to programs and services which, if not provided by contracted provider organizations or county staff, would need to be provided by state staff. Details on the programs affected are reflected in the sections for the specific departments.

Health, Life, and Dental

This line item appears in each department's executive director's office. For FY 2007-08, the total statewide cost of health, life, and dental benefits for all employees except for non-appropriated positions in the Department of Higher Education (faculty and administration), is expected to be approximately \$101.9 million, including approximately \$61.6 million from the General Fund. For FY 2007-08, the state contribution rate for employee health, life, and dental benefits is \$312.76 per month for a single employee, \$527.18 per month for an employee and spouse, \$482.60 per month for an employee and one or more children, and \$713.40 per month for an employee and family. Please note that for FY 2007-08, the state contribution rates for all tiers have been increased by \$2.26 per month as a result of S.B. 07-97. 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. 26,672 employees have enrolled in the State's medical insurance plans for FY 2007-08, including 19,264 appropriated employees.

Indirect Costs

Indirect costs are the overhead costs associated with the operation of general government functions and departmental administrative duties. Indirect cost recoveries are intended to offset these overhead costs, that otherwise would have been supported by the General Fund, from cash- and federally-funded sources. Recoveries from cash and federally-funded programs are calculated for 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 fee is charged. These costs are calculated by the State Controller's Office and approved by the Joint Budget Committee. In FY 2007-08, the statewide indirect cost recovery plan is estimated to recover \$1.26 million less than was recovered in FY 2006-07 from cash and federally-funded sources. Due to changes in the allocation of costs, departments may have an increase or a decrease in indirect costs assessed against them.

Departmental indirect cost recoveries are specific to the general administrative functions of each department, typically including the functions of 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 appropriated as cash funds exempt in the executive director's office, where they offset General Fund, and are appropriated as cash funds, cash funds exempt, or federal funds in the division in which they are earned.

Lease Purchase

The appropriation is for a continuation of existing lease purchase agreements. Requests for additional lease purchase funds are examined on an individual basis and funded where appropriate. No funds may be expended for lease purchase except those specifically appropriated for that purpose.

Leased Space

This line item appears in most 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.

Legal Services

This line item appears in most department's executive director's office, with some exceptions. Funding is appropriated so each department can purchase necessary legal services from the Department of Law. For FY 2007-08, agencies will pay a blended rate of \$72.03 per hour, which provides for the purchase of services from both attorneys and paralegals. The appropriation to the Department of Law is sufficient to fund personal services and associated expenses, operating expenses, litigation expenses, and indirect costs for a projected 310,241 hours of statewide legal service at a cost of \$22.3 million in FY 2007-08.

Multiuse Network Payments

This line item appears in most department's executive director's office, with a few exceptions. The multiuse network aggregates the State's telecommunications infrastructure onto one medium of transport. The network carries the State's voice, video, 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 at each network access point. In FY 2007-08, the program's expenses that it will recover from other state agencies total \$11.5 million.

Operating Expenses

For FY 2007-08, the appropriated amounts for operating expenses are funded at continuation levels, with the exception of base reductions, decision items, and budget amendments which may have been approved. The Joint Budget Committee recommends inflationary increases for operating expenses related to food, medical, and laboratory services in departments in which these costs are not incidental. Inflation rates are 1.8 percent for food and 2.0 percent for medical costs. The following five departments are generally affected by food and medical inflation: Corrections, Education, Human Services, Public Health and Environment, and Public Safety.

Payment to Risk Management and Property Funds

This line item appears in each department's executive director's office. The appropriation represents each department's share of the statewide cost of property and liability insurance coverage, based on a three-year average loss history as verified by an independent actuarial firm. A matching amount of spending authority is provided to the Department of Personnel and Administration to pay administrative, legal, and claims costs for

the state's liability self-insurance and to pay premiums and the aggregate deductible of \$1.25 million for each policy year for the state's property insurance policies of \$500.0 million in total coverage. In FY 2007-08, the risk management and property program will cost \$18.4 million.

Personal Services

In FY 2007-08, the Joint Budget Committee adopted a common policy for calculating personal services costs which decreased most personal services line items by 0.5 percent of the previous year's base salaries. In previous years, the Joint Budget Committee applied a base reduction to personal services line items of between 0.2 and 2.5 percent to account for vacancies and turnovers. This policy saves approximately \$3.9 million General Fund in FY 2007-08.

Public Employees' Retirement Association (PERA)

Each personal services and salary survey recommendation 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 2007-08, 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. In general, state employees also contribute 8.0 percent of base salary to this defined benefit plan.

S.B. 04-257 Amortization Equalization Disbursement (AED)

Pursuant to S.B. 04-257, the State must contribute additional funds to assist in the amortization of the Public Employees' Retirement Association's (PERA) unfunded liability. The current amortization period is infinite. Beginning on January 1, 2006, the State provided an additional 0.5 percent of base salaries to the PERA trust fund. Beginning January 1, 2007, the State provided an additional 0.5 percent of base salaries to the PERA trust fund, thus bringing the total AED state contribution to 1.0 percent of base salaries. Beginning January 1, 2008, the State will provide an additional 0.4 percent of base salaries to the PERA trust fund, thus bringing the total AED state contribution to 1.4 percent of base salaries.

S.B. 06-235 Supplemental Amortization Equalization Disbursement (SAED)

Pursuant to S.B. 06-235, employees must contribute additional funds to assist in the amortization of the Public Employees' Retirement Association's (PERA) unfunded liability. Beginning January 1, 2008, employees will contribute an additional 0.5 percent of their total payroll to the PERA trust fund. This contribution rate is scheduled to increase by 0.5 percent per year, for a total of 3.0 percent by 2013. The SAED is to be funded from money otherwise available for use but not yet awarded as salary increases. Together, AED and SAED will contribute an additional six percent of total payroll to PERA by 2013.

Purchase of Services from Computer Center

Funds for General Government Computer Center (GGCC) services are included for all departments that use such services. The recommended billing is calculated by applying each department's percentage of actual GGCC use in FY 2005-06 to the Computer Services programs' overhead (personal services, centrally appropriated items such as salary survey and short-term disability insurance, operating expenses, and indirect costs). In FY 2007-08, spending authority for the computer services program totals approximately \$12.2 million.

Salary Survey and Senior Executive Service

This line item appears in each department's executive director's office, with the exception of the Department of Transportation, Administration Division. Appropriated Long Bill funding for salary survey and senior executive service adjustments is based on the "2006 Total Compensation Survey" published on August 1, 2006, and submitted by the State Personnel Director pursuant to Section 24-50-104 (4) (c), C.R.S., and an update from the Personnel Director on December 14, 2006, for several additional surveys and data. The Total Compensation Survey uses 17 third-party surveys to measure wages for the eight occupational groups in the State's classified personnel system. These increases are effective on July 1, 2007. The survey recommended wage increases for all ten occupational groups ranging from 2.8 percent to 3.9 percent, with an average salary survey increase of 3.7 percent. This increase does not include the reductions for SAED. In FY 2007-08, these percentages will be applied to the salary ranges of the various occupational groups.

