

STATE OF COLORADO

JOINT BUDGET COMMITTEE



Fiscal Year 2008-09

APPROPRIATIONS REPORT

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FISCAL YEAR 2008-09 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 2008 Regular Session. This report provides an overview of state general tax revenues and expenditures, comparative and historical information regarding appropriations made during the 2008 Regular Session, and a detailed explanation of major funding changes for each state department. The FY 2008-09 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 2008-09 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 2007-08 and FY 2008-09. The format reflects appropriations by bill and by division or program area. Narrative sections describe major changes in funding from FY 2007-08 to FY 2008-09, factors affecting departmental budgets, fund sources for each division, and division activities. This section also includes brief summaries of bills adopted in the 2007 and 2008 Regular Sessions that contained an appropriation or implemented a major policy change.

The footnotes to the 2008 Long Bill (H.B. 08-1375) can be found at the end of each departmental section in the 2008 Session Laws, or they can be accessed via the internet at the following address:

<http://www.leg.state.co.us/CLICS/CLICS2008A/csl.nsf/lbcontainer/HB08-1375?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 2008 Regular Session adjustments to operating and capital construction appropriations for years prior to FY 2007-08; (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; (H) a summary of General Fund moneys that were deemed exempt from the 6.0 percent appropriations limit; and (I) copies of letters sent by the JBC to the Governor and elected officials requesting information on programs and expenditures.

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 2008 revenue estimate, which was used to prepare the FY 2008-09 budget. Table 1 provides an overview of General Fund revenues, spending obligations, and ending reserves for both FY 2007-08 and FY 2008-09. 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 2008-09.

Table 1 General Fund Overview (In Millions)			
Description		FY 2007-08	FY 2008-09
<u>General Fund Available</u>			
Beginning General Fund Reserve		\$516.0	\$283.5
Gross General Fund Nonexempt Revenues		6,697.4	6,895.7
Gross General Fund Exempt Revenues		1,008.0	1,116.5
Transfer to Older Coloradans Cash Fund		(5.8)	(5.8)
Transfers from/(to) Other Funds		0.0	0.0
S.B. 97-1 Diversion to Highway Fund		(243.8)	(175.6)
Excess Article X, Section 20 Revenues		<u>0.0</u>	<u>0.0</u>
Total General Fund Available		\$7,971.8	\$8,114.3
<u>General Fund Obligations</u>			
Capital Construction Transfer		\$93.7	\$22.4
Rebates and Expenditures		170.7	185.2
Excess Reserve to HUTF		166.0	0.0
Excess Reserve to Capital Construction		83.0	0.0
Senior & Disabled Veteran Property Tax Homestead Exemption		81.0	86.2
Controlled Maintenance Trust Fund Transfer		0.0	0.0
Amounts Deemed Exempt from 6.0 Percent Limit		6.1	0.2
General Fund Appropriations		<u>7,087.8</u>	<u>7,519.2</u>
Total General Fund Obligations		\$7,688.3	\$7,813.2
Ending General Fund Reserve (Available Funds Less Obligations)		\$283.5	\$301.1
<u>General Fund Reserve Information</u>			
Statutorily Required General Fund Reserve		\$283.5	\$300.8
General Fund Reserve in Excess of Statutory Requirement		\$0.0	\$0.3

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 2008 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 2008 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. No funds are scheduled to be transferred in FY 2007-08 or FY 2008-09.

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 2008 revenue estimate, the State would have had excess refunds in both FY 2007-08 and FY 2008-09; 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. Appendix H reflects amounts included in the calculation of the rebates and expenditures.

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 these line items 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 2007-08 and FY 2008-09 represent the estimates as reflected in Legislative Council's March 2008 revenue forecast (also shown in Appendix H).

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 2007-08 and FY 2008-09.

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 2007-08 General Fund appropriations base used to calculate the allowable General Fund appropriations in FY 2008-09. The table also shows the General Fund appropriations that are exempt from the limit in FY 2008-09, and the amount still available to make General Fund appropriations that are within the limit for FY 2008-09.

Table 2 Section 24-75-201.1, C.R.S., Statutory Appropriations Limit (In Millions)	
FY 2007-08 General Fund Appropriations Base	\$7,093.9
Multiplied by: Allowable Growth of Six Percent	<u>1.06</u>
FY 2008-09 General Fund Appropriations Limit	\$7,519.5
 FY 2008-09 General Fund Appropriations	 \$7,676.2
Less: General Fund Appropriations Exempt from Statutory Limitation	<u>(157.0)</u>
FY 2007-08 General Fund Appropriations Subject to Limit	\$7,519.2
 Over/(Under) FY 2007-08 General Fund Limit	 ((\$0.3))

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.

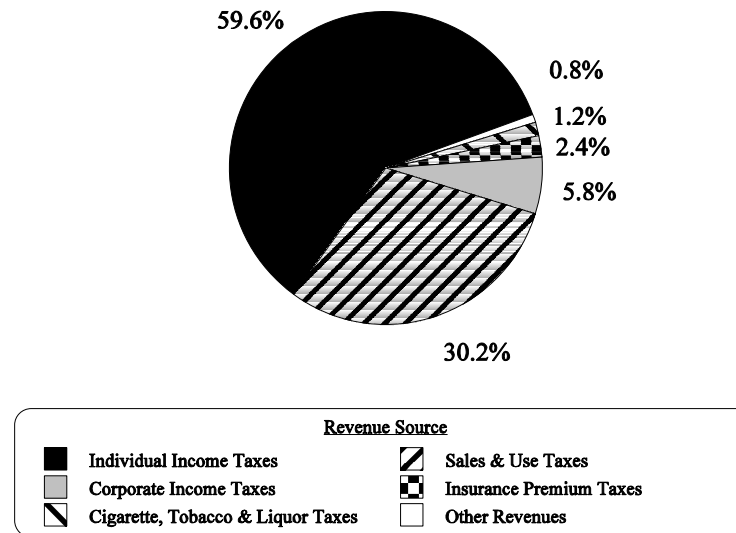
The measure requires the Director of Research of the Legislative Council Staff to prepare an excess state revenues legislative report that includes the amount of excess state revenues that the State retained and a description of how the excess state revenues were expended.

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 H.B. 08-1375 (Long Bill) and H.B. 08-1376 (Dollars in Millions)				
Department	Long Bill Line Item/Bill Number	FY 06-07	FY 07-08	FY 08-09
Education	State Share of Districts' Total Program Funding	\$425.1	\$327.5	\$369.0
Health Care Policy and Financing	Medical Services Premiums Totals	425.0	327.6	369.0
Higher Education	College Opportunity Fund Program - Stipends	404.3	294.3	330.5
Local Affairs	Volunteer Firefighter Retirement Plans	3.8	3.8	4.2
Treasury	Fire and Police Pension Association - Old Hire Plans	34.8	34.8	34.8
Transportation	H.B. 08-1376 - Capital Transfer Bill	15.0	20.0	9.0
	Total General Fund Exempt	\$1,308.0	\$1,008.0	\$1,116.5

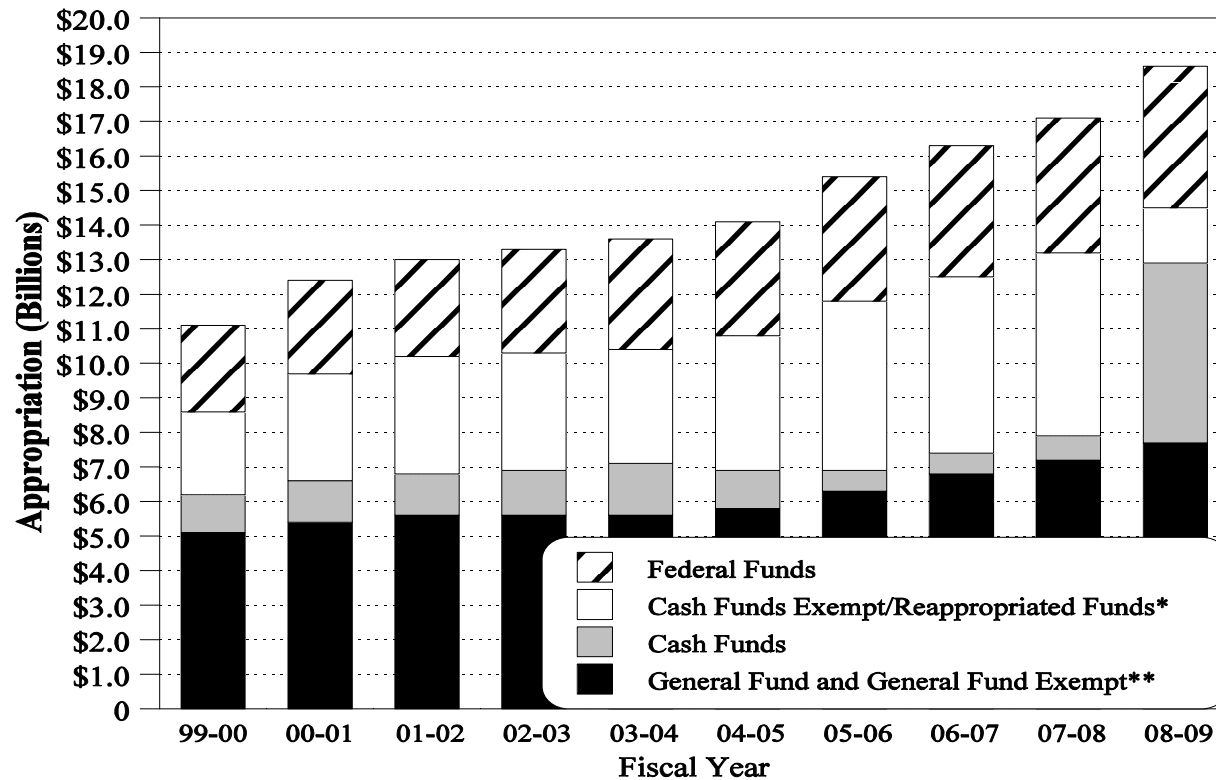
**COLORADO STATE BUDGET
SOURCES OF GENERAL FUND REVENUE
(Fiscal Year 2008-09)**

Estimated Gross General Fund Revenues = \$8.012 Billion*



* Source: Colorado Legislative Council Staff's March 2008 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 1999-00 through 2008-09)**



NOTE: Appropriated amounts have not been adjusted for inflation.

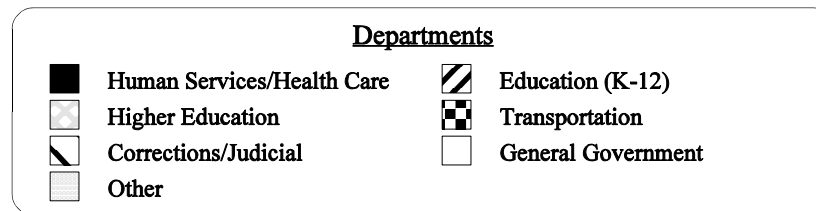
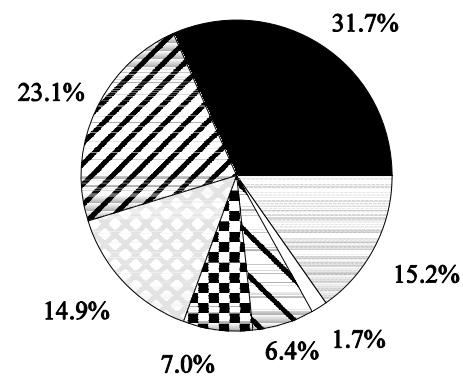
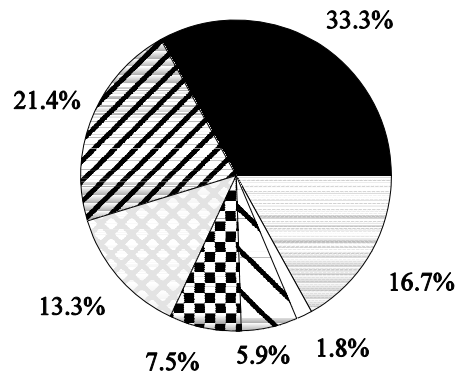
* Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories. Reappropriated Funds amounts are reflected for FY 2008-09.

** General Fund Exempt amounts are reflected for FY 2005-06, FY 2006-07, FY 2007-08, and FY 2008-09.

COLORADO STATE OPERATING BUDGET COMPARISON OF TOTAL APPROPRIATIONS BY PROGRAM

FY 1998-99 = \$10.48 billion

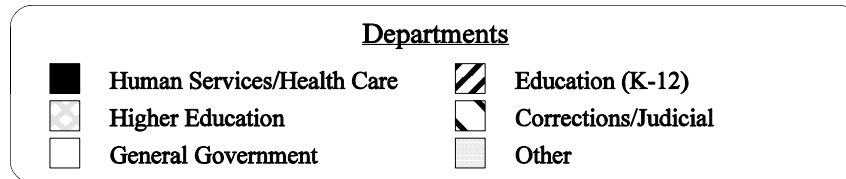
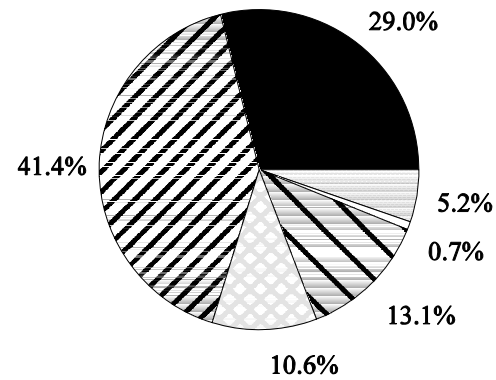
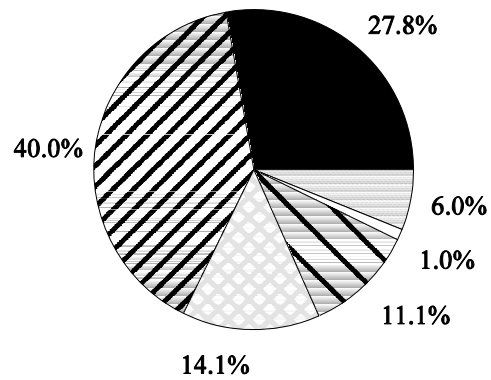
FY 2008-09 = \$18.61 billion



COLORADO STATE OPERATING BUDGET COMPARISON OF GENERAL FUND APPROPRIATIONS BY PROGRAM

FY 1998-99 = \$4.79 billion

FY 2008-09 = \$7.68 billion



PART II: SUMMARY TABLES

A. FY 2008-09 OPERATING APPROPRIATIONS BY DEPARTMENT AND FUND SOURCE

Department	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	TOTAL
Agriculture	\$7,695,912	\$26,655,992	\$914,335	\$3,992,015	\$39,258,254
Corrections	676,820,771	39,120,906	42,403,526	3,221,597	761,566,800
Education	3,175,366,143	606,969,031	15,466,543	497,653,179	4,295,454,896
Governor	16,004,195	38,296,185	49,364,090	32,981,986	136,646,456
Health Care Policy and Financing	1,528,855,914	372,755,219	25,531,640	1,836,832,122	3,763,974,895
Higher Education	812,937,855	1,213,712,129	726,889,733	20,230,113	2,773,769,830
Human Services	694,456,823	342,226,235	437,011,561	661,234,915	2,134,929,534
Judicial	327,715,384	95,532,107	6,074,622	2,290,265	431,612,378
Labor and Employment	0	62,716,073	1,621,014	97,435,510	161,772,597
Law	9,645,044	7,758,602	29,395,316	1,157,051	47,956,013
Legislature	34,889,177	177,030	806,500	0	35,872,707
Local Affairs	12,778,187	190,796,121	5,288,590	54,891,039	263,753,937
Military and Veterans Affairs	5,854,264	958,889	653,509	195,780,370	203,247,032
Natural Resources	32,095,945	180,970,014	7,374,280	17,357,264	237,797,503
Personnel and Administration	6,378,983	6,396,415	134,307,159	0	147,082,557
Public Health and Environment	26,833,837	161,562,745	69,183,635	209,641,711	467,221,928
Public Safety	82,378,618	117,502,488	21,637,002	26,487,831	248,005,939
Regulatory Agencies	1,578,627	67,283,577	8,590,895	1,318,083	78,771,182
Revenue	101,575,192	517,664,401	1,392,448	1,471,598	622,103,639
State	0	28,352,933	0	0	28,352,933
Transportation	0	852,277,142	3,984,546	445,533,158	1,301,794,846
Treasury	<u>122,008,844</u>	<u>302,253,292</u>	<u>0</u>	<u>0</u>	<u>424,262,136</u>
OPERATING TOTAL /1	\$7,675,869,715	\$5,231,937,526	\$1,587,890,944	\$4,109,509,807	\$18,605,207,992

/1 For information about Capital Construction, see the Capital Construction section of this report.

B. FOUR-YEAR SUMMARY OF APPROPRIATIONS:

TOTAL FUNDS

Department	FY 2005-06 Appropriation	FY 2006-07 Appropriation	FY 2007-08 Appropriation	FY 2008-09 Appropriation
Agriculture	\$30,226,521	\$35,221,241	\$36,343,350	\$39,258,254
Corrections	592,198,370	647,276,841	710,499,729	761,566,800
Education	3,727,484,358	3,852,761,716	3,957,013,919	4,295,454,896
Governor	43,807,661	67,105,243	70,777,257	136,646,456
Health Care Policy and Financing	3,258,509,821	3,344,028,832	3,549,019,601	3,763,974,895
Higher Education	2,188,828,336	2,349,266,631	2,556,073,789	2,773,769,830
Human Services	1,847,192,905	1,920,878,647	2,033,554,346	2,134,929,534
Judicial	306,604,491	341,391,982	389,440,358	431,612,378
Labor and Employment	154,023,861	153,792,419	160,004,291	161,772,597
Law	36,527,366	40,031,464	46,016,992	47,956,013
Legislature	30,942,776	31,935,105	33,863,925	35,872,707
Local Affairs	219,939,866	239,227,560	228,645,092	263,753,937
Military and Veterans Affairs	132,561,448	152,556,920	172,664,889	203,247,032
Natural Resources	186,291,806	194,758,787	211,142,943	237,797,503
Personnel and Administration	160,259,652	172,488,035	182,724,497	147,082,557
Public Health and Environment	387,931,395	451,141,126	460,701,638	467,221,928
Public Safety	220,482,320	222,378,600	224,565,711	248,005,939
Regulatory Agencies	62,625,085	65,799,947	72,348,057	78,771,182
Revenue	541,802,827	583,520,574	604,476,068	622,103,639
State	31,833,458	28,055,767	20,782,602	28,352,933
Transportation	820,376,668	1,035,382,953	1,062,120,060	1,301,794,846
Treasury	<u>308,178,523</u>	<u>368,007,955</u>	<u>397,833,647</u>	<u>424,262,136</u>
TOTAL	\$15,288,629,514	\$16,297,008,345	\$17,180,612,761	\$18,605,207,992

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

GENERAL FUND

Department	FY 2005-06 Appropriation	FY 2006-07 Appropriation	FY 2007-08 Appropriation	FY 2008-09 Appropriation
Agriculture	\$4,278,434	\$5,221,517	\$7,325,509	\$7,695,912
Corrections	535,840,416	581,296,317	624,606,171	676,820,771
Education	2,718,813,736	2,883,126,616	3,023,327,981	3,175,366,143
Governor	16,024,911	12,115,742	17,294,433	16,004,195
Health Care Policy and Financing	1,365,826,269	1,379,862,672	1,458,708,463	1,528,855,914
Higher Education	636,485,608	694,142,988	747,717,300	812,937,855
Human Services	506,321,863	618,419,127	647,517,006	694,456,823
Judicial	236,983,530	264,610,489	298,917,903	327,715,384
Labor and Employment	0	140,666	0	0
Law	7,203,044	9,080,436	8,675,523	9,645,044
Legislature	29,686,409	30,931,554	32,740,151	34,889,177
Local Affairs	8,599,468	10,303,099	10,989,371	12,778,187
Military and Veterans Affairs	4,426,900	5,215,526	5,530,793	5,854,264
Natural Resources	22,843,818	28,427,902	30,258,368	32,095,945
Personnel and Administration	8,266,947	9,466,191	11,439,122	6,378,983
Public Health and Environment	20,570,942	22,819,173	23,932,469	26,833,837
Public Safety	58,901,926	68,158,776	73,311,297	82,378,618
Regulatory Agencies	1,383,348	1,297,219	1,416,831	1,578,627
Revenue	82,781,784	93,811,579	95,291,960	101,575,192
State	0	0	0	0
Transportation	0	0	0	0
Treasury	<u>26,033,148</u>	<u>100,187,249</u>	<u>114,153,460</u>	<u>122,008,844</u>
OPERATING SUBTOTAL	\$6,291,272,501	\$6,818,634,838	\$7,233,154,111	\$7,675,869,715
Capital Construction Fund /1	62,037,562	0	6,805,249	321,561
LESS: Amount Exempt From Six Percent Statutory Limit on Increases in Appropriations	<u>(60,643,188)</u>	<u>(139,490,967)</u>	<u>(152,140,220)</u>	<u>(157,001,981)</u>
GRAND TOTAL	\$6,292,666,875	\$6,679,143,871	\$7,087,819,140	\$7,519,189,295

/1 These figures reflect appropriations from the General Fund into the Capital Construction Fund.

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

CASH FUNDS

Department	FY 2005-06 Appropriation	FY 2006-07 Appropriation	FY 2007-08 Appropriation	FY 2008-09 Appropriation /1
Agriculture	\$10,503,713	\$14,058,984	\$19,248,656	\$26,655,992
Corrections	1,939,302	2,628,871	2,974,432	39,120,906
Education	15,292,983	14,636,398	15,090,644	606,969,031
Governor	9,447,586	33,074,603	8,776,099	38,296,185
Health Care Policy and Financing	741,183	695,047	2,972,810	372,755,219
Higher Education	23,257,260	24,345,935	23,304,523	1,213,712,129
Human Services	105,626,757	105,029,794	110,605,461	342,226,235
Judicial	60,507,476	64,937,225	77,689,182	95,532,107
Labor and Employment	32,298,629	30,931,121	36,406,500	62,716,073
Law	3,777,263	3,926,951	6,817,942	7,758,602
Legislature	90,000	90,000	90,000	177,030
Local Affairs	25,855,405	29,211,540	29,959,987	190,796,121
Military and Veterans Affairs	51,217	76,413	119,124	958,889
Natural Resources	40,704,370	40,311,776	49,707,409	180,970,014
Personnel and Administration	11,484,436	12,559,141	14,676,758	6,396,415
Public Health and Environment	30,975,401	32,566,551	40,390,291	161,562,745
Public Safety	10,865,049	12,259,049	13,869,163	117,502,488
Regulatory Agencies	51,921,670	54,044,598	61,289,916	67,283,577
Revenue	44,027,000	45,263,855	53,730,841	517,664,401
State	16,630,109	19,130,770	16,820,907	28,352,933
Transportation	54,569,770	81,343,825	84,007,659	852,277,142
Treasury	<u>2,529,943</u>	<u>2,584,606</u>	<u>2,642,009</u>	<u>302,253,292</u>
TOTAL	\$553,096,522	\$623,707,053	\$671,190,313	\$5,231,937,526

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

FOUR-YEAR SUMMARY OF APPROPRIATIONS:
REAPPROPRIATED FUNDS / CASH FUNDS EXEMPT

Department	FY 2005-06 Appropriation Cash Funds Exempt	FY 2006-07 Appropriation Cash Funds Exempt	FY 2007-08 Appropriation Cash Funds Exempt	FY 2008-09 Appropriation /1 Reappropriated Funds
Agriculture	\$13,719,315	\$14,055,641	\$5,861,194	\$914,335
Corrections	52,737,807	60,986,913	79,697,837	42,403,526
Education	494,616,026	467,057,042	421,755,405	15,466,543
Governor	4,035,337	4,692,262	31,676,275	49,364,090
Health Care Policy and Financing	334,001,337	360,771,458	364,968,810	25,531,640
Higher Education	1,508,723,285	1,610,697,386	1,764,573,730	726,889,733
Human Services	676,656,269	593,954,220	635,811,187	437,011,561
Judicial	7,954,959	9,548,021	10,541,809	6,074,622
Labor and Employment	18,818,603	19,874,799	20,402,867	1,621,014
Law	24,695,099	26,140,331	29,428,172	29,395,316
Legislature	1,166,367	913,551	1,033,774	806,500
Local Affairs	100,171,655	101,962,367	107,433,892	5,288,590
Military and Veterans Affairs	2,530,529	1,475,343	1,580,665	653,509
Natural Resources	106,796,254	109,269,434	114,273,379	7,374,280
Personnel and Administration	140,387,269	150,341,703	156,487,617	134,307,159
Public Health and Environment	134,953,130	185,371,937	186,247,402	69,183,635
Public Safety	115,218,660	106,745,824	113,814,201	21,637,002
Regulatory Agencies	7,923,569	9,305,868	8,486,488	8,590,895
Revenue	413,319,584	442,883,386	453,907,053	1,392,448
State	15,203,349	8,924,997	3,851,101	0
Transportation	431,474,156	538,767,263	536,695,262	3,984,546
Treasury	<u>279,615,432</u>	<u>265,236,100</u>	<u>281,038,178</u>	<u>0</u>
TOTAL	\$4,884,717,991	\$5,088,975,846	\$5,329,566,298	\$1,587,890,944

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

FEDERAL FUNDS

Department	FY 2005-06 Appropriation	FY 2006-07 Appropriation	FY 2007-08 Appropriation	FY 2008-09 Appropriation
Agriculture	\$1,725,059	\$1,885,099	\$3,907,991	\$3,992,015
Corrections	1,680,845	2,364,740	3,221,289	3,221,597
Education	498,761,613	487,941,660	496,839,889	497,653,179
Governor	14,299,827	17,222,636	13,030,450	32,981,986
Health Care Policy and Financing	1,557,941,032	1,602,699,655	1,722,369,518	1,836,832,122
Higher Education	20,362,183	20,080,322	20,478,236	20,230,113
Human Services	558,588,016	603,475,506	639,620,692	661,234,915
Judicial	1,158,526	2,296,247	2,291,464	2,290,265
Labor and Employment	102,906,629	102,845,833	103,194,924	97,435,510
Law	851,960	883,746	1,095,355	1,157,051
Legislature	0	0	0	0
Local Affairs	85,313,338	97,750,554	80,261,842	54,891,039
Military and Veterans Affairs	125,552,802	145,789,638	165,434,307	195,780,370
Natural Resources	15,947,364	16,749,675	16,903,787	17,357,264
Personnel and Administration	121,000	121,000	121,000	0
Public Health and Environment	201,431,922	210,383,465	210,131,476	209,641,711
Public Safety	35,496,685	35,214,951	23,571,050	26,487,831
Regulatory Agencies	1,396,498	1,152,262	1,154,822	1,318,083
Revenue	1,674,459	1,561,754	1,546,214	1,471,598
State	0	0	110,594	0
Transportation	334,332,742	415,271,865	441,417,139	445,533,158
Treasury	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$3,559,542,500	\$3,765,690,608	\$3,946,702,039	\$4,109,509,807

FOUR-YEAR SUMMARY OF APPROPRIATIONS:

FTE

Department	FY 2005-06 Appropriation	FY 2006-07 Appropriation	FY 2007-08 Appropriation	FY 2008-09 Appropriation
Agriculture	275.2	282.0	284.0	291.9
Corrections	5,910.4	6,098.1	6,310.9	6,575.9
Education	444.4	466.0	476.1	536.3
Governor	128.4	138.0	121.5	376.7
Health Care Policy and Financing	213.4	231.8	257.3	272.7
Higher Education	18,080.4	18,876.2	19,277.9	19,803.3
Human Services	5,205.1	5,365.7	5,489.3	5,534.6
Judicial	3,365.0	3,544.6	3,854.2	4,082.9
Labor and Employment	1,102.0	1,098.8	1,099.5	1,118.0
Law	345.5	362.2	378.4	390.9
Legislature	274.0	276.3	277.1	277.1
Local Affairs	180.1	192.8	184.0	180.5
Military and Veterans Affairs	1,184.8	1,187.8	1,383.8	1,386.9
Natural Resources	1,546.4	1,466.8	1,515.4	1,549.8
Personnel and Administration	542.3	541.3	567.5	392.9
Public Health and Environment	1,143.2	1,150.2	1,188.2	1,225.1
Public Safety	1,260.8	1,285.8	1,319.6	1,357.2
Regulatory Agencies	525.3	536.7	556.7	579.6
Revenue	1,429.9	1,422.1	1,480.0	1,495.4
State	127.0	126.5	125.5	133.1
Transportation	3,307.2	3,307.2	3,316.0	3,350.5
Treasury	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>29.5</u>
TOTAL	46,616.8	47,982.9	49,488.9	50,940.8

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 regulatory and inspection services relating to agriculture; make investigations and conduct hearings; foster and encourage the standardizing, grading, inspection, labeling, handling, storage, and marketing of agricultural products; and agricultural-related policy analysis. 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 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund	\$4,278,434	\$5,221,517	\$7,325,509	\$7,695,912
Cash Funds/1	10,503,713	14,058,984	19,248,656	26,655,992
Cash Funds Exempt/1	13,719,315	14,055,641	5,861,194	n/a
Reappropriated Funds/1	n/a	n/a	n/a	914,335
Federal Funds	<u>1,725,059</u>	<u>1,885,099</u>	<u>3,907,991</u>	<u>3,992,015</u>
Total Funds	\$30,226,521	\$35,221,241	\$36,343,350	\$39,258,254
Full Time Equiv. Staff	275.2	282.0	284.0	291.9

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

Funding for this department in FY 2008-09 consists of 67.9 percent cash funds, 19.6 percent General Fund, 10.2 percent federal funds, and 2.3 percent reappropriated funds. Some of the most important factors driving the budget are reviewed below.

Increase in Funding for Various Agricultural Programs

The passage of H.B. 08-1399 (Unclaimed Property Trust Interest) changed the allocation of interest earned on the sale of securities determined to be abandoned property and then credited to the Colorado Travel and Tourism Promotion Fund. Under the bill, the earned interest received by the Department is estimated to be \$1.3 million cash funds in FY 2008-09. The moneys received will support numerous initiatives, each directed at furthering the overall mission of the Department, which includes: (1) strengthening and advancing Colorado's

agriculture industry; (2) ensuring a safe, high quality, and sustainable food supply; and (3) protecting consumers, the environment, and natural resources. Specifically, it is anticipated that these moneys will be allocated to fund the Colorado Livestock Security System, Colorado Proud program, agriculture products utilization and marketing, and Conservation Board grant assistance. Moneys were allocated to the Special Purpose Division because the funding received by the Department will change from year to year and is not division specific.

Fee for Service

The majority of the Department's total funding (67.9 percent, or \$26.7 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.

Summary of FY 2007-08 and FY 2008-09 Appropriations

Department of Agriculture						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$36,343,350	\$7,325,509	\$19,248,656	\$5,861,194	\$3,907,991	284.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Commissioner's Office and Administrative Services	8,131,882	2,323,893	1,717,026	1,236,066	2,854,897	27.7
Agricultural Services Division	11,729,470	3,639,163	7,497,213	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
HB 08-1281	(231,243)	(88,035)	(95,942)	(45,102)	(2,164)	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$39,258,254	\$7,695,912	\$26,655,992	\$914,335	\$3,992,015	291.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Commissioner's Office and Administrative Services	8,823,969	2,422,197	2,612,637	869,335	2,919,800	28.1
Agricultural Services Division	12,320,521	3,799,719	7,948,587	0	572,215	152.4
Agricultural Markets Division	1,099,653	425,474	629,179	45,000	0	5.2
Brand Board	3,921,832	0	3,921,832	0	0	66.3
Special Purpose	2,084,515	0	2,084,515	0	0	7.5
Colorado State Fair	9,009,242	0	9,009,242	0	0	26.9
Conservation Board	1,998,522	1,048,522	450,000	0	500,000	5.5
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	37,909,491	7,695,912	25,307,229	914,335	3,992,015	290.5
SB 08-155	0	0	0	0	0	(1.0)
HB 08-1399	1,348,763	0	1,348,763	0	0	2.4

Department of Agriculture: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$36,343,350	\$7,325,509	\$19,248,656	\$5,861,194	\$3,907,991	284.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>5,102,090</u>	<u>(5,102,090)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	36,343,350	7,325,509	24,350,746	759,104	3,907,991	284.0
FY 2008-09 Total Appropriation:	39,258,254	7,695,912	26,655,992	914,335	3,992,015	291.9
Increase/(Decrease)	\$2,914,904	\$370,403	\$2,305,246	\$155,231	\$84,024	7.9
Percentage Change	8.0%	5.1%	9.5%	20.4%	2.2%	2.8%

FY 2008-09 Appropriation Highlights:

1. House Bill 08-1399 provides \$1.3 million cash funds from the Agriculture Management Fund and 6.0 FTE to promote state agricultural efforts. The act further reduces the number of federal funds FTE in the Commissioner's Office by 3.6 FTE and increases the number of cash funds FTE in the Office of the

Governor, Office of Economic Development and International Trade by 1.0 FTE to promote agritourism in coordination with the commissioner.

2. The appropriation includes a \$140,000 increase in cash funds for the annual purchase of 10 trucks for the Brand Board's fleet of vehicles used when traveling to inspect livestock throughout the state.
3. The appropriation includes a \$140,000 increase to accommodate on-going increases in postage rates, State Fleet per mile rates, DPA cost increases, and provide additional funding to enhance the Department's exposure and develop skills by means of participating in conferences, training, and federal policy making.
4. The appropriation includes a \$45,000 increase, consisting of \$33,750 General Fund and \$11,250 in other fund sources to replace precision laboratory equipment used by the Metrology Laboratory.
5. The appropriation reflects a \$331,330 decrease in the amount of cash funds the State Fair was required to have on-hand in reserves, as a condition of the debt incurred for the building of the Events Center in Pueblo, Colorado.

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 the state. The Administrative Services section provides administrative and technical support for various programs within the Department, such as accounting, budgeting, human resources, and computer programming. The major source of funding for the division is from federal grants and General Fund. Reappropriated funds are received from various cash funds within the Department for centrally appropriated items.

Commissioner's Office and Administrative Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$8,313,411	\$2,806,201	\$1,488,333	\$1,161,816	\$2,857,061	27.7
HB 07-1198	0	(448,596)	329,244	119,352	0	0.0
HB 08-1281	<u>(181,529)</u>	<u>(33,712)</u>	<u>(100,551)</u>	<u>(45,102)</u>	<u>(2,164)</u>	<u>0.0</u>
TOTAL	\$8,131,882	\$2,323,893	\$1,717,026	\$1,236,066	\$2,854,897	27.7

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>521,962</u>	<u>(521,962)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$8,131,882	\$2,323,893	\$2,238,988	\$714,104	\$2,854,897	27.7
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
FY 2008-09 salary and benefit adjustments	437,721	137,154	270,701	0	29,866	0.0
Operating adjustments	182,269	97,817	67,482	(18,067)	35,037	5.0
Annualize salary and benefit adjustments	56,142	56,142	0	0	0	0.0
Information technology infrastructure	41,626	6,160	35,466	0	0	0.0
Legal services increase	28,652	28,652	0	0	0	0.0
Funding mix adjustment	0	(173,298)	0	173,298	0	0.0
Annualize prior year funding	(54,323)	(54,323)	0	0	0	0.0
HB 08-1375	\$8,823,969	\$2,422,197	\$2,612,637	\$869,335	\$2,919,800	32.7
SB 08-155	0	0	0	0	0	(1.0)
HB 08-1399	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3.6)</u>
TOTAL	\$8,823,969	\$2,422,197	\$2,612,637	\$869,335	\$2,919,800	28.1
Increase/(Decrease)						
	\$692,087	\$98,304	\$373,649	\$155,231	\$64,903	0.4
Percentage Change						
	8.5%	4.2%	16.7%	21.7%	2.3%	1.4%

H.B. 08-1375 (Long Bill) Issue Descriptions

FY 2008-09 salary and benefit adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey, performance-based pay awards, state contributions to health, life, and dental benefits, shift differential, and state contributions to the Public Employees' Retirement Association (PERA) pension fund. All salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Operating adjustments: The appropriation includes a \$182,269 increase in common policy adjustments other than personal services. Of this amount, \$13,585 General Fund is to enhance the Department's exposure and develop skills by means of participating in conferences, training, and federal policy making. This amount represents part of a total Department-wide operating increase of \$138,550 which in addition to what was appropriated to the Commissioner's Office includes: Agricultural Services Division, \$115,610; Agricultural Markets Division, \$2,379; Brand Board, \$608; Wine Promotion Board, \$1,400; Vet Vaccine, \$82; and Conservation Board, \$4,886. The appropriation also includes an increase of 5.0 FTE funded with federal grants related to the following programs: noxious weeds (2.0 FTE), low pathogenic avian influenza (1.0 FTE), chronic wasting disease (1.0 FTE), and the cooperative agricultural pest survey (1.0 FTE).

Annualize salary and benefit adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Information technology infrastructure: The appropriation includes \$41,626 to replace the Department's obsolescent technology and to equip field staff with tools to mitigate lost productivity due to poor performing and aging equipment.

Legal services increase: The appropriation includes \$28,652 to retain additional legal services expertise related to the control of contagious diseases. This increase in General Fund is offset with a like decrease in the Personal Services line item in the Agricultural Services Division.

Funding mix adjustment: The appropriation includes a funding mix adjustment to spend fund balance in excess of statutory cash fund reserve requirements.

Annualize prior year funding: The appropriation includes a reduction of \$54,323 related to a one-time increase in additional legal services expertise related to the control of contagious diseases.

Additional legislation: For information on S.B. 08-155, see the "Recent Legislation" section at the end of the Office of the Governor - Lieutenant Governor - State Planning and Budgeting. For information on additional legislation, see the "Recent Legislation" section at the end of this department.

Agricultural Services Division

This division administers most of the Department's major programs and various statutory responsibilities. The major source of funding for this division is cash funds (64.5 percent) followed by General Fund (30.8 percent). The division is divided among three distinct programs:

Inspection and Consumer Services: This section ensures compliance with product quality standards through licensing and inspection; certifies commercial weights and measurement devices; and analyzes fertilizer and animal feed for chemical contaminants;

Animal Industry: This section is responsible for monitoring the health of livestock and other animals used in various fields of agriculture, and for the implementation of pest control; and

Plant Industry: This section manages statewide pest control programs, registers pesticides and pesticide applicators, and inspects both plants and plant byproducts intended for domestic and international export.

Agricultural Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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

Agricultural Services Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 07-1198	119,352	(2,111,807)	2,231,159	0	0	0.0
HB 08-1281	<u>(49,714)</u>	<u>(54,323)</u>	<u>4,609</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$11,729,470	\$3,639,163	\$7,497,213	\$40,000	\$553,094	151.4
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>40,000</u>	<u>(40,000)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$11,729,470	\$3,639,163	\$7,537,213	\$0	\$553,094	151.4
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefit adjustments	376,704	164,984	194,190	0	17,530	0.0
Operating adjustments	227,595	33,898	192,106	0	1,591	0.0
Veterinary field FTE	53,121	53,121	0	0	0	1.0
Measurement standards laboratory equipment	45,000	33,750	11,250	0	0	0.0
Fish disease testing	18,437	0	18,437	0	0	0.0
Annualize prior year funding	(96,545)	(96,545)	0	0	0	0.0
Legal services increase	(28,652)	(28,652)	0	0	0	0.0
Eliminate one-time appropriations	(4,609)	0	(4,609)	0	0	0.0
HB 08-1375	<u>\$12,320,521</u>	<u>\$3,799,719</u>	<u>\$7,948,587</u>	<u>\$0</u>	<u>\$572,215</u>	<u>152.4</u>
TOTAL	\$12,320,521	\$3,799,719	\$7,948,587	\$0	\$572,215	152.4
Increase/(Decrease)	\$591,051	\$160,556	\$411,374	\$0	\$19,121	1.0
Percentage Change	5.0%	4.4%	5.5%	n/a	3.5%	0.7%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefit adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Operating adjustments: The appropriation includes \$115,610 to accommodate on-going increases in postage rates, State Fleet per mile rates, and DPA cost increases. This amount represents part of a total operating

increase of \$138,550 which in addition to what was appropriated to the Agricultural Services Division includes: the Commissioner's Office, \$13,585; Agricultural Markets Division, \$2,379; Brand Board, \$608; Wine Promotion Board, \$1,400; Vet Vaccine, \$82; and Conservation Board, \$4,886. Further, the appropriation includes an increase of \$111,985 to the indirect cost assessment related to increased expenses incurred by the Commissioner's Office for Information Technology Infrastructure and salary and benefits increases that are attributable to the Division. The appropriation also includes a \$175 funding mix adjustment.

Veterinary field FTE: The appropriation includes an increase of \$53,121 General Fund and 1.0 FTE Animal Field Technician to assist the State Veterinarian Office on the Western Slope with disease testing and disease control efforts.

Measurement standards laboratory equipment: The appropriation includes \$33,750 General Fund and \$11,250 in other fund sources to replace precision laboratory equipment used by the Metrology Laboratory.

Fish disease testing: The appropriation includes \$18,437 to test at-risk aquaculture facilities for Viral Hemorrhagic Septicemia (VHS), a serious pathogen of fresh and saltwater fish.

Annualize prior year funding: The appropriation includes a reduction of \$96,545 General Fund related to one-time appropriations in FY 2007-08 for large-scale measurement standards test truck and equipment, as well as funding related to the retention of legal services expertise in association with the control of contagious diseases.

Legal services increase: The appropriation includes a reduction of \$28,652 from the personal services line item which is to be transferred to the Commissioner's Office Legal Services appropriation to retain additional legal services expertise related to the control of contagious diseases.

Eliminate one-time appropriations: The appropriation includes the elimination of one-time cash funds appropriated in FY 2007-08 for testing at-risk aquaculture facilities for Viral Hemorrhagic Septicemia (VHS).

Agricultural Markets Division

This division provides marketing assistance and related support to Colorado agricultural-based businesses competing in local, national, and international arenas. The Agricultural Markets Division also coordinates various market orders, promotes Colorado agricultural products, and works to assist start-up or expanding food processing companies within the state. The source of cash funds is from the Agriculture Value-Added Cash Fund, which is continuously appropriated and is included for informational purposes only. The reappropriated funds are from a transfer from the Economic Development Commission, in the Office of the Governor.

Agricultural Markets Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>574,837</u>	<u>(574,837)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,079,794	\$409,620	\$625,174	\$45,000	\$0	5.2
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefit adjustments	13,592	13,592	0	0	0	0.0
Operating adjustments	6,267	2,262	4,005	0	0	0.0
HB 08-1375	<u>\$1,099,653</u>	<u>\$425,474</u>	<u>\$629,179</u>	<u>\$45,000</u>	<u>\$0</u>	<u>5.2</u>
TOTAL	\$1,099,653	\$425,474	\$629,179	\$45,000	\$0	5.2
<hr/>						
Increase/(Decrease)	\$19,859	\$15,854	\$4,005	\$0	\$0	0.0
Percentage Change	1.8%	3.9%	0.6%	0.0%	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefit adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Operating adjustments: The appropriation includes an increase of \$3,888 to its indirect cost assessment related to increased expenses incurred by the Commissioner's Office for Information Technology Infrastructure and salary and benefits increases that are attributable to the Division. The appropriation also includes \$2,379 to accommodate on-going increases in postage rates, State Fleet per mile rates, and DPA cost increases. This amount represents part of a total operating increase of \$138,550 which in addition to what was appropriated to the Agricultural Markets Division includes: the Commissioner's Office, \$13,585; Agricultural Services Division, \$115,610; Brand Board, \$608; Wine Promotion Board, \$1,400; Vet Vaccine, \$82; and Conservation Board, \$4,886.

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 source of funding is fee-for-service. Under Section 35-41-101 (5) (a), C.R.S., the Brand Board constitutes an enterprise for the purposes of Section 20 of Article X of the Colorado Constitution (TABOR).

Brand Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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>
TOTAL	\$3,871,241	\$0	\$0	\$3,871,241	\$0	66.3
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>3,871,241</u>	<u>(3,871,241)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$3,871,241	\$0	\$3,871,241	\$0	\$0	66.3
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Brand trucks	140,000	0	140,000	0	0	0.0
Annualize salary and benefit adjustments	98,398	0	98,398	0	0	0.0
Operating adjustments	3,327	0	3,327	0	0	0.0
Eliminate one-time appropriations	(191,134)	0	(191,134)	0	0	0.0
HB 08-1375	<u>\$3,921,832</u>	<u>\$0</u>	<u>\$3,921,832</u>	<u>\$0</u>	<u>\$0</u>	<u>66.3</u>
TOTAL	\$3,921,832	\$0	\$3,921,832	\$0	\$0	66.3
Increase/(Decrease)	\$50,591	\$0	\$50,591	\$0	\$0	0.0
Percentage Change	1.3%	n/a	1.3%	n/a	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Brand trucks: The appropriation includes an increase of \$140,000 to increase the program's base funding to replace 10 trucks per year.

Annualize salary and benefit adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Operating adjustments: The appropriation includes an increase of \$2,719 to its indirect cost assessment related to increased expenses incurred by the Commissioner's Office for Information Technology Infrastructure and salary and benefits increases that are attributable to the Division. The appropriation also includes \$608 to accommodate on-going increases in postage rates, State Fleet per mile rates, and DPA cost increases. This amount represents part of a total operating increase of \$138,550 which in addition to what was appropriated to the Brand Board includes: the Commissioner's Office, \$13,585; Agricultural Services Division, \$115,610;

Agricultural Markets Division, \$2,379; Wine Promotion Board, \$1,400; Vet Vaccine, \$82; and Conservation Board, \$4,886.

Eliminate one-time appropriations: The appropriation includes the elimination of one-time appropriations in FY 2007-08 for 13 trucks and the Brand Book.

Special Purpose

This Long Bill section is comprised of 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 Agriculture Management Fund, the Colorado Wine Industry Development Fund, the Brand Estray Fund, and the Veterinary Vaccine and Service Fund.

Special Purpose						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>94,050</u>	<u>(94,050)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$712,614	\$0	\$712,614	\$0	\$0	1.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Wine board FTE	15,141	0	15,141	0	0	0.5
Operating adjustments	4,557	0	4,557	0	0	0.0
Annualize salary and benefit adjustments	3,440	0	3,440	0	0	0.0
HB 08-1375	\$735,752	\$0	\$735,752	\$0	\$0	1.5
HB 08-1399	<u>1,348,763</u>	<u>0</u>	<u>1,348,763</u>	<u>0</u>	<u>0</u>	<u>6.0</u>
TOTAL	\$2,084,515	\$0	\$2,084,515	\$0	\$0	7.5
Increase/(Decrease)	\$1,371,901	\$0	\$1,371,901	\$0	\$0	6.5
Percentage Change	192.5%	n/a	192.5%	n/a	n/a	650.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Wine board FTE: The appropriation includes an increase of \$15,141 and 0.5 FTE to support marketing efforts and promotional activities of the Wine Board and assist with administrative operations.

Operating adjustments: The appropriation includes an increase of \$3,075 to its indirect cost assessment related to increased expenses incurred by the Commissioner's Office for Information Technology Infrastructure and salary and benefits increases that are attributable to the Division. The appropriation also includes \$1,482 to accommodate on-going increases in postage rates, State Fleet per mile rates, and DPA cost increases. Of this amount, \$1,400 is for The Wine Promotion Board and \$82 is for Veterinarian Vaccine administration. This amount represents part of a total operating increase of \$138,550 which in addition to what was appropriated to the Wine Promotion Board and for Veterinarian Vaccine administration includes: the Commissioner's Office, \$13,585; Agricultural Services Division, \$115,610; Agricultural Markets Division, \$2,379; Brand Board, \$608; Vet Vaccine, \$82; and Conservation Board, \$4,886. The appropriation also includes a decrease of \$5,578 due to reductions in the need for temporary staffing related to the hiring of the Wine Promotion Board FTE.

Annualize salary and benefit adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

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

Colorado State Fair

This program includes personal services and operating expenses associated with the Colorado State Fair, which is administered by the 11 member 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 State Fairgrounds in Pueblo, Colorado, throughout the remainder of the year.

Colorado State Fair						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	\$9,365,516	\$0	\$9,365,516	\$0	\$0	26.9
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2007-08 Adjusted Appropriation	\$9,365,516	\$0	\$9,365,516	\$0	\$0	26.9
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Cash fund reserves reduction	(331,330)	0	(331,330)	0	0	0.0
Annualize salary and benefit adjustments	(24,944)	0	(24,944)	0	0	0.0
HB 08-1375	<u>\$9,009,242</u>	<u>\$0</u>	<u>\$9,009,242</u>	<u>\$0</u>	<u>\$0</u>	<u>26.9</u>
TOTAL	\$9,009,242	\$0	\$9,009,242	\$0	\$0	26.9
Increase/(Decrease)	(\$356,274)	\$0	(\$356,274)	\$0	\$0	0.0
Percentage Change	-3.8%	n/a	-3.8%	n/a	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Cash fund reserves reduction: The appropriation reflects a \$331,330 decrease in the amount of cash funds the State Fair was required to have on-hand in reserves, as a condition of the debt incurred for the building of the Events Center in Pueblo, Colorado.

Annualize salary and benefit adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division. The amount is negative as a result of the total amount of the 1.0 base reduction (\$39,044) being greater than the Division's increases in salary survey (\$10,500) and performance-based pay (\$3,600) awarded in FY 2007-08.

Conservation Board

The Conservation Board is responsible for providing administrative and fiscal oversight to Colorado's 77 conservation districts. The Board also coordinates various federal programs related to natural resource issues, provides guidance on stream bank erosion, and assists farmers and ranchers in implementing a variety of water and energy practices.

Conservation Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,452,833	\$952,833	\$0	\$0	\$500,000	5.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Matching grants to conservation districts	525,000	75,000	450,000	0	0	0.0
Annualize salary and benefit adjustments	15,803	15,803	0	0	0	0.0
Operating adjustments	4,886	4,886	0	0	0	0.0
HB 08-1375	<u>\$1,998,522</u>	<u>\$1,048,522</u>	<u>\$450,000</u>	<u>\$0</u>	<u>\$500,000</u>	<u>5.5</u>
TOTAL	\$1,998,522	\$1,048,522	\$450,000	\$0	\$500,000	5.5
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Increase/(Decrease)	\$545,689	\$95,689	\$450,000	\$0	\$0	0.0
Percentage Change	37.6%	10.0%	n/a	n/a	0.0%	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Matching grants to conservation districts: The appropriation includes \$75,000 General Fund and \$450,000 cash funds from the Conservation District Grant Fund for the purpose of implementing and maintaining soil and water conservation efforts by providing moneys to local conservation districts to compete for matching federal dollars available for technical conservation assistance. Moneys in the Conservation District Grant Fund are continuously appropriated, pursuant to Section 35-1-106.7 (1), C.R.S., and are included in the Long Bill for informational purposes only.

Annualize salary and benefit adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Operating adjustments: The appropriation includes \$4,886 to accommodate on-going increases in postage rates, State Fleet per mile rates, and DPA cost increases. This amount represents part of a total operating increase of \$138,550 which in addition to what was appropriated to the Conservation Board includes: the Commissioner's Office, \$13,585; Agricultural Services Division, \$115,610; Agricultural Markets Division, \$2,379; Brand Board, \$608; Wine Promotion Board, \$1,400; and Vet Vaccine, \$82.

Recent Legislation

2007 Session Bills

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 direct and indirect costs. Subsidizes ICS programs with General Fund in relation to how much the services provided by each program benefit 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. 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	General Fund	Cash Funds	Cash Fund Exempt	Federal Funds	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

2008 Session Bills

S.B. 08-155: Consolidates the responsibility for information technology oversight of most of the State's executive branch in the Governor's Office of Information Technology. Reduces appropriations to the Department of Agriculture by 1.0 FTE in the Commissioner's Office. For additional information on this bill, see the "Recent Legislation" section for the Governor's Office.

H.B. 08-1281: Supplemental appropriation for FY 2007-08.

H.B. 08-1375: General appropriations act for FY 2008-09.

H.B. 08-1399: Changes the allocation of interest earned on the Unclaimed Property Tourism Trust Fund from the sale of securities determined to be abandoned property which are then credited to the Colorado Travel and Tourism Promotion Fund. Under the bill, the earned interest will be distributed as follows: (1) 10.0 percent will remain in the Colorado Travel and Tourism Promotion Fund for use by the Colorado Tourism Office in the Office of Economic Development and International Trade to promote agritourism in coordination with the commissioner; (2) 65.0 percent to the newly created Agriculture Management Fund – for use by the Commissioner of Agriculture to fund both program and employee costs of agricultural efforts; and (3) 25.0 percent to the Colorado State Fair Authority Cash Fund – for use by the Colorado State Fair Authority towards the operation, maintenance, and support of the Colorado State Fair. Appropriates \$1.3 million and 6.0 FTE to the Department of Agriculture, Special Purpose Division, and reduces the federal funds appropriation in the Commissioner's Office by 3.6 FTE. Increases the cash funds appropriation to the Office of the Governor, Economic Development Programs, Colorado Promotion - Other Promotion Programs by 1.0 FTE to administer state agritourism. The appropriation of said moneys are contingent upon full repayment of the outstanding debt incurred by the Colorado State Fair Authority to build the Events Center in Pueblo.

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 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund	\$535,840,416	\$581,296,317	\$624,606,171	\$676,820,771
Cash Funds/1	1,939,302	2,628,871	2,974,432	39,120,906
Cash Funds Exempt/1	52,737,807	60,986,913	79,697,837	n/a
Reappropriated Funds/1	n/a	n/a	n/a	42,403,526
Federal Funds	<u>1,680,845</u>	<u>2,364,740</u>	<u>3,221,289</u>	<u>3,221,597</u>
Total Funds	\$592,198,370	\$647,276,841	\$710,499,729	\$761,566,800
Full Time Equiv. Staff	5,910.4	6,098.1	6,310.9	6,575.9

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

Funding for this department includes 88.9 percent General Fund, 5.1 percent cash funds, 5.6 percent reappropriated funds, and 0.4 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 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Estimate
Year End Inmate Population	19,569	20,704	22,012	22,519	23,322	24,327
Percent Change	n/a	5.8%	6.3%	2.3%	3.6%	4.3%

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 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Estimate
Average County Jail Backlog	463	723	799	633	473	432
Cost of Jail Backlog	\$7,861,908	\$12,265,585	\$13,860,374	\$11,340,364	\$8,570,233	\$7,949,041
Daily Reimbursement Rate	\$46.49	\$46.49	\$47.42	\$48.96	\$49.69	\$50.44
Percent Rate Increase/(Decrease)	n/a	0.0%	2.0%	3.2%	1.5%	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 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Estimate
Average Daily Population	2,893	2,812	3,797	4,440	4,640	5,573
Cost of Private Contracts	\$53,190,046	\$50,865,321	\$69,679,801	\$84,119,878	\$89,236,844	\$111,740,013
Daily Reimbursement Rate	\$50.37	\$49.56	\$50.28	\$51.91	\$52.69	\$54.93
Percent Rate Increase/(Decrease)	n/a	-1.6%	1.5%	3.2%	1.5%	4.3%

* 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. These inmates will be housed in prison facilities in Colorado in FY 2008-09.

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 2002-03 Approp.	FY 2003-04 COP Authorization	FY 2004-05 Approp.	FY 2005-06 Approp.	FY 2006-07 Approp.	FY 2007-08 Approp.	FY 2008-09 Approp.
Capital Appropriation	\$0	\$102,800,000	\$0	\$0	\$9,000,000	\$52,357,136	\$13,719,901

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 9.9 percent.

	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Estimate
Year End Parole Population	5,224	5,714	6,551	7,947	8,871	9,765
Percent Change	n/a	9.4%	14.6%	21.3%	11.6%	10.1%

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 have historically been placed in "community return to custody" beds, which were funded with appropriations to the Department of Corrections; however, pursuant to H.B. 08-1352, they must now be housed in other correctional facilities. 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 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Approp.
Community Corrections Supervision	\$9,163,004	\$10,327,145	\$11,822,877	\$11,170,878	\$13,233,025	\$13,825,143
Percent Change	n/a	12.7%	14.5%	-5.5%	18.5%	4.5%
Community Return to Custody Beds	\$592,696	\$1,934,068	\$3,045,564	\$3,075,768	\$4,066,636	\$4,426,094
Percentage Change	n/a	n/a	57.5%	1.0%	32.2%	8.8%
Parole Supervision	\$10,454,716	\$10,860,777	\$12,820,844	\$14,695,596	\$18,663,126	\$22,913,097
Percent Change	n/a	3.9%	18.0%	14.6%	27.0%	22.8%

Summary of FY 2007-08 and FY 2008-09 Appropriations

Department of Corrections						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$710,499,729	\$624,606,171	\$2,974,432	\$79,697,837	\$3,221,289	6,310.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management	181,751,118	173,361,371	4,960	7,843,169	541,618	92.0
Institutions	360,580,463	359,295,903	234,679	969,881	80,000	4,925.8
Support Services	26,183,696	25,577,442	471,370	134,884	0	302.4
Inmate Programs	39,463,710	32,032,446	2,263,423	3,014,470	2,153,371	417.9
Community Services	33,757,287	32,886,104	0	424,883	446,300	374.9
Parole Board	1,452,905	1,452,905	0	0	0	14.2
Correctional Industries	53,327,684	0	0	53,327,684	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

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
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
HB 08-1282	6,638,836	(11,567,846)	0	17,128,590	1,078,092	(29.0)
HB 08-1375	(297,463)	(297,463)	0	0	0	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$761,566,800	\$676,820,771	\$39,120,906	\$42,403,526	\$3,221,597	6,575.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management	208,827,373	202,836,285	4,784,900	664,570	541,618	94.7
Institutions	374,498,825	372,963,389	1,455,436	0	80,000	4,980.9
Support Services	28,081,533	27,346,026	734,808	699	0	305.1
Inmate Programs	41,073,085	33,703,666	4,285,043	930,697	2,153,679	580.6
Community Services	39,206,896	38,335,713	330,000	94,883	446,300	412.4
Parole Board	1,635,692	1,635,692	0	0	0	17.5
Correctional Industries	53,549,883	0	12,837,206	40,712,677	0	155.0
Canteen Operation	14,693,513	0	14,693,513	0	0	29.7
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	759,502,556	675,007,403	38,870,030	42,403,526	3,221,597	6,578.8
HB 04-1003	61,200	61,200	0	0	0	0.0
HB 04-1021	45,960	45,960	0	0	0	0.0
SB 06-206	117,977	117,977	0	0	0	0.0
SB 06-207	117,977	117,977	0	0	0	0.0
HB 06-1011	321,756	321,756	0	0	0	0.0
HB 06-1092	134,065	134,065	0	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 06-1145	26,813	26,813	0	0	0	0.0
HB 06-1151	48,263	48,263	0	0	0	0.0
HB 06-1326	375,382	375,382	0	0	0	0.0
SB 06S1-4	26,813	26,813	0	0	0	0.0
SB 06S1-5	58,989	58,989	0	0	0	0.0
SB 06S1-7	21,450	21,450	0	0	0	0.0
SB 07-96	82,761	82,761	0	0	0	0.0
HB 07-1040	248,823	0	248,823	0	0	0.0
HB 07-1326	110,348	110,348	0	0	0	0.0
SB 08-66	46,048	46,048	0	0	0	0.0
SB 08-134	2,053	0	2,053	0	0	0.0
SB 08-155	0	0	0	0	0	(3.0)
HB 08-1352	217,566	217,566	0	0	0	0.0
HB 08-1382	0	0	0	0	0	0.1
Increase/(Decrease)	\$51,067,071	\$52,214,600	\$36,146,474	(\$37,294,311)	\$308	265.0
Percentage Change	7.2%	8.4%	1215.2%	-46.8%	0.0%	4.2%

Department of Corrections: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$710,499,729	\$624,606,171	\$2,974,432	\$79,697,837	\$3,221,289	6,310.9
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>34,859,304</u>	<u>(34,859,304)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	710,499,729	624,606,171	37,833,736	44,838,533	3,221,289	6,310.9
FY 2008-09 Total Appropriation:	761,566,800	676,820,771	39,120,906	42,403,526	3,221,597	6,575.9
Increase/(Decrease)	\$51,067,071	\$52,214,600	\$1,287,170	(\$2,435,007)	\$308	265.0
Percentage Change	7.2%	8.4%	3.4%	-5.4%	0.0%	4.2%

FY 2008-09 Appropriation Highlights:

1. The appropriation provides \$24.5 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; shift differential; and other common policy items.
2. The appropriation provides \$14.2 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 provides \$4.8 million General Fund associated with a provider rate increase for county jails and in-state private prison providers.
4. The appropriation provides \$3.5 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 \$2.0 million General Fund associated with funding flexibility within the External Capacity Subprogram.
6. The appropriation provides \$1.8 million General Fund for wrap-around services for parolees.
7. The appropriation provides \$1.7 million General Fund for additional mental health professionals.
8. The appropriation provides \$1.7 million General Fund associated with annualizing prior year funding and legislation.
9. The appropriation provides \$1.2 million General Fund for medical expenses associated with a growth in the inmate population.
10. The appropriation includes a reduction of \$3.2 million General Fund associated with the increase in diversion community corrections beds.
11. The appropriation includes a reduction of \$2.5 million General Fund associated with the General Assembly policy for a 0.75 percent reduction to personal services line items.
12. The appropriation includes a reduction of \$1.4 million General Fund to eliminate one-time appropriations made in FY 2007-08.

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 reappropriated funds 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 2007-08 Appropriation:						
SB 07-239	\$187,368,326	\$182,250,995	\$0	\$4,599,147	\$518,184	92.0
HB 07-1343	4,960	0	4,960	0	0	0.0
HB 07-1358	28,080	28,080	0	0	0	0.0
HB 08-1282	<u>(5,650,248)</u>	<u>(8,917,704)</u>	<u>0</u>	<u>3,244,022</u>	<u>23,434</u>	<u>0.0</u>
TOTAL	\$181,751,118	\$173,361,371	\$4,960	\$7,843,169	\$541,618	92.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>4,495,068</u>	<u>(4,495,068)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$181,751,118	\$173,361,371	\$4,500,028	\$3,348,101	\$541,618	92.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
External capacity caseload increase	11,375,085	14,231,450	0	(2,856,365)	0	0.9
Miscellaneous common policies	10,360,281	9,991,421	284,872	83,988	0	0.0
Provider rate increase	4,789,783	4,789,783	0	0	0	0.0
Funding flexibility	2,000,000	2,000,000	0	0	0	0.0
Central impact of various decision items	1,507,093	1,418,615	0	88,478	0	0.0
Annualize salary and benefits adjustments	305,553	306,658	0	(1,105)	0	0.0
Research statistician increase	122,420	122,420	0	0	0	1.8
Annualize prior year funding	92,459	92,459	0	0	0	0.0
Fund mix adjustment	0	(1,473)	0	1,473	0	0.0
Diversion bed impact	(3,203,043)	(3,203,043)	0	0	0	0.0
Eliminate one-time appropriations	(224,084)	(224,084)	0	0	0	0.0
HB 08-1375	\$208,876,665	\$202,885,577	\$4,784,900	\$664,570	\$541,618	94.7

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 08-1382	(49,292)	(49,292)	0	0	0	0.0
TOTAL	\$208,827,373	\$202,836,285	\$4,784,900	\$664,570	\$541,618	94.7
Increase/(Decrease)	\$27,076,255	\$29,474,914	\$284,872	(\$2,683,531)	\$0	2.7
Percentage Change	14.9%	17.0%	6.3%	-80.2%	0.0%	2.9%

H.B. 08-1375 (Long Bill) Issue Descriptions

External capacity caseload increase: The appropriation adds funds to support a higher average daily population in private prisons based on the December 2007 Legislative Council Staff inmate population projections. The appropriation also includes approximately \$50,000 General Fund and 0.9 FTE for the private prison monitoring unit based on projected growth in the average daily population of inmates housed in private prisons.

Miscellaneous common policies: The appropriation includes adjustments to the following line items affected by common policies approved by the Joint Budget Committee: salary survey; performance-based pay; health, life, and dental insurance; amortization equalization disbursement; supplemental amortization equalization disbursement; shift differential; workers' compensation; payments to risk management and property funds; legal services; leased space; and capitol complex leased space.

Provider rate increase: The appropriation includes funding to support a 1.5 percent increase in the rates paid to county jails and community corrections residential programs created pursuant to the provisions of S.B. 03-252. In addition, the appropriation includes funding to support a 4.25 percent increase in the rates paid to in-state private prison providers

Funding flexibility: The appropriation includes funding to allow the Department to transfer moneys from the External Capacity Subprogram for community services programs.

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.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.75 percent base reduction to the personal services appropriation for the division.

Research statistician increase: The appropriation includes funding for 1.8 FTE additional research statisticians to analyze the effectiveness of programs that are aimed at reducing recidivism.

Annualize prior year funding: The appropriation includes adjustments associated with annualizing funding and special bills from the prior year.

Fund mix adjustment: The appropriation includes a fund mix adjustment to reflect a change in the amount of indirect cost recoveries.

Diversion bed impact: The appropriation includes a reduction associated with the impact of adding 161.7 diversion community corrections beds.

Eliminate one-time appropriations: The appropriation eliminates one-time appropriations made in FY 2007-08.

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 and 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	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
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

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
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 08-1282	<u>(2,305,048)</u>	<u>(2,305,048)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(33.6)</u>
TOTAL	\$360,580,463	\$359,295,903	\$234,679	\$969,881	\$80,000	4,925.8

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>969,881</u>	<u>(969,881)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$360,580,463	\$359,295,903	\$1,204,560	\$0	\$80,000	4,925.8
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	8,134,468	8,134,468	0	0	0	0.0
Mental health staff increase	1,638,754	1,638,754	0	0	0	17.4
Medical increases based on caseload growth	1,155,119	1,155,119	0	0	0	0.0
Annualize prior year funding	1,071,576	1,071,576	0	0	0	3.5
Restore one-time reduction	706,856	706,856	0	0	0	13.3
Maintenance and food services operating expenses	550,000	550,000	0	0	0	0.0
CSP II activation team	394,673	394,673	0	0	0	7.2
Caseload increase for laundry operating expenses and dress out expenses	209,614	209,614	0	0	0	0.0
Miscellaneous FTE increases	34,679	34,679	0	0	0	2.7
Reduction for five-year statutory appropriations	(1,554,754)	(1,554,754)	0	0	0	0.0
Eliminate one-time appropriations	(427,894)	(427,894)	0	0	0	0.0
Contract services	(58,973)	(58,973)	0	0	0	11.0
HB 08-1375	\$372,434,581	\$371,150,021	\$1,204,560	\$0	\$80,000	4,980.9
HB 04-1003	61,200	61,200	0	0	0	0.0
HB 04-1021	45,960	45,960	0	0	0	0.0
SB 06-206	117,977	117,977	0	0	0	0.0
SB 06-207	117,977	117,977	0	0	0	0.0
HB 06-1011	321,756	321,756	0	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
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	48,263	48,263	0	0	0	0.0
HB 06-1326	375,382	375,382	0	0	0	0.0
SB 06S1-4	26,813	26,813	0	0	0	0.0
SB 06S1-5	58,989	58,989	0	0	0	0.0
SB 06S1-7	21,450	21,450	0	0	0	0.0
SB 07-96	82,761	82,761	0	0	0	0.0
HB 07-1040	248,823	0	248,823	0	0	0.0
HB 07-1326	110,348	110,348	0	0	0	0.0
SB 08-66	46,048	46,048	0	0	0	0.0
SB 08-134	2,053	0	2,053	0	0	0.0
HB 08-1352	<u>217,566</u>	<u>217,566</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$374,498,825	\$372,963,389	\$1,455,436	\$0	\$80,000	4,980.9
Increase/(Decrease)	\$13,918,362	\$13,667,486	\$250,876	\$0	\$0	55.1
Percentage Change	3.9%	3.8%	20.8%	n/a	0.0%	1.1%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.75 percent base reduction to the personal services appropriation for the division.

Mental health staff increase: The appropriation includes funding for additional mental health staff.

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

Annualize prior year funding: The appropriation includes adjustments associated with annualizing funding and special bills from the prior year.

Restore one-time reduction: The appropriation includes the restoration of a one-time reduction taken in FY 2007-08 due to the expansion of the Denver Reception and Diagnostic Center.

Maintenance and food services operating expenses: The appropriation includes an increase of \$350,000 for maintenance operating expenses and an increase of \$200,000 for food services operating expenses. The

maintenance funding will help offset inflationary increases in all maintenance areas while the food services funding will assist with the replacement of critical assets.

CSP II activation team: The appropriation includes funding to provide an activation team to oversee the construction and start-up of the Colorado State Penitentiary II (CSP II).

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).

Miscellaneous FTE increases: The appropriation includes funding for 1.8 FTE in the Energy Management Program and 0.9 FTE in the SAFE program, which is intended to improve the safety of prison facilities.

Reduction for five-year statutory appropriations: The appropriation has been adjusted to reflect the funding that will be provided to the Department of Corrections statutorily in FY 2008-09 for criminal sentencing bills that were enacted in prior legislative sessions.

Eliminate one-time appropriations: The appropriation eliminates funds that were appropriated on a one-time basis in FY 2007-08.

Contract services: The appropriation includes an adjustment associated with transferring contract services to state staff.

Additional legislation: For information on S.B. 08-134, see the "Recent Legislation" section at the end of the Judicial Department. For information on additional legislation, 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 97.4 percent General Fund. The cash funds and reappropriated funds are primarily from sales from Canteen Operations and Correctional Industries.

	Support Services					
	Total Funds	General Funds	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$26,217,064	\$25,639,997	\$471,370	\$105,697	\$0	302.4
HB 08-1282	<u>(33,368)</u>	<u>(62,555)</u>	<u>0</u>	<u>29,187</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$26,183,696	\$25,577,442	\$471,370	\$134,884	\$0	302.4

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>134,185</u>	<u>(134,185)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$26,183,696	\$25,577,442	\$605,555	\$699	\$0	302.4
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	857,082	861,552	(4,470)	0	0	0.0
Common policy adjustments	458,419	434,152	24,267	0	0	0.0
Annualize prior year funding	252,556	128,312	124,244	0	0	2.0
Miscellaneous staff increases	191,437	191,437	0	0	0	3.6
Administrative impacts of staff increases	125,897	125,897	0	0	0	0.0
Fund mix adjustment	0	(13,832)	13,832	0	0	0.0
Eliminate one-time appropriations	(34,866)	(6,246)	(28,620)	0	0	0.0
HB 08-1375	\$28,034,221	\$27,298,714	\$734,808	\$699	\$0	308.0
SB 08-155	0	0	0	0	0	(3.0)
HB 08-1382	<u>47,312</u>	<u>47,312</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.1</u>
TOTAL	\$28,081,533	\$27,346,026	\$734,808	\$699	\$0	305.1
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Increase/(Decrease)	\$1,897,837	\$1,768,584	\$129,253	\$0	\$0	2.7
Percentage Change	7.2%	6.9%	21.3%	0.0%	n/a	0.9%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.75 percent base reduction to the personal services appropriation for the division.

Common policy adjustments: The appropriation includes adjustments to the following line items 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.

Annualize prior year funding: The appropriation includes adjustments associated with annualizing funding and special bills from the prior year.

Miscellaneous staff increases: The appropriation includes funding for 1.8 FTE in the Personnel Subprogram to assist with human resources functions and 1.8 FTE in the Facility Services Subprogram to assist with construction projects.

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

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.

Eliminate one-time appropriations: The appropriation eliminates funds that were appropriated on a one-time basis for FY 2007-08.

Additional legislation: For information on S.B. 08-155, see the "Recent Legislation" section at the end of the Governor's section of this document. For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 reappropriated funds and federal funds are primarily from educational grants.

Inmate Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$38,045,658	\$32,134,817	\$2,263,423	\$2,722,578	\$924,840	419.5
HB 08-1282	1,484,948	(35,475)	0	291,892	1,228,531	(1.6)
HB 08-1375	<u>(66,896)</u>	<u>(66,896)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$39,463,710	\$32,032,446	\$2,263,423	\$3,014,470	\$2,153,371	417.9
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>2,110,098</u>	<u>(2,110,098)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$39,463,710	\$32,032,446	\$4,373,521	\$904,372	\$2,153,371	417.9
Changes from FY 2007-08 Adjusted Appropriation						
Annualize salary and benefits adjustments	885,152	860,331	0	24,821	0	0.0
Academic and vocational instructors	629,415	629,415	0	0	0	7.3
Drug and alcohol treatment	417,150	417,150	0	0	0	0.0
Therapeutic community expansion	374,990	374,990	0	0	0	0.0
Annualize prior year funding	115,881	115,257	0	624	0	0.2

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Restore one-time reduction	46,510	45,630	0	880	0	0.6
Change in indirect cost recoveries	308	0	0	0	308	0.0
Contract services	(862,011)	(773,533)	(88,478)	0	0	154.6
HB 08-1375	\$41,071,105	\$33,701,686	\$4,285,043	\$930,697	\$2,153,679	580.6
HB 08-1382	<u>1,980</u>	<u>1,980</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$41,073,085	\$33,703,666	\$4,285,043	\$930,697	\$2,153,679	580.6
Increase/(Decrease)	\$1,609,375	\$1,671,220	(\$88,478)	\$26,325	\$308	162.7
Percentage Change	4.1%	5.2%	-2.0%	2.9%	0.0%	38.9%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.75 percent base reduction to the personal services appropriation for the division.