The total cost of salary survey increases for all classified and exempt state employees, excluding those in the Department of Higher Education, is approximately \$52 million, including approximately \$32 million from the General Fund.

Performance-based Pay Awards

This line item appears in each department's executive director's office, with the exception of the Department of Transportation, Administration Division. Appropriated Long Bill funding for performance-based pay awards is based on the "2006 Total Compensation Survey" published on August 1, 2006, and submitted by the State Personnel Director pursuant to Section 24-50-104 (4) (c), C.R.S., and updated on December 14, 2006. For FY 2007-08 the funding for performance-based pay awards is calculated at 1.37 percent of base salaries. The total cost of performance-based pay increases for all classified and exempt state employees, excluding those in the Department of Higher Education, is approximately \$19 million, including approximately \$11 million from the General Fund.

Shift Differential

This line item appears in each applicable department's executive director's office, with the exception of the Department of Higher Education. Shift differential payments provide higher wages for evening, night, and weekend shifts. In FY 2007-08, shift differential payments for all state employees total approximately \$10.7 million, including approximately \$8.8 million from the General Fund.

Short-term Disability

All state employees are eligible for employer-paid short-term disability insurance. The appropriated amounts are based on a factor of 0.13 percent of each employee's base salary. This line item appears in each department's executive director's office and cannot be expended for any other purpose.

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 2007-08 depends on specific circumstances regarding utilities in each department.

Vehicle Lease Payments

This line item appears in each department's executive director's office with an exception to the Department of Human Services. Motor vehicles can only be purchased through the Fleet Management Program in the Department of Personnel and Administration pursuant to Section 24-30-1117, C.R.S. The recommendation is 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 replacement and additional vehicles, which are financed by a private company. For FY 2007-08, the Joint Budget Committee approved the replacement of 596 vehicles and the acquisition of 64 additional vehicles statewide. Statewide vehicle variable costs (including fuel, maintenance, and insurance) are estimated to be \$18.5 million in FY 2007-08, for 5,452 vehicles, at an average cost of \$3,396 per vehicle.

Workers' Compensation

This line item appears in each department's executive director's office. The recommendation represents each department's share of the statewide cost of workers' compensation coverage, based on a three-year average loss history as verified by an independent actuarial firm. This self-insured program is administered by Pinnacle Assurance (formerly Colorado Compensation Insurance Authority) and covers employees in all departments (except the University of Colorado and the Colorado State University, which operate separate, self-insured programs). A matching amount of spending authority is provided to the Department of Personnel and Administration to pay administrative, legal, and claims costs. In FY 2007-08, this coverage will cost \$31.2 million. Note that these figures include the institutions of the Department of Higher Education that have not exempted themselves from this program under the provisions of H.B. 04-1009.

C. 2007 SESSION SUPPLEMENTAL ADJUSTMENTS TO APPROPRIATIONS FOR FY 2005-06 AND PRIOR YEARS

DEPARTMENT / DIVISION	TOTAL	GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	FTE
OPERATING BUDGET							
Adjustments to FY 2005-06 Appropriations:							
DEPARTMENT OF CORRECTIONS:							
S.B. 07-160:							
Management	\$0	\$0	\$0	\$0	\$0	\$0	0.0
TOTAL - Corrections	\$0	\$0	\$0	\$0	\$0	\$0	0.0
DEPARTMENT OF EDUCATION:							
S.B. 07-239:							
Assistance to Public Schools	\$0	(\$103,200,092)	\$100,311,470	\$0	\$2,888,622	\$0	0.0
TOTAL - Education	\$0	(\$103,200,092)	\$100,311,470	\$0	\$2,888,622	\$0	0.0
DEPARTMENT OF HEALTH CARE POLICY AND FINANCING:							
S.B. 07-163:							
Executive Director's Office	\$296,497	\$148,249	\$0	\$0	\$0	\$148,248	0.0
Other Medical Services	3,922,200	2,781,716	0	0	1,140,484	0	0.0
Department of Human Services Medicaid-funded Programs	<u>(2,012,584)</u>	<u>(793,792)</u>	<u>0</u>	<u>0</u>	<u>(212,500)</u>	<u>(1,006,292)</u>	<u>0.0</u>
S.B. 07-163	\$2,206,113	\$2,136,173	\$0	\$0	\$927,984	(\$858,044)	0.0

DEPARTMENT / DIVISION	TOTAL	GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	FTE
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S.B. 07-239:

Medical Services Premiums	\$0	(\$100,311,470)	\$100,311,470	\$0	\$0	\$0	0.0
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TOTAL - Health Care Policy and Financing	\$2,206,113	(\$98,175,297)	\$100,311,470	\$0	\$927,984	(\$858,044)	0.0
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DEPARTMENT OF HIGHER EDUCATION:

S.B. 07-239:

College Opportunity Fund Program	\$0	(\$100,311,470)	\$100,311,470	\$0	\$0	\$0	0.0
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TOTAL - Higher Education	\$0	(\$100,311,470)	\$100,311,470	\$0	\$0	\$0	0.0
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DEPARTMENT OF HUMAN SERVICES:

S.B. 07-165:

Services for People with Disabilities	(\$1,260,135)	\$752,449	\$0	\$0	(\$2,012,584)	\$0	0.0
Adult Assistance	54,847	54,847	0	0	0	0	0.0

TOTAL - Human Services	(\$1,205,288)	\$807,296	\$0	\$0	(\$2,012,584)	\$0	0.0
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DEPARTMENT OF LABOR:

S.B. 07-167:

Employment and Training	\$1,029,860	\$0	\$0	\$1,029,860	\$0	\$0	0.0
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TOTAL - Labor	\$1,029,860	\$0	\$0	\$1,029,860	\$0	\$0	0.0
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DEPARTMENT / DIVISION	TOTAL	GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	FTE
DEPARTMENT OF PERSONNEL:							
S.B. 07-173:							
Central Services	\$637,439	\$0	\$0	\$0	\$637,439	\$0	0.0
TOTAL - Personnel	\$637,439	\$0	\$0	\$0	\$637,439	\$0	0.0
DEPARTMENT OF REGULATORY AGENCIES							
S.B. 07-176:							
Registrations	\$132,160	\$0	\$0	\$0	\$132,160	\$0	0.0
TOTAL - Regulatory Agencies	\$132,160	\$0	\$0	\$0	\$132,160	\$0	0.0
TOTAL - OPERATING BUDGET FY 2005-06	\$2,800,284	(\$300,879,563)	\$300,934,410	\$1,029,860	\$2,573,621	(\$858,044)	0.0

DEPARTMENT / DIVISION	TOTAL	CAPITAL CONSTRUCTION FUNDS EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	FTE
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CAPITAL CONSTRUCTION

Adjustments to FY 2003-04 Appropriations:

S.B. 07-181:

Higher Education	\$700,000	\$0	\$0	\$700,000	\$0	0.0
Public Health and Environment	<u>(16,768,456)</u>	<u>0</u>	<u>0</u>	<u>(1,676,846)</u>	<u>(15,091,610)</u>	<u>0.0</u>
S.B. 07-181	(\$16,068,456)	\$0	\$0	(\$976,846)	(\$15,091,610)	0.0

S.B. 07-239:

Higher Education	\$30,245,294	\$0	\$0	\$30,245,294	\$0	0.0
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TOTAL - CAPITAL CONSTRUCTION - FY 2003-04	\$14,176,838	\$0	\$0	\$29,268,448	(\$15,091,610)	0.0
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Adjustments to FY 2004-05 Appropriations:

S.B. 07-181

Higher Education	\$7,000,000	\$0	\$0	\$7,000,000	\$0	0.0
Natural Resources	1,474,807	0	0	1,474,807	0	0.0

TOTAL - CAPITAL CONSTRUCTION - FY 2004-05	\$8,474,807	\$0	\$0	\$8,474,807	\$0	0.0
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Adjustments to FY 2005-06 Appropriations:

S.B. 07-181:

Higher Education	\$4,935,491	\$0	\$0	\$4,935,491	\$0	0.0
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TOTAL - CAPITAL CONSTRUCTION - FY 2005-06	\$4,935,491	\$0	\$0	\$4,935,491	\$0	0.0
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D. SUMMARY OF STATE EDUCATION FUND APPROPRIATIONS

In November 2000, 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. State Education Fund revenues are not subject to the constitutional Taxpayer Bill of Rights (TABOR) limitation on fiscal year spending, and appropriations from the State Education Fund are not subject to the six percent statutory limitation on state General Fund appropriations. 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.

Table 1, which begins on the following page, provides a summary of appropriations from the State Education Fund for FY 2001-02 through FY 2007-08. To date, nearly \$2.0 billion has been appropriated from the State Education Fund for public school finance, representing 88.2 percent of all appropriations from the Fund. Appropriations for categorical programs (\$146.3 million to date) and capital construction programs (\$76.1 million to date) comprise another 10.0 percent of appropriations from the Fund. Annual State Education Fund appropriations increased significantly in FY 2002-03, when the General Assembly increased appropriations by \$122.7 million mid-year to: (a) fund a higher than anticipated student enrollment and a higher than anticipated increase in the proportion of at-risk students; (b) offset lower than anticipated local property tax revenues; and (c) offset a \$90.2 million reduction in state General Fund appropriations required due to a two-year decline in General Fund revenues. Appropriations from the Fund have remained fairly consistent in subsequent fiscal years, ranging from \$333 million (for FY 2005-06) to \$360 million (for FY 2007-08).

As detailed in Table 2, which provides a comparison of annual State Education Fund revenues to annual expenditures, the fund balance declined from FY 2001-02 through FY 2004-05 because annual expenditures exceeded annual revenues. Since FY 2004-05, the fund balance has increased annually and is projected to increase in FY 2007-08. The projected fund balance represents about 75 percent of annual expenditures from the Fund.

TABLE 1							
History of Appropriations from the State Education Fund							
Description	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08
Public School Finance, State Share of Districts' Total Program Funding:							
Partial funding for required inflationary increases and funding associated with statutory changes (e.g., expansion of preschool or kindergarten programs, changing the at-risk factor, increasing minimum per pupil funding, etc.)	\$70,507,812	\$174,204,086	\$305,711,812	\$308,438,356	\$237,849,107	\$308,628,360	\$325,331,078
Mid-year appropriation adjustments	<u>31,086,493</u>	<u>122,727,527</u>	<u>10,742,837</u>	<u>5,000,000</u>	<u>59,181,158</u>	<u>0</u>	<u>n/a</u>
Subtotal: School Finance	101,594,305	296,931,613	316,454,649	313,438,356	297,030,265	308,628,360	325,331,078
<i>Percent of Total Appropriations</i>	65.8%	89.8%	90.0%	90.3%	89.2%	89.3%	90.4%
Annual Required Increases for Categorical Programs (and continued funding of prior year increases)	7,207,141	15,715,680	20,291,334	23,700,826	25,524,255	26,315,507	27,539,820
<i>Percent of Total Appropriations</i>	4.7%	4.8%	5.8%	6.8%	7.7%	7.6%	7.7%
School Capital Construction:							
Charter school capital construction	6,471,052	7,813,943	5,000,000	5,000,000	5,000,000	7,800,000	5,000,000
School Capital Construction Expenditures Reserve	6,471,052	6,500,060	5,000,000	2,500,000	5,000,000	0	0
School Construction and Renovation Fund	0	0	5,000,000	2,500,000	0	0	0
Charter School Debt Reserve Fund	n/a	<u>1,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal: Capital Construction	12,942,104	15,314,003	15,000,000	10,000,000	10,000,000	7,800,000	5,000,000
<i>Percent of Total Appropriations</i>	8.4%	4.6%	4.3%	2.9%	3.0%	2.3%	1.4%
Various Grant Programs:							
Summer School Grant Program	945,800	0	0	0	0	1,000,000	1,000,000
Facility Summer School Grant Program	0	0	0	0	0	500,000	500,000
Family Literacy Education Grant Program	n/a	0	0	0	0	200,000	200,000
National Credential Fee Assistance	n/a	60,000	0	0	83,000	100,000	125,000
Colorado History Day	n/a	n/a	n/a	10,000	10,000	10,000	10,000
Teacher Pay Incentive Program	12,630,000	0	0	0	0	0	0
School Improvement Grant Program	2,675,000	2,675,000	0	0	0	0	0
Science and Technology Education Center Grant Program	<u>1,400,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal: Various Grant Programs	17,650,800	2,735,000	0	10,000	93,000	1,810,000	1,835,000
<i>Percent of Total Appropriations</i>	11.4%	0.8%	0.0%	0.0%	0.0%	0.5%	0.5%