Academic and vocational instructors: The appropriation includes funding for 7.3 FTE, to be annualized to five General Education Diploma (GED) instructors and three vocational instructors.

Drug and alcohol treatment: The appropriation includes additional funds for contract drug and alcohol treatment services for offenders on parole and inmates in prison.

Therapeutic community expansion: The appropriation includes funding to expand the therapeutic community at the Arrowhead Correctional Facility by 90 beds.

Annualize prior year funding: The appropriation includes adjustments associated with annualizing funding and special bills from the prior year.

Restore one-time reduction: The appropriation includes the restoration of a one-time reduction taken in FY 2007-08 due to the expansion of the Denver Reception and Diagnostic Center.

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.

Contract services: The appropriation includes an adjustment associated with transferring contract services to state staff.

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/reappropriated funds 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 2007-08 Appropriation:						
SB 07-239	\$34,190,940	\$33,409,373	\$0	\$161,394	\$620,173	369.4
HB 08-1282	(203,086)	(292,702)	0	263,489	(173,873)	5.5
HB 08-1375	<u>(230,567)</u>	<u>(230,567)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$33,757,287	\$32,886,104	\$0	\$424,883	\$446,300	374.9
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>330,000</u>	<u>(330,000)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$33,757,287	\$32,886,104	\$330,000	\$94,883	\$446,300	374.9
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Additional parole officers	2,608,181	2,608,181	0	0	0	34.3
Wrap-around services program	1,800,000	1,800,000	0	0	0	0.0
Annualize salary and benefits adjustments	1,394,921	1,394,921	0	0	0	0.0
Additional community corrections officers	228,222	228,222	0	0	0	3.2
Annualize prior year funding	163,779	163,779	0	0	0	0.0
Common policies	222	222	0	0	0	0.0
Eliminate one-time appropriations	(745,716)	(745,716)	0	0	0	0.0
HB 08-1375	<u>\$39,206,896</u>	<u>\$38,335,713</u>	<u>\$330,000</u>	<u>\$94,883</u>	<u>\$446,300</u>	<u>412.4</u>
TOTAL	\$39,206,896	\$38,335,713	\$330,000	\$94,883	\$446,300	412.4
Increase/(Decrease)	\$5,449,609	\$5,449,609	\$0	\$0	\$0	37.5
Percentage Change	16.1%	16.6%	0.0%	0.0%	0.0%	10.0%

H.B. 08-1375 (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 2008-09.

Wrap-around services program: The appropriation includes funding to provide transition services, such as substance abuse treatment and job placement, for parolees leaving prison.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.75 percent base reduction to the personal services appropriation for the division.

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

Annualize prior year funding: The appropriation includes adjustments associated with annualizing funding and special bills from the prior year.

Common policies: The appropriation includes a common policy increase for the administrative law judge services line item.

Eliminate one-time appropriations: The appropriation eliminates funds that were appropriated on a one-time basis for 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 2007-08 Appropriation:						
SB 07-239	\$1,407,267	\$1,407,267	\$0	\$0	\$0	13.5
HB 08-1282	<u>45,638</u>	<u>45,638</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.7</u>
TOTAL	\$1,452,905	\$1,452,905	\$0	\$0	\$0	14.2

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,452,905	\$1,452,905	\$0	\$0	\$0	14.2
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Administrative support staff	111,018	111,018	0	0	0	3.3
Electronic imaging	54,369	54,369	0	0	0	0.0
Annualize salary and benefits adjustments	17,400	17,400	0	0	0	0.0
HB 08-1375	<u>\$1,635,692</u>	<u>\$1,635,692</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>17.5</u>
TOTAL	\$1,635,692	\$1,635,692	\$0	\$0	\$0	17.5
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Increase/(Decrease)	\$182,787	\$182,787	\$0	\$0	\$0	3.3
Percentage Change	12.6%	12.6%	n/a	n/a	n/a	23.2%

H.B. 08-1375 (Long Bill) Issue Descriptions

Administrative support staff: The appropriation includes funding to annualize additional administrative staff approved during the FY 2007-08 supplemental process.

Electronic imaging: The appropriation includes funds to convert the parole decision process from hard copy to electronic documents.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.75 percent base reduction to the personal services appropriation for the division.

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 and reappropriated funds from sales of Correctional Industries products and services. Because Correctional Industries is an enterprise, appropriations in this area are exempt from Section 20 of Article X of the State Constitution (Section 17-24-104, C.R.S.).

Correctional Industries						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$40,027,684	\$0	\$0	\$40,027,684	\$0	155.0
HB 08-1282	<u>13,300,000</u>	<u>0</u>	<u>0</u>	<u>13,300,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$53,327,684	\$0	\$0	\$53,327,684	\$0	155.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>12,837,206</u>	<u>(12,837,206)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$53,327,684	\$0	\$12,837,206	\$40,490,478	\$0	155.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	215,027	0	0	215,027	0	0.0
Change in indirect cost recoveries	7,172	0	0	7,172	0	0.0
HB 08-1375	<u>\$53,549,883</u>	<u>\$0</u>	<u>\$12,837,206</u>	<u>\$40,712,677</u>	<u>\$0</u>	<u>155.0</u>
TOTAL	\$53,549,883	\$0	\$12,837,206	\$40,712,677	\$0	155.0
Increase/(Decrease)	\$222,199	\$0	\$0	\$222,199	\$0	0.0
Percentage Change	0.4%	n/a	0.0%	0.5%	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.75 percent base reduction to the personal services appropriation for the division.

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.

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 from sales of canteen

products to inmates. Because the Canteen Operation is an enterprise, appropriations in this area are exempt from Section 20 of Article X of the State Constitution (Section 17-24-126, C.R.S.).

Canteen Operation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>13,982,866</u>	<u>(13,982,866)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$13,982,866	\$0	\$13,982,866	\$0	\$0	28.7
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Additional funds for canteen operations at private prisons	643,786	0	643,786	0	0	1.0
Annualize salary and benefits adjustments	66,562	0	66,562	0	0	0.0
Change in indirect cost recoveries	299	0	299	0	0	0.0
HB 08-1375	<u>\$14,693,513</u>	<u>\$0</u>	<u>\$14,693,513</u>	<u>\$0</u>	<u>\$0</u>	<u>29.7</u>
TOTAL	\$14,693,513	\$0	\$14,693,513	\$0	\$0	29.7
Increase/(Decrease)	\$710,647	\$0	\$710,647	\$0	\$0	1.0
Percentage Change	5.1%	n/a	5.1%	n/a	n/a	3.5%

H.B. 08-1375 (Long Bill) Issue Descriptions

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. In addition, the appropriation includes funding for 1.0 FTE within the canteen physical plant operations to accommodate the additional workload associated with the additional canteen sales.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.75 percent base reduction to the personal services appropriation for the division.

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.

Recent Legislation

2007 Session Bills

S.B. 07-96: Specifies that if a person commits theft against an at-risk individual while acting in a position of trust, he or she commits a Class 5 felony if the value of the item involved is less than \$500, and a Class 3 felony if the value of the item is \$500 or more. Theft from the at-risk individual by means other than the use of force or intimidation is a Class 4 felony, regardless of the value of the item. Makes a 5-year statutory appropriation as follows: for FY 2007-08, appropriates \$375,495 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and transfers \$375,495 from the General Fund to the Capital Construction Fund; for FY 2008-09, appropriates \$325,429 from the Capital Construction Fund to the Corrections Expansion Reserve Fund, transfers \$325,429 from the General Fund to the Capital Construction Fund, and appropriates \$82,761 from the General Fund to the Department of Corrections; for FY 2009-10, appropriates \$150,198 from the Capital Construction fund to the Corrections Expansion Reserve Fund, transfers \$150,198 from the General Fund to the Capital Construction Fund, and appropriates \$154,487 from the General Fund to the Department of Corrections; for FY 2010-11, appropriates \$750,990 from the Capital Construction fund to the Corrections Expansion Reserve Fund, transfers \$750,990 from the General Fund to the Capital Construction Fund, and appropriates \$187,592 from the General Fund to the Department of Corrections; for FY 2011-12, appropriates \$750,990 from the Capital Construction Fund to the Corrections Expansion Reserve Fund, transfers \$750,990 from the General fund to the Capital Construction Fund, and appropriates \$353,114 from the General Fund to the Department of Corrections.

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

H.B. 07-1040: States that if bond has been posted for a defendant in this country illegally and the defendant has been released to the United States Immigration and Customs Enforcement Agency, the court shall issue a warrant. Makes a 5-year statutory appropriation as follows: for FY 2007-08, appropriates \$1,126,485 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and transfers \$1,126,485 from the General Fund to the Capital Construction Fund; for FY 2008-09, appropriates \$700,924 from the Capital Construction Fund to the Corrections Expansion Reserve Fund, transfers \$700,924 from the General Fund to the Capital Construction Fund, and appropriates \$248,823 from the General Fund to the Department of Corrections; for FY 2009-10, appropriates \$375,495 from the Capital Construction fund to the Corrections Expansion Reserve Fund, transfers \$375,495 from the General Fund to the Capital Construction Fund, and appropriates \$402,770 from the General Fund to the Department of Corrections; for FY 2010-11, appropriates \$50,066 from the Capital Construction fund to the Corrections Expansion Reserve Fund, transfers \$50,066 from the General Fund to the Capital Construction Fund, and appropriates \$485,531 from the General Fund to the Department of Corrections; for FY 2011-12, appropriates \$496,566 from the General Fund to the Department of Corrections.

H.B. 08-1326: 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. Makes a 5-year statutory appropriation as follows: for FY 2007-08, appropriates \$500,660

from the Capital Construction Fund to the Corrections Expansion Reserve Fund and transfers \$500,660 from the General Fund to the Capital Construction Fund; for FY 2008-09, appropriates \$150,198 from the Capital Construction Fund to the Corrections Expansion Reserve Fund, transfers \$150,198 from the General Fund to the Capital Construction Fund, and appropriates \$110,348 from the General Fund to the Department of Corrections; for FY 2009-10, appropriates \$75,099 from the Capital Construction fund to the Corrections Expansion Reserve Fund, transfers \$75,099 from the General Fund to the Capital Construction Fund, and appropriates \$143,452 from the General Fund to the Department of Corrections; for FY 2010-11, appropriates \$160,005 from the General Fund to the Department of Corrections; for FY 2011-12, appropriates \$160,005 from the General Fund to the Department of Corrections.

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.

2008 Session Bills

S.B. 08-66: Allows the court to sentence juveniles who are charged with felony murder, but plead to a class 2 felony, to the Youthful Offender System (YOS) only if they would be eligible for sentencing to the YOS for the offense underlying the felony murder charge. Appropriates \$46,048 General Fund to the Department of Corrections in FY 2008-09.

S.B. 08-134: Directs that 50 percent of the bond moneys and fees forfeited by persons in the country illegally shall go to the newly created County Jail Assistance Fund for allocation to counties for maintenance and operation of county jails. Appropriates \$2,053 cash funds to the Department of Corrections in FY 2008-09. For more information on S.B. 08-134, see the "Recent Legislation" section at the end of the Judicial Department.

S.B. 08-155: Consolidates the responsibility for information technology oversight of most of the State's executive branch in the Governor's Office of Information Technology (OIT). Transfers 3.0 FTE from the Department of Corrections to OIT in FY 2008-09. For more information on S.B. 08-155, see the "Recent Legislation" section at the end of the Governor's portion of this document.

S.B. 08-239: Increases the penalty for leaving the scene of an accident involving a death from a class 4 felony to a class 3 felony. Makes a 5-year statutory appropriation as follows: for FY 2008-09, appropriates \$125,165 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and transfers \$125,165 from the General Fund to the Capital Construction Fund; for FY 2009-10, appropriates \$125,165 from the Capital Construction Fund to the Corrections Expansion Reserve Fund, transfers \$125,165 from the General Fund to the Capital Construction Fund, and appropriates \$28,758 from the General Fund to the Department of

Corrections; for FY 2010-11, appropriates \$137,682 from the Capital Construction fund to the Corrections Expansion Reserve Fund, transfers \$137,682 from the General Fund to the Capital Construction Fund, and appropriates \$57,516 from the General Fund to the Department of Corrections; for FY 2011-12, appropriates \$375,495 from the Capital Construction fund to the Corrections Expansion Reserve Fund, transfers \$375,495 from the General Fund to the Capital Construction Fund, and appropriates \$89,150 from the General Fund to the Department of Corrections; for FY 2012-13, appropriates \$375,495 from the Capital Construction Fund to the Corrections Expansion Reserve Fund, transfers \$375,495 from the General fund to the Capital Construction Fund, and appropriates \$175,424 from the General Fund to the Department of Corrections.

H.B. 08-1115: Creates a new class 4 felony if a person threatens, harasses, or harms a judge, municipal judge, administrative law judge, or unemployment insurance hearing officer, or a family member or close associate in retaliation against the judge, municipal judge, administrative law judge, or unemployment insurance hearing officer. Makes a 5-year statutory appropriation as follows: for FY 2008-09, appropriates \$125,165 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and transfers \$125,165 from the General Fund to the Capital Construction Fund; for FY 2009-10, appropriates \$28,758 from the General Fund to the Department of Corrections; for FY 2010-11, appropriates \$112,649 from the Capital Construction fund to the Corrections Expansion Reserve Fund, transfers \$112,649 from the General Fund to the Capital Construction Fund, and appropriates \$28,758 from the General Fund to the Department of Corrections; for FY 2011-12, appropriates \$54,640 from the General Fund to the Department of Corrections; for FY 2012-13, appropriates \$112,649 from the Capital Construction Fund to the Corrections Expansion Reserve Fund, transfers \$112,649 from the General fund to the Capital Construction Fund, and appropriates \$28,758 from the General Fund to the Department of Corrections.

H.B. 08-1194: Makes changes to sentencing laws for driving under the influence and increases the related fee for reinstatement of a driver's license from \$60 to \$95 with the incremental increase of \$35 to be credited to the First Time Drunk Driving Offenders Account. Makes a 5-year statutory appropriation as follows: for FY 2008-09, appropriates \$125,165 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and transfers \$125,165 from the General Fund to the Capital Construction Fund; for FY 2009-10, appropriates \$12,517 from the Capital Construction fund to the Corrections Expansion Reserve Fund, transfers \$12,517 from the General Fund to the Capital Construction Fund, and appropriates \$28,758 from the General Fund to the Department of Corrections; for FY 2010-11, appropriates \$31,634 from the General Fund to the Department of Corrections; for FY 2011-12, appropriates \$31,634 from the General Fund to the Department of Corrections; for FY 2012-13, appropriates \$31,634 from the General Fund to the Department of Corrections.

H.B. 08-1282: Supplemental appropriation to the Department of Corrections to modify appropriations for FY 2007-08.

H.B. 08-1352: Modifies the revocation placement options available to the Parole Board for offenders whose parole has been revoked based on a technical violation, who have no active felony warrants (including felony detainers or pending felony criminal charges), and who were on parole for a class 5 or class 6 nonviolent felony offense other than menacing or unlawful sexual behavior by precluding such offenders from being placed in community return-to-custody facilities. Appropriates \$217,566 General Fund to the Department of Corrections in FY 2008-09.

H.B. 08-1375: General appropriations act for FY 2008-09.

H.B. 08-1382: Modifies current law regarding offenders for whom the Department of Corrections can mandate sex offender treatment. Also expands the population of offenders who are eligible for earned time by allowing earned time eligibility while on parole or after reparole following a parole revocation. Reduces the FY 2008-09 appropriation to the "Payments to District Attorneys" line item within the Department of Corrections by \$49,292 General Fund. Appropriates \$47,312 General Fund to the Support Services Division and \$1,980 General Fund to the Inmate Programs Division within the Department of Corrections in FY 2008-09.

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.

The Department also administers a number of education-related programs, including: educator licensure and professional development; the School Finance Act and the distribution of state and federal funds to school districts; special education for children with disabilities, English language proficiency programs, the Colorado Preschool Program, and adult basic education 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 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund/1	\$2,718,813,736	\$2,883,126,616	\$3,023,327,981	\$3,175,366,143
Cash Funds/2	15,292,983	14,636,398	15,090,644	606,969,031
Cash Funds Exempt/2	494,616,026	467,057,042	421,755,405	n/a
Reappropriated Funds/2	n/a	n/a	n/a	15,466,543
Federal Funds	<u>498,761,613</u>	<u>487,941,660</u>	<u>496,839,889</u>	<u>497,653,179</u>
Total Funds	\$3,727,484,358	\$3,852,761,716	\$3,957,013,919	\$4,295,454,896
Full Time Equiv. Staff	444.4	466.0	476.1	536.3

/1 Includes General Fund Exempt.

/2 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

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 2008-09 consist of 73.9 percent General Fund, 14.1 percent cash funds, 11.6 percent federal funds, and less than one percent reappropriated 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 (\$5,088 per pupil for FY 2007-08). 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 2007-08, per pupil funding allocations ranged from \$6,135 to \$14,170, with a statewide average allocation of \$6,661 per pupil. Each district's per pupil funding allocation is multiplied by its funded pupil count to determine its "total program" funding. For FY 2007-08, a total of \$5.1 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 2008-09, the General Assembly is required to increase base per pupil funding by at least \$162 (from \$5,088 to \$5,250, or 3.2 percent), based on the actual inflation rate of 2.2 percent in calendar year 2007. [The General Assembly chose to increase base per pupil funding by \$182, or 3.6 percent.] Given an estimated funded pupil count of 776,017 (including 4,462 FTE authorized through H.B. 08-1388, primarily for preschool and full-day kindergarten), the General Assembly is thus required to provide a minimum of \$4.1 billion in state and local funds for FY 2008-09 -- 76 percent of the \$5.4 billion in total state and local funding that has been allocated for this purpose.

Factors Considered in Public School Finance Formula

The remaining 24 percent of state and local funds that will be allocated among school districts in FY 2008-09 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.	16.1%
Size Factor	Recognizes economies of scale experienced by larger school districts. Provides greater per pupil funding for districts with low enrollment.	3.7%
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)	4.2%

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 2008-09, local taxes are expected to contribute about \$2.0 billion toward public school finance. Thus, the General Assembly appropriated \$3.4 billion in state funding to provide a total of \$5.4 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 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 2006-07, the state share of funding rose from 54.3 percent to 63.9 percent. Senate Bill 07-199 changed the method for calculating school district property taxes, thereby allowing property tax revenues to increase at a rate more commensurate with overall funding increases. 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 2007-08 and FY 2008-09.

School Finance Funding						
Description	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Approp.
Funded Pupil Count	722,980	729,377	741,328	753,065	760,917	776,017
<i>Annual Percent Change</i>	<i>0.8%</i>	<i>0.9%</i>	<i>1.6%</i>	<i>1.6%</i>	<i>1.0%</i>	<i>2.0%</i>
<i>Denver-Boulder Inflation Rate for Previous Calendar Year</i>	<i>1.9%</i>	<i>1.1%</i>	<i>0.1%</i>	<i>2.1%</i>	<i>3.6%</i>	<i>2.2%</i>
Statewide <u>Base</u> Per Pupil Funding	\$4,570	\$4,666	\$4,718	\$4,864	\$5,088	\$5,270
<i>Annual Percent Change</i>	<i>2.9%</i>	<i>2.1%</i>	<i>1.1%</i>	<i>3.1%</i>	<i>4.6%</i>	<i>3.6%</i>
Statewide <u>Average</u> Per Pupil Funding	\$5,943	\$6,074	\$6,168	\$6,359	\$6,661	\$6,904
<i>Annual Percent Change</i>	<i>2.5%</i>	<i>2.2%</i>	<i>1.5%</i>	<i>3.1%</i>	<i>4.7%</i>	<i>3.7%</i>
Districts' Total Program Funding	\$4,296,674,752	\$4,430,126,525	\$4,572,169,688	\$4,788,862,198	\$5,068,490,332	\$5,358,000,877
<i>Annual Percent Change</i>	<i>3.3%</i>	<i>3.1%</i>	<i>3.2%</i>	<i>4.7%</i>	<i>5.8%</i>	<i>5.7%</i>
<u>Local Share</u> of Districts' Total Program Funding	\$1,671,170,411	\$1,686,385,318	\$1,701,209,635	\$1,729,362,067	\$1,915,779,555	\$1,964,637,655
<i>Annual Percent Change</i>	<i>-0.2%</i>	<i>0.9%</i>	<i>0.9%</i>	<i>1.7%</i>	<i>10.8%</i>	<i>2.6%</i>
<u>State Share</u> of Districts' Total Program Funding	\$2,625,504,341	\$2,743,741,207	\$2,870,960,053	\$3,059,500,131	\$3,152,710,777	\$3,393,363,222
<i>Annual Percent Change</i>	<i>5.7%</i>	<i>4.5%</i>	<i>4.6%</i>	<i>6.6%</i>	<i>3.0%</i>	<i>7.6%</i>
<i>State Share as Percent of Districts' Total Program Funding</i>	<i>61.1%</i>	<i>61.9%</i>	<i>62.8%</i>	<i>63.9%</i>	<i>62.2%</i>	<i>63.3%</i>
General Fund Portion of State Share Appropriation	\$2,247,917,791	\$2,342,618,549	\$2,480,460,455	\$2,658,568,626	\$2,790,546,868	\$2,957,050,579
<i>Annual Percent Change</i>	<i>5.2%</i>	<i>4.2%</i>	<i>5.9%</i>	<i>7.2%</i>	<i>5.0%</i>	<i>6.0%</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 2007 (2.2 percent), the General Assembly is required to increase state funding for categorical programs by at least \$6.7 million (3.2 percent) for FY 2008-09. [The General Assembly chose to increase state funding for categorical programs by \$8.9 million, or 4.3 percent.]

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 2008-09 Appropriation	Increase in Annual Appropriation of State Funds Since FY 2000-01	
Special education - children with disabilities	\$127,362,125	\$55,851,352	78.1%
English Language Proficiency Program	8,612,057	5,510,459	177.7%
Public school transportation	45,408,842	8,486,615	23.0%
Colorado Vocational Act distributions	21,672,472	3,879,622	21.8%
Special education - gifted and talented children	8,396,099	2,896,099	52.7%
Expelled and at-risk student services grant program	6,340,676	551,869	9.5%
Small attendance center aid	943,333	(4,807)	(0.5)%
Comprehensive health education	705,396	105,396	17.6%
Total	\$219,441,000	\$77,276,605	54.4%

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 six 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>	<u>8,219,905</u>	<u>28,219,905</u>
Subtotal	130,000,000	75,000,000	32,971,112	37,043,430	145,014,542
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

House Bill 08-1335 replaces existing capital construction financial assistance programs with a new program which will increase the amount of state financial assistance provided and allow projects to be completed more quickly. For further information, see the description of this act at the end of this department.

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 2007-08 and FY 2008-09 Appropriations

Department of Education						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$3,957,013,919	\$3,023,327,981	\$15,090,644	\$421,755,405	\$496,839,889	476.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management and Administration	41,027,244	24,210,435	2,031,124	6,182,779	8,602,906	132.2
Assistance to Public Schools	3,901,613,182	2,988,462,845	12,774,520	412,138,834	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	12,732,674	9,233,882	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
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
HB 08-1283	997,601	24,071	13,665	1,008,371	(48,506)	0.0
HB 08-1375	(112,599,824)	(40,909,344)	0	(71,690,480)	0	(1.3)

	Total Funds	General Fund/1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$4,295,454,896	\$3,175,366,143	\$606,969,031	\$15,466,543	\$497,653,179	536.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management and Administration	42,894,090	23,915,304	4,053,066	6,070,369	8,855,351	130.1
Assistance to Public Schools	4,232,600,309	3,138,425,411	602,437,663	5,948,095	485,789,140	204.6
Library Programs	6,880,574	3,473,584	148,302	250,000	3,008,688	36.6
School for the Deaf and the Blind	13,079,923	9,551,844	330,000	3,198,079	0	165.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	4,169,463,765	3,175,285,598	481,058,445	15,466,543	497,653,179	511.8
SB 08-17	45,380	0	45,380	0	0	1.0
SB 08-38	198,545	0	198,545	0	0	1.0
SB 08-123	850,000	0	850,000	0	0	0.0
SB 08-130	80,545	80,545	0	0	0	1.0
SB 08-212	792,453	0	792,453	0	0	5.0
SB 08-218	0	0	0	0	0	0.0
HB 08-1021	252,799	0	252,799	0	0	0.0
HB 08-1204	523,568	0	523,568	0	0	3.0
HB 08-1267	150,000	0	150,000	0	0	0.0
HB 08-1317	32,185	0	32,185	0	0	0.0
HB 08-1335	2,869,959	0	2,869,959	0	0	5.0
HB 08-1370	5,000,000	0	5,000,000	0	0	1.0
HB 08-1384	1,241,997	0	1,241,997	0	0	0.0
HB 08-1386	137,983	0	137,983	0	0	1.5
HB 08-1388	113,815,717	0	113,815,717	0	0	6.0

/1 Includes \$327,600,000 General Fund Exempt in FY 2007-08, and \$369,000,000 General Fund Exempt in FY 2008-09. See Division Detail for more information on General Fund Exempt appropriations.

/2 For FY 2007-08, includes \$5,000,000 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. See Division Detail for more information.

Department of Education: Appropriations Format Change

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$3,957,013,919	\$3,023,327,981	\$15,090,644	\$421,755,405	\$496,839,889	476.1
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	0	0	407,677,254	(407,677,254)	0	0.0
FY 2007-08 Adjusted Appropriation:	3,957,013,919	3,023,327,981	422,767,898	14,078,151	496,839,889	476.1
FY 2008-09 Total Appropriation:	4,295,454,896	3,175,366,143	606,969,031	15,466,543	497,653,179	536.3
Increase/(Decrease)	\$338,440,977	\$152,038,162	\$184,201,133	\$1,388,392	\$813,290	60.2
Percentage Change	8.6%	5.0%	43.6%	9.9%	0.2%	12.6%

FY 2008-09 Appropriation Highlights:

- The appropriation provides for a \$289.5 million (5.7 percent) increase in *total state and local* funding for schools pursuant to the School Finance Act of 1994, as amended, based on the following:
 - a 3.6 percent increase in the statewide base per-pupil funding amount, based on an actual inflation rate of 2.2 percent in CY 2007 plus an additional 1.0 percent as required by the State Constitution, plus an additional 0.4 percent pursuant to H.B. 08-1388 (requiring \$189.7 million total funds);
 - a projected 1.4 percent increase in the number of funded pupils, including an additional 3,500 funded slots for the Colorado Preschool Program previously authorized through S.B. 07-199 (requiring \$70.9 million total funds);
 - the provision of supplemental funding for full-day kindergarten programs by counting kindergarten students as 0.58 FTE rather than 0.50 FTE (requiring \$31.7 million total funds);
 - the authorization for districts experiencing declining enrollment to average up to five, rather than four, years of enrollment (requiring \$9.2 million total funds);
 - the addition of 300 funded slots for the Colorado Preschool Program (for a total of 20,160 half-day slots) authorized through H.B. 08-1388 (requiring \$1.0 million total funds);
 - the authorization for districts to receive funding for highly advanced gifted four-year-old children to attend kindergarten (requiring \$0.3 million total funds); and
 - the elimination of students served in facility schools from districts' enrollment count (requiring a reduction of \$13.3 million total funds in this section of the budget).

Although *total* funding will increase by 5.7 percent in FY 2008-09 (\$289.5 million), it is anticipated that *local* property and specific ownership tax revenues (which are not reflected in appropriations to the

Department) will increase by only 2.6 percent (\$48.8 million). Appropriations thus reflect a 7.6 percent (\$240.7 million) increase in the *State's* share of funding for districts' total program funding to provide the total required \$289.5 million increase.

2. House Bill 08-1388 provides \$34.5 million cash funds from the State Education Fund to provide grants for school districts' capital construction costs associated with expanding full-day kindergarten programs. This act also provides an additional \$431,000 cash funds from the State Education Fund for the Department to hire 6.0 FTE to administer the grants, provide technical assistance for full-day kindergarten programs, and to administer the expanding Colorado Preschool Program.
3. House Bill 08-1335 reduces the amount of school lands-related funds annually available for public school finance by \$20.0 million, requiring a \$20.0 million increase in the General Fund appropriation for public school finance for FY 2008-09. However, this act also replaces existing capital construction financial assistance programs with a new program, eliminating the need for General Fund appropriations totaling \$20.0 million for existing capital construction programs for FY 2008-09. The act appropriates a total of \$22.9 million cash funds from a newly created fund for FY 2008-09, including \$12.3 million for a financial assistance priority assessment, \$10.0 million for lease payments, and about \$570,000 and 5.0 FTE for a new Division responsible for administering the new assistance program.
4. The appropriations in H.B. 08-1375 add \$4.3 million from the State Education Fund for educational services provided by "facility schools" (on-grounds schools operated by residential child care facilities) over the Summer months. House Bill 08-1204 and H.B. 08-1388 change the method of funding students who receive educational services through facility schools. These acts redirect this \$4.3 million increase, plus another \$13.8 million in existing funding, and add \$0.3 million cash funds from the State Education Fund for a new line item dedicated for facility school funding. House Bill 08-1204 also provides an additional \$524,000 cash funds from the State Education Fund for the Department to establish a 3.0 FTE Facility Schools Unit and develop a student record system for facility schools.
5. Senate Bill 08-218 reduces the amount of federal mineral lease revenues that will be annually transferred to the State Public School Fund beginning in FY 2008-09, requiring a \$9,470,900 reduction in the appropriation from this fund for school finance for FY 2008-09. This reduction is offset by a \$9,470,900 increase in the cash funds appropriation from the State Education Fund for school finance.
6. The appropriation includes a \$9.0 million increase (4.2 percent) in state funding for categorical programs -- \$2.2 million more than the minimum increase required by the State Constitution. The full amount of the required increase is appropriated from the State Education Fund.
7. House Bill 08-1388 eliminates the full-day kindergarten component of the Colorado Preschool Program, thereby increasing the number of slots available for preschool students by 2,454. This act provides an additional \$7,356,000 cash funds from the State Education Fund for "hold-harmless" funding to allow districts that have previously used preschool slots for full-day kindergarten to continue to provide full-day kindergarten programs.
8. House Bill 08-1388 provides an additional \$5.0 million cash funds from the State Education Fund for one year to double the amount of state funding available for charter school capital construction costs.

9. The appropriation includes \$1.8 million General Fund for an initiative to address student achievement gaps related to race and income.
10. The appropriation includes \$1.0 million General Fund for the Department to make on-line database products available to publicly-supported libraries throughout the state.
11. House Bill 08-1388 provides \$1.0 million cash funds from the State Education Fund to provide grants to school districts to develop alternative teacher compensation plans.
12. The appropriation adds about \$902,000, including \$555,000 General Fund, for salary and benefit adjustments.
13. The appropriation adds about \$433,000 General Fund for the Department to hire five content specialists to support school districts.
14. The appropriation includes about \$162,000 General Fund for the Department to implement key recommendations of the Data Infrastructure Review which was recently completed as required by H.B. 07-1270.

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-related programs, and for general department administration, including human resources, budgeting, accounting, information management, and facilities maintenance. This section also includes funding for the Office of Professional Services, the Division of On-line Learning, the Facility Schools Unit and the Facility Schools Board (established through H.B. 08-1335), the administration of the Colorado Student Assessment Program and associated accountability programs, as well as funding associated with the State Charter School Institute. Prior to FY 2008-09, this section also included funding and staff who are responsible for administering the School Finance Act and for auditing school districts, as well as funding and staff who are responsible for administering various library programs. Beginning in FY 2008-09, these amounts have been transferred to the Assistance to Public Schools and the Library Programs sections, respectively.

The primary source of cash funds is the Educator Licensure Cash Fund, which consists of fees paid by applicants for educator licenses and certificates. Reappropriated funds consist primarily of indirect cost recoveries and transfers of funds from various cash- and federally-funded line items. Federal funds reflected in this section are from a variety of sources.

Management and Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	275,250	0	0	275,250	0	0.0
HB 08-1283	1,006,592	33,062	13,665	1,008,371	(48,506)	0.0
HB 08-1375	<u>(800,343)</u>	<u>(800,343)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1.3)</u>
TOTAL	\$41,027,244	\$24,210,435	\$2,031,124	\$6,182,779	\$8,602,906	132.2
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>1,208,815</u>	<u>(1,208,815)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$41,027,244	\$24,210,435	\$3,239,939	\$4,973,964	\$8,602,906	132.2
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
FY 2008-09 salary and benefit adjustments	901,556	554,530	17,113	96,818	233,095	0.0
State Charter School Institute	631,426	0	0	631,426	0	6.0
Information technology services	512,586	0	0	512,586	0	5.7
Colorado Student Assessment Program	437,865	544,614	0	0	(106,749)	0.0
Annualize salary and benefits adjustments	268,397	165,030	52,509	31,851	19,007	0.0
Data program management office	161,853	161,853	0	0	0	0.9
Federal funding for assessments and related activities	106,749	0	0	0	106,749	2.7
Annualization of S.B. 07-228	14,471	14,471	0	0	0	0.3
Fund mix adjustment	0	78,095	(78,095)	0	0	0.0
Transfers to Assistance to Public Schools	(1,648,591)	(1,225,375)	(240,000)	(183,216)	0	(15.9)
Transfer to Library Programs	(743,128)	(743,128)	0	0	0	(11.8)
Eliminate one-time funding	(251,902)	(8,000)	(243,902)	0	0	0.0
State Board of Education travel and operating expenses	(44,000)	(44,000)	0	0	0	0.0
Other	(51,296)	126,234	(184,813)	6,940	343	0.0
HB 08-1375	\$41,323,230	\$23,834,759	\$2,562,751	\$6,070,369	\$8,855,351	120.1

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 08-17	45,380	0	45,380	0	0	1.0
SB 08-130	80,545	80,545	0	0	0	1.0
SB 08-212	792,453	0	792,453	0	0	5.0
HB 08-1204	523,568	0	523,568	0	0	3.0
HB 08-1335	32,414	0	32,414	0	0	0.0
HB 08-1384	85,000	0	85,000	0	0	0.0
HB 08-1388	<u>11,500</u>	<u>0</u>	<u>11,500</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$42,894,090	\$23,915,304	\$4,053,066	\$6,070,369	\$8,855,351	130.1
Increase/(Decrease)	\$1,866,846	(\$295,131)	\$813,127	\$1,096,405	\$252,445	(2.1)
Percentage Change	4.6%	-1.2%	25.1%	22.0%	2.9%	-1.6%

H.B. 08-1375 (Long Bill) Issue Descriptions

FY 2008-09 salary and benefit adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary and benefits, including the following increases: \$515,652 for health, life and dental benefits; \$332,630 for the state contribution for Public Employees' Retirement Association (PERA) as required by S.B. 04-257 and S.B. 06-235; \$50,872 for performance-based pay; and \$2,402 for salary increases.

State Charter School Institute: The appropriation increases the amount of reappropriated funds reflected in four line items related to the State Charter School Institute. These increases are based on estimates of the number of Institute charter schools, and the pupil enrollment and per pupil funding for these schools.

Information technology services: The appropriation includes a separate line item to consolidate funding and staff related to information technology support functions, reflecting a total of \$512,586 reappropriated funds and 5.7 FTE that are supported by various sources of federal funds.

Colorado Student Assessment Program: The appropriation reflects the following increases for this program: \$294,913 (1.9 percent) for the primary contract with CTB-McGraw Hill for developing, scoring, and reporting results of 27 assessments in reading, writing, math, and science; \$140,548 (7.1 percent) for the contract with CTB-McGraw Hill for developing, scoring, and reporting results of Colorado English language assessments (including both a placement test and an assessment test); and \$104,132 (6.5 percent) for the statewide ACT test. These increases are partially offset by a net reduction of \$101,728 for staff and operating expenses based on actual staffing levels.

Annualize salary and benefits adjustments: The appropriation includes \$329,385 for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Management and Administration section in the year of the award and are incorporated into base funding for each division in the subsequent fiscal year. The adjustment shown also includes a 1.0 percent base reduction (\$60,988) in the personal services appropriation for the division.

Data program management office: The appropriation adds funding to implement key recommendations of the Data Infrastructure Review which was recently completed as required by H.B. 07-1270.

Federal funding for assessments and related activities: As the federal share of CSAP costs will decline by \$106,749 in FY 2008-09, the amount of federal funds that will be available to the Department for other federally-allowable purposes will increase by the same amount.

Annualization of S.B. 07-228: The appropriation adds funding and staff for monitoring personal services contracts pursuant to S.B. 07-228.

Fund mix adjustment: The appropriation reflects General Fund support for a position added through H.B. 07-1320, rather than cash funds support from audit recoveries credited to the State Public School Fund. This appropriation does not increase the overall amount of General Fund appropriated to the Department. Rather, it simply limits the number of line items supported by the State Public School Fund.

Transfers to Assistance to Public Schools: The appropriation reflects the transfer of the following amounts to the Assistance to Public Schools section of the Long Bill: (1) \$1,145,439 General Fund and 13.0 FTE responsible for administering the School Finance Act and the Colorado Preschool Program, and for auditing school districts; (2) \$200,000 State Education Fund for civic education; (3) \$79,936 General Fund and 0.9 FTE staff responsible for administering federal nutrition programs; (4) \$40,000 State Education Fund for financial literacy; and (4) 2.0 FTE staff who are responsible for administering public school transportation programs. These 2.0 FTE are currently supported by \$183,216 General Fund that is currently appropriated in the Assistance to Public Schools section, and then transferred to this section. The appropriation reflects the 2.0 FTE with the associated General Fund appropriation, eliminating the need to transfer \$183,216 to this section.

Transfer to Library Programs: The appropriation reflects the transfer, to the Library Programs section of the Long Bill, of \$743,128 General Fund and 11.8 FTE responsible for administering library programs.

Eliminate one-time funding: The appropriation eliminates one-time funding made available through H.B. 07-1320 (\$209,315 cash funds), S.B.07-215 (\$11,547 cash funds), and H.B. 07-1232 (\$8,000 General Fund). The appropriation also eliminates \$23,040 cash funds provided to the Office of Professional Services to address a licensing backlog related to criminal background checks.

State Board of Education travel and operating expenses: The appropriation reduces funding for State Board travel and operating expenses by \$44,000 (35 percent).

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 an increase of \$13,702 General Fund for travel expenses of the school audit unit, and a decrease of \$365 General Fund for 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). Beginning in FY 2008-09, this section is comprised of the following three subsections:

- *Public School Finance*: This subsection includes 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). Beginning in FY 2008-09, this subsection also includes funding for staff responsible for administering the School Finance Act and related programs, and for auditing school districts. Funding associated with these staff positions was previously included in the Management and Administration section.
- *Categorical Programs*: This subsection includes state and federal funding for all programs defined as "categorical programs" pursuant to Section 17 of Article IX of the Colorado Constitution.
- *Grant Programs and Other Distributions*: This subsection includes other state and federal funds that are distributed to schools and districts, or that are used to provide direct support and assistance to schools and districts. Beginning in FY 2008-09, this subsection includes several federal and cash fund sources that were previously reflected in the "Appropriated Sponsored Programs" subsection.

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 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
HB 07-1359	359,106	0	0	359,106	0	0.0
HB 08-1283	0	0	0	0	0	0.0
HB 08-1375	(111,799,481)	(40,109,001)	0	(71,690,480)	0	0.0
TOTAL	\$3,901,613,182	\$2,988,462,845	\$12,774,520	\$412,138,834	\$488,236,983	178.9

	Total Funds	General Fund/1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to appropriations format	<u>0</u>	<u>0</u>	<u>406,448,439</u>	<u>(406,448,439)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	\$3,901,613,182	\$2,988,462,846	\$419,222,959	\$5,690,395	\$488,236,983	178.9
FY 2008-09 Appropriation:						
HB 08-1375	\$4,108,180,038	\$3,138,425,411	\$478,017,392	\$5,948,095	\$485,789,140	190.1
SB 08-38	198,545	0	198,545	0	0	1.0
SB 08-123	850,000	0	850,000	0	0	0.0
SB 08-218	0	0	0	0	0	0.0
HB 08-1021	252,799	0	252,799	0	0	0.0
HB 08-1267	150,000	0	150,000	0	0	0.0
HB 08-1317	32,185	0	32,185	0	0	0.0
HB 08-1335	2,837,545	0	2,837,545	0	0	5.0
HB 08-1370	5,000,000	0	5,000,000	0	0	1.0
HB 08-1384	1,156,997	0	1,156,997	0	0	0.0
HB 08-1386	137,983	0	137,983	0	0	1.5
HB 08-1388	<u>113,804,217</u>	<u>0</u>	<u>113,804,217</u>	<u>0</u>	<u>0</u>	<u>6.0</u>
FY 2008-09 TOTAL	\$4,232,600,309	\$3,138,425,411	\$602,437,663	\$5,948,095	\$485,789,140	204.6
Increase/(Decrease)	\$330,987,127	\$149,962,565	\$183,214,704	\$257,700	(\$2,447,843)	25.7
Percentage Change	8.5%	5.0%	43.7%	4.5%	-0.5%	14.4%

/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 the Assistance to Public Schools section 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 36.7 percent of the amount required for FY 2008-09 or \$1.96 billion) is not reflected in appropriations to the Department. Beginning in FY 2008-09, this subsection also includes funding for staff responsible for administering the School Finance Act, the Colorado Preschool Program, providing technical assistance and making grants for full-day kindergarten programs (pursuant to H.B. 08-1388), and for auditing school districts to ensure compliance with the federal school lunch, public school transportation, and English language proficiency programs. Funding associated with these staff positions was previously included in the Management and Administration section.

For FY 2008-09, 87 percent of the State's share of districts' total program funding is provided from the General Fund; the balance is provided from two cash funds: the State Education Fund and the State Public School Fund. Administrative costs are supported by the General Fund (73 percent) and the State Education Fund. For further

information concerning the State Education Fund, including a table providing a history of appropriations from the Fund, see Appendix D.

Overview: Significant Mid-year Changes to FY 2007-08 Appropriations

The FY 2008-09 Long Bill (H.B. 08-1375) contains a section that reduces FY 2007-08 appropriations by \$113.6 million, primarily based on a higher than anticipated local share of funding (allowing for a \$65.7 million reduction in state funding), and a lower than anticipated funded pupil count (allowing for a \$50.0 million reduction in state funding). These decreases in state funding are partially offset by slightly higher than anticipated per pupil funding. This section reduces the General Fund portion of the appropriation by \$33.9 million - the maximum allowable amount based on the constitutionally required five percent annual increase in General Fund appropriations. This section also decreases appropriations from the State Education Fund and the State Public School Fund by \$66.3 million, and \$13.4 million, respectively.

Overview: FY 2008-09 Funding for Public School Finance

The FY 2008-09 appropriation for public school finance is provided through five acts, including: H.B. 08-1375 (the Long Bill), S.B. 08-218 (concerning federal mineral lease revenues), H.B. 08-1021 (early access for gifted children), H.B. 08-1335 ("Building Excellent Schools Today Act"), and H.B. 08-1388 (the annual "school finance act"). These bills provide for a \$289.5 million increase (5.7 percent) in *total state and local* funding for schools pursuant to the School Finance Act of 1994, as amended, based on the following:

- a projected 1.4 percent increase in the number of funded pupils in kindergarten through 12th grade, including an additional 3,500 funded slots for the Colorado Preschool Program previously authorized through S.B. 07-199 (requiring \$70.9 million total funds);
- a 3.6 percent increase in the statewide base per-pupil funding amount, based on an actual inflation rate of 2.2 percent in CY 2007 plus an additional 1.0 percent as required by the State Constitution, plus an additional 0.4 percent pursuant to H.B. 08-1388 (requiring \$189.7 million total funds)³;
- the provision of supplemental funding for full-day kindergarten programs by counting kindergarten students as 0.58 FTE rather than 0.5 FTE (requiring \$31.7 million total funds);
- the authorization for districts experiencing declining enrollment to average up to five, rather than four, years of enrollment (requiring \$9.2 million total funds);
- the addition of 300 funded slots for the Colorado Preschool Program (for a total of 20,160 half-day slots) authorized through H.B. 08-1388 (requiring \$1.0 million total funds);
- the authorization for districts to receive funding for highly advanced gifted four-year-old children to attend kindergarten (requiring \$0.3 million total funds); and
- the elimination of students served in facility schools from districts' enrollment count (requiring a reduction of \$13.3 million total funds).

³ This increase *includes* the cost of implementing an increase in the "minimum per pupil funding base", previously authorized through S.B. 07-199.

Although *total* funding will increase by 5.7 percent in FY 2008-09 (\$289.5 million), it is anticipated that *local* property and specific ownership tax revenues (which are not reflected in appropriations to the Department) will increase by only 2.6 percent (\$48.8 million). Appropriations thus reflect a 7.6 percent (\$240.7 million) increase in the *State's* share of funding for districts' total program funding to provide the total required \$289.5 million increase. The following table details the data and figures related to overall school finance funding.

School Finance: Total Program	FY 2007-08 Amended Appropriation	FY 2008-09 Appropriation	Change
Funded Pupil Count	760,917.3	776,017.0	15,099.7
Annual Percent Change	1.0%	2.0%	
Statewide <u>Base</u> Per-Pupil Funding	\$5,087.6	\$5,270.1	\$182.5
Annual Percent Change	4.6%	3.6%	
Statewide <u>Average</u> Per-Pupil Funding	\$6,661.0	\$6,904.5	\$243.5
Annual Percent Change	4.8%	3.7%	
Total Program Funding	\$5,068,490,332	\$5,358,000,877	\$289,510,545
Annual Percent Change	5.8%	5.7%	
<u>Local Share</u> of Districts' Total Program Funding (excluding amount foregone due to business incentive agreements)	\$1,915,779,555	\$1,964,637,655	\$48,858,100
Annual Percent Change	10.8%	2.6%	
<u>State Share</u> of Districts' Total Program Funding (including appropriation related to business incentive agreements)	\$3,152,710,777	\$3,393,363,222	\$240,652,445
Annual Percent Change	3.0%	7.6%	
State Share as % of Districts' Total Program	62.2%	63.3%	

The following table and the narrative that follows detail all of the funding changes reflected in the Public School Finance subsection of the FY 2008-09 Long Bill, as well as the appropriations made through separate legislation.

<i>Public School Finance</i>						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	12,000	12,000	0	0	0	0.0
HB 08-1375	(113,617,998)	(33,949,953)	0	(79,668,045)	0	0.0
TOTAL	\$3,152,710,777	\$2,790,546,868	\$9,491,876	\$352,672,033	\$0	0.0

	Total Funds	General Fund/1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>352,672,033</u>	<u>(352,672,033)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$3,152,710,777	\$2,790,546,868	\$362,163,909	\$0	\$0	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Fund projected enrollment growth and 3.2 percent increase in base per pupil funding	191,833,714	146,503,711	45,330,003	0	0	0.0
Transfer from Management and Administration section	1,145,439	1,145,439	0	0	0	13.0
HB 08-1375	\$3,345,689,930	\$2,938,196,018	\$407,493,912	\$0	\$0	13.0
SB 08-218	0	0	0	0	0	0.0
HB 08-1021	252,799	0	252,799	0	0	0.0
HB 08-1335	0	20,000,000	(20,000,000)	0	0	0.0
HB 08-1388	<u>49,185,048</u>	<u>0</u>	<u>49,185,048</u>	<u>0</u>	<u>0</u>	<u>6.0</u>
TOTAL	\$3,395,127,777	\$2,958,196,018	\$436,931,759	\$0	\$0	19.0
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Increase/(Decrease)	\$242,417,000	\$167,649,150	\$74,767,850	\$0	\$0	19.0
Percentage Change	7.7%	6.0%	20.6%	n/a	n/a	n/a

/1 Includes General Fund Exempt amounts.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2007-08 Appropriation	\$2,824,496,821	\$2,480,596,821	\$343,900,000
Long Bill supplemental (H.B. 08-1375)	<u>(33,949,953)</u>	<u>(17,649,953)</u>	<u>(16,300,000)</u>
FY 2007-08 Adjusted Appropriation	\$2,790,546,868	\$2,462,946,868	\$327,600,000
Fund projected enrollment growth and 3.2 percent increase in base per pupil funding	146,503,711	146,503,711	0
Transfer from Management and Administration section	1,145,439	1,145,439	0
Adjust General Fund Exempt amount based on FY 2007-08 revenue projections	0	(41,400,000)	41,400,000
Offset reduction in State Public School Fund revenues due to H.B. 08-1335	<u>20,000,000</u>	<u>20,000,000</u>	<u>0</u>
Total FY 2008-09 Appropriation	\$2,958,196,018	\$2,589,196,018	\$369,000,000

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 2007-08 and FY 2008-09 for preschool through twelfth grade education pursuant to Sections 24-77-103.6 (2) (b) and 24-77-104.5 (3), C.R.S.

H.B. 08-1375 (Long Bill) Issue Descriptions

Fund projected enrollment growth and 3.2 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 FY 2008-09 Long Bill appropriation provides the required \$191.8 million (6.1 percent) increase in *state* funding for the School Finance Act⁴, including:

- General Fund increases totaling \$146.5 million (5.25 percent);
- a \$42.9 million increase (16.6 percent) in appropriations from the State Education Fund; and
- a \$2.4 million increase (2.3 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 percent⁵. The FY 2008-09 Long Bill appropriation reflects a 5.25 percent increase in the General Fund appropriation for districts' total program funding.

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

Transfer from Management and Administration section: The appropriation reflects the transfer, from the Management and Administration section, of the \$1,145,439 General Fund and 13.0 FTE responsible for administering the School Finance Act and the Colorado Preschool Program, and for auditing school districts.

⁴ The appropriation includes \$418,016 General Fund to backfill the property taxes foregone as a result of locally negotiated business incentive agreements. This amount is calculated based on the estimated foregone property taxes under the four existing agreements.

⁵ 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 2007-08 through FY 2010-11.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department. For information on S.B. 08-218, see also the "Recent Legislation" section at the end of the Capital Construction section.

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 fund sources include the State Education Fund, the Public School Transportation Fund, and the Colorado Comprehensive Health Education Fund. Reappropriated funds include federal funds transferred from the Department of Human Services.

Overview: FY 2008-09 Funding for Categorical Programs

The FY 2008-09 appropriation for categorical programs is provided through two acts: H.B. 08-1375 (the Long Bill) and H.B. 08-1388 (the annual "school finance act"). These bills provide for a \$9.0 million increase (4.2 percent) in *state* funding for categorical programs. This following table details the allocation of the total increase in state funding among categorical programs.

Increase in State Funding for Categorical Programs for FY 2008-09				
Long Bill Line Item	FY 2007-08 Appropriation of State Funds	Allocation of FY 2008-09 Increases in State Funds		FY 2008-09 Appropriation of State Funds
District Programs Required by Statute:				
Special education - children with disabilities	\$121,980,438	\$5,381,687	4.4%	\$127,362,125
English Language Proficiency Program	7,219,597	1,392,460	19.3%	8,612,057
Other Categorical Programs:				
Public school transportation	44,215,305	1,193,537	2.7%	45,408,842
Colorado Vocational Act distributions	21,208,319	464,153	2.2%	21,672,472
Special education - gifted and talented children	7,997,177	398,922	5.0%	8,396,099
Expelled and at-risk student services grant program	6,340,676	0	0.0%	6,340,676
Small attendance center aid	943,333	0	0.0%	943,333
Comprehensive health education	600,000	105,396	17.6%	705,396
Total	\$210,504,845	\$8,936,155	4.2%	\$219,441,000

The following table and the narrative that follows detail all of the funding changes reflected in the Categorical Programs subsection of the FY 2008-09 Long Bill, as well as the appropriations made through H.B. 08-1388.

<i>Categorical Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$372,644,077	\$180,465,025	\$0	\$28,387,820	\$163,791,232	60.5
SB 07-255	2,200,000	2,200,000	0	0	0	0.0
HB 08-1283	0	0	0	0	0	0.0
HB 08-1375	<u>0</u>	<u>(7,977,565)</u>	<u>0</u>	<u>7,977,565</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$374,844,077	\$174,687,460	\$0	\$36,365,385	\$163,791,232	60.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>36,267,385</u>	<u>(36,267,385)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$374,844,077	\$174,687,460	\$36,267,385	\$98,000	\$163,791,232	60.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Increase state funding by 3.2 percent	6,736,155	(200,000)	6,936,155	0	0	1.0
Federal funds and transfers from other agencies	207,650	0	0	768	206,882	9.6
Transfer from Management and Administration section	0	0	0	0	0	2.0
HB 08-1375	\$381,787,882	\$174,487,460	\$43,203,540	\$98,768	\$163,998,114	73.1
HB 08-1388	<u>2,200,000</u>	<u>0</u>	<u>2,200,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$383,987,882	\$174,487,460	\$45,403,540	\$98,768	\$163,998,114	73.1
Increase/(Decrease)	\$9,143,805	(\$200,000)	\$9,136,155	\$768	\$206,882	12.6
Percentage Change	2.4%	-0.1%	25.2%	0.8%	0.1%	20.8%

H.B. 08-1375 (Long Bill) Issue Descriptions

Increase state funding by 3.2 percent: As required by Amendment 23, the FY 2008-09 Long Bill includes a \$6.7 million (3.2 percent) increase in *state funding* for categorical programs (based on the actual inflation rate for 2007). The full amount of the increase is from the State Education Fund. In addition, the appropriation increases the appropriation from the Comprehensive Health Education Fund by \$200,000, and decreases the General Fund appropriation by the same amount. Finally, the appropriation authorizes the Department to utilize funding for the Comprehensive Health Education Fund to support 1.0 FTE to administer the program.

Federal funds and transfers from other agencies: The appropriation reflects anticipated changes in federal funds and reappropriated funds transferred from other agencies, along with the associated FTE.

Transfer from Management and Administration section: The appropriation reflects the transfer, from the Management and Administration section, of 2.0 FTE responsible for administering public school transportation programs. These 2.0 FTE are currently supported by \$183,216 General Fund which is appropriated in this subsection and then transferred to the Management and Administration section; the appropriation eliminates the need for this funds transfer.

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 the Assistance to Public Schools section includes state and federal funds that are distributed to schools and districts, or that are used to provide direct support and assistance to schools and districts. Beginning in FY 2008-09, this subsection includes several federal and cash fund sources that were previously reflected in the "Appropriated Sponsored Programs" subsection (below).

Significant sources of cash funds include: the State Education Fund, the Public School Capital Construction Assistance Fund (created through H.B. 08-1335), moneys transferred from the Tobacco Litigation Settlement Cash Fund, the Contingency Reserve Fund, the State Public School Fund, fees collected for workshops and training, and gifts, grants, and donations.

Significant sources of reappropriated funds include federal child care funds transferred from the Department of Human Services, and federal Medicaid funds transferred from the Department of Health Care Policy and Financing that are used to administer the Public School Health Services program. In addition, several appropriations of reappropriated funds simply provide the Department with the authority to spend state moneys that are appropriated to specific cash funds (including the Smart Start Nutrition Program Fund, the Family Literacy Education Fund, and the Science and Technology Education Fund).

Significant sources of federal funds reflected in this subsection 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 meals 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>Grant Programs and Other Distributions</i>						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	359,106	0	0	359,106	0	0.0
HB 08-1375	<u>1,818,517</u>	<u>1,818,517</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$54,753,103	\$23,228,517	\$2,472,644	\$18,173,717	\$10,878,225	11.7
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>17,082,021</u>	<u>(17,082,021)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$54,753,103	\$23,228,517	\$19,554,665	\$1,091,696	\$10,878,225	11.7
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Transfer from Appropriated Sponsored Programs subsection	316,296,537	0	1,237,000	4,500,699	310,558,838	82.9
Facility Summer School Grant Program	4,300,000	0	4,300,000	0	0	0.0
Closing the Achievement Gap	1,800,000	1,800,000	0	0	0	0.0
Read-to-Achieve Grant Program	1,397,884	0	1,397,884	0	0	0.0
Science and Technology Center Grant Program	600,000	0	300,000	300,000	0	0.0
Content specialists	433,480	433,480	0	0	0	4.6
Contingency Reserve Fund	331,260	0	331,260	0	0	0.0
Transfers from Management and Administration section	319,936	79,936	240,000	0	0	0.9
Dropout Prevention Activity Grant Program	159,131	0	159,131	0	0	0.0
Family Literacy Education Grant Program	0	200,000	(200,000)	0	0	0.0
Other	310,895	0	0	(43,068)	353,963	3.9
HB 08-1375	\$380,702,226	\$25,741,933	\$27,319,940	\$5,849,327	\$321,791,026	104.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 08-38	198,545	0	198,545	0	0	1.0
SB 08-123	850,000	0	850,000	0	0	0.0
HB 08-1267	150,000	0	150,000	0	0	0.0
HB 08-1317	32,185	0	32,185	0	0	0.0
HB 08-1335	2,837,545	(20,000,000)	22,837,545	0	0	5.0
HB 08-1370	5,000,000	0	5,000,000	0	0	1.0
HB 08-1384	1,156,997	0	1,156,997	0	0	0.0
HB 08-1386	137,983	0	137,983	0	0	1.5
HB 08-1388	<u>62,419,169</u>	<u>0</u>	<u>62,419,169</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$453,484,650	\$5,741,933	\$120,102,364	\$5,849,327	\$321,791,026	112.5
Increase/(Decrease)	\$398,731,547	(\$17,486,584)	\$100,547,699	\$4,757,631	\$310,912,801	100.8
Percentage Change	728.2%	-75.3%	514.2%	435.8%	2,858.1%	861.5%

/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.

H.B. 08-1375 (Long Bill) Issue Descriptions

Transfer from Appropriated Sponsored Programs subsection: The appropriation transfers the Appropriated Sponsored Programs line item (excluding library-related funding and staff) to this subsection.

Facility Summer School Grant Program: The appropriation adds \$4.3 million from the State Education Fund for this program. While "eligible facility" schools (on-grounds schools operated by residential child care facilities) are generally required to provide educational services throughout the year, the School Finance Act only provides for nine months of per pupil funding. The appropriation for this program is estimated to compensate these schools for educational services provided during the Summer months.

Closing the Achievement Gap: The appropriation adds \$1.8 million General Fund for an initiative to address student achievement gaps related to race and income.

Read-to-Achieve Grant Program: The appropriation reflects an increase in spending authority from the Read-to-Achieve Cash Fund. The total appropriation includes \$5,325,177 in tobacco settlement funding and \$1,350,000 from the Read-to-Achieve Cash Fund balance.

Science and Technology Center Grant Program: Appropriates \$300,000 from the State Education Fund for this program, and provides authority to spend this amount out of the associated cash fund to award grants in FY 2008-09.

Content specialists: The appropriation adds funding to hire one individual with expertise in addressing achievement gaps, and four individuals with expertise in the following content areas: math, science, social studies, and the arts. Due to the pay date shift, the appropriation only reflects 4.6 FTE for FY 2008-09.

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

Transfers from Management and Administration section: The appropriation reflects the transfer of the following amounts from the Management and Administration section: (1) \$200,000 cash funds from the State Education Fund for civic education; (2) \$79,936 General Fund and 0.9 FTE for administration of federal nutrition programs; and (3) \$40,000 cash funds from the State Education Fund for financial literacy.

Dropout Prevention Activity Grant Program: The appropriation authorizes the Department to spend tax check-off contributions anticipated to be collected for tax years 2005 through 2007 by making grant awards for FY 2008-09.

Family Literacy Education Grant Program: Due to a lack of specific statutory authority to appropriate State Education Fund moneys for this program, appropriates \$200,000 General Fund for this program (rather than State Education Fund moneys).

Other: The appropriation reflects a net decrease in reappropriated funds, including a \$16,051 increase in the costs of administering the S.B. 97-101 Public School Health Services program, offset by a \$30,000 decrease in spending authority from the Start Smart Nutrition Program Fund, and a \$29,119 decrease in funds transferred from other agencies. The appropriation reflects a net increase in various sources of federal funds and the associated staff.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department. For information on H.B. 08-1267, see also the "Recent Legislation" section at the end of the Department of Public Safety.

Appropriated Sponsored Programs

Prior to FY 2008-09, this subsection included the majority of federal funds available to the Department and the associated federally-funded Department staff. This section also provided spending authority for the Department to receive fees related to conferences and funds transferred from other state agencies. Beginning in FY 2008-09, these fund sources are reflected in other sections of the Long Bill. Specifically, federal library-related funding is now reflected in the Library Programs section, and all other funding previously included in this subsection is now reflected in the "Grant Programs, Distributions, and Other Assistance" subsection of this section (above).

<i>Appropriated Sponsored Programs</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>427,000</u>	<u>(427,000)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$319,305,225	\$0	\$1,237,000	\$4,500,699	\$313,567,526	106.7
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Transfer to Grant Programs, Distributions, and Other Assistance subsection	(316,296,537)	0	(1,237,000)	(4,500,699)	(310,558,838)	(82.9)
Transfer to Library Programs section	(3,008,688)	0	0	0	(3,008,688)	(23.8)
HB 08-1375	<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)	(\$319,305,225)	\$0	(\$1,237,000)	(\$4,500,699)	(\$313,567,526)	(106.7)
Percentage Change	-100.0%	n/a	-100.0%	-100.0%	-100.0%	-100.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Transfer to Grant Programs, Distributions, and Other Assistance subsection: The appropriation transfers the Appropriated Sponsored Programs line item to the Grant Programs, Distribution, and Other Assistance subsection of the Long Bill (excluding library-related funding and staff).

Transfer to Library Programs section: The appropriation transfers federal library funding and the associated staff to the Library Programs section of the Long Bill.

Library Programs

Prior to FY 2008-09, Department staff who are responsible for administering library-related programs were funded through two other line items. Specifically, library program staff supported by state funds were included in the General Department and Program Administration line item in the Management and Administration section; library program staff supported by federal funds were included in the Appropriated Sponsored Programs line item in the Assistance to Public Schools section. Beginning in FY 2008-09, this section includes all library-related Department staff and all appropriations that support library programs. Library programs are primarily supported by General Fund and federal funds. Cash fund sources include grants and donations. Transfers from the Colorado Disabled Telephone Users Fund to support privately operated reading services for the blind are reflected as reappropriated funds.

Library Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>20,000</u>	<u>(20,000)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,640,819	\$1,420,819	\$20,000	\$200,000	\$0	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Transfer from Assistance to Public Schools section	3,008,688	0	0	0	3,008,688	23.8
On-line databases	1,000,000	1,000,000	0	0	0	0.0
Transfer from Management and Administration section	743,128	743,128	0	0	0	11.8
Reading services for the blind	350,000	300,000	0	50,000	0	0.0
Talking Book Library	137,939	9,637	128,302	0	0	1.0
HB 08-1375	<u>\$6,880,574</u>	<u>\$3,473,584</u>	<u>\$148,302</u>	<u>\$250,000</u>	<u>\$3,008,688</u>	<u>36.6</u>
TOTAL	\$6,880,574	\$3,473,584	\$148,302	\$250,000	\$3,008,688	36.6
Increase/(Decrease)	\$5,239,755	\$2,052,765	\$128,302	\$50,000	\$3,008,688	36.6
Percentage Change	319.3%	144.5%	641.5%	25.0%	n/a	n/a

H.B. 08-1375 (Long Bill) Issue Descriptions

Transfer from Assistance to Public Schools section: The appropriation reflects the transfer, from the Assistance to Public Schools section of the Long Bill, of \$3,008,688 federal library funding and the associated 23.8 FTE.

On-line databases: The appropriation adds \$1.0 million General Fund to make on-line database products available to publicly-supported libraries throughout the state.

Transfer from Management and Administration section: The appropriation reflects the transfer, from the Management and Administration section of the Long Bill, of \$743,128 General Fund and 11.8 FTE staff who are responsible for administering various library programs.

Reading services for the blind: The appropriation adds \$50,000 reappropriated funds (transferred from the Department of Regulatory Agencies) to cover the additional operating costs associated with providing reading

services for the blind via digital, rather than analog, transmitters. The appropriation also includes \$300,000 General Fund for the one-time purchase of digital receivers.

Talking Book Library: The appropriation adds \$9,637 General Fund to cover increased utility and facility maintenance costs. The appropriation also reflects \$128,302 in donations from the Friends of the Colorado Talking Book Library, which is currently used to support 1.0 FTE.

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 2006-07, the CSDB had a total enrollment of 562 children, including 347 infants and toddlers and 215 students (ages 3 to 21) who received services on-campus. The on-campus enrollment included 113 residential students (who return home on weekends and for the summer) and 102 students who only attended classes during the day. The majority of children who receive services through the CSDB (87.0 percent in FY 2006-07) 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 187 students for FY 2008-09)⁶, 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 \$6,580 per pupil for FY 2008-09. 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 reappropriated funds, transferred from the State Share of Districts' Total Program Funding line item. In addition, the appropriation includes other 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 2007-08 Appropriation:						
SB 07-239	\$12,741,665	\$9,242,873	\$285,000	\$3,213,792	\$0	165.0
HB 08-1283	<u>(8,991)</u>	<u>(8,991)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,732,674	\$9,233,882	\$285,000	\$3,213,792	\$0	165.0

⁶ 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.

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$12,732,674	\$9,233,882	\$285,000	\$3,213,792	\$0	165.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	302,957	302,957	0	0	0	0.0
Fees and conferences	45,000	0	45,000	0	0	0.0
Fund source adjustment	0	15,713	0	(15,713)	0	0.0
Other	(708)	(708)	0	0	0	0.0
HB 08-1375	<u>\$13,079,923</u>	<u>\$9,551,844</u>	<u>\$330,000</u>	<u>\$3,198,079</u>	<u>\$0</u>	<u>165.0</u>
TOTAL	\$13,079,923	\$9,551,844	\$330,000	\$3,198,079	\$0	165.0
<hr/>						
Increase/(Decrease)	\$347,249	\$317,962	\$45,000	(\$15,713)	\$0	0.0
Percentage Change	2.7%	3.4%	15.8%	-0.5%	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08 (\$382,619). Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Management and Administration section in the year of the award and are incorporated into base funding for each division in the subsequent fiscal year. The adjustment shown also includes a 1.0 percent base reduction in the personal services appropriation for the division (\$79,662).

Fees and conferences: The appropriation raises the cap on fee revenues to allow the School to host additional conferences and workshops.

Fund source adjustment: Based on a decline in the number of students for whom per pupil operating revenues are transferred from "home" school districts, the appropriation reflects a decrease in reappropriated funds. This reduction requires a commensurate increase in General Fund appropriations.

Other: The appropriation includes the following miscellaneous funding changes: an increase of \$2,885 for shift differential; and, a decrease of \$3,593 for vehicle lease payments.

Recent Legislation

2007 Session Bills

S.B. 07-16: 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, 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 1.0 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.

S.B. 07-192: Repeals and reenacts the Read-to-Achieve Grant Program. 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 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.

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.
- 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. 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).

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 \$41,037,119 decrease from the State Education Fund and a \$4,655,056 General Fund increase.

Also makes several other statutory changes, including the following:

- 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.
- 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 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. 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. 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, and appropriates \$418,861 from the Fund and 3.5 FTE to the Department 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. 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. Specifies how funding shall be allocated among 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 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. 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. 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 of Education 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, and 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. 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. 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 (including the Contingency Reserve Fund, the Lottery Proceeds Contingency Reserve Fund, and the School Capital Construction Expenditures Reserve Fund) in order to simplify the associated accounting and appropriation processes. Requires the Department to pay for the costs of publishing and distributing school laws from the SPSF, rather than the Public School Income Fund, to simplify 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. Requires the Department of Education to report the findings and recommendations of the assessment by December 1, 2007. 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. 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. Appropriates \$274,704 and 1.0 FTE from the State Public School Fund to the Department 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.

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 from the State Public School Fund to the Department 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.

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 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.

2008 Session Bills

S.B. 08-17: Clarifies that the State Board for Community Colleges and Occupational Education (SBCCOE) is authorized to set professional qualifications for all teachers of occupational subjects, and to issue credentials for professionals at the post-secondary level. Allows SBCCOE to set and charge appropriate fees. Authorizes the Department of Education to issue credentials for occupational education teachers at the secondary level. Appropriates \$45,380 cash funds from the Educator Licensure Cash Fund and 1.0 FTE to the Department of Education for FY 2008-09.

S.B. 08-38: Requires the State Board of Education to divide the state into 12 regional service areas. Encourages educational agencies within these service areas to convene regional service cooperatives and to develop and submit a comprehensive service plan to the State Board. Requires the State Board to award a one-time grant of \$10,000 to each service area upon approval of its comprehensive service plan. Beginning in FY 2009-10, requires the State Board to annually allocate funding to each service area, subject to available

appropriations. Appropriates \$198,545 cash funds from the State Education Fund and 1.0 FTE to the Department for FY 2008-09.

S.B. 08-123: Creates the Child Nutrition School Lunch Protection Program to eliminate the amount paid by students participating in the federal school lunch program who are eligible for reduced price lunch. Requires the General Assembly to annually appropriate at least \$850,000, but not more than \$1,500,000, for the Program. Authorizes the Department to spend up to 2.0 percent of moneys annually appropriated for the Program to cover associated administrative costs. Appropriates \$850,000 cash funds from the State Education Fund to the Department for FY 2008-09.

S.B. 08-130: Creates a mechanism for schools, groups of schools, and districts to adopt plans that try new ways of delivering instruction and/or allocating resources. Requires a local school board seeking designation as a "district of innovation" to submit one or more innovation plans to the Commissioner of Education and the State Board of Education. Requires the Commissioner and the State Board to submit an annual report to the Governor and the Education Committees, beginning in March 2010, concerning districts of innovation. Appropriates \$80,545 General Fund and 1.0 FTE to the Department for FY 2008-09. Reduces the General Fund appropriation to the Controlled Maintenance Trust Fund for FY 2008-09 by \$80,545.

S.B. 08-212: Directs the State Board of Education to adopt a *description of school readiness* by December 15, 2008, and to adopt assessments that are aligned with the school readiness description by December 15, 2010. Requires the State Board to adopt *standards for preschool through elementary and secondary education* by December 15, 2009, and to adopt a system of assessments that are aligned with such standards by December 15, 2010. Requires the Department of Education to implement, beginning in FY 2008-09, a pilot program for the purpose of evaluating standards and collecting data regarding student performance on postsecondary and workforce planning, preparation, and readiness assessments. Requires the General Assembly to appropriate moneys to the Department for distribution to local education providers who participate in the pilot program to help defray assessment costs. Requires the State Board and the Colorado Commission on Higher Education (CCHE) to negotiate a consensus and adopt a *description of postsecondary and workforce readiness* by December 15, 2009, and to adopt one or more postsecondary and workforce planning, preparation, and readiness assessments by December 15, 2010. Requires the Department of Education to submit to the federal Department of Education amendments to the state plan that incorporate the new standards and assessments. Requires each local education provider, by December 15, 2011, to revise its standards and curricula as necessary in response to the new standards adopted by the State Board.

Requires the State Board to adopt criteria that local school boards, boards of cooperative services, and Institute high schools may apply to *endorse high school diplomas* to indicate that a student has achieved postsecondary and workforce readiness. Allows the State Board to adopt additional endorsements.

Requires the Department of Education, by September 15, 2009, to contract for a study of the costs of implementing this act. Authorizes the Department of Education and CCHE to receive and expend gifts, grants, or donations to implement the act. Appropriates a total of \$792,453 cash funds from the State Education Fund and 5.0 FTE to the Department of Education for FY 2008-09, including: \$437,273 for the Department's administrative costs of implementing the act; \$250,000 for the postsecondary and workforce readiness assessments pilot program, and \$105,180 to be transferred to the Department of Higher Education to cover its administrative costs of implementing the act. Appropriates \$105,180 reappropriated funds and 1.0 FTE to the Department of Higher Education for FY 2008-09.

S.B. 08-218: Beginning July 1, 2008, modifies the allocation of federal mineral lease (FML) revenues. Among other changes, for fiscal years 2008-09 through 2010-11, requires the lesser of 48.3 percent of FML revenues (excluding bonus payments) or \$65,000,000 to be transferred to the State Public School Fund; for subsequent fiscal years, increases the \$65.0 million cap by 4.0 percent annually. Decreases the cash funds appropriation from the State Public School Fund to the Department for FY 2008-09 for the State Share of Districts' Total Program Funding by \$9,470,900 based on the anticipated impact of the new FML allocation formula. Increases the cash funds appropriation from the State Education Fund to the Department for FY 2008-09 for the State Share of Districts' Total Program Funding by \$9,470,900. For additional information on this bill, see the "Recent Legislation" subsection in the Capital Construction section.

H.B. 08-1021: Permits an administrative unit to include in its program plan provisions to identify and serve "highly advanced gifted children" who are four years of age and for whom early access to kindergarten is deemed appropriate by the administrative unit. Allows a district to receive funding for highly advanced gifted children who are allowed to enroll in kindergarten early. Appropriates \$252,799 cash funds from the State Education Fund to the Department for FY 2008-09 to cover the estimated public school finance costs associated with the early enrollment of highly advanced gifted children.

H.B. 08-1171: For purposes of calculating sales and use tax and county specific ownership tax, this act clarifies that the federal excise tax due on certain heavy trucks, trailers, and tractors must be excluded from the price of the vehicles, including the lease price, paid by the buyer. While this act does not affect FY 2008-09 appropriations, it is anticipated to increase state expenditures under the School Finance Act beginning in FY 2009-10 due to local school operating property taxes foregone due to the exemption. For additional information on this bill, see the "Recent Legislation" section for the Department of Revenue.