TABLE 1							
History of Appropriations from the State Education Fund							
Description	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08
Funding for New Textbooks	14,144,066	0	0	0	0	0	0
<i>Percent of Total Appropriations</i>	9.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
State Model Content Standards/ Student Assessments / State Accountability Reports:							
Annual review and update of non-English assessments	411,953	0	0	0	0	0	0
Longitudinal assessment data analyses	388,000	0	0	0	0	0	0
Modifications to accountability reports	75,000	0	0	0	0	0	0
Study non-English assessments	50,000	0	0	0	0	0	0
Study administration of ACT	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal: Standards/ CSAPs / SARs	974,953	0	0	0	0	0	0
<i>Percent of Total Appropriations</i>	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other:							
Aid for declining enrollment districts with new charter schools	n/a	n/a	n/a	n/a	n/a	1,000,000	0
Civic education	n/a	n/a	n/a	n/a	200,000	200,000	200,000
Financial literacy	n/a	n/a	n/a	<u>39,114</u>	<u>39,114</u>	<u>40,000</u>	<u>40,000</u>
Subtotal: Other	0	0	0	39,114	239,114	1,240,000	240,000
<i>Percent of Total Appropriations</i>	0.0%	0.0%	0.0%	0.0%	0.1%	0.4%	0.1%
TOTAL	\$154,513,369	\$330,696,296	\$351,745,983	\$347,188,296	\$332,886,634	\$345,793,867	\$359,945,898
<i>Percent Annual Change</i>		114.0%	6.4%	-1.3%	-4.1%	3.9%	4.1%

TABLE 2								
Comparison of State Education Fund Revenues and Expenditures/Appropriations (\$ millions)								
Description	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08
Beginning Fund Balance	\$0.0	\$166.2	\$298.5	\$202.5	\$142.6	\$118.4	\$156.7	\$209.3
Actual/Proj. Revenues/1	166.2	286.4	235.9	293.4	323.1	373.7	398.4	421.4
Actual Expend./ Approp./2	<u>0.0</u>	<u>(154.1)</u>	<u>(331.9)</u>	<u>(353.3)</u>	<u>(347.3)</u>	<u>(335.4)</u>	<u>(345.8)</u>	<u>(359.9)</u>
Ending Fund Balance	166.2	298.5	202.5	142.6	118.4	156.7	209.3	270.8

/1 Projected State Education Fund revenues for FY 2006-07 and FY 2007-08 are based on the amount of General Fund revenues anticipated to be directed to the Fund in the March 2007 Legislative Council Staff forecast, as well as projections of interest earnings based on the State Education Fund model utilized by Legislative Council and Joint Budget Committee staff.

/2 Actual expenditures are reflected for FY 2000-01 through FY 2005-06; appropriations are reflected for FY 2006-07 and FY 2007-08.

E. HIGHWAY USERS TAX FUND OFF-THE-TOP APPROPRIATION

The Highway Users Tax Fund (HUTF) includes revenues from gas and special-fuel taxes, fines, license plate fees, driver's license fees, motor vehicle title and registration fees, and passenger-mile taxes. Article X, Section 18 of the Colorado Constitution limits expenditures from gas taxes and license and registrations fees exclusively to the construction, maintenance, and supervision of state highways. HUTF "off-the-top" refers to the portion of the HUTF that is spent for highway supervision.

The Colorado State Patrol, along with the Ports of Entry, receive HUTF revenues for highway supervision, before any other distributions are made. The appropriations for the State Patrol and the Ports of Entry are taken "off-the-top" before the formula allocation of HUTF to the state highway fund, counties, and cities. Section 43-4-201 (3) (a) (I) (B), C.R.S., limits the off-the-top expenditures for highway supervision to 6 percent annual growth, regardless of any increase or decrease in overall highway-related revenues. The off-the-top growth limit is calculated based on the previous year's off-the-top expenditure. It is not a proportion of revenues to, or distributions from, the HUTF, nor is there a specific monetary cap.

Table E shows the "off-the-top" appropriations from the Highway Users Tax Fund:

Table E Statutory HUTF Off-the-Top Appropriations Limit Section 43-4-201, C.R.S.	
FY 2006-07 HUTF Off-the-Top Appropriations Base	\$91,445,591
x Allowable growth of 6%	<u>1.06</u>
FY 2007-08 HUTF Off-the-Top Appropriations Limit	\$96,932,326
FY 2007-08 HUTF Off-the-Top Appropriations:	
Department of Public Safety, State Patrol	\$87,743,593
Department of Revenue, Ports of Entry	9,188,733
Capital Construction	<u>0</u>
Total FY 2007-08 HUTF Off-the-Top Appropriations	\$96,932,326
Over / (Under) FY 2007-08 HUTF Off-the-Top Appropriations Limit	\$0

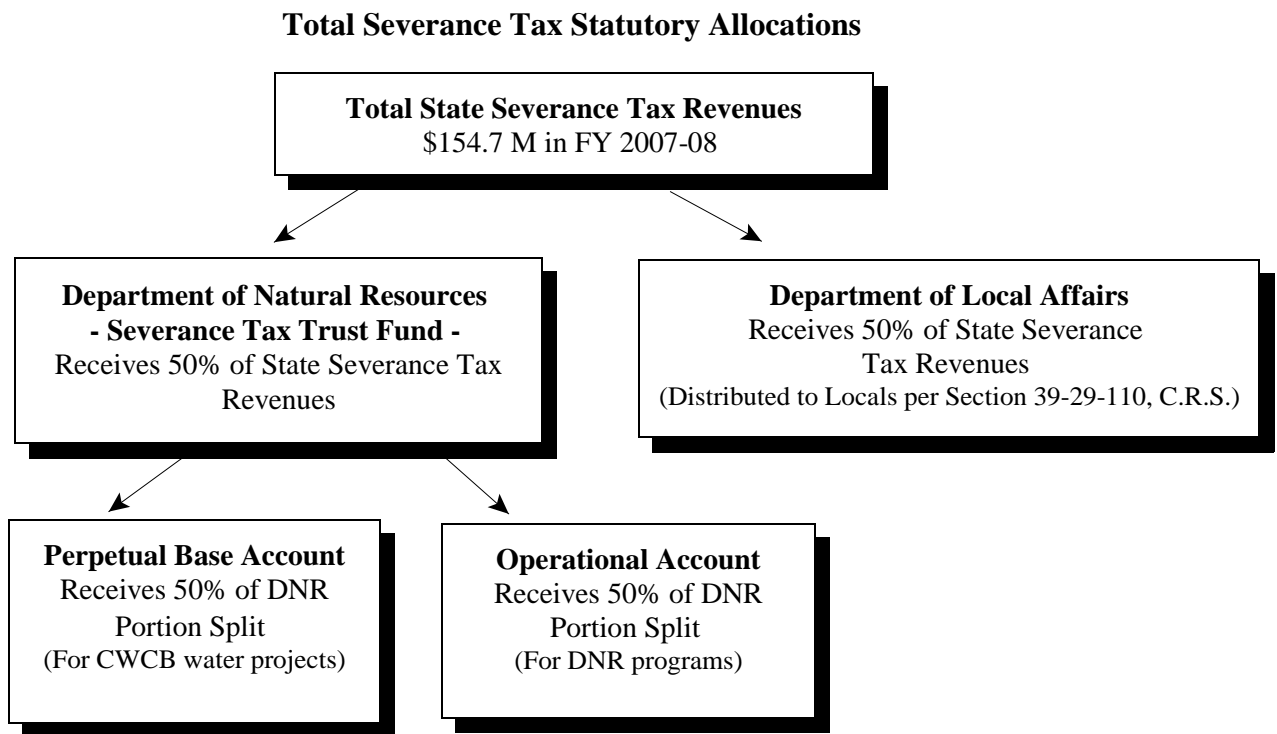
F. SEVERANCE TAX TRUST FUND - OPERATIONAL ACCOUNT FUNDS OVERVIEW

Section 39-29-108 (2), C.R.S., provides that 50 percent of severance tax revenues be credited into the Severance Tax Trust Fund, for the Department of Natural Resources, and 50 percent of the revenues be used by the Department of Local Affairs for grants and distributions to local governments affected by mining activities.

With respect to the Severance Tax Trust Fund:

- Section 39-29-109 (1) (a) (I), C.R.S., provides that 50 percent of revenues deposited into the Severance Tax Trust Fund shall be allocated to the Perpetual Base Account of the Severance Tax Trust Fund (or 25 percent of total severance tax revenues), which is used by the Colorado Water Conservation Board (CWCB) for water construction projects.
- Pursuant to Section 39-29-109 (1) (a) (II), C.R.S., the other 50 percent of Severance Tax Trust Fund revenues (or 25 percent of total severance tax revenues) shall be allocated to the Operational Account to fund programs that "promote and encourage sound natural resource planning, management, and development related to minerals, energy, geology, and water".

The following table illustrates the State's distribution of severance tax revenues.



Section 39-29-109 (1) (a), C.R.S., provides that the Severance Tax Trust Fund is to be "perpetual and held in trust as a replacement for depleted natural resources" and other specific purposes. The Operational Account of the Severance Tax Trust Fund was created as a trust to fund programs within the Department of Natural Resources that promote responsible resource development, offset the environmental impacts of mineral and mineral fuel development, and encourage sound management of natural resources.

Operational Account of the Severance Tax Trust Fund						
	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08
Beginning Fund Balance	\$4,008,410	\$0	\$18,149,884	\$25,399,591	\$50,851,611	\$42,139,816
DNR Operational Account Revenues ^{<1>}	<u>9,259,373</u>	<u>30,566,662</u>	<u>36,555,003</u>	<u>64,468,852</u>	<u>37,116,971</u>	<u>38,031,250</u>
Available Funds	\$13,267,783	\$30,566,662	\$54,704,887	\$89,868,443	\$87,968,582	\$80,171,066
DNR Expenses						
Geological Survey	\$918,003	\$1,983,289	\$2,028,490	\$2,099,875	\$2,310,385	\$2,203,750
Oil & Gas Conservation Commission	2,119,508	1,395,526	912,863	1,463,687	2,160,935	2,337,538
Division of Reclamation, Mining, and Safety	2,738,548	2,298,330	2,635,116	2,747,033	3,666,508	4,344,196
Colorado Water Conservation Board	<u>614,330</u>	<u>621,087</u>	<u>628,827</u>	<u>856,489</u>	<u>1,121,194</u>	<u>1,319,250</u>
Sub-total DNR Expenses	\$6,390,389	\$6,298,232	\$6,205,296	\$7,167,084	\$9,259,022	\$10,204,734
Legislative Transfers and Expenditures						
S.B. 03-191 (Transfer to the General Fund)	\$6,877,394	\$0	\$0	\$0	\$0	\$0
S.B. 03-271 (Transfer to the General Fund)	0	4,600,000	0	0	0	0
H.B. 04-1402 (Division of Water Resources)	0	1,518,546	0	0	0	0
S.B. 05-201 (Low-Income Energy Assistance)	0	0	7,600,000	0	0	0
S.B. 05-226 (Payment of Kansas Damages)	0	0	15,500,000	1,109,947	0	0
H.B. 05-1254 and S.B. 07-008 (Water Efficiency Grants)	0	0	0	1,580,000	0	800,000
S.B. 05-190 (Abandoned Mine Reclamation Fund)	0	0	0	500,000	0	0
H.B. 05-1177 and H.B. 06-1400 (Interbasin Compacts)	0	0	0	209,801	855,481	1,131,881
S.B. 06-179 (Water Infrastructure Development)	0	0	0	0	10,000,000	6,000,000

Operational Account of the Severance Tax Trust Fund						
	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08
S.B. 06-183 (Colorado Water Research Institute)	0	0	0	0	500,000	150,000
S.B. 06-193 (Underground Water Storage)	0	0	0	0	146,000	0
S.B. 06-229 (Henderson Underground Project)	0	0	0	0	0	1,000,000
H.B. 06-1200 (Low-Income Energy Assistance)	0	0	0	24,000,000	11,000,000	12,000,000
H.B. 06-1311, H.B. 07-1182, and H.B. 07-1182 (Species Conservation Trust Fund)	0	0	0	4,000,000	8,800,000	6,000,000
H.B. 06-1313 (CWCB Litigation Fund)	0	0	0	0	2,000,000	0
H.B. 06-1322 (Clean Coal / Clean Energy)	0	0	0	0	2,635,000	2,500,000
H.B. 06-1393 (Soil Conservation District Grants)	0	0	0	450,000	450,000	450,000
Rollforwards ^{<2>}	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>183,263</u>	<u>0</u>
Sub-total Legislative Transfers and Exp	\$6,877,394	\$6,118,546	\$23,100,000	\$31,849,748	\$36,569,744	\$30,031,881
Ending Fund Balance	\$0	\$18,149,884	\$25,399,591	\$50,851,611	\$42,139,816	\$39,934,451

^{<1>} Pursuant to S.B. 96-170, 25.0 percent of the total severance tax revenue is credited to the Operational Account of the Severance Tax Trust Fund. The estimates for FY 2006-07 and FY 2007-08, reflect the June 2007 Legislative Council Staff severance tax forecast.

^{<2>} Rollforwards include \$146,020 for mine site reclamation, and \$37,243 from H.B. 05-1177 for Interbasin Compacts.