H.B. 08-1204: Creates the Facility Schools Board to adopt curriculum standards, accountability measures, and set graduation requirements for facility schools. Creates the Facility Schools Unit within the Department of Education, and requires the Unit to: develop and maintain a list of approved facility schools; make recommendations concerning curriculum standards and graduation standards; maintain information and records for students who receive educational services from approved facility schools; and communicate and collaborate with the Department of Human Services, county departments of social services, and other agencies regarding the placement and transfer of students in facilities. Appropriates \$523,568 cash funds from the State Education Fund and 3.0 FTE to the Department of Education for FY 2008-09, including \$300,000 in one-time funding for the development of a student records system.

H.B. 08-1225: Incrementally increases the property tax exemption for personal property to \$7,000 over a seven year period, beginning with the 2009 property tax year. Specifies that the property tax exemption shall be adjusted biennially thereafter to account for inflation. While this act does not affect FY 2008-09 appropriations, it is anticipated to increase state expenditures under the School Finance Act beginning in FY 2009-10 due to local school operating property taxes foregone as a result of the act.

H.B. 08-1267: Requires the School Safety Resource Center in the Department of Public Safety to create and operate a first responder school mapping system to provide first responders immediate access to maps of school buildings and other information in the event of an emergency at a school building. Appropriates \$150,000 cash funds from the State Education Fund to the Department of Education for FY 2008-09, and appropriates \$150,000 from reappropriated funds (transferred from the Department of Education) to the Department of Public Safety for FY 2008-09. For additional information on this bill, see the "Recent Legislation" section for the Department of Public Safety.

H.B. 08-1283: Supplemental appropriation to the Department of Education to modify FY 2007-08 appropriations included in the FY 2007-08 Long Bill (S.B. 07-239).

H.B. 08-1317: Directs the Governor to enter into a compact on educational opportunity for military children with other states to remove barriers to educational success due to moves and deployment of their parents. Creates the Interstate Commission on Educational Opportunity for Military Children to administer the compact and facilitate interstate activities. Appropriates \$32,185 cash funds from the State Education Fund to the Department for FY 2008-09 to cover the costs of membership to the new Commission.

H.B. 08-1335: In order to increase the amount and timeliness of state financial assistance for public school facility capital construction projects, replaces existing capital construction assistance programs with a new financial assistance program. Creates the Public School Capital Construction Assistance (PSCCA) Fund, and requires the following moneys to be credited to the PSCCA Fund beginning in FY 2008-09:

- 35 percent of the gross amount of income received during the fiscal year from income, mineral royalties, and interest derived from state public school lands (or more if required to make lease payments under the terms of lease-purchase agreements);
- all net proceeds from the sale of certificates of participation (COPs) payable to the State under the terms of such lease-purchase agreements;
- all local matching moneys; and
- lottery proceeds that would otherwise be transferred to the General Fund.

Requires an emergency reserve of at least \$1.0 million dollars to be maintained within the PSCCA Fund to address public school facility emergencies. Effective July 1, 2008, abolishes the School Construction and Renovation Fund, the School Capital Construction Expenditures Reserve Fund, and the Lottery Proceeds Contingency Reserve Fund, and transfers their balances to the PSCCA Fund.

Creates the PSCCA Board and the Division of PSCCA within the Department of Education. Requires the PSCCA Board to: (a) establish public school facility construction guidelines for use in assessing and prioritizing public school capital construction needs; (b) conduct or contract for a financial assistance priority assessment of public school facilities throughout the state; (c) prioritize financial assistance applications for eligible public school facility capital construction projects based on specified criteria; and (d) annually submit a prioritized list of projects recommended for financial assistance to the State Board. Subject to State Board authorization, the PSCCA Board may provide financial assistance to applicants as matching grants or by instructing the State Treasurer to enter into lease-purchase agreements on behalf of the State to finance public school facility capital construction. Limits the total amount of annual lease payments payable by the State in any fiscal year, and requires payments above lower specified limits to be made only from applicant matching moneys. Requires continued payment of specified capital construction assistance awarded to school districts or charter schools prior to the end of FY 2007-08.

Reduces the amount of school lands-related moneys that are annually credited to the State Public School Fund by \$20.0 million, including \$19.0 million in interest earned on moneys in the Public School Fund and \$1.0 million from rental income earned on public school lands.

Makes the following appropriations from the PSSCA Fund to the Department of Education for FY 2008-09:

- \$569,959 and 5.0 FTE for the PSSCA Board and the Division of PSSCA;
- \$12,300,000 for the financial assistance priority assessment; and
- \$10,000,000 for making lease payments as required by lease-purchase agreements.

Adjusts the following appropriations to the Department of Education in the FY 2008-09 Long Bill:

- reduces public school finance appropriations from the State Public School Fund by \$20.0 million;
- increases the General Fund appropriation for public school finance by \$20.0 million;
- eliminates \$10.0 million General Fund appropriation to the School Capital Construction Expenditures Reserve; and
- eliminates \$10.0 million General Fund appropriation to the School Construction and Renovation Fund.

Appropriates \$7,203 cash funds exempt for FY 2007-08, and \$32,414 reappropriated funds and 0.3 FTE for FY 2008-09, to the Department of Law for the provision of legal services to the Department of Education.

For the purpose of conducting required building and fire inspections, appropriates \$176,417 cash funds from the Public Safety Inspection Fund and 2.0 FTE to the Department of Labor and Employment, and \$23,773 reappropriated funds and 0.3 FTE to the Department of Public Safety for FY 2008-09.

H.B. 08-1370: Creates the School Counselor Corps Grant Program to increase the availability of school-based counseling within secondary schools. Authorizes the Department to spend up to 2.0 percent of moneys annually appropriated for the Program to cover associated administrative costs. Appropriates \$5,000,000 cash funds from the State Education Fund and 1.0 FTE to the Department for the Program for FY 2008-09.

H.B. 08-1375: General appropriations act for FY 2008-09. Also includes significant supplemental adjustments to modify appropriations to the Department of Education included in the FY 2006-07 Long Bill (H.B. 06-1385) and the FY 2007-08 Long Bill (S.B. 07-239). For more information about FY 2007-08 supplemental adjustments related to school finance, see the "Overview: Significant Mid-year Changes to FY 2007-08 Appropriations" discussion in the Assistance to Public Schools, Public School Finance subsection of this section.

H.B. 08-1384: Requires the Department to administer a biennial survey to all teachers concerning teaching and learning conditions, and appropriates \$85,000 cash funds from the State Education Fund to the Department of Education for FY 2008-09 for such purpose. Requires the Department, for FY 2008-09 through FY 2010-11, to award annual stipends to public school teachers who hold a certification from the National Board for Professional Teaching Standards. Requires the Department to conduct two studies concerning the effectiveness of the annual stipends. Appropriates \$1,156,997 cash funds from the State Education Fund to the Department for FY 2008-09 to pay annual teacher stipends.

H.B. 08-1386: Creates the School Leadership Academy Program and the School Leadership Academy Board within the Department of Education to provide recruitment, induction, and professional development to principals in public schools. Appropriates a total of \$137,983 cash funds and 1.5 FTE to the Department of Education for FY 2008-09, including \$87,983 from the State Education Fund and \$50,000 from gifts, grants, and donation.

H.B. 08-1388: Amends the "Public School Finance Act of 1994" and other statutory provisions to provide funding for school districts for FY 2008-09, making the following changes:

- Increases the statewide *base per pupil funding* from \$5,087.61 to \$5,270.13 (3.6 percent) -- \$19.72 more per pupil than constitutionally required. Appropriates \$19,967,013 cash funds from the State Education Fund (SEF) to cover the associated costs.
- Adds 300 funded slots for the "Colorado Preschool and Kindergarten Program" (renamed the "*Colorado Preschool Program*") for FY 2008-09, for a total of 20,160. Appropriates \$987,000 SEF to cover the associated school finance costs. Eliminates the option for districts to provide a full day of kindergarten to children through the Program, but provides hold harmless funding for districts to continue existing full-day kindergarten programs. Appropriates \$7,356,409 SEF for such hold harmless funding.
- Provides *supplemental kindergarten enrollment funding* to school districts by allowing districts to count kindergarten students as 0.58 FTE rather than 0.50 FTE. Appropriates \$31,719,892 SEF to cover the associated costs. Specifies additional funding amounts that the General Assembly intends to appropriate for supplemental kindergarten enrollment for FY 2009-10 through FY 2013-14. Requires the Department, upon a district's request, to provide related technical assistance. Appropriates \$348,071 SEF and 5.0 FTE for the Department to provide such technical assistance and to administer the expanding Colorado Preschool Program.
- Establishes a grant program for districts' *capital construction costs associated with expanding full-day kindergarten programs*. Appropriates \$34,582,545 SEF and 1.0 FTE for the program.
- Allows a district experiencing *declining enrollment* to average up to five (rather than four) years of enrollment for funding purposes. Appropriates \$9,226,000 SEF to cover the associated costs. Directs the Department to contract for a study to evaluate the impact of declining pupil enrollment in districts statewide and to recommend possible remedies. Appropriates \$200,000 SEF for the study.
- Establishes a new mechanism for the Department to distribute funding to approved *facility schools*. Repeals the Summer School Grant Program for Facility Schools. Makes associated appropriation adjustments resulting in a net increase of \$341,280 SEF. For FY 2008-09, provides hold harmless funding for districts impacted by the new funding mechanism (districts will no longer be able to retain a portion of per pupil funding associated with students attending facility schools). Appropriates \$587,504 from the SEF to the Department for such hold harmless funding. Beginning in FY 2009-10, allows the Department to withhold 2.0 percent of the amount payable to each approved facility school to offset the costs incurred by the Facility Schools Unit (which is established by H.B. 08-1204).
- For FY 2008-09, appropriates an additional \$5,000,000 SEF for *charter school capital construction*. Requires that \$135,000 of this amount be distributed to a qualifying charter school for the deaf or blind.
- Increases the portion of the appropriation for *Special Education - Children with Disabilities* that is used to fund "high cost" grants, and appropriates \$2,000,000 SEF for such purpose.
- Creates the *Alternative Teacher Compensation Plan Grant Program* to provide funding to districts to support the design and development of an alternative teacher compensation plan. Appropriates \$1,000,000 SEF for the Program.

Also makes the following additional appropriations for FY 2008-09:

- Appropriates \$300,000 SEF to the Department of Education for transfer to the Office of the Governor for the *STEM After-school Education Pilot Program*, and appropriates \$300,000 from reappropriated funds to the Office of the Governor for the Program.
- Appropriates an additional \$200,000 SEF to the Department of Education for *Special Education - Gifted and Talented Children*.
- Appropriates \$85,092 General Fund and 1.5 FTE to the *Department of Human Services* for increased child care licensing and administration costs associated with the expansion of the Colorado Preschool Program. Decreases the General Fund appropriation to the Controlled Maintenance Trust Fund by \$85,092.

H.B. 08-1395: Provides a property tax exemption for real property that is leased or rented by the State or local governments for at least a one-year term. While this act does not affect FY 2008-09 appropriations, it is anticipated to increase state expenditures under the School Finance Act in future fiscal years due to local school operating property taxes foregone due to the exemption. For additional information on this bill, see the "Recent Legislation" section for the Department of Revenue.

GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING

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

Department Budget: Recent Appropriations

Funding Source	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund	\$16,024,911	\$12,115,742	\$17,294,433	\$16,004,195
Cash Funds/1	9,447,586	33,074,603	8,776,099	38,296,185
Cash Funds Exempt/1	4,035,337	4,692,262	31,676,275	n/a
Reappropriated Funds/1	n/a	n/a	n/a	49,364,090
Federal Funds	<u>14,299,827</u>	<u>17,222,636</u>	<u>13,030,450</u>	<u>32,981,986</u>
Total Funds	\$43,807,661	\$67,105,243	\$70,777,257	\$136,646,456
Full Time Equiv. Staff	128.4	138.0	121.5	376.7

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

Funding for this department consists of 11.7 percent General Fund, 28.0 percent cash funds, 36.1 percent reappropriated funds, and 24.1 percent federal funds.

Statewide Information Technology Consolidation

Senate Bill 08-155 consolidates the responsibility for information technology (IT) oversight of most of the state's executive branch in the Governor's Office of Information Technology (OIT). Specifically, the bill transfers several IT functions and staff positions from various state agencies to OIT on July 1, 2008. The largest single agency transfer involves moving most of the Division of Information Technology from the Department of Personnel and Administration. These portions include the General Government Computer Center (GGCC), telecommunications coordination, and statewide IT management and support functions. The bill includes a transfer of \$43.3 million and 178.8 FTE from the Department of Personnel and Administration as well as a transfer of 33.4 FTE from 13 other state agencies. The bill also makes the chief information officer of each state agency subject to supervision by the director of OIT instead of the agency's executive director, although any official transferred in this way would maintain his or her duties or responsibilities related to the information technology resources of the agency. Before July 1, 2012, the bill also transfers to OIT the oversight of other IT employees across several state agencies.

Homeland Security Consolidation

Executive Order D 003 08, issued by the Governor on February 4, 2008, established the Governor's Office of Homeland Security (OHS). The 2008 Long Bill transferred \$19.5 million in federal grant moneys and 3.0 FTE and \$301,083 in federal funds from the Department of Local Affairs, Division of Emergency Management, Preparedness Grants and Training, to the Office of Homeland Security in the Office of the Governor. Additionally, 7.0 FTE were added to the new office, including converting 3.0 contracted staff to full-time equivalent status and then hiring 4.0 new FTE. Three staff were retained as contractors until they fulfill the terms of their contracted agreement.

Economic Development Funding

More than one-fourth of the Department's \$136.6 million budget is appropriated to the Economic Development Programs division. For FY 2008-09, the funding source mix for this division was significantly changed when approximately \$27.2 million in funding from the Limited Gaming Fund were reclassified from cash funds exempt to cash funds. In addition, for FY 2007-08, the Division received a one-time \$5.5 million General Fund appropriation to the Bioscience Discovery Evaluation Cash Fund, for use in FY 2008-09, pursuant to H.B. 08-1001. Because of the one-time appropriation provided in H.B. 08-1001, the Division appears to have had a significant General Fund reduction from \$12.0 million in FY 2007-08 to \$6.7 million in FY 2008-09, however the net effect is just the opposite. While the \$5.5 million appropriated in H.B. 08-1001 is for FY 2007-08, it will be used in FY 2008-09, thus the net impact is an increase, however technically it is a reduction.

Summary of FY 2007-08 and FY 2008-09 Appropriations

Governor - Lieutenant Governor - Office of State Planning and Budgeting						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$70,777,257	\$17,294,433	\$8,776,099	\$31,676,275	\$13,030,450	121.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of the Governor	23,877,445	3,771,881	8,706,083	285,503	11,113,978	39.9
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	41,334,651	12,028,772	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	0	0	0	0	0	0.0
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

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-261	0	0	0	0	0	1.0
HB 07-1060 /1	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 /1	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)
HB 08-1001	5,500,000	5,500,000	0	0	0	0.0
HB 08-1284	(\$2,151,511)	(\$9,511)	\$0	(\$2,142,000)	\$0	(23.5)
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$136,646,456	\$16,004,195	\$38,296,185	\$49,364,090	\$32,981,986	376.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of the Governor	53,149,954	7,426,469	10,406,643	4,445,752	30,871,090	79.4
Office of the Lieutenant Governor	420,928	341,890	1,500	77,538	0	6.0
Office of State Planning and Budgeting	1,441,985	0	0	1,441,985	0	19.5
Economic Development Programs	34,985,844	6,651,767	25,948,080	396,101	1,989,896	44.5
Office of Information Technology	46,647,745	1,584,069	1,939,962	43,002,714	121,000	227.3
Office of Colorado Benefits Management System	0	0	0	0	0	0.0
Office of The Chief Information Security Officer	0	0	0	0	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	95,475,763	14,852,340	43,401,723	4,360,714	32,860,986	161.8
SB 08-155	47,890,663	1,142,825	1,923,462	44,703,376	121,000	212.2
SB 08-165	9,030	9,030	0	0	0	0.0
SB 08-184	0	0	0	0	0	1.0
SB 08-215	21,000	0	21,000	0	0	0.1
HB 08-1001	0	0	0	0	0	0.6
HB 08-1387	(7,050,000)	0	(7,050,000)	0	0	0.0
HB 08-1388	300,000	0	0	300,000	0	0.0
HB 08-1399	0	0	0	0	0	1.0

/1 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.

Governor - Lt. Governor - Office of State Planning and Budgeting: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$70,777,257	\$17,294,433	\$8,776,099	\$31,676,275	\$13,030,450	121.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>27,312,879</u>	<u>(27,312,879)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	70,777,257	17,294,433	36,088,978	4,363,396	13,030,450	121.5
FY 2008-09 Total Appropriation:	136,646,456	16,004,195	38,296,185	49,364,090	32,981,986	376.7
Increase/(Decrease)	\$65,869,199	(\$1,290,238)	\$2,207,207	\$45,000,694	\$19,951,536	255.2
Percentage Change	93.1%	-7.5%	6.1%	1031.3%	153.1%	210.0%

FY 2008-09 Appropriation Highlights:

1. Senate Bill 08-155 provides \$47.9 million and 212.2 FTE to the Office of the Governor, Office of Information Technology, for statewide information technology consolidation. This amount includes a transfer of \$43.3 million and 178.8 FTE from the Department of Personnel and Administration as well as a transfer of 33.4 FTE from 13 other state agencies.
2. The appropriation includes a transfer of \$19.8 million in federal homeland security grants and 3.0 FTE from the Department of Local Affairs, Division of Emergency Management, and the addition of 7.0 FTE to the newly established Office of Homeland Security in the Office of the Governor.
3. The appropriation includes a \$2.0 million increase in General Fund appropriations for the Colorado Solar Incentive Program.
4. The appropriation includes a \$1.8 million increase in additional Limited Gaming Fund moneys and applicable inflationary increases that are estimated to be distributed to cash funds in the Governor's Energy Office and in Economic Development Programs in FY 2008-09. Of this amount, \$1.1 million is for additional distributions and \$749,000 reflects inflationary adjustments.
5. The appropriation includes a \$350,000 one-time increase in General Fund appropriations to acquire and deploy critical network perimeter cyber security components, appliances, and software.
6. The appropriation includes a \$150,000 one-time increase in General Fund appropriations to retain outside legal counsel to defend the State against a lawsuit challenging the constitutionality of S.B. 07-199 (School Finance Reform).

7. The appropriation includes a \$150,000 one-time increase in General Fund appropriations to implement the cyber-security recommendations in the Office of the Governor derived from a risk based security gap assessment conducted through the Office of the Chief Information Security Officer (OCISO).

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, as well as maintaining a liaison with local governments and the federal government. Offices within the Governor's Office include: the Governor's Energy Office, the Office of Homeland Security, Boards and Commissions Office, Citizens' Advocate Office, and the Office of Policy and Initiatives. The primary source of funding for this division, or 58.1 percent of the Division's total funding, is from federal grants related to Homeland Security and the State Energy Program as well as other programs such as Head Start, GEAR-UP, and Access to Recovery. Approximately 19.6 percent of funding is from cash funds related to clean energy and energy efficiency. The remainder of funds are from the General Fund (14.0 percent) and from other cash fund sources including the State Highway Fund and from rental fees collected for use of the Governor's Mansion and Carriage House. The source of the reappropriated funds is from various cash funds received from the Department's divisions for indirect costs.

Office of the Governor						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	(151,371)	0	(151,371)	0	0	(1.0)
<u>HB 08-1284</u>	<u>(232,807)</u>	<u>(8,234)</u>	<u>0</u>	<u>(224,573)</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$23,877,445	\$3,771,881	\$8,706,083	\$285,503	\$11,113,978	39.9
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>85,411</u>	<u>(85,411)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$23,877,445	\$3,771,881	\$8,791,494	\$200,092	\$11,113,978	39.9
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Establish Office of Homeland Security	19,732,199	0	0	0	19,732,199	10.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Clean Energy Fund	7,000,000	0	7,000,000	0	0	0.0
Solar incentive	2,013,750	2,013,750	0	0	0	0.0
Cash fund distribution adjustment	1,653,149	0	1,653,149	0	0	0.0
FY 2008-09 salary and benefit adjustments	357,821	199,137	45,911	88,566	24,207	0.0
Mill levy lawsuit	150,000	150,000	0	0	0	0.0
Cyber security implementation	149,880	149,880	0	0	0	0.0
Annualize salary and benefit adjustments	82,098	82,098	0	0	0	0.0
Operating adjustments	10,091	7,868	0	1,517	706	0.0
Annualize prior year funding	7,000	0	7,000	0	0	1.5
Governor's Energy Office FTE	0	0	0	0	0	27.0
Eliminate one-time appropriations	(145,411)	(100,000)	(45,411)	0	0	0.0
HB 08-1375	\$54,888,022	\$6,274,614	\$17,452,143	\$290,175	\$30,871,090	78.4
SB 08-155	5,298,402	1,142,825	0	4,155,577	0	0.0
SB 08-165	9,030	9,030	0	0	0	0.0
SB 08-184	0	0	0	0	0	1.0
SB 08-215	4,500	0	4,500	0	0	0.0
HB 08-1387	<u>(7,050,000)</u>	<u>0</u>	<u>(7,050,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$53,149,954	\$7,426,469	\$10,406,643	\$4,445,752	\$30,871,090	79.4
Increase/(Decrease)	\$29,272,509	\$3,654,588	\$1,615,149	\$4,245,660	\$19,757,112	39.5
Percentage Change	122.6%	96.9%	18.4%	2,121.9%	177.8%	99.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Establish Office of Homeland Security: Pursuant to Executive Order D 003 08, the Office of Homeland Security was established in the Office of the Governor. The appropriation includes a transfer of \$19.7 million in federal funding and 3.0 FTE from the Department of Local Affairs, Division of Emergency Management to the newly established Office of Homeland Security in the Office of the Governor. The appropriation also includes 7.0 FTE to also be funded with federal grants related to homeland security.

Clean Energy Fund: The appropriation includes \$7.0 million cash funds from the Clean Energy Fund to advance energy efficiency and renewable energy throughout the state, pursuant to S.B. 07-246 (Create Clean Energy Fund). Funding to the Clean Energy Fund is continuously appropriated, pursuant to Section 24-75-1201 (2), C.R.S., and is included in the Long Bill for informational purposes only.

Solar incentive: The appropriation includes \$2,013,750 General Fund to create the Colorado Solar Incentive Program. This program will leverage local contributions from governmental, non-profits, and utilities to create

a total fund of \$4,027,500, to incentivize the installation of photovoltaics (solar electricity), as well as solar thermal (technology to utilize sun to heat water for domestic use and home heating) devices.

Cash fund distribution adjustment: The appropriation includes an increase of \$1.0 million cash funds from the Operational Account of the Severance Tax Trust Fund for direct bill payment assistance and home energy efficiency improvements for low-income households. The appropriation also reflects an increase of \$653,149 in the amount of additional Limited Gaming Fund moneys that are estimated to be distributed to the Clean Energy Fund in FY 2008-09. All moneys in the Clean Energy Fund are continuously appropriated to the Governor's Office, Governor's Energy Office, pursuant to Section 24-75-1201 (2), C.R.S., and are included in the Long Bill for informational purposes only.

FY 2008-09 salary and benefit adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey, performance-based pay awards, state contributions to health, life, and dental benefits, shift differential, and state contributions to the Public Employees' Retirement Association (PERA) pension fund. All salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Mill levy lawsuit: The appropriation includes a one-time appropriation of \$150,000 General Fund to fund outside legal counsel to defend the State against the Mill Levy Lawsuit challenging the constitutionality of S.B. 07-199 (School Finance Reform).

Cyber security implementation: The appropriation includes \$149,880 General Fund to implement the cyber security recommendations derived from a risk based security gap assessment conducted through the Office of the Chief Information Security Officer (OCISO). The appropriation includes \$99,880 to purchase antiviral software, network security software licenses, and a server, as well as \$50,000 for professional services for 400 programming hours to rewrite custom applications to run on the secure DPA network.

Annualize salary and benefit adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Operating adjustments: The appropriation includes increases in operating expenses for common policy adjustments other than personal services such as legal services, purchase of services from the computer center, use of the multi-use network (MNT), and payments to risk management. The appropriation also includes a reduction of \$20,632 General Fund related to the Governor's Office operating costs. The appropriation reflects the average of the actual expenditures for the Governor's Office for fiscal years 2004-05, 2005-06, and 2006-07.

Annualize prior year funding: The appropriation includes an increase of \$7,000 cash funds for the School Energy Efficiency program, pursuant to H.B. 07-1309 (School Energy Efficiency). Funding to the Public School Energy Efficiency Fund is continuously appropriated, pursuant to Section 39-29-109.5 (2), C.R.S., and is included in the Long Bill for informational purposes only.

Governor's Energy Office FTE: The appropriation includes the addition of 27.0 FTE in the Governor's Energy Office whom are funded with federal grant moneys. This is the first year that the number of FTE whom

are funded with these moneys have been included in the Long Bill which accounts for the sharp increase in the number of personnel in the Department.

Eliminate one-time appropriations: The appropriation includes the elimination of a one-time \$100,000 General Fund appropriation to fund outside counsel to defend the State against the Mill Levy Lawsuit challenging the constitutionality of S.B. 07-199 (School Finance Reform). The appropriation also includes the elimination of a one-time \$45,411 cash funds appropriation from the Renewable Resource Generation Development Areas Cash Fund, pursuant to S.B. 07-91 (Renewable Energy Task Force).

Additional legislation: For information on S.B. 08-165, see the "Recent Legislation" section at the end of the Department of Human Services. 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 source of funding for the Office of the Lieutenant Governor is primarily from the General Fund, or 81.2 percent. The reappropriated funds are transferred from the Department of Human Services to fund the Early Childhood Council, with other cash funding from private donations.

Office of the Lieutenant Governor						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>1,500</u>	<u>(1,500)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$377,565	\$295,522	\$1,500	\$80,543	\$0	6.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Operating adjustments	37,130	37,130	0	0	0	0.0
Annualize salary and benefit adjustments	11,910	11,910	0	0	0	0.0
Annualize prior year funding	(3,005)	0	0	(3,005)	0	0.0
Other	(2,672)	(2,672)	0	0	0	0.0
HB 08-1375	<u>\$420,928</u>	<u>\$341,890</u>	<u>\$1,500</u>	<u>\$77,538</u>	<u>\$0</u>	<u>6.0</u>

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
TOTAL	\$420,928	\$341,890	\$1,500	\$77,538	\$0	6.0
Increase/(Decrease)	\$43,363	\$46,368	\$0	(\$3,005)	\$0	0.0
Percentage Change	11.5%	15.7%	0.0%	-3.7%	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Operating adjustments: The appropriation includes an increase of \$37,130 General Fund for increased operating expenditures in the Office of the Lieutenant Governor and the Commission of Indian Affairs due to travel expenses and various office materials and computers.

Annualize salary and benefit adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Annualize prior year funding: The appropriation includes a decrease of \$3,005 reappropriated funds from the Early Childhood Cash Fund, pursuant to H.B. 07-1062 (Early Childhood Council).

Other: The appropriation includes various small changes to personal services in the Office of the Lieutenant Governor.

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. Funding for this division is transferred from the Department of Transportation from the State Highway Fund, 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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2007-08 Adjusted Appropriation	\$1,389,778	\$0	\$0	\$1,389,778	\$0	19.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefit adjustments	52,207	0	0	52,207	0	0.0
HB 08-1375	<u>\$1,441,985</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,441,985</u>	<u>\$0</u>	<u>19.5</u>
TOTAL	\$1,441,985	\$0	\$0	\$1,441,985	\$0	19.5
<hr/>						
Increase/(Decrease)	\$52,207	\$0	\$0	\$52,207	\$0	0.0
Percentage Change	3.8%	n/a	n/a	3.8%	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefit adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Economic Development Programs

The Office of Economic Development centralizes and coordinates the State's business assistance, retention, expansion, and recruitment programs. The Division is comprised of the Economic Development Commission, the Minority Business Office, Small Business Development Centers, the International Trade Office, Colorado Welcome Centers, the Economic Development Commission, the State Council on the Arts, as well as coordinates programs related to film incentives, Bioscience Discovery Evaluation, and New Jobs Incentives. The funding source is primarily from various cash funds funded with moneys from the Limited Gaming Fund. The reappropriated funds are transferred from the Department of Education to fund the STEM program as well as from the Division of Insurance, in the Department of Regulatory Agencies to fund CAPCO administration costs.

Economic Development Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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 /1	2,500,000	0	0	2,500,000	0	0.6
HB 07-1206 /1	100,000	0	0	100,000	0	0.0
HB 07-1209	29,073	29,073	0	0	0	0.5
HB 08-1001	5,500,000	5,500,000	0	0	0	0.0
HB 08-1284	<u>(1,277)</u>	<u>(1,277)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$41,334,651	\$12,028,772	\$70,016	\$27,319,391	\$1,916,472	41.1
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>27,225,968</u>	<u>(27,225,968)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$41,334,651	\$12,028,772	\$27,295,984	\$93,423	\$1,916,472	41.1
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Limited gaming adjustment	1,152,096	0	1,152,096	0	0	0.0
Annualize salary and benefit adjustments	96,853	87,232	0	2,678	6,943	0.0
Arts education FTE	60,103	0	0	0	60,103	0.9
Enterprise zone program transfer	22,963	22,963	0	0	0	1.0
Small business development center FTE	16,184	16,184	0	0	0	0.5
Operating adjustments	4,497	(1,881)	0	0	6,378	0.0
Eliminate one-time appropriations	(8,000,000)	(5,500,000)	(2,500,000)	0	0	(0.6)
Other	(1,503)	(1,503)	0	0	0	0.0
HB 08-1375	\$34,685,844	\$6,651,767	\$25,948,080	\$96,101	\$1,989,896	42.9
HB 08-1001	0	0	0	0	0	0.6
HB 08-1388	300,000	0	0	300,000	0	0.0
HB 08-1399	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$34,985,844	\$6,651,767	\$25,948,080	\$396,101	\$1,989,896	44.5
Increase/(Decrease)	(\$6,348,807)	(\$5,377,005)	(\$1,347,904)	\$302,678	\$73,424	3.4
Percentage Change	-15.4%	-44.7%	-4.9%	324.0%	3.8%	8.3%

/1 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 are spent as fund balance and thus the spending authority is cash funds exempt.

H.B. 08-1375 (Long Bill) Issue Descriptions

Limited gaming adjustment: The appropriation reflects an increase of \$1,152,096 of additional Limited Gaming Fund moneys that are estimated to be distributed to the Colorado Travel and Tourism Promotion Fund, the State Council on the Arts Cash Fund, the New Jobs Incentives Cash Fund, and the Film Incentives Cash Fund in FY 2008-09. Distributions to these funds are to be adjusted annually by the rate of inflation for the calendar year ending in the preceding fiscal year, per H.B. 06-1201 (estimated to be 3.0 percent according to the December 2007 Legislative Council Economic Revenue Forecast). Of this amount, \$403,343 is for additional distributions and \$748,753 reflects inflationary adjustments.

Annualize salary and benefit adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Arts education FTE: The appropriation includes \$60,103 federal funds and 0.9 FTE to manage the Council's Arts Learning for Children and Youth programs.

Enterprise zone program transfer: The appropriation includes a transfer of certain enterprise zone program administrative responsibilities from the Department of Local Affairs (DOLA) to the Governor's Office of Economic Development (OED) and the Economic Development Commission, pursuant to H.B. 08-1305 (Enterprise Zone Duties from DOLA to OED), totaling \$22,963 General Fund and 1.0 FTE.

Small business development center FTE: The appropriation includes \$16,184 General Fund and 0.5 FTE to assist with federal and state reporting guidelines for the program.

Operating adjustments: The appropriation includes \$4,497 in various operating adjustments.

Eliminate one-time appropriations: The appropriation includes the elimination of one-time appropriation of \$5.5 million General Fund, pursuant to H.B. 08-1001, and \$2.5 million cash funds and 0.6 FTE, pursuant to H.B. 07-1060 (Bioscience Research Grants).

Other: The appropriation includes a reduction related to common policy adjustments.

Additional legislation: For information on H.B. 08-1388, see the "Recent Legislation" section at the end of the Department of Education and on H.B. 08-1399, see the "Recent Legislation" section at the end of the Department of Agriculture. 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 oversees technology initiatives at the state level, recommending strategies to maximize service delivery efficiency in a cost-effective manner through the application of enterprise technology solutions. Funding for the division is primarily from reappropriated funds transferred from state agencies for fee-for-service. Other funding sources include the General Fund (3.4 percent) and cash funds (4.2 percent) from the Telecommunications Revolving Fund, the Public Safety Communications Trust Fund, and from non-state agency user fees.

Senate Bill 08-155 consolidates the responsibility for information technology (IT) oversight of most of the state's executive branch in the Governor's Office of Information Technology (OIT). Specifically, the bill transfers several IT functions and staff positions from various state agencies to OIT on July 1, 2008. The largest single agency transfer involves moving most of the Division of Information Technology from the Department of Personnel and Administration. These portions include the General Government Computer Center (GGCC), telecommunications coordination, and statewide IT management and support functions. The bill also makes the chief information officer of each state agency subject to supervision by the director of OIT instead of the agency's executive director, although any official transferred in this way would maintain their duties or

responsibilities related to the information technology resources of the agency. Before July 1, 2012, the bill also transfers to OIT the oversight of other IT employees across several state agencies.

Office of Information Technology						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,348,258	\$1,198,258	\$0	\$150,000	\$0	13.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefit adjustments	35,731	35,731	0	0	0	0.0
Operating adjustment	80	80	0	0	0	0.0
Eliminate one-time appropriations	(150,000)	0	0	(150,000)	0	0.0
HB 08-1375	\$1,234,069	\$1,234,069	\$0	\$0	\$0	13.0
SB 08-155	45,397,176	350,000	1,923,462	43,002,714	121,000	214.2
SB 08-215	<u>16,500</u>	<u>0</u>	<u>16,500</u>	<u>0</u>	<u>0</u>	<u>0.1</u>
TOTAL	\$46,647,745	\$1,584,069	\$1,939,962	\$43,002,714	\$121,000	227.3
Increase/(Decrease)	\$45,299,487	\$385,811	\$1,939,962	\$42,852,714	\$121,000	214.3
Percentage Change	3,359.9%	32.2%	n/a	28,568.5%	n/a	1,648.5%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefit adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Operating adjustment: The appropriation includes an increase of \$80 General Fund related to common policy adjustments for legal services.

Eliminate one-time appropriations: The appropriation includes the elimination of a one-time \$150,000 reappropriated funds appropriation, pursuant to H.B. 07-1270 (Education Data Systems Review and Study).

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. 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. House Bill 08-1284 (Supplemental Appropriation for FY 2007-08) officially eliminated the Office of CBMS.

Office of Colorado Benefits Management System						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$1,917,427	\$0	\$0	\$1,917,427	\$0	24.0
HB 08-1284	<u>(1,917,427)</u>	<u>0</u>	<u>0</u>	<u>(1,917,427)</u>	<u>0</u>	<u>(24.0)</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$0	\$0	\$0	\$0	\$0	0.0
HB 08-1375	<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
Percentage Change	n/a	n/a	n/a	n/a	n/a	n/a

Office of the Chief Information Security Officer

The Office of the Chief Information Security Officer develops information security policies, standards, and guidelines for public agencies; promulgates rules; directs information security audits and assessments in the public agencies; establishes a risk management process and deploys risk mitigation strategies, processes and procedures. Senate Bill 08-155 transferred the Office of the Chief Information Security Officer to the Office of Information Technology in the Office of the Governor.

Office of the Chief Information Security Officer						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$2,449,560	\$0	\$0	\$2,449,560	\$0	2.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Cyber security perimeter implementation	350,000	350,000	0	0	0	0.0
Annualize salary and benefit adjustments	5,355	0	0	5,355	0	0.0
HB 08-1375	\$2,804,915	\$350,000	\$0	\$2,454,915	\$0	2.0
SB 08-155	<u>(2,804,915)</u>	<u>(350,000)</u>	<u>0</u>	<u>(2,454,915)</u>	<u>0</u>	<u>(2.0)</u>
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
Increase/(Decrease)	(\$2,449,560)	\$0	\$0	(\$2,449,560)	\$0	(2.0)
Percentage Change	-100.0%	n/a	n/a	-100.0%	n/a	-100.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Cyber security perimeter implementation: The appropriation includes a one-time \$350,000 General Fund appropriation to acquire and deploy critical network perimeter cyber security components, appliances, and software identified through the Plan of Action Milestones (POAM). The POAM is developed by agencies as a part of their 2007 cyber security planning. The most critical perimeter security risks identified will be mitigated by the CISO deploying centrally managed firewalls, Intrusion Detection Systems, and gateway antivirus protection from the Information Security Operations Center. The appropriation addresses the highest priority needs as determined by the statewide cyber security planning process.

Annualize salary and benefit adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

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

Recent Legislation

2007 Session Bills

S.B. 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.

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

S.B. 07-246: Creates the Clean Energy Fund and requires that, at the end of FY 2006-07, \$7.0 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.

S.B. 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.

2008 Session Bills

S.B. 08-155: Consolidates the responsibility for information technology (IT) oversight of most of the state's executive branch in the Governor's Office of Information Technology (OIT). It does not affect the legislative or judicial branches, or the departments of law, state, or the treasury. The act provides \$47.9 million and 212.2 FTE to the Office of the Governor, Office of Information Technology, for statewide information technology consolidation. This amount includes a transfer of \$43.3 million and 178.8 FTE from the Department of Personnel and Administration as well as a transfer of 33.4 FTE from 13 other state agencies. The bill creates the Information Technology Revolving Fund to consist of any money appropriated from the General Fund for the procurement of IT resources or major automation system projects as well as any savings achieved by OIT in procuring IT resources or major automation system projects. Money in the revolving fund is continuously appropriated to OIT to pay the costs of consolidation and IT maintenance and upgrades.

S.B. 08-165: Establishes the Colorado Advisory Council for Persons with Disabilities within the Office of the Governor. Appropriates \$9,030 General Fund to the Office of the Governor and provides an associated reduction of \$9,030 General Fund to the FY 2008-09 Long Bill appropriation to the Controlled Maintenance Trust Fund.

S.B. 08-184: Creates the Colorado Clean Energy Finance Program to provide below market-rate loans to homeowners to finance home improvements that will improve energy efficiency and increase the use of renewable energy. The act also creates the Clean Energy Program Fund and the Loan Buy-Down (LBD) and

Loan Loss Reserve (LLR) accounts within the fund. Moneys in the LBD account will be used to buy down the interest rate on clean energy loans issued to three tiers of income-qualified borrowers. Moneys in the LLR account will be used to periodically compensate the program administrator for losses from loans that have been written off. Increases the cash-funded FTE by 1.0 FTE, which shall be supported by moneys in the continuously appropriated Clean Energy Program Fund.

S.B. 08-215: Directs the Office of Information Technology (OIT) to create an inventory of broadband service areas by April 1, 2009 and shall include: (1) an illustrative statewide map including all available broadband technologies, including wired, wireless, and satellite-delivered services; (2) the potential use of enterprise zones in the development of rural broadband service; (3) the need for additional infrastructure to reach locations in which potential broadband customers are found; and (4) nonproprietary demographic information. Provides \$21,000 cash funds and 0.1 FTE to be funded with moneys received from gifts, grants, and donations. The bill further specifies that if the amount of moneys received from gifts, grants, and donations does not equal or exceed that amount, the PUC is required to direct payments of up to \$100,000 from the High Cost Support Mechanism to the Broadband Inventory Fund.

H.B. 08-1001: Modifies the structure of the existing Bioscience Discovery Evaluation Grant Program. Specifically, the bill repeals provisions concerning grants to federal Small Business Innovation Research programs, Small Business Technology Transfer programs, and biofuel research. The bill adds early-stage bioscience companies as possible recipients of program grants, and specifies that, to be eligible for moneys, such companies must have a licensed technology from a Colorado research institution of higher education. Appropriates \$5.5 million General Fund in FY 2007-08 for use by the Bioscience Discovery Evaluation Grant Program in FY 2008-09 and provides 0.6 FTE for FY 2008-09.

H.B. 08-1284: Supplemental appropriation for FY 2007-08. Also includes supplemental adjustments to further modify appropriations to Economic Development Programs in FY 2006-07.

H.B. 08-1305: Transfers certain enterprise zone program administrative responsibilities from the Department of Local Affairs to the Governor's Office of Economic Development (OED) and the Economic Development Commission. This transfer requires a \$65,000 and 1.0 FTE reduction in FY 2008-09 appropriations to the Department of Local Affairs (including \$22,963 General Fund and \$42,037 reappropriated funds previously transferred from the OED). This transfer requires a \$22,963 General Fund and 1.0 FTE increase in FY 2008-09 appropriations to OED. As this act passed prior to the introduction of the FY 2008-09 Long Bill, these appropriation adjustments are reflected in the FY 2008-09 Long Bill.

H.B. 08-1375: General appropriations act for FY 2008-09.

H.B. 08-1387: Provides funding for additional fiscal years from the Operational Account of the Severance Tax Trust Fund to the Governor's Energy Office (GEO) for energy bill payment assistance for low-income households through Energy Outreach Colorado and for home energy efficiency improvements. Reduces the appropriation made to the GEO in the 2008 Long Bill by \$7,050,000. This reduction is offset by direct transfers from the Operational Account of the Severance Tax Trust Fund to the Energy Outreach Colorado Low-income Energy Assistance Fund, and Governor's Energy Office Low-income Energy Assistance Fund to maintain the same services. These funds are continuously appropriated by the bill and will in the future be included in the Long Bill for informational purposes only. The bill further allows the GEO's energy efficiency program and Energy Outreach Colorado to use up to 5 percent of the amount they receive each year for administration purposes.

H.B. 08-1388: Appropriates \$300,000 reappropriated funds from the Department of Education for grants for after-school pilot programs emphasizing science, technology, engineering, and math (STEM).

H.B. 08-1399: Changes the allocation of interest earned on the Unclaimed Property Tourism Trust Fund from the sale of securities determined to be abandoned property which are then credited to the Colorado Travel and Tourism Promotion Fund. Under the bill, of the interest earned from the moneys in the Colorado Travel and Tourism Promotion Fund, 10.0 percent will remain in the Colorado Travel and Tourism Promotion Fund for use by the Colorado Tourism Office in the Office of Economic Development and International Trade to promote agritourism in coordination with the Agriculture Commissioner. Increases the cash funds appropriation to the Office of the Governor, Economic Development Programs, Colorado Promotion - Other Promotion Programs by 1.0 FTE to administer state agritourism. The appropriations are contingent upon full repayment of the outstanding debt incurred by the Colorado state fair authority to build the events center in Pueblo.

H.B. 08-1415: Specifies that for FY 2008-09 only, of the portion of Limited Gaming Fund moneys that would otherwise be transferred to the Film Incentives Cash Fund, \$300,000 shall be transferred to the Colorado Office of Economic Development in the Governor's Office. Moneys are to be used for the operating costs of the Colorado Film Commission. Appropriates \$300,000 cash funds to the Office of Economic Development.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

The Department of Health Care Policy and Financing provides health care services to approximately 635,850 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 Pension 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 \$1.8 billion in federal matching funds for these programs. The Department transfers approximately 11.0 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 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund/1	\$1,365,826,269	\$1,379,862,672	\$1,458,708,463	\$1,528,855,914
Cash Funds/2	741,183	695,047	2,972,810	372,755,219
Cash Funds Exempt/2	334,001,337	360,771,458	364,968,810	n/a
Reappropriated Funds/2	n/a	n/a	n/a	25,531,640
Federal Funds	<u>1,557,941,032</u>	<u>1,602,699,655</u>	<u>1,722,369,518</u>	<u>1,836,832,122</u>
Total Funds	\$3,258,509,821	\$3,344,028,832	\$3,549,019,601	\$3,763,974,895
Full Time Equiv. Staff	213.4	231.8	257.3	272.7

/1 Appropriations include General Fund Exempt.

/2 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

Funding for this department in FY 2008-09 consists of 48.8 percent federal funds, 40.6 percent General Fund, 9.9 percent cash funds, and 0.7 percent reappropriated 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. Since FY 2004-05, the Medicaid caseload has declined due to improving economic conditions and federal policy changes contained in the Federal Deficit Reduction Act of 2005. The current Medicaid caseload forecast is 383,656 clients in FY 2007-08 and 381,390 clients in FY 2008-09. The following table shows the Medicaid caseload history by aid category from FY 2004-05 through the forecast period for FY 2008-09.

Medicaid Caseload	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate/1	FY 2008-09 Estimate/1
Supplemental Security Income (SSI) Ages 65+	35,615	36,219	35,977	35,790	36,278
Supplemental. Security Income (SSI) Ages 60 - 64	6,103	6,048	6,042	6,098	6,216
Qualified Medicare Beneficiaries/Special Low-income Medicare Beneficiaries	9,572	11,012	12,818	14,086	15,068
Disabled	47,626	47,565	48,567	49,565	50,123
Categorically Eligible Adults	56,453	57,747	51,361	43,972	41,667
Expansion Low-Income Adults	0	0	4,974	8,567	9,629
Baby Care Adults	6,110	5,050	5,123	5,895	6,028
Breast and Cervical Cancer Treatment	86	188	230	271	301
Low-Income Children	220,592	213,600	206,170	198,500	193,484
Foster Children	15,669	16,311	16,601	16,940	18,858
Non-Citizens	<u>4,976</u>	<u>5,959</u>	<u>5,214</u>	<u>3,972</u>	<u>3,738</u>
<i>Total Medicaid Caseload</i>	402,802	399,699	393,077	383,656	381,390
<i>Annual Percent Change</i>	11.1%	-0.8%	-1.7%	-2.4%	-0.6%

/1 This table includes the caseload estimates reflected in H.B. 08-1375 (General Appropriation Act) as well as caseload impact estimates for S.B. 07-2 and S.B. 08-99.

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. For FY 2008-09, the appropriation assumes a 4.2 percent increase in the average cost per client. The increase in the per capita costs results mainly from a caseload drop in the lower cost adult and children categories (changes in case mix) and from provider rate increases for long-term care and acute care providers. The following table shows the average medical costs per Medicaid client from FY 2004-05 through the forecast period for FY 2008-09.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Appropriation
Medical Service Cost Per Capita	\$4,700.29	\$4,959.65	\$5,211.29	\$5,698.67	\$5,936.79
Annual Percent Change	-7.5%	5.5%	5.1%	9.4%	4.2%

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. 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 for Medicaid mental health community programs.

The following table provides information on the recent expenditures and caseload for 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 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Appropriation
Medicaid Mental Health Capitation Funding	\$152,435,998	\$164,839,222	\$186,008,435	\$193,743,723	\$207,799,886
Annual Dollar Change	(\$12,403,224)	\$12,403,224	\$21,169,213	\$7,735,288	\$14,056,163
Annual Percent Change	-7.0%	8.1%	12.8%	4.2%	7.3%
Individuals Eligible for Medicaid Mental Health Services (Caseload)/1	388,254	382,734	375,046	365,598	362,584
Annual Caseload Change	5,520	(5,520)	(7,508)	(9,448)	(3,014)
Annual Percent Change	1.4%	-1.4%	-2.0%	-2.5%	-0.8%

/1 Not all Medicaid caseload aid categories are eligible for mental health services. The caseload reported in this table does not reflect the Qualified Low-Income Medicaid (QMB/SLMB) or non-citizen aid categories.

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 172,500 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.

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 Upper Payment Limit (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, an additional \$9.9 million was expended for these programs due mainly to \$15.0 million in available S.B. 06-44 funding offset by a decrease of \$5.5 million in UPL financing. For FY 2007-08 a provider rate increase was included for the pediatric speciality hospital line item and federal matching funds were appropriated for the S.B. 06-44 funding for a total funding increase of \$32.1 million. In FY 2008-09, the \$4.4 million increase is related mainly to additional funding for the pediatric speciality hospital line item.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Appropriation
Safety Net Provider Payments	\$264,013,206	\$287,296,074	\$279,933,040	\$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	5,452,134	7,732,072	8,501,701	12,865,212
S.B. 06-44 Funding Available for Service Expenditure	<u>0</u>	<u>0</u>	<u>14,962,408</u>	<u>30,000,000</u>	<u>30,000,000</u>
Total	\$270,132,966	\$298,867,968	\$308,747,280	\$340,810,091	\$345,173,602
General Fund	12,492,364	18,362,593	19,500,662	19,701,662	21,701,662
Cash Fund Exempt/Cash Funds/ Reappropriated Funds	122,574,119	131,071,391	142,354,182	150,690,234	150,885,139
Federal Funds	135,066,483	149,433,984	146,892,436	170,418,195	172,586,801
Total funding percent change	3.07%	10.64%	3.31%	10.38%	1.28%

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 \$32.0 million. The decrease reflected solely the fact that the program had 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 and in FY 2008-09 funding is estimated at \$31.3 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 with incomes at or below 185 percent of the federal poverty level (FPL). 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 FPL. 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 CBHP for both children and women up to 200 percent of the federal poverty level. During the 2007 legislative session, S.B. 07-97 expanded the program's eligibility to 205 percent FPL for FY 2007-08. During the 2008 legislative session, the program's eligibility was once again expanded to 225 percent FPL for children beginning in April 2009 and for pregnant women beginning in October 2009. The following table provides a five-year funding history for the CBHP medical and dental costs.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Appropriation
Medical Services	\$52,000,289	\$65,919,891	\$89,657,433	\$108,872,971	\$154,739,207
Dental Services	<u>5,084,701</u>	<u>5,368,921</u>	<u>6,834,843</u>	<u>8,976,385</u>	<u>12,450,809</u>
Total Service Costs	\$57,084,990	\$71,288,812	\$96,492,276	\$117,849,356	\$167,190,016
Cash Fund Exempt/Cash Funds	20,059,529	25,305,261	33,923,185	41,436,070	58,778,331
Federal Funds	37,025,461	45,983,551	62,569,091	76,413,286	108,411,685
Total funding percent increase	-0.17%	24.88%	35.35%	22.13%	41.87%

The following table provides a five-year history of the caseload served by the Children's Basic Health Plan.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual/1	FY 2007-08 Approp.	FY 2008-09 Approp.
Children Caseload	41,101	44,177	47,047	58,195	77,152
Percent Change	-11.98%	7.48%	6.50%	23.70%	32.58%
Adult Pregnant Women Average Monthly Caseload	557	1,204	1,169	1,560	1,697
119	368.07%	116.14%	-2.88%	33.42%	8.78%

/1 Beginning in FY 2006-07, the caseload has been adjusted to remove retroactive caseload pursuant to the requirements of S.B. 07-131 which moved this program to a cash basis of accounting. The FY 2008-09 caseload includes the impact of S.B. 08-160.

Department of Human Services Medicaid-Funded Programs

Many programs administered by 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 reappropriated funds). A five-year funding history for the DHS Medicaid-funded programs is provided in the table below.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Approp.
Expenditures	\$420,876,735	\$446,257,606	\$372,336,043	\$392,731,218	\$578,703,708
Annual percent change	-25.9%	6.0%	-16.6%	5.5%	47.4%

Summary of FY 2007-08 and FY 2008-09 Appropriations

Department of Health Care Policy and Financing						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$3,549,019,601	\$1,458,708,463	\$2,972,810	\$364,968,810	\$1,722,369,518	257.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	92,381,471	29,693,406	2,680,877	7,896,775	52,110,413	257.3
Medical Services Premiums	2,198,960,240	1,019,184,627	0	77,776,189	1,101,999,424	0.0
Medicaid Mental Health Community Programs	195,816,384	92,617,461	0	5,525,441	97,673,482	0.0
Indigent Care Program	533,940,535	40,765,266	291,933	236,694,003	256,189,333	0.0
Other Medical Services	135,189,753	83,816,490	0	33,306,193	18,067,070	0.0
Department of Human Services Medicaid-Funded Programs	392,731,218	192,631,213	0	3,770,209	196,329,796	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
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

	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
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
SB 08-230	0	0	0	0	0	0.0
HB 08-1285	7,089,860	11,027,410	0	(25,598,839)	21,661,289	12.0
HB 08-1373	0	(1,239,310)	0	1,239,310	0	0.0
HB 08-1375	65,740,155	24,544,914	6,734	7,757,528	33,430,979	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$3,763,974,895	\$1,528,855,914	\$372,755,219	\$25,531,640	\$1,836,832,122	272.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	108,375,680	36,693,562	8,783,862	1,790,768	61,107,488	272.7
Medical Services Premiums	2,322,097,599	1,072,222,480	85,281,324	2,767,998	1,161,825,797	0.0
Medicaid Mental Health Community Programs	209,385,156	97,698,852	6,976,195	7,205	104,702,904	0.0
Indigent Care Program	578,703,708	37,196,662	238,428,984	15,525,328	287,552,734	0.0
Other Medical Services	136,308,131	83,443,350	31,692,000	3,980,000	17,192,781	0.0
Department of Human Services Medicaid-Funded Programs	409,104,621	201,601,008	1,592,854	1,460,341	204,450,418	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	3,745,280,527	1,528,108,022	367,176,666	23,500,825	1,826,495,014	273.2
SB 08-2	34,264	17,132	0	0	17,132	0.0
SB 08-6	392,587	118,703	5,142	487	268,255	0.0
SB 08-7	2,000	1,000	0	0	1,000	0.0
SB 08-57	54,300	0	19,000	0	35,300	0.0
SB 08-90	(279,272)	(139,636)	0	0	(139,636)	0.0
SB 08-99	1,428,800	0	714,400	0	714,400	0.0
SB 08-118	4,000,000	0	0	2,000,000	2,000,000	0.0
SB 08-155	0	0	0	0	0	(1.5)
SB 08-160	6,372,161	0	2,245,037	30,328	4,096,796	0.0
SB 08-161	26,636	0	13,474	0	13,162	0.0
SB 08-217	382,400	128,700	62,500	0	191,200	0.0
SB 08-230	0	0	0	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 08-1046	28,408	13,371	1,580	0	13,457	0.0
HB 08-1072	55,000	27,500	0	0	27,500	0.0
HB 08-1114/3	239,936	119,968	0	0	119,968	1.0
HB 08-1250	3,400,000	1,000,000	700,000	0	1,700,000	0.0
HB 08-1373	0	(1,817,420)	1,817,420	0	0	0.0
HB 08-1374	3,134,928	1,567,464	0	0	1,567,464	0.0
HB 08-1407	(277,780)	(138,890)	0	0	(138,890)	0.0
HB 08-1409	(300,000)	(150,000)	0	0	(150,000)	0.0

/1 Includes \$327,999,200 General Fund Exempt in FY 2007-08, and \$369,495,000 General Fund Exempt in FY 2008-09. See Division Detail for information on General Fund Exempt appropriations.

/2 For FY 2007-08, includes \$72,965 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1, C.R.S., and \$499,800 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-22-117 (3), C.R.S. For FY 2008-09, includes \$495,000 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-22-117 (3), C.R.S.

/3 If a federal waiver is approved for a nursing home provider fee by April 1, 2009, then the appropriation for H.B. 08-1114 is changed from the amount indicated in the table to \$12,109,242 total funds and 1.3 FTE. Of this amount, \$6,054,621 is from cash funds and \$6,054,621 is from federal funds.

Department of Health Care Policy and Financing: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$3,549,019,601	\$1,458,708,463	\$2,972,810	\$364,968,810	\$1,722,369,518	257.3
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>340,377,137</u>	<u>(340,377,137)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	3,549,019,601	1,458,708,463	343,349,947	24,591,673	1,722,369,518	257.3
FY 2008-09 Total Appropriation:	3,763,974,895	1,528,855,914	372,755,219	25,531,640	1,836,832,122	272.7
Increase/(Decrease)	\$214,955,294	\$70,147,451	\$29,405,272	\$939,967	\$114,462,604	15.4
Percentage Change	6.1%	4.8%	8.6%	3.8%	6.6%	6.0%

FY 2008-09 Appropriation Highlights:

1. The appropriation includes an increase of \$87.4 million total funds (including \$38.2 million General Fund) for base caseload and cost projections for the Medicaid program, including both the medical and mental health programs.
2. The appropriation includes an increase of \$43.2 million total funds (including \$20.4 million General Fund) for various provider rate increases in the Medicaid medical program.

3. The appropriation includes an increase of \$30.1 million total funds (including \$15.7 million General Fund) for increased Medicaid funding for people with developmental disabilities.
4. The appropriation includes an increase of \$26.9 million total funds (including a negative General Fund impact of \$11,011) for base caseload and cost projections for the Children's Basic Health Plan (CBHP) before policy changes.
5. The appropriation includes an increase of \$26.9 million total funds (including \$3.8 million General Fund) for initiatives related to health care reform, including additional outreach for the CBHP program and increasing eligibility in the CBHP program to 225.0 percent of the federal poverty level (S.B. 08-160). These activities are anticipated to add 7,802 and 536 children to the CBHP and Medicaid programs, respectively, who otherwise would not have enrolled during FY 2008-09.

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, this division's funding supports the Department's personnel and operating expenses. In addition, this section contains funding for provider audits, eligibility determinations, client and provider services, utilization and quality reviews, and information technology contracts. Major funding sources for this division include the General Fund, federal funds received for the Medicaid and Children's Basic Health Plan programs, the Health Care Expansion Fund, the Children's Basic Health Plan Trust Fund, and various other cash funds.

Executive Director's Office						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	75,000	0	0	37,500	37,500	0.0
HB 08-1285	(5,518,588)	(3,516,940)	0	1,607,341	(3,608,989)	12.0

	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 08-1375	<u>536,264</u>	<u>238,505</u>	<u>0</u>	<u>(388)</u>	<u>298,147</u>	<u>0.0</u>
TOTAL	\$92,381,471	\$29,693,406	\$2,680,877	\$7,896,775	\$52,110,413	257.3

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>6,118,881</u>	<u>(6,118,881)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$92,381,471	\$29,693,406	\$8,799,758	\$1,777,894	\$52,110,413	257.3
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Building Blocks to Health Care Reform	6,240,024	3,012,842	0	0	3,227,182	0.0
Increased recoupment and fraud avoidance efforts	1,790,238	477,450	0	0	1,312,788	5.5
Accuracy in budgeting	1,300,000	650,000	0	0	650,000	0.0
Salary and benefits adjustments	1,180,984	561,207	9,024	20,129	590,624	0.0
Additional FTE for productivity gains	636,767	242,332	152,103	0	242,332	6.4
Special projects and contract services	627,500	253,750	0	0	373,750	0.0
Annualize prior year legislation and budget actions	505,153	(24,006)	871,691	0	(342,532)	2.2
Additional leased space	432,625	216,314	0	0	216,311	0.0
MMIS and web portal contract increases	430,843	105,363	3,287	0	322,193	0.0
Operating expenses and other administrative cost adjustments	188,727	93,299	3,821	314	91,293	0.0
Implement preferred drug list	180,940	25,715	0	0	155,225	0.9
Restore funding for IT replacement plan	66,836	33,418	0	0	33,418	0.0
340D pharmacy pilot program	61,086	30,543	0	0	30,543	0.9
Transfer funding to other divisions	(1,731,130)	(37,282)	(1,656,566)	0	(37,282)	0.0
Eliminate one-time funding	(539,709)	(122,015)	(114,740)	0	(302,954)	0.0
Other	42,452	130,434	(121,943)	(7,569)	41,530	0.0
HB 08-1375	\$103,794,807	\$35,342,770	\$7,946,435	\$1,790,768	\$58,714,834	273.2
SB 08-6	298,495	74,624	0	0	223,871	0.0
SB 08-155	0	0	0	0	0	(1.5)
SB 08-160	183,960	0	64,386	0	119,574	0.0
SB 08-161	21,082	0	10,541	0	10,541	0.0
SB 08-217	382,400	128,700	62,500	0	191,200	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 08-1072	55,000	27,500	0	0	27,500	0.0
HB 08-1114/2	239,936	119,968	0	0	119,968	1.0
HB 08-1250	<u>3,400,000</u>	<u>1,000,000</u>	<u>700,000</u>	<u>0</u>	<u>1,700,000</u>	<u>0.0</u>
TOTAL	\$108,375,680	\$36,693,562	\$8,783,862	\$1,790,768	\$61,107,488	272.7
Increase/(Decrease)	\$15,994,209	\$7,000,156	(\$15,896)	\$12,874	\$8,997,075	15.4
Percentage Change	17.3%	23.6%	-0.2%	0.7%	17.3%	6.0%

/1 Of the General Fund listed in FY 2007-08, \$72,695 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.

/2 If a federal waiver is approved for a nursing home provider fee by April 1, 2009, then the Executive Director's Office appropriation for this bill is changed from the amount indicated in the table to \$254,922 total funds and 1.3 FTE. Of this amount, \$127,461 is from cash funds and \$127,461 is from federal funds.

H.B. 08-1375 (Long Bill) Issue Descriptions

Building Blocks to Health Care Reform: The appropriation includes a total fund increase of \$6.2 million for administrative costs resulting from the Governor's "Building Blocks to Health Care Reform". Specifically, the increased funding is allocated as follows: (1) \$5.3 million to design and begin programming an interface to the Colorado Benefit Management System that would expedite the processing of medical assistance applications; (2) \$500,000 to provide grant funding to the Regional Health Information Organization; (3) \$384,942 for contract services to recruit and certify providers as Medical Home providers and to evaluate the effectiveness of the program; (4) \$362,282 for increased costs for the enrollment broker to explain and notify Medicaid clients of their option to choose a Medical Home for their children; and (5) \$153,600 for the remaining costs for developing a request for proposal (RFP) to contract for a centralized eligibility vendor. These increases are offset by a decrease of \$460,800 total funds for one-time expenses in FY 2007-08 related to the RFP for the centralized eligibility vendor project.

Increased recoupment and fraud avoidance efforts: The appropriation includes an increase of \$1.8 million total funds and 5.5 FTE to enhance the Department's ability to detect fraud and to avoid or recoup erroneous payments. The funding will be used to buy new fraud detection software, to inspect providers that are at risk for fraudulent practices, and to implement some of the best practices that were cited in a 2004 United States Government Accountability Office (GAO) report titled "State and Federal Efforts to Prevent and Detect Improper Payments." The administrative costs from this effort are offset by forecasted savings in the Medical Services Premiums division of \$3.9 million total funds.

Accuracy in budgeting: The appropriation includes a transfer of \$650,000 from the Department of Human Services (DHS) to the administrative case management line item to draw down \$650,000 in matching federal Medicaid moneys. In order to maximize federal funds when possible, Section 24-75,106 (1), C.R.S., provides that DHS and the Department of Health Care Policy and Financing (HCPF) may transfer General Fund between the two departments when the funds are eligible to receive a federal Medicaid match. In FY 2006-07, DHS transferred \$650,000 General Fund to HCPF to draw down additional federal match. The appropriation reflects this funding in HCPF in FY 2008-09 to more accurately reflect the amount of funds assumed to be eligible for federal match. An offsetting reduction is made to the DHS appropriation.

Salary and benefits adjustments: The appropriation includes an increase of \$1.2 million total funds for salary and benefit adjustments for state employees. Specifically, the appropriation includes the following total fund increases: (1) \$676,435 for salary survey and senior executive pay; (2) \$314,483 for health, life, and dental benefits; (3) \$207,724 for performance-based pay awards; (4) \$163,872 for amortization of equalization disbursements for PERA; and (5) \$9,136 for short-term disability and worker's compensation. These increases are offset by a 1.0 percent total fund personal services base reduction of \$190,666.

Additional FTE for productivity gains: The appropriation includes \$636,767 and 6.4 FTE to address staff shortages throughout the Department. The additional FTE will be used to fill staff gaps in the budget, eligibility determination monitoring, customer service, business analysis, training, and web maintenance areas.

Special projects and contract services: The appropriation includes \$627,500 for special projects and general professional contract services, including the following: (1) \$250,000 to complete a study and data manual for mental health rates; (2) \$200,000 for a contract with University Physician Incorporated to provide clinical and policy assistance to the Department on medical issues; (3) \$150,000 to study the adequacy of the Program for All-Inclusive Care for the Elderly (PACE) rates; and (4) \$27,500 to redesign the Department's web page.

Annualize prior year legislation and budget actions: The appropriation includes a net increase of \$505,153 and 2.2 FTE to annualize legislation and budget items that were partially funded or temporary expenditures in FY 2007-08.

Additional leased space: The appropriation includes an increase of \$432,625 for additional leased space and build-out of that leased space in FY 2008-09. Of this amount, \$131,465 reflects the annualized costs for the new lease that was entered into in FY 2007-08 to alleviate the Department's overcrowding at its current space. The remaining \$301,160 is for one-time costs associated with replacing cubicles and providing office space at the Department's current and new leased space.

MMIS and web portal contract increases: The appropriation includes \$313,010 to fund inflationary costs associated with the Department's fixed price contract for the Medicaid Management Information System. An additional \$117,833 is appropriated to increase the capacity for the Department's web portal site to allow for more concurrent users of the site and to more promptly address requests for changes to the web site.

Operating expenses and other administrative cost adjustments: The appropriation includes a total funds increase of \$188,727 for various operating and administrative costs, including the following: (1) \$119,130 for purchase of computer services; (2) \$38,939 due to an increase in the legal rate charged by the Department of Law; (3) \$21,183 based on the estimate of the number of administrative judge hours the Department will use; and (4) \$11,505 for risk management and property funds. These increases are offset by a total funds decrease of \$2,030 in the Department's capitol complex leased space costs.

Implement preferred drug list: The appropriation includes \$180,940 and 0.9 FTE to implement the second phase of the preferred drug list. The majority of the increase, \$140,020, is for the Department to purchase clinical data from the Drug Effectiveness Review Project. The remaining \$40,920 is for the costs of personnel and operating expenses associated with an FTE position that will provide additional staff support to the Pharmacy and Therapeutics Committee. These additional administrative costs are offset by savings of \$962,456 total funds in the Medical Services Premiums line item from implementing the preferred drug list.

Restore funding for IT replacement plan: The appropriation includes \$66,836 in additional funding to enable the Department to move to a four-year replacement cycle for end user IT equipment and to maintain the Department's software licensing agreements.

340D pharmacy pilot program: The appropriation includes an increase of \$61,086 total funds to implement a 340D pharmacy pilot program. In 1992, Congress passed the Veterans Health Care Act, which included a provision that allowed significant discounts on certain pharmaceuticals for providers who serve primarily indigent clients. Providers who are designated as a 340B pharmacy receive these discounted prices. Currently, the Department pays only a small portion of pharmacy claims to these providers. This appropriation will provide funding to the Department to develop a pilot program to encourage greater use of the 340D pharmacies. These administrative costs are offset by savings of \$74,308 in the Medical Services Premiums line item related to implementing the 340D pharmacy pilot program.

Transfer funding to other divisions: The appropriation includes a transfer of \$1,731,130 to other Department divisions. Specifically, the appropriation transfers \$1.7 million for the Colorado Cares Rx Program to the Other Medical Programs division and \$74,564 to the Department of Human Services (DHS) Medicaid Funded Programs division to more accurately reflect the total amount of funding transferred to DHS from the Department.

Eliminate one-time funding: The appropriation contains a decrease of \$539,709 to eliminate funding for projects that have been or will be completed during FY 2007-08. Specifically, the appropriation eliminates funding for the following projects that will be completed and no longer need funding: (1) \$441,375 for Payment Error Rate Measurement; (2) \$75,000 for an internal audit of the Primary Care Program; (3) \$19,334 for the Primary Care Physician Rate Study; and (4) \$4,000 for the Department of Regulatory Agencies review of in-home support services.

Other: The appropriation includes a total funds increase of \$42,452 for various technical changes. These changes include adjusting fund splits to reflect available indirect cost recoveries, eliminating the funding from the Breast and Cervical Cancer Treatment Fund pursuant to Section 25.5-5-308 (9) (c), C.R.S., transferring funding for the administrative costs for Comprehensive Primary Care Grant program from the Indigent Care Program division into this division, and reflecting adjustments for centrally-appropriated items in line items transferred to other Departments so that the maximum federal funds can be obtained.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department. For information on S.B. 08-155, see also the "Recent Legislation" section at the end of the Governor's Office.

Medical Services Premiums

This division provides the health care funding for an estimated 381,390 Medicaid clients. 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 50.0 percent state funds (General Fund, cash funds, or reappropriated funds) and 50.0 percent federal funds. Significant sources of cash funds include the Health Care Expansion Fund and funds certified at public hospitals as the state match for federal funds. The majority of reappropriated funds are from a transfer from the Department of Public Health and Environment for disease management programs.

Medical Services Premiums						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$2,144,185,852	\$996,435,401	\$38,256	\$74,050,938	\$1,073,661,257	0.0
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	397,000	198,500	0	0	198,500	0.0
SB 08-230	(470,000)	(235,000)	0	0	(235,000)	0.0
HB 08-1285	7,447,284	3,722,133	0	0	3,725,151	0.0
HB 08-1373	0	(1,227,719)	0	1,227,719	0	0.0
HB 08-1375	<u>44,124,048</u>	<u>20,603,713</u>	<u>(38,256)</u>	<u>547,102</u>	<u>23,011,489</u>	<u>0.0</u>
TOTAL	\$2,198,960,240	\$1,019,184,627	\$0	\$77,776,189	\$1,101,999,424	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>75,822,706</u>	<u>(75,822,706)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$2,198,960,240	\$1,019,184,627	\$75,822,706	\$1,953,483	\$1,101,999,424	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Caseload and cost projections	74,744,790	34,184,244	6,115,942	(1,185,485)	35,630,089	0.0
Increase dental rates	11,880,290	5,565,054	375,091	0	5,940,145	0.0
Increase to evaluation and management rates	11,750,000	5,504,022	370,978	0	5,875,000	0.0
Increase home and community-based services rates	5,322,778	2,661,389	0	0	2,661,389	0.0
Increase hospital rates	4,679,688	2,192,094	147,750	0	2,339,844	0.0
Cash accounting adjustment for additional managed care organizations	3,928,032	1,964,016	0	0	1,964,016	0.0
Medical home incentive reimbursements	3,305,400	1,548,340	104,360	0	1,652,700	0.0
Other provider rate increases	2,593,162	1,214,709	81,872	0	1,296,581	0.0
Increase radiology rates	2,250,000	1,053,962	71,038	0	1,125,000	0.0
Impact of rate increases to MCO rates	1,425,186	667,596	44,997	0	712,593	0.0
Caseload impact from Children's Basic Health Plan outreach efforts	981,108	490,554	0	0	490,554	0.0
Caseload impact from developmental disability waiver program expansion	806,178	403,089	0	0	403,089	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increased recoupment and fraud avoidance efforts	(3,875,000)	(1,937,500)	0	0	(1,937,500)	0.0
Preferred drug list savings	(962,456)	(481,228)	0	0	(481,228)	0.0
Savings from developmental disability regional center conversion to ICF/MR	(302,146)	(151,073)	0	0	(151,073)	0.0
340D pharmacy pilot program	(74,308)	(37,154)	0	0	(37,154)	0.0
HB 08-1375	\$2,317,412,942	\$1,074,026,741	\$83,134,734	\$767,998	\$1,159,483,469	0.0
SB 08-90	(279,272)	(139,636)	0	0	(139,636)	0.0
SB 08-99	692,121	0	346,061	0	346,060	0.0
SB 08-118	4,000,000	0	0	2,000,000	2,000,000	0.0
SB 08-230	(2,285,340)	(1,142,670)	0	0	(1,142,670)	0.0
HB 08-1114 /2	0	0	0	0	0	0.0
HB 08-1373	0	(1,800,529)	1,800,529	0	0	0.0
HB 08-1374	3,134,928	1,567,464	0	0	1,567,464	0.0
HB 08-1407	(277,780)	(138,890)	0	0	(138,890)	0.0
HB 08-1409	<u>(300,000)</u>	<u>(150,000)</u>	<u>0</u>	<u>0</u>	<u>(150,000)</u>	<u>0.0</u>
TOTAL	\$2,322,097,599	\$1,072,222,480	\$85,281,324	\$2,767,998	\$1,161,825,797	0.0
Increase/(Decrease)	\$123,137,359	\$53,037,853	\$9,458,618	\$814,515	\$59,826,373	0.0
Percentage Change	5.6%	5.2%	12.5%	41.7%	5.4%	n/a

/1 Includes General Fund Exempt amounts related to the passage of Referendum C. Please see the table and explanation below.

/2 If a federal waiver is approved for a nursing home provider fee by April 1, 2009, then the Medical Services Premiums appropriation for H.B. 08-1114 is changed from the amount indicated in the table to \$11,854,320 total funds. Of this amount, \$5,927,160 is from cash funds and \$5,927,160 is from federal funds.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2007-08 Original Appropriation	\$996,321,500	\$652,421,500	\$343,900,000
2008 Legislative Session Adjustments	<u>22,863,127</u>	<u>39,263,127</u>	<u>(16,400,000)</u>
FY 2007-08 Adjusted Appropriation	1,019,184,627	691,684,627	327,500,000
Medical Services Premiums Changes	<u>53,037,853</u>	<u>11,537,853</u>	<u>41,500,000</u>
FY 2008-09 Appropriation	\$1,072,222,480	\$703,222,480	\$369,000,000

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 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), C.R.S.