G. Allocation of Tobacco-Settlement Moneys

Prior to the 2007 session, the payments that Colorado received under the provisions of the Master Settlement Agreement were directed to the following "Tier 1" programs, which are listed in Section 24-75-1104.5 (1), C.R.S.:

Tier 1 Program	Funding Rule
Read-to-achieve Grant Program	5% of the prior fiscal year settlement payment up to a maximum of \$8 million
Comprehensive Primary and Preventive Care Grant Program	3% of the prior fiscal year settlement payment up to a maximum of \$5 million.
Children's Basic Health Plan	24% of the prior fiscal year settlement payment up to a maximum of \$30 million.
State share of funding required for Children with Autism Act	Up to \$1 million.
Fitzsimons Lease Purchase	8% of the prior fiscal year settlement payment up to a maximum of \$8 million
State Veterans Trust Fund	1% of the prior fiscal year settlement payment up to a maximum of \$1 million is allocated to the Trust Fund. A portion of this allocation is then expended by the Department of Military and Veterans Affairs.
Child Mental Health Treatment Act Program	\$300,000 annually.
Dental Loan Repayment Program	\$200,000 annually
HIV and AIDS Prevention Grant Program	2% of the prior fiscal year settlement payment up to a maximum of \$2 million.
Ryan White HIV/AIDS Drug Assistance Program	3.5% of the prior fiscal year settlement payment up to a maximum of \$5 million
Tony Grampas Youth Services Program	4% of the prior fiscal year settlement payment up to a maximum of \$5 million
Nurse Home Visitor Program	12% of the prior fiscal year settlement payment in FY 2007-08 up to a maximum of \$19 million. The percentage rises to 13% in FY 2008-09, 14% in FY 2009-10, etc., topping out at 19% in FY 2014-15.

These Tier 1 programs collectively absorbed about two thirds of the state's tobacco-litigation-settlement payments, with remaining payments flowing to the General Fund.

Two bills enacted during the 2007 session altered the distribution of tobacco-settlement moneys. Senate Bill 07-97 redirected the moneys that remain after the Tier 1 allocation to a group of health-related programs listed in Section 24-75-1104.5 (1.5), C.R.S., that are referred to as "Tier 2" programs. House Bill 07-1359 further altered the distribution of settlement moneys by accelerating the use of a portion of the settlement payments and diverting another portion into a special account that can, until April 2008, be used to pay for overexpenditures and supplemental appropriations for the Children's Basic Health Plan and the Colorado Benefits Management System.

Senate Bill 07-97 reallocated the tobacco-settlement moneys that remain after the Tier 1 allocation, distributing these remaining payments to the following programs in the following percentages:

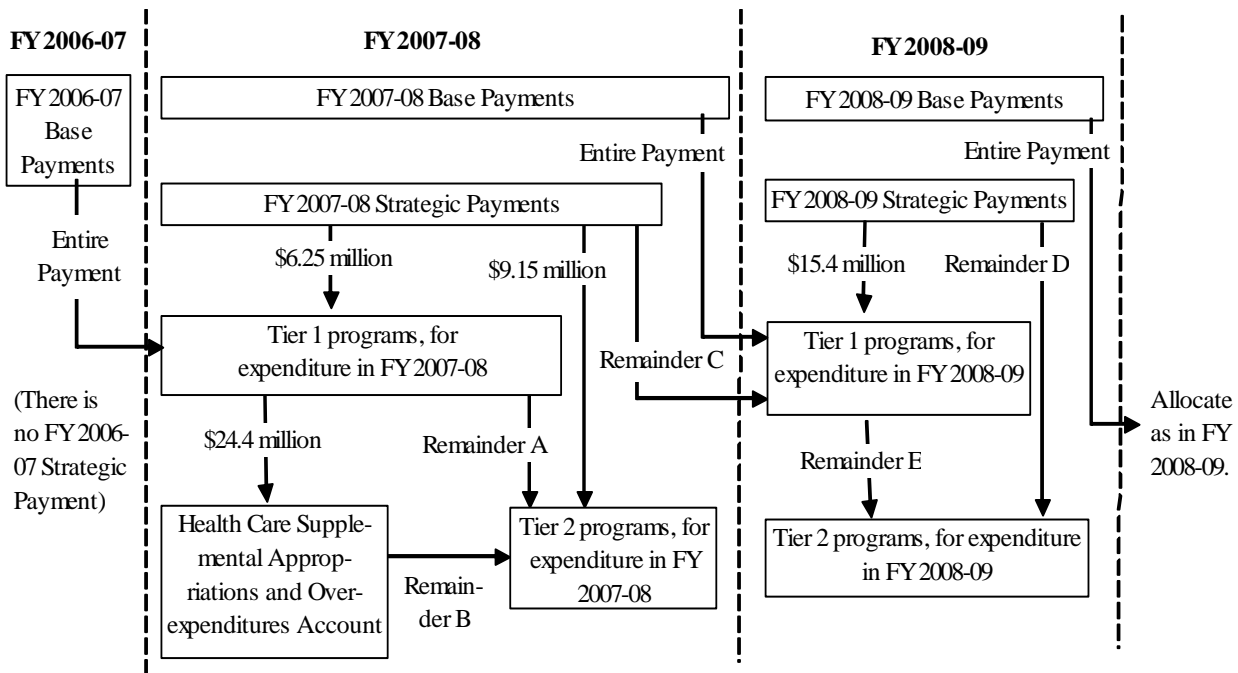
Tier 2 Program	Percentage
University of Colorado Health Sciences Center	49.0%
Mental Health Services for Juvenile and Adult Offenders	12.0%
Indigent Health Care Provided by Rural and Public Hospitals	8.5%
Local Public Health Services	7.0%
Increase Children's Basic Health Plan Eligibility from 200% to 205% of the Federal Poverty Level	5.0%
Supplement State Contribution for Group Benefit Plans	4.5%
Colorado Immunization Program	4.0%
Expansion of Alcohol and Drug Abuse programs	3.0%
Short-term Grants for Innovative Health Programs	6.0%
Medicaid Shortfalls at Children's Hospital	1.0%
Total	100.0%

As settlement payments arrive during a given fiscal year, they are deposited in the Tobacco Litigation Settlement Cash Fund and are held there until the start of the next fiscal year. At that time, the Treasury transfers the accumulated settlement moneys to the cash funds and accounts that support Tier 1 and Tier 2 programs, depositing the amounts specified in the tables above.¹ An appropriation in the Long Bill or in a special bill then provides each Tier 2 program with spending authority from its cash fund or account. For Tier 2 programs, these appropriations equal the above percentages multiplied by a forecast of the total amount of settlement revenue that will be available to Tier 2.

The appropriations are enacted into law several months before the end of the prior fiscal year, i.e. before total settlement payments are known exactly. A supplemental appropriation the following year aligns the appropriation with the settlement moneys that were actually received. For example, S.B. 07-97 instructs the Department of Public Health and Environment to make Short-term Grants for Innovative Health Programs. This grant program has its own cash fund, known as the Short-term Innovative Health Program Grant Fund, to which the Treasury automatically transfers six percent of prior-year settlement payments and from which the General Assembly annually appropriates six percent of the amount that it projects will be available to Tier 2 programs. The following year, a supplemental aligns the appropriation for Short-term Grants for Innovative Health Programs with the Treasury's actual transfer to the Short-term Innovative Health Program Grant Fund.

House Bill 07-1359 allows a portion of the State's settlement moneys to be spent by Tier 1 and Tier 2 programs in the year in which they are received, rather than waiting until the following year to expend them. Colorado's tobacco-settlement receipts consist of two components: Base Payments, which began in FY 1999-2000 and are expected to continue indefinitely, and Strategic Contribution Fund payments ("Strategic Payments"), which begin in FY 2007-08 and will continue for ten years. House Bill 07-1359 requires that these moneys be spent as shown in the following diagram.

¹This presentation simplifies the Treasury's Tier 1 transfers somewhat, several Tier 1 programs lack cash funds and receive direct appropriations from the Tobacco Litigation Settlement Cash Fund.



Under the rules of H.B. 07-1359, the base payments that the State receives during FY 2006-07 are directed to Tier 1 programs for expenditure in FY 2007-08 according to the rules of Section 24-75-1104.5 (1), C.R.S. The Tier 1 programs will absorb about two thirds of this base payment. The first \$24.4 million of moneys not utilized by Tier 1 in FY 2007-08 flow to the Health Care Supplemental Appropriations and Overexpenditures Account and the remaining moneys (Remainder A in the diagram) flow to Tier 2 for expenditure in FY 2007-08 according to the rules of Section 24-75-1104.5 (1.5), C.R.S. The \$24.4 million directed into the Health Care Supplemental Appropriations and Overexpenditures Account can be used, prior to April 16, 2008, to pay for FY 2006-07 and FY 2007-08 overexpenditures and supplementals of the Children's Basic Health Plan and the Colorado Benefits Management System. Moneys remaining in the Health Care Supplemental Appropriations and Overexpenditures Account on April 16, 2008 (Remainder B in the diagram) will be directed to Tier 2 programs for expenditure in FY 2007-08 according to the rules of Section 24-75-1104.5 (1.5), C.R.S.

All FY 2007-08 Base Payments are directed to Tier 1 and then to Tier 2 programs for expenditure in FY 2008-09. The first \$6.25 million of FY 2007-08 Strategic Payments are directed to Tier 1 and then to Tier 2 programs for expenditure in FY 2007-08. The next \$9.15 million of FY 2008-09 Strategic Payments are directed solely to Tier 2 programs for expenditure in FY 2007-08. Any remaining FY 2007-08 Strategic Payments (Remainder C in the diagram) flow to Tier 1 and then to Tier 2 programs for expenditure in FY 2008-09.

All FY 2008-09 Base Payments are directed to Tier 1 and then to Tier 2 programs for expenditure in FY 2009-10. The first \$15.4 million of FY 2008-09 Strategic Payments are directed to Tier 1 and then to Tier 2 programs for expenditure in FY 2008-09. Any remaining FY 2008-09 Strategic Payments flow to Tier 2 programs for expenditure in FY 2008-09. Payments received in FY 2009-10 and subsequent years are treated in the same manner as FY 2008-08 payments.

Considered in combination, the FY 2007-08 Long Bill and H.B. 07-1359 resulted in the following FY 2007-08 allocations of tobacco-settlement moneys to Tier 1 programs:

Department	FY 2007-08 Appropriation
Department of Education	
Read-to-achieve Grant Program	\$5,277,293
Department of Health Care Policy and Financing	
Comprehensive Primary and Preventive Care Grants Program	2,682,116
Children's Basic Health Plan	21,456,931
State share of funding required for Children with Autism Act	<u>702,597</u>
Subtotal - Department of Health Care Policy and Financing	24,841,644
Department of Higher Education	
Fitzsimons Lease Purchase	7,164,047
Department of Military and Veterans Affairs	
Colorado State Veterans Trust Fund Expenditures	648,909
Department of Human Services	
Child Mental Health Treatment Act Program	300,000
Department of Public Health and Environment	
Dental Loan Repayment Program	200,000
AIDS and HIV prevention grant program	3,179,666
Ryan White AIDS Drug Assistance Program	3,129,136
Tony Grampas Youth Services Program	3,576,155
Nurse Home Visitor Program	<u>10,728,465</u>
Subtotal - Department of Public Health and Environment	20,813,422
Total	\$59,045,315

Senate Bill 07-97 and H.B. 07-1359 together resulted in the following FY 2007-08 appropriations of tobacco-settlement moneys to Tier 2 programs:

Department	FY 2007-08 Appropriation
Department of Higher Education	
University of Colorado, Health Sciences Center	\$8,393,149
Department of Health Care Policy and Financing	
Comprehensive Primary and Preventive Care Grants Program	1,455,954
Medicaid shortfalls at Children's Hospital	171,289
Children's Basic Health Plan Trust for expanding caseload from 200% to 205% of the Federal Poverty Level	<u>856,444</u>
Subtotal - Department of Health Care Policy and Financing	2,483,687
Department of Human Services	
Offender Mental Health Services	2,055,465
Alcohol and Drug Abuse	<u>513,866</u>

Department	FY 2007-08 Appropriation
Subtotal - Department of Human Services	2,569,331
Department of Personnel and Administration	
Supplemental State Health and Dental Contribution	770,799
Department of Public Health and Environment	
Local Public Health Services	1,199,021
Colorado Immunization Program	685,155
Short-term Innovative Health Program Grants	<u>1,027,732</u>
Subtotal - Department of Public Health and Environment	2,911,908
Total	\$17,128,874

However, the above tables do not represent the final FY 2007-08 distribution of tobacco-settlement dollars; eight other bills enacted during the 2007 session also altered the use of settlement money. Seven of these bills (the "Innovative Grant Fund" bills, S.B. 07-4, S.B. 07-146, S.B. 07-232, H.B. 07-1057, H.B. 07-1064, H.B. 07-1335, and H.B. 07-1346) tapped settlement money that would have otherwise supported Short-term Innovative Health Program Grants. The eighth bill, S.B. 07-1301, redirected settlement money that would have otherwise supported the Colorado Immunization Program.

Three of the Innovative Grant Fund bills, S.B. 07-1057, H.B. 07-1335 and H.B. 07-1346, appropriated a total of \$370,215 directly from the Short-term Innovative Health Program Grant Fund to the new programs that each bill created and reduced appropriations for Short-term Innovative Health Program Grants by a like amount. The amounts appropriated from the Short-term Innovative Health Program Grant Fund are shown in the following table:

Bill number and title	FY 2007-08 appropriation from the Short-term Innovative Health Program Grant Fund to directly support the bill's program.
H.B. 07-1057, Juvenile Justice Family Advocate Program	\$172,715
H.B. 07-1335, Supplemental Low-Income State Employee Benefits	160,000
H.B. 07-1346, Prepaid Inpatient Health Plans MCOs	37,500
Total	\$370,215

Three of the other Innovative Grant Fund bills, S.B. 07-146, S.B. 07-232, and H.B. 07-1064, instructed the Treasurer to transfer a total of \$485,000 from the short-term innovative health program grant fund to new cash funds that support the programs created by these bills and reduced appropriations for Short-term Innovative Health Program Grants by a corresponding amount. The bills then appropriated the transferred money to each bill's new program, though in the case of S.B. 07-232 the appropriation to the new program was continuous.