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Caseload and cost projections: The FY 2008-09 appropriation supports medical services for an estimated 380,588 Medicaid clients, before policy changes (this is not the final caseload estimate for FY 2008-09, additional caseload estimates are contained in policy issues below and in special legislation). The FY 2008-09 base caseload forecast reflects a decrease of 3,068 (0.80 percent) clients from the final appropriated FY 2007-08 caseload forecast. The majority of the caseload decline is anticipated for low-income categorical eligible adults and children.

The average base cost per client (before policy changes) is estimated at \$5,974.19 for FY 2008-09. The base service costs are calculated by estimating the cost for acute medical care, community long-term care, institutional long-term care, supplemental insurance, and medical administrative costs. The following table compares the FY 2007-08 estimated costs with the FY 2008-09 base service cost appropriation for each service category.

FY 2007-08 Compared to FY 2008-09 Medical Services Costs				
Service Category	FY 2007-08	FY 2008-09	\$ Change	% Change
Acute Care Services/1	\$1,286,135,778	\$1,321,689,731	\$35,553,953	2.8%
Community Long-Term Care Services/2	236,641,584	245,294,174	8,652,590	3.7%
Long-Term Care and Insurance	632,656,532	663,023,109	30,366,577	4.8%
Medical Administrative Costs	29,802,563	29,543,854	(258,709)	-0.9%
Bottom Line Financing	13,723,783	14,154,162	430,379	3.1%
Total Service Costs	\$2,198,960,240	\$2,273,705,030	\$74,744,790	3.4%

/1 FY 2008-09 does not include any policy rate increases. Rate increases are discussed as a separate issue.

/2 FY 2008-09 does not include any policy rate increases. Rate increases are discussed as a separate issue.

Increase dental rates: The appropriation includes an increase of \$11.9 million total funds to increase Medicaid dental rates to 52 percent of average commercial rates, as published by the American Dental Association.

Increase to evaluation and management rates: The appropriation includes an increase of \$11.8 million total funds in order to raise all evaluation and management physician codes to 90.0 percent of the equivalent Medicare rate. Evaluation and management codes are used by physicians for general preventative and routine primary care. Some of these codes are currently reimbursed at between 36.5 percent and 58.5 percent of Medicare rates while others are closer to the 90.0 percent level (based on prior budget actions in this area).

Increase home and community-based services rates: The appropriation includes a total fund increase of \$5.3 million to provide a 1.5 percent rate increase for home and community-based services. Home and community-based services include waiver services for community long-term care services, home health, and private duty nursing rates.

Increase hospital rates: The appropriation includes an increase of \$4.7 million for a 1.5 percent provider rate increase for inpatient hospital services. During the last several years, the General Assembly has approved rate increases for inpatient hospital in order to maintain the Medicaid rate at or above 90 percent of the Medicare

rate (it has been between 90 and 92 percent of Medicare rates for the last three years). In August 2007, Medicare published new rate methodologies for inpatient rates. Due to this methodology change, Medicare and Medicaid rates will no longer be directly comparable. The proposed 1.5 percent increase is more directly related to increases for other community provider rates than trying to maintain a rate structure at 90 percent of Medicare rates.

Cash accounting adjustment for additional managed care organizations: Last year the General Assembly passed H.B. 07-1346 in order to encourage a greater use of managed care organizations in the Medicaid program. Because the Medical Services Premiums line item uses cash accounting, when a client transitions from the fee-for-service program to managed care, the Department will be required to pay for both the fee-for-service claims that were incurred prior to the client's enrollment in managed care and the capitation to the managed care organization. Because of the billing lag in cash-based fee-for-service, the Department will temporarily pay for prior months and the current month concurrently during the transition period. The appropriation includes an increase of \$3.9 million total funds for the one-time accounting impacts of adding another 20,000 clients into managed care in FY 2008-09.

Medical home incentive reimbursements: The appropriation includes \$3.3 million to increase reimbursements for providers acting as a medical home provider to children in the Medicaid program. Last year, the General Assembly passed S.B 07-130, which required the Department to maximize the number of children in the Medicaid program who have a medical home. One of the barriers that exists for children to be enrolled in a medical home is the low reimbursement rates for primary care physicians. The appropriation will increase the reimbursement for well-child visits in order to provide an incentive for primary care providers to accept Medicaid clients and to coordinate their care. Under this program, providers will be paid an additional incentive payment of \$10.00 per annual well child visit for children 0-4 and an additional incentive payment of \$40.00 for annual well child visits for children ages five to twenty. The appropriation estimates that 94,440 Medicaid children (49.5 percent of the estimated caseload) will be enrolled in a medical home in FY 2008-09. Of this number, 23,610 will be children under two years old with an average cost of \$50.00 for five well-child visits, 23,610 will be two to four years old with an average cost of \$10.00 for their annual well child visit, and 47,220 children will be between ages five to twenty at an average cost of \$40.00 per annual well child visit.

Other provider rate increases: The appropriation includes a total fund increase of \$2.6 million to address other areas where the Medicaid reimbursement rate is significantly below comparable Medicare or private rates and is having a direct impact on the ability to provide services to Medicaid clients because of the low reimbursement. The table below shows the additional rate increases included in the appropriation.

Provider Rate	Appropriation
Increase for Vision Benefits	\$500,000
Increase for Prenatal Plus	\$500,000
Substance Abuse Rates	\$750,000
Managed Care Organization Rates to 100%	\$843,162
Pharmacy Dispensing Fee to \$5.60 in April 2009	\$1,000,000
<u>Federal Deficit Reduction Act of 2005 Estimated Savings April 2009</u>	<u>(\$1,000,000)</u>
TOTAL Other Rate Adjustments in Long Bill	\$2,593,162

1. ***Vision benefits:*** The appropriation includes \$500,000 total funds to increase rates for vision benefits. Currently, the state Medicaid program pays for eyeglasses for children and for adult clients following eye surgery. The majority of the rates were set in 1987. The appropriation increases reimbursement rates for these services by \$33.45 on average in order to rebase the rates.
2. ***Prenatal Plus:*** The appropriation includes \$500,000 to increase rates paid to Prenatal Plus providers. The Prenatal Plus program is administered in partnership with the Department of Public Health Environment to identify and provide services to women at high risk of pre-term (low-birth weight) births. The program enhances prenatal programs to assist women with nutritional and social services assistance, including discouraging the use of tobacco, alcohol, and illicit drugs. The appropriation will bring rates up to covering approximately 69 percent of the provider costs for these services.
3. ***Substance abuse rates:*** The appropriation includes \$750,000 to increase the hourly reimbursement rates for substance abuse group sessions by 23 percent and for individual sessions by 63 percent. During the 2005 legislative session, the General Assembly passed HB 05-1015 to add the outpatient substance abuse treatment service to the Medicaid State Plan. Prior to the passage of this bill, Medicaid did not pay for outpatient substance abuse treatment, and Medicaid clients received such care through the Department of Human Services Drug and Alcohol Abuse Treatment program. Because of low Medicaid reimbursement, the number of providers participating in the program has not been sufficient to meet the needs of Medicaid clients. The appropriation seeks to increase the Medicaid rates so that the Medicaid clients will be able to find providers willing to serve their needs. This appropriation should also allow the Drug and Alcohol Abuse Treatment program to serve more indigent clients who do not qualify for Medicaid.
4. ***Managed Care Organization Rates to 100 percent:*** The appropriation includes \$843,162 above the base calculations to increase managed care rates from 99 percent of fee-for-service rates to 100 percent of fee-for-service rates.
5. ***Pharmacy Dispensing Fee to \$5.60 in April 2009:*** The appropriation includes \$1.0 million total funds to increase pharmacy dispensing fees from \$4.00 to \$5.60 in April 2009. This represents a 40 percent increase to the currently paid dispensing fee. The delayed implementation reduces the costs in FY 2008-09 to \$1.0 million total funds. The rate increase will annualize to approximately \$4.0 million total funds in FY 2009-10. The delayed implementation also allows time to determine if any savings will result in the pharmacy program from implementation of the federal Deficit Reduction Act (DRA) of 2005 which requires that pharmaceuticals be reimbursed at average manufacture prices. If savings are insufficient to pay for this rate increase, then the General Assembly may take action during the 2009 Legislative Session to delay or suspend this appropriated increase.
6. ***Deficit Reduction Act Estimated Savings April 2009:*** The appropriation includes an estimated savings impact of \$1.0 million due to the implementation of the federal Deficit Reduction Act of 2005 (DRA). The appropriation assumes that the DRA will not be implemented until April 2009. Currently, the Centers of Medicare and Medicaid Services (CMS) cannot implement the DRA rules due to a court-ordered injunction. The savings estimate is based on the assumption

that reimbursements for affected drugs classes will decrease by 36 percent for those drugs subject to the new limit. This would result in \$12.0 million in savings for Colorado. However, because of the court case, the anticipated savings have been lowered to a conservative \$1.0 million in FY 2008-09 to account for possible changes to the CMS rule.

Increase radiology rates: The appropriation includes a total fund increase of \$2.3 million to increase radiology rates. In FY 2002-03, radiology services were cut by 5.0 percent in order to help balance the State's budget. These rate cuts have never been restored. Currently, on average, the Department is reimbursing at approximately 23 percent of the Medicare rate for these services. The appropriation will increase these rates by approximately 7.7 percent.

Impact of rate increases to MCO rates: The appropriation includes \$1.4 million to adjust the managed care organization (MCO) rates based on the rate increases for the fee-for-service Medicaid program that are described above.

Caseload impact from Children's Basic Health Plan outreach efforts: The appropriation includes a total funds increase of \$981,108 to reflect a caseload impact of an additional 536 Medicaid children being served due to additional outreach efforts in the Children's Basic Health Plan (CBHP) program. All children who apply for CBHP must also be screened for Medicaid eligibility. Therefore, additional outreach efforts to enroll more children in the CBHP program should also have a caseload impact in the Medicaid program.

Caseload impact from developmental disability waiver program expansion: The appropriation includes a total fund increase of \$806,178 to reflect the impact on Medicaid premiums of the expansion of the developmental disability supported living services waiver program. An estimated 30 percent of persons added to the supported living services waiver are not eligible for Medicaid State Plan services prior to their waiver program enrollment. The calculation reflects the assumption that 65 "full year equivalent" persons with disabilities will be added to the State Plan services caseload for FY 2008-09 as a result of new individuals added to the supported living services waiver.

Increased recoupment and fraud avoidance efforts: The appropriation includes a reduction of \$3.9 million total funds to reflect savings that are anticipated from increased fraud and recoupment efforts. These savings are partially offset by increased administrative costs in the Executive Director's Office of \$1.8 million total funds. Therefore, the total savings from this new initiative are estimated at \$2.1 million. By enhancing the Department's fraud detection activities, the Department anticipates an increase in the amount of avoided or recovered payments that were made in error. Public Works, the contractor for the Governor's Office Gem Study, estimates that five percent of all Medicaid payments are made in error. Of the five percent of payments made in error, Public Works estimates that twenty percent are recoverable or avoidable. This translates to approximately \$24.8 million in possible recoveries. The estimated savings assume that the Department will only be able to recover \$3.9 million in the first year that the enhanced fraud activities are implemented.

Preferred drug list savings: The appropriation includes a decrease of \$962,456 total funds for additional savings beyond those savings already in the base calculations, for implementing additional portions of the preferred drug list in FY 2008-09. Including the savings of \$186,820 that are in the base calculations, the total savings estimated for the preferred drug list are \$1.1 million in FY 2008-09. The savings are based on an implementation schedule that will move a total of 12 drug classes onto the preferred drug list by the end of FY 2008-09. These savings are partially offset by approximately \$313,663 in administrative costs in the Executive Director's Office.

Savings from developmental disability regional center conversion to ICF/MR: The appropriation reduces the Medicaid premiums appropriation by \$302,146 total funds associated with converting 20 group homes at the Wheat Ridge Regional Center from licensure and billing under the Medicaid developmental disability comprehensive waiver program to licensure and billing as "intermediate care facilities for the mentally retarded" (ICFs/MR). For individuals enrolled in the waiver program, billing for durable medical equipment, physician services, and therapies is through the State Plan. For individuals in an ICF/MR, these costs are incorporated into the daily rate for the ICF/MR. The reductions in State Plan costs partially offset increases in the Department of Human Services associated with ICF/MR conversion.

340D pharmacy pilot program: The appropriation includes a decrease of \$74,308 for the 340D pharmacy pilot program. In 1992, Congress passed the Veterans Health Care Act, which included a provision that allowed significant discounts for certain pharmaceuticals to providers who serve primarily indigent clients. Providers who are designated as a 340D pharmacy receive these discounted prices. Currently, the Department pays only a small portion of pharmacy claims to these providers. This appropriation is the savings impact associated with developing a pilot program to encourage more use of 340D pharmacies. These savings are offset by increased administrative costs in the Executive Director's Office of \$61,086.

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. The division also contains funding for Medicaid mental health fee-for-service programs for those mental health services not covered within the capitation contracts and rates. The funding for this division is mainly General Fund and federal funds. The major source of the cash funds for this division is the Health Care Expansion Fund.

Medicaid Mental Health Community Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$225,733,378	\$92,060,148	\$0	\$36,960,671	\$96,712,559	0.0
SB 07-2	4,380,871	0	0	2,190,435	2,190,436	0.0
HB 08-1285	(31,834,205)	487,390	0	(32,321,595)	0	0.0
HB 08-1373	0	(11,591)	0	11,591	0	
HB 08-1375	<u>(2,463,660)</u>	<u>81,514</u>	<u>0</u>	<u>(1,315,661)</u>	<u>(1,229,513)</u>	<u>0.0</u>
TOTAL	\$195,816,384	\$92,617,461	\$0	\$5,525,441	\$97,673,482	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>5,519,019</u>	<u>(5,519,019)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$195,816,384	\$92,617,461	\$5,519,019	\$6,422	\$97,673,482	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Caseload and cost forecast	13,115,700	5,483,781	1,071,946	783	6,559,190	0.0
Caseload impact from Children's Basic Health Plan outreach efforts	103,544	51,772	0	0	51,772	0.0
Caseload impact from developmental disability waiver program expansion	100,240	50,120	0	0	50,120	0.0
Eliminate one-time funding for federal disallowance	(487,391)	(487,391)	0	0	0	0.0
HB 08-1375	\$208,648,477	\$97,715,743	\$6,590,965	\$7,205	\$104,334,564	0.0
SB 08-99	736,679	0	368,339	0	368,340	0.0
HB 08-1373	<u>0</u>	<u>(16,891)</u>	<u>16,891</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$209,385,156	\$97,698,852	\$6,976,195	\$7,205	\$104,702,904	0.0
Increase/(Decrease)						
	\$13,568,772	\$5,081,391	\$1,457,176	\$783	\$7,029,422	0.0
Percentage Change						
	6.9%	5.5%	26.4%	12.2%	7.2%	n/a

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Caseload and cost forecast: The appropriation includes a total fund increase of \$13.1 million in FY 2008-09 in order to fund the Medicaid mental health program's forecasted base caseload and capitation costs (before policy and statutory changes). The table below compares the projected costs for the mental health program by aid category in FY 2008-09 to the final estimates for FY 2007-08.

Final FY 2007-08 Estimates Compared to FY 2008-09 Appropriation							
Eligible MH Medicaid Caseload	FY 2007-08 Caseload	FY 2007-08 Est. Capitation Rate for Aid Category	FY 2007-08 Cost Estimate	FY 2008-09 Caseload	FY 2008-09 Capitation Rate for Aid Category	FY 2008-09 Cost Estimate	Cost Difference
SSI 65+	35,790	\$160.5	\$5,744,295	36,278	\$166.4	\$6,038,110	\$293,815
SSI 60-64	6,098	\$1,487.1	\$9,068,519	6,216	\$1,542.2	\$9,586,004	\$517,486
SSI Disabled	49,565	\$1,487.1	\$73,709,598	50,058	\$1,542.2	\$77,196,945	\$3,487,346
Low Income Adults	43,972	\$249.4	\$10,966,177	41,667	\$258.6	\$10,775,920	(\$190,258)
Expansion Low-Income Adults	8,567	\$249.4	\$2,136,524	9,629	\$258.6	\$2,490,252	\$353,728

Final FY 2007-08 Estimates Compared to FY 2008-09 Appropriation							
Eligible MH Medicaid Caseload	FY 2007-08 Caseload	FY 2007-08 Est. Capitation Rate for Aid Category	FY 2007-08 Cost Estimate	FY 2008-09 Caseload	FY 2008-09 Capitation Rate for Aid Category	FY 2008-09 Cost Estimate	Cost Difference
Baby Care Adults	5,895	\$249.4	\$1,470,154	6,028	\$258.6	\$1,558,961	\$88,807
Breast and Cervical Cancer Treatment and Prevention Program	271	\$221.1	\$59,905	301	\$229.2	\$68,998	\$9,094
Children	198,500	\$186.3	\$36,978,565	192,948	\$193.2	\$37,273,695	\$295,130
Foster Children (w/ S.B. 07-02)	<u>16,940</u>	<u>\$3,223.7</u>	<u>\$54,609,986</u>	<u>18,657</u>	<u>\$3,343.0</u>	<u>\$62,370,538</u>	<u>\$7,760,551</u>
Subtotal	365,598	n/a	\$194,743,723	361,782	n/a	\$207,359,423	\$12,615,700
Recoupment Adjustment	<u>0</u>	<u>\$0</u>	<u>(\$1,000,000)</u>	<u>0</u>	<u>\$0</u>	<u>(\$500,000)</u>	<u>\$500,000</u>
Total	365,598		\$193,743,723	361,782		\$206,859,423	\$13,115,700

Caseload impact from Children's Basic Health Plan outreach efforts: The appropriation includes a total funds increase of \$103,544 to reflect a caseload impact of an additional 536 Medicaid children being served due to additional outreach efforts in the Children's Basic Health Plan (CBHP) program. All children who apply for CBHP must also be screened for Medicaid eligibility. Therefore, additional outreach efforts to enroll more children in the CBHP program should also have a caseload impact in the Medicaid program.

Caseload impact from developmental disability waiver program expansion: The appropriation includes an increase of \$100,240 total funds to reflect the impact on Medicaid mental health for the expansion of the developmental disability supported living services waiver program. An estimated 30 percent of persons added to the supported living services waiver are not eligible for Medicaid mental health services prior to their waiver program enrollment. The calculation reflects the assumption that 65 "full year equivalent" persons with disabilities will be added to the State Plan services caseload for FY 2008-09 as a result of new individuals added to the supported living services waiver.

Eliminate one-time funding for federal disallowance: The appropriation eliminates \$487,391 in one-time funding that was provided in FY 2007-08 to reimburse the Centers of Medicare and Medicaid Services (CMS) for federal funds that were claimed by the state for the mental health capitation program but were later disallowed by CMS.

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 following programs: (1) Safety Net Provider Payments; (2) Indigent Care Clinics; (3) Pediatric Specialty Hospital Payments; (4) Primary Care Program; (5) Medically Indigent Program;

(6) Children's Basic Health Plan; (7) Hospital Provider Fee Payments; and (8) Comprehensive Primary and Preventative Care Grants. The first five programs provide funding for the Colorado Indigent Care Program (CICP) which partially reimburses health care providers for medical services provided to uninsured individuals with incomes up to 250.0 percent of the federal poverty level who do not qualify for Medicaid or the Children's Basic Health Plan. The CICP provides health care reimbursement for approximately 172,500 Coloradans at 45 participating hospitals and 16 participating clinics. Funding sources for these programs include the General Fund, funds certified at public hospitals, the Primary Care Program Fund, and federal funds.

The Children's Basic Health Plan (CBHP) provides health care insurance for children and adult pregnant women with incomes up to 225.0 percent of federal poverty level. The program is forecasted to serve 77,152 children and 1,697 adult pregnant women in FY 2008-09. Funding sources for this program include the CBHP Trust Fund, the Health Care Expansion, and federal funds.

The Hospital Provider Fee Payment program allows local governments to assess fees on hospitals in order to maximize the amount of federal reimbursement available under the federal upper payment limits. The funding source for this program is local government fee assessments to participating hospitals and federal funds.

Finally, the Comprehensive Primary and Preventative Care Grants program provides grant funding to build and maintain the health care infrastructure in medically underserved areas. 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	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	(1,657,293)	0	0	(1,657,293)	0	0.0
HB 08-1285	26,439,183	0	0	5,108,087	21,331,096	0.0
HB 08-1375	<u>30,052,843</u>	<u>5,539,593</u>	<u>44,990</u>	<u>8,588,269</u>	<u>15,879,991</u>	<u>0.0</u>
TOTAL	\$533,940,535	\$40,765,266	\$291,933	\$236,694,003	\$256,189,333	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>221,194,803</u>	<u>(221,194,803)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$533,940,535	\$40,765,266	\$221,486,736	\$15,499,200	\$256,189,333	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Children's Basic Health Plan (CBHP) forecast	26,945,048	(11,011)	9,503,536	0	17,452,523	0.0
Additional outreach for CBHP	11,003,626	0	3,933,349	0	7,070,277	0.0
Annualize prior year legislation	5,420,407	0	2,010,821	0	3,409,586	0.0
Additional funding for pediatric specialty hospital	4,000,000	2,000,000	0	0	2,000,000	0.0
Building Blocks to Health Care Reform - Medical Home	1,777,534	0	626,593	0	1,150,941	0.0
Revenue adjustments	1,180,550	(4,200)	1,193,150	(4,200)	(4,200)	0.0
Eliminate one-time funding for CBHP Trust Fund	(5,553,393)	(5,553,393)	0	0	0	0.0
Adjustment to local government hospital provider fee	(5,005,654)	0	(2,502,827)	0	(2,502,827)	0.0
Adjustment to federal match received for Primary Care Program	(1,225,421)	0	0	0	(1,225,421)	0.0
Transfer administrative funding for Comprehensive Primary and Preventative Care Grant Program to Executive Director's Office	(22,025)	0	(22,025)	0	0	0.0
HB 08-1375	\$572,461,207	\$37,196,662	\$236,229,333	\$15,495,000	\$283,540,212	0.0
SB 08-57	54,300	0	19,000	0	35,300	0.0
SB 08-160	<u>6,188,201</u>	<u>0</u>	<u>2,180,651</u>	<u>30,328</u>	<u>3,977,222</u>	<u>0.0</u>
TOTAL	\$578,703,708	\$37,196,662	\$238,428,984	\$15,525,328	\$287,552,734	0.0
Increase/(Decrease)	\$44,763,173	(\$3,568,604)	\$16,942,248	\$26,128	\$31,363,401	0.0
Percentage Change	8.4%	-8.8%	7.6%	0.2%	12.2%	n/a

/1 This amount includes a General Fund Exempt appropriation. For FY 2007-08, the General Fund includes \$499,200 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-22-117 (1) (c) (I) (B), C.R.S. For FY 2008-09, the General Fund includes \$495,000 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-22-117 (1) (c) (I) (B), C.R.S.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2007-08 Original Appropriation	\$35,225,673	\$34,712,673	\$513,000
2008 Legislative Session Adjustments	<u>5,539,593</u>	<u>5,553,393</u>	<u>(13,800)</u>
FY 2007-08 Adjusted Appropriation	40,765,266	40,266,066	499,200
Increase funding for Pediatric Specialty Hospital program	2,000,000	2,000,000	0
Eliminate CBHP Trust Fund General Fund appropriations	(4,200)	(4,200)	0

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
Tobacco Tax Forecast Adjustments	(4,200)	0	(4,200)
FY 2008-09 Appropriation	\$42,756,866	\$42,261,866	\$495,000

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, 50.0 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.

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Children's Basic Health Plan (CBHP) forecast: The appropriation includes a total funds increase of \$26.9 million to fund the forecasted caseload and per-capita-cost increases for the CBHP program before policy changes. The cost changes for the CBHP program are based on the following assumptions: (1) an overall increase to the children's caseload of 11,155 or 19.2 percent; (2) an increase in the adult prenatal program caseload of 137 or 8.8 percent; (3) an increase in the per capita rate for the children's medical program of \$15.85 or 1.0 percent; (4) an increase in the per capita rate for the children's dental program of \$5.32 or 3.4 percent; and (5) an increase in the adult prenatal program per capita of \$1,565.13 or 14.0 percent. The per capita rate changes result from an actuary appropriation based on current health care trends in the community and for the program. The table on the next page compares the projected costs for the mental health program by aid category in FY 2008-09 to the final estimates for FY 2007-08.

FY 2007-08 Appropriation Compared to <u>Base</u> FY 2008-09 Children's Basic Health Plan Forecast						
	FY 2007-08 Final Caseload Estimate	FY 2008-09 Appropriated Caseload Estimate	Difference	FY 2007-08 Per Capita Cost	FY 2008-09 Per Capita Cost	Difference
Children Medical Clients	58,195	69,350	11,155	\$1,610.22	\$1,626.07	\$15.85
Children Dental Clients	58,195	69,350	11,155	\$156.06	\$161.38	\$5.32
Prenatal Adults Member Months	1,560	1,697	137	\$11,158.09	\$12,723.22	\$1,565.13

Additional outreach for CBHP: The appropriation includes a total funds increase of \$11.0 million for the caseload impacts and contract costs for additional outreach activities. The outreach activities are aimed at enrolling children who are eligible for the program but have not yet enrolled. The appropriation has the following components: (1) \$1.4 million total funds to increase the current contract for marketing and outreach;

and (2) \$9.6 million total funds for premium and dental costs associated with an estimated 5,358 addition children who will enroll due to the increased outreach and marketing efforts.

Annualize prior year legislation: The appropriation includes \$5.4 million total funds to annualize the costs of legislation that was passed during the 2007 Session. Of this amount, \$4.1 million restores one-time savings that occurred in FY 2007-08 when the program moved from an accrual basis of accounting to a cash basis of accounting (S.B. 07-133). The remaining \$1.3 million is to annualize the impacts of various other bills.

Additional funding for pediatric specialty hospital: The appropriation increases the funding to the Pediatric Specialty Hospital line item by \$4.0 million total funds. This line item provides additional Medicaid reimbursement to qualifying children's hospitals that see a disproportionate share of low-income children. The federal match for this item comes from the hospitals Medicare upper payment limit financing.

Building Blocks to Health Care Reform - medical homes: The appropriation includes \$1.8 million total funds for items related to the Governor's Building Blocks to Health Care Reform. Specifically, the increased funding is allocated as follows: (1) \$1.2 million for an estimated children's caseload increase of 694 related to medical home providers helping children apply for CBHP (this impact is in addition to the base forecast and outreach efforts caseload forecasts described above); (2) \$513,842 to increase reimbursement to medical home providers as described in the Medical Services Premiums division; and (3) \$15,000 in additional administrative costs associated with implementing the medical home incentive payments.

Revenue adjustments: The appropriation includes a total fund increase of \$1.2 million for forecast adjustments to the Tobacco Master Litigation Settlement moneys and Amendment 35 tobacco taxes that will be available in FY 2008-09 for the various programs that receive appropriations from these fund sources.

Eliminate one-time funding for CBHP Trust Fund: The appropriation reflects a decrease of \$5.6 million General Fund into the CBHP Trust Fund to eliminate a one-time appropriation that was provided in FY 2007-08.

Adjustment to local government hospital provider fee: The appropriation includes a total fund reduction of \$5.0 million to remove one-time funding that was claimed in FY 2007-08 for retroactive federal reimbursement for the Hospital Provider Fee Program related to costs in FY 2006-07.

Adjustment to federal match received for Primary Care Program: The appropriation includes a federal fund reduction of \$1.2 million to remove one-time matching funds that were claimed in FY 2007-08 for retroactive federal reimbursement for the Primary Care Program related expenditures in FY 2006-07.

Transfer administrative funding for Comprehensive Primary and Preventative Care Grant Program to Executive Director's Office: The appropriation transferred \$22,025 from the Comprehensive Primary and Preventative Care Grant Program to the Executive Director's Office, Personal Services line item in order to consolidate all personal services costs for the Department into one line item.

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 Pension 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 reappropriated. The Old Age Pension Health and Medical Program is a state-only medical program funded solely from the Old Age Pension 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 school district expenditures 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 2007-08 Appropriation:						
SB 07-239	\$129,545,142	\$77,726,100	\$0	\$33,986,972	\$17,832,070	0.0
SB 07-133	(7,854,147)	(7,173,368)	0	(680,779)	0	0.0
SB 08-230	470,000	235,000	0	0	235,000	0.0
HB 08-1285	10,480,201	10,480,201	0	0	0	0.0
HB 08-1375	<u>2,548,557</u>	<u>2,548,557</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$135,189,753	\$83,816,490	\$0	\$33,306,193	\$18,067,070	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>29,326,193</u>	<u>(29,326,193)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$135,189,753	\$83,816,490	\$29,326,193	\$3,980,000	\$18,067,070	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
State contribution payment increase	9,060,185	9,060,185	0	0	0	0.0
Transfer Colorado Cares Rx Program from Executive Director's Office	2,278,378	0	2,278,378	0	0	0.0
Old Age Pension Medical Program increase	2,018,043	0	2,018,043	0	0	0.0
Family medicine residency increase	270,000	135,000	0	0	135,000	0.0
Enhanced prenatal increase	8,412	4,206	0	0	4,206	0.0
Eliminate one-time funding for federal disallowance	(10,480,201)	(10,480,201)	0	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Realign Public School Health Services program appropriation	(3,826,279)	0	(1,905,114)	0	(1,921,165)	0.0
Eliminate one-time FY 2007-08 impact for S.B. 08-230	(470,000)	(235,000)	0	0	(235,000)	0.0
Adjustment for tobacco tax revenue projection	(25,500)	0	(25,500)	0	0	0.0
HB 08-1375	\$134,022,791	\$82,300,680	\$31,692,000	\$3,980,000	\$16,050,111	0.0
SB 08-230	<u>2,285,340</u>	<u>1,142,670</u>	<u>0</u>	<u>0</u>	<u>1,142,670</u>	<u>0.0</u>
TOTAL	\$136,308,131	\$83,443,350	\$31,692,000	\$3,980,000	\$17,192,781	0.0
Increase/(Decrease)	\$1,118,378	(\$373,140)	\$2,365,807	\$0	(\$874,289)	0.0
Percentage Change	0.8%	-0.4%	8.1%	0.0%	-4.8%	n/a

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State contribution payment increase: The appropriation includes a General Fund increase of \$9.1 million for the federal Medicare Modernization Act (MMA) of 2003 State Contribution Payment (Medicare Part D "clawback"). Of this amount, \$4.6 million is added to reverse one-time savings that occurred in FY 2007-08 when the program moved from an accrual basis of accounting to a cash basis of accounting (S.B. 07-133). In addition, \$4.4 million is added to reflect current caseload and cost estimates. In FY 2008-09, the total MMA State Contribution Payment is estimated to be \$81.2 million. This amount reflects an average monthly caseload of 55,164 individuals who are eligible for both Medicare and Medicaid at an average cost of \$122.60 per month to the State.

Transfer Colorado Cares Rx Program from Executive Director's Office: The appropriation transfers the program costs for the Colorado Cares Rx Program from the Executive Director's Office to the Other Medical Services section. The total appropriated amount reflects the annualized costs for S.B. 07-1 in FY 2008-09. The program funding includes \$1.9 million for a contractor to accept and process applications, collect fees, determine eligibility, and produce program identification cards for Coloradans who qualify for the Colorado Cares Rx Program. In addition, \$323,146 is included for changes to the Colorado Benefit Management System (CBMS) to determine and track eligibility for the program.

Old Age Pension Medical Program increase: The appropriation includes an increase of \$2.0 million cash funds for the Old Age Pension (OAP) Medical Program. This funding will be used to maintain provider rates at the same level as rates currently paid by the program in FY 2007-08. Currently, provider rates for the OAP Medical Program range from 10.0 percent to 70.0 percent of the Medicaid rate for similar services or products. The additional funding will come from the current fund balance in the OAP Supplemental Medical Fund. In FY 2008-09, the total cost of the program is estimated at \$15.3 million for 5,389 clients at an average annual cost-per-client of \$2,841.29.

Family medicine residency increase: The appropriation includes an increase of \$270,000 for the Commission on Family Medicine Residency Programs. The total appropriation for the Commission on Family Medicine

Residency Programs is \$2,173,558. For FY 2008-09, this program will provide approximately \$241,506 to each of the nine family medicine residency programs throughout the State.

Enhanced prenatal increase: The appropriation reflects an increase of \$8,412 for the Enhanced Prenatal Care Training and Technical Assistance program that is administered by the Department of Public Health and Environment. The increased amount reflects adjustments to centrally-appropriated line items in the Department of Public Health and Environment that qualify for federal matching moneys from the Medicaid program.

Eliminate one-time funding for federal disallowance: The appropriation eliminates \$10,480,201 in one-time funding that was provided in FY 2007-08 to reimburse the Centers of Medicare and Medicaid Services (CMS) for federal funds that were claimed by the State for the Public School Health Services program and were later disallowed by CMS.

Realign Public School Health Services program appropriation: The appropriation includes a decrease of \$3.8 million total funds to realign the appropriation for the Public School Health Services program to the actual expenditures for the program. Of this decrease, \$1.9 million is from local funds certified at school districts and \$1.9 million is federal Medicaid moneys. The program's total FY 2008-09 appropriation is \$27,501,534 total funds.

Eliminate one-time FY 2007-08 impact for S.B. 08-230: The appropriation includes a decrease of \$470,000 total funds to eliminate the one-time impact associated with S.B. 08-230 in FY 2007-08.

Adjustment for tobacco tax revenue projection: The appropriation includes a decrease of \$25,500 cash funds to reflect the current Legislative Council Staff revenue forecast for the tobacco tax revenue that are deposited into the Supplemental Old Age Pension Health Medical Care Fund.

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.

Department of Human Services Medicaid-Funded Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	20,687	9,692	0	1,237	9,758	0.0
HB 08-1285	75,985	(145,374)	0	7,328	214,031	0.0
HB 08-1375	<u>(9,057,897)</u>	<u>(4,466,968)</u>	<u>0</u>	<u>(61,794)</u>	<u>(4,529,135)</u>	<u>0.0</u>

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$392,731,218	\$192,631,213	\$0	\$3,770,209	\$196,329,796	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>2,395,535</u>	<u>(2,395,535)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$392,731,218	\$192,631,213	\$2,395,535	\$1,374,674	\$196,329,796	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Services for People with Disabilities	30,134,069	15,658,871	(812,336)	220,015	15,067,519	0.0
Executive Director's Office	2,199,114	1,029,117	0	(388)	1,170,385	0.0
Division of Youth Corrections	1,004,358	502,178	0	0	502,180	0.0
Division of Child Welfare	(16,099,379)	(8,049,690)	0	0	(8,049,689)	0.0
Information Technology Services	(1,127,375)	(297,469)	6,722	(112,832)	(723,796)	0.0
Other	98,298	51,206	(6,722)	(21,615)	75,429	0.0
HB 08-1375	\$408,940,303	\$201,525,426	\$1,583,199	\$1,459,854	\$204,371,824	0.0
SB 08-2	34,264	17,132	0	0	17,132	0.0
SB 08-6	94,092	44,079	5,142	487	44,384	0.0
SB 08-7	2,000	1,000	0	0	1,000	0.0
SB 08-161	5,554	0	2,933	0	2,621	0.0
HB 08-1046	<u>28,408</u>	<u>13,371</u>	<u>1,580</u>	<u>0</u>	<u>13,457</u>	<u>0.0</u>
TOTAL	\$409,104,621	\$201,601,008	\$1,592,854	\$1,460,341	\$204,450,418	0.0
Increase/(Decrease)	\$16,373,403	\$8,969,795	(\$802,681)	\$85,667	\$8,120,622	0.0
Percentage Change	4.2%	4.7%	-33.5%	6.2%	4.1%	n/a

H.B. 08-1375 (Long Bill) Issue Descriptions

Services for People with Disabilities: The appropriation increase includes the following increases to Medicaid funding for services for people with developmental disabilities: (1) \$14.7 million to expand the community-based adult residential and supported living services Medicaid waiver caseload; (2) \$8.6 million to reverse the one-time FY 2007-08 Long Bill supplemental impact on community-based and regional center programs; (3) \$4.3 million for a 1.5 percent provider rate increase for community-based programs; (4) \$4.0 million for the state-operated regional centers, including adjustments to annualize salary and benefits increases added in FY 2007-08 and to add staff related to converting group homes to "ICF/MR" institutional licensure; and (5) \$3.2 million to annualize to a full year Medicaid waiver program caseload added for six months in FY 2007-08. These increases are partially offset by the following reductions: (1) \$2.4 million to community-based programs

to reduce the likelihood of an FY 2008-09 under-expenditure; (2) \$1.6 million (comprised of cash funds and federal funds) for a program that uses federal funds to match locally certified spending for developmental disability services; and (3) \$0.7 million to eliminate the FY 2007-08 leap year adjustment.

Executive Director's Office: The appropriation reflects an increase of \$2.2 million in total funds, which \$1.6 million in benefits for employees and additional increases for payments to other agencies, including the Department of Law for legal services.

Division of Youth Corrections: The appropriation reflects an increase of \$1.0 million to restore reductions made in FY 2007-08 based on caseload.

Division of Child Welfare: The appropriation reflects a reduction of \$18.0 million in Medicaid appropriations to more accurately reflect county spending patterns. This adjustment has a statewide General Fund impact of \$0, as the \$9.0 million General Fund reduction to HCPF is matched by an equal \$9.0 million General Fund increase to the child welfare appropriation in the Department of Human Services. The Medicaid reduction is partially offset by an increase of \$1.4 million for child welfare population increases and \$0.5 million for a provider rate increase.

Office of Information Technology Services: The appropriation includes a decrease of \$1.1 million in total funds to reflect the removal of one-time CBMS expenditures for changes requested by the counties and the federally-required refinancing of FY 2004-05 expenditures. This decrease is partially offset by increases in payments to other agencies for the multi-use network, for purchase from the computer center, and for emergency communications services.

Other: The appropriation includes increases of \$98,298 total fund for other adjustments.

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

Recent Legislation

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. 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.

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 following table.

FY 2007-08	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. 07-196: 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 appropriations 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.

2008 Session Bills

S.B. 08-2: Specifies that the Department of Human Services may purchase services and supports for persons with developmental disabilities from a family care giver in the family home if it is determined that this provides services in the least restrictive environment. Provides the following appropriations for FY 2008-09: \$17,132 General Fund and \$17,132 federal funds to the Department of Health Care Policy and Financing; and \$34,264 reappropriated funds (transferred from the Department of Health Care Policy and Financing) and 0.5 FTE to the Department of Human Services. Also reduces the FY 2008-09 Long Bill appropriation for the Controlled Maintenance Trust Fund by \$17,132 General Fund.

S.B. 08-6: Specifies that persons who are eligible for Medicaid just prior to their confinement in a jail, juvenile commitment facility, a Department of Corrections facility, or a Department of Human Services facility shall have their Medicaid benefits suspended, rather than terminated, during the period of their confinement. Also clarifies that juveniles retain Medicaid eligibility when held in a facility operated by or under contract with the Division of Youth Corrections or Department of Human Services if care within that facility qualifies for federal financial participation. Provides the following appropriations for FY 2008-09: \$118,703 General Fund, \$5,142 cash funds, \$487 reappropriated funds (transferred from the Department of Human Services), and

\$268,255 federal funds to the Department of Health Care Policy and Financing; and \$42,546 General Fund, \$21,754 cash funds, \$94,092 reappropriated funds (transferred from the Department of Health Care Policy and Financing) and \$112,688 federal funds to the Department of Human Services. Also reduces the FY 2008-09 Long Bill appropriation for the Controlled Maintenance Trust Fund by \$161,249 General Fund.

S.B. 08-7: Creates the Inmate Assistance Demonstration Grant Program to provide grants to counties for the purpose of assisting inmates in county jails to access health care, housing, and employment benefits. Connects inmates with appropriate public benefits, including mental health treatment. Appropriates \$279,000 General Fund to the Department of Human Services and a total of \$2,000 (including \$1,000 General Fund and \$1,000 federal funds) to the Department of Health Care Policy and Financing for the implementation of the act in FY 2008-09. Also reduces the FY 2008-09 Long Bill appropriation for the Controlled Maintenance Trust Fund by \$279,000 General Fund.

S.B. 08-57: Requires health insurance coverage for medically appropriate hearing aids for minor children whose hearing loss is verified by a physician or audiologist. Appropriates \$54,300 (including \$19,000 cash funds and \$35,300 federal funds) to the Department of Health Care Policy and Financing for the implementation of the act in FY 2008-09.

S.B. 08-90: Allows Medicaid clients to use a mail-order pharmacy if they have third-party insurance and require maintenance medications; and authorizes a mail-order pharmacy to bill Medicaid for the difference between the Medicaid co-payment and a third-party insurer's co-payment or deductible. The bill reduces the Department of Health Care Policy and Financing's FY 2008-09 appropriation for Medical Services Premiums by \$279,272 total funds (including \$139,636 General Fund and \$139,636 federal funds).

S.B. 08-99: Expands Medicaid eligibility to young adults, under age 21, for whom the state made subsidized adoption or foster care payments immediately prior to the client turning age 18. These young adults were not eligible for Title IV-E federal funds while in foster care, but received state benefits. The bill appropriates \$1,428,800 total funds (including \$714,400 cash funds and \$714,400 federal funds) to the Department of Health Care Policy and Financing in FY 2008-09.

S.B. 08-118: Provides that for FY 2008-09 through FY 2012-13, the Department of Public Health and Environment shall transfer \$2.0 million in funding from the Prevention, Early Detection, and Treatment Fund to the Department of Health Care Policy and Financing for Medicaid disease management programs. This funding is matched by \$2.0 million in federal funds.

S.B. 08-155: Consolidates the responsibility for information technology (IT) oversight of most of the state's executive branch in the Governor's Office of Information Technology (OIT) by transferring several IT functions and staff positions from various state agencies to OIT. Transfers 1.5 FTE from the Department of Health Care Policy and Financing to OIT in FY 2008-09. For more information on this bill, please see the Recent Legislation section for the Governor's Office.

S.B. 08-160: Expands eligibility in the Children's Basic Health Plan (CBHP) from 205 percent to 225 percent of federal poverty level (FPL) for children (beginning in March 2009) and for pregnant women (beginning in October 2009). Also allows the Department of Health Care Policy and Financing to increase CBHP eligibility to 250 percent of FPL if appropriations become available to fund the program at this level. The bill also increases the CBHP mental health benefit for children to be as comprehensive as the mental health benefit in the Medicaid program. Provides the following appropriations for FY 2008-09: \$2,245,037 cash funds, \$30,328

reappropriated funds (transferred from the CBHP Trust Fund), and \$4,096,796 federal funds to the Department of Health Care Policy and Financing; and \$21,776 cash funds, \$31,866 reappropriated funds (transferred from the Department of Health Care Policy and Financing) and \$38,164 federal funds to the Department of Human Services.

S.B. 08-161: Requires the Department of Health Care Policy and Financing to establish rules for Medicaid and the Children's Basic Health Plan (CBHP) to verify applicant income through records of the Department of Labor and Employment (DOLE). Allows applicants to provide other forms of income verification if it is more recent than information available through the DOLE. In addition, requires the Advisory Committee on Covering All Children in Colorado to investigate the feasibility of combining Medicaid and the CBHP. Provides the following appropriations for FY 2008-09: \$13,474 cash funds and \$13,162 federal funds to the Department of Health Care Policy and Financing; and \$3,791 cash funds, \$5,554 reappropriated funds (transferred from the Department of Health Care Policy and Financing) and \$6,655 federal funds to the Department of Human Services.

S.B. 08-217: Requires the Department of Health Care Policy and Financing, in coordination with the Division of Insurance and a panel of experts, to prepare a request for information from health insurance carriers and other interested parties. Carriers are requested to provide information regarding the design of a new health insurance product, known as a value benefit plan, to be offered in the individual market. After information is received, the Department, in collaboration with the division and the panel of experts, must acquire actuarial projections, research potential cost savings, and analyze the information provided by the carriers. Provides the following appropriations for FY 2008-09: \$128,700 General Fund, \$62,500 cash funds, and \$191,200 federal funds to the Department of Health Care Policy and Financing; and \$29,500 cash funds to the Department of Regulatory Agencies. Also reduces the FY 2008-09 Long Bill appropriation for the Controlled Maintenance Trust Fund by \$128,700 General Fund.

S.B. 08-230: Authorizes specified governmental hospital care providers, subject to voter approval, to levy and collect a sales tax within certain geographic areas. Establishes a definition of "state university teaching hospital" and authorizes the General Assembly to appropriate moneys annually to state university teaching hospitals for services provided under the state's Medicaid program. Provides direct appropriations to Denver Health Hospital and University Hospital for graduate medical education programs by transferring current funding for these activities contained in the Medical Services Premiums and Commission on Family Medicine line items in FY 2007-08 and FY 2008-09. The net impact of the funding transfer is zero in both years.

H.B. 08-1046: For juveniles in a juvenile commitment facility and certain individuals committed to a Department of Human Services facility, requires appropriate personnel in each facility to provide assistance in applying for Medicaid, Children's Basic Health Plan benefits, Supplemental Security Income, or Social Security Disability Insurance at least 120 days prior to release from commitment, or as soon as practicable for those juveniles committed for less than 120 days. Appropriates \$11,941 General Fund, \$6,106 cash funds, \$26,408 reappropriated funds (transferred from the Department of Health Care Policy and Financing), and \$31,626 federal funds to the Department of Human Services in FY 2008-09. Appropriates \$13,371 General Fund, \$1,580 cash funds, and \$13,457 federal funds to the Department of Health Care Policy and Financing in FY 2008-09. Also reduces the FY 2008-09 Long Bill appropriation for the Controlled Maintenance Trust Fund by \$25,312 General Fund. For more information on H.B. 08-1046, see the "Recent Legislation" section at the end of the Department of Human Services.

H.B. 08-1072: Establishes a Medicaid Buy-in Program for people with disabilities who earn too much to qualify for Medicaid and for those whose medical condition improves while participating in the program. Requires the Department of Health Care Policy and Financing (DHCPF) to submit an amendment to the State's Medical Assistance Plan, and request any necessary waivers to expand eligibility under Medicaid to implement the Medicaid Buy-in Program. Requires qualifying individuals to pay a medical premium based on a sliding payment schedule in order to participate in the program. The bill appropriates \$55,000 total funds (including \$27,500 general fund and \$27,500 federal funds) to the Department of Health Care Policy and Financing in FY 2008-09.

H.B. 08-1114: Establishes a new methodology for reimbursing nursing facilities under the Medicaid program by establishing: (1) a reimbursement schedule for administrative and general services; (2) per diem rates for direct and indirect care, capital assets, and performance quality; (3) an additional per diem payment for clients with severe mental health conditions or cognitive dementia; and (4) reimbursement for speech therapy services. In addition, requires the Department of Health Care Policy and Financing to charge and collect a quality assurance fee from nursing facilities, with certain exceptions. Fees are intended to allow for increased payments to Medicaid nursing facilities based on the new reimbursement system. The fee can be used for administrative costs related to assessing the fee and to limit growth of General Fund expenditures to 3.0 percent annually. The new nursing facility rate method is conditional upon the federal approval of the fee. Contains two appropriations clauses based on whether or not the federal waiver for the quality assurance fee is approved. If the waiver *is not* approved, appropriates \$239,936 total funds (including \$119,968 General Fund and \$119,968 federal funds) and 1.0 FTE to the Department of Health Care Policy and Financing in FY 2008-09 and reduces the FY 2008-09 Long Bill appropriation for the Controlled Maintenance Trust Fund by \$119,968 General Fund. If the waiver *is* approved, appropriates \$12,109,242 total funds (including \$6,054,621 cash funds and \$6,054,621 federal funds) and 1.3 FTE to the Department of Health Care Policy and Financing in FY 2008-09.

H.B. 08-1250: Restructures funding of the County Administration group of line items. Replaces the County Contingency Fund with a new County Tax Base Relief Fund. Replaces the formulas used to determine the amount of assistance for which counties with high social services costs relative to their property tax base will be eligible. Appropriates \$3,400,000 total funds (including \$1,000,000 General Fund, \$700,000 cash funds, and \$1,700,000 federal funds) to the Department of Health Care Policy and Financing for County Administration in FY 2008-09. For more information on H.B. 08-1250 and impact to the Department of Human Services, see the "Recent Legislation" section at the end of the Department of Human Services.

H.B. 08-1285: Supplemental appropriation to the Department of Health Care Policy and Financing to modify the FY 2007-08 appropriations included in the FY 2007-08 Long Bill (S.B. 07-239). Also modifies appropriations for FY 2006-07.

H.B. 08-1373: Extends the repeal date for the Breast and Cervical Cancer Treatment and Prevention Fund (BCCTP Fund) until FY 2013-14 and allows the BCCTP Fund to fund all of the state match for the Breast and Cervical Cancer Treatment Program in both FY 2007-08 and FY 2008-09. From FY 2009-10 through FY 2013-14, 50 percent of the state match for the Breast and Cervical Cancer Treatment Program will be paid from the BCCTP Fund and 50 percent will be paid from the General Fund. Reduces General Fund appropriations by \$1,239,310 and \$1,817,420 in FY 2007-08 and FY 2008-09, respectively. Increases appropriations from the BCCTP Fund by \$1,239,310 and \$1,817,420 in FY 2007-08 and FY 2008-09, respectively.

H.B. 08-1374: Raises the rate cap on the Program for All Inclusive Care for the Elderly (PACE) from 95 percent of fee-for-service rates to up to 100 percent of fee-for-service rates. Appropriates \$3.1 million total funds to the Department of Health Care Policy and Financing for FY 2008-09 for the additional expenses for the PACE program associated with increasing the rate cap. These costs are split equally between the General Fund and federal funds.

H.B. 08-1375: General Appropriations Act for FY 2007-08. Also includes supplemental adjustments to modify appropriations to the Department of Health Care Policy included in the FY 2007-08 Long Bill (S.B. 07-239) and in the FY 2006-07 Long Bill (H.B. 06-1385).

H.B. 08-1407: Prohibits the unreasonable delay or denial of payment of a claim for benefits owed by an insurance company, and provides remedies for claimants, including a new cause of action. The bill reduces the Department of Health Care Policy and Financing's FY 2008-09 appropriation for Medical Services Premiums by \$277,780 total funds (including \$138,890 General Fund and \$138,890 federal funds).

H.B. 08-1409: Authorizes the Department of Health Care Policy and Financing to take all reasonable measures to determine the legal liability of third parties to pay for services provided to Medicaid clients and to pursue claims against liable parties. Reduces the Department of Health Care Policy and Financing's FY 2008-09 appropriation for Medical Services Premiums by \$300,000 total funds (including \$150,000 General Fund and \$150,000 federal funds).

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

The Department of Health Care Policy and Financing provides health care services to approximately 635,850 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 Pension 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 \$1.8 billion in federal matching funds for these programs. The Department transfers approximately 11.0 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 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund/1	\$1,365,826,269	\$1,379,862,672	\$1,458,708,463	\$1,528,855,914
Cash Funds/2	741,183	695,047	2,972,810	372,755,219
Cash Funds Exempt/2	334,001,337	360,771,458	364,968,810	n/a
Reappropriated Funds/2	n/a	n/a	n/a	25,531,640
Federal Funds	<u>1,557,941,032</u>	<u>1,602,699,655</u>	<u>1,722,369,518</u>	<u>1,836,832,122</u>
Total Funds	\$3,258,509,821	\$3,344,028,832	\$3,549,019,601	\$3,763,974,895
Full Time Equiv. Staff	213.4	231.8	257.3	272.7

/1 Appropriations include General Fund Exempt.

/2 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

Funding for this department in FY 2008-09 consists of 48.8 percent federal funds, 40.6 percent General Fund, 9.9 percent cash funds, and 0.7 percent reappropriated 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. Since FY 2004-05, the Medicaid caseload has declined due to improving economic conditions and federal policy changes contained in the Federal Deficit Reduction Act of 2005. The current Medicaid caseload forecast is 383,656 clients in FY 2007-08 and 381,390 clients in FY 2008-09. The following table shows the Medicaid caseload history by aid category from FY 2004-05 through the forecast period for FY 2008-09.

Medicaid Caseload	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate/1	FY 2008-09 Estimate/1
Supplemental Security Income (SSI) Ages 65+	35,615	36,219	35,977	35,790	36,278
Supplemental. Security Income (SSI) Ages 60 - 64	6,103	6,048	6,042	6,098	6,216
Qualified Medicare Beneficiaries/Special Low-income Medicare Beneficiaries	9,572	11,012	12,818	14,086	15,068
Disabled	47,626	47,565	48,567	49,565	50,123
Categorically Eligible Adults	56,453	57,747	51,361	43,972	41,667
Expansion Low-Income Adults	0	0	4,974	8,567	9,629
Baby Care Adults	6,110	5,050	5,123	5,895	6,028
Breast and Cervical Cancer Treatment	86	188	230	271	301
Low-Income Children	220,592	213,600	206,170	198,500	193,484
Foster Children	15,669	16,311	16,601	16,940	18,858
Non-Citizens	<u>4,976</u>	<u>5,959</u>	<u>5,214</u>	<u>3,972</u>	<u>3,738</u>
<i>Total Medicaid Caseload</i>	402,802	399,699	393,077	383,656	381,390
<i>Annual Percent Change</i>	11.1%	-0.8%	-1.7%	-2.4%	-0.6%

/1 This table includes the caseload estimates reflected in H.B. 08-1375 (General Appropriation Act) as well as caseload impact estimates for S.B. 07-2 and S.B. 08-99.

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. For FY 2008-09, the appropriation assumes a 4.2 percent increase in the average cost per client. The increase in the per capita costs results mainly from a caseload drop in the lower cost adult and children categories (changes in case mix) and from provider rate increases for long-term care and acute care providers. The following table shows the average medical costs per Medicaid client from FY 2004-05 through the forecast period for FY 2008-09.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Appropriation
Medical Service Cost Per Capita	\$4,700.29	\$4,959.65	\$5,211.29	\$5,698.67	\$5,936.79
Annual Percent Change	-7.5%	5.5%	5.1%	9.4%	4.2%

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. 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 for Medicaid mental health community programs.

The following table provides information on the recent expenditures and caseload for 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 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Appropriation
Medicaid Mental Health Capitation Funding	\$152,435,998	\$164,839,222	\$186,008,435	\$193,743,723	\$207,799,886
Annual Dollar Change	(\$12,403,224)	\$12,403,224	\$21,169,213	\$7,735,288	\$14,056,163
Annual Percent Change	-7.0%	8.1%	12.8%	4.2%	7.3%
Individuals Eligible for Medicaid Mental Health Services (Caseload)/1	388,254	382,734	375,046	365,598	362,584
Annual Caseload Change	5,520	(5,520)	(7,508)	(9,448)	(3,014)
Annual Percent Change	1.4%	-1.4%	-2.0%	-2.5%	-0.8%

/1 Not all Medicaid caseload aid categories are eligible for mental health services. The caseload reported in this table does not reflect the Qualified Low-Income Medicaid (QMB/SLMB) or non-citizen aid categories.

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 172,500 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.

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 Upper Payment Limit (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, an additional \$9.9 million was expended for these programs due mainly to \$15.0 million in available S.B. 06-44 funding offset by a decrease of \$5.5 million in UPL financing. For FY 2007-08 a provider rate increase was included for the pediatric speciality hospital line item and federal matching funds were appropriated for the S.B. 06-44 funding for a total funding increase of \$32.1 million. In FY 2008-09, the \$4.4 million increase is related mainly to additional funding for the pediatric speciality hospital line item.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Appropriation
Safety Net Provider Payments	\$264,013,206	\$287,296,074	\$279,933,040	\$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	5,452,134	7,732,072	8,501,701	12,865,212
S.B. 06-44 Funding Available for Service Expenditure	<u>0</u>	<u>0</u>	<u>14,962,408</u>	<u>30,000,000</u>	<u>30,000,000</u>
Total	\$270,132,966	\$298,867,968	\$308,747,280	\$340,810,091	\$345,173,602
General Fund	12,492,364	18,362,593	19,500,662	19,701,662	21,701,662
Cash Fund Exempt/Cash Funds/ Reappropriated Funds	122,574,119	131,071,391	142,354,182	150,690,234	150,885,139
Federal Funds	135,066,483	149,433,984	146,892,436	170,418,195	172,586,801
Total funding percent change	3.07%	10.64%	3.31%	10.38%	1.28%

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 \$32.0 million. The decrease reflected solely the fact that the program had 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 and in FY 2008-09 funding is estimated at \$31.3 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 with incomes at or below 185 percent of the federal poverty level (FPL). 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 FPL. 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 CBHP for both children and women up to 200 percent of the federal poverty level. During the 2007 legislative session, S.B. 07-97 expanded the program's eligibility to 205 percent FPL for FY 2007-08. During the 2008 legislative session, the program's eligibility was once again expanded to 225 percent FPL for children beginning in April 2009 and for pregnant women beginning in October 2009. The following table provides a five-year funding history for the CBHP medical and dental costs.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Appropriation
Medical Services	\$52,000,289	\$65,919,891	\$89,657,433	\$108,872,971	\$154,739,207
Dental Services	<u>5,084,701</u>	<u>5,368,921</u>	<u>6,834,843</u>	<u>8,976,385</u>	<u>12,450,809</u>
Total Service Costs	\$57,084,990	\$71,288,812	\$96,492,276	\$117,849,356	\$167,190,016
Cash Fund Exempt/Cash Funds	20,059,529	25,305,261	33,923,185	41,436,070	58,778,331
Federal Funds	37,025,461	45,983,551	62,569,091	76,413,286	108,411,685
Total funding percent increase	-0.17%	24.88%	35.35%	22.13%	41.87%

The following table provides a five-year history of the caseload served by the Children's Basic Health Plan.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual/1	FY 2007-08 Approp.	FY 2008-09 Approp.
Children Caseload	41,101	44,177	47,047	58,195	77,152
Percent Change	-11.98%	7.48%	6.50%	23.70%	32.58%
Adult Pregnant Women Average Monthly Caseload	557	1,204	1,169	1,560	1,697
119	368.07%	116.14%	-2.88%	33.42%	8.78%

/1 Beginning in FY 2006-07, the caseload has been adjusted to remove retroactive caseload pursuant to the requirements of S.B. 07-131 which moved this program to a cash basis of accounting. The FY 2008-09 caseload includes the impact of S.B. 08-160.

Department of Human Services Medicaid-Funded Programs

Many programs administered by 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 reappropriated funds). A five-year funding history for the DHS Medicaid-funded programs is provided in the table below.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Approp.
Expenditures	\$420,876,735	\$446,257,606	\$372,336,043	\$392,731,218	\$578,703,708
Annual percent change	-25.9%	6.0%	-16.6%	5.5%	47.4%

Summary of FY 2007-08 and FY 2008-09 Appropriations

Department of Health Care Policy and Financing						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$3,549,019,601	\$1,458,708,463	\$2,972,810	\$364,968,810	\$1,722,369,518	257.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	92,381,471	29,693,406	2,680,877	7,896,775	52,110,413	257.3
Medical Services Premiums	2,198,960,240	1,019,184,627	0	77,776,189	1,101,999,424	0.0
Medicaid Mental Health Community Programs	195,816,384	92,617,461	0	5,525,441	97,673,482	0.0
Indigent Care Program	533,940,535	40,765,266	291,933	236,694,003	256,189,333	0.0
Other Medical Services	135,189,753	83,816,490	0	33,306,193	18,067,070	0.0
Department of Human Services Medicaid-Funded Programs	392,731,218	192,631,213	0	3,770,209	196,329,796	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
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

	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
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
SB 08-230	0	0	0	0	0	0.0
HB 08-1285	7,089,860	11,027,410	0	(25,598,839)	21,661,289	12.0
HB 08-1373	0	(1,239,310)	0	1,239,310	0	0.0
HB 08-1375	65,740,155	24,544,914	6,734	7,757,528	33,430,979	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$3,763,974,895	\$1,528,855,914	\$372,755,219	\$25,531,640	\$1,836,832,122	272.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	108,375,680	36,693,562	8,783,862	1,790,768	61,107,488	272.7
Medical Services Premiums	2,322,097,599	1,072,222,480	85,281,324	2,767,998	1,161,825,797	0.0
Medicaid Mental Health Community Programs	209,385,156	97,698,852	6,976,195	7,205	104,702,904	0.0
Indigent Care Program	578,703,708	37,196,662	238,428,984	15,525,328	287,552,734	0.0
Other Medical Services	136,308,131	83,443,350	31,692,000	3,980,000	17,192,781	0.0
Department of Human Services Medicaid-Funded Programs	409,104,621	201,601,008	1,592,854	1,460,341	204,450,418	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	3,745,280,527	1,528,108,022	367,176,666	23,500,825	1,826,495,014	273.2
SB 08-2	34,264	17,132	0	0	17,132	0.0
SB 08-6	392,587	118,703	5,142	487	268,255	0.0
SB 08-7	2,000	1,000	0	0	1,000	0.0
SB 08-57	54,300	0	19,000	0	35,300	0.0
SB 08-90	(279,272)	(139,636)	0	0	(139,636)	0.0
SB 08-99	1,428,800	0	714,400	0	714,400	0.0
SB 08-118	4,000,000	0	0	2,000,000	2,000,000	0.0
SB 08-155	0	0	0	0	0	(1.5)
SB 08-160	6,372,161	0	2,245,037	30,328	4,096,796	0.0
SB 08-161	26,636	0	13,474	0	13,162	0.0
SB 08-217	382,400	128,700	62,500	0	191,200	0.0
SB 08-230	0	0	0	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 08-1046	28,408	13,371	1,580	0	13,457	0.0
HB 08-1072	55,000	27,500	0	0	27,500	0.0
HB 08-1114/3	239,936	119,968	0	0	119,968	1.0
HB 08-1250	3,400,000	1,000,000	700,000	0	1,700,000	0.0
HB 08-1373	0	(1,817,420)	1,817,420	0	0	0.0
HB 08-1374	3,134,928	1,567,464	0	0	1,567,464	0.0
HB 08-1407	(277,780)	(138,890)	0	0	(138,890)	0.0
HB 08-1409	(300,000)	(150,000)	0	0	(150,000)	0.0

/1 Includes \$327,999,200 General Fund Exempt in FY 2007-08, and \$369,495,000 General Fund Exempt in FY 2008-09. See Division Detail for information on General Fund Exempt appropriations.

/2 For FY 2007-08, includes \$72,965 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1, C.R.S., and \$499,800 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-22-117 (3), C.R.S. For FY 2008-09, includes \$495,000 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-22-117 (3), C.R.S.

/3 If a federal waiver is approved for a nursing home provider fee by April 1, 2009, then the appropriation for H.B. 08-1114 is changed from the amount indicated in the table to \$12,109,242 total funds and 1.3 FTE. Of this amount, \$6,054,621 is from cash funds and \$6,054,621 is from federal funds.

Department of Health Care Policy and Financing: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$3,549,019,601	\$1,458,708,463	\$2,972,810	\$364,968,810	\$1,722,369,518	257.3
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>340,377,137</u>	<u>(340,377,137)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	3,549,019,601	1,458,708,463	343,349,947	24,591,673	1,722,369,518	257.3
FY 2008-09 Total Appropriation:	3,763,974,895	1,528,855,914	372,755,219	25,531,640	1,836,832,122	272.7
Increase/(Decrease)	\$214,955,294	\$70,147,451	\$29,405,272	\$939,967	\$114,462,604	15.4
Percentage Change	6.1%	4.8%	8.6%	3.8%	6.6%	6.0%

FY 2008-09 Appropriation Highlights:

1. The appropriation includes an increase of \$87.4 million total funds (including \$38.2 million General Fund) for base caseload and cost projections for the Medicaid program, including both the medical and mental health programs.
2. The appropriation includes an increase of \$43.2 million total funds (including \$20.4 million General Fund) for various provider rate increases in the Medicaid medical program.

3. The appropriation includes an increase of \$30.1 million total funds (including \$15.7 million General Fund) for increased Medicaid funding for people with developmental disabilities.
4. The appropriation includes an increase of \$26.9 million total funds (including a negative General Fund impact of \$11,011) for base caseload and cost projections for the Children's Basic Health Plan (CBHP) before policy changes.
5. The appropriation includes an increase of \$26.9 million total funds (including \$3.8 million General Fund) for initiatives related to health care reform, including additional outreach for the CBHP program and increasing eligibility in the CBHP program to 225.0 percent of the federal poverty level (S.B. 08-160). These activities are anticipated to add 7,802 and 536 children to the CBHP and Medicaid programs, respectively, who otherwise would not have enrolled during FY 2008-09.

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, this division's funding supports the Department's personnel and operating expenses. In addition, this section contains funding for provider audits, eligibility determinations, client and provider services, utilization and quality reviews, and information technology contracts. Major funding sources for this division include the General Fund, federal funds received for the Medicaid and Children's Basic Health Plan programs, the Health Care Expansion Fund, the Children's Basic Health Plan Trust Fund, and various other cash funds.

Executive Director's Office						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	75,000	0	0	37,500	37,500	0.0
HB 08-1285	(5,518,588)	(3,516,940)	0	1,607,341	(3,608,989)	12.0

	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 08-1375	<u>536,264</u>	<u>238,505</u>	<u>0</u>	<u>(388)</u>	<u>298,147</u>	<u>0.0</u>
TOTAL	\$92,381,471	\$29,693,406	\$2,680,877	\$7,896,775	\$52,110,413	257.3

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>6,118,881</u>	<u>(6,118,881)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$92,381,471	\$29,693,406	\$8,799,758	\$1,777,894	\$52,110,413	257.3
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Building Blocks to Health Care Reform	6,240,024	3,012,842	0	0	3,227,182	0.0
Increased recoupment and fraud avoidance efforts	1,790,238	477,450	0	0	1,312,788	5.5
Accuracy in budgeting	1,300,000	650,000	0	0	650,000	0.0
Salary and benefits adjustments	1,180,984	561,207	9,024	20,129	590,624	0.0
Additional FTE for productivity gains	636,767	242,332	152,103	0	242,332	6.4
Special projects and contract services	627,500	253,750	0	0	373,750	0.0
Annualize prior year legislation and budget actions	505,153	(24,006)	871,691	0	(342,532)	2.2
Additional leased space	432,625	216,314	0	0	216,311	0.0
MMIS and web portal contract increases	430,843	105,363	3,287	0	322,193	0.0
Operating expenses and other administrative cost adjustments	188,727	93,299	3,821	314	91,293	0.0
Implement preferred drug list	180,940	25,715	0	0	155,225	0.9
Restore funding for IT replacement plan	66,836	33,418	0	0	33,418	0.0
340D pharmacy pilot program	61,086	30,543	0	0	30,543	0.9
Transfer funding to other divisions	(1,731,130)	(37,282)	(1,656,566)	0	(37,282)	0.0
Eliminate one-time funding	(539,709)	(122,015)	(114,740)	0	(302,954)	0.0
Other	42,452	130,434	(121,943)	(7,569)	41,530	0.0
HB 08-1375	\$103,794,807	\$35,342,770	\$7,946,435	\$1,790,768	\$58,714,834	273.2
SB 08-6	298,495	74,624	0	0	223,871	0.0
SB 08-155	0	0	0	0	0	(1.5)
SB 08-160	183,960	0	64,386	0	119,574	0.0
SB 08-161	21,082	0	10,541	0	10,541	0.0
SB 08-217	382,400	128,700	62,500	0	191,200	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 08-1072	55,000	27,500	0	0	27,500	0.0
HB 08-1114/2	239,936	119,968	0	0	119,968	1.0
HB 08-1250	<u>3,400,000</u>	<u>1,000,000</u>	<u>700,000</u>	<u>0</u>	<u>1,700,000</u>	<u>0.0</u>
TOTAL	\$108,375,680	\$36,693,562	\$8,783,862	\$1,790,768	\$61,107,488	272.7
Increase/(Decrease)	\$15,994,209	\$7,000,156	(\$15,896)	\$12,874	\$8,997,075	15.4
Percentage Change	17.3%	23.6%	-0.2%	0.7%	17.3%	6.0%

/1 Of the General Fund listed in FY 2007-08, \$72,695 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.

/2 If a federal waiver is approved for a nursing home provider fee by April 1, 2009, then the Executive Director's Office appropriation for this bill is changed from the amount indicated in the table to \$254,922 total funds and 1.3 FTE. Of this amount, \$127,461 is from cash funds and \$127,461 is from federal funds.

H.B. 08-1375 (Long Bill) Issue Descriptions

Building Blocks to Health Care Reform: The appropriation includes a total fund increase of \$6.2 million for administrative costs resulting from the Governor's "Building Blocks to Health Care Reform". Specifically, the increased funding is allocated as follows: (1) \$5.3 million to design and begin programming an interface to the Colorado Benefit Management System that would expedite the processing of medical assistance applications; (2) \$500,000 to provide grant funding to the Regional Health Information Organization; (3) \$384,942 for contract services to recruit and certify providers as Medical Home providers and to evaluate the effectiveness of the program; (4) \$362,282 for increased costs for the enrollment broker to explain and notify Medicaid clients of their option to choose a Medical Home for their children; and (5) \$153,600 for the remaining costs for developing a request for proposal (RFP) to contract for a centralized eligibility vendor. These increases are offset by a decrease of \$460,800 total funds for one-time expenses in FY 2007-08 related to the RFP for the centralized eligibility vendor project.

Increased recoupment and fraud avoidance efforts: The appropriation includes an increase of \$1.8 million total funds and 5.5 FTE to enhance the Department's ability to detect fraud and to avoid or recoup erroneous payments. The funding will be used to buy new fraud detection software, to inspect providers that are at risk for fraudulent practices, and to implement some of the best practices that were cited in a 2004 United States Government Accountability Office (GAO) report titled "State and Federal Efforts to Prevent and Detect Improper Payments." The administrative costs from this effort are offset by forecasted savings in the Medical Services Premiums division of \$3.9 million total funds.

Accuracy in budgeting: The appropriation includes a transfer of \$650,000 from the Department of Human Services (DHS) to the administrative case management line item to draw down \$650,000 in matching federal Medicaid moneys. In order to maximize federal funds when possible, Section 24-75,106 (1), C.R.S., provides that DHS and the Department of Health Care Policy and Financing (HCPF) may transfer General Fund between the two departments when the funds are eligible to receive a federal Medicaid match. In FY 2006-07, DHS transferred \$650,000 General Fund to HCPF to draw down additional federal match. The appropriation reflects this funding in HCPF in FY 2008-09 to more accurately reflect the amount of funds assumed to be eligible for federal match. An offsetting reduction is made to the DHS appropriation.

Salary and benefits adjustments: The appropriation includes an increase of \$1.2 million total funds for salary and benefit adjustments for state employees. Specifically, the appropriation includes the following total fund increases: (1) \$676,435 for salary survey and senior executive pay; (2) \$314,483 for health, life, and dental benefits; (3) \$207,724 for performance-based pay awards; (4) \$163,872 for amortization of equalization disbursements for PERA; and (5) \$9,136 for short-term disability and worker's compensation. These increases are offset by a 1.0 percent total fund personal services base reduction of \$190,666.

Additional FTE for productivity gains: The appropriation includes \$636,767 and 6.4 FTE to address staff shortages throughout the Department. The additional FTE will be used to fill staff gaps in the budget, eligibility determination monitoring, customer service, business analysis, training, and web maintenance areas.

Special projects and contract services: The appropriation includes \$627,500 for special projects and general professional contract services, including the following: (1) \$250,000 to complete a study and data manual for mental health rates; (2) \$200,000 for a contract with University Physician Incorporated to provide clinical and policy assistance to the Department on medical issues; (3) \$150,000 to study the adequacy of the Program for All-Inclusive Care for the Elderly (PACE) rates; and (4) \$27,500 to redesign the Department's web page.

Annualize prior year legislation and budget actions: The appropriation includes a net increase of \$505,153 and 2.2 FTE to annualize legislation and budget items that were partially funded or temporary expenditures in FY 2007-08.

Additional leased space: The appropriation includes an increase of \$432,625 for additional leased space and build-out of that leased space in FY 2008-09. Of this amount, \$131,465 reflects the annualized costs for the new lease that was entered into in FY 2007-08 to alleviate the Department's overcrowding at its current space. The remaining \$301,160 is for one-time costs associated with replacing cubicles and providing office space at the Department's current and new leased space.

MMIS and web portal contract increases: The appropriation includes \$313,010 to fund inflationary costs associated with the Department's fixed price contract for the Medicaid Management Information System. An additional \$117,833 is appropriated to increase the capacity for the Department's web portal site to allow for more concurrent users of the site and to more promptly address requests for changes to the web site.

Operating expenses and other administrative cost adjustments: The appropriation includes a total funds increase of \$188,727 for various operating and administrative costs, including the following: (1) \$119,130 for purchase of computer services; (2) \$38,939 due to an increase in the legal rate charged by the Department of Law; (3) \$21,183 based on the estimate of the number of administrative judge hours the Department will use; and (4) \$11,505 for risk management and property funds. These increases are offset by a total funds decrease of \$2,030 in the Department's capitol complex leased space costs.

Implement preferred drug list: The appropriation includes \$180,940 and 0.9 FTE to implement the second phase of the preferred drug list. The majority of the increase, \$140,020, is for the Department to purchase clinical data from the Drug Effectiveness Review Project. The remaining \$40,920 is for the costs of personnel and operating expenses associated with an FTE position that will provide additional staff support to the Pharmacy and Therapeutics Committee. These additional administrative costs are offset by savings of \$962,456 total funds in the Medical Services Premiums line item from implementing the preferred drug list.

Restore funding for IT replacement plan: The appropriation includes \$66,836 in additional funding to enable the Department to move to a four-year replacement cycle for end user IT equipment and to maintain the Department's software licensing agreements.

340D pharmacy pilot program: The appropriation includes an increase of \$61,086 total funds to implement a 340D pharmacy pilot program. In 1992, Congress passed the Veterans Health Care Act, which included a provision that allowed significant discounts on certain pharmaceuticals for providers who serve primarily indigent clients. Providers who are designated as a 340B pharmacy receive these discounted prices. Currently, the Department pays only a small portion of pharmacy claims to these providers. This appropriation will provide funding to the Department to develop a pilot program to encourage greater use of the 340D pharmacies. These administrative costs are offset by savings of \$74,308 in the Medical Services Premiums line item related to implementing the 340D pharmacy pilot program.

Transfer funding to other divisions: The appropriation includes a transfer of \$1,731,130 to other Department divisions. Specifically, the appropriation transfers \$1.7 million for the Colorado Cares Rx Program to the Other Medical Programs division and \$74,564 to the Department of Human Services (DHS) Medicaid Funded Programs division to more accurately reflect the total amount of funding transferred to DHS from the Department.

Eliminate one-time funding: The appropriation contains a decrease of \$539,709 to eliminate funding for projects that have been or will be completed during FY 2007-08. Specifically, the appropriation eliminates funding for the following projects that will be completed and no longer need funding: (1) \$441,375 for Payment Error Rate Measurement; (2) \$75,000 for an internal audit of the Primary Care Program; (3) \$19,334 for the Primary Care Physician Rate Study; and (4) \$4,000 for the Department of Regulatory Agencies review of in-home support services.

Other: The appropriation includes a total funds increase of \$42,452 for various technical changes. These changes include adjusting fund splits to reflect available indirect cost recoveries, eliminating the funding from the Breast and Cervical Cancer Treatment Fund pursuant to Section 25.5-5-308 (9) (c), C.R.S., transferring funding for the administrative costs for Comprehensive Primary Care Grant program from the Indigent Care Program division into this division, and reflecting adjustments for centrally-appropriated items in line items transferred to other Departments so that the maximum federal funds can be obtained.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department. For information on S.B. 08-155, see also the "Recent Legislation" section at the end of the Governor's Office.

Medical Services Premiums

This division provides the health care funding for an estimated 381,390 Medicaid clients. 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 50.0 percent state funds (General Fund, cash funds, or reappropriated funds) and 50.0 percent federal funds. Significant sources of cash funds include the Health Care Expansion Fund and funds certified at public hospitals as the state match for federal funds. The majority of reappropriated funds are from a transfer from the Department of Public Health and Environment for disease management programs.

Medical Services Premiums						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$2,144,185,852	\$996,435,401	\$38,256	\$74,050,938	\$1,073,661,257	0.0
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	397,000	198,500	0	0	198,500	0.0
SB 08-230	(470,000)	(235,000)	0	0	(235,000)	0.0
HB 08-1285	7,447,284	3,722,133	0	0	3,725,151	0.0
HB 08-1373	0	(1,227,719)	0	1,227,719	0	0.0
HB 08-1375	<u>44,124,048</u>	<u>20,603,713</u>	<u>(38,256)</u>	<u>547,102</u>	<u>23,011,489</u>	<u>0.0</u>
TOTAL	\$2,198,960,240	\$1,019,184,627	\$0	\$77,776,189	\$1,101,999,424	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>75,822,706</u>	<u>(75,822,706)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$2,198,960,240	\$1,019,184,627	\$75,822,706	\$1,953,483	\$1,101,999,424	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Caseload and cost projections	74,744,790	34,184,244	6,115,942	(1,185,485)	35,630,089	0.0
Increase dental rates	11,880,290	5,565,054	375,091	0	5,940,145	0.0
Increase to evaluation and management rates	11,750,000	5,504,022	370,978	0	5,875,000	0.0
Increase home and community-based services rates	5,322,778	2,661,389	0	0	2,661,389	0.0
Increase hospital rates	4,679,688	2,192,094	147,750	0	2,339,844	0.0
Cash accounting adjustment for additional managed care organizations	3,928,032	1,964,016	0	0	1,964,016	0.0
Medical home incentive reimbursements	3,305,400	1,548,340	104,360	0	1,652,700	0.0
Other provider rate increases	2,593,162	1,214,709	81,872	0	1,296,581	0.0
Increase radiology rates	2,250,000	1,053,962	71,038	0	1,125,000	0.0
Impact of rate increases to MCO rates	1,425,186	667,596	44,997	0	712,593	0.0
Caseload impact from Children's Basic Health Plan outreach efforts	981,108	490,554	0	0	490,554	0.0
Caseload impact from developmental disability waiver program expansion	806,178	403,089	0	0	403,089	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increased recoupment and fraud avoidance efforts	(3,875,000)	(1,937,500)	0	0	(1,937,500)	0.0
Preferred drug list savings	(962,456)	(481,228)	0	0	(481,228)	0.0
Savings from developmental disability regional center conversion to ICF/MR	(302,146)	(151,073)	0	0	(151,073)	0.0
340D pharmacy pilot program	(74,308)	(37,154)	0	0	(37,154)	0.0
HB 08-1375	\$2,317,412,942	\$1,074,026,741	\$83,134,734	\$767,998	\$1,159,483,469	0.0
SB 08-90	(279,272)	(139,636)	0	0	(139,636)	0.0
SB 08-99	692,121	0	346,061	0	346,060	0.0
SB 08-118	4,000,000	0	0	2,000,000	2,000,000	0.0
SB 08-230	(2,285,340)	(1,142,670)	0	0	(1,142,670)	0.0
HB 08-1114 /2	0	0	0	0	0	0.0
HB 08-1373	0	(1,800,529)	1,800,529	0	0	0.0
HB 08-1374	3,134,928	1,567,464	0	0	1,567,464	0.0
HB 08-1407	(277,780)	(138,890)	0	0	(138,890)	0.0
HB 08-1409	<u>(300,000)</u>	<u>(150,000)</u>	<u>0</u>	<u>0</u>	<u>(150,000)</u>	<u>0.0</u>
TOTAL	\$2,322,097,599	\$1,072,222,480	\$85,281,324	\$2,767,998	\$1,161,825,797	0.0
Increase/(Decrease)	\$123,137,359	\$53,037,853	\$9,458,618	\$814,515	\$59,826,373	0.0
Percentage Change	5.6%	5.2%	12.5%	41.7%	5.4%	n/a

/1 Includes General Fund Exempt amounts related to the passage of Referendum C. Please see the table and explanation below.

/2 If a federal waiver is approved for a nursing home provider fee by April 1, 2009, then the Medical Services Premiums appropriation for H.B. 08-1114 is changed from the amount indicated in the table to \$11,854,320 total funds. Of this amount, \$5,927,160 is from cash funds and \$5,927,160 is from federal funds.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2007-08 Original Appropriation	\$996,321,500	\$652,421,500	\$343,900,000
2008 Legislative Session Adjustments	<u>22,863,127</u>	<u>39,263,127</u>	<u>(16,400,000)</u>
FY 2007-08 Adjusted Appropriation	1,019,184,627	691,684,627	327,500,000
Medical Services Premiums Changes	<u>53,037,853</u>	<u>11,537,853</u>	<u>41,500,000</u>
FY 2008-09 Appropriation	\$1,072,222,480	\$703,222,480	\$369,000,000

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 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), C.R.S.

H.B. 08-1375 (Long Bill) Issue Descriptions

Caseload and cost projections: The FY 2008-09 appropriation supports medical services for an estimated 380,588 Medicaid clients, before policy changes (this is not the final caseload estimate for FY 2008-09, additional caseload estimates are contained in policy issues below and in special legislation). The FY 2008-09 base caseload forecast reflects a decrease of 3,068 (0.80 percent) clients from the final appropriated FY 2007-08 caseload forecast. The majority of the caseload decline is anticipated for low-income categorical eligible adults and children.

The average base cost per client (before policy changes) is estimated at \$5,974.19 for FY 2008-09. The base service costs are calculated by estimating the cost for acute medical care, community long-term care, institutional long-term care, supplemental insurance, and medical administrative costs. The following table compares the FY 2007-08 estimated costs with the FY 2008-09 base service cost appropriation for each service category.

FY 2007-08 Compared to FY 2008-09 Medical Services Costs				
Service Category	FY 2007-08	FY 2008-09	\$ Change	% Change
Acute Care Services/1	\$1,286,135,778	\$1,321,689,731	\$35,553,953	2.8%
Community Long-Term Care Services/2	236,641,584	245,294,174	8,652,590	3.7%
Long-Term Care and Insurance	632,656,532	663,023,109	30,366,577	4.8%
Medical Administrative Costs	29,802,563	29,543,854	(258,709)	-0.9%
Bottom Line Financing	13,723,783	14,154,162	430,379	3.1%
Total Service Costs	\$2,198,960,240	\$2,273,705,030	\$74,744,790	3.4%

/1 FY 2008-09 does not include any policy rate increases. Rate increases are discussed as a separate issue.

/2 FY 2008-09 does not include any policy rate increases. Rate increases are discussed as a separate issue.

Increase dental rates: The appropriation includes an increase of \$11.9 million total funds to increase Medicaid dental rates to 52 percent of average commercial rates, as published by the American Dental Association.

Increase to evaluation and management rates: The appropriation includes an increase of \$11.8 million total funds in order to raise all evaluation and management physician codes to 90.0 percent of the equivalent Medicare rate. Evaluation and management codes are used by physicians for general preventative and routine primary care. Some of these codes are currently reimbursed at between 36.5 percent and 58.5 percent of Medicare rates while others are closer to the 90.0 percent level (based on prior budget actions in this area).

Increase home and community-based services rates: The appropriation includes a total fund increase of \$5.3 million to provide a 1.5 percent rate increase for home and community-based services. Home and community-based services include waiver services for community long-term care services, home health, and private duty nursing rates.

Increase hospital rates: The appropriation includes an increase of \$4.7 million for a 1.5 percent provider rate increase for inpatient hospital services. During the last several years, the General Assembly has approved rate increases for inpatient hospital in order to maintain the Medicaid rate at or above 90 percent of the Medicare

rate (it has been between 90 and 92 percent of Medicare rates for the last three years). In August 2007, Medicare published new rate methodologies for inpatient rates. Due to this methodology change, Medicare and Medicaid rates will no longer be directly comparable. The proposed 1.5 percent increase is more directly related to increases for other community provider rates than trying to maintain a rate structure at 90 percent of Medicare rates.

Cash accounting adjustment for additional managed care organizations: Last year the General Assembly passed H.B. 07-1346 in order to encourage a greater use of managed care organizations in the Medicaid program. Because the Medical Services Premiums line item uses cash accounting, when a client transitions from the fee-for-service program to managed care, the Department will be required to pay for both the fee-for-service claims that were incurred prior to the client's enrollment in managed care and the capitation to the managed care organization. Because of the billing lag in cash-based fee-for-service, the Department will temporarily pay for prior months and the current month concurrently during the transition period. The appropriation includes an increase of \$3.9 million total funds for the one-time accounting impacts of adding another 20,000 clients into managed care in FY 2008-09.

Medical home incentive reimbursements: The appropriation includes \$3.3 million to increase reimbursements for providers acting as a medical home provider to children in the Medicaid program. Last year, the General Assembly passed S.B 07-130, which required the Department to maximize the number of children in the Medicaid program who have a medical home. One of the barriers that exists for children to be enrolled in a medical home is the low reimbursement rates for primary care physicians. The appropriation will increase the reimbursement for well-child visits in order to provide an incentive for primary care providers to accept Medicaid clients and to coordinate their care. Under this program, providers will be paid an additional incentive payment of \$10.00 per annual well child visit for children 0-4 and an additional incentive payment of \$40.00 for annual well child visits for children ages five to twenty. The appropriation estimates that 94,440 Medicaid children (49.5 percent of the estimated caseload) will be enrolled in a medical home in FY 2008-09. Of this number, 23,610 will be children under two years old with an average cost of \$50.00 for five well-child visits, 23,610 will be two to four years old with an average cost of \$10.00 for their annual well child visit, and 47,220 children will be between ages five to twenty at an average cost of \$40.00 per annual well child visit.

Other provider rate increases: The appropriation includes a total fund increase of \$2.6 million to address other areas where the Medicaid reimbursement rate is significantly below comparable Medicare or private rates and is having a direct impact on the ability to provide services to Medicaid clients because of the low reimbursement. The table below shows the additional rate increases included in the appropriation.

Provider Rate	Appropriation
Increase for Vision Benefits	\$500,000
Increase for Prenatal Plus	\$500,000
Substance Abuse Rates	\$750,000
Managed Care Organization Rates to 100%	\$843,162
Pharmacy Dispensing Fee to \$5.60 in April 2009	\$1,000,000
<u>Federal Deficit Reduction Act of 2005 Estimated Savings April 2009</u>	<u>(\$1,000,000)</u>
TOTAL Other Rate Adjustments in Long Bill	\$2,593,162

1. ***Vision benefits:*** The appropriation includes \$500,000 total funds to increase rates for vision benefits. Currently, the state Medicaid program pays for eyeglasses for children and for adult clients following eye surgery. The majority of the rates were set in 1987. The appropriation increases reimbursement rates for these services by \$33.45 on average in order to rebase the rates.
2. ***Prenatal Plus:*** The appropriation includes \$500,000 to increase rates paid to Prenatal Plus providers. The Prenatal Plus program is administered in partnership with the Department of Public Health Environment to identify and provide services to women at high risk of pre-term (low-birth weight) births. The program enhances prenatal programs to assist women with nutritional and social services assistance, including discouraging the use of tobacco, alcohol, and illicit drugs. The appropriation will bring rates up to covering approximately 69 percent of the provider costs for these services.
3. ***Substance abuse rates:*** The appropriation includes \$750,000 to increase the hourly reimbursement rates for substance abuse group sessions by 23 percent and for individual sessions by 63 percent. During the 2005 legislative session, the General Assembly passed HB 05-1015 to add the outpatient substance abuse treatment service to the Medicaid State Plan. Prior to the passage of this bill, Medicaid did not pay for outpatient substance abuse treatment, and Medicaid clients received such care through the Department of Human Services Drug and Alcohol Abuse Treatment program. Because of low Medicaid reimbursement, the number of providers participating in the program has not been sufficient to meet the needs of Medicaid clients. The appropriation seeks to increase the Medicaid rates so that the Medicaid clients will be able to find providers willing to serve their needs. This appropriation should also allow the Drug and Alcohol Abuse Treatment program to serve more indigent clients who do not qualify for Medicaid.
4. ***Managed Care Organization Rates to 100 percent:*** The appropriation includes \$843,162 above the base calculations to increase managed care rates from 99 percent of fee-for-service rates to 100 percent of fee-for-service rates.
5. ***Pharmacy Dispensing Fee to \$5.60 in April 2009:*** The appropriation includes \$1.0 million total funds to increase pharmacy dispensing fees from \$4.00 to \$5.60 in April 2009. This represents a 40 percent increase to the currently paid dispensing fee. The delayed implementation reduces the costs in FY 2008-09 to \$1.0 million total funds. The rate increase will annualize to approximately \$4.0 million total funds in FY 2009-10. The delayed implementation also allows time to determine if any savings will result in the pharmacy program from implementation of the federal Deficit Reduction Act (DRA) of 2005 which requires that pharmaceuticals be reimbursed at average manufacture prices. If savings are insufficient to pay for this rate increase, then the General Assembly may take action during the 2009 Legislative Session to delay or suspend this appropriated increase.
6. ***Deficit Reduction Act Estimated Savings April 2009:*** The appropriation includes an estimated savings impact of \$1.0 million due to the implementation of the federal Deficit Reduction Act of 2005 (DRA). The appropriation assumes that the DRA will not be implemented until April 2009. Currently, the Centers of Medicare and Medicaid Services (CMS) cannot implement the DRA rules due to a court-ordered injunction. The savings estimate is based on the assumption

that reimbursements for affected drugs classes will decrease by 36 percent for those drugs subject to the new limit. This would result in \$12.0 million in savings for Colorado. However, because of the court case, the anticipated savings have been lowered to a conservative \$1.0 million in FY 2008-09 to account for possible changes to the CMS rule.

Increase radiology rates: The appropriation includes a total fund increase of \$2.3 million to increase radiology rates. In FY 2002-03, radiology services were cut by 5.0 percent in order to help balance the State's budget. These rate cuts have never been restored. Currently, on average, the Department is reimbursing at approximately 23 percent of the Medicare rate for these services. The appropriation will increase these rates by approximately 7.7 percent.

Impact of rate increases to MCO rates: The appropriation includes \$1.4 million to adjust the managed care organization (MCO) rates based on the rate increases for the fee-for-service Medicaid program that are described above.

Caseload impact from Children's Basic Health Plan outreach efforts: The appropriation includes a total funds increase of \$981,108 to reflect a caseload impact of an additional 536 Medicaid children being served due to additional outreach efforts in the Children's Basic Health Plan (CBHP) program. All children who apply for CBHP must also be screened for Medicaid eligibility. Therefore, additional outreach efforts to enroll more children in the CBHP program should also have a caseload impact in the Medicaid program.

Caseload impact from developmental disability waiver program expansion: The appropriation includes a total fund increase of \$806,178 to reflect the impact on Medicaid premiums of the expansion of the developmental disability supported living services waiver program. An estimated 30 percent of persons added to the supported living services waiver are not eligible for Medicaid State Plan services prior to their waiver program enrollment. The calculation reflects the assumption that 65 "full year equivalent" persons with disabilities will be added to the State Plan services caseload for FY 2008-09 as a result of new individuals added to the supported living services waiver.

Increased recoupment and fraud avoidance efforts: The appropriation includes a reduction of \$3.9 million total funds to reflect savings that are anticipated from increased fraud and recoupment efforts. These savings are partially offset by increased administrative costs in the Executive Director's Office of \$1.8 million total funds. Therefore, the total savings from this new initiative are estimated at \$2.1 million. By enhancing the Department's fraud detection activities, the Department anticipates an increase in the amount of avoided or recovered payments that were made in error. Public Works, the contractor for the Governor's Office Gem Study, estimates that five percent of all Medicaid payments are made in error. Of the five percent of payments made in error, Public Works estimates that twenty percent are recoverable or avoidable. This translates to approximately \$24.8 million in possible recoveries. The estimated savings assume that the Department will only be able to recover \$3.9 million in the first year that the enhanced fraud activities are implemented.

Preferred drug list savings: The appropriation includes a decrease of \$962,456 total funds for additional savings beyond those savings already in the base calculations, for implementing additional portions of the preferred drug list in FY 2008-09. Including the savings of \$186,820 that are in the base calculations, the total savings estimated for the preferred drug list are \$1.1 million in FY 2008-09. The savings are based on an implementation schedule that will move a total of 12 drug classes onto the preferred drug list by the end of FY 2008-09. These savings are partially offset by approximately \$313,663 in administrative costs in the Executive Director's Office.

Savings from developmental disability regional center conversion to ICF/MR: The appropriation reduces the Medicaid premiums appropriation by \$302,146 total funds associated with converting 20 group homes at the Wheat Ridge Regional Center from licensure and billing under the Medicaid developmental disability comprehensive waiver program to licensure and billing as "intermediate care facilities for the mentally retarded" (ICFs/MR). For individuals enrolled in the waiver program, billing for durable medical equipment, physician services, and therapies is through the State Plan. For individuals in an ICF/MR, these costs are incorporated into the daily rate for the ICF/MR. The reductions in State Plan costs partially offset increases in the Department of Human Services associated with ICF/MR conversion.

340D pharmacy pilot program: The appropriation includes a decrease of \$74,308 for the 340D pharmacy pilot program. In 1992, Congress passed the Veterans Health Care Act, which included a provision that allowed significant discounts for certain pharmaceuticals to providers who serve primarily indigent clients. Providers who are designated as a 340D pharmacy receive these discounted prices. Currently, the Department pays only a small portion of pharmacy claims to these providers. This appropriation is the savings impact associated with developing a pilot program to encourage more use of 340D pharmacies. These savings are offset by increased administrative costs in the Executive Director's Office of \$61,086.

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. The division also contains funding for Medicaid mental health fee-for-service programs for those mental health services not covered within the capitation contracts and rates. The funding for this division is mainly General Fund and federal funds. The major source of the cash funds for this division is the Health Care Expansion Fund.

Medicaid Mental Health Community Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$225,733,378	\$92,060,148	\$0	\$36,960,671	\$96,712,559	0.0
SB 07-2	4,380,871	0	0	2,190,435	2,190,436	0.0
HB 08-1285	(31,834,205)	487,390	0	(32,321,595)	0	0.0
HB 08-1373	0	(11,591)	0	11,591	0	
HB 08-1375	<u>(2,463,660)</u>	<u>81,514</u>	<u>0</u>	<u>(1,315,661)</u>	<u>(1,229,513)</u>	<u>0.0</u>
TOTAL	\$195,816,384	\$92,617,461	\$0	\$5,525,441	\$97,673,482	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>5,519,019</u>	<u>(5,519,019)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$195,816,384	\$92,617,461	\$5,519,019	\$6,422	\$97,673,482	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Caseload and cost forecast	13,115,700	5,483,781	1,071,946	783	6,559,190	0.0
Caseload impact from Children's Basic Health Plan outreach efforts	103,544	51,772	0	0	51,772	0.0
Caseload impact from developmental disability waiver program expansion	100,240	50,120	0	0	50,120	0.0
Eliminate one-time funding for federal disallowance	(487,391)	(487,391)	0	0	0	0.0
HB 08-1375	\$208,648,477	\$97,715,743	\$6,590,965	\$7,205	\$104,334,564	0.0
SB 08-99	736,679	0	368,339	0	368,340	0.0
HB 08-1373	<u>0</u>	<u>(16,891)</u>	<u>16,891</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$209,385,156	\$97,698,852	\$6,976,195	\$7,205	\$104,702,904	0.0
Increase/(Decrease)						
	\$13,568,772	\$5,081,391	\$1,457,176	\$783	\$7,029,422	0.0
Percentage Change						
	6.9%	5.5%	26.4%	12.2%	7.2%	n/a

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Caseload and cost forecast: The appropriation includes a total fund increase of \$13.1 million in FY 2008-09 in order to fund the Medicaid mental health program's forecasted base caseload and capitation costs (before policy and statutory changes). The table below compares the projected costs for the mental health program by aid category in FY 2008-09 to the final estimates for FY 2007-08.

Final FY 2007-08 Estimates Compared to FY 2008-09 Appropriation							
Eligible MH Medicaid Caseload	FY 2007-08 Caseload	FY 2007-08 Est. Capitation Rate for Aid Category	FY 2007-08 Cost Estimate	FY 2008-09 Caseload	FY 2008-09 Capitation Rate for Aid Category	FY 2008-09 Cost Estimate	Cost Difference
SSI 65+	35,790	\$160.5	\$5,744,295	36,278	\$166.4	\$6,038,110	\$293,815
SSI 60-64	6,098	\$1,487.1	\$9,068,519	6,216	\$1,542.2	\$9,586,004	\$517,486
SSI Disabled	49,565	\$1,487.1	\$73,709,598	50,058	\$1,542.2	\$77,196,945	\$3,487,346
Low Income Adults	43,972	\$249.4	\$10,966,177	41,667	\$258.6	\$10,775,920	(\$190,258)
Expansion Low-Income Adults	8,567	\$249.4	\$2,136,524	9,629	\$258.6	\$2,490,252	\$353,728

Final FY 2007-08 Estimates Compared to FY 2008-09 Appropriation							
Eligible MH Medicaid Caseload	FY 2007-08 Caseload	FY 2007-08 Est. Capitation Rate for Aid Category	FY 2007-08 Cost Estimate	FY 2008-09 Caseload	FY 2008-09 Capitation Rate for Aid Category	FY 2008-09 Cost Estimate	Cost Difference
Baby Care Adults	5,895	\$249.4	\$1,470,154	6,028	\$258.6	\$1,558,961	\$88,807
Breast and Cervical Cancer Treatment and Prevention Program	271	\$221.1	\$59,905	301	\$229.2	\$68,998	\$9,094
Children	198,500	\$186.3	\$36,978,565	192,948	\$193.2	\$37,273,695	\$295,130
Foster Children (w/ S.B. 07-02)	<u>16,940</u>	<u>\$3,223.7</u>	<u>\$54,609,986</u>	<u>18,657</u>	<u>\$3,343.0</u>	<u>\$62,370,538</u>	<u>\$7,760,551</u>
Subtotal	365,598	n/a	\$194,743,723	361,782	n/a	\$207,359,423	\$12,615,700
Recoupment Adjustment	<u>0</u>	<u>\$0</u>	<u>(\$1,000,000)</u>	<u>0</u>	<u>\$0</u>	<u>(\$500,000)</u>	<u>\$500,000</u>
Total	365,598		\$193,743,723	361,782		\$206,859,423	\$13,115,700

Caseload impact from Children's Basic Health Plan outreach efforts: The appropriation includes a total funds increase of \$103,544 to reflect a caseload impact of an additional 536 Medicaid children being served due to additional outreach efforts in the Children's Basic Health Plan (CBHP) program. All children who apply for CBHP must also be screened for Medicaid eligibility. Therefore, additional outreach efforts to enroll more children in the CBHP program should also have a caseload impact in the Medicaid program.

Caseload impact from developmental disability waiver program expansion: The appropriation includes an increase of \$100,240 total funds to reflect the impact on Medicaid mental health for the expansion of the developmental disability supported living services waiver program. An estimated 30 percent of persons added to the supported living services waiver are not eligible for Medicaid mental health services prior to their waiver program enrollment. The calculation reflects the assumption that 65 "full year equivalent" persons with disabilities will be added to the State Plan services caseload for FY 2008-09 as a result of new individuals added to the supported living services waiver.

Eliminate one-time funding for federal disallowance: The appropriation eliminates \$487,391 in one-time funding that was provided in FY 2007-08 to reimburse the Centers of Medicare and Medicaid Services (CMS) for federal funds that were claimed by the state for the mental health capitation program but were later disallowed by CMS.

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 following programs: (1) Safety Net Provider Payments; (2) Indigent Care Clinics; (3) Pediatric Specialty Hospital Payments; (4) Primary Care Program; (5) Medically Indigent Program;

(6) Children's Basic Health Plan; (7) Hospital Provider Fee Payments; and (8) Comprehensive Primary and Preventative Care Grants. The first five programs provide funding for the Colorado Indigent Care Program (CICP) which partially reimburses health care providers for medical services provided to uninsured individuals with incomes up to 250.0 percent of the federal poverty level who do not qualify for Medicaid or the Children's Basic Health Plan. The CICP provides health care reimbursement for approximately 172,500 Coloradans at 45 participating hospitals and 16 participating clinics. Funding sources for these programs include the General Fund, funds certified at public hospitals, the Primary Care Program Fund, and federal funds.

The Children's Basic Health Plan (CBHP) provides health care insurance for children and adult pregnant women with incomes up to 225.0 percent of federal poverty level. The program is forecasted to serve 77,152 children and 1,697 adult pregnant women in FY 2008-09. Funding sources for this program include the CBHP Trust Fund, the Health Care Expansion, and federal funds.

The Hospital Provider Fee Payment program allows local governments to assess fees on hospitals in order to maximize the amount of federal reimbursement available under the federal upper payment limits. The funding source for this program is local government fee assessments to participating hospitals and federal funds.

Finally, the Comprehensive Primary and Preventative Care Grants program provides grant funding to build and maintain the health care infrastructure in medically underserved areas. 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	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	(1,657,293)	0	0	(1,657,293)	0	0.0
HB 08-1285	26,439,183	0	0	5,108,087	21,331,096	0.0
HB 08-1375	<u>30,052,843</u>	<u>5,539,593</u>	<u>44,990</u>	<u>8,588,269</u>	<u>15,879,991</u>	<u>0.0</u>
TOTAL	\$533,940,535	\$40,765,266	\$291,933	\$236,694,003	\$256,189,333	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>221,194,803</u>	<u>(221,194,803)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$533,940,535	\$40,765,266	\$221,486,736	\$15,499,200	\$256,189,333	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Children's Basic Health Plan (CBHP) forecast	26,945,048	(11,011)	9,503,536	0	17,452,523	0.0
Additional outreach for CBHP	11,003,626	0	3,933,349	0	7,070,277	0.0
Annualize prior year legislation	5,420,407	0	2,010,821	0	3,409,586	0.0
Additional funding for pediatric specialty hospital	4,000,000	2,000,000	0	0	2,000,000	0.0
Building Blocks to Health Care Reform - Medical Home	1,777,534	0	626,593	0	1,150,941	0.0
Revenue adjustments	1,180,550	(4,200)	1,193,150	(4,200)	(4,200)	0.0
Eliminate one-time funding for CBHP Trust Fund	(5,553,393)	(5,553,393)	0	0	0	0.0
Adjustment to local government hospital provider fee	(5,005,654)	0	(2,502,827)	0	(2,502,827)	0.0
Adjustment to federal match received for Primary Care Program	(1,225,421)	0	0	0	(1,225,421)	0.0
Transfer administrative funding for Comprehensive Primary and Preventative Care Grant Program to Executive Director's Office	(22,025)	0	(22,025)	0	0	0.0
HB 08-1375	\$572,461,207	\$37,196,662	\$236,229,333	\$15,495,000	\$283,540,212	0.0
SB 08-57	54,300	0	19,000	0	35,300	0.0
SB 08-160	<u>6,188,201</u>	<u>0</u>	<u>2,180,651</u>	<u>30,328</u>	<u>3,977,222</u>	<u>0.0</u>
TOTAL	\$578,703,708	\$37,196,662	\$238,428,984	\$15,525,328	\$287,552,734	0.0
Increase/(Decrease)	\$44,763,173	(\$3,568,604)	\$16,942,248	\$26,128	\$31,363,401	0.0
Percentage Change	8.4%	-8.8%	7.6%	0.2%	12.2%	n/a

/1 This amount includes a General Fund Exempt appropriation. For FY 2007-08, the General Fund includes \$499,200 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-22-117 (1) (c) (I) (B), C.R.S. For FY 2008-09, the General Fund includes \$495,000 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-22-117 (1) (c) (I) (B), C.R.S.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2007-08 Original Appropriation	\$35,225,673	\$34,712,673	\$513,000
2008 Legislative Session Adjustments	<u>5,539,593</u>	<u>5,553,393</u>	<u>(13,800)</u>
FY 2007-08 Adjusted Appropriation	40,765,266	40,266,066	499,200
Increase funding for Pediatric Specialty Hospital program	2,000,000	2,000,000	0
Eliminate CBHP Trust Fund General Fund appropriations	(4,200)	(4,200)	0

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
Tobacco Tax Forecast Adjustments	(4,200)	0	(4,200)
FY 2008-09 Appropriation	\$42,756,866	\$42,261,866	\$495,000

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, 50.0 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.

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Children's Basic Health Plan (CBHP) forecast: The appropriation includes a total funds increase of \$26.9 million to fund the forecasted caseload and per-capita-cost increases for the CBHP program before policy changes. The cost changes for the CBHP program are based on the following assumptions: (1) an overall increase to the children's caseload of 11,155 or 19.2 percent; (2) an increase in the adult prenatal program caseload of 137 or 8.8 percent; (3) an increase in the per capita rate for the children's medical program of \$15.85 or 1.0 percent; (4) an increase in the per capita rate for the children's dental program of \$5.32 or 3.4 percent; and (5) an increase in the adult prenatal program per capita of \$1,565.13 or 14.0 percent. The per capita rate changes result from an actuary appropriation based on current health care trends in the community and for the program. The table on the next page compares the projected costs for the mental health program by aid category in FY 2008-09 to the final estimates for FY 2007-08.

FY 2007-08 Appropriation Compared to <u>Base</u> FY 2008-09 Children's Basic Health Plan Forecast						
	FY 2007-08 Final Caseload Estimate	FY 2008-09 Appropriated Caseload Estimate	Difference	FY 2007-08 Per Capita Cost	FY 2008-09 Per Capita Cost	Difference
Children Medical Clients	58,195	69,350	11,155	\$1,610.22	\$1,626.07	\$15.85
Children Dental Clients	58,195	69,350	11,155	\$156.06	\$161.38	\$5.32
Prenatal Adults Member Months	1,560	1,697	137	\$11,158.09	\$12,723.22	\$1,565.13

Additional outreach for CBHP: The appropriation includes a total funds increase of \$11.0 million for the caseload impacts and contract costs for additional outreach activities. The outreach activities are aimed at enrolling children who are eligible for the program but have not yet enrolled. The appropriation has the following components: (1) \$1.4 million total funds to increase the current contract for marketing and outreach;

and (2) \$9.6 million total funds for premium and dental costs associated with an estimated 5,358 addition children who will enroll due to the increased outreach and marketing efforts.

Annualize prior year legislation: The appropriation includes \$5.4 million total funds to annualize the costs of legislation that was passed during the 2007 Session. Of this amount, \$4.1 million restores one-time savings that occurred in FY 2007-08 when the program moved from an accrual basis of accounting to a cash basis of accounting (S.B. 07-133). The remaining \$1.3 million is to annualize the impacts of various other bills.

Additional funding for pediatric specialty hospital: The appropriation increases the funding to the Pediatric Specialty Hospital line item by \$4.0 million total funds. This line item provides additional Medicaid reimbursement to qualifying children's hospitals that see a disproportionate share of low-income children. The federal match for this item comes from the hospitals Medicare upper payment limit financing.

Building Blocks to Health Care Reform - medical homes: The appropriation includes \$1.8 million total funds for items related to the Governor's Building Blocks to Health Care Reform. Specifically, the increased funding is allocated as follows: (1) \$1.2 million for an estimated children's caseload increase of 694 related to medical home providers helping children apply for CBHP (this impact is in addition to the base forecast and outreach efforts caseload forecasts described above); (2) \$513,842 to increase reimbursement to medical home providers as described in the Medical Services Premiums division; and (3) \$15,000 in additional administrative costs associated with implementing the medical home incentive payments.

Revenue adjustments: The appropriation includes a total fund increase of \$1.2 million for forecast adjustments to the Tobacco Master Litigation Settlement moneys and Amendment 35 tobacco taxes that will be available in FY 2008-09 for the various programs that receive appropriations from these fund sources.

Eliminate one-time funding for CBHP Trust Fund: The appropriation reflects a decrease of \$5.6 million General Fund into the CBHP Trust Fund to eliminate a one-time appropriation that was provided in FY 2007-08.

Adjustment to local government hospital provider fee: The appropriation includes a total fund reduction of \$5.0 million to remove one-time funding that was claimed in FY 2007-08 for retroactive federal reimbursement for the Hospital Provider Fee Program related to costs in FY 2006-07.

Adjustment to federal match received for Primary Care Program: The appropriation includes a federal fund reduction of \$1.2 million to remove one-time matching funds that were claimed in FY 2007-08 for retroactive federal reimbursement for the Primary Care Program related expenditures in FY 2006-07.

Transfer administrative funding for Comprehensive Primary and Preventative Care Grant Program to Executive Director's Office: The appropriation transferred \$22,025 from the Comprehensive Primary and Preventative Care Grant Program to the Executive Director's Office, Personal Services line item in order to consolidate all personal services costs for the Department into one line item.

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 Pension 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 reappropriated. The Old Age Pension Health and Medical Program is a state-only medical program funded solely from the Old Age Pension 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 school district expenditures 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 2007-08 Appropriation:						
SB 07-239	\$129,545,142	\$77,726,100	\$0	\$33,986,972	\$17,832,070	0.0
SB 07-133	(7,854,147)	(7,173,368)	0	(680,779)	0	0.0
SB 08-230	470,000	235,000	0	0	235,000	0.0
HB 08-1285	10,480,201	10,480,201	0	0	0	0.0
HB 08-1375	<u>2,548,557</u>	<u>2,548,557</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$135,189,753	\$83,816,490	\$0	\$33,306,193	\$18,067,070	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>29,326,193</u>	<u>(29,326,193)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$135,189,753	\$83,816,490	\$29,326,193	\$3,980,000	\$18,067,070	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
State contribution payment increase	9,060,185	9,060,185	0	0	0	0.0
Transfer Colorado Cares Rx Program from Executive Director's Office	2,278,378	0	2,278,378	0	0	0.0
Old Age Pension Medical Program increase	2,018,043	0	2,018,043	0	0	0.0
Family medicine residency increase	270,000	135,000	0	0	135,000	0.0
Enhanced prenatal increase	8,412	4,206	0	0	4,206	0.0
Eliminate one-time funding for federal disallowance	(10,480,201)	(10,480,201)	0	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Realign Public School Health Services program appropriation	(3,826,279)	0	(1,905,114)	0	(1,921,165)	0.0
Eliminate one-time FY 2007-08 impact for S.B. 08-230	(470,000)	(235,000)	0	0	(235,000)	0.0
Adjustment for tobacco tax revenue projection	(25,500)	0	(25,500)	0	0	0.0
HB 08-1375	\$134,022,791	\$82,300,680	\$31,692,000	\$3,980,000	\$16,050,111	<u>0.0</u>
SB 08-230	<u>2,285,340</u>	<u>1,142,670</u>	<u>0</u>	<u>0</u>	<u>1,142,670</u>	<u>0.0</u>
TOTAL	\$136,308,131	\$83,443,350	\$31,692,000	\$3,980,000	\$17,192,781	0.0
Increase/(Decrease)	\$1,118,378	(\$373,140)	\$2,365,807	\$0	(\$874,289)	0.0
Percentage Change	0.8%	-0.4%	8.1%	0.0%	-4.8%	n/a

H.B. 08-1375 (Long Bill) Issue Descriptions

State contribution payment increase: The appropriation includes a General Fund increase of \$9.1 million for the federal Medicare Modernization Act (MMA) of 2003 State Contribution Payment (Medicare Part D "clawback"). Of this amount, \$4.6 million is added to reverse one-time savings that occurred in FY 2007-08 when the program moved from an accrual basis of accounting to a cash basis of accounting (S.B. 07-133). In addition, \$4.4 million is added to reflect current caseload and cost estimates. In FY 2008-09, the total MMA State Contribution Payment is estimated to be \$81.2 million. This amount reflects an average monthly caseload of 55,164 individuals who are eligible for both Medicare and Medicaid at an average cost of \$122.60 per month to the State.

Transfer Colorado Cares Rx Program from Executive Director's Office: The appropriation transfers the program costs for the Colorado Cares Rx Program from the Executive Director's Office to the Other Medical Services section. The total appropriated amount reflects the annualized costs for S.B. 07-1 in FY 2008-09. The program funding includes \$1.9 million for a contractor to accept and process applications, collect fees, determine eligibility, and produce program identification cards for Coloradans who qualify for the Colorado Cares Rx Program. In addition, \$323,146 is included for changes to the Colorado Benefit Management System (CBMS) to determine and track eligibility for the program.

Old Age Pension Medical Program increase: The appropriation includes an increase of \$2.0 million cash funds for the Old Age Pension (OAP) Medical Program. This funding will be used to maintain provider rates at the same level as rates currently paid by the program in FY 2007-08. Currently, provider rates for the OAP Medical Program range from 10.0 percent to 70.0 percent of the Medicaid rate for similar services or products. The additional funding will come from the current fund balance in the OAP Supplemental Medical Fund. In FY 2008-09, the total cost of the program is estimated at \$15.3 million for 5,389 clients at an average annual cost-per-client of \$2,841.29.

Family medicine residency increase: The appropriation includes an increase of \$270,000 for the Commission on Family Medicine Residency Programs. The total appropriation for the Commission on Family Medicine

Residency Programs is \$2,173,558. For FY 2008-09, this program will provide approximately \$241,506 to each of the nine family medicine residency programs throughout the State.

Enhanced prenatal increase: The appropriation reflects an increase of \$8,412 for the Enhanced Prenatal Care Training and Technical Assistance program that is administered by the Department of Public Health and Environment. The increased amount reflects adjustments to centrally-appropriated line items in the Department of Public Health and Environment that qualify for federal matching moneys from the Medicaid program.

Eliminate one-time funding for federal disallowance: The appropriation eliminates \$10,480,201 in one-time funding that was provided in FY 2007-08 to reimburse the Centers of Medicare and Medicaid Services (CMS) for federal funds that were claimed by the State for the Public School Health Services program and were later disallowed by CMS.

Realign Public School Health Services program appropriation: The appropriation includes a decrease of \$3.8 million total funds to realign the appropriation for the Public School Health Services program to the actual expenditures for the program. Of this decrease, \$1.9 million is from local funds certified at school districts and \$1.9 million is federal Medicaid moneys. The program's total FY 2008-09 appropriation is \$27,501,534 total funds.

Eliminate one-time FY 2007-08 impact for S.B. 08-230: The appropriation includes a decrease of \$470,000 total funds to eliminate the one-time impact associated with S.B. 08-230 in FY 2007-08.

Adjustment for tobacco tax revenue projection: The appropriation includes a decrease of \$25,500 cash funds to reflect the current Legislative Council Staff revenue forecast for the tobacco tax revenue that are deposited into the Supplemental Old Age Pension Health Medical Care Fund.

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.

Department of Human Services Medicaid-Funded Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	20,687	9,692	0	1,237	9,758	0.0
HB 08-1285	75,985	(145,374)	0	7,328	214,031	0.0
HB 08-1375	<u>(9,057,897)</u>	<u>(4,466,968)</u>	<u>0</u>	<u>(61,794)</u>	<u>(4,529,135)</u>	<u>0.0</u>

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$392,731,218	\$192,631,213	\$0	\$3,770,209	\$196,329,796	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>2,395,535</u>	<u>(2,395,535)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$392,731,218	\$192,631,213	\$2,395,535	\$1,374,674	\$196,329,796	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Services for People with Disabilities	30,134,069	15,658,871	(812,336)	220,015	15,067,519	0.0
Executive Director's Office	2,199,114	1,029,117	0	(388)	1,170,385	0.0
Division of Youth Corrections	1,004,358	502,178	0	0	502,180	0.0
Division of Child Welfare	(16,099,379)	(8,049,690)	0	0	(8,049,689)	0.0
Information Technology Services	(1,127,375)	(297,469)	6,722	(112,832)	(723,796)	0.0
Other	98,298	51,206	(6,722)	(21,615)	75,429	0.0
HB 08-1375	\$408,940,303	\$201,525,426	\$1,583,199	\$1,459,854	\$204,371,824	0.0
SB 08-2	34,264	17,132	0	0	17,132	0.0
SB 08-6	94,092	44,079	5,142	487	44,384	0.0
SB 08-7	2,000	1,000	0	0	1,000	0.0
SB 08-161	5,554	0	2,933	0	2,621	0.0
HB 08-1046	<u>28,408</u>	<u>13,371</u>	<u>1,580</u>	<u>0</u>	<u>13,457</u>	<u>0.0</u>
TOTAL	\$409,104,621	\$201,601,008	\$1,592,854	\$1,460,341	\$204,450,418	0.0
Increase/(Decrease)	\$16,373,403	\$8,969,795	(\$802,681)	\$85,667	\$8,120,622	0.0
Percentage Change	4.2%	4.7%	-33.5%	6.2%	4.1%	n/a

H.B. 08-1375 (Long Bill) Issue Descriptions

Services for People with Disabilities: The appropriation increase includes the following increases to Medicaid funding for services for people with developmental disabilities: (1) \$14.7 million to expand the community-based adult residential and supported living services Medicaid waiver caseload; (2) \$8.6 million to reverse the one-time FY 2007-08 Long Bill supplemental impact on community-based and regional center programs; (3) \$4.3 million for a 1.5 percent provider rate increase for community-based programs; (4) \$4.0 million for the state-operated regional centers, including adjustments to annualize salary and benefits increases added in FY 2007-08 and to add staff related to converting group homes to "ICF/MR" institutional licensure; and (5) \$3.2 million to annualize to a full year Medicaid waiver program caseload added for six months in FY 2007-08. These increases are partially offset by the following reductions: (1) \$2.4 million to community-based programs

to reduce the likelihood of an FY 2008-09 under-expenditure; (2) \$1.6 million (comprised of cash funds and federal funds) for a program that uses federal funds to match locally certified spending for developmental disability services; and (3) \$0.7 million to eliminate the FY 2007-08 leap year adjustment.

Executive Director's Office: The appropriation reflects an increase of \$2.2 million in total funds, which \$1.6 million in benefits for employees and additional increases for payments to other agencies, including the Department of Law for legal services.

Division of Youth Corrections: The appropriation reflects an increase of \$1.0 million to restore reductions made in FY 2007-08 based on caseload.

Division of Child Welfare: The appropriation reflects a reduction of \$18.0 million in Medicaid appropriations to more accurately reflect county spending patterns. This adjustment has a statewide General Fund impact of \$0, as the \$9.0 million General Fund reduction to HCPF is matched by an equal \$9.0 million General Fund increase to the child welfare appropriation in the Department of Human Services. The Medicaid reduction is partially offset by an increase of \$1.4 million for child welfare population increases and \$0.5 million for a provider rate increase.

Office of Information Technology Services: The appropriation includes a decrease of \$1.1 million in total funds to reflect the removal of one-time CBMS expenditures for changes requested by the counties and the federally-required refinancing of FY 2004-05 expenditures. This decrease is partially offset by increases in payments to other agencies for the multi-use network, for purchase from the computer center, and for emergency communications services.

Other: The appropriation includes increases of \$98,298 total fund for other adjustments.

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

Recent Legislation

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. 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.

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 following table.

FY 2007-08	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. 07-196: 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 appropriations 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.

2008 Session Bills

S.B. 08-2: Specifies that the Department of Human Services may purchase services and supports for persons with developmental disabilities from a family care giver in the family home if it is determined that this provides services in the least restrictive environment. Provides the following appropriations for FY 2008-09: \$17,132 General Fund and \$17,132 federal funds to the Department of Health Care Policy and Financing; and \$34,264 reappropriated funds (transferred from the Department of Health Care Policy and Financing) and 0.5 FTE to the Department of Human Services. Also reduces the FY 2008-09 Long Bill appropriation for the Controlled Maintenance Trust Fund by \$17,132 General Fund.

S.B. 08-6: Specifies that persons who are eligible for Medicaid just prior to their confinement in a jail, juvenile commitment facility, a Department of Corrections facility, or a Department of Human Services facility shall have their Medicaid benefits suspended, rather than terminated, during the period of their confinement. Also clarifies that juveniles retain Medicaid eligibility when held in a facility operated by or under contract with the Division of Youth Corrections or Department of Human Services if care within that facility qualifies for federal financial participation. Provides the following appropriations for FY 2008-09: \$118,703 General Fund, \$5,142 cash funds, \$487 reappropriated funds (transferred from the Department of Human Services), and

\$268,255 federal funds to the Department of Health Care Policy and Financing; and \$42,546 General Fund, \$21,754 cash funds, \$94,092 reappropriated funds (transferred from the Department of Health Care Policy and Financing) and \$112,688 federal funds to the Department of Human Services. Also reduces the FY 2008-09 Long Bill appropriation for the Controlled Maintenance Trust Fund by \$161,249 General Fund.

S.B. 08-7: Creates the Inmate Assistance Demonstration Grant Program to provide grants to counties for the purpose of assisting inmates in county jails to access health care, housing, and employment benefits. Connects inmates with appropriate public benefits, including mental health treatment. Appropriates \$279,000 General Fund to the Department of Human Services and a total of \$2,000 (including \$1,000 General Fund and \$1,000 federal funds) to the Department of Health Care Policy and Financing for the implementation of the act in FY 2008-09. Also reduces the FY 2008-09 Long Bill appropriation for the Controlled Maintenance Trust Fund by \$279,000 General Fund.

S.B. 08-57: Requires health insurance coverage for medically appropriate hearing aids for minor children whose hearing loss is verified by a physician or audiologist. Appropriates \$54,300 (including \$19,000 cash funds and \$35,300 federal funds) to the Department of Health Care Policy and Financing for the implementation of the act in FY 2008-09.

S.B. 08-90: Allows Medicaid clients to use a mail-order pharmacy if they have third-party insurance and require maintenance medications; and authorizes a mail-order pharmacy to bill Medicaid for the difference between the Medicaid co-payment and a third-party insurer's co-payment or deductible. The bill reduces the Department of Health Care Policy and Financing's FY 2008-09 appropriation for Medical Services Premiums by \$279,272 total funds (including \$139,636 General Fund and \$139,636 federal funds).

S.B. 08-99: Expands Medicaid eligibility to young adults, under age 21, for whom the state made subsidized adoption or foster care payments immediately prior to the client turning age 18. These young adults were not eligible for Title IV-E federal funds while in foster care, but received state benefits. The bill appropriates \$1,428,800 total funds (including \$714,400 cash funds and \$714,400 federal funds) to the Department of Health Care Policy and Financing in FY 2008-09.

S.B. 08-118: Provides that for FY 2008-09 through FY 2012-13, the Department of Public Health and Environment shall transfer \$2.0 million in funding from the Prevention, Early Detection, and Treatment Fund to the Department of Health Care Policy and Financing for Medicaid disease management programs. This funding is matched by \$2.0 million in federal funds.

S.B. 08-155: Consolidates the responsibility for information technology (IT) oversight of most of the state's executive branch in the Governor's Office of Information Technology (OIT) by transferring several IT functions and staff positions from various state agencies to OIT. Transfers 1.5 FTE from the Department of Health Care Policy and Financing to OIT in FY 2008-09. For more information on this bill, please see the Recent Legislation section for the Governor's Office.

S.B. 08-160: Expands eligibility in the Children's Basic Health Plan (CBHP) from 205 percent to 225 percent of federal poverty level (FPL) for children (beginning in March 2009) and for pregnant women (beginning in October 2009). Also allows the Department of Health Care Policy and Financing to increase CBHP eligibility to 250 percent of FPL if appropriations become available to fund the program at this level. The bill also increases the CBHP mental health benefit for children to be as comprehensive as the mental health benefit in the Medicaid program. Provides the following appropriations for FY 2008-09: \$2,245,037 cash funds, \$30,328

reappropriated funds (transferred from the CBHP Trust Fund), and \$4,096,796 federal funds to the Department of Health Care Policy and Financing; and \$21,776 cash funds, \$31,866 reappropriated funds (transferred from the Department of Health Care Policy and Financing) and \$38,164 federal funds to the Department of Human Services.

S.B. 08-161: Requires the Department of Health Care Policy and Financing to establish rules for Medicaid and the Children's Basic Health Plan (CBHP) to verify applicant income through records of the Department of Labor and Employment (DOLE). Allows applicants to provide other forms of income verification if it is more recent than information available through the DOLE. In addition, requires the Advisory Committee on Covering All Children in Colorado to investigate the feasibility of combining Medicaid and the CBHP. Provides the following appropriations for FY 2008-09: \$13,474 cash funds and \$13,162 federal funds to the Department of Health Care Policy and Financing; and \$3,791 cash funds, \$5,554 reappropriated funds (transferred from the Department of Health Care Policy and Financing) and \$6,655 federal funds to the Department of Human Services.

S.B. 08-217: Requires the Department of Health Care Policy and Financing, in coordination with the Division of Insurance and a panel of experts, to prepare a request for information from health insurance carriers and other interested parties. Carriers are requested to provide information regarding the design of a new health insurance product, known as a value benefit plan, to be offered in the individual market. After information is received, the Department, in collaboration with the division and the panel of experts, must acquire actuarial projections, research potential cost savings, and analyze the information provided by the carriers. Provides the following appropriations for FY 2008-09: \$128,700 General Fund, \$62,500 cash funds, and \$191,200 federal funds to the Department of Health Care Policy and Financing; and \$29,500 cash funds to the Department of Regulatory Agencies. Also reduces the FY 2008-09 Long Bill appropriation for the Controlled Maintenance Trust Fund by \$128,700 General Fund.

S.B. 08-230: Authorizes specified governmental hospital care providers, subject to voter approval, to levy and collect a sales tax within certain geographic areas. Establishes a definition of "state university teaching hospital" and authorizes the General Assembly to appropriate moneys annually to state university teaching hospitals for services provided under the state's Medicaid program. Provides direct appropriations to Denver Health Hospital and University Hospital for graduate medical education programs by transferring current funding for these activities contained in the Medical Services Premiums and Commission on Family Medicine line items in FY 2007-08 and FY 2008-09. The net impact of the funding transfer is zero in both years.

H.B. 08-1046: For juveniles in a juvenile commitment facility and certain individuals committed to a Department of Human Services facility, requires appropriate personnel in each facility to provide assistance in applying for Medicaid, Children's Basic Health Plan benefits, Supplemental Security Income, or Social Security Disability Insurance at least 120 days prior to release from commitment, or as soon as practicable for those juveniles committed for less than 120 days. Appropriates \$11,941 General Fund, \$6,106 cash funds, \$26,408 reappropriated funds (transferred from the Department of Health Care Policy and Financing), and \$31,626 federal funds to the Department of Human Services in FY 2008-09. Appropriates \$13,371 General Fund, \$1,580 cash funds, and \$13,457 federal funds to the Department of Health Care Policy and Financing in FY 2008-09. Also reduces the FY 2008-09 Long Bill appropriation for the Controlled Maintenance Trust Fund by \$25,312 General Fund. For more information on H.B. 08-1046, see the "Recent Legislation" section at the end of the Department of Human Services.

H.B. 08-1072: Establishes a Medicaid Buy-in Program for people with disabilities who earn too much to qualify for Medicaid and for those whose medical condition improves while participating in the program. Requires the Department of Health Care Policy and Financing (DHCPF) to submit an amendment to the State's Medical Assistance Plan, and request any necessary waivers to expand eligibility under Medicaid to implement the Medicaid Buy-in Program. Requires qualifying individuals to pay a medical premium based on a sliding payment schedule in order to participate in the program. The bill appropriates \$55,000 total funds (including \$27,500 general fund and \$27,500 federal funds) to the Department of Health Care Policy and Financing in FY 2008-09.

H.B. 08-1114: Establishes a new methodology for reimbursing nursing facilities under the Medicaid program by establishing: (1) a reimbursement schedule for administrative and general services; (2) per diem rates for direct and indirect care, capital assets, and performance quality; (3) an additional per diem payment for clients with severe mental health conditions or cognitive dementia; and (4) reimbursement for speech therapy services. In addition, requires the Department of Health Care Policy and Financing to charge and collect a quality assurance fee from nursing facilities, with certain exceptions. Fees are intended to allow for increased payments to Medicaid nursing facilities based on the new reimbursement system. The fee can be used for administrative costs related to assessing the fee and to limit growth of General Fund expenditures to 3.0 percent annually. The new nursing facility rate method is conditional upon the federal approval of the fee. Contains two appropriations clauses based on whether or not the federal waiver for the quality assurance fee is approved. If the waiver *is not* approved, appropriates \$239,936 total funds (including \$119,968 General Fund and \$119,968 federal funds) and 1.0 FTE to the Department of Health Care Policy and Financing in FY 2008-09 and reduces the FY 2008-09 Long Bill appropriation for the Controlled Maintenance Trust Fund by \$119,968 General Fund. If the waiver *is* approved, appropriates \$12,109,242 total funds (including \$6,054,621 cash funds and \$6,054,621 federal funds) and 1.3 FTE to the Department of Health Care Policy and Financing in FY 2008-09.

H.B. 08-1250: Restructures funding of the County Administration group of line items. Replaces the County Contingency Fund with a new County Tax Base Relief Fund. Replaces the formulas used to determine the amount of assistance for which counties with high social services costs relative to their property tax base will be eligible. Appropriates \$3,400,000 total funds (including \$1,000,000 General Fund, \$700,000 cash funds, and \$1,700,000 federal funds) to the Department of Health Care Policy and Financing for County Administration in FY 2008-09. For more information on H.B. 08-1250 and impact to the Department of Human Services, see the "Recent Legislation" section at the end of the Department of Human Services.

H.B. 08-1285: Supplemental appropriation to the Department of Health Care Policy and Financing to modify the FY 2007-08 appropriations included in the FY 2007-08 Long Bill (S.B. 07-239). Also modifies appropriations for FY 2006-07.

H.B. 08-1373: Extends the repeal date for the Breast and Cervical Cancer Treatment and Prevention Fund (BCCTP Fund) until FY 2013-14 and allows the BCCTP Fund to fund all of the state match for the Breast and Cervical Cancer Treatment Program in both FY 2007-08 and FY 2008-09. From FY 2009-10 through FY 2013-14, 50 percent of the state match for the Breast and Cervical Cancer Treatment Program will be paid from the BCCTP Fund and 50 percent will be paid from the General Fund. Reduces General Fund appropriations by \$1,239,310 and \$1,817,420 in FY 2007-08 and FY 2008-09, respectively. Increases appropriations from the BCCTP Fund by \$1,239,310 and \$1,817,420 in FY 2007-08 and FY 2008-09, respectively.

H.B. 08-1374: Raises the rate cap on the Program for All Inclusive Care for the Elderly (PACE) from 95 percent of fee-for-service rates to up to 100 percent of fee-for-service rates. Appropriates \$3.1 million total funds to the Department of Health Care Policy and Financing for FY 2008-09 for the additional expenses for the PACE program associated with increasing the rate cap. These costs are split equally between the General Fund and federal funds.

H.B. 08-1375: General Appropriations Act for FY 2007-08. Also includes supplemental adjustments to modify appropriations to the Department of Health Care Policy included in the FY 2007-08 Long Bill (S.B. 07-239) and in the FY 2006-07 Long Bill (H.B. 06-1385).

H.B. 08-1407: Prohibits the unreasonable delay or denial of payment of a claim for benefits owed by an insurance company, and provides remedies for claimants, including a new cause of action. The bill reduces the Department of Health Care Policy and Financing's FY 2008-09 appropriation for Medical Services Premiums by \$277,780 total funds (including \$138,890 General Fund and \$138,890 federal funds).

H.B. 08-1409: Authorizes the Department of Health Care Policy and Financing to take all reasonable measures to determine the legal liability of third parties to pay for services provided to Medicaid clients and to pursue claims against liable parties. Reduces the Department of Health Care Policy and Financing's FY 2008-09 appropriation for Medical Services Premiums by \$300,000 total funds (including \$150,000 General Fund and \$150,000 federal funds).

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 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 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund/1	\$636,485,608	\$694,142,988	\$747,717,300	\$812,937,855
Cash Funds/2	23,257,260	24,345,935	23,304,523	1,213,712,129
Cash Funds Exempt/2	1,508,723,285	1,610,697,386	1,764,573,730	n/a
Reappropriated Funds/2	n/a	n/a	n/a	726,889,733
Federal Funds	<u>20,362,183</u>	<u>20,080,322</u>	<u>20,478,236</u>	<u>20,230,113</u>
Total Funds	\$2,188,828,336	\$2,349,266,631	\$2,556,073,789	\$2,773,769,830
Full Time Equiv. Staff	18,080.4	18,876.2	19,277.9	19,803.3

/1 Includes General Fund Exempt.

/2 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

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

In FY 2005-06 the General Assembly changed the funding mechanism for higher education. 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 (COF) Program. No other state uses this mechanism for funding higher education.

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. 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. The table below summarizes the stipend payments since the program began. Between FY 2005-06 and FY 2006-07 there was a change in the stipend eligibility criteria.

Stipends for Students at State-supported Institutions				
	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Stipend per Credit Hour	\$80	\$86	\$89	\$92
Stipend for full-time student	\$2,400	\$2,580	\$2,670	\$2,760
Stipend-eligible SFTE	113,251	121,087	122,476	124,353
Stipend payments	\$271,803,110	\$312,405,160	\$327,010,920	\$343,214,280

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.

Relationship of fee-for-service contracts to stipends and tuition: The flat-rate stipends, the student's share of tuition, and other revenues available to the institution cover a varying amount of the costs of undergraduate

education at each institution. The remaining revenue from these sources is applied toward the types of educational services that are purchased through the fee-for-service contracts. For this reason, the relationship of the fee-for-service contract amount to the cost of the service being purchased can not be seen without taking into account all of the revenues available to the higher education institution. The sum of stipends and fee-for-service contracts is the total state support that makes its way to the institutions through the COF Program.

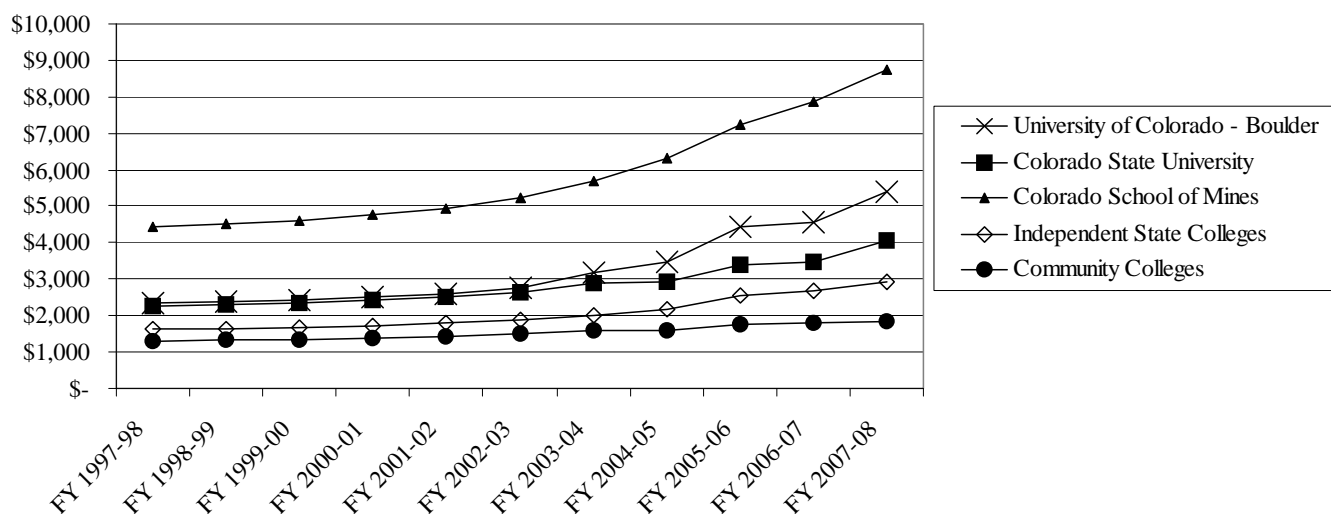
Performance Contracts: As a condition of participation in the College Opportunity Fund Program, higher education institutions must negotiate performance contracts with CCHE. Performance contracts are *not* the same thing as fee-for-service contracts. The performance contracts establish parameters for 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 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 the case of stipends, the payments are on behalf of students who have choice in where to apply the funds, and thus the benefit to higher education institutions is indirect. In the case of fee-for-service contracts, a market exchange occurs where services are provided and paid for at a rate sufficient for the independent operation of the enterprise. The final determination of whether a higher education institutions qualifies for enterprise status is made at the end of each fiscal year when actual revenues from state grants are compared to the 10 percent threshold.

Tuition

Tuition rates are a central consideration in discussions about access and affordability. The total projected tuition revenues 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.

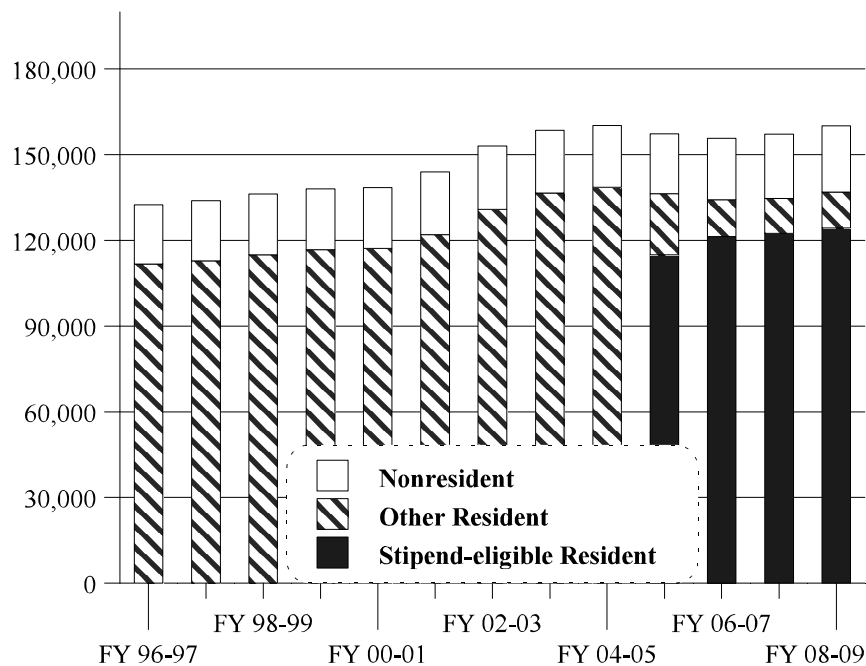
Resident, Undergraduate, Full-time Tuition Rates



Enrollment

Enrollment is both a workload and performance measure for the campuses, and it affects tuition and stipend 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 trends. There was a change in the statutory stipend eligibility criteria between FY 2005-06 and FY 2006-07.

Enrollment

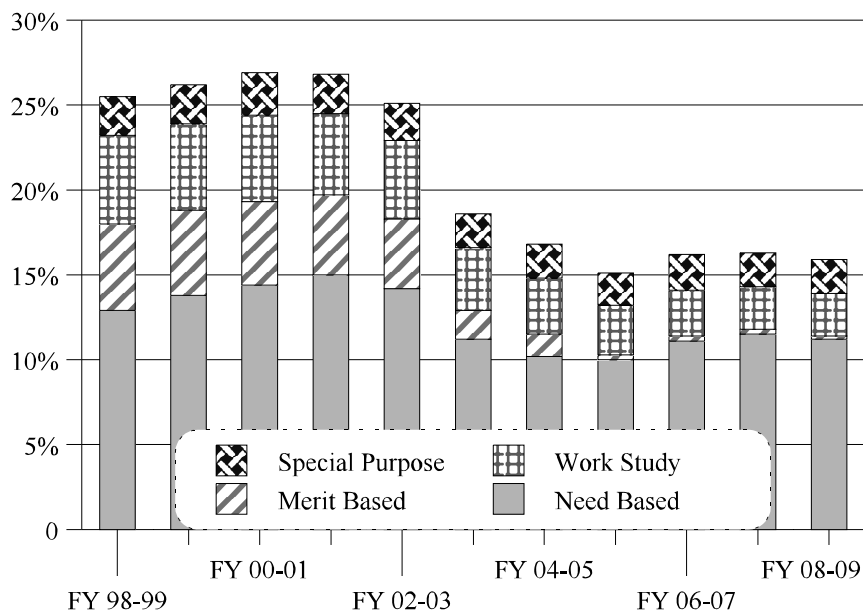


Financial Aid

Of the General Fund appropriation for higher education in FY 2008-09, \$105.8 million (13.0 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 20.0 percent of any increase in tuition revenues in excess of inflation.

Summary of FY 2007-08 and FY 2008-09 Appropriations

Department of Higher Education						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$2,556,073,789	\$747,717,300	\$23,304,523	\$1,764,573,730	\$20,478,236	19,277.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Department Administrative Office	1,816,364	136,246	830,117	783,439	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	629,921,054	626,885,378	0	3,035,676	0	0.0
Governing Boards	1,684,845,805	0	150,000	1,684,695,805	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	16,561,138	0	16,561,138	0	0	123.6
State Historical Society	31,815,996	100,000	1,728,447	29,104,442	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
HB 08-1286	265,402	136,246	0	129,156	0	0.0
HB 08-1375	30,584,706	1,332,196	825,051	28,427,459	0	0.0
	Total Funds	General Fund/1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$2,773,769,830	\$812,937,855	\$1,213,712,129	\$726,889,733	\$20,230,113	19,803.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Department Administrative Office	2,304,755	0	1,330,789	863,031	110,935	0.0

	Total Funds	General Fund/1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Colorado Commission on Higher Education	24,448,838	0	21,234,192	2,854,169	360,477	38.9
Colorado Commission on Higher Education Financial Aid	107,668,796	105,768,796	0	0	1,900,000	0.2
College Opportunity Fund Program	679,976,256	679,976,256	0	0	0	0.0
Governing Boards	1,839,803,095	0	1,158,555,308	681,247,787	0	19,481.7
Local District Junior College Grants	15,890,257	15,890,257	0	0	0	0.0
Advisory Commission on Family Medicine	0	0	0	0	0	0.0
Division of Occupational Education	53,457,802	11,202,546	0	25,297,494	16,957,762	32.0
Auraria Higher Education Center	16,627,252	0	0	16,627,252	0	123.6
State Historical Society	33,592,779	100,000	32,591,840	0	900,939	126.9
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	2,772,882,878	812,337,483	1,213,631,101	726,684,181	20,230,113	19,802.1
SB 08-79	221,660	71,760	78,140	71,760	0	0.0
SB 08-133	500,000	500,000	0	0	0	0.2
SB 08-166	28,612	28,612	(28,612)	28,612	0	0.0
SB 08-167	31,500	0	31,500	0	0	0.0
SB 08-212	105,180	0	0	105,180	0	1.0

/1 Includes \$294,300,000 General Fund Exempt in FY 2007-08, and \$330,500,000 General Fund Exempt in FY 2008-09. See division detail for more information.

Department of Higher Education: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$2,556,073,789	\$747,717,300	\$23,304,523	\$1,764,573,730	\$20,478,236	19,277.9
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>1,089,623,897</u>	<u>(1,089,623,897)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	2,556,073,789	747,717,300	1,112,928,420	674,949,833	20,478,236	19,277.9
FY 2008-09 Total Appropriation:	2,773,769,830	812,937,855	1,213,712,129	726,889,733	20,230,113	19,803.3
Increase/(Decrease)	\$217,696,041	\$65,220,555	\$100,783,709	\$51,939,900	(\$248,123)	525.4
Percentage Change	8.5%	8.7%	9.1%	7.7%	-1.2%	2.7%

FY 2008-09 Appropriation Highlights:

1. The appropriation provides \$88.7 million in additional tuition spending authority for the governing boards, including the following caps on rate increases for undergraduate resident students:
 - a. 9.5 percent for the research institutions;
 - b. 7.5 percent for state colleges; and
 - c. 5.5 percent for the community colleges.
2. The appropriation adds \$53.1 million General Fund for an 8.5 percent increase in stipends and fee-for-service contracts (a \$51.1 million and 8.1 percent effective increase for the state-operated institutions), distributed to the governing boards by a formula that takes into account inflation, peer comparisons developed by the National Center for Higher Education Management Systems, and operating costs of medical programs and small rural institutions.
3. The appropriation includes \$10.4 million more from tobacco settlement moneys for the University of Colorado Health Sciences Center pursuant to Section 24-75-1104.5 (1.5) (a) (I), C.R.S.
4. The appropriation increases financial aid programs by \$10.6 million General Fund, or 11.1 percent, including \$7.3 million for need based financial aid, \$1.7 million for work study, \$800,000 for precollegiate scholarships, \$500,000 for the Teach Colorado Grant Initiative pursuant to S.B. 08-133, and \$296,000 for Native American students at Fort Lewis College.
5. The appropriation adds \$1.1 million General Fund, or 7.2 percent, for the Local District Junior Colleges.
6. The appropriation adds \$752,000 General Fund, or 7.2 percent, for the Area Vocational Schools.

Detail of Appropriation by Administrative Section

Department Administrative Office

This division includes funding for centrally appropriated items for the Colorado Commission on Higher Education, Division of Private Occupational Schools, and the Historical Society. These centrally appropriated items include salary survey, risk management, leased space, health benefits, and other miscellaneous expenses. These expenses are not appropriated centrally for the other divisions within the Department. The sources of cash funds include limited gaming revenues deposited in the State Historical Fund and various fees. The source of reappropriated funds is indirect cost recoveries.

Department Administrative Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$1,668,907	\$0	\$830,117	\$772,228	\$66,562	0.0
HB 08-1286	<u>147,457</u>	<u>136,246</u>	<u>0</u>	<u>11,211</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,816,364	\$136,246	\$830,117	\$783,439	\$66,562	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>198,914</u>	<u>(198,914)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,816,364	\$136,246	\$1,029,031	\$584,525	\$66,562	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Salary, benefit, insurance, and computer service adjustments	413,711	(74,732)	274,519	169,551	44,373	0.0
Leased space	136,194	0	27,239	108,955	0	0.0
One-time legal services	(61,514)	(61,514)	0	0	0	0.0
HB 08-1375	<u>\$2,304,755</u>	<u>\$0</u>	<u>\$1,330,789</u>	<u>\$863,031</u>	<u>\$110,935</u>	<u>0.0</u>
TOTAL	\$2,304,755	\$0	\$1,330,789	\$863,031	\$110,935	0.0
<hr/>						
Increase/(Decrease)	\$488,391	(\$136,246)	\$301,758	\$278,506	\$44,373	0.0
Percentage Change	26.9%	-100.0%	29.3%	47.6%	66.7%	n/a

H.B. 08-1375 (Long Bill) Issue Descriptions

Salary, benefit, insurance, and computer service adjustments: The appropriation includes adjustments of: 1) \$199,001 for health, life, and dental premiums; 2) \$129,423 for salary survey; 3) \$88,168 for amortization equalization disbursements; and 4) miscellaneous reductions totaling \$4,224 for other benefits and centrally-appropriated services.