FY 2007-08 reduction in appropriation from the Short-term Innovative Health Programs Grant Fund as the result of a transfer in the bill	
Bill number and title	
S.B. 07-146, Veterans Mental Health Services Pilot	\$300,000
S.B. 07-232, Health Pro Loan Repayment Program	60,000
H.B. 07-1064, Find/Save Programs for the Cognitively Disabled	125,000
Total	\$485,000

The final Innovative Grant Fund bill, S.B. 07-4, used a combined approach: it directly appropriated \$31,423 from the Short-term Innovative Health Programs Grant Fund to the bill's program, transferred another \$22,307 from the Short-term Innovative Health Programs Grant Fund to another cash fund, and then used that other cash fund to support the bill. It also reduced appropriations for Short-term Innovative Health Program Grants by a corresponding amount. The following table summarizes the result:

S.B. 07-4, Early Intervention Services Coordinated Payment	Amount
Direct appropriation to the bill's program from the Short-term Innovative Health Programs Grant Fund	\$31,423
Transfer to the bill's cash fund from the Short-term Innovative Health Programs Grant Fund	22,307
Total = reduced appropriation for Short-term Innovative Health Program Grants	\$53,730

Taken together, the seven Innovative Grant Fund bills reduced the appropriation for Short-term Innovative Health Program Grants by \$908,945, from \$1,027,732 to \$118,787.

Senate Bill 07-1301, which established the Cervical Cancer Immunization Program, is the last of 2007 session bills to alter the use of tobacco-settlement moneys. Senate Bill 07-97 and H.B. 07-1359 together appropriated \$685,155 of tobacco-settlement moneys from the Colorado Immunization Fund to the Colorado Department of Public Health and Environment (CDPHE) for general immunization activities of the Colorado Immunization Program. Senate Bill 07-1301 reduced this general immunization appropriation by \$233,395, substituting the following appropriations from the Immunization Fund: (1) a \$42,600 appropriation to CDPHE's Cervical Cancer Immunization Program; (2) a \$100,000 appropriation to CDPHE for a cervical cancer immunization public-awareness campaign; and (3) a \$90,795 appropriation to the Department of Health Care Policy and Financing (HCPF) for cervical cancer immunization costs of the Children's Basic Health Plan. However, appropriation (2) only becomes effective if, by January 1, 2008, CDPHE has not received \$800,000 in gifts, grants and donations for its cervical cancer immunization awareness campaign. As the following table shows, if CDPHE receives \$800,000 in gifts, grants and donations, S.B. 07-1301 will reduce immunization-related spending of tobacco-settlement moneys by \$100,000. If CDPHE does not receive \$800,000 in gifts grants and donations, S.B. 07-1301 will not change the level of immunization-related spending of settlement moneys.

Appropriations in S.B. 07-4, Cervical Cancer Immunizations	Gifts, grants and donations received for a cervical cancer immunization awareness campaign campaign:	
	Less than \$800,000	At least \$800,000
Appropriation to Colorado Immunization Program	(\$233,395)	(\$233,395)
Appropriation to Cervical Cancer Immunization Program created by S.B. 07-4	42,600	42,600
Appropriation for a cervical cancer immunization awareness campaign	100,000	0
Appropriation to HCPF for cervical cancer immunization costs of the Children's Basic Health Plan	90,795	90,795
Total = Change in appropriations of tobacco-settlement moneys	\$0	(\$100,000)

H. AMOUNTS DEEMED EXEMPT FROM THE SIX PERCENT 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 for the previous fiscal year. Since the passage of this provision, the lesser amount has been six percent over the previous year's General Fund appropriations, so this restriction is commonly called the "six percent 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.

Section 24-75-201.1 (1) (a) (III), C.R.S., specifies that the six percent limit shall not apply to:

- A. Any state General Fund appropriation which, as a result of any requirement of *federal law*, is made for any new program or service or for any increase in the level of service for an existing program beyond the existing level of service;
- B. Any state General Fund appropriation which, as a result of any requirement of a final state or federal *court order*, is made for any new program or service or for any increase in the level of service for an existing program beyond the existing level of service; or
- C. Any state General Fund appropriation of any moneys which are derived from any increase in the rate or amount of any *tax or fee* which is approved by a majority of the registered electors of the state voting at any general election.

The following table lists all of the General Fund appropriations that were deemed exempt from the six percent limit in FY 2006-07 and FY 2007-08 due to one of the exceptions listed above¹:

¹Please note that some other General Fund transfers and appropriations, not listed in the above table, are exempt from the six percent limit for reasons other than the exceptions listed in Section 24-75-201.1 (1) (a) (III), C.R.S. For example, pursuant to Section 24-75-302 (2), C.R.S., General Fund transfers to the Capital Construction Fund are not subject to the six percent limit; and the General Fund appropriation related to the senior citizen and disabled veteran property tax exemption is not deemed to be subject to the six percent limit because enactment of Article X, Section 3.5 of the State Constitution constitutes voter approval of a weakening of the limitation. These other amounts are noted in each relevant department section of this report.

<u>General Fund Appropriations Deemed Exempt from Six Percent Limit</u>			
	Department	Amount	Reason
FY 2006-07			
Montez Lawsuit*	Corrections	\$582,885	Court Order
H.B. 06-1395	Health Care Policy and Financing	5,826,034	Federal Law
Deficit Reduction Act of 2005*	Health Care Policy and Financing	870,783	Federal Law
	Human Services	27,687	Federal Law
Payment Error Rate Project*	Health Care Policy and Financing	101,087	Federal Law
	Human Services	13,121	Federal Law
CBMS Bendix*	Health Care Policy and Financing	28,681	Federal Law
	Human Services	<u>27,681</u>	Federal Law
TOTAL		\$7,477,959	
FY 2007-08			
Giardino Lawsuit**	Education	5,000,000	Court Order
Payment Error Rate Project**	Health Care Policy and Financing	73,565	Federal Law
S.B. 07-226	Human Services	88,388	Federal Law
H.B. 07-1349	Human Services	40,440	Federal Law
Public Defender's Office Caseload**	Judicial	<u>936,317</u>	Court Order
TOTAL		\$6,138,710	

* These amounts are included in H.B. 06-1385 (FY 06-07 Long Bill).

** These amounts are included in S.B. 07-239 (FY 07-08 Long Bill).

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