Leased space: The appropriation includes an increase of \$136,194 for the Department's administrative office to relocate from 1380 Lawrence Street to 1560 Broadway where it will co-locate with CollegeInvest and College Access.

One-time legal services: The appropriation reflects a \$61,514 decrease for one-time funding provided in FY 2007-08 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 waste tire fees, fees paid to the Division of Private Occupational Schools, payments by members of the Western Interstate Commission on Higher Education, and indirect cost recoveries from CollegeInvest and College Access. The source of reappropriated funds is indirect cost recoveries.

Colorado Commission on Higher Education						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>18,431,826</u>	<u>(18,431,826)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$24,751,587	\$0	\$21,714,908	\$2,685,643	\$351,036	37.9
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary increases	68,183	0	(604)	59,346	9,441	0.0
Private occupational school regulation	60,242	0	60,242	0	0	0.0
WICHE dues	4,000	0	0	4,000	0	0.0
Competitive research authority	(571,854)	0	(571,854)	0	0	0.0
HB 08-1375	\$24,312,158	\$0	\$21,202,692	\$2,748,989	\$360,477	37.9
SB 08-167	31,500	0	31,500	0	0	0.0
SB 08-212	<u>105,180</u>	<u>0</u>	<u>0</u>	<u>105,180</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$24,448,838	\$0	\$21,234,192	\$2,854,169	\$360,477	38.9
Increase/(Decrease)	(\$302,749)	\$0	(\$480,716)	\$168,526	\$9,441	1.0
Percentage Change	-1.2%	n/a	-2.2%	6.3%	2.7%	2.6%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary increases: The appropriation includes \$53,812 for the Commission on Higher Education and \$14,371 for the Division of Private Occupational Schools to annualize salary survey increases awarded in FY 2007-08. These figures are net of the 1.0 percent common policy personal services base reduction.

Private occupational school regulation: The appropriation includes an increase in spending authority of \$60,242 from fees paid by private occupational schools to increase regulation and enforcement. Existing fee rates produce sufficient revenue to support this increase in expenditures, and so there will be no increase in the fee rates. The increase will allow the Department to fill an authorized FTE position that is currently vacant.

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

Competitive research authority: The appropriation reflects a \$571,854 decrease in the amount of waste tire funds for distribution to the Higher Education Competitive Research Authority after a one-time high in FY 2007-08 pursuant to S.B. 07-182.

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.

Colorado Commission on Higher Education Financial Aid						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$97,074,278	\$95,174,278	\$0	\$0	\$1,900,000	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Need based grants	7,270,600	7,270,600	0	0	0	0.0
Work study	1,728,057	1,728,057	0	0	0	0.0
Precollegiate scholarships	800,000	800,000	0	0	0	0.0
Native American students	295,861	295,861	0	0	0	0.0
HB 08-1375	\$107,168,796	\$105,268,796	\$0	\$0	\$1,900,000	0.0
SB 08-133	<u>500,000</u>	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.2</u>
TOTAL	\$107,668,796	\$105,768,796	\$0	\$0	\$1,900,000	0.2
Increase/(Decrease)	\$10,594,518	\$10,594,518	\$0	\$0	\$0	0.2
Percentage Change	10.9%	11.1%	n/a	n/a	0.0%	n/a

H.B. 08-1375 (Long Bill) Issue Descriptions

Need based grants: The appropriation includes a \$7.3 million, or 10.8 percent, General Fund increase for need based financial aid.

Work study: The appropriation includes a \$1.7 million, or 11.6 percent, General Fund increase for work study grants to return funding to the FY 2002-03 level. Pursuant to federal statute, at least 70 percent of work study grants must be awarded to students with financial need.

Precollegiate scholarships: The appropriation includes \$800,000 General Fund to double the size of the precollegiate scholarship program.

Native American students: The appropriation includes a \$295,861 General Fund increase for payments to Fort Lewis College for Native American student tuition waivers pursuant to Section 23-52-105, C.R.S.

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

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 2007-08 Appropriation:						
SB 07-239	\$628,568,032	\$625,532,356	\$0	\$3,035,676	\$0	0.0
HB 07-1256	20,826	20,826	0	0	0	0.0
HB 08-1375	<u>1,332,196</u>	<u>1,332,196</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$629,921,054	\$626,885,378	\$0	\$3,035,676	\$0	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>3,035,676</u>	<u>(3,035,676)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$629,921,054	\$626,885,378	\$3,035,676	\$0	\$0	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Fee-for-service contracts	34,914,166	34,914,166	0	0	0	0.0
Stipends state-operated institutions	16,203,360	19,239,036	(3,035,676)	0	0	0.0
Private stipends	38,670	38,670	0	0	0	0.0
One-time appropriation to the College Opportunity Fund	(1,201,366)	(1,201,366)	0	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 08-1375	\$679,875,884	\$679,875,884	\$0	\$0	\$0	0.0
SB 08-79	71,760	71,760	0	0	0	0.0
SB 08-166	<u>28,612</u>	<u>28,612</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$679,976,256	\$679,976,256	\$0	\$0	\$0	0.0
Increase/(Decrease)	\$50,055,202	\$53,090,878	(\$3,035,676)	\$0	\$0	0.0
Percentage Change	7.9%	8.5%	-100.0%	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 2007-08 Appropriation	\$625,553,182	\$314,853,182	\$310,700,000
Stipends state-operated institutions	881,634	17,281,634	(16,400,000)
Fee-for-service contracts	(881,634)	(881,634)	0
Private stipends	130,860	130,860	0
One-time appropriation to the College Opportunity Fund	<u>1,201,336</u>	<u>1,201,336</u>	<u>0</u>
FY 2007-08 Adjusted Appropriation	\$626,885,378	\$332,585,378	\$294,300,000
Stipend payments	18,533,286	(17,666,714)	36,200,000
All other H.B. 08-1375 changes	34,457,220	34,457,220	0
S.B. 08-79 and S.B. 08-166	<u>100,372</u>	<u>100,372</u>	<u>0</u>
Total FY 2008-09 Appropriation	\$679,976,256	\$349,476,256	\$330,500,000

General Fund Exempt

In November 2005, the Colorado voters passed Referendum C that 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 higher education pursuant to Sections 24-77-103.6 (2) (b) and 24-77-104.5 (1) (b) (III), Colorado Revised Statutes.

H.B. 08-1375 (Long Bill) Issue Descriptions

Fee-for-service contracts: The appropriation includes a net increase of \$34,914,166 General Fund for fee-for-service contracts. The appropriation targets a combined change in stipends and fee-for-service contracts for each governing board to match a distribution formula that includes a 2.8 percent inflationary factor, an allocation based on the gap between the average per-student FTE revenue for each governing board and peer institutions identified by the National Center for Higher Education Management Systems, and operating costs of medical programs and small rural institutions.

Stipends state-operated institutions: The appropriation includes \$5,011,590 General Fund for a projected increase in the stipend-eligible population of 1,877 SFTE, or 1.5 percent, and \$11,191,770 General Fund for a \$90 inflationary increase in the stipend rate for full-time students attending public higher education institutions (from \$2,670 per 30 credit hours to \$2,760 per 30 credit hours). The appropriation also reflects the end of a \$3,035,676 one-time cash fund expenditure from the balance of the College Opportunity Fund and the cost of replacing this money in the base with General Fund.

Private stipends: The appropriation includes \$38,670 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 2007-08, 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, \$2,670 is attributable to an increase in the projected stipend-eligible population, and \$36,000 is attributable to increasing the private stipend rate by \$45 (from \$1,335 per 30 credit hours to \$1,380 per 30 credit hours) commensurate with the increase in the stipend rate for students attending public institutions.

One-time appropriation to the College Opportunity Fund: The appropriation does not continue a one-time \$1,201,366 General Fund appropriation to the College Opportunity Fund in FY 2007-08 that addressed a shortfall in the fund attributable to a higher-than-expected stipend-eligible population in FY 2006-07.

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

Governing Boards

This division includes cash funds spending authority for the state-operated higher education institutions from tuition, tobacco settlement moneys, and academic and academic facility fees. It also includes reappropriated funds spending authority for student stipend payments, fee-for-service contracts, and appropriated grants.

Governing Boards						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	(2,906,851)	0	0	(2,906,851)	0	0.0
HB 08-1286	118,196	0	0	118,196	0	0.0
HB 08-1375	<u>28,427,459</u>	<u>0</u>	<u>0</u>	<u>28,427,459</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,684,845,805	\$0	\$150,000	\$1,684,695,805	\$0	18,957.5

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	0	0	1,056,165,916	(1,056,165,916)	0	0.0
FY 2007-08 Adjusted Appropriation	\$1,684,845,805	\$0	\$1,056,315,916	\$628,529,889	\$0	18,957.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Tuition	88,726,082	0	88,726,082	0	0	0.0
Stipends and fee-for-service contracts	51,117,526	0	0	51,117,526	0	0.0
Tobacco settlement	10,432,371	0	10,432,371	0	0	0.0
Academic fees	3,181,411	0	3,181,411	0	0	0.0
FTE adjustment	0	0	0	0	0	524.2
Appropriated grants	1,350,000	0	(150,000)	1,500,000	0	0.0
HB 08-1375	\$1,839,653,195	\$0	\$1,158,505,780	\$681,147,415	\$0	19,481.7
SB 08-79	149,900	0	78,140	71,760	0	0.0
SB 08-166	0	0	(28,612)	28,612	0	0.0
TOTAL	\$1,839,803,095	\$0	\$1,158,555,308	\$681,247,787	\$0	19,481.7
Increase/(Decrease)						
	\$154,957,290	\$0	\$102,239,392	\$52,717,898	\$0	524.2
Percentage Change						
	9.2%	n/a	9.7%	8.4%	n/a	2.8%

H.B. 08-1375 (Long Bill) Issue Descriptions

Tuition: The appropriation provides increases in resident undergraduate tuition spending authority of 9.5 percent for research institutions, 7.5 percent for the other four-year institutions, and 5.5 percent for the community colleges. The total appropriated spending authority assumes that resident graduate tuition increases will mirror the resident undergraduate increases, and nonresident tuition will increase 5.0 percent, but the tuition footnote does not specifically limit these increases. Combined with projected enrollment changes, the increase in projected tuition revenues is \$88.7 million.

Tuition Spending Authority						
	FY 2007-08 Appropriation	Revised Estimate of FY 2007-08 Revenues	Projected Enrollment Changes FY 2008-09	Resident Rate Increases	Nonresident Rate Increases	FY 2008-09 Appropriation
Adams	\$6,498,805	\$7,253,000	\$77,653	\$343,086	\$137,809	\$7,811,548
Mesa	21,469,541	21,825,869	1,588,146	1,377,266	252,523	25,043,804
Metro	45,939,334	47,567,973	1,231,506	3,247,806	274,770	52,322,055
Western	9,137,865	8,739,778	20,230	328,241	219,173	9,307,422
CSU System	172,427,154	186,829,052	4,378,473	9,493,955	4,563,558	205,265,038

Tuition Spending Authority						
	FY 2007-08 Appropriation	Revised Estimate of FY 2007-08 Revenues	Projected Enrollment Changes FY 2008-09	Resident Rate Increases	Nonresident Rate Increases	FY 2008-09 Appropriation
Fort Lewis	23,310,819	23,108,440	278,019	572,248	787,824	24,746,531
CU Regents	482,155,600	485,133,363	13,198,949	24,294,577	4,092,005	526,718,894
Mines	45,797,409	49,817,709	1,742,904	2,640,185	1,188,460	55,389,258
UNC	52,833,953	49,973,000	(1,580,458)	3,349,715	656,619	52,398,876
Com Colleges	125,737,586	133,487,341	2,607,546	6,144,047	1,219,247	143,458,181
TOTAL	\$985,308,066	\$1,013,735,525	\$23,542,968	\$51,791,126	\$13,391,988	\$1,102,461,607

Stipends and fee-for-service contracts: The appropriation includes an additional \$51,117,526 reappropriated funds spending authority, or an 8.1 percent increase in total, for stipends and fee-for-service contracts. The appropriation by governing board targets a combined change in stipends and fee-for-service contracts to match a distribution formula that includes a 2.8 percent inflationary factor, an allocation based on the gap between the average per-student FTE revenue for each governing board and peer institutions identified by the National Center for Higher Education Management Systems, and operating costs of medical programs and small rural institutions. The increase in reappropriated funds spending authority for the governing boards does not match the increase in General Fund for the College Opportunity Fund Program division, because some of the money in the College Opportunity Fund Program division is for students at private institutions, and the appropriation for the College Opportunity Fund Program division includes adjustments for one-time appropriations to manage the balance in the College Opportunity Fund.

Stipends and Fee-for-service Contracts				
	FY 2007-08 Appropriation	FY 2007-08 Supplemental Add-on	Changes for FY 2008-09	FY 2008-09 Appropriation
Adams	<u>\$13,624,080</u>	<u>\$13,624,080</u>	<u>\$984,369</u>	<u>\$14,608,449</u>
<i>Stipends</i>	3,770,040	3,713,970	92,070	3,806,040
<i>Fee-for-service</i>	9,854,040	9,910,110	892,299	10,802,409
Mesa	<u>\$22,376,340</u>	<u>\$22,376,340</u>	<u>\$1,629,267</u>	<u>\$24,005,607</u>
<i>Stipends</i>	12,087,090	11,494,350	732,450	12,226,800
<i>Fee-for-service</i>	10,289,250	10,881,990	896,817	11,778,807
Metro	<u>\$44,644,910</u>	<u>\$44,644,910</u>	<u>\$4,999,502</u>	<u>\$49,644,412</u>
<i>Stipends</i>	40,696,140	41,379,660	2,537,460	43,917,120
<i>Fee-for-service</i>	3,948,770	3,265,250	2,462,042	5,727,292
Western	<u>\$11,355,691</u>	<u>\$11,355,691</u>	<u>\$817,326</u>	<u>\$12,173,017</u>
<i>Stipends</i>	3,866,160	3,738,000	264,000	4,002,000
<i>Fee-for-service</i>	7,489,531	7,617,691	553,326	8,171,017
CSU System	<u>\$133,789,929</u>	<u>\$133,789,929</u>	<u>\$13,072,971</u>	<u>\$146,862,900</u>
<i>Stipends</i>	51,234,630	50,951,610	2,884,950	53,836,560
<i>Fee-for-service</i>	82,555,299	82,838,319	10,188,021	93,026,340
Fort Lewis	<u>\$11,653,935</u>	<u>\$11,653,935</u>	<u>\$1,082,395</u>	<u>\$12,736,330</u>
<i>Stipends</i>	6,829,860	6,795,150	292,530	7,087,680
<i>Fee-for-service</i>	4,824,075	4,858,785	789,865	5,648,650
CU Regents	<u>\$194,986,340</u>	<u>\$194,986,340</u>	<u>\$14,113,109</u>	<u>\$209,099,449</u>
<i>Stipends</i>	73,075,230	73,844,190	3,681,450	77,525,640
<i>Fee-for-service</i>	121,911,110	121,142,150	10,431,659	131,573,809
Mines	<u>\$21,737,271</u>	<u>\$21,737,271</u>	<u>\$1,500,115</u>	<u>\$23,237,386</u>
<i>Stipends</i>	7,235,700	7,080,840	349,080	7,429,920
<i>Fee-for-service</i>	14,501,571	14,656,431	1,151,035	15,807,466

Stipends and Fee-for-service Contracts				
	FY 2007-08 Appropriation	FY 2007-08 Supplemental Add-on	Changes for FY 2008-09	FY 2008-09 Appropriation
UNC	<u>\$41,156,170</u>	<u>\$41,156,170</u>	<u>\$2,930,141</u>	<u>\$44,086,311</u>
<i>Stipends</i>	23,317,110	21,771,180	32,820	21,804,000
<i>Fee-for-service</i>	17,839,060	19,384,990	2,897,321	22,282,311
Com. Colleges	<u>\$132,329,692</u>	<u>\$132,329,692</u>	<u>\$9,988,331</u>	<u>\$142,318,023</u>
<i>Stipends</i>	104,041,356	106,241,970	5,336,550	111,578,520
<i>Fee-for-service</i>	28,288,336	26,087,722	4,651,781	30,739,503
TOTAL	<u>\$627,654,358</u>	<u>\$627,654,358</u>	<u>\$51,117,526</u>	<u>\$678,771,884</u>
<i>Stipends</i>	326,153,316	327,010,920	16,203,360	343,214,280
<i>Fee-for-service</i>	301,501,042	300,643,438	34,914,166	335,557,604

Tobacco settlement: The appropriation reflects a \$10,432,371 increase in the allocation of tobacco settlement moneys to the University of Colorado Health Sciences Center pursuant to Section 24-75-1104.5 (1.5) (a) (I), C.R.S.

Academic fees: The appropriation includes an increase of \$3,181,411 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. Of the increase, \$2,682,394 is attributable to correcting errors in the FY 2007-08 forecast of fee revenue, and \$499,017 is attributable to projected increases in fees for FY 2008-09.

Academic Fees and Academic Facility Fees				
	FY 2007-08 Appropriation	FY 2007-08 Revised Estimate	Changes for FY 2008-09	FY 2008-09 Appropriation
Adams	\$96,240	\$430,000	\$13,000	\$443,000
Mesa	360,000	397,502	27,498	425,000
Metro	750,000	870,807	29,193	900,000
Western	26,000	26,000	0	26,000
CSU System	4,250,000	4,800,000	215,000	5,015,000
Fort Lewis	1,150,000	1,000,000	0	1,000,000
CU Regents	20,762,313	22,332,584	165,796	22,498,380
Mines	150,000	150,000	0	150,000
UNC	756,467	777,890	19,447	797,337
Com Colleges	5,618,026	5,816,657	29,083	5,845,740
TOTAL	\$33,919,046	\$36,601,440	499,017	37,100,457

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 2008-09.

Full-time Equivalent Employees			
	FY 2007-08 Long Bill	Estimate in FY 2008-09 Request	Difference
Adams	271.5	285.3	13.8

Full-time Equivalent Employees			
	FY 2007-08 Long Bill	Estimate in FY 2008-09 Request	Difference
Mesa	452.2	474.8	22.6
Metro	1,056.3	1,124.0	67.7
Western	230.9	241.5	10.6
CSU System	3,852.4	4,070.7	218.3
Fort Lewis	432.3	449.3	17.0
CU Regents	6,441.1	6,507.6	66.5
Mines	629.4	653.6	24.2
UNC	1,015.0	954.9	(60.1)
Com. Colleges	4,576.4	4,720.0	143.6
TOTAL	18,957.5	19,481.7	524.2

Appropriated grants: The appropriation reflects an anticipated increase of \$1,500,000 in grants from the Local Government Mineral Impact Fund administered by the Department of Local Affairs to the Community Colleges for faculty and the development of community college-level curricula on alternative, renewable, and existing energies. It also reflects the discontinuance of a one-time appropriation in FY 2007-08 of \$150,000 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 H.B. 07-1096.

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 and governing boards that are independent from the rest of the community college system. Students from the special property tax districts pay discounted tuition rates.

Local District Junior College Grants						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$14,823,001	\$14,823,001	\$0	\$0	\$0	0.0
TOTAL	\$14,823,001	\$14,823,001	\$0	\$0	\$0	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	0	0	0	0	0	0.0
FY 2007-08 Adjusted Appropriation	\$14,823,001	\$14,823,001	\$0	\$0	\$0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Increase grants	1,067,256	1,067,256	0	0	0	0.0
HB 08-1375	<u>\$15,890,257</u>	<u>\$15,890,257</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$15,890,257	\$15,890,257	\$0	\$0	\$0	0.0
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Increase/(Decrease)	\$1,067,256	\$1,067,256	\$0	\$0	\$0	0.0
Percentage Change	7.2%	7.2%	n/a	n/a	n/a	n/a

H.B. 08-1375 (Long Bill) Issue Descriptions

Increase grants: The appropriation includes a \$1,067,256 General Fund increase, or 7.2 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 ten family medicine residency programs throughout the state and assists in the recruitment of family medicine residents.

Advisory Commission on Family Medicine						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
<hr/>						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,903,558	\$0	\$0	\$1,903,558	\$0	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Transfer program to the Department of Health Care Policy and Financing	(1,903,558)	0	0	(1,903,558)	0	0.0
HB 08-1375	<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

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	(\$1,903,558)	\$0	\$0	(\$1,903,558)	\$0	0.0
Percentage Change	-100.0%	n/a	n/a	-100.0%	n/a	n/a

H.B. 08-1375 (Long Bill) Issue Descriptions

Transfer program to the Department of Health Care Policy and Financing: The appropriation includes transferring funding for the division to the Department of Health Care Policy and Financing.

Division of Occupational Education

This division supervises and administers the occupational education programs of the state and approves the allocation and distribution of state and federal vocational education funds to the community colleges, local district junior colleges, area vocational schools, secondary school districts, and any other appropriate state and local educational agencies or institutions. This division also coordinates resources available for the promotion of job development, job training, and job retraining in the state.

Division of Occupational Education						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>(751,739)</u>	<u>751,739</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$52,561,008	\$10,598,397	\$0	\$24,685,080	\$17,277,531	32.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Area vocational school support	752,410	752,410	0	0	0	0.0
Colorado Vocational Act distributions	464,153	0	0	464,153	0	0.0
Sponsored programs	(319,769)	0	0	0	(319,769)	0.0
Fund source adjustment	0	(148,261)	0	148,261	0	0.0
HB 08-1375	<u>\$53,457,802</u>	<u>\$11,202,546</u>	<u>\$0</u>	<u>\$25,297,494</u>	<u>\$16,957,762</u>	<u>32.0</u>
TOTAL	\$53,457,802	\$11,202,546	\$0	\$25,297,494	\$16,957,762	32.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$896,794	\$604,149	\$0	\$612,414	(\$319,769)	0.0
Percentage Change	1.7%	5.7%	n/a	2.5%	-1.9%	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Area vocational school support: The appropriation includes a \$752,410 General Fund increase, or 7.2 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).

Colorado Vocational Act distributions: The appropriation includes a \$464,153, or 2.2 percent, increase in the transfer from the Department of Education to secondary career and technical education programs through the Colorado Vocational Act. The reappropriated funds originate as General Fund or State Education Funds in the Department of Education.

Sponsored programs: The appropriation reflects an anticipated decrease of \$319,769 federal funds for the Division of Occupational Education for the federal Perkins program.

Fund source adjustment: The appropriation includes a decrease of \$148,261 General Fund and an increase of \$148,261 reappropriated funds for administration of the Division of Occupational Education based on higher indirect cost recoveries.

Auraria Higher Education Center

Established by statute in 1974, the Auraria Higher Education Center (AHEC) is governed by a Board of Directors who oversee the centralized operations of the campus located in Denver. AHEC 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.

Auraria Higher Education Center						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$15,736,087	\$0	\$15,736,087	\$0	\$0	123.6
HB 08-1375	<u>825,051</u>	<u>0</u>	<u>825,051</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$16,561,138	\$0	\$16,561,138	\$0	\$0	123.6

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>(16,561,138)</u>	<u>16,561,138</u>	<u>0</u>	0.0
FY 2007-08 Adjusted Appropriation	\$16,561,138	\$0	\$0	\$16,561,138	\$0	123.6
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Increase in campus operating budget	941,165	0	0	941,165	0	0.0
One-time supplemental	(825,051)	0	0	(825,051)	0	0.0
Eliminate appropriation for auxiliaries	(50,000)	0	0	(50,000)	0	0.0
HB 08-1375	<u>\$16,627,252</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,627,252</u>	<u>\$0</u>	<u>123.6</u>
TOTAL	\$16,627,252	\$0	\$0	\$16,627,252	\$0	123.6
<hr/>						
Increase/(Decrease)	\$66,114	\$0	\$0	\$66,114	\$0	0.0
Percentage Change	0.4%	n/a	n/a	0.4%	n/a	0.0%

H.B. 08-1375 (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 \$166,144 cash funds spending authority based on the requested operating budget.

One-time supplemental: The appropriation does not continue \$825,001 in one-time supplemental cash funds spending authority provided in FY 2007-08 for charges by auxiliary businesses operated by AHEC to enterprises. With the passage of S.B. 08-126 these charges no longer need to be reflected in the Long Bill.

Eliminate appropriation for auxiliaries: The appropriation does not continue \$50,000 for charges by auxiliary businesses operated by AHEC. With the passage of S.B. 08-126 these charges no longer need to be reflected in the Long Bill.

State Historical Society

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

State Historical Society						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$31,816,247	\$100,000	\$1,728,447	\$29,104,693	\$883,107	126.9
SB 08-1286	<u>(251)</u>	<u>0</u>	<u>0</u>	<u>(251)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$31,815,996	\$100,000	\$1,728,447	\$29,104,442	\$883,107	126.9
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>29,104,442</u>	<u>(29,104,442)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$31,815,996	\$100,000	\$30,832,889	\$0	\$883,107	126.9
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Statewide preservation grant program	819,493	0	819,493	0	0	0.0
Gaming cities distribution	440,566	0	440,566	0	0	0.0
Salary survey adjustment	199,330	0	199,330	0	0	0.0
Annualize salary increases	168,943	0	151,111	0	17,832	0.0
Extend computer network	75,100	0	75,100	0	0	0.0
Annualize supplemental	46,871	0	46,871	0	0	0.0
Auxiliary programs	26,480	0	26,480	0	0	0.0
HB 08-1375	<u>\$33,592,779</u>	<u>\$100,000</u>	<u>\$32,591,840</u>	<u>\$0</u>	<u>\$900,939</u>	<u>126.9</u>
TOTAL	\$33,592,779	\$100,000	\$32,591,840	\$0	\$900,939	126.9
Increase/(Decrease)	\$1,776,783	\$0	\$1,758,951	\$0	\$17,832	0.0
Percentage Change	5.6%	0.0%	5.7%	n/a	2.0%	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Statewide preservation grant program: The appropriation reflects an anticipated \$819,493 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), C.R.S.

Gaming cities distribution: The appropriation includes an increase of \$440,566 in the forecast of the amount of gaming revenues that will be distributed to gaming cities for historic preservation through the constitutional formula.

Salary survey adjustment: The appropriation includes a \$199,330 increase based on a salary survey conducted by the Historical Society in response to a May 2006 report by the State Auditor. The source of funds is the State Historical Fund and this expenditure on museum operations reduces the amount available for statewide preservation grants.

Annualize salary increases: The appropriation includes an increase of \$168,943 to annualize salary survey increases awarded in FY 2007-08. This amount is net of the 1.0 percent common policy base personal services reduction.

Extend computer network: The appropriation includes \$75,100 to extend the Historical Society's computer network to regional museums and storage facilities. The source of funds is the State Historical Fund and this expenditure on museum operations reduces the amount available for statewide preservation grants.

Annualize supplemental: The appropriation includes a \$46,871 increase for the additional cost associated with converting an accounting technician position to a chief operating officer for the Historical Society a portion of the way through FY 2007-08. This conversion was approved by the General Assembly as part of a supplemental bill. The source of funds is the State Historical Fund and this expenditure on museum operations reduces the amount available for statewide preservation grants.

Auxiliary programs: The appropriation includes a projected increase of \$26,480 in earnings by auxiliary programs.

Recent Legislation

2007 Session Bills

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%

Program	Percentage
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. 07-182: 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.

S.B. 07-239: General appropriations act for FY 2007-08. Also includes supplemental adjustments to modify FY 2006-07 appropriations.

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.

2008 Session Bills

S.B. 08-71: Extends the forest restoration pilot program administered by the Colorado State Forest Service at Colorado State University through FY 2011-12. Creates the Forest Restoration Pilot Program Cash Fund and continuously appropriates the fund to the Department of Higher Education. Transfers \$1,000,000 per year through FY 2011-12 from the Operational Account of the Severance Tax Trust Fund to the fund. By placing the transfers within the structure of H.B. 08-1398, makes the transfers subject to the reserve requirements and proportional reductions if there are insufficient revenues that are associated with tier 2 programs.

S.B. 08-79: Establishes that a student meeting the following criteria shall be afforded in-state tuition rates for attendance at institutions of higher education:

- the student is a United States citizen;
- the student graduated from a high school in Colorado; and,
- the student attended high school for three years preceding enrollment.

Makes the following appropriations to the Department of Higher Education in FY 2008-09:

	TOTAL	General Fund	Cash Funds (tuition)	Reappropriated Funds (stipend spending authority)
Stipends	\$71,760	\$71,760	\$0	\$0
Metropolitan State College of Denver	\$144,825	\$0	\$75,825	\$69,000
Community Colleges	<u>\$5,075</u>	<u>\$0</u>	<u>\$2,315</u>	<u>\$2,760</u>
TOTAL	\$221,660	\$71,760	\$78,140	\$71,760

Reduces the General Fund appropriation to the Controlled Maintenance Trust Fund by \$71,760.

S.B. 08-133: Creates the Teach Colorado Grant Initiative in the Department of Higher Education to provide scholarships to students in state institution teacher preparation programs who excel academically in high-need content areas. Requires the Department of Higher Education and the Colorado Department of Education to collaborate yearly to identify such content areas. Appropriates \$500,000 General Fund and 0.2 FTE to the Department of Higher Education in FY 2008-09 for the grant program, and reduces the appropriation to the Controlled Maintenance Trust Fund by a like amount.

S.B. 08-166: Makes Colorado National Guard members who are not yet state residents eligible for the College Opportunity Fund stipend. Appropriates \$28,612 General Fund in FY 2008-09 to the Department of Higher Education for stipend payments and reduces the appropriation to the Controlled Maintenance Trust Fund by a like amount. Increases the FY 2008-09 reappropriated funds stipend spending authority for the higher education governing boards by \$28,612 and reduces cash fund tuition spending authority for the governing boards by the same amount. Reduces the General Fund appropriation to the Controlled Maintenance Trust Fund by \$28,612.

S.B. 08-167: Requires that private colleges or universities of higher education apply for and receive approval from the Department of Higher Education before doing business in the state. Once approved, the private college must receive accreditation based on an on-site review conducted by a nationally recognized accreditation agency. Defines deceptive trade practices and authorizes the Department to investigate substantiated student complaints of such practices made against a private college. Requires CCHE to establish an application fee to charge a private college or university when it seeks approval from the Department to cover all direct and indirect costs to the state. Appropriates \$31,500 cash funds from the fees paid by private colleges and universities to the Department of Higher Education in FY 2008-09.

S.B. 08-206: Authorizes the state to enter into lease-purchase agreements for the development and construction of a state justice center (to be known as the "Ralph L. Carr Justice Complex") and a new Colorado State Museum. See the Capital Construction section for more detail.

S.B. 08-212: Requires the State Board Education and the Colorado Commission on Higher Education (CCHE) to negotiate a consensus and adopt a *description of postsecondary and workforce readiness* by December 15, 2009, and to adopt one or more postsecondary and workforce planning, preparation, and readiness assessments by December 15, 2010. Authorizes the Department of Education and CCHE to receive and expend gifts, grants, or donations to implement the act. Requires the Department of Education, by September 15, 2009, to contract for a study of the costs of implementing this act. Appropriates a total of \$792,453 cash funds from the State Education Fund and 5.0 FTE to the Department of Education for FY 2008-09, including: \$437,273 for the

Department's administrative costs of implementing the act; \$250,000 for the postsecondary and workforce readiness assessments pilot program, and \$105,180 to be transferred to the Department of Higher Education to cover its administrative costs of implementing the act. Appropriates \$105,180 reappropriated funds and 1.0 FTE to the Department of Higher Education for FY 2008-09. See the Department of Education section for more detail.

S.B. 08-218: Beginning July 1, 2008, modifies the allocation of federal mineral lease (FML) revenues, other than FML revenues generated by oil shale production on oil shale lands that current law segregates from other FML revenues, as follows:

- Segregates the portion of FML revenues attributable to bonus payments from other FML revenues, and requires 50 percent of the bonus payment revenues to be transferred to a newly created local government permanent fund (permanent fund) and 50 percent of the bonus payment revenues to be transferred to a newly created higher education maintenance and reserve fund (maintenance and reserve fund).
- For any fiscal year in which the total amount of FML revenues received by the state declines by at least 10 percent, allows the general assembly to appropriate and the executive director of the department of local affairs (DOLA) to make formula-based direct distributions of permanent fund moneys to counties and municipalities to the extent necessary to prevent any reduction from the prior fiscal year in the amount of formula-based direct distributions of FML revenues to counties and municipalities.
- Allows the general assembly to annually appropriate investment earnings of the maintenance and reserve fund for controlled maintenance projects of state-supported institutions of higher education, but only allows use of fund principal to mitigate reductions in general fund appropriations for operating expenses of state-supported institutions of higher education necessitated by a general fund revenue shortfall.
- For the 2008-09, 2009-10, and 2010-11 fiscal years, requires the lesser of 48.3 percent of the FML revenues, other than bonus payments, or \$65,000,000 of such revenues to be transferred to the state public school fund.
- For the 2011-12 fiscal year or during any succeeding fiscal year, requires the lesser of 48.3 percent of the FML revenues, other than bonus payments, or \$65,000,000 multiplied by 104 percent per year to be transferred to the state public school fund.
- For the 2008-09 fiscal year, requires the lesser of 10 percent of the FML revenues, other than bonus payments, or \$14,000,000 to be paid into the Colorado water conservation board construction fund.
- For the 2009-10 fiscal year or during any succeeding fiscal year, requires the lesser of 10 percent of the FML revenues, other than bonus payments, or \$14,000,000 multiplied by 104 percent per year to be paid into the Colorado water conservation board construction fund.
- Requires 40 percent of the FML revenues, other than bonus payments, to be credited to the local government mineral impact fund, requires the executive director of DOLA to distribute 50 percent of the revenues so credited as mineral impact grants in a manner that gives priority to those communities most substantially and directly impacted by energy production on federal mineral lands and to multi-jurisdictional and large projects, and requires the executive director of DOLA to make formula-based direct distributions of 50 percent of the revenues so credited to counties and municipalities.
- For the 2008-09 fiscal year, requires the lesser of an additional 1.7 percent of the FML revenues, other than bonus payments, or \$3,300,000 to be credited to the local government mineral impact fund and distributed directly by the executive director of DOLA to each school district within a county that receives formula-based direct distributions of FML revenues on the basis of both the formula used to

make direct distributions to counties and the percentage of the total funded pupil count of all school districts within the county attributable to the district's funded pupil count.

- For the 2009-10 fiscal year and for each succeeding fiscal year, requires the lesser of an additional 1.7 percent of the FML revenues, other than bonus payments, or \$3,300,000 multiplied by 104 percent per year to be credited to the local government mineral impact fund and distributed directly by the executive director of DOLA to each school district within a county that receives formula-based direct distributions of FML revenues on the basis of both the formula used to make direct distributions to counties and the percentage of the total funded pupil count of all school districts within the county attributable to the district's funded pupil count.
- Requires the lesser of all FML revenues, other than bonus payments, in excess of the amounts credited to the local government mineral impact fund for distribution to counties, municipalities, and school districts, transferred to the state public school fund, or paid into the Colorado water conservation board construction fund or the first \$50,000,000 of such revenues to be transferred to a newly created higher education federal mineral lease revenues fund (revenues fund). Requires any remaining FML revenues to be transferred to the maintenance and reserve fund.
- Allows the general assembly to appropriate moneys in the revenues fund to directly pay for or pay the costs of financing capital construction projects at state-supported institutions of higher education that are included on a specified prioritized list of such projects approved pursuant to a joint resolution of the general assembly, and also allows the general assembly to appropriate such moneys to the department of education for distribution by the department, or any board or division within the department that the department may designate, to school districts for capital construction projects at area vocational schools. Requires priority consideration to be given to projects located in communities that are substantially impacted by energy production or conversion activities.

Appropriates \$16,292 and 0.3 FTE to DOLA, division of local government, for the implementation of the act. Adjusts appropriations for the 2008-09 fiscal year for the implementation of the act. Decreases the cash funds appropriation from the State Public School Fund to the Department of Education for FY 2008-09 for the State Share of Districts' Total Program Funding by \$9,470,900 based on the anticipated impact of the new FML allocation formula. Increases the cash funds appropriation from the State Education Fund to the Department of Education for FY 2008-09 for the State Share of Districts' Total Program Funding by \$9,470,900.

S.B. 08-233: Directs the Colorado Commission on Higher Education ("CCHE") to submit to the Office of State Planning and Budgeting ("OSPB") and the Capital Development Committee ("CDC") a prioritized list of capital construction projects at state-supported institutions of higher education ("higher education projects") to be constructed through lease-purchase agreements funded through the higher education federal mineral lease revenues fund ("fund"). Directs the OSPB to submit its prioritized list of higher education projects to the CDC. Directs the CDC to submit its prioritized list of higher education projects to the Joint Budget Committee ("JBC"). Directs the JBC to sponsor a joint resolution that proposes a prioritized list of higher education projects and that, if approved by the General Assembly, is presented to the Governor for approval. Limits the amount of the total average annual payments under all lease-purchase agreements related to the prioritized list and entered into during the fiscal year commencing July 1, 2008. If projects on the prioritized list are not subject to lease-purchase agreements entered into during the fiscal year commencing July 1, 2008, provides that the remaining projects in the joint resolution shall constitute a prioritized list for the fiscal year commencing July 1, 2009. Directs the State Treasurer to notify annually CCHE, OSPB, CDC, and JBC of the amount of money in the fund and whether the Treasurer determines that there are sufficient moneys available in the fund to enter into additional lease-purchase agreements for higher education projects. Authorizes the State Treasurer to enter into lease-purchase agreements not to exceed a specified number of annual payments for the

construction of the higher education projects on the prioritized list in the joint resolution. Specifies terms of the lease-purchase agreements. Authorizes local governments and state-supported institutions of higher education to assist the state in making payments on the lease-purchase agreements. Establishes the higher education institutions lease-purchase cash fund. Authorizes the State Treasurer to enter into interest rate lock agreements related to the lease-purchase agreements. If there is insufficient money in the fund, authorizes the General Assembly to transfer money to the fund from the principal of the Higher Education Maintenance and Reserve Fund or to reduce the transfer from the Mineral Leasing Fund to the Public School Fund and transfer the money to the fund. Appropriates from the Higher Education Federal Mineral Lease Revenues Fund \$10,000,000 to the State Treasurer in FY 2008-09 to make payments on any lease-purchase agreements. Appropriates cash funds of \$22,227,526 to the Auraria Higher Education Center for the Science Building Addition and Renovation in FY 2008-09, but reduces the appropriation by any amount that is included in a lease-purchase agreement. Reduces the FY 2006-07 cash fund appropriation to the Colorado School of Mines for the Marquez Hall Petroleum Engineering Building by \$20,000,000. Specifies that the act will take effect only if Senate Bill 08-218 is enacted at the second regular session of the Sixty-sixth General Assembly and becomes law. Specifies that certain sections of the act shall take effect only if House Joint Resolution 08-1042 is adopted by the General Assembly and is signed by the Governor.

H.B. 08-1375: General appropriations act for FY 2008-09.

H.J.R. 08-1042: Specifies the capital construction projects in priority order for which the State Treasurer is authorized to enter into lease-purchase agreements pursuant to S.B. 08-233.

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 the care of 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 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund	\$506,321,863	\$618,419,127	\$647,517,006	\$694,456,823
Cash Funds/1	105,626,757	105,029,794	110,605,461	342,226,235
Cash Funds Exempt/1	676,656,269	593,954,220	635,811,187	n/a
Reappropriated Funds/1	n/a	n/a	n/a	437,011,561
Federal Funds	<u>558,588,016</u>	<u>603,475,506</u>	<u>639,620,692</u>	<u>661,234,915</u>
Total Funds	\$1,847,192,905	\$1,920,878,647	\$2,033,554,346	\$2,134,929,534
Full Time Equiv. Staff	5,205.1	5,365.7	5,489.3	5,534.6

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

Funding for this Department consists of approximately 32.5 percent General Fund, 16.0 percent cash funds, 20.5 percent reappropriated funds, and 31.0 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Employee Salaries and Benefits

Increases in salaries and benefits for the Department's employees continue to be a driving factor for the budget. The Long Bill appropriation includes increases to centrally-appropriated line items for salary survey, performance-based pay awards, state contributions to health, life, and dental benefits, shift differential, and state contributions to the Public Employees' Retirement Association (PERA) pension fund. The appropriation includes an increase of \$10.7 million from various fund sources for annualization of salary and benefits increases that were awarded in FY 2007-08, and an increase of \$6.6 million from assorted fund sources for employee benefits for FY 2008-09.

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. No provider rate increase was applied to County Administration for FY 2008-09, as that group of line items was substantially restructured by H.B. 08-1250, as described below. A COLA of 1.5 percent was provided to the other programs for FY 2008-09, resulting in an overall appropriations increase of \$12.9 million for the Department, including \$7.7 million General Fund (includes General Fund appropriated directly to the Department of Human Services and General Fund appropriated to the Department of Health Care Policy and Financing that is transferred to the Department of Human Services).

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 2006-07, the most recent year of actual data, counties received about 70,000 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. About 27 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 41,536 children who received child welfare services in FY 2006-07: 18,811 (45.3) percent remained in their own home; 9,683 (23.3 percent) were children who had been adopted out of foster care but whose families continued to receive support from county departments; and 13,042 (31.4 percent) were in foster care.

Appropriations for child welfare programs for FY 2008-09 (\$422.7 million) consist of 55.4 percent General Fund, 27.5 percent federal funds, and 17.1 percent county funds and various cash fund sources. The vast majority of funds appropriated (over 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.

Child Welfare Allocations to Counties and County Over-expenditures						
	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Approp. for Child Welfare Services and Family and Children's Programs line items (\$ millions)	\$341.9	\$343.2	\$359.3	\$370.4	\$384.9	\$396.2
<i>Percent Change</i>	<i>n/a</i>	<i>0.4%</i>	<i>4.7%</i>	<i>3.1%</i>	<i>3.9%</i>	<i>2.9%</i>
County Expenditures In Excess of Capped Allocations (\$ millions)	\$12.4	\$10.8	\$14.2	\$12.2	n/a	n/a
<i>Shortfall as Percent of Capped Allocations</i>	<i>4.2%</i>	<i>3.7%</i>	<i>3.4%</i>	<i>3.3%</i>	<i>n/a</i>	<i>n/a</i>

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 2008-09, the total number of full-year participants ("resources") funded, associated dollars, average cost per participant, 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/1	FY 2008-09 Funding	Full Year Persons Funded FY 2008-09/2	Avg. Cost per Full Year Person Funded	Waiting List June 2008/3
Adult Comprehensive Services	\$264,294,183	4,069	\$64,953	1,532
Adult Supported Living Services	55,259,558	3,827	14,439	2,506

Community Program Costs/1	FY 2008-09 Funding	Full Year Persons Funded FY 2008-09/2	Avg. Cost per Full Year Person Funded	Waiting List June 2008/3
Early Intervention	11,663,694	2,176	5,360	n/a
Children's Extensive Support	7,288,632	395	18,452	191
Family Support Services	6,837,871	1,226	5,577	4,811
Case Management	23,693,965	11,693	2,026	n/a
Special Purpose	1,064,342	n/a	n/a	n/a
Total	\$370,102,245	n/a	n/a	n/a

/1 Reflects funding in the Community Services for People with Developmental Disabilities, Program Costs line item. Does not include funding for 403 adult residential placements at the regional centers or services funded with local dollars.

/2 Funding provided for one person for half of a year is counted as 0.5 of a full year placement. Of the amounts shown, support for 305 adult comprehensive placements, 228 adult supported living placements, and 100 family support services placements is for an average of six months in FY 2008-09. Note that individuals served are funded for case management *in addition to* direct services.

/3 June count of the persons who request placement by the end of FY 2008-09. (1) Some of these persons are anticipated to be removed from the waiting list during FY 2008-09, based on new resources funded. (2) Some children are funded through federal Part C "payer of last resort" dollars, in the absence of state support, as a result, there is effectively no waiting list. (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 - Community Services for People with Developmental Disabilities, Program Costs/1						
Community Programs:	FY 2003-04 Approp	FY 2004-05 Approp	FY 2005-06 Approp	FY 2006-07 Approp	FY 2007-08 Approp	FY 2008-09 Approp
Total (\$ millions)	\$271.3	\$271.6	\$287.2	\$314.1	\$341.6	\$370.1
Change (\$ millions)	n/a	\$0.3	\$15.6	\$26.9	\$27.5	\$28.5
% Change	n/a	0.1%	5.7%	9.4%	8.8%	8.3%

/1 For years prior to FY 2008-09, reflects the funding in the Developmental Disability Services, Adult Program Costs and Services for Children and Families, Program Funding line items.

Funding for community-based programs for persons with developmental disabilities increased steadily through FY 2002-03, 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, cuts taken during the downturn were largely restored and the General Assembly began to provide significant increases to serve additional individuals and increase provider rates. Increases for FY 2008-09 reflect substantial efforts to reduce the developmental disability services waiting lists. Increases in recent years have also reflected the impact of federally-required changes in the management of Medicaid developmental disability waiver programs. These changes have reduced allowable billings for certain services, limited the state's access to some federal matching

funds, and driven additional expenditures of state General Fund dollars to maintain basic service levels and to assist in the transition process. System changes, and associated costs, have continued in FY 2007-08 and FY 2008-09.

The FY 2008-09 appropriation reflects overall increases in the following categories: (1) \$17.9 million for new placements and annualization of placements added in FY 2007-08; (2) \$7.0 million to restore one-time FY 2007-08 cuts associated with Medicaid billing reductions and federally-required system changes; (3) \$4.9 million for rate increases; and (4) a reduction of \$1.3 million for miscellaneous adjustments (including reversing the 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 2008-09, additional FY 2008-09 appropriations adjustments are anticipated.

Number of Participants

The table below reflects changes in the number of persons served.

	Persons Served				Full-year Persons Funded		
	FY 03-04 Served June	FY 04-05 Served June	FY 05-06 Served June	FY 06-07 Served March	FY 06-07 Approp.	FY 07-08 Approp.	FY 08-09 Approp.
Adult Comprehensive/1	3,582	3,607	3,652	3,607	3,789	3,872	4,069
Percent Change	n/a	0.7%	1.2%	-1.2%	n/a	2.2%	5.1%
Adult Supported Living	3,661	3,663	3,703	3,427	3,568	3,584	3,827
Percent Change	n/a	0.1%	1.1%	-7.5%	n/a	0.4%	6.8%
Early Intervention/2	1,912	2,099	2,755	2,496	2,072	2,176	2,176
Percent Change	n/a	9.8%	31.3%	-9.4%	n/a	5.0%	0.0%
Children's Extensive Support	204	210	341	328	395	395	395
Percent Change	n/a	2.9%	62.4%	-3.8%	n/a	0.0%	0.0%
Family Support Services/3	3,567	3,019	3,651	3,062	1,176	1,176	1,226
Percent Change	n/a	-15.4%	20.9%	-16.1%	n/a	0.0%	4.3%

/1 Does not include residential placements at the state regional centers for the developmentally disabled.

/2 "Served June" figure is based on the number served during an average month throughout the year. Federal funds, local funds, and insurance dollars fund support services for more children than those whose services are funded by state dollars.

/3 "Served June" figure is based on the unduplicated number served throughout the year. As this is a General Fund program, dollars are "stretched" to serve additional persons.

The number of persons served declined significantly in FY 2006-07 primarily as a result of federally-imposed changes in the management and billing of Medicaid waiver programs. As a result substantially fewer persons were served than the numbers for whom funding was appropriated and unused funds were reduced at the close of the year. This in part reflected one-time transition difficulties. As shown, the FY 2008-09 appropriation provides for significant increases in persons served in adult residential and supported living programs and the family support services program.

Rate Increases

The table below reflects the impact of provider rate increases and base rate increases on the budget from FY 2002-03 through FY 2008-09. 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						
	FY 2003-04	FY 2004-05	FY 2005-06 ^{/1}	FY 2006-07 ^{/1}	FY 2007-08	FY 2008-09
Provider Rate Increase	0.0%	0.0%	2.0%	3.3%	1.5%	1.5%
Base Rate Increase	-2.0%	0.0%	0.4%	1.4%	0.0%	0.0%
Total Impact on base of DD Community Programs (\$ millions)	(\$3.5)	\$0.0	\$6.3	\$11.1	\$4.7	\$4.9

^{/1} Amounts shown for FY 2005-06 and FY 2006-07 reflect overall base rate increase of 1.79 percent on selected services implemented beginning the last quarter of FY 2005-06 and annualized in FY 2006-07.

Division of Youth Corrections

The Division of Youth Corrections provides for the housing of juveniles who are detained while awaiting adjudication (similar to adult jail), or committed for a period of time as a result of a juvenile delinquent adjudication (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 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Projection	FY 2008-09 Projection
Detention/ ¹	n/a	n/a	n/a	n/a	n/a	n/a
<i>Percent Difference</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Commitment	1,386	1,454	1,453	1,425	1,275	1,210
<i>Percent Difference</i>	<i>n/a</i>	<i>4.9%</i>	<i>0.0%</i>	<i>-2.0%</i>	<i>-10.5%</i>	<i>-5.1%</i>
Parole/ ²	532	495	500	517	505	482
<i>Percent Difference</i>	<i>n/a</i>	<i>-7.0%</i>	<i>1.0%</i>	<i>3.4%</i>	<i>-2.3%</i>	<i>-4.6%</i>

^{/1} Senate Bill 03-286 capped the population at 479.

^{/2} Senate Bill 03-284 reduced the period of mandatory parole from 9 months to 6 months.

The Mental Health Institutes

The Department of Human Services administers the State's two mental health hospitals: the Fort Logan Mental Health Institute, located in Denver, and the Pueblo Mental Health Institute. Pueblo's institute serves the civil population and also has a Forensics unit that serves people that the court system determines to be either incompetent to proceed (ITP) or not guilty by reason of insanity (NGRI). The Forensics unit provides services so these people can be restored to competency. The FY 2008-09 budget for the institutes is \$93.8 million to

maintain 621 beds and serve approximately 3,415 individual patients. The average cost per bed for the institutes is estimated at \$188,325.

The number of beds at the State's mental health institutes have decreased over the past decade, from 813 in FY 1994-95 to 621 in FY 2008-09. The declining rate of hospitalization is attributable to two primary factors: (1) changes in the delivery of mental health services resulting from managed care; and (2) "deinstitutionalization", the shift to treating clients in community settings instead of hospitals. The use of managed care results in fewer hospitalizations because providers are encouraged to seek lower-cost alternative services in the community. The trend toward deinstitutionalization has resulted in shorter hospital stays as patients transition more quickly to community settings, where they can remain connected with their family and support network. However, the institutes' expenditures have increased despite the overall decline in census. The increases are attributable to inflationary factors such as salaries and the overall rising cost of medical care, improved staff-to-patient ratios, increases in staffing intensity, and changes associated with recent lawsuit settlements. In FY 2006-07 the forensics unit in Pueblo added an additional 20 beds, and a new high-security forensics institute will open in 2009. The new facility will allow the State to accommodate the increasing demand for competency evaluations and to improve services for this population.

Mental Health Institutes					
	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp	FY 2008-09 Approp
Institute Budget	\$83,316,765	\$84,337,046	\$89,015,608	\$93,726,790	\$98,927,812
FTE	1,192.6	1,190.9	1,217.0	1,304.5	1,310.6
Ft. Logan Avg. Daily Census	149	149	150	153	153
Pueblo Avg. Daily Census	<u>377</u>	<u>377</u>	<u>398</u>	<u>416</u>	<u>416</u>
Total Avg. Daily Census	526	526	548	569	569
Change in Funding	n/a	\$1,020,281	\$4,678,562	\$4,711,182	\$5,201,022
Change in FTE	n/a	(1.7)	81.6	32.0	6.1
Change in Census	n/a	0	22	21	0

County Administration

The County Administration group of line items provides funding for county departments of social services to administer a variety of programs. Funding provided through these line items has decreased in recent years as some of the funding for social services administration was transferred to specific program areas. For example, S.B. 06-219 shifted responsibility for medical assistance programs and \$18.3 million in funding from the County Administration line item to the Department of Health Care Planning and Financing.

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. The General Assembly does not

directly control program expenditures for OAP as it does for many other state programs. Grant levels are set by the State Board of Human Services, and the funds are continuously appropriated by the State Constitution. The Long Bill reflects anticipated program expenditures for informational purposes.

Aid to the Needy Disabled Programs

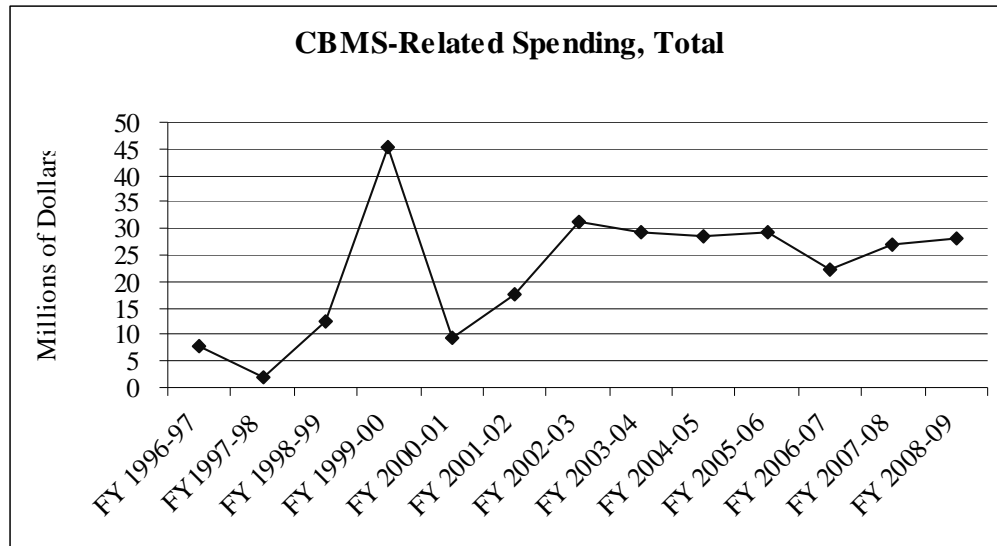
There are three distinct Aid to the Needy Disabled (AND) programs. The AND Colorado Supplement (AND-CS) program provides supplemental income to individuals receiving Supplemental Security Income (SSI) payments. The federal SSI program is an entitlement program that provides financial assistance to persons 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 of the required spending level in all but one of the last five calendar years.

Major Information System Projects

The Department makes significant expenditures to support the large information technology systems required to manage the social services programs in Colorado. These systems include:

- County Financial Management System which tracks county expenditures for social services;
- Colorado Trails, which provides case management and tracking for county and state child welfare services workers; and
- Colorado Benefits Management System (CBMS).

CBMS became operational in September 2004 and replaced six different systems used by county staff to determine eligibility for financial, medical, and nutritional benefits. CBMS is involved in eligibility or claims processing for over 500,000 individual clients, more than 80 distinct programs, and about \$2.5 billion in annual benefit payments. The system is also responsible for collecting data and generating many of the extensive reports required by federal programs in which the state participates, and for the necessary exchanges of information with other states. Any changes in eligibility rules, benefit formulas, or data collection and reporting made by either federal or state authorities for any of the programs must be properly reflected in CBMS. The following chart summarizes annual CBMS-related spending from the time when planning began. For FY 2008-09, about 62.5% of the total CBMS funding is federal funds from various sources.



Summary of FY 2007-08 and FY 2008-09 Appropriations

Department of Human Services						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$2,033,554,346	\$647,517,006	\$110,605,461	\$635,811,187	\$639,620,692	5,489.3
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	61,365,448	34,206,327	1,421,768	15,251,169	10,486,184	137.7
Office of Information Technology Services	51,623,613	18,400,428	2,081,450	11,434,932	19,706,803	174.3
Office of Operations	38,811,614	19,726,044	820,480	13,762,975	4,502,115	464.2
County Administration	58,881,878	27,297,260	0	14,654,752	16,929,866	0.0
Division of Child Welfare	408,493,131	202,397,807	0	100,563,048	105,532,276	32.0
Division of Child Care	91,974,615	18,651,536	728,008	10,203,665	62,391,406	65.0
Office of Self Sufficiency	331,748,023	6,908,656	6,641,978	29,207,412	288,989,977	279.1
Mental Health and Alcohol and Drug Abuse Services	215,358,137	125,433,294	8,357,703	23,910,238	57,656,902	1,388.9
Services for People with Disabilities	505,999,792	42,149,357	3,571,824	402,435,388	57,843,223	1,915.3
Adult Assistance Programs	137,907,305	25,826,176	86,892,824	10,755,685	14,432,620	28.5
Division of Youth Corrections	131,390,790	126,520,121	89,426	3,631,923	1,149,320	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

	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
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
HB 08-1287	37,958,548	8,145,553	25,917	(844,484)	30,631,562	12.0
HB 08-1375	(15,994,881)	(2,581,550)	(541,566)	(12,690,253)	(181,512)	40.2
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$2,134,929,534	\$694,456,823	\$342,226,235	\$437,011,561	\$661,234,915	5,534.6
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	71,745,651	40,013,862	2,150,659	18,021,470	11,559,660	145.0
Office of Information Technology Services	51,774,594	18,703,798	2,095,209	9,090,313	21,885,274	170.7
Office of Operations	40,130,725	20,585,803	2,460,135	12,679,015	4,405,772	462.7
County Administration	66,581,878	26,297,260	18,754,752	0	21,529,866	0.0
Division of Child Welfare	422,661,418	224,492,056	72,205,975	18,903,719	107,059,668	37.5
Division of Child Care	91,170,172	18,791,669	9,951,299	0	62,427,204	67.5
Office of Self Sufficiency	334,025,913	7,214,183	25,251,174	2,183,460	299,377,096	286.3
Mental Health and Alcohol and Drug Abuse Services	226,390,203	135,695,218	19,082,147	13,860,207	57,752,631	1,396.5
Services for People with Disabilities	541,802,358	39,582,428	86,073,766	357,534,003	58,612,161	1,930.1
Adult Assistance Programs	145,114,839	25,436,149	104,111,571	102,017	15,465,102	28.5
Division of Youth Corrections	143,531,783	137,644,397	89,548	4,637,357	1,160,481	1,009.8

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	2,114,535,245	684,028,055	350,818,183	436,616,696	643,072,311	5,534.5
SB 08-2	34,264	0	0	34,264	0	0.5
SB 08-4	34,293	34,293	0	0	0	0.5
SB 08-6	271,080	42,546	21,754	94,092	112,688	0.0
SB 08-7	279,000	279,000	0	0	0	0.0
SB 08-155	0	0	0	0	0	(6.0)
SB 08-160	91,806	0	21,776	31,866	38,164	0.0
SB 08-161	16,000	0	3,791	5,554	6,655	0.0
SB 08-177	13,373,471	0	0	0	13,373,471	1.0
SB 08-216	0	8,001,927	(8,001,927)	0	0	0.0
HB 08-1005	376,950	0	376,950	0	0	0.0
HB 08-1031	500,000	500,000	0	0	0	0.0
HB 08-1046	76,081	11,941	6,106	26,408	31,626	0.0
HB 08-1047	23,800	23,800	0	0	0	0.5
HB 08-1108	3,000,000	0	3,000,000	0	0	0.0
HB 08-1156	55,997	0	0	55,997	0	0.8
HB 08-1227	15,578	0	15,578	0	0	0.2
HB 08-1246	33,000	0	33,000	0	0	0.0
HB 08-1250	5,200,000	(1,000,000)	1,600,000	0	4,600,000	0.0
HB 08-1268	81,024	0	81,024	0	0	1.0
HB 08-1314	146,684	0	0	146,684	0	0.1
HB 08-1342	0	0	0	0	0	0.0
HB 08-1387	(5,950,000)	0	(5,950,000)	0	0	0.0
HB 08-1388	85,092	85,092	0	0	0	1.5
HB 08-1391	2,100,169	2,100,169	0	0	0	0.0
HB 08-1404	550,000	350,000	200,000	0	0	0.0

/1 For FY 2007-08, includes \$128,828 that is exempt from the statutory limit on state General Fund appropriations imposed by Section 24-75-201.1 (1) (a) (III) (B), C.R.S. See division detail for more information.

Department of Human Services: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$2,033,554,346	\$647,517,006	\$110,605,461	\$635,811,187	\$639,620,692	5,489.3
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>215,375,584</u>	<u>(215,375,584)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	2,033,554,346	647,517,006	325,981,045	420,435,603	639,620,692	5,489.3
FY 2008-09 Total Appropriation:	2,134,929,534	694,456,823	342,226,235	437,011,561	661,234,915	5,534.6
Increase/(Decrease)	\$101,375,188	\$46,939,817	\$16,245,190	\$16,575,958	\$21,614,223	45.3
Percentage Change	5.0%	7.2%	5.0%	3.9%	3.4%	0.8%

FY 2008-09 Appropriation Highlights:

1. The appropriation adds \$16.4 million, including \$7.6 million net General Fund, to serve additional persons with developmental disabilities. This includes: (1) comprehensive residential services for 305 adults for an average of six months, including 45 persons transitioning from foster care, 62 emergency placements, 78 "high risk" waiting list placements, and 120 regular waiting list placements; (2) supported living services for 345 adults, including 28 persons transitioning from the Children's Extensive Support program for an average of six months, 200 others added for an average of six months, and 117 added for a full year (12 months); and (3) family support services, for an average of six months, for 100 additional families. The appropriation also adds \$3.6 million (including \$1.7 million net General Fund) to annualize costs for new placements added for six months in FY 2007-08.
2. The appropriation reflects an increase of \$13.6 million, including \$7.1 million net General Fund, for caseload increases within the child welfare system.
3. The appropriation reflects an increase of \$12.9 million, including \$7.7 million net General Fund, for a 1.5 percent provider rate increase.
4. The appropriation includes an increase of \$10.7 million from various fund sources for annualization of salary and benefits increases that were awarded in FY 2007-08.
5. The appropriation provides an increase of \$6.6 million from assorted fund sources for employee benefits.
6. The appropriation provides \$6.6 million General Fund to restore funding eliminated in FY 2007-08 due to declines in the Division of Youth Corrections' youth caseload to allow the Division flexibility to expand and implement programs designed to improve outcomes and mitigate future caseload growth.
7. The appropriation reflects an anticipated increase of \$3.4 million cash funds for Old Age Pension cash benefits.

8. The appropriation adds \$2.9 million General Fund to provide community mental health services for an additional 966 indigent mentally ill patients.
9. The appropriation provides an increase of \$2.8 million in federal funds for changes to CBMS related to federal changes in the Temporary Assistance for Needy Families program.
10. The appropriation adds \$2.7 million for new legislation related to child welfare services, including \$2.1 million for H.B. 08-1391 and \$550,000 for H.B. 08-1404.
11. The appropriation provides an increase of \$2.4 million from assorted fund sources for payments to other agencies, including the Department of Law for legal services.
12. The appropriation adds \$2.2 million federal funds to reflect a Promoting Responsible Fatherhood grant received by the State.
13. The appropriation provides an additional \$2.0 million General Fund to expand mental health services for juveniles and adults who are involved with the court system.
14. The appropriation adds \$1.9 million, including \$900,000 net General Fund, and 38.2 FTE to convert 20 group homes at the Wheat Ridge Regional Center to institutional (ICF/MR) licensure for an average of 6.7 months in FY 2008-09.
15. The appropriation provides \$1.4 million General Fund and 11.5 FTE to fund and staff the transition to the new Forensics Institute in Pueblo in late FY 2008-09.
16. The appropriation provides \$986,000 General Fund to increase salaries at the mental health institutes for Nurse I's who have five or more years of experience.
17. The appropriation provides \$669,600 General Fund to expand the Short-Term Residential Rehabilitation Treatment program (STIRRT) for chronic offenders who have substance abuse problems.
18. The appropriation adds \$500,000 General Fund for a pilot program to assist individuals with developmental disabilities who are waiting for state-funded services, pursuant to H.B. 08-1031.

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) the Colorado Commission for Individuals Who are Blind or Visually Impaired; (5) compliance with the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA); and (6) 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. Reappropriated funds are largely Medicaid cash funds transferred from the Department of Health Care Policy and Financing. Federal fund sources include indirect cost recoveries, the Temporary Assistance for Needy Families Block Grant, 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 2007-08 Appropriation:						
SB 07-239	\$62,927,147	\$35,328,331	\$1,416,588	\$15,666,025	\$10,516,203	137.7
HB 08-1287	(1,677,868)	(1,122,004)	5,180	(531,025)	(30,019)	0.0
HB 08-1375	<u>116,169</u>	<u>0</u>	<u>0</u>	<u>116,169</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$61,365,448	\$34,206,327	\$1,421,768	\$15,251,169	\$10,486,184	137.7
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>588,785</u>	<u>(588,785)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$61,365,448	\$34,206,327	\$2,010,553	\$14,662,384	\$10,486,184	137.7
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
FY 2008-09 salary and benefits adjustments	7,353,591	3,898,343	102,316	2,395,302	957,630	0.0
Payments to other agencies	2,392,456	1,663,366	13,777	824,008	(108,695)	0.0
Annualize salary and benefits adjustments	328,770	150,994	16,344	42,486	118,946	0.0
Add human resources staff	239,636	89,512	7,669	36,860	105,595	5.0
Move Commission for the Blind and Visually Impaired	112,067	0	0	112,067	0	1.0
Provider rate increase	5,669	0	0	5,669	0	0.0
Annualize prior year funding	5,320	5,320	0	0	0	0.0
Add staff for Commission for Deaf and Hard of Hearing	0	0	0	0	0	0.5
Annualize Long Bill supplemental	(116,169)	0	0	(116,169)	0	0.0
HB 08-1375	\$71,686,788	\$40,013,862	\$2,150,659	\$17,962,607	\$11,559,660	144.2
HB 08-1156	55,997	0	0	55,997	0	0.8
HB 08-1314	<u>2,866</u>	<u>0</u>	<u>0</u>	<u>2,866</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$71,745,651	\$40,013,862	\$2,150,659	\$18,021,470	\$11,559,660	145.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$10,380,203	\$5,807,535	\$140,106	\$3,359,086	\$1,073,476	7.3
Percentage Change	16.9%	17.0%	7.0%	22.9%	10.2%	5.3%

H.B. 08-1375 (Long Bill) Issue Descriptions

Long Bill Supplemental: The appropriation includes an increase for shift differential for FY 2007-08 for additional staff at the regional centers for people with developmental disabilities. Shift differential is funded through a centrally-appropriated line item in the Executive Director's Office and then distributed to other divisions as needed.

FY 2008-09 salary and benefits adjustments: The appropriation includes increases to centrally-appropriated line items for salary survey, performance-based pay awards, state contributions to health, life, and dental benefits, shift differential, and state contributions to the Public Employees' Retirement Association (PERA) pension fund. All salary survey and performance based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Payments to other agencies: The appropriation includes increases for payments for services delivered by other state agencies, including workers' compensation, legal services purchased from the Department of Law, administrative law judge services, and risk management.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Add human resources staff: The appropriation includes funding for 5.0 additional human resources FTE for the Department. The human resources staff was cut sharply during the budget crisis that occurred earlier this decade, and has not been restored despite substantial growth in the number of employees.

Move Commission for the Blind and Visually Impaired: The appropriation includes moving the funding and staff associated with the Colorado Commission for Individuals who are Blind or Visually Impaired to this section to improve alignment with other related functions.

Provider rate increase: The appropriation includes a 1.5 percent provider rate increase for legal interpreters for the deaf and hearing impaired.

Annualize prior year funding: The appropriation includes an increase to annualize funding added in FY 2007-08.

Add staff for Commission for Deaf and Hard of Hearing: The appropriation includes an increase in FTE in order to better staff the Colorado Commission for the Deaf and Hard of Hearing. No additional expenses are required for this change.

Annualize Long Bill supplemental: The appropriation removes the one-time increase in shift differential for FY 2007-08 related to increased staff at the regional centers for people with developmental disabilities.

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

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, reappropriated funds, and federal funds. The most significant source of reappropriated funds is Medicaid funds 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	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	59,953	9,692	4,670	20,687	24,904	0.0
HB 08-1287	<u>1,656,640</u>	<u>20,451</u>	<u>17,247</u>	<u>1,648,163</u>	<u>(29,221)</u>	<u>12.0</u>
TOTAL	\$51,623,613	\$18,400,428	\$2,081,450	\$11,434,932	\$19,706,803	174.3
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>125,627</u>	<u>(125,627)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$51,623,613	\$18,400,428	\$2,207,077	\$11,309,305	\$19,706,803	174.3
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
CBMS federal TANF reauthorization changes	2,838,755	0	0	0	2,838,755	0.0
Annualize salary and benefits adjustments	379,136	207,295	7,118	45,238	119,485	0.0
Add IT support staff	164,594	123,817	718	16,065	23,994	2.4

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Payments to other agencies	146,216	80,276	837	7,105	57,998	0.0
Refinance CBMS (calculator)	0	43,201	22,143	(30,202)	(35,142)	0.0
Remove one-time funding	(2,443,552)	(380,706)	(196,111)	(850,983)	(1,015,752)	0.0
Remove CBMS federal refinance	(1,564,135)	0	0	(1,564,135)	0	0.0
HB 08-1375	\$51,144,627	\$18,474,311	\$2,041,782	\$8,932,393	\$21,696,141	176.7
SB 08-6	271,080	42,546	21,754	94,092	112,688	0.0
SB 08-155	0	0	0	0	0	(6.0)
SB 08-160	91,806	0	21,776	31,866	38,164	0.0
SB 08-161	16,000	0	3,791	5,554	6,655	0.0
HB 08-1046	76,081	11,941	6,106	26,408	31,626	0.0
HB 08-1391	<u>175,000</u>	<u>175,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$51,774,594	\$18,703,798	\$2,095,209	\$9,090,313	\$21,885,274	170.7
Increase/(Decrease)	\$150,981	\$303,370	(\$111,868)	(\$2,218,992)	\$2,178,471	(3.6)
Percentage Change	0.3%	1.6%	-5.1%	-19.6%	11.1%	-2.1%

H.B. 08-1375 (Long Bill) Issue Descriptions

CBMS federal TANF reauthorization changes: The appropriation includes funding to implement CBMS changes necessary to allow the State to achieve compliance with federal changes in the Temporary Assistance for Needy Families (TANF) program. The changes will allow the State and its counties to meet federal data collection and reporting guidelines.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Add IT support staff: The appropriation includes funding to allow additional information technology support staff. The support staff was cut sharply during the budget crisis earlier this decade and has not been restored despite substantial increases in the number of supported clients at both state and county locations.

Payments to other agencies: The appropriation includes increases for the expenses associated with the purchase of services from the State's computer center, the multiuse network, and emergency communication services.

Refinance CBMS (calculator): The appropriation includes a refinancing of the CBMS line item in order to bring the appropriation back into alignment with a standard cost allocation formula. The CBMS system is, by agreement with four federal agencies, to be funded in strict accordance with that formula.

Remove one-time funding: The appropriation includes the removal of a variety of one-time increases for FY 2007-08. Most of these expenses were associated with CBMS and were appropriated in separate legislation.

Remove CBMS federal refinance: The appropriation includes the removal of costs associated with refinancing CBMS expenses in FY 2004-05. This refinance was necessary under the agreement by which four federal agencies pay a substantial portion of CBMS expenses.

Additional legislation: For additional information on S.B. 08-6, S.B. 08-160, and S.B. 08-161, see the "Recent Legislation" section at the end of the Department of Health Care Planning and Financing. 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	317.7
Division of Accounting	116.0
Procurement Division	25.0
Contract Management Unit	3.0
Administration	1.0
Total	462.7

Cash funds, reappropriated funds, and federal funds are from various sources, including indirect cost recoveries, since this Office supports programs throughout the Department. A portion of the reappropriated funds 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 2007-08 Appropriation:						
SB 07-239	\$38,825,182	\$19,769,459	\$766,681	\$13,792,125	\$4,496,917	463.2
SB 07-4	53,920	0	53,920	0	0	1.0
HB 08-1287	<u>(67,488)</u>	<u>(43,415)</u>	<u>(121)</u>	<u>(29,150)</u>	<u>5,198</u>	<u>0.0</u>
TOTAL	\$38,811,614	\$19,726,044	\$820,480	\$13,762,975	\$4,502,115	464.2
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>1,821,550</u>	<u>(1,821,550)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$38,811,614	\$19,726,044	\$2,642,030	\$11,941,425	\$4,502,115	464.2
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Facilities support for new CMHIP high security forensics building	753,440	753,440	0	0	0	6.5
Annualize salary and benefits adjustments	644,614	339,231	14,582	246,143	44,658	0.0
Buildings and grounds rental program - renovation projects	251,894	0	251,894	0	0	0.0
Increase Garage Fund spending authority and FTE	114,742	0	0	114,742	0	0.5
Vehicle lease adjustments	73,969	46,305	1,945	10,127	15,592	0.0
Annualize 2007 session legislation	57,617	62,122	(4,505)	0	0	1.0
Nursing home indirect costs adjustment	0	(258,075)	0	258,075	0	0.0
Buildings and grounds rental program - funding adjustments	(400,407)	0	(525,920)	125,513	0	0.0
Unused federal funds and FTE	(150,000)	0	0	0	(150,000)	(10.0)
Efficiency initiatives	(124,755)	(103,650)	(915)	(17,010)	(3,180)	(1.0)
Capitol complex leased space	(6,827)	(3,414)	0	0	(3,413)	0.0
HB 08-1375	\$40,025,901	\$20,562,003	\$2,379,111	\$12,679,015	\$4,405,772	461.2
HB 08-1047	23,800	23,800	0	0	0	0.5
HB 08-1268	<u>81,024</u>	<u>0</u>	<u>81,024</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$40,130,725	\$20,585,803	\$2,460,135	\$12,679,015	\$4,405,772	462.7

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$1,319,111	\$859,759	(\$181,895)	\$737,590	(\$96,343)	(1.5)
Percentage Change	3.4%	4.4%	-6.9%	6.2%	-2.1%	-0.3%

H.B. 08-1375 (Long Bill) Issue Descriptions

Facilities support for new CMHIP high security forensics building: The appropriation includes facilities maintenance funding and FTE associated with opening a new high security forensics building on the campus of the Colorado Mental Health Institute at Pueblo (CMHIP). The new 200-bed facility is scheduled to open June 2009. The amounts shown will annualize to \$1,737,615 General Fund and 22.7 FTE in FY 2009-10.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to personal services for line items with 20.0 FTE or more.

Buildings and grounds rental program - renovation projects: The appropriation provides spending authority for one-time expenditures from cash fund reserves. The Department leases vacant space on its campuses; revenues are deposited to a cash fund and used to maintain the rental facilities.

Increase Garage Fund spending authority and FTE: The appropriation provides an increase in spending and FTE authority for funds received from other state agencies to maintain their vehicles.

Vehicle lease adjustments: The appropriation includes funding for the replacement of 56 vehicles in FY 2008-09, annualization of funding for 35 vehicles replaced in FY 2007-08, the annualization of funding for six vehicles added in FY 2007-08, and the addition of six new vehicles in FY 2008-09 associated with the new high security forensics facility at CMHIP and new foster care staff.

Annualize 2007 session legislation: The appropriation includes an increase of \$62,122 General Fund and 1.0 FTE associated with S.B. 07-228, and a reduction of \$4,505 cash funds associated with S.B. 07-4.

Nursing home indirect costs adjustment: 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 reappropriated funds. This appropriation has a net zero General Fund impact department-wide.

Buildings and grounds rental program - funding adjustments: The appropriation eliminates \$400,407 cash funds for amounts that were inadvertently included in two line items in prior years. It also moves \$125,513 and 1.0 FTE from the Buildings and Grounds Rental program to Office of Operations administration to reflect facilities maintenance funding for buildings used by Department of Human Services programs. Amounts that remain in the Buildings and Grounds Rental line item are for rentals to private, not-for-profit, and local government entities.

Unused federal funds and FTE: The appropriation includes a reduction of 10.0 FTE and \$150,000 federal funds to more closely align the Long Bill with actual FTE utilization and anticipated federal receipts.

Efficiency initiatives: The appropriation includes a reduction of \$40,596 (including \$30,312 net General Fund) and 1.0 FTE for an efficiency initiative to consolidate some food preparation activities for the two mental health institutes. It also includes a transfer of \$84,149 General Fund from the Office of Operations to the mental health institutes (department-wide impact of \$0) associated with a linen contract.

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.

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 sources include retained child support collections, fraud refunds, and state revenue intercepts. Federal funds include the Title XX Social Services Block Grant and various other sources.

House Bill 08-1250 made significant technical changes in the County Administration funding. That bill replaced the County Contingency Fund, which is used to provide General Fund support to counties with high social services costs relative to their property tax base, with a County Tax Base Relief Fund which performs the same purpose but with a different formula for determining the amount of assistance eligible counties will receive. The previous statutory formulas were such that, over time, an increasing number of counties qualified for an increasing amount of assistance. In the most recent fiscal year, 43 of Colorado's 64 counties qualified. In recent fiscal years, the General Assembly has not appropriated the full amount of assistance based on the formulas. This combination has greatly diluted the benefits of the financial assistance for poorer counties.

In response to concerns raised by the Joint Budget Committee and the General Assembly during the 2007 session with regard to County Contingency, the Departments of Human Services and Health Care Policy and Financing convened a study group, with county participation, to consider alternatives. The final report of that group, endorsed unanimously by the participants, recommended replacing the County Contingency Fund and its distribution formulas with a new County Tax Base Relief Fund and different formulas that addressed the dilution problem described above. House Bill 08-1250 implemented the new fund and distribution formula as recommended by the study group.

The total amount of assistance for which counties will qualify under the new formula is smaller than the General Fund appropriation made for the old County Contingency line item. Counties' support for the recommendation was contingent on the transfer of the General Fund savings from County Contingency to the

County Administration line items. An increased General Fund appropriation for County Administration allows an increase in the federal matching dollars that will be drawn down. State funding for the County Administration lines has been a contentious issue between the State and the counties for several years, and is addressed by this change.

The new formulas create a three-tiered system based on fixed mill levies. Each county calculates the mill levy which is required to meet the county share requirement for spending on social services. If the required levy is above 2.0 mills, the county receives a distribution from the County Tax Base Relief Fund. In the following description, "shortfall" should be taken to mean that portion of the levy above 2.0 mills. The eligibility calculation calls for the state to pay 75 percent of the shortfall that falls above 3.0 mills, 50 percent of the shortfall that falls between 2.5 and 3.0 mills, and 25 percent of the shortfall that falls between 2.0 and 2.5 mills. The total distribution by the state is limited by the appropriation made by the General Assembly. If the appropriation is not sufficient to pay all of the calculated distributions, all distributions are reduced proportionately.

County Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$58,881,878	\$27,297,260	\$0	\$14,654,752	\$16,929,866	0.0
TOTAL	\$58,881,878	\$27,297,260	\$0	\$14,654,752	\$16,929,866	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	0	0	14,654,752	(14,654,752)	0	0.0
FY 2007-08 Adjusted Appropriation	\$58,881,878	\$27,297,260	\$14,654,752	\$0	\$16,929,866	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
None	0	0	0	0	0	0.0
HB 08-1375	\$58,881,878	\$27,297,260	\$14,654,752	\$0	\$16,929,866	0.0
HB 08-1250	5,200,000	(1,000,000)	1,600,000	0	4,600,000	0.0
HB 08-1342	2,500,000	0	2,500,000	0	0	0.0
TOTAL	\$66,581,878	\$26,297,260	\$18,754,752	\$0	\$21,529,866	0.0
Increase/(Decrease)	\$7,700,000	(\$1,000,000)	\$4,100,000	\$0	\$4,600,000	0.0
Percentage Change	13.1%	-3.7%	28.0%	n/a	27.2%	n/a

H.B. 08-1375 (Long Bill) Issue Descriptions

There were no Long Bill changes to this division for FY 2008-09.

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

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. Reappropriated funds reflect Medicaid funds transferred from the Department of Health Care Policy and Financing. Cash funds include county tax revenues, excess federal Title IV-E reimbursements to counties that are deposited to a cash fund, 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 2007-08 Appropriation:						
SB 07-239	\$408,887,095	\$194,023,310	\$0	\$105,517,336	\$109,346,449	32.0
SB 07-226	142,561	88,388	0	28,512	25,661	0.0
HB 08-1287	2,592,627	8,286,109	0	(1,853,648)	(3,839,834)	0.0
HB 08-1375	<u>(3,129,152)</u>	<u>0</u>	<u>0</u>	<u>(3,129,152)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$408,493,131	\$202,397,807	\$0	\$100,563,048	\$105,532,276	32.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>65,559,950</u>	<u>(65,559,950)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$408,493,131	\$202,397,807	\$65,559,950	\$35,003,098	\$105,532,276	32.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Population increase	13,585,602	6,424,842	2,717,120	1,414,170	3,029,470	0.0
Provider rate increase	5,721,447	2,941,872	1,106,701	522,544	1,150,330	0.0
Add monitoring staff	445,526	445,526	0	0	0	5.5
Level of care tool and rate study	90,000	90,000	0	0	0	0.0
Annualize salary and benefits adjustments	84,551	48,745	0	3,227	32,579	0.0
Adjust local share for residential services to 20 percent	0	(8,104,287)	8,104,287	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Reduced federal Title IV-E receipts	0	2,134,518	0	0	(2,134,518)	0.0
More accurately reflect anticipated use of Medicaid funding	(6,750,000)	9,000,000	2,250,000	(18,000,000)	0	0.0
Transfer to HCPF	(650,000)	(650,000)	0	0	0	0.0
Federal CAPTA grant	(536,110)	0	0	0	(536,110)	0.0
Annualize FY 2007-08 leap year	(495,077)	(364,605)	(91,152)	(39,320)	0	0.0
Annualize other one-time FY 2007-08 appropriations	(179,771)	(149,458)	(15,954)	0	(14,359)	0.0
HB 08-1375	\$419,809,299	\$214,214,960	\$79,630,952	\$18,903,719	\$107,059,668	37.5
SB 08-216	0	8,001,927	(8,001,927)	0	0	0.0
HB 08-1005	376,950	0	376,950	0	0	0.0
HB 08-1391	1,925,169	1,925,169	0	0	0	0.0
HB 08-1404	<u>550,000</u>	<u>350,000</u>	<u>200,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$422,661,418	\$224,492,056	\$72,205,975	\$18,903,719	\$107,059,668	37.5
Increase/(Decrease)	\$14,168,287	\$22,094,249	\$6,646,025	(\$16,099,379)	\$1,527,392	5.5
Percentage Change	3.5%	10.9%	10.1%	-46.0%	1.4%	17.2%

/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.

H.B. 08-1375 (Long Bill) Issue Descriptions

Population increase: The appropriation includes an increase to reflect the impact of projected increases in the Colorado child and adolescent population on the child welfare caseload.

Provider rate increase: The appropriation includes a 1.5 percent cost-of-living adjustment for programs in this section.

Add monitoring staff: The appropriation adds \$445,526 General Fund for 5.5 FTE to monitor county child welfare performance. This appropriation annualizes to \$445,357 General Fund and 6.0 FTE in FY 2009-10.

Level of care tool and rate study: The appropriation includes \$60,000 to set child welfare "base anchor rates" for foster care and other services and \$30,000 to establish a statewide "level of care" assessment tool for children in the child welfare system. Both appropriations provide one-time funding for contractual services.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award

and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to personal services for line items with 20.0 FTE or more.

Adjust local share for residential services to 20 percent: Pursuant to statute, county contributions for most residential child welfare services were set at FY 2004-05 levels for both FY 2006-07 and FY 2007-08. Under statute in effect when the FY 2008-09 Long Bill was adopted, the county contribution would have reverted to a standard 20 percent match rate in FY 2008-09. The Long Bill thus reflected an \$8.0 million increase in county funds and an \$8.0 million decrease in General Fund for child welfare services. However, the JBC's budget package also included S.B. 08-216 that set the county match rate for residential services at 10 percent for FY 2008-09 and FY 2009-10. This new legislation increased General Fund for child welfare services by \$8.0 million and decreased the county contribution by the same amount in FY 2008-09.

Reduced federal Title IV-E receipts: The appropriation includes additional General Fund to offset reductions in the amount of federal Title IV-E moneys anticipated to be received for child welfare services in FY 2008-09.

More accurately reflect anticipated use of Medicaid funding: This adjustment has a statewide General Fund impact of \$0. The appropriation reduces the Medicaid funds reflected in the "Child Welfare Services" line item, offset by increases in General Fund and county fund amounts. The Departments of Human Services and Health Care Policy and Financing have statutory authorization to transfer General Fund spending authority between the two departments when required by the amount of Medicaid cash funds earned through programs or services provided under the supervision of the departments (see Section 24-75-106, C.R.S.) In recent years, this provision has been used to reduce child welfare-related Medicaid expenditures and increase General Fund expenditures in Human Services. Thus, the appropriation is designed to more accurately reflect actual county expenditure patterns.

Transfer to HCPF: The appropriation transfers \$650,000 General Fund to the Department of Health Care Policy and Financing (HCPF) for administrative case management activities.

Accurately reflect federal CAPTA grant: The appropriation is designed to more accurately reflect annual expenditures of federal Child Abuse Prevention and Treatment Act (CAPTA) grant moneys by the Department.

Annualize FY 2007-08 leap year: The appropriation eliminates funding for an additional day of child welfare services added in FY 2007-08 due to the leap year.

Annualize other one-time FY 2007-08 appropriations: The appropriation eliminates \$100,000 General Fund added for a one-time FY 2007-08 supplemental adjustment and \$79,771 added pursuant to S.B. 07-226.

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 17,319 children per month will receive CCAP assistance in FY 2008-09. 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 7,431 child care homes and facilities will be licensed by the Division in FY 2008-09. Cash funds sources shown reflect county tax revenues and fees and fines paid by child care facilities. 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 2007-08 Appropriation:						
SB 07-239	\$91,202,743	\$18,651,536	\$728,008	\$9,431,793	\$62,391,406	64.0
HB 07-1062	1,022,168	0	0	1,022,168	0	1.0
HB 08-1287	<u>(250,296)</u>	<u>0</u>	<u>0</u>	<u>(250,296)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$91,974,615	\$18,651,536	\$728,008	\$10,203,665	\$62,391,406	65.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>9,181,498</u>	<u>(9,181,498)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$91,974,615	\$18,651,536	\$9,909,506	\$1,022,167	\$62,391,406	65.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	143,036	71,048	21,538	0	50,450	0.0
Provider rate increase	27,594	0	0	0	27,594	0.0
Add web content staff position	0	0	0	0	0	1.0
Eliminate double-count	(1,006,161)	0	0	(1,006,161)	0	0.0
Annualize one-time FY 2007-08 appropriations	(54,004)	(16,007)	20,255	(16,006)	(42,246)	0.0
HB 08-1375	\$91,085,080	\$18,706,577	\$9,951,299	\$0	\$62,427,204	66.0
HB 08-1388	<u>85,092</u>	<u>85,092</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.5</u>
TOTAL	\$91,170,172	\$18,791,669	\$9,951,299	\$0	\$62,427,204	67.5
Increase/(Decrease)	(\$804,443)	\$140,133	\$41,793	(\$1,022,167)	\$35,798	2.5
Percentage Change	-0.9%	0.8%	0.4%	-100.0%	0.1%	3.8%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award

and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to personal services for line items with 20.0 FTE or more.

Provider rate increase: The appropriation includes a 1.5 percent cost-of-living adjustment for programs in this section.

Add web content staff position: The appropriation adds 1.0 FTE for a position that will ensure that child care facility licensing information is readily available on the web. Funding for the position will be supported by child care licensing fees. Adequate cash funds spending authority is available within the base appropriation, so no additional cash funds spending authority is required; however, the Department is expected to increase child care licensing fees to generate sufficient revenue to support the position.

Eliminate double-count: The appropriation eliminates a \$1.0 million double-count in the appropriation for Early Childhood Councils.

Annualize one-time FY 2007-08 appropriations: The appropriation eliminates various one-time FY 2007-08 appropriations, including amounts for one-time costs in H.B. 07-1062, costs associated with constructing a new Child Care Automated Tracking System, and a one-time supplemental that moved \$180,000 federal funds from the Child Care Assistance Program to the administration line item for a federally-required study of improper child care subsidy payments.

Additional legislation: For information on S.B. 08-1388, see the "Recent Legislation" section at the end of the Department of Education and 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 program, 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 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	118,943	40,440	0	0	78,503	0.0
HB 08-1287	<u>34,085,983</u>	<u>(4,270)</u>	<u>3,611</u>	<u>2,703</u>	<u>34,083,939</u>	<u>0.0</u>
TOTAL	\$331,748,023	\$6,908,656	\$6,641,978	\$29,207,412	\$288,989,977	279.1
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to appropriations format	<u>0</u>	<u>0</u>	<u>27,028,206</u>	<u>(27,028,206)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	\$331,748,023	\$6,908,656	\$33,670,184	\$2,179,206	\$288,989,977	279.1

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
HB 08-1375	\$328,807,864	\$6,935,183	\$33,685,596	\$2,183,460	\$286,003,625	285.1
SB 08-7	279,000	279,000	0	0	0	0.0
SB 08-177	13,373,471	0	0	0	13,373,471	1.0
HB 08-1227	15,578	0	15,578	0	0	0.2
HB 08-1342	(2,500,000)	0	(2,500,000)	0	0	0.0
HB 08-1387	<u>(5,950,000)</u>	<u>0</u>	<u>(5,950,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$334,025,913	\$7,214,183	\$25,251,174	\$2,183,460	\$299,377,096	286.3
Increase/(Decrease)	\$2,277,890	\$305,527	(\$8,419,010)	\$4,254	\$10,387,119	7.2
Percentage Change	0.7%	4.4%	-25.0%	0.2%	3.6%	2.6%

/1 For FY 2007-08, includes \$40,440 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. The primary federal funds source is Temporary Assistance for Needy Families (TANF) funds.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,690,985	\$669,995	\$0	\$0	\$1,020,990	22.0
Changes from FY 2007-08 Adjusted Appropriation						
Annualize salary and benefits adjustments	42,164	52,099	0	0	(9,935)	0.0
Remove one-time appropriation	(8,445)	(4,222)	0	0	(4,223)	0.0
HB 08-1375	\$1,724,704	\$717,872	\$0	\$0	\$1,006,832	22.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 08-7	<u>279,000</u>	<u>279,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$2,003,704	\$996,872	\$0	\$0	\$1,006,832	22.0
Increase/(Decrease)	\$312,719	\$326,877	\$0	\$0	(\$14,158)	0.0
Percentage Change	18.5%	48.8%	n/a	n/a	-1.4%	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Remove one-time appropriation: The appropriation removes a one-time appropriation added in FY 2007-08.

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

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 sources include county tax revenues as well as the State and county shares of retained child support collections and refunds.

The Colorado Works program is state-supervised and county-administered. The counties receive block grant funding from the State, which consists largely of federal TANF dollars. The counties were authorized to maintain a reserve account for the funds that they receive, and the authorization allowed the counties to retain the balance in their accounts at the end of each fiscal year. In the past few fiscal years, the counties as a group accumulated reserves of almost \$80 million, equal to 50.1 percent of their total TANF allocation for FY 2006-07. The rapid growth of the collective reserves is shown in the following table.

Fiscal Year	County Reserves at end of Fiscal Year	As a Percentage of FY Allocation
2002-03	\$14,666,828	8.7%
2003-04	\$20,279,231	11.4%
2004-05	\$35,471,635	22.3%
2005-06	\$51,539,912	30.9%
2006-07	\$79,820,105	50.1%

Counties were also allowed to make transfers of TANF funds into other reserve accounts, particularly those for Child Welfare and Child Care. The counties had accumulated approximately \$60 million in additional reserves that were originally funds in their TANF block grants. Reserve accumulation is not consistent across counties; some counties have reserves greater than 100 percent of their FY 2006-07 allocation.

S.B. 08-177 made a variety of changes in the Colorado Works program. Among these, the bill placed limits on the size of the TANF reserves that counties can accumulate. At the conclusion of FY 2008-09, counties are required to remit any unspent TANF reserves in excess of 70 percent of their prior fiscal year block grant to the Colorado Long-Term Works Reserve. The maximum reserve percentage is reduced to 55 percent at the end of FY 2009-10, 40 percent at the end of FY 2010-11, and 30 percent at the end of FY 2011-12. Legislative Council staff estimate that over \$74.0 million will be remitted by the end of FY 2010-11. S.B. 08-177 also creates the Colorado Works Statewide Strategic Use Fund, which will make use of TANF funds for innovative programs. The bill also creates the Strategic Allocation Committee, which will advise the Executive Director regarding the allocation of moneys from the Strategic Use Fund.

<i>Colorado Works Program</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$215,910,813	\$627,726	\$0	\$25,648,033	\$189,635,054	18.0
HB 08-1287	<u>33,816,944</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33,816,944</u>	<u>0.0</u>
TOTAL	\$249,727,757	\$627,726	\$0	\$25,648,033	\$223,451,998	18.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>25,648,033</u>	<u>(25,648,033)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$249,727,757	\$627,726	\$25,648,033	\$0	\$223,451,998	18.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Responsible fatherhood grant	2,222,222	0	0	0	2,222,222	0.0
Colorado Works county oversight	231,048	0	0	0	231,048	4.0
Annualize salary and benefits adjustments	49,819	0	5,711	0	44,108	0.0
Remove one-time appropriation	(5,774,726)	0	0	0	(5,774,726)	0.0
HB 08-1375	\$246,456,120	\$627,726	\$25,653,744	\$0	\$220,174,650	22.0
SB 08-177	13,373,471	0	0	0	13,373,471	1.0
HB 08-1342	<u>(2,500,000)</u>	<u>0</u>	<u>(2,500,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$257,329,591	\$627,726	\$23,153,744	\$0	\$233,548,121	23.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$7,601,834	\$0	(\$2,494,289)	\$0	\$10,096,123	5.0
Percentage Change	3.0%	0.0%	-9.7%	n/a	4.5%	27.8%

H.B. 08-1375 (Long Bill) Issue Descriptions

Responsible fatherhood grant: The appropriation includes an increase to reflect a grant received by the State from the federal Promoting Responsible Fatherhood program.

Colorado Works county oversight: The appropriation includes an increase to support the creation of a group to provide quality control on counties' implementation of the Colorado Works program. The added oversight is necessary due to changes in federal requirements of the State.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Remove one-time appropriation: The appropriation removes one-time appropriations for FY 2007-08, including a \$5.4 million transfer of TANF funds to the counties, and \$250,000 for changes to CBMS related to new federal TANF reporting requirements.

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

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 sources include: county matching funds, other local funds, and in-kind donations. Reappropriated funds include moneys from Energy Outreach Colorado (which receives substantial funding from the Governor's Office) 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 2007-08 Appropriation:						
SB 07-239	\$49,457,309	\$1,122,452	\$6,493,357	\$3,275,187	\$38,566,313	36.2

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 08-1287	<u>269,039</u>	<u>(4,270)</u>	<u>3,611</u>	<u>2,703</u>	<u>266,995</u>	<u>0.0</u>
TOTAL	\$49,726,348	\$1,118,182	\$6,496,968	\$3,277,890	\$38,833,308	36.2

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>1,098,684</u>	<u>(1,098,684)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$49,726,348	\$1,118,182	\$7,595,652	\$2,179,206	\$38,833,308	36.2
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Additional TANF funds for refugee assistance	89,679	0	0	0	89,679	0.0
Annualize salary and benefits adjustments	71,806	16,177	9,475	4,079	42,075	0.0
Technical corrections	0	(268)	226	175	(133)	0.0
HB 08-1375	\$49,887,833	\$1,134,091	\$7,605,353	\$2,183,460	\$38,964,929	36.2
HB 08-1227	15,578	0	15,578	0	0	0.2
HB 08-1387	<u>(5,950,000)</u>	<u>0</u>	<u>(5,950,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$43,953,411	\$1,134,091	\$1,670,931	\$2,183,460	\$38,964,929	36.4

Increase/(Decrease)	(\$5,772,937)	\$15,909	(\$5,924,721)	\$4,254	\$131,621	0.2
Percentage Change	-11.6%	1.4%	-78.0%	0.2%	0.3%	0.6%

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Additional TANF funds for refugee assistance: The appropriation includes an increase in the use of TANF funds to provide assistance to legal refugees and asylees settling in Colorado.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the subdivision.

Technical corrections: The appropriation includes technical corrections to fund sources.

Additional legislation: For information on H.B. 08-1387, see the "Recent Legislation" section at the end of the Department of Natural Resources. For information on H.B. 08-1227, see the "Recent Legislation" section at the end of the Department of Regulatory Agencies.

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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>281,489</u>	<u>(281,489)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$13,640,356	\$4,492,753	\$426,499	\$0	\$8,721,104	62.4
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	131,342	44,655	0	0	86,687	0.0
Convert to state employees	(121,982)	(41,474)	0	0	(80,508)	2.0
Remove one-time appropriation	(118,943)	(40,440)	0	0	(78,503)	0.0
HB 08-1375	<u>\$13,530,773</u>	<u>\$4,455,494</u>	<u>\$426,499</u>	<u>\$0</u>	<u>\$8,648,780</u>	<u>64.4</u>
TOTAL	\$13,530,773	\$4,455,494	\$426,499	\$0	\$8,648,780	64.4
Increase/(Decrease)	(\$109,583)	(\$37,259)	\$0	\$0	(\$72,324)	2.0
Percentage Change	-0.8%	-0.8%	0.0%	n/a	-0.8%	3.2%

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.

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Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the subdivision.

Convert to state employees: The appropriation includes a decrease in expenditures and increase in FTE to convert two contract positions to regular state employees. These positions are responsible for the child support enforcement web site.

Remove one-time appropriation: The appropriation removes a one-time appropriation added in FY 2007-08.

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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$16,962,577	\$0	\$0	\$0	\$16,962,577	140.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	245,857	0	0	0	245,857	0.0
HB 08-1375	<u>\$17,208,434</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$17,208,434</u>	<u>140.5</u>
TOTAL	\$17,208,434	\$0	\$0	\$0	\$17,208,434	140.5
Increase/(Decrease)	\$245,857	\$0	\$0	\$0	\$245,857	0.0
Percentage Change	1.4%	n/a	n/a	n/a	1.4%	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the subdivision.

Mental Health and Alcohol and Drug Abuse Services

This section includes the Supportive Housing and Homeless Program, non-Medicaid community mental health services, the mental health institutes, and the Alcohol and Drug Abuse Division.

Mental Health and Alcohol and Drug Abuse Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
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	(930,669)	0	0	(930,669)	0	0.0
HB 08-1287	477,682	0	0	36,183	441,499	0.0
HB 08-1375	<u>77,895</u>	<u>891,002</u>	<u>(677,261)</u>	<u>(135,846)</u>	<u>0</u>	<u>0.8</u>
TOTAL	\$215,358,137	\$125,433,294	\$8,357,703	\$23,910,238	\$57,656,902	1,388.9
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to appropriations format	<u>0</u>	<u>0</u>	<u>10,650,287</u>	<u>(10,650,287)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	\$215,358,137	\$125,433,294	\$19,007,990	\$13,259,951	\$57,656,902	1,389
FY 2008-09 Appropriation:						
HB 08-1375	\$226,246,385	\$135,695,218	\$19,082,147	\$13,716,389	\$57,752,631	1,396.4
HB 08-1314	<u>143,818</u>	<u>0</u>	<u>0</u>	<u>143,818</u>	<u>0</u>	<u>0.1</u>
TOTAL	\$226,390,203	\$135,695,218	\$19,082,147	\$13,860,207	\$57,752,631	1,396.5
Increase/(Decrease)	\$11,032,066	\$10,261,924	\$74,157	\$600,256	\$95,729	7.6
Percentage Change	5.1%	8.2%	0.4%	4.5%	0.2%	0.5%

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. During FY 2008-09, the Department will administer an estimated 3,464 Section 8 federal rental subsidies and 460 Shelter Plus Care subsidies (housing

and support services) through 58 local service providers across the state. The reappropriated funds in this section are Medicaid dollars transferred from the Department of Health Care Policy and Financing. The cash funds are from the State's tobacco settlement moneys and patient revenues collected by the mental health institutes. The primary source of the federal funds is the U.S. Department of Housing and Urban Development. Beginning in FY 2008-09, the Traumatic Brain Injury Trust Fund program will be located in the Vocational Rehabilitation section of the Long Bill.

<i>Administration</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$26,646,777	\$747,893	\$1,932,622	\$894,788	\$23,071,474	51.6
SB 07-97	0	0	0	0	0	0.8
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	29,597	0	0	29,597	0	0.5
HB 08-1287	191,138	0	0	0	191,138	0.0
HB 08-1375	<u>16,254</u>	<u>16,254</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.2</u>
TOTAL	\$26,975,904	\$841,814	\$1,932,622	\$938,856	\$23,262,612	54.4
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>688,169</u>	<u>(688,169)</u>	<u>0</u>	<u>0</u>
FY 2007-08 Adjusted Appropriation	\$26,975,904	\$841,814	\$2,620,791	\$250,687	\$23,262,612	54.4
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize one-time funding and separate legislation	154,463	(8,907)	103,865	59,505	0	1.1
Annualize salary and benefits adjustments	140,515	29,911	0	14,875	95,729	0.0
Improve monitoring of community-based NGRI patients	79,588	79,588	0	0	0	0.8
Population in need study	0	0	0	0	0	1.0
Traumatic Brain Injury Trust Fund	(2,411,174)	0	(2,411,174)	0	0	(1.5)
Other	(21,153)	(14,688)	(6,597)	132	0	0.0
HB 08-1375	<u>\$24,918,143</u>	<u>\$927,718</u>	<u>\$306,885</u>	<u>\$325,199</u>	<u>\$23,358,341</u>	<u>55.8</u>
TOTAL	\$24,918,143	\$927,718	\$306,885	\$325,199	\$23,358,341	55.8

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	(\$2,057,761)	\$85,904	(\$2,313,906)	\$74,512	\$95,729	1.4
Percentage Change	-7.6%	10.2%	-88.3%	29.7%	0.4%	2.6%

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Annualize one-time funding and separate legislation: The appropriation annualizes various appropriations added in FY 2007-08.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to personal services for line items with 20.0 FTE or more.

Improve monitoring of community-based NGRI patients: The appropriation funds efforts to improve the monitoring of community-based patients who have been found by a court to be not guilty by reason of insanity (NGRI). It provides the community mental health centers with technical assistance and funds to cover the additional costs associated with caring for this population.

Population in need study: The appropriation provides an additional FTE to complete the Department's latest population in need study, which will help to identify unmet needs and to better target the Department's resources.

Traumatic Brain Injury Trust Fund: The appropriation reflects the transfer of the Traumatic Brain Injury Trust Fund from this division to the Vocational Rehabilitation section of the Long Bill, where the program is administered.

Other: The appropriation includes minor technical adjustments.

Mental Health Community Programs

This subsection funds non-Medicaid mental health services which are delivered primarily by community mental health centers and clinics and serve approximately 11,262 indigent mentally ill clients per year. Cash funds amounts include tobacco settlement moneys and local funds. The reappropriated funds are primarily Medicaid funds that are transferred from the Department of Health Care Policy and Financing. The majority of the federal funds are 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 2007-08 Appropriation:						
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	0.0

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
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	(744,535)	0	0	(744,535)	0	0.0
HB 08-1287	<u>279,307</u>	<u>0</u>	<u>0</u>	<u>28,946</u>	<u>250,361</u>	<u>0.0</u>
TOTAL	\$47,326,069	\$37,387,538	\$0	\$3,704,962	\$6,233,569	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>3,378,662</u>	<u>(3,378,662)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$47,326,069	\$37,387,538	\$3,378,662	\$326,300	\$6,233,569	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Funds for an additional 966 indigent mentally ill clients	2,998,464	2,998,464	0	0	0	0.0
Annualize funding for mental health services for juvenile and adult offenders	2,010,230	0	2,010,230	0	0	0.0
Provider rate increase	633,447	560,813	72,634	0	0	0.0
Behavioral health stabilization services	325,000	325,000	0	0	0	0.0
Improve monitoring of community-based NGRI patients	100,000	100,000	0	0	0	0.0
Annualize one-time funding for family advocacy demonstration	(52,700)	0	(7,534)	(45,166)	0	0.0
HB 08-1375	<u>\$53,340,510</u>	<u>\$41,371,815</u>	<u>\$5,453,992</u>	<u>\$281,134</u>	<u>\$6,233,569</u>	<u>0.0</u>
TOTAL	\$53,340,510	\$41,371,815	\$5,453,992	\$281,134	\$6,233,569	0.0

Increase/(Decrease)	\$6,014,441	\$3,984,277	\$2,075,330	(\$45,166)	\$0	0.0
Percentage Change	12.7%	10.7%	61.4%	-13.8%	0.0%	n/a

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Funds for an additional 966 indigent mentally ill clients: The appropriation increases funding to community mental health centers so they can provide services for an additional 966 indigent mentally ill clients.

Annualize funding for mental health services for juvenile and adult offenders: The appropriation reflects the annualization of S.B. 07-97, which allocated tobacco settlement funds to provide community mental health support services for people involved in the criminal justice system. It also accounts for one-time funds in FY 2007-08.

Provider rate increase: The appropriation includes a 1.5 percent cost of living increase for community-based providers.

Behavioral health stabilization services: The appropriation increases funds for two community mental health centers, in Grand Junction and Durango, to expand the services they provide to their communities.

Improve monitoring of community-based NGRI patients: The appropriation supplements the State's contracts with community mental health centers for the additional costs associated with providing care for community-based forensics patients.

Annualize one-time funding for family advocacy demonstration: The appropriation annualizes funding for family advocacy demonstration sites, which support the families of youth with mental health issues who are involved in the criminal justice system. The program was created by H.B. 07-1057.

Mental Health Institutes

The Department of Human Services administers the State's two inpatient mental health institutes. One is located at Fort Logan in Denver, and the second one is located in Pueblo. During FY 2008-09 the average daily census at the institute in Pueblo is expected to be 416 and the average daily census at Fort Logan is expected to be 153. The Department anticipates that the average cost per bed during FY 2008-09 will be \$188,325 and the institutes will serve a combined total of 3,415 people. Cash fund revenue sources include patient fees and payments from school districts for residential treatment center services for adolescents. Reappropriated funds are primarily from federal Medicare payments, payments received from other state agencies including the Department of Health Care Policy and Financing for Medicaid-eligible patients and from the Department of Corrections.

<i>Mental Health Institutes</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$93,726,790	\$72,774,413	\$4,844,403	\$16,107,974	\$0	1,303.9
HB 08-1375	<u>61,641</u>	<u>874,748</u>	<u>(677,261)</u>	<u>(135,846)</u>	<u>0</u>	<u>0.6</u>
TOTAL	\$93,788,431	\$73,649,161	\$4,167,142	\$15,972,128	\$0	1,304.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>6,574,448</u>	<u>(6,574,448)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$93,788,431	\$73,649,161	\$10,741,590	\$9,397,680	\$0	1,304.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefit adjustments	3,309,840	3,309,840	0	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Compression pay	986,386	986,386	0	0	0	0.0
Staff and funds to transition to and operate new High-Security Forensics Institute in Pueblo	608,384	608,384	0	0	0	5.1
Improve monitoring of community- based NGRI patients	269,894	269,894	0	0	0	2.9
Linen contract transfer	84,159	84,159	0	0	0	0.0
Annualize mental health institutes' revenue adjustment	0	(502,802)	0	502,802	0	0.0
Menu planning	(98,794)	(98,794)	0	0	0	(1.9)
Other	(20,488)	(31,001)	0	10,513	0	0.0
HB 08-1375	<u>\$98,927,812</u>	<u>\$78,275,227</u>	<u>\$10,741,590</u>	<u>\$9,910,995</u>	<u>\$0</u>	<u>1,310.6</u>
TOTAL	\$98,927,812	\$78,275,227	\$10,741,590	\$9,910,995	\$0	1,310.6
Increase/(Decrease)	\$5,139,381	\$4,626,066	\$0	\$513,315	\$0	6.1
Percentage Change	5.5%	6.3%	0.0%	5.5%	n/a	0.5%

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Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The appropriation exempts the mental health institutes from the 1.0 percent base reduction to personal services for line items with 20.0 FTE or more.

Compression pay: The appropriation provides funding to increase the salaries of Nurse I's with five or more years of experience at the mental health institutes, with the goal of expanding the pay range between less- and more- experienced nurses. The Department reports that due to the competitive labor market, it must recruit nurses at a rate which is 20 percent higher than the entry-level salary for the job classification, which compresses the salaries between nurses with varying levels of experience.

Staff and funds to transition to and operate the new High-Security Forensics Institute in Pueblo: The appropriation provides the additional FTE and funds necessary to transition patients to the new forensics institute in Pueblo, and the additional staff and funds necessary to operate the new facility.

Improve monitoring of community-based NGRI patients: The appropriation provides funds for technical assistance and specialists to assist community providers in improving the monitoring of community-based patients who have been found not guilty by reason of insanity (NGRI).

Linen contract transfer: The appropriation transfers funding associated with the management of the linen contract for the institutes from the Office of Operations to the institutes themselves, with the goal of improving quality control.

Annualize mental health institutes' revenue adjustment: The appropriation adjusts revenue sources for the State's two mental health institutes based on updated data.

Menu planning: The appropriation consolidates food purchases and preparation at the two institutes in an effort to increase efficiency and reduce costs.

Other: The appropriation includes miscellaneous other adjustments.

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. During FY 2008-09 the division anticipates providing 27,495 treatment episodes and over 14,000 detoxification episodes. The Substance Abuse Prevention and Treatment Block Grant is the primary source of federal funds. Cash funds sources include the Drug Offender Surcharge Fund, the Law Enforcement Assistance Fund, and the Persistent Drunk Driver Cash Fund.

<i>Alcohol and Drug Abuse Division</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	(186,134)	0	0	(186,134)	0	0.0
HB 08-1287	<u>7,237</u>	<u>0</u>	<u>0</u>	<u>7,237</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$47,267,733	\$13,554,781	\$2,257,939	\$3,294,292	\$28,160,721	30.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>9,008</u>	<u>(9,008)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$47,267,733	\$13,554,781	\$2,266,947	\$3,285,284	\$28,160,721	30.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Short-term intensive residential rehabilitation program (STIRRT)	669,600	669,600	0	0	0	0.0
Community treatment and prevention	514,399	0	514,399	0	0	0.0
Persistent drunk driver	312,733	312,733	0	0	0	0.0
Provider rate increase	226,902	226,902	0	0	0	0.0
Salary and benefit adjustments	86,830	86,830	0	0	0	0.0
Other	(18,277)	269,612	(201,666)	(86,223)	0	0.0
HB 08-1375	\$49,059,920	\$15,120,458	\$2,579,680	\$3,199,061	\$28,160,721	30.0
HB 08-1314	<u>143,818</u>	<u>0</u>	<u>0</u>	<u>143,818</u>	<u>0</u>	<u>0.1</u>
TOTAL	\$49,203,738	\$15,120,458	\$2,579,680	\$3,342,879	\$28,160,721	30.1
Increase/(Decrease)	\$1,936,005	\$1,565,677	\$312,733	\$57,595	\$0	0.1
Percentage Change	4.1%	11.6%	13.8%	1.8%	0.0%	0.3%

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Short-term intensive residential rehabilitation program (STIRRT): The appropriation adds funds for the expansion of this program.

Community treatment and prevention: The appropriation provides the second year of funding for additional community prevention and treatment services, as specified in S.B.07-097 / H.B. 07-1359.

Persistent drunk driver: The appropriation increases the Department's spending authority for this line item, commensurate with available resources.

Provider rate increase: The appropriation provides for a 1.5 percent cost of living increase for community providers.

Salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. A one percent personal services base reduction was applied to divisions with more than 20.0 FTE.

Other: The appropriation includes miscellaneous other adjustments.

Additional legislation: For information on H.B. 08-1314, see the "Recent Legislation" at the end of the Department of Local Affairs section.

Services for People with Disabilities

This section includes all funding for: (1) Community Services for People with Developmental Disabilities; (2) Regional Centers for People with Developmental Disabilities; (3) the Work Therapy Program; (4) the Division of Vocational Rehabilitation; and (5) 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 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	95,152	0	0	95,152	0	1.0
HB 08-1287	579,928	559,610	0	20,318	0	0.0
HB 08-1375	<u>(5,528,870)</u>	<u>2,904,897</u>	<u>135,695</u>	<u>(8,569,462)</u>	<u>0</u>	<u>39.4</u>
TOTAL	\$505,999,792	\$42,149,357	\$3,571,824	\$402,435,388	\$57,843,223	1,915.3
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to appropriations format	<u>0</u>	<u>0</u>	<u>75,107,594</u>	<u>(75,107,594)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	\$505,999,792	\$42,149,357	\$78,679,418	\$327,327,794	\$57,843,223	1915.3
FY 2008-09 Appropriations						
HB 08-1375	\$541,200,801	\$39,048,135	\$86,040,766	\$357,499,739	\$58,612,161	1,929.1
SB 08-2	34,264	0	0	34,264	0	0.5
SB 08-4	34,293	34,293	0	0	0	0.5
HB 08-1031	500,000	500,000	0	0	0	0.0
HB 08-1246	<u>33,000</u>	<u>0</u>	<u>33,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$541,802,358	\$39,582,428	\$86,073,766	\$357,534,003	\$58,612,161	1,930.1
Increase/(Decrease)	\$35,802,566	(\$2,566,929)	\$7,394,348	\$30,206,209	\$768,938	14.8
Percentage Change	7.1%	-6.1%	9.4%	9.2%	1.3%	0.8%

Community Services for People with Developmental Disabilities

This section 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 reappropriated funds are 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 2008-09, \$183.1 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 for People with Developmental Disabilities</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$362,125,063	\$31,112,920	\$0	\$324,105,177	\$6,906,966	38.9
SB 07-4	2,808,580	0	0	2,808,580	0	0.0
HB 08-1287	579,928	559,610	0	20,318	0	0.0
HB 08-1375	<u>(7,001,858)</u>	<u>2,904,897</u>		<u>(9,906,755)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$358,511,713	\$34,577,427	\$0	\$317,027,320	\$6,906,966	38.9
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>38,406,465</u>	<u>(38,406,465)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$358,511,713	\$34,577,427	\$38,406,465	\$278,620,855	\$6,906,966	38.9
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Residential services for 305 adults for six months	11,846,832	0	1,173,394	10,673,438	0	0.0
Annualize one-time FY 2007-08 adjustments	6,426,435	(3,464,507)	4,505	9,886,437	0	0.0
Provider rate increase	4,865,280	461,721	137,462	4,266,097	0	0.0
Annualize new caseload added for six months in FY 2007-08	3,635,532	0	314,848	3,320,684	0	0.0
Supported living services for 117 adults for twelve months	2,144,634	0	107,232	2,037,402	0	0.0
Supported living services for 228 adults for six months	2,089,643	0	104,482	1,985,161	0	0.0
Family support services for 100 families for six months	313,737	298,050	15,687	0	0	0.0
Annualize salary and benefits adjustments	93,718	9,525		84,193	0	0.0
Developmental disability waiver transition costs	79,028	0	0	79,028	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Anticipated program costs under-expenditure	(2,594,676)	0	(129,734)	(2,464,942)	0	0.0
Reduce federally-matched local program costs	(1,641,910)	0	0	(1,641,910)	0	0.0
Annualize FY 2007-08 leap year adjustment	(822,865)	(26,157)	(90,767)	(705,941)	0	0.0
Reduction to federal grant	(74,464)	0	0	0	(74,464)	0.0
Regional center becomes ICF/MR	(3,517)	0	0	(3,517)	0	(0.1)
HB 08-1375	\$384,869,120	\$31,856,059	\$40,043,574	\$306,136,985	\$6,832,502	38.8
SB 08-2	34,264	0	0	34,264	0	0.5
HB 08-1031	500,000	500,000	0	0	0	0.0
HB 08-1246	<u>33,000</u>	<u>0</u>	<u>33,000</u>	<u>0</u>	<u>0</u>	0.0
TOTAL	\$385,436,384	\$32,356,059	\$40,076,574	\$306,171,249	\$6,832,502	39.3
Increase/(Decrease)	\$26,924,671	(\$2,221,368)	\$1,670,109	\$27,550,394	(\$74,464)	0.4
Percentage Change	7.5%	-6.4%	4.3%	9.9%	-1.1%	1.0%

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Residential services for 305 adults for six months: The appropriation includes funding to add comprehensive residential services for 305 adults with developmental disabilities for six months. The amount shown will annualize (double) in FY 2009-10. The funds are targeted to individuals transitioning from foster care and emergency placements, as well as individuals at high-risk of out-of-home placement due to age, medical, or behavioral issues.

Annualize one-time FY 2007-08 adjustments: The appropriation annualizes one-time FY 2007-08 adjustments, including: (1) reversing a mid-year adjustment that reduced the Medicaid cash funds exempt appropriation for developmental disability program costs by \$9.9 million and increased the General Fund appropriation for "hold harmless" funds by \$2.9 million; (2) eliminating \$579,928 General Fund added in FY 2007-08 for developmental disability waiver transition costs; and (3) moving \$4,505 associated with S.B. 07-4 early intervention services from the Office of Operations to this section.

Provider rate increase: The appropriation includes a 1.5 percent cost-of-living adjustment for programs funded in this section.

Annualize new caseload added for six months in FY 2007-08: The appropriation annualizes (doubles) funding provided for 78 adult residential placements and 24 adult supported living placements for six months in FY 2007-08.

Supported living services for 117 adults for twelve months: The appropriation adds full-year funding to provide supported living services for 117 adults with developmental disabilities.

Supported living services for 228 adults for six months: The appropriation includes funding to provide supported living services for 200 adults waiting for developmental disability services and 28 youth transitioning from the Children's Extensive Support program for six months. Amounts shown will annualize (double) in FY 2009-10, when full-year funding is required.

Family support services for 100 families for six months: The appropriation includes funding to provide family support services to 100 families with children with developmental disabilities for six months. Amounts shown will annualize (double) in FY 2009-10, when full-year funding is required.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to personal services for line items with 20.0 FTE or more.

Developmental disability waiver transition costs: The appropriation adds funding for ongoing costs associated with federally-required system changes. This includes costs associated with an assessment tool (the "Supports Intensity Scale" or SIS) and associated training and inter-rater reliability efforts.

Anticipated program costs under-expenditure: The appropriation includes a reduction to funding for adult supported living services to reflect projected under-expenditures. Previously, community centered boards were allowed to retain up to 5.0 percent of allocated supported living services funds, after they had served a contracted number of persons. Under federal rules, this is no longer an option; therefore the appropriation has been reduced and funds redirected to serve additional individuals.

Reduce federally-matched local program costs: The appropriation reflects the estimated 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.

Annualize FY 2007-08 leap year adjustment: The appropriation eliminates funding for an additional day of developmental disability services added in FY 2007-08 due to the leap year.

Reduction to federal grant: The appropriation reflects an anticipated reduction in funds anticipated to be received from federal authorities under Part C of the Individuals with Disabilities Education Act (IDEA) to support services and service coordination for children under the age of three who have developmental delays.

Regional center becomes ICF/MR: The appropriation includes an adjustment for staff that oversee Medicaid waiver services at the state-operated regional centers. The reduction is based on conversion of home-and community-based group homes at the Wheat Ridge regional center to "intermediate care facilities for the mentally retarded" or ICFs/MR.

Regional Centers for People with Developmental Disabilities

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 currently support 378 residential placements, including on-campus and state-operated group home placements. The average annual cost per placement, including costs that are charged to other parts of the department and depreciation, is projected to be \$182,750 for FY 2008-09.

Cash fund sources are primarily client cash revenue. Reappropriated funds sources are exclusively Medicaid funds transferred from the Department of Health Care Policy and Financing.

<i>Regional Centers for People with Developmental Disabilities</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$44,938,497	\$244,460	\$2,636,006	\$42,058,031	\$0	903.4
HB 08-1375	<u>1,472,988</u>	<u>0</u>	<u>135,695</u>	<u>1,337,293</u>	<u>0</u>	<u>39.4</u>
TOTAL	\$46,411,485	\$244,460	\$2,771,701	\$43,395,324	\$0	942.8
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$46,411,485	\$244,460	\$2,771,701	\$43,395,324	\$0	942.8
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	1,988,867	0	0	1,988,867	0	0.0
Change Wheat Ridge group homes to ICF/MR licensure	1,819,583	150,667	0	1,668,916	0	38.3
Annualize FY 2007-08 staffing increase	477,386	0	0	477,386	0	14.5
Fund-split adjustment	0	0	55,270	(55,270)	0	0.0
Eliminate one-time funding	(1,472,988)	0	(135,695)	(1,337,293)	0	(39.4)
HB 08-1375	<u>\$49,224,333</u>	<u>\$395,127</u>	<u>\$2,691,276</u>	<u>\$46,137,930</u>	<u>\$0</u>	<u>956.2</u>
TOTAL	\$49,224,333	\$395,127	\$2,691,276	\$46,137,930	\$0	956.2
Increase/(Decrease)	\$2,812,848	\$150,667	(\$80,425)	\$2,742,606	\$0	13.4
Percentage Change	6.1%	61.6%	-2.9%	6.3%	n/a	1.4%

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Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The regional centers were exempted from the 1.0 percent base reduction to personal services for line items with 20.0 FTE or more.

Change Wheat Ridge group homes to ICF/MR licensure: The appropriation includes increases associated with modifying the licensure of 20 group homes at the Wheat Ridge Regional Center so that these homes will no longer be classified and billed as Medicaid home- and community-based group homes but will instead be classified and billed as intermediate care facilities for the mentally retarded (ICFs/MR). The conversion drives additional direct care and professional staffing needs. The FY 2008-09 appropriation is for an average of 6.7 months, based on the staging of the conversion of individual homes. For FY 2008-09, the net General Fund impact of the conversion statewide (including various adjustments in the Department of Health Care Policy and Financing and Department of Public Health and Environment) is \$821,005. The total appropriation for the regional centers will annualize in FY 2009-10 to \$3,034,193 (including \$1,357,387 net General Fund) and 68.7 FTE. The statewide net General Fund impact will annualize in FY 2009-10 to \$1,093,515, excluding impacts to centrally-appropriated line items.

Annualize FY 2007-08 staffing increase: The appropriation annualizes funding and FTE for staff added for six months in FY 2007-08 to a full year in FY 2008-09.

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.

Eliminate one-time funding: The appropriation eliminates \$1.5 million total funds and 39.4 FTE added to address unexpectedly-high staffing needs in FY 2007-08 and a projected over-expenditure. An exceptionally large number of individuals entering the regional centers in FY 2007-08 required one-to-one staffing. The Department has formed a work group to examine whether related adjustments may be necessary for FY 2008-09.

Work Therapy Program

This section contains appropriations for the Work Therapy Enterprise Funds for the Colorado Mental Health Institute at Fort Logan and the Regional Centers for persons with Developmental Disabilities at Grand Junction, Pueblo, and Wheat Ridge. These funds support sheltered workshop programs for training and employment of clients. Revenue is derived from contracts with area businesses and organizations for custodial services, printing, packaging, mailing, and other types of manual processing that can be performed by program clients. Enrolled clients are paid from funds received in proportion to the work performed.

<i>Work Therapy Program</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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 Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$464,589	\$0	\$324,573	\$140,016	\$0	1.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>140,016</u>	<u>(140,016)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$464,589	\$0	\$464,589	\$0	\$0	1.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
No Changes	0	0	0	0	0	0.0
HB 08-1375	<u>\$464,589</u>	<u>\$0</u>	<u>\$464,589</u>	<u>\$0</u>	<u>\$0</u>	<u>1.5</u>
TOTAL	\$464,589	\$0	\$464,589	\$0	\$0	1.5
Increase/(Decrease)	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

There are no changes to this section for FY 2008-09.

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 2008-09 at 25 offices and 17 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, reappropriated funds (primarily transferred from the Department of Education), and various sources of cash funds. In FY 2008-09, 2,688 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 2007-08 Appropriation:						
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 Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
TOTAL	\$53,640,354	\$6,411,030	\$475,550	\$5,857,553	\$40,896,221	258.7
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>545,938</u>	<u>(545,938)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$53,640,354	\$6,411,030	\$1,021,488	\$5,311,615	\$40,896,221	258.7
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Relocate Traumatic Brain Injury Trust Fund appropriation to DVR	2,411,498	0	2,411,498	0	0	1.5
Reflect Social Security Administration reimbursements	813,741	0	0	0	813,741	0.0
Annualize salary and benefits adjustments	418,464	78,830	4,304	4,615	330,715	0.0
Provider rate increase	309,762	25,332	0	56,783	227,647	0.0
Independent living centers	100,000	100,000	0	0	0	0.0
One-time refinance of Vocational Rehabilitation program	0	(1,000,000)	1,000,000	0	0	0.0
Eliminate one-time funding	(1,296,322)	0	(223,080)	(53,037)	(1,020,205)	0.0
Eliminate independent living-vocational rehabilitation pilot	(363,288)	0	0	0	(363,288)	0.0
Transfer Commission on the Blind	(95,152)	0	0	(95,152)	0	(1.0)
HB 08-1375	\$55,939,057	\$5,615,192	\$4,214,210	\$5,224,824	\$40,884,831	259.2
SB 08-4	<u>34,293</u>	<u>34,293</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$55,973,350	\$5,649,485	\$4,214,210	\$5,224,824	\$40,884,831	259.7
Increase/(Decrease)	\$2,332,996	(\$761,545)	\$3,192,722	(\$86,791)	(\$11,390)	1.0
Percentage Change	4.3%	-11.9%	312.6%	-1.6%	0.0%	0.4%

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Relocate Traumatic Brain Injury Trust Fund appropriation to DVR: The appropriation moves the appropriation for the Traumatic Brain Injury Trust Fund from the Mental Health and Alcohol and Drug Abuse Services section to this division.

Reflect Social Security Administration reimbursements: The appropriation reflects, for informational purposes, federal Social Security Administration funds anticipated to be received by the Division.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to personal services for line items with 20.0 FTE or more.

Provider rate increase: The appropriation includes a 1.5 percent cost-of-living adjustment for selected programs funded in this section.

Independent living centers: The appropriation adds \$100,000 General Fund for independent living centers.

One-time refinance of Vocational Rehabilitation program: The appropriation reduces the General Fund appropriation for vocational rehabilitation programs by \$1.0 million and increases the cash funds appropriation from deferred revenue by the same amount.

Eliminate one-time funding: The appropriation eliminates amounts appropriated for one-time only in FY 2007-08. This primarily reflects appropriations from reserves for the Business Enterprise Program for construction and renovation projects at food vending facilities operated by blind vendors.

Eliminate independent living-vocational rehabilitation pilot: The appropriation eliminates a program that enabled independent living centers to use a portion of their General Fund appropriation to draw down federal vocational rehabilitation funds based on the provision of vocational rehabilitation services. Instead, independent living centers are anticipated to use their total General Fund support (which is not reduced) for independent living services. Those that provide vocational rehabilitation services will be funded through the main vocational rehabilitation appropriation and will receive these funds in addition to General Fund and federal independent living services grants.

Transfer Commission on the Blind: The appropriation moves the appropriation for the Commission on the Blind and Visually Impaired from this division to the Department's Executive Director's Office.

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 501 persons per day in FY 2008-09. 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 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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>36,015,175</u>	<u>(36,015,175)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$46,971,651	\$916,440	\$36,015,175	\$0	\$10,040,036	673.4
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Nursing home expense projection	3,466,734	0	2,611,942	0	854,792	0.0
Nursing home indirect cost location	258,075	258,075	0	0	0	0.0
Annualize salary and benefits adjustments	7,242	7,242	0	0	0	0.0
HB 08-1375	<u>\$50,703,702</u>	<u>\$1,181,757</u>	<u>\$38,627,117</u>	<u>\$0</u>	<u>\$10,894,828</u>	<u>673.4</u>
TOTAL	\$50,703,702	\$1,181,757	\$38,627,117	\$0	\$10,894,828	673.4
Increase/(Decrease)	\$3,732,051	\$265,317	\$2,611,942	\$0	\$854,792	0.0
Percentage Change	7.9%	29.0%	7.3%	n/a	8.5%	0.0%

H.B. 08-1375 (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 2008-09 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.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08 for Homelake Domiciliary. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

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 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	2,000,000	0	2,000,000	0	0	0.0
HB 08-1287	<u>561,340</u>	<u>449,072</u>	<u>0</u>	<u>112,268</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$137,907,305	\$25,826,176	\$86,892,824	\$10,755,685	\$14,432,620	28.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to appropriations format	<u>0</u>	<u>0</u>	<u>10,657,335</u>	<u>(10,657,335)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	\$137,907,305	\$25,826,176	\$97,550,159	\$98,350	\$14,432,620	28.5
FY 2008-09 Appropriation:						
HB 08-1375	\$142,114,839	\$25,436,149	\$101,111,571	\$102,017	\$15,465,102	28.5
HB 08-1108	<u>3,000,000</u>	<u>0</u>	<u>3,000,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$145,114,839	\$25,436,149	\$104,111,571	\$102,017	\$15,465,102	28.5
Increase/(Decrease)	\$7,207,534	(\$390,027)	\$6,561,412	\$3,667	\$1,032,482	0.0
Percentage Change	5.2%	-1.5%	6.7%	3.7%	7.2%	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.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$545,909	\$95,936	\$0	\$96,550	\$353,423	6.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	19,517	3,700	0	3,667	12,150	0.0
HB 08-1375	<u>\$565,426</u>	<u>\$99,636</u>	<u>\$0</u>	<u>\$100,217</u>	<u>\$365,573</u>	<u>6.0</u>
TOTAL	\$565,426	\$99,636	\$0	\$100,217	\$365,573	6.0
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Increase/(Decrease)	\$19,517	\$3,700	\$0	\$3,667	\$12,150	0.0
Percentage Change	3.6%	3.9%	n/a	3.8%	3.4%	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Old Age Pension Program

This subsection of Adult Assistance Programs, authorized by the State Constitution, provides cash assistance, up to a maximum of \$648 per person per month (as of January 2007), 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 2007-08 Appropriation:						
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
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	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>588,362</u>	<u>(588,362)</u>	<u>0</u>	<u>0.0</u>

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2007-08 Adjusted Appropriation	\$82,481,186	\$0	\$82,481,186	\$0	\$0	14.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Old age pension cash benefit adjustment	3,420,600	0	3,420,600	0	0	0.0
Annualize salary and benefits adjustments	42,337	0	42,337	0	0	0.0
HB 08-1375	<u>\$85,944,123</u>	<u>\$0</u>	<u>\$85,944,123</u>	<u>\$0</u>	<u>\$0</u>	<u>14.0</u>
TOTAL	\$85,944,123	\$0	\$85,944,123	\$0	\$0	14.0
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Increase/(Decrease)	\$3,462,937	\$0	\$3,462,937	\$0	\$0	0.0
Percentage Change	4.2%	n/a	4.2%	n/a	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Old age pension cash benefit adjustment: The appropriation includes an increase in funding for cash benefit payments. The increase reflects anticipated caseload changes and an increase in the maximum grant award, which is set by the State Board of Human Services.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

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 2007-08 Appropriation:						
SB 07-239	\$28,974,375	\$22,310,442	\$0	\$6,663,933	\$0	0.0
HB 08-1287	<u>561,340</u>	<u>449,072</u>	<u>0</u>	<u>112,268</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$29,535,715	\$22,759,514	\$0	\$6,776,201	\$0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>6,776,201</u>	<u>(6,776,201)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$29,535,715	\$22,759,514	\$6,776,201	\$0	\$0	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Eliminate one-time funding	(561,340)	(449,072)	(112,268)	0	0	0.0
HB 08-1375	<u>\$28,974,375</u>	<u>\$22,310,442</u>	<u>\$6,663,933</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$28,974,375	\$22,310,442	\$6,663,933	\$0	\$0	0.0
Increase/(Decrease)	(\$561,340)	(\$449,072)	(\$112,268)	\$0	\$0	0.0
Percentage Change	-1.9%	-2.0%	-1.7%	n/a	n/a	n/a

H.B. 08-1375 (Long Bill) Issue Descriptions

Eliminate one-time funding: The appropriation removes a one-time supplemental appropriation to the Aid for the Needy Disabled Programs in FY 2007-08 which covered a shortfall in federal interim assistance reimbursement payments.

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 sources are the Older Coloradans Cash Fund created by H.B. 00-1072 and local funds. 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 2007-08 Appropriation:						
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

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>3,292,772</u>	<u>(3,292,772)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$25,344,495	\$2,970,726	\$8,292,772	\$1,800	\$14,079,197	8.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Community services for the elderly federal funding increase	1,215,014	0	210,743	0	1,004,271	0.0
State ombudsman increase	50,000	50,000	0	0	0	0.0
Annualize salary and benefits adjustments	21,406	5,345	0	0	16,061	0.0
HB 08-1375	\$26,630,915	\$3,026,071	\$8,503,515	\$1,800	\$15,099,529	8.5
HB 08-1108	<u>3,000,000</u>	<u>0</u>	<u>3,000,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$29,630,915	\$3,026,071	\$11,503,515	\$1,800	\$15,099,529	8.5
Increase/(Decrease)	\$4,286,420	\$55,345	\$3,210,743	\$0	\$1,020,332	0.0
Percentage Change	16.9%	1.9%	38.7%	0.0%	7.2%	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Community services for the elderly federal funding increase: The appropriation includes an increase in the estimated amount of federal funds that will be available for community services for the elderly. The cash funds increase reflects the increase in local funds which will be necessary to draw down the additional federal moneys.

State ombudsman increase: The appropriation includes an increase for the State Ombudsman Program, which provides services for the elderly. The increase is necessary in order for the State to receive conforming bids from potential providers of the ombudsman service.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

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 program that provides alternatives to detention and/or commitment. DYC maintains secure institutional centers and augments this capacity with contracts for community placements, staff secure placements, and detention placements.

Division of Youth Corrections						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$138,864,323	\$132,840,180	\$89,426	\$4,603,885	\$1,330,832	1,004.3
HB 07-1093	57,390	57,390	0	0	0	0.0
HB 08-1375	<u>(7,530,923)</u>	<u>(6,377,449)</u>	<u>0</u>	<u>(971,962)</u>	<u>(181,512)</u>	<u>0.0</u>
TOTAL	\$131,390,790	\$126,520,121	\$89,426	\$3,631,923	\$1,149,320	1,004.3
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$131,390,790	\$126,520,121	\$89,426	\$3,631,923	\$1,149,320	1,004.3
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Funding flexibility	7,530,923	6,558,961	0	971,962	0	0.0
Annualize salary and benefits adjustments	2,464,243	2,459,899	0	4,344	0	0.0
Provider rate increase	1,135,482	1,080,054	0	41,982	13,446	0.0
S.B. 91-94 programs	666,308	666,308	0	0	0	0.0
Functional family parole	356,994	356,994	0	0	0	1.8
H.B. 04-1451 programs	120,030	120,030	0	0	0	1.8
Annualize prior year funding	57,272	57,272	0	0	0	1.9
Fund mix adjustment	0	(851)	122	104	625	0.0
Eliminate one-time funding	(190,259)	(174,391)	0	(12,958)	(2,910)	0.0
HB 08-1375	<u>\$143,531,783</u>	<u>\$137,644,397</u>	<u>\$89,548</u>	<u>\$4,637,357</u>	<u>\$1,160,481</u>	<u>1,009.8</u>
TOTAL	\$143,531,783	\$137,644,397	\$89,548	\$4,637,357	\$1,160,481	1,009.8
Increase/(Decrease)	\$12,140,993	\$11,124,276	\$122	\$1,005,434	\$11,161	5.5
Percentage Change	9.2%	8.8%	0.1%	27.7%	1.0%	0.5%

H.B. 08-1375 (Long Bill) Issue Descriptions

Funding flexibility: The appropriation restores funding eliminated in FY 2007-08 due to declines in NYC's youth caseload to allow the Division flexibility to expand and implement programs designed to improve outcomes and mitigate future caseload growth.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Provider rate increase: The appropriation includes an increase of 1.5 percent for cost-of-living adjustments.

S.B. 91-94 programs: The appropriation includes an increase for S.B. 91-94 programs, which provide alternatives to secure detention.

Functional family parole: The appropriation includes an increase to implement the functional family parole program statewide. Functional family parole is a structured, family-based intervention aimed at reducing the number of youth on parole who receive a criminal filing and are convicted and sentenced to the Department of Corrections.

H.B. 04-1451 programs: The appropriation includes an increase to allow NYC to fully participate in the increasing number of H.B. 04-1451 collaborative management programs around the State.

Annualize prior year funding: The appropriation includes an increase associated with annualizing funding added in FY 2007-08.

Fund mix adjustment: The appropriation includes an increase to account for available funds.

Eliminate one-time funding: The appropriation includes a decrease associated with eliminating the leap year adjustment that was provided in the prior year.

Recent Legislation

2007 Session Bills

S.B. 07-2: Extends Medicaid eligibility for persons who are in the foster care system immediately prior to emancipation. For additional information 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. For FY 2007-08, appropriates \$300,000 cash funds exempt and 0.3 FTE to 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. 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. 07-211: 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 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. 07-1025: Requires the Department of Human Services to promulgate rules governing the methodology by which counties may negotiate rates, services, and outcomes with licensed child welfare providers by January 1, 2008; requires counties to incorporate provider rate increases provided by the General Assembly in rate negotiations with providers; and requires the Department to review the methodologies by which counties negotiate rates, services and outcomes with child welfare providers by July 1, 2008 and July 1 of every even-numbered year thereafter. Also modifies statutory provisions concerning residential treatment rates (Medicaid and non-Medicaid) to specify that reimbursement rates for residential service providers include a defined service package to meet the needs of the child. Requires a new approved rate setting process for residential treatment services be implemented beginning FY 2008-09 (rather than FY 2007-08) and that a report on the rate setting process be submitted to the Joint Budget Committee by January 1, 2008.

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.

2008 Session Bills

S.B. 08- 2: Specifies that Department of Human Services may purchase services and support for persons with developmental disabilities from a family care giver in the family home if it is determined that this provides services in the least restrictive environment. Requires the Department to promulgate associated rules. Provides the following appropriations for FY 2008-09: \$17,132 General Fund and \$17,132 federal funds to the Department of Health Care Policy and Financing; and \$34,264 reappropriated funds (transferred from the Department of Health Care Policy and Financing) and 0.5 FTE to the Department of Human Services. Also reduces the FY 2008-09 Long Bill appropriation for the Controlled Maintenance Trust Fund by \$17,132 General Fund.

S.B. 08-4: Establishes a program to promote the employment of persons with developmental disabilities by the State. Requires the Department of Human Services to establish a work group with the Department of Personnel to study the issue, and requires the work group to make recommendations to both departments by January 1, 2009. If actions can be taken without statutory or constitutional change, requires the departments to promulgate associated rules and implement the program. Specifies that if statutory or constitutional change is required, the program shall not be implemented unless such constitutional or statutory change is enacted. Appropriates \$34,293 General Fund and 0.5 FTE to the Department of Human Services for FY 2008-09 and makes an associated reduction of \$34,293 General Fund to the FY 2008-09 Long Bill appropriation to the Controlled Maintenance Trust Fund.

S.B. 08-6: Suspends Medicaid benefits for certain classes of persons, such as those who are in the custody of the Department of Corrections. Makes an appropriation of \$158,392 to the Department of Human Services for changes to the Colorado Benefits Management System to reflect the modified eligibility determination rules.

Of that sum, \$42,546 is from the General Fund, \$21,754 is from the Old Age Pension Fund, \$94,092 is reappropriated funds from the Department of Health Care Policy and Financing, and \$112,688 is anticipated to be from various sources of federal funds. For further information, see the "Recent Legislation" section for the Department of Health Care Policy and Financing.

S.B. 08-7: Creates the Inmate Assistance Demonstration Grant Program to provide grants to counties for the purpose of helping inmates in county jails to access health care, housing, and employment benefits. Connects inmates with appropriate public benefits, including mental health treatment. Appropriates \$279,000 General Fund to the Department of Human Services and a total of \$2,000 (\$1,000 General Fund and \$1,000 federal funds) to the Department of Health Care Policy and Financing for the implementation of the act.

S.B. 08-99: Expands Medicaid eligibility to young adults, under age 21, for whom the State made subsidized adoption or foster care payments immediately prior to the client turning age 18. For more information on this bill, please see the "Recent Legislation" section at the end of the Department of Health Care Policy and Financing.

S.B. 08-155: Consolidates the responsibility for information technology (IT) oversight of most of the state's executive branch in the Governor's Office of Information Technology (OIT) by transferring several IT functions and staff positions from various state agencies to OIT. The bill transfers 6.0 FTE from the Department of Human Services to OIT in FY 2008-09. For more information on this bill, please see the "Recent Legislation" section at the end of the Governor's Office.

S.B. 08-160: Expands eligibility for the Children's Basic Health Plan. Appropriates \$91,806 to the Department of Human Services for CBMS changes necessary to implement the new eligibility rules. Of that amount, \$21,776 is cash funds, \$31,866 is reappropriated funds transferred from the Department of Health Care Policy and Financing, and \$38,164 is anticipated federal funds. For additional information, see the "Recent Legislation" section for the Department of Health Care Policy and Financing.

S.B. 08-161: Requires the Department of Health Care Policy and Financing to verify applicant income for eligibility determination for Medicaid and the Children's Basic Health Plan through records at the Department of Labor and Employment. Appropriates \$16,000 to the Department of Human Services for CBMS changes necessary to support this. Of that amount, \$3,791 is cash funds, \$5,554 is reappropriated funds transferred from the Department of Health Care Policy and Financing, and \$6,655 is anticipated federal funds. For additional information, see the "Recent Legislation" section for the Department of Health Care Policy and Financing.

S.B. 08-177: Makes substantial changes to the Colorado Works program, Colorado's implementation of the federal Temporary Assistance for Needy Families (TANF) program. Restricts the counties' accumulation of reserves from their Colorado Works block grants. Creates the Colorado Works Statewide Strategic Use Fund for specific initiatives and other purposes. Creates the Strategic Allocation Committee to advise the executive director regarding the allocation of moneys from that fund. Requires the state department to provide additional training for service providers. For FY 2008-09, makes the following appropriations from federal TANF block grant funds: \$3.0 million for the Colorado Works Program Maintenance Fund; \$10.0 million for the Colorado Works Strategic Use Fund; \$65,071 and 1.0 FTE for increased supervision of the counties; \$140,000 for training; and \$168,400 for CBMS changes related to the federal reauthorization of the TANF program.

S.B. 08-216: Limits the county share to 10 percent of the cost of placement for children in residential child health care facilities for FY 2008-09 and FY 2009-10. After FY 2009-10, the county share will revert to 20 percent. As a result of this limitation, it is estimated that county contributions to residential child health care

programs will decrease by \$8,001,927 for FY 2008-09. Reduces the Long Bill appropriation to the Department of Human Services, Child Welfare Division, by \$8,001,927 cash funds representing the local share, and offsets this with a corresponding increase in the General Fund appropriation of \$8,001,927.

H.B. 08-1005: Modifies the Performance-based Collaborative Management Incentives Program, which is designed to promote local collaboration between county social services agencies, community mental health centers, and other entities to coordinate services for children and families. Adds the Division of Youth Corrections and alcohol and drug abuse managed service organizations to the list of agencies that must participate if a county opts to participate in the program. Specifies that General Fund savings associated with the program, that are to be retained by participating counties, shall be determined based on rules established by the State Board of Human Services. Authorizes the Department of Human Services to use moneys in the Collaborative Management Incentives Cash Fund for external evaluation of the program, and requires local entities that are participating in the program to participate in the evaluation. Also requires the Department to implement training related to the program, using funds in the Collaborative Management Incentives Cash Fund. Appropriates \$376,950 cash funds from the Collaborative Management Incentives Cash Fund to the Department of Human Services for FY 2008-09.

H.B. 08-1031: Creates a pilot program for developmental disability waiting list navigators. The pilot program is to be established in one or more community centered board regions to assist individuals waiting for state-funded developmental disability services and their families. Identifies the role of the navigator in helping families to understand the waiting list process and access alternative resources while they are waiting for state-funded services; navigators will also be involved in associated surveys and outreach. Requires the Department to submit a report on the pilot program by November 1, 2009 to the Joint Budget Committee and the House and Senate Health and Human Services Committees. Appropriates \$500,000 General Fund to the Department of Human Services for FY 2008-09 and makes this appropriation available until June 30, 2010. Makes an associated reduction of \$500,000 General Fund to the FY 2008-09 Long Bill appropriation to the Controlled Maintenance Trust Fund.

H.B. 08-1046: For juveniles in a juvenile commitment facility and certain individuals committed to a Department of Human Services facility, requires appropriate personnel in each facility to provide assistance in applying for Medicaid, Children's Basic Health Plan benefits, Supplemental Security Income, or Social Security Disability Insurance at least 120 days prior to release from commitment, or as soon as practicable for those juveniles committed for less than 120 days. Appropriates \$11,941 General Fund, \$6,106 cash funds, \$26,408 reappropriated funds (transferred from the Department of Health Care Policy and Financing), and \$31,626 federal funds to the Department of Human Services in FY 2008-09. Appropriates \$13,371 General Fund, \$1,580 cash funds, and \$13,457 federal funds to the Department of Health Care Policy and Financing in FY 2008-09.

H.B. 08-1047: Creates a set-aside program for non-profit agencies that bid for state services solicitations if these agencies employ individuals with severe disabilities. Establishes a process by which non-profits may become self-certified vendors, based on certification that 75 percent of those employed will have severe disabilities and at least 20 percent will have developmental disabilities. Requires the Department of Human Services, in collaboration with the Department of Personnel, to identify specific services for which self-certified vendors may bid, and requires state agencies to first solicit bids from self-certified vendors for services on this list. Specifies that contracts may be awarded to self-certified vendors at a fair and reasonable price of up to 15 percent above market rate, subject to available appropriations. Appropriates \$23,800 General Fund to the Department of Human Services for FY 2008-09 and makes an associated reduction of \$23,800 General Fund to the FY 2008-09 Long Bill appropriation to the Controlled Maintenance Trust Fund.

H.B. 08-1108: Increases the transfer of receipts from the state sales and use taxes to the Older Coloradans Cash Fund by \$3.0 million per year, from \$5.0 million to \$8.0 million annually. Increases the appropriation from the Older Coloradans Cash Fund to the State Funding for Senior Services line item by \$3.0 million for FY 2008-09. The additional appropriation will support increased funding for the 16 local Area Agencies on Aging, which will in turn increase in expenditures for services such as home-delivered meals, transportation services, and personal care services.

H.B. 08-1156: Eliminates reference to the Division of Juvenile Parole in the Department of Human Services and authorizes the Division of Youth Corrections (DYC) to manage all juvenile parole services. Requires the DYC to use objective risk assessment in identifying appropriate treatment services for a juvenile during his commitment and parole period. Clarifies the Juvenile Parole Board's authority to discharge a juvenile from parole. Clarifies that the DYC shall not retain jurisdiction over a juvenile who turns 21, and that the sentence to commitment and parole period is discharged when a juvenile turns 21. Appropriates \$55,997 cash funds and 0.8 FTE to the Juvenile Parole Board within Executive Director's Office of the Department of Human Services in FY 2008-09.

H.B. 08-1220: Modifies Department of Human Services statutes concerning services for individuals with developmental disabilities to ensure that these are consistent with federal Medicaid waiver requirements. Among other changes, codifies a program that enables counties to use local funds to match federal Medicaid funds for services to individuals with developmental disabilities.

H.B. 08-1227: Continues the Public Utilities Commission (PUC) until 2019 and makes various adjustments in regulated utility programs. Appropriates \$15,578 cash funds and 0.2 FTE to the Department of Human Services, Office of Self Sufficiency, to harmonize eligibility for the Low-Income Telephone Assistance Programs at 185 percent of the federal poverty level. For additional information, see the "Recent Legislation" section for the Department of Regulatory Affairs.

H.B. 08-1246: Creates a registry of care givers with a substantiated allegation of abuse against persons with developmental disabilities in the Department of Human Services. Creates a work group in the Department to develop a plan for implementing such a registry. Requires a report on these efforts to the Health and Human Services Committees of the House and Senate by January 30, 2009. Authorizes the Department of Human Services to accept gifts, grants, and donations of public and private funds for purposes of studying and implementing the registry, with funds deposited to the Care Giver Abuse Registry Cash Fund created by the bill. Appropriates \$33,000 cash funds from the Care Giver Abuse Registry Cash Fund to the Department of Human Services for FY 2008-09. Specifies that the provisions of the bill are not required to be implemented until \$33,000 has been received.

H.B. 08-1250: Restructures funding of the County Administration group of line items. Replaces the County Contingency Fund with a new County Tax Base Relief Fund. Replaces the formulas used to determine the amount of assistance for which counties with high social services costs relative to their property tax base will be eligible. The \$11.2 million General Fund appropriation made in the Long Bill for County Contingency is eliminated, and the moneys are distributed as follows: \$6.2 million to the new County Tax Base Relief Fund, \$4.0 million to the County Administration line in the Department of Human Services, and \$1.0 million to the County Administration line in the Department of Health Care Policy and Financing. The reallocation of \$5.0 million to the County Administration line items is anticipated to allow the counties to draw down an additional \$6.3 million in federal funds.

H.B. 08-1268: Authorizes the Department of Human Services to rent surplus facilities on its campuses. Rental income is deposited to the Buildings and Grounds Cash Fund created by the bill and is subject to annual appropriation to operate, repair, and remodel the rental facilities. Appropriates \$81,024 cash funds from the Buildings and Grounds Cash Fund and 1.0 FTE to the Department for FY 2008-09.

H.B. 08-1287: Supplemental appropriation to the Department of Human Services to modify appropriations included in the FY 2007-08 Long Bill. Also includes supplemental adjustments to FY 2006-07 Department of Human Services appropriations.

H.B. 08-1314: Creates the Local Government Limited Gaming Impact Fund to provide financial assistance to certain local governments for documented gaming impacts. Creates the Gambling Addiction Account to award grants for gambling addiction counseling services and to award moneys to addiction counselors who are pursuing national accreditation as gambling addiction counselors. For FY 2008-09, appropriates \$146,684 reappropriated funds transferred from the Department of Local Affairs to the Department of Human Services. For additional information, see the "Recent Legislation" section at the end of the Department of Local Affairs.

H.B. 08-1342: Makes a number of technical changes related to child support enforcement. In addition, decreases the appropriation to the Colorado Works program county block grants line item by \$2.5 million (cash funds from the State's share of retained child support collections and fraud refunds) and increases the appropriation to County Administration county incentive payments line item by the same \$2.5 million. The moneys will be used by the counties for the same purposes as before; when delivered as county incentive payments, the state moneys will allow the counties to draw down an estimated \$1.65 million additional federal matching dollars.

H.B. 08-1375: General appropriations act for FY 2008-09. Also includes supplemental adjustments to modify appropriations to the Department of Human Services included in the FY 2007-08 Long Bill.

H.B. 08-1387: Makes substantial changes in the management of the Operational Account of the Severance Tax Trust Fund. Makes changes in the funding mechanisms for low-income energy assistance programs. As a result of the funding mechanism changes, reduces the Long Bill appropriation to the Department of Human Services, Office of Self Sufficiency, low-income energy assistance program by \$5,950,000 cash funds. For additional information, see the "Recent Legislation" section for the Governor's Office.

H.B. 08-1388: School Finance Act. Among other changes, adds 300 new preschool slots and shifts 2,454 existing Colorado Preschool and Kindergarten Program (CPKP) slots from full-day kindergarten to preschool slots. These changes increase the Department of Human Service's costs for licensing child care facilities. Associated with this, provides an appropriation of \$85,092 General Fund and 1.5 FTE to the Department of Human Services, Division of Child Care for FY 2008-09. For additional information, see the "Recent Legislation" section for the Department of Education.

H.B. 08-1391: Creates the Child Welfare and Mental Health Services Pilot Program within the Department of Human Services. By July 1, 2008, the department must issue a request for proposals for the selection of a contractor to develop and implement the program to provide mental health screenings and evaluations and mental health services for any child ages 4 through 10 who is the subject of a substantiated case of abuse or neglect, and to his or her siblings. On or before July 1, 2009, the pilot program is to be implemented in a minimum of three Colorado counties. The program is to provide mental health screenings, mental health evaluations, mental health services, appropriate referrals for other services, integrated child welfare and mental health programs, and training programs. The Department of Human Services is required to conduct an

evaluation of the pilot program and to submit a report of its evaluation to the House and Senate Health and Human Services committees by January 30, 2012. The program is repealed effective July 1, 2012. Includes an appropriation of \$2,100,169 General Fund to the Department of Human Services for FY 2008-09. Costs associated with the bill are projected to be \$3,472,530 General Fund in FY 2009-10.

H.B. 08-1404: Provides funding to support Executive Order B 006 08 concerning the study and improvement of child welfare services. Requires periodic reporting to the House and Senate Health and Human Services Committees and the Joint Budget Committee, including a report on the initial findings of the Child Welfare Action Committee, created by the Executive Order, by January 1, 2009. Specifies that the Department of Human Services may require counties to provide information on county employees. Creates the Child Welfare Action Committee Cash Fund, comprised of gifts, grants, and donations and \$200,000 General Fund appropriated to the Department of Human Services for FY 2007-08 but not expended by June 30, 2008. Appropriates \$200,000 from the Child Welfare Action Committee Cash Fund and \$350,000 General Fund to the Department of Human Services for FY 2008-09. Provides an associated reduction of \$350,000 General Fund to the FY 2008-09 Long Bill appropriation to the Controlled Maintenance Trust Fund.

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 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund	\$236,983,530	\$264,610,489	\$298,917,903	\$327,715,384
Cash Funds	60,507,476	64,937,225	77,689,182	95,532,107
Cash Funds Exempt	7,954,959	9,548,021	10,541,809	n/a
Reappropriated Funds/1	n/a	n/a	n/a	6,074,622
Federal Funds	<u>1,158,526</u>	<u>2,296,247</u>	<u>2,291,464</u>	<u>2,290,265</u>
Total Funds	\$306,604,491	\$341,391,982	\$389,440,358	\$431,612,378
Full Time Equiv. Staff	3,365.0	3,544.6	3,854.2	4,082.9

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

Fiscal year 2008-09 funding for this department consists of 75.9 percent General Fund, 22.1 percent cash funds, 1.4 percent reappropriated funds, and 0.5 percent federal funds. Some of the most important factors driving the budget are reviewed below.

The main factor driving the budget of the Judicial Department is caseload. Judges, magistrates, probation officers, public defenders, and staff can only 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 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Estimate
New filings	1,401	1,317	1,466	1,393	1,534	1,675	1,840
Pending July 1	425	385	383	391	475	450	460
Total Caseload	1,826	1,702	1,849	1,784	2,009	2,125	2,300

Court of Appeals Caseload

Pursuant to H.B. 07-1054, the number of judges on the court of appeals will increase from 19 to 22 in FY 2008-09. 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 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Estimate
New filings	2,589	2,558	2,766	2,720	2,548	2,756	2,974
Pending July 1	2,474	2,553	2,950	3,100	2,782	2,729	2,893
Total Caseload	5,063	5,111	5,716	5,820	5,330	5,485	5,867

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 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Estimate
District Court	169,458	177,358	183,821	189,415	189,235	187,989	191,749
County Court	498,515	514,094	536,415	556,136	551,197	543,299	554,165
Water Court	1,672	1,285	1,093	1,303	1,220	1,133	1,156
Total	669,645	692,737	721,329	746,854	741,652	732,421	747,070

In response to growing court filings, the General Assembly passed H.B. 07-1054, which created nine new district court judgeships in FY 2007-08. Subject to available appropriations, this bill also created 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. All new positions created in FY 2008-09 were funded in the Long Bill.

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^{/1}							
	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Estimate
Adult - Regular ²	39,751	41,470	45,332	45,750	46,491	48,955	47,425
Juvenile - Regular	8,558	7,869	7,224	7,182	7,162	7,180	7,195
Adult - Intensive	1,600	1,500	1,500	1,500	1,569	1,500	1,500
Juvenile - Intensive	525	500	490	490	458	490	490
Sex Offender	739	905	1,058	1,150	1,062	1,150	1,150
Total	51,173	52,244	55,604	56,072	56,742	59,275	57,760

^{/1} Caseloads are measured on or estimated for June 30th each year.

^{/2} 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 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Estimate
Felony	43,421	47,219	50,309	53,720	55,156	59,427	64,364
Misdemeanor	23,119	23,893	23,809	26,108	26,673	28,725	31,138
Juvenile (All)	9,569	8,788	8,445	8,647	8,782	8,772	8,818
Total	76,109	79,900	82,563	88,475	90,611	96,924	104,320

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 Caseload¹							
	FY 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Estimate
Felony	6,061	6,840	7,113	7,912	8,162	7,564	8,300
Appeals	468	546	540	595	660	787	872
Rule 35(b) & (c) Motions	450	486	476	469	513	548	572
Juvenile	1,636	1,494	1,274	1,433	1,621	1,501	1,622
Other ²	1,477	1,733	1,703	1,905	2,133	2,140	2,326
Total	10,092	11,099	11,106	12,314	13,089	12,540	13,692

¹ The Alternate Defense Counsel updated its database in FY 2002-03 to make more detailed distinctions between certain case types.

² 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 Actual	FY 07-08 Estimate	FY 08-09 Estimate
Dependency & Neglect	5,847	6,493	6,972	7,618	8,012	8,133	8,521
Juvenile Delinquency & Truancy	3,391	3,042	3,655	3,833	4,052	4,277	4,933
Domestic Relations & Paternity	860	1,094	848	778	750	749	742
Probate & Other	157	165	185	179	150	148	153
Total	10,255	10,794	11,660	12,408	12,964	13,307	14,349

Summary of FY 2007-08 and FY 2008-09 Appropriations

Judicial Department						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$389,440,358	\$298,917,903	\$77,689,182	\$10,541,809	\$2,291,464	3,854.2
<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
Courts Administration	56,815,658	40,920,411	13,144,842	2,744,853	5,552	201.1
Trial Courts	155,487,208	109,917,701	43,244,880	1,274,469	1,050,158	1,793.5
Probation and Related Services	79,669,067	57,313,413	14,810,960	6,308,940	1,235,754	1,155.6
Public Defender	45,921,073	45,670,026	242,500	8,547	0	486.5
Alternate Defense Counsel	21,640,265	21,632,265	8,000	0	0	6.5
Office of the Child's Representative	13,830,806	13,830,806	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
HB 08-1288	1,600,079	1,096,385	336,610	167,084	0	0.5

	Total Funds	General Fund/1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$431,612,378	\$327,715,384	\$95,532,107	\$6,074,622	\$2,290,265	4,082.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Supreme Court/Court of Appeals	17,822,400	10,150,431	7,671,969	0	0	198.7
Courts Administration	66,491,681	48,526,880	15,663,086	2,297,362	4,353	205.7
Trial Courts	167,567,942	114,453,295	51,807,599	256,890	1,050,158	1,905.7
Probation and Related Services	89,553,891	64,753,124	20,122,880	3,442,133	1,235,754	1,204.4
Public Defender	50,893,524	50,556,714	258,573	78,237	0	534.1
Alternate Defense Counsel	23,227,619	23,219,619	8,000	0	0	7.5
Office of the Child's Representative	16,055,321	16,055,321	0	0	0	26.8
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	430,824,727	327,681,784	94,778,056	6,074,622	2,290,265	4,075.7
SB 08-54	308,270	0	308,270	0	0	1.0
HB 08-1010	33,600	33,600	0	0	0	0.0
HB 08-1082	445,781	0	445,781	0	0	6.2

/1 Includes \$936,317 for FY 2007-08 and \$241,158 for FY 2008-09 that is exempt from the statutory limit on state General Fund appropriations imposed by Section 24-75-201.1 (1) (a) (III) (B). See division detail for more information.

Judicial Department: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$389,440,358	\$298,917,903	\$77,689,182	\$10,541,809	\$2,291,464	3,854.2
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>4,243,014</u>	<u>(4,243,014)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	389,440,358	298,917,903	81,932,196	6,298,795	2,291,464	3,854.2
FY 2008-09 Total Appropriation:	431,612,378	327,715,384	95,532,107	6,074,622	2,290,265	4,082.9
Increase/(Decrease)	\$42,172,020	\$28,797,481	\$13,599,911	(\$224,173)	(\$1,199)	228.7
Percentage Change	10.8%	9.6%	16.6%	-3.6%	-0.1%	5.9%

FY 2008-09 Appropriation Highlights:

1. The appropriation adds \$11.5 million General Fund and \$973,000 cash funds to annualize salary increases awarded in FY 2007-08. These increases are partially offset by reductions of \$1.4 million General Fund and \$177,000 cash funds due to the 1.0 percent personal services base reduction.
2. The appropriation adds \$7.0 million General Fund and \$1.3 million cash funds for adjustments to centrally-appropriated line items such as salary survey, performance-based pay, 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.
3. The appropriation adds a total of \$3.3 million General Fund (including \$849,000 for the Judicial Department, \$1.5 million for the Alternate Defense Counsel, and \$960,000 for the Office of the Child's Representative) to raise court-appointed counsel hourly rates from \$60 per hour to \$65 per hour.
4. The appropriation adds \$3.1 million General Fund for 48.8 FTE additional probation officers, supervisors, clerical support, and administrative staff.
5. The appropriation adds \$1.5 million General Fund for base increases in leased space costs, mandated costs, information technology costs, and operating expenses for the Public Defender's Office.
6. The appropriation adds \$1.2 million General Fund for a 3.0 percent increase in judge salaries.
7. The appropriation adds \$748,000 General Fund, \$6.4 million cash funds, and 105.6 FTE for the second year impact of H.B. 07-1054, which created 43 new judgeships to be phased in over three years, and increased court-related fees starting July 1, 2007 to pay for most of the bill's costs.
8. The appropriation adds \$500,000 General Fund for additional Court-appointed Special Advocate (CASA) contracts for the Office of the Child's Representative.
9. The appropriation adds \$1.3 million cash funds for 28.6 FTE additional Trial Courts staff and associated administrative staff.

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 were from cash fund reserves.

Pursuant to H.B. 07-1054, the number of judges on the court of appeals will increase from 19 to 22 in FY 2008-09. 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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>205,000</u>	<u>(205,000)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$16,076,281	\$9,633,281	\$6,443,000	\$0	\$0	185.2
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Second year impact of H.B. 07-1054	1,238,837	0	1,238,837	0	0	13.5
Annualize salary and benefits adjustments	507,282	517,150	(9,868)	0	0	0.0
HB 08-1375	<u>\$17,822,400</u>	<u>\$10,150,431</u>	<u>\$7,671,969</u>	<u>\$0</u>	<u>\$0</u>	<u>198.7</u>
TOTAL	\$17,822,400	\$10,150,431	\$7,671,969	\$0	\$0	198.7
Increase/(Decrease)	\$1,746,119	\$517,150	\$1,228,969	\$0	\$0	13.5
Percentage Change	10.9%	5.4%	19.1%	n/a	n/a	7.3%

H.B. 08-1375 (Long Bill) Issue Descriptions

Second year impact of H.B. 07-1054: House Bill 07-1054 created 43 new judgeships to be phased in over three years, and increased court-related fees starting July 1, 2007, to pay for most of the bill's costs. In FY 2008-09, the bill creates a new, three-judge Court of Appeals panel. The funding shown above is for this panel and its staff.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Courts Administration Division in the year of the

award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a base reduction of approximately 1.0 percent to the personal services appropriation for the division.¹

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 (which provides funding for the State Court Administrator's Office); (2) Administrative Special Purpose; and (3) Integrated Information Services.

Courts Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
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	235,865	0	235,865	0	0	0.0
HB 08-1288	<u>743,721</u>	<u>(24,279)</u>	<u>400,000</u>	<u>368,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$56,815,658	\$40,920,411	\$13,144,842	\$2,744,853	\$5,552	201.1
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to appropriations format	<u>0</u>	<u>0</u>	<u>122,800</u>	<u>(122,800)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	\$56,815,658	\$40,920,411	\$13,267,642	\$2,622,053	\$5,552	201.1
FY 2008-09 Appropriation:						
HB 08-1375	\$66,085,816	\$48,493,280	\$15,290,821	\$2,297,362	\$4,353	203.7
SB 08-54	308,270	0	308,270	0	0	1.0
HB 08-1010	33,600	33,600	0	0	0	0.0
HB 08-1082	<u>63,995</u>	<u>0</u>	<u>63,995</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$66,491,681	\$48,526,880	\$15,663,086	\$2,297,362	\$4,353	205.7
Increase/(Decrease)	\$9,676,023	\$7,606,469	\$2,395,444	(\$324,691)	(\$1,199)	4.6
Percentage Change	17.0%	18.6%	18.2%	-11.8%	-21.6%	2.3%

¹ The base reduction was calculated by taking 0.2 percent of judge salaries and 1.0 percent of all other salaries in this division. A lower rate was applied to judge salaries as the turnover rate for judicial officers is significantly less than that other employees.

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, and now reappropriated funds, includes transfers from various sources of cash funds within the Department and from the State Historical Society.

<i>Administration</i>						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$9,471,424	\$6,016,144	\$1,928,104	\$1,521,624	\$5,552	66.8
SB 07-118	2,194,622	0	2,194,622	0	0	1.0
HB 08-1288	<u>275,000</u>	<u>0</u>	<u>0</u>	<u>275,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$11,941,046	\$6,016,144	\$4,122,726	\$1,796,624	\$5,552	67.8
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>122,800</u>	<u>(122,800)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$11,941,046	\$6,016,144	\$4,245,526	\$1,673,824	\$5,552	67.8
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Family violence grants	250,000	250,000	0	0	0	0.0
Annualize salary and benefits adjustments	178,458	165,585	12,873	0	0	0.0
State Judicial Building security	146,954	146,954	0	0	0	0.0
Probate audit response	68,719	68,719	0	0	0	1.0
HR staff increase due to additional probation staff	31,689	31,689	0	0	0	0.5
HR staff increase due to additional trial courts staff	19,013	19,013	0	0	0	0.3
Annualize prior year funding	(275,636)	(636)	0	(275,000)	0	0.0
Other	(2,321)	36,301	4,286	(41,709)	(1,199)	0.0
HB 08-1375	\$12,357,922	\$6,733,769	\$4,262,685	\$1,357,115	\$4,353	69.6
SB 08-54	<u>308,270</u>	<u>0</u>	<u>308,270</u>	<u>0</u>	<u>0</u>	<u>1.0</u>

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
TOTAL	\$12,666,192	\$6,733,769	\$4,570,955	\$1,357,115	\$4,353	70.6
Increase/(Decrease)	\$725,146	\$717,625	\$325,429	(\$316,709)	(\$1,199)	2.8
Percentage Change	6.1%	11.9%	7.7%	-18.9%	-21.6%	4.1%

H.B. 08-1375 (Long Bill) Issue Descriptions

Family violence grants: The appropriation includes a base increase in funding for family violence grants awarded to non-profit agencies that provide legal services to indigent victims of domestic violence.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Courts Administration Division in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

State Judicial Building security: The appropriation includes funding for the Department to expand its contract with the Colorado State Patrol to provide 1.5 FTE armed state troopers for additional security at the State Judicial Building.

Probate audit response: The appropriation includes funding for a probate specialist located in the State Court Administrator's Office who would be responsible for: auditing cases that district staff have identified as problematic, but for which the district does not have relevant expertise; and providing statewide programmatic support in the probate area, as is currently done in other areas of law.

HR staff increase due to additional probation staff: Due to the increase of 48.8 probation staff, the appropriation also includes funding for 0.5 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 trial courts staff, the appropriation also includes funding for 0.3 Human Resources FTE to allow the Department to maintain a certain base level of support functions.

Annualize prior year funding: The appropriation includes reductions of \$275,000 reappropriated funds to eliminate a FY 2007-08 supplemental of one-time funding for the Judicial Performance Program, and \$7,042 General Fund to eliminate capital outlay appropriated in FY 2007-08. These reductions are partially offset by an increase of \$6,406 General Fund to annualize funding provided for new General Fund staff in FY 2007-08.

Other: The appropriation includes: (1) a reduction of \$2,321 across all fund sources for changes in indirect cost recoveries; and (2) a \$33,982 General Fund increase, offset by an equal reappropriated funds reduction, due to changes in the Judicial Heritage Complex maintenance contract between the Judicial Department and the Historical Society.

Additional legislation: For information on S.B. 08-54, 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, and now reappropriated funds, 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 2007-08 Appropriation:						
SB 07-239	\$36,385,985	\$29,621,897	\$6,127,859	\$636,229	\$0	84.2
HB 07-1054	235,865	0	235,865	0	0	0.0
HB 08-1288	<u>117,928</u>	<u>24,928</u>	<u>0</u>	<u>93,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$36,739,778	\$29,646,825	\$6,363,724	\$729,229	\$0	84.2
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$36,739,778	\$29,646,825	\$6,363,724	\$729,229	\$0	84.2
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Change in the state contribution for health, life, and dental	4,124,445	3,573,026	551,419	0	0	0.0
Change in PERA amortization equalization disbursement funding	2,155,764	1,796,526	359,238	0	0	0.0
Increase judge salaries	1,158,373	1,158,373	0	0	0	0.0
Miscellaneous common policy changes	571,758	562,869	8,889	0	0	0.0
Annualize salary and benefits adjustments	512,800	0	519,492	(6,692)	0	0.0
Health, life, and dental funding for additional probation officers	324,174	324,174	0	0	0	0.0
Health, life, and dental funding for additional trial courts staff	187,152	0	187,152	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Changes in salary survey and performance-based pay funding	(329,151)	(708,981)	379,830	0	0	0.0
Other	(205,743)	(205,743)	0	0	0	0.0
HB 08-1375	<u>\$45,239,350</u>	<u>\$36,147,069</u>	<u>\$8,369,744</u>	<u>\$722,537</u>	<u>\$0</u>	<u>84.2</u>
TOTAL	\$45,239,350	\$36,147,069	\$8,369,744	\$722,537	\$0	84.2
Increase/(Decrease)	\$8,499,572	\$6,500,244	\$2,006,020	(\$6,692)	\$0	0.0
Percentage Change	23.1%	21.9%	31.5%	-0.9%	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Change in state contribution for health, life, and dental: The appropriation includes adjustments to this centrally-appropriated line item.

Change in PERA amortization equalization disbursement funding: The appropriation includes changes in state funding for Public Employees' Retirement Association (PERA) amortization equalization disbursement (AED) pursuant to S.B. 04-257 and supplemental AED pursuant to S.B. 06-235. The appropriation also includes an increase of \$1,129,003 for AED and \$1,026,761 for supplemental AED.

Increase judge salaries: The appropriation includes a base salary increase of 3.0 percent for judges to make their salaries more competitive.

Miscellaneous common policy changes: The appropriation includes common policy funding changes for short-term disability, worker's compensation, legal services, payments to risk management, and vehicle lease.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Courts Administration Division in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Health, life, and dental funding for additional probation officers: The appropriation includes funding for health, life and dental benefits for 48.8 new Probation FTE.

Health, life, and dental funding for additional trial courts staff: The appropriation includes funding for health, life, and dental benefits for 28.0 new Trial Courts FTE.

Changes in salary survey and performance-based pay funding: The appropriation includes changes in state funding for salary survey and performance-based pay. The appropriation also includes a reduction of \$423,546 for salary survey, and an increase of \$94,395 for performance-based pay.

Other: The appropriation includes the following General Fund reductions: (1) \$281,565 for retired judges (the use of retired judges varies yearly and this change is based on the Department's best projection at FY 2008-09 costs); and (2) \$30,000 for appellate reports (these reports contain the opinions of the state Supreme Court and Court of Appeals; this line item has reverted funding each of the last several years). These reductions are partially offset by General Fund increases of: (1) \$98,710 for annual leased space escalators; and (2) \$7,112 for changes in the Department's telephone lease-purchase contract.

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, and now reappropriated funds, 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 2007-08 Appropriation:						
SB 07-239	\$7,784,041	\$5,306,649	\$2,258,392	\$219,000	\$0	49.1
HB 08-1288	<u>350,793</u>	<u>(49,207)</u>	<u>400,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$8,134,834	\$5,257,442	\$2,658,392	\$219,000	\$0	49.1
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$8,134,834	\$5,257,442	\$2,658,392	\$219,000	\$0	49.1
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Miscellaneous common policy changes	215,797	215,797	0	0	0	0.0
Annualize salary and benefits adjustments	95,060	96,350	0	(1,290)	0	0.0
IT staff increase due to additional probation staff	27,723	27,723	0	0	0	0.5
IT staff increase due to additional trial courts staff	16,634	16,634	0	0	0	0.3
Annualize prior year funding	(1,504)	(1,504)	0	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 08-1375	\$8,488,544	\$5,612,442	\$2,658,392	\$217,710	\$0	49.9
HB 08-1010	33,600	33,600	0	0	0	0.0
HB 08-1082	<u>63,995</u>	<u>0</u>	<u>63,995</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$8,586,139	\$5,646,042	\$2,722,387	\$217,710	\$0	50.9
Increase/(Decrease)	\$451,305	\$388,600	\$63,995	(\$1,290)	\$0	1.8
Percentage Change	5.5%	7.4%	2.4%	-0.6%	n/a	3.7%

H.B. 08-1375 (Long Bill) Issue Descriptions

Miscellaneous common policy changes: The appropriation includes common policy funding changes for purchase of services from the general government computing center, multi-use network payments, and communication services payments.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Courts Administration Division in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

IT staff increase due to additional probation staff: Due to the increase of 48.8 FTE probation staff, the appropriation also includes funding for 0.5 FTE information technology support staff to allow the Department to maintain a certain base level of support functions.

IT staff increase due to additional trial courts staff: Due to the increase of 28.0 FTE trial courts staff, the appropriation also includes funding for 0.3 FTE information technology support staff to allow the Department to maintain a certain base level of support functions.

Annualize prior year funding: The appropriation includes a \$7,042 General Fund reduction to eliminate capital outlay appropriated in FY 2007-08. This reduction is partially offset by a General Fund increase of 5,538 to annualize funding provided for new General Fund staff in FY 2007-08.

Additional legislation: For information on H.B. 08-1010 and H.B. 08-1082, see the "Recent Legislation" section at the end of this department.

Trial Courts

The Trial Courts Division represents the largest portion (almost 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 were 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. Reappropriated funds are federal funds appropriated to other departments and transferred to the Judicial Department.

Trial Courts						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	3,520,513	0	3,520,513	0	0	45.0
HB 08-1288	<u>8,761</u>	<u>8,761</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$155,487,208	\$109,917,701	\$43,244,880	\$1,274,469	\$1,050,158	1,793.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>1,017,579</u>	<u>(1,017,579)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$155,487,208	\$109,917,701	\$44,262,459	\$256,890	\$1,050,158	1,793.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Second year impact of H.B. 07-1054	5,163,192	0	5,163,192	0	0	75.0
Annualize salary and benefits adjustments	3,698,941	3,839,416	(140,475)	0	0	0.0
Additional trial courts staff	1,100,153	(35,647)	1,135,800	0	0	28.0
Court-appointed counsel rate increase	849,065	849,065	0	0	0	0.0
Judge education staff	165,047	0	165,047	0	0	2.0
Probate audit response	126,659	(68,719)	195,378	0	0	2.0
Annualize prior year funding	(785,154)	(57,477)	(727,677)	0	0	0.0
Other	1,381,045	8,956	1,372,089	0	0	0.0
HB 08-1375	\$167,186,156	\$114,453,295	\$51,425,813	\$256,890	\$1,050,158	1,900.5

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 08-1082	<u>381,786</u>	<u>0</u>	<u>381,786</u>	<u>0</u>	<u>0</u>	<u>5.2</u>
TOTAL	\$167,567,942	\$114,453,295	\$51,807,599	\$256,890	\$1,050,158	1,905.7
Increase/(Decrease)	\$12,080,734	\$4,535,594	\$7,545,140	\$0	\$0	112.2
Percentage Change	7.8%	4.1%	17.0%	0.0%	0.0%	6.3%

H.B. 08-1375 (Long Bill) Issue Descriptions

Second year impact of H.B. 07-1054: House Bill 07-1054 created 43 new judgeships to be phased in over three years, and increased court-related fees starting July 1, 2007 to pay for most of the bill's costs. In FY 2008-09, the bill creates a 11 new district court judgeships and five new county court judgeships. The funding shown above is for these judges and the associated court staff.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Courts Administration Division in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent base reduction to the personal services appropriation for the division.

Additional trial courts staff: The appropriation includes funding for 28.0 additional trial courts staff.

Court-appointed counsel rate increase: The appropriation includes funding to raise the hourly court-appointed counsel rate from \$60 per hour to \$65 per hour.

Judge education staff: The appropriation includes funding for 2.0 FTE to provide additional judge education opportunities and programs.

Probate audit response: The appropriation includes funding for 2.0 FTE to implement one- to two-year pilot projects to determine the staffing levels and type of staff needed to close the probate case "monitoring gap" identified in the 2006 probate audit report.

Annualize prior year funding: The appropriation includes a \$868,700 reduction to eliminate capital outlay appropriated in FY 2007-08. This reduction is partially offset by a General Fund increase of \$83,546 to annualize funding provided for new General Fund staff in FY 2007-08.

Other: The appropriation includes the following increases: (1) \$1,807,287 cash funds for victim assistance (these funds are continuously appropriated and shown for informational purposes only; the appropriation has been less than actual expenditures for the last few years); and (2) \$10,385 General Fund for district attorney mandated costs. These increases are partially offset by the following reductions: (1) \$435,198 cash funds for victim compensation (these funds are continuously appropriated and shown for informational purposes only; the appropriation has been significantly greater than the actual expenditures for the last few years); and (2) \$1,429 General Fund for management of the Sex Offender Surcharge Fund.

Additional legislation: For information on H.B. 08-1082, 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, and now reappropriated fund sources, include: funds appropriated to other departments and transferred to the Judicial Department, and grants from local Victims and Witnesses Assistance and Law Enforcement (VALE) Boards. Cash funds exempt sources also included reserves from the Alcohol and Drug Driving Safety Program Fund, which are now classified as cash funds.

Probation and Related Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$79,807,259	\$57,250,689	\$14,810,960	\$6,509,856	\$1,235,754	1,155.6
HB 08-1288	<u>(138,192)</u>	<u>62,724</u>	<u>0</u>	<u>(200,916)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$79,669,067	\$57,313,413	\$14,810,960	\$6,308,940	\$1,235,754	1,155.6
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>2,897,635</u>	<u>(2,897,635)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$79,669,067	\$57,313,413	\$17,708,595	\$3,411,305	\$1,235,754	1,155.6
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	4,992,728	4,578,443	414,285	0	0	0.0
Additional probation staff	2,757,721	2,757,721	0	0	0	48.8
Offender Services Cash Fund increase	2,000,000	0	2,000,000	0	0	0.0
Transfer from DHS for persistent drunk driver treatment	312,733	0	0	312,733	0	0.0
Annualize prior year funding	103,547	103,547	0	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Other	(281,905)	0	0	(281,905)	0	0.0
HB 08-1375	<u>\$89,553,891</u>	<u>\$64,753,124</u>	<u>\$20,122,880</u>	<u>\$3,442,133</u>	<u>\$1,235,754</u>	<u>1,204.4</u>
TOTAL	\$89,553,891	\$64,753,124	\$20,122,880	\$3,442,133	\$1,235,754	1,204.4
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Increase/(Decrease)	\$9,884,824	\$7,439,711	\$2,414,285	\$30,828	\$0	48.8
Percentage Change	12.4%	13.0%	13.6%	0.9%	0.0%	4.2%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Courts Administration Division in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.2 percent base reduction to the personal services appropriation for the division (the statewide 1.0 percent base reduction rate was not applied to this division due to concerns that a cut of that magnitude would result in the need to eliminate probation officers).

Additional probation staff: The appropriation includes funding for 48.8 additional probation staff, including 35.5 probation officer FTE, 5.4 probation supervisor FTE, and 7.9 support staff FTE.

Offender Services Cash Fund increase: The appropriation includes an Offender Services Cash Fund spending authority increase to enable the Department to expand treatment services in rural parts of the State, and to keep up with inflationary increases in the costs of providing services.

Transfer from DHS for persistent drunk driver treatment: House Bill 06-1171 provided funding to DHS in FY 2007-08 and FY 2008-09 to pay a portion of the costs for intervention and treatment services for persistent drunk drivers who are unable to pay. The funding received by DHS will be allocated to the judicial districts and Denver courts. Therefore, the appropriation includes authority for the Department to expend these funds.

Annualize prior year funding: The appropriation includes a General Fund increase of \$485,111 to annualize funding provided for new General Fund staff in FY 2007-08. This increase is partially offset by a reduction of \$381,564 to eliminate capital outlay appropriated in FY 2007-08.

Other: The appropriation also includes a reduction of \$482,821 to better reflect anticipated victims grants receipts. This reduction is partially offset by an increase of \$200,916 to better reflect the Department's anticipated S.B. 91-94 contract with the Department of Human Services.

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, and now reappropriated funds, 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 2007-08 Appropriation:						
SB 07-239	\$44,720,097	\$44,405,660	\$305,890	\$8,547	\$0	479.0
HB 07-1054	351,004	351,004	0	0	0	7.0
HB 08-1288	<u>849,972</u>	<u>913,362</u>	<u>(63,390)</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$45,921,073	\$45,670,026	\$242,500	\$8,547	\$0	486.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$45,921,073	\$45,670,026	\$242,500	\$8,547	\$0	486.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	901,194	901,194	0	0	0	0.0
Leased space base increase	850,213	850,213	0	0	0	0.0
Change in state contribution for health, life, and dental and short-term disability	845,112	845,095	17	0	0	0.0
Second year impact of H.B. 07-1054	747,736	747,736	0	0	0	17.1
Changes in salary survey and performance- based pay funding	477,891	462,139	15,752	0	0	0.0
Mandated costs base increase	424,412	424,412	0	0	0	0.0
Change in PERA amortization equalization disbursement funding	381,201	380,897	304	0	0	0.0
Automation plan base increase	230,971	230,971	0	0	0	0.0
Annualize prior year funding	69,960	69,960	0	0	0	0.5
Other	43,761	(25,929)	0	69,690	0	30.0
HB 08-1375	<u>\$50,893,524</u>	<u>\$50,556,714</u>	<u>\$258,573</u>	<u>\$78,237</u>	<u>\$0</u>	<u>534.1</u>
TOTAL	\$50,893,524	\$50,556,714	\$258,573	\$78,237	\$0	534.1
Increase/(Decrease)	\$4,972,451	\$4,886,688	\$16,073	\$69,690	\$0	47.6
Percentage Change	10.8%	10.7%	6.6%	815.4%	n/a	9.8%

/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 imposed by Section 24-75-201.1 (1) (a) (II) (B), C.R.S., due to a requirement to implement a U.S. Supreme Court decision (exempted under the provisions of Section 24-75-201.1 (1) (a) (III) (B), C.R.S.).

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Courts Administration Division in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Leased space base increase: The appropriation includes funding to cover the costs associated with renegotiating expiring leases at new rates and the cost of acquiring additional square footage for some offices to accommodate the increase in staff received by the Public Defender in recent years.

Change in state contribution for health, life, and dental and short-term disability: The appropriation includes adjustments to this centrally-appropriated line item.

Second year impact of H.B. 07-1054: House Bill 07-1054 created 43 new judgeships to be phased in over three years. In FY 2008-09, the bill creates a new, three-judge Court of Appeals panel, as well as 11 new district court judgeships and five new county court judgeships. The appropriation includes funding and staff for the Public Defender to cover the additional courtrooms created by these judges, as identified in the bill's fiscal note.

Changes in salary survey and performance-based pay funding: The appropriation includes changes in state funding for salary survey and performance-based pay. The appropriation also includes increases of \$403,837 for salary survey, and \$74,054 for performance-based pay.

Mandated costs base increase: The appropriation includes funding for projected increases in mandated costs due to increases in caseload and case severity, and increasing costs for transcripts, expert witnesses, and discovery.

Change in PERA amortization equalization disbursement funding: The appropriation includes changes in state funding for Public Employees' Retirement Association (PERA) amortization equalization disbursement (AED) pursuant to S.B. 04-257 and supplemental AED pursuant to S.B. 06-235. Per common policies, the appropriation includes an increase of \$209,226 for AED and \$171,975 for supplemental AED.

Automation plan base increase: The appropriation includes funding to restore the Public Defender's funding for information technology-related appropriation to approximately \$64,000 above its pre-FY 2002-03 level.

Annualize prior year funding: The appropriation includes a General Fund increase of \$263,390 to annualize funding provided for new General Fund staff in FY 2007-08, and increases of \$49,975 General Fund and 0.5 FTE to annualize an information technology security officer position approved during FY 2007-08 supplementals. These increases are partially offset by a reduction of \$243,405 to eliminate capital outlay appropriated in FY 2007-08.

Other: The appropriation includes the following increases: (1) \$69,690 for grants transferred from the Department of Public Safety; (2) \$7,582 General Fund for increases in operating expenses; (3) \$4,286 General Fund to fund the Public Defender's salary increase which is tied to the judge salary increases via the Long Bill; and (4) 30.0 FTE as a technical adjustment to account for staff for which funding has been historically appropriated but FTE have not. These increases are partially offset by reductions totaling \$37,797 General Fund for multi-use network payments, vehicle lease payments, and purchase of services from the general government computing center.

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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$21,640,265	\$21,632,265	\$8,000	\$0	\$0	6.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Court-appointed counsel rate increase	1,452,059	1,452,059	0	0	0	0.0
Expand evaluation/training staff FTE	49,694	49,694	0	0	0	0.5
Common policy adjustments	29,084	29,084	0	0	0	0.0
Annualize salary and benefits adjustments	24,262	24,262	0	0	0	0.0
Provide half-time support staff	21,659	21,659	0	0	0	0.5
Other	10,596	10,596	0	0	0	0.0
HB 08-1375	<u>\$23,227,619</u>	<u>\$23,219,619</u>	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>	<u>7.5</u>
TOTAL	\$23,227,619	\$23,219,619	\$8,000	\$0	\$0	7.5

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$1,587,354	\$1,587,354	\$0	\$0	\$0	1.0
Percentage Change	7.3%	7.3%	0.0%	n/a	n/a	15.4%

H.B. 08-1375 (Long Bill) Issue Descriptions

Court-appointed counsel rate increase: The appropriation includes funding to raise the hourly court-appointed counsel rate paid from an average of \$60 per hour to an average of \$65 per hour.

Expand evaluation/training staff FTE: In FY 2007-08, the ADC received funding for a half time FTE to evaluate and monitor contract attorneys as part of the ADC's effort to comply with state audit recommendations. The appropriation includes funding to expand this position to full time.

Common policy adjustments: The appropriation includes changes to the following common policies: health, life, and dental; short-term disability; salary survey; performance-based pay; Public Employees' Retirement Association (PERA) amortization equalization disbursement (AED) and supplemental AED; and purchase of services from the general government computing center.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Courts Administration Division in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Provide half-time support staff: The appropriation includes funding for a part-time clerical FTE to provide basic office support functions.

Other: The appropriation also includes the following General Fund increases: (1) \$9,278 to annualize funding provided for new General Fund staff in FY 2007-08; (2) \$4,109 to fund the Alternate Defense Counsel's salary increase which is tied to the judge salary increases via the Long Bill; and (3) \$3,219 to fund an annual leased space escalator. These increases are partially offset by a reduction of \$6,010 to eliminate capital outlay appropriated in FY 2007-08.

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 2007-08 Appropriation:						
SB 07-239	\$13,694,989	\$13,694,989	\$0	\$0	\$0	25.8
HB 08-1288	<u>135,817</u>	<u>135,817</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$13,830,806	\$13,830,806	\$0	\$0	\$0	25.8
	Total Funds	General Fund/1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$13,830,806	\$13,830,806	\$0	\$0	\$0	25.8
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Court-appointed counsel rate increase	961,938	961,938	0	0	0	0.0
Caseload and case cost increases	548,230	548,230	0	0	0	0.0
Additional funding for CASA contracts	500,000	500,000	0	0	0	0.0
Common policy adjustments	81,620	81,620	0	0	0	0.0
Provide additional staff attorney	59,136	59,136	0	0	0	1.0
Annualize salary and benefits adjustments	52,442	52,442	0	0	0	0.0
Mandated costs base increase	15,000	15,000	0	0	0	0.0
Other	6,149	6,149	0	0	0	0.0
HB 08-1375	<u>\$16,055,321</u>	<u>\$16,055,321</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>26.8</u>
TOTAL	\$16,055,321	\$16,055,321	\$0	\$0	\$0	26.8
Increase/(Decrease)	\$2,224,515	\$2,224,515	\$0	\$0	\$0	1.0
Percentage Change	16.1%	16.1%	n/a	n/a	n/a	3.9%

1/ For FY 2008-09, the appropriation for the Office of the Child's Representative includes \$241,158 that is exempt from the statutory limit on state General Fund appropriations imposed by Section 24-75-201.1 (1) (a) (II) (B), C.R.S., due to the implementation of a federal mandate (exempted under the provisions of Section 24-75-201.1 (1) (a) (III) (A), C.R.S.).

H.B. 08-1375 (Long Bill) Issue Descriptions

Court-appointed counsel rate increase: The appropriation includes funding to raise the hourly court-appointed counsel rate paid from \$60 per hour to \$65 per hour.

Caseload and case cost increases: The appropriation includes funding to account for caseload growth increases and increases in average costs per case.

Additional funding for CASA contracts: The appropriation includes an increase of \$500,000 General Fund for contracts with Court-appointed Special Advocates (CASAs).

Common policy adjustments: The appropriation includes changes to the following common policies: health, life, and dental; short-term disability; salary survey; performance-based pay; Public Employees' Retirement Association (PERA) amortization equalization disbursement (AED) and supplemental AED; and purchase of services from the general government computing center.

Provide additional staff attorney: The appropriation includes funding for an additional staff attorney to enable the Office of the Child's Representative to provide more thorough oversight and evaluation of its attorneys, as recommended by a 2007 State Auditor's Office report, as well as to assist in other capacities.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Courts Administration Division in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Mandated costs base increase: The appropriation includes funding for projected increases in mandated costs due to increases in caseload and case severity, and increasing costs for transcripts, expert witnesses, and discovery.

Other: The appropriation includes the following General Fund increases: (1) \$10,000 to make permanent a one-time funding increase for training provided in FY 2007-08; (2) \$4,109 to fund the Director's salary increase which is tied to the judge salary increases via the Long Bill; and (3) \$2,040 to fund an annual leased space escalator.

Recent Legislation

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. 07-239: 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.

2008 Session Bills

S.B. 08-54: Establishes the Office of Judicial Performance Evaluation within the Judicial Department. The Office is tasked with: staffing the state and district commissions, and training their members; collecting and distributing data on judicial performance evaluations; conducting public education efforts concerning the performance evaluation process; measuring public awareness of the process through regular polling; and other duties. For FY 2008-09, appropriates \$308,270 from the State Commission on Judicial Performance Cash Fund, and 1.0 FTE, to the Judicial Department.

H.B. 08-1010: Increases fines imposed for various motor vehicle violations, crediting more fine revenue to the HUTF. For FY 2008-09, appropriates \$33,600 General Fund to the Judicial Department to pay for contract computer programming changes to its court case management system that are required to redirect fine revenue from seat belt and DUI violations, and to update fine increases.

H.B. 08-1082: Reduces the waiting time required for petitioning the court to seal records for an offense that was not charged or was dismissed due to a plea agreement in a separate case from 15 to 10 years; expands the provisions for sealing criminal justice records to certain conviction records; and requires a probation department in certain circumstances to advise a defendant of his or her right to seal criminal justice records. For FY 2008-09, appropriates \$445,781 from the Judicial Stabilization Cash Fund, and 6.2 FTE, to the Department to implement the provisions of this bill.

H.B. 08-1288: Supplemental appropriations act for FY 2007-08.

H.B. 08-1375: General appropriations act for FY 2008-09.

DEPARTMENT OF LABOR AND EMPLOYMENT

The Department is responsible for: (1) administering the state's unemployment insurance program, (2) administering state and federal employment and training programs; (3) enforcing state and federal labor laws; (4) operating state regulatory programs for the petroleum industry, school construction, boilers, and mechanical conveyances; and (5) administering the state's 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 database of Colorado economic measures that can be reached through their Web site at <http://www.coworkforce.com>.

Department Budget: Recent Appropriations

Funding Source	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund	\$0	\$140,666	\$0	\$0
Cash Funds/1	32,298,629	30,931,121	36,406,500	62,716,073
Cash Funds Exempt/1	18,818,603	19,874,799	20,402,867	n/a
Reappropriated Funds/1	n/a	n/a	n/a	1,621,014
Federal Funds	<u>102,906,629</u>	<u>102,845,833</u>	<u>103,194,924</u>	<u>97,435,510</u>
Total Funds	\$154,023,861	\$153,792,419	\$160,004,291	\$161,772,597
Full Time Equiv. Staff	1,102.0	1,098.8	1,099.5	1,118.0

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

Funding for this department consists of 60.2 percent federal funds, 38.8 percent cash funds, and 1.0 percent reappropriated funds. The Department's budget includes approximately \$150,000 that would be General Fund, but is offset by indirect state cost recoveries. 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 2008-09, the Department estimates that \$335,929,746 in unemployment insurance benefits will be paid; these benefit dollars are not subject to appropriation by the General Assembly, pursuant to Section 8-77-104 (1), C.R.S.

Unemployment Insurance Program Measures					
	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Projected
Number of Initial Claims Established	137,785	126,647	120,290	119,561	120,074
Number of New Employer Accounts	25,073	24,387	26,292	27,317	28,103
Number of Appeals Decisions Rendered	22,778	19,804	18,805	18,823	18,904
Percentage of Cases Involving Fraud	2.1%	1.7%	1.0%	0.6%	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.

Employment and Training Client Measures					
	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Projected
Individuals Served	287,001	356,953	351,576	350,000	350,000
Number Entering Employment /1	141,400	119,944	104,306	110,000	150,000
Percent Entering Employment /2	64.0%	59.0%	61.0%	61.0%	62.0%
Employers Served	n/a	21,964	22,319	22,500	23,000

/1 The number entering employment is determined by the Department and is derived from unemployment insurance wage records.

/2 The percent entering employment is based only on those individuals who are not currently employed when served, rather than the total number of individuals served, and is not calculated directly from the preceding rows in this table.

Public Safety

The Department provides a variety of statutory registration and inspection programs related to public safety, including public school and junior college construction, boilers, amusement rides, mechanical conveyances including elevators, and explosives. These programs are funded by revenue from cash fees associated with the programs. The budget for these activities may be affected by changes in the scope of the Department's responsibilities. For example, when Denver discontinued its municipal boiler inspection program in 2007, the Department was required to correspondingly increase the size of its program.

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 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Projected
Requests for Workers' Compensation Hearings/1	9,751	9,595	8,262	n/a	n/a
Hearings Held/1	1,145	1,116	1,070	n/a	n/a
Customer Contacts	62,209	58,630	56,467	58,000	50,000
Work Related Accident Cost Reduction (savings)	\$19,122,759	\$16,869,049	\$19,335,800	\$12,000,000	\$19,000,000

/1 Information regarding the number of hearings is provided by the Office of Administrative Courts within the Department of Personnel and Administration, which no longer provides forecast data.

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.

Federal Funding Levels

The Department's funding is 60.2 percent from federal funds. In recent years, federal funding for a variety of programs has decreased. Some of the reductions are the result of decisions made in Congress or by the federal Department of Labor. Other reductions are the result of the relatively good performance of Colorado's local economy. The Department has responded to such reductions in different ways: (1) corresponding reduction in the scope of the program, (2) backfill of all or part of the federal dollars with state moneys, and (3) requests for statutory changes that allow program costs to be reduced.

Summary of FY 2007-08 and FY 2008-09 Appropriations

Department of Labor and Employment						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$160,004,291	\$0	\$36,406,500	\$20,402,867	\$103,194,924	1,099.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	29,675,155	0	13,370,106	2,256,288	14,048,761	166.9
Division of Employment and Training	99,851,344	0	10,529,461	740,147	88,581,736	739.0
Division of Labor	1,097,388	0	1,097,388	0	0	16.0

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Division of Oil and Public Safety	5,939,034	0	2,022,882	3,351,725	564,427	59.6
Division of Workers' Compensation	23,441,370	0	9,386,663	14,054,707	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
HB 08-1289	1,799,118	0	431,725	(4,260)	1,371,653	2.5
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	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$161,772,597	\$0	\$62,716,073	\$1,621,014	\$97,435,510	1,118.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	34,219,261	0	17,014,250	1,591,898	15,613,113	169.4
Division of Employment and Training	97,519,142	0	16,251,572	9,600	81,257,970	738.4
Division of Labor	1,132,465	0	1,132,465	0	0	16.0
Division of Oil and Public Safety	7,176,985	0	6,593,042	19,516	564,427	76.2
Division of Workers' Compensation	21,724,744	0	21,724,744	0	0	118.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	159,818,968	0	62,078,460	1,154,998	96,585,510	1,107.5
SB 08-51	123,950	0	123,950	0	0	2.0
SB 08-114	44,659	0	44,659	0	0	0.9
SB 08-155	0	0	0	0	0	(3.0)
SB 08-231	1,336,016	0	20,000	466,016	850,000	5.0
HB 08-1027	70,986	0	70,986	0	0	0.9
HB 08-1103	119,554	0	119,554	0	0	1.7
HB 08-1325	82,047	0	82,047	0	0	1.0
HB 08-1335	176,417	0	176,417	0	0	2.0

Department of Labor and Employment: Appropriations Format Change

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$160,004,291	\$0	\$36,406,500	\$20,402,867	\$103,194,924	1,099.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	0	0	19,252,670	(19,252,670)	0	0.0
FY 2007-08 Adjusted Appropriation:	160,004,291	0	55,659,170	1,150,197	103,194,924	1,099.5
FY 2008-09 Total Appropriation:	161,772,597	0	62,716,073	1,621,014	97,435,510	1,118.0
Increase/(Decrease)	\$1,768,306	\$0	\$7,056,903	\$470,817	(\$5,759,414)	18.5
Percentage Change	1.1%	n/a	12.7%	40.9%	-5.6%	1.7%

FY 2008-09 Appropriation Highlights:

1. The appropriation provides an increase of \$2.5 million from cash funds to restore service cuts to the One-Stop Centers caused by decreases in federal funding in prior years. Only a portion of the federal cuts could be replaced due to the limited revenues of the Employment Support Fund.
2. The appropriation provides \$503,000 from cash funds to provide the first-year operating expenses portion of a \$6.3 million capital project that will expand the Internet self-service capabilities of the unemployment insurance program. The new capabilities will provide clients with the ability to both submit and request information without the lengthy delays of the current call center.
3. The appropriation provides \$457,000 and 7.5 FTE from cash funds to annualize the expansion of the Department's public school construction inspection program. The expansion is a result of a report by the State Auditor's Office that found serious problems in the program.
4. The appropriation provides \$440,000 from cash funds for the purchase of two new octane test engines. The test engines are the only test method approved for legal enforcement actions related to the octane ratings posted at retail sales locations. The existing engines are more than 50 years old and the manufacturer is no longer able to provide replacement components for them.
5. The appropriation reflects an anticipated decrease of \$5.4 million in federal funds for a variety of programs. The decrease is due to reduced appropriations by Congress, and by the relative performance of Colorado's economy compared to other parts of the country.

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 two programs: (1) the Industrial Claims Appeal Panel, which adjudicates appeals relating to unemployment insurance and workers' compensation issues; and (2) the Public Employees' Social Security Program, which administers the federal-state agreement with the U.S. Social Security Administration.

Cash funds used for administration of the Department's programs are primarily from the Employment Support Fund and the Workers' Compensation Cash Fund. Reappropriated funds are largely transferred from the Petroleum Storage Tank Fund (PSTF). These funds must be appropriated twice because the PSTF has been designated an enterprise for TABOR purposes. 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, a decrease in federally funded activities in other divisions would result in a decrease 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 2007-08 Appropriation:						
SB 07-239	\$29,719,521	\$0	\$13,382,317	\$2,260,096	\$14,077,108	166.9
SB 07-123	9,759	0	9,759	0	0	0.0
HB 08-1289	<u>(54,125)</u>	<u>0</u>	<u>(21,970)</u>	<u>(3,808)</u>	<u>(28,347)</u>	<u>0.0</u>
TOTAL	\$29,675,155	\$0	\$13,370,106	\$2,256,288	\$14,048,761	166.9
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>1,135,207</u>	<u>(1,135,207)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$29,675,155	\$0	\$14,505,313	\$1,121,081	\$14,048,761	166.9
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
FY 2008-09 salary and benefits adjustments	1,785,639	0	1,313,461	0	472,178	0.0
Disaster recovery	484,144	0	484,144	0	0	0.0
Annualize salary and benefits adjustments	412,371	0	303,327	4,801	104,243	0.0
Operating adjustments	399,724	0	294,025	0	105,699	0.0
Workers' compensation	163,905	0	120,563	0	43,342	0.0
Leased space escalators	116,650	0	85,804	0	30,846	0.0
S.B. 07-228 adjustment	31,061	0	22,848	0	8,213	0.5
Legal services	22,520	0	16,565	0	5,955	0.0
Statewide indirect cost assessment	(212,246)	0	(156,122)	0	(56,124)	0.0
HB 08-1375	\$32,878,923	\$0	\$16,989,928	\$1,125,882	\$14,763,113	167.4
SB 08-155	0	0	0	0	0	(3.0)

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 08-231	1,336,016	0	20,000	466,016	850,000	5.0
HB 08-1325	<u>4,322</u>	<u>0</u>	<u>4,322</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$34,219,261	\$0	\$17,014,250	\$1,591,898	\$15,613,113	169.4
Increase/(Decrease)	\$4,544,106	\$0	\$2,508,937	\$470,817	\$1,564,352	2.5
Percentage Change	15.3%	n/a	17.3%	42.0%	11.1%	1.5%

H.B. 08-1375 (Long Bill) Issue Descriptions

FY 2008-09 salary and benefits adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey, performance-based pay awards, state contributions to health, life, and dental benefits, shift differential, and state contributions to the Public Employees' Retirement Association (PERA) pension fund. All salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Disaster recovery: The appropriation will allow the Department to bring its information systems into compliance with state disaster recovery requirements issued by the Governor's Office of Information Technology.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Operating adjustments: The appropriation includes 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.

Workers' compensation: The appropriation reflects the common policy decision regarding funds for workers' compensation expenses.

Leased space escalators: 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 throughout Colorado for workforce centers.

S.B. 07-228 adjustment: S.B. 07-228 (Centralized Contract Management System) requires state agencies, beginning in FY 2008-09, to monitor personal services contracts and evaluate whether relevant performance measures are being met. The appropriation reflects the cost, consistent with the fiscal note, to the Department of performing the explicit monitoring necessary.

Legal services: The appropriation reflects the common policy decision regarding the hourly cost for legal services purchased from the Department of Law.

Statewide indirect cost assessment: Agencies are assessed a portion of the General Fund expenses of shared state resources including parts of the Governor's Office. The Department deducts from its assessment its own small General Fund expenses, and transfers the remainder. The appropriation reflects a decrease in the total assessment.

Additional legislation: For information on S.B. 08-155, see the "Recent Legislation" section at the end of the Department of Personnel and Administration. 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. Reappropriated funds represent fees paid by other state agencies for an assortment of publications, 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 2007-08 Appropriation:						
SB 07-239	\$98,451,344	\$0	\$10,529,461	\$740,147	\$87,181,736	739.0
HB 08-1289	<u>1,400,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,400,000</u>	<u>0.0</u>
TOTAL	\$99,851,344	\$0	\$10,529,461	\$740,147	\$88,581,736	739.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>730,547</u>	<u>(730,547)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$99,851,344	\$0	\$11,260,008	\$9,600	\$88,581,736	739.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Restore workforce services cut due to federal funding decreases	2,517,645	0	2,517,645	0	0	6.0
Annualize salary and benefits adjustments	1,346,072	0	1,346,072	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Internet self-service	503,720	0	503,720	0	0	2.5
Decrease in federal funds, and partial offset	(5,422,023)	0	501,743	0	(5,923,766)	(11.0)
Remove WELLS center one-time funding	(1,400,000)	0	0	0	(1,400,000)	0.0
HB 08-1375	\$97,396,758	\$0	\$16,129,188	\$9,600	\$81,257,970	736.5
SB 08-114	44,659	0	44,659	0	0	0.9
HB 08-1325	<u>77,725</u>	<u>0</u>	<u>77,725</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$97,519,142	\$0	\$16,251,572	\$9,600	\$81,257,970	738.4
Increase/(Decrease)	(\$2,332,202)	\$0	\$4,991,564	\$0	(\$7,323,766)	(0.6)
Percentage Change	-2.3%	n/a	44.3%	0.0%	-8.3%	-0.1%

H.B. 08-1375 (Long Bill) Issue Descriptions

Restore workforce services cut due to federal funding decreases: In recent years, cuts in federal funds have required one-stop workforce centers in the State to reduce expenses and services. The increase in the cash funds appropriated from the Employment Support Fund will be used to restore a portion of the service cuts.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Internet self-service: The appropriation includes funding for the personal services expenses associated with a capital project to expand the Department's Internet self-service applications for unemployment insurance. Clients will be able to both file and obtain a variety of information more quickly than they currently obtain the information through the Department's call center.

Decrease in federal funds, and partial offset: The appropriation reflects anticipated decreases in federal funding, and includes a partial offset of those decreases with increased cash funds. The amount of the cash funds increase is limited by the estimated revenues in the funding source.

Remove WELLS center one-time funding: The WELLS Center at the Fitzsimons Biosciences Park provides state-of-the-art nurse training through simulated emergency care environments. The Center was established using the first half of a two-part federal grant. The federal government was unable to make the second grant payment, and a supplemental one-time appropriation was used to provide the necessary funding until the Center can become self-sustaining. In order to conform with federal restrictions, the one-time appropriation moved Employment Support Fund (ESF) cash funds from administrative lines to the WELLS Center, and backfilled the ESF dollars with federal Reed Act moneys. The appropriation removes those one-time funds.

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

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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,097,388	\$0	\$1,097,388	\$0	\$0	16.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	35,077	0	35,077	0	0	0.0
HB 08-1375	<u>\$1,132,465</u>	<u>\$0</u>	<u>\$1,132,465</u>	<u>\$0</u>	<u>\$0</u>	<u>16.0</u>
TOTAL	\$1,132,465	\$0	\$1,132,465	\$0	\$0	16.0
Increase/(Decrease)	\$35,077	\$0	\$35,077	\$0	\$0	0.0
Percentage Change	3.2%	n/a	3.2%	n/a	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

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, amusement rides, explosives, and mechanical conveyances such as elevators. 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 reappropriated funds in the Division's budget represent 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 2007-08 Appropriation:						
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	35,635	0	0	35,635	0	0.5
HB 08-1289	<u>463,420</u>	<u>0</u>	<u>463,420</u>	<u>0</u>	<u>0</u>	<u>2.5</u>
TOTAL	\$5,939,034	\$0	\$2,022,882	\$3,351,725	\$564,427	59.6
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>3,332,209</u>	<u>(3,332,209)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$5,939,034	\$0	\$5,355,091	\$19,516	\$564,427	59.6
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Purchase of octane test engines	440,000	0	440,000	0	0	0.0
Annualize public school inspection supplemental	194,389	0	194,389	0	0	7.5
Annualize salary and benefits adjustments	113,730	0	113,730	0	0	0.0
Annualize special bills and supplementals	(1,075)	0	(1,075)	0	0	2.5
HB 08-1375	\$6,686,078	\$0	\$6,102,135	\$19,516	\$564,427	69.6
SB 08-51	123,950	0	123,950	0	0	2.0
HB 08-1027	70,986	0	70,986	0	0	0.9
HB 08-1103	119,554	0	119,554	0	0	1.7
HB 08-1335	<u>176,417</u>	<u>0</u>	<u>176,417</u>	<u>0</u>	<u>0</u>	<u>2.0</u>
TOTAL	\$7,176,985	\$0	\$6,593,042	\$19,516	\$564,427	76.2

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$1,237,951	\$0	\$1,237,951	\$0	\$0	16.6
Percentage Change	20.8%	n/a	23.1%	0.0%	0.0%	27.9%

H.B. 08-1375 (Long Bill) Issue Descriptions

Purchase of octane test engines: The Department conducts quality tests of petroleum products sold at retail, including accurate labeling of gasoline octane ratings. The use of special engines are the only method for testing octane recognized for legal enforcement purposes. The Department's existing test engines are over 50 years old, and the manufacturer can no longer provide replacements parts in the case of component failures. The appropriation allows the Department to purchase two new test engines.

Annualize public school inspection supplemental: A performance audit by the State Auditor's Office identified serious problems in the Department's program for inspecting public school construction projects, in large part due to insufficient Department resources. The Department was granted an emergency supplemental to allow additional temporary staff to be hired in order to "catch up" on portions of the public school construction inspection program. A regular supplemental request for FY 2007-08 provided the Department with additional resources for the last quarter of the fiscal year. The appropriation annualizes that supplemental increase to a full year, removes start-up expenses, and removes the temporary emergency funding.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Annualize special bills - personal services: H.B. 07-1228 required the Department to establish and enforce policies governing above- and below-ground storage tanks for renewable fuels, and S.B. 07-123 created a program requiring the Department to register and inspect elevators and other mechanical conveyances. The appropriation reflects annualization of personal service expenses and removal of one-time and start-up expenses associated with these bills.

Additional legislation: For information on H.B. 08-1335, see the "Recent Legislation" section at the end of the Department of Education. 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.

Division of Workers' Compensation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$23,448,045	\$0	\$9,392,886	\$14,055,159	\$0	118.0
SB 07-258	3,502	0	3,502	0	0	0.0
HB 08-1289	<u>(10,177)</u>	<u>0</u>	<u>(9,725)</u>	<u>(452)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$23,441,370	\$0	\$9,386,663	\$14,054,707	\$0	118.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>14,054,707</u>	<u>(14,054,707)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$23,441,370	\$0	\$23,441,370	\$0	\$0	118.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Annualize salary and benefits adjustments	212,296	0	212,296	0	0	0.0
Administrative law judge services	115,902	0	115,902	0	0	0.0
Subsequent injury reduction	(2,000,000)	0	(2,000,000)	0	0	0.0
Legal services	(44,824)	0	(44,824)	0	0	0.0
HB 08-1375	<u>\$21,724,744</u>	<u>\$0</u>	<u>\$21,724,744</u>	<u>\$0</u>	<u>\$0</u>	<u>118.0</u>
TOTAL	<u>\$21,724,744</u>	<u>\$0</u>	<u>\$21,724,744</u>	<u>\$0</u>	<u>\$0</u>	<u>118.0</u>
Increase/(Decrease)	(\$1,716,626)	\$0	(\$1,716,626)	\$0	\$0	0.0
Percentage Change	-7.3%	n/a	-7.3%	n/a	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division, and a reversion of \$40,000.

Administrative law judge services: The appropriation reflects common policy adjustments for the services of administrative law judges.

Subsequent injury reduction: The previous-year appropriation from the Subsequent Injury Fund for FY 2007-08 provided sufficient funding to cover unanticipated medical expenses, which could cause the Department to exceed its appropriation on short notice. The statute [Section 8-46-101 (4) (b), C.R.S.] has been changed so that moneys from that fund used to pay benefits are continuously appropriated. As a result, the appropriation was reduced to more accurately reflect anticipated expenses.

Legal services: The appropriation reflects a reduction of 650 hours of legal services for the Major Medical and Subsequent Injury programs based on experience in recent years, and common policy adjustments to the hourly cost of legal services obtained from the Department of Law.

Recent Legislation

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. 07-239: 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.

H.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.

2008 Session Bills

S.B. 08-51: Broadens the Department's enforcement authority (the ability to levy civil fines and to seek temporary or permanent injunctions) with respect to its boiler and explosives programs. Makes an appropriation of \$123,950 and 2.0 FTE to the Division of Oil and Public Safety. The appropriation consists of \$84,825 from the Public Safety Inspection Fund and \$39,125 from the Boiler Inspection Fund. Revenues for these funds are increased by the introduction of a boiler reinspection fee and an increase in the state explosives licensing fee.

S.B. 08-114: Amends existing statutes governing employee leasing companies (ELCs) that have ongoing relationships with work-site employers. Requires ELCs to be certified by the Department, and to pay all applicable unemployment insurance taxes. Provides the Department with enforcement authority including probation, financial penalties, and revocation of certification. Makes an appropriation of \$44,659 and 0.9 FTE from the newly created Employee Leasing Company Certification Fund. Revenues for this fund will come from a certification fee charged to the ELCs.

S.B. 08-231: Transfers the state Work Force Development Council from the Department of Local Affairs to the Department of Labor and Employment. Transfers the following FY 2008-09 appropriations from the Department of Local Affairs to the Department of Labor and Employment: \$466,016 reappropriated funds (federal funds transferred from various state agencies) and 4.0 FTE for the Work Force Development Council; and \$870,000 and 1.0 FTE (including \$850,000 federal funds and \$20,000 cash funds from donations) for Work Force Improvement Grants.

H.B. 08-1027: Increases the Department's responsibilities in its public school and junior college construction inspection programs to include certification of third-party inspectors. Makes an appropriation of \$70,986 cash funds and 0.9 FTE from the Public Safety Inspection Fund for that purpose. Fund revenues for this purpose will be generated by increased inspection fee revenue. The act also expands the responsibilities of the Department of Public Safety, Division of Fire Safety, in tracking building plans and reviewing fire safety inspections of public school and junior college construction. Makes an appropriation of \$243,436 and 3.3 FTE from the Fire Safety Inspection Cash Fund to the Department of Public Safety, Division of Preparedness, Security and Fire Safety.

H.B. 08-1103: Requires the Department to implement a more comprehensive inspection and enforcement program to assure public safety with respect to amusement rides. Makes an appropriation of \$119,554 and 1.7 FTE from the Public Safety Inspection Fund for the expanded Department activities. Fund revenues for this purpose will be generated by a fee schedule that covers a broader range of covered amusements. The act also exempts the Public Safety Inspection Fund from the statutory limit on uncommitted reserve funds established in Section 24-75-402, C.R.S.

H.B. 08-1289: Supplemental appropriation for the Department of Labor and Employment for FY 2007-08.

H.B. 08-1325: Creates the “Nonimmigrant Agricultural Seasonal Worker Pilot Program” in the Department of Labor and Employment for the purpose of expediting the federal H-2A visa certification process so that eligible workers can come to Colorado legally to meet the staffing needs of Colorado farmers and ranchers. Creates an advisory council, made up of legislators, agency executives and stakeholders, to make recommendations for the adoption of rules and to assist in the preparation of reports to the General Assembly. Makes an appropriation of \$82,045 and 1.0 FTE from the newly created Nonimmigrant Agricultural Seasonal Worker Pilot Program Cash Fund. Revenues for this fund are generated from fees charged to employers participating in the program. The Department of Law receives a transfer of \$4,322 for legal services associated with the pilot program.

H.B. 08-1375: General appropriations act for FY 2008-09.

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 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund	\$7,203,044	\$9,080,436	\$8,675,523	\$9,645,044
Cash Funds/1	3,777,263	3,926,951	6,817,942	7,758,602
Cash Funds Exempt/1	24,695,099	26,140,331	29,428,172	n/a
Reappropriated Funds/1	n/a	n/a	n/a	29,395,316
Federal Funds	<u>851,960</u>	<u>883,746</u>	<u>1,095,355</u>	<u>1,157,051</u>
Total Funds	\$36,527,366	\$40,031,464	\$46,016,992	\$47,956,013
Full Time Equiv. Staff	345.5	362.2	378.4	390.9

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

In FY 2008-09, funding for this department consists of 20.1 percent General Fund, 16.2 percent cash funds, 61.3 percent reappropriated funds, and 2.4 percent federal funds.

Legal Services to State Agencies

In FY 2008-09, the provision of legal services to state agencies will cost approximately \$25.0 million (including centrally-appropriated line items within the Department) and represents 52.1 percent of the Department's budget. As shown below, seven agencies account for four fifths of these services.

Legal Services Expenditures by State Agency	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Appropriation
Regulatory Agencies	\$5,075,682	\$5,310,731	\$5,761,082	\$6,633,200	\$7,578,056
Natural Resources	2,198,168	2,471,139	2,555,184	3,165,863	3,315,201
Personnel & Administration	2,315,498	2,548,690	2,578,495	2,584,869	2,695,039

Legal Services Expenditures by State Agency	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Appropriation
Public Health & Environment	1,354,044	1,599,380	1,616,692	2,039,607	2,408,034
Human Services	1,173,984	1,301,464	1,354,909	1,328,161	1,387,635
Transportation	981,602	1,098,635	1,110,286	1,181,076	1,244,933
Corrections	1,095,811	1,012,821	948,962	1,101,915	1,148,880
Other/1	<u>3,821,461</u>	<u>3,950,421</u>	<u>4,328,159</u>	<u>5,143,248</u>	<u>5,192,425</u>
Total	\$18,016,250	\$19,293,281	\$20,253,769	\$23,177,939	\$24,970,203

/1 For 2007-08 and 2008-09 includes an estimate of unappropriated legal services that will be provided to higher education.

Criminal Justice and Appellate

The biggest General Fund driver in the Department is the Criminal Justice and Appellate Division, which accounts for 45.4 percent of the Department's FY 2008-09 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 involving such matters as the Colorado River Basin Compact. The division also contains funding for legal actions involving the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

Summary of FY 2007-08 and FY 2008-09 Appropriations

Department of Law						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$46,016,992	\$8,675,523	\$6,817,942	\$29,428,172	\$1,095,355	378.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	7,935,072	1,426,131	329,524	6,045,303	134,114	39.7
Legal Services to State Agencies	20,252,884	0	1,000,000	19,252,884	0	205.9
Criminal Justice and Appellate	7,592,059	4,010,857	1,471,846	1,148,115	961,241	79.0
Water and Natural Resources	5,089,974	1,038,549	2,661,667	1,389,758	0	16.3
Consumer Protection	3,238,891	841,874	1,354,905	1,042,112	0	37.5
Special Purpose	1,908,112	1,358,112	0	550,000	0	0.0
<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

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
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
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
HB 08-1290	(284,990)	(69,280)	(70,855)	(144,502)	(353)	(5.3)
HB 08-1335	7,203	0	0	7,203	0	0.0
HB 08-1396	25,000	0	0	25,000	0	0.2
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$47,956,013	\$9,645,044	\$7,758,602	\$29,395,316	\$1,157,051	390.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	8,903,684	1,506,291	493,245	6,752,428	151,720	41.2
Legal Services to State Agencies	21,567,485	0	1,000,000	20,567,485	0	214.5
Criminal Justice and Appellate	8,069,677	4,380,310	1,497,209	1,194,053	998,105	81.0
Water and Natural Resources	3,495,500	1,126,698	1,917,924	450,878	0	16.7
Consumer Protection	3,358,399	874,473	2,203,547	280,379	0	37.5

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Special Purpose	2,561,268	1,757,272	646,677	150,093	7,226	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	47,654,033	9,563,837	7,758,602	29,174,543	1,157,051	389.6
SB 08-29	9,004	0	0	9,004	0	0.0
SB 08-152	10,805	0	0	10,805	0	0.0
SB 08-153	2,881	0	0	2,881	0	0.0
SB 08-200	60,073	0	0	60,073	0	0.5
SB 08-219	18,008	0	0	18,008	0	0.2
HB 08-1058	7,564	0	0	7,564	0	0.0
HB 08-1161	14,406	0	0	14,406	0	0.0
HB 08-1226	3,602	0	0	3,602	0	0.0
HB 08-1227	43,218	0	0	43,218	0	0.3
HB 08-1257	10,890	0	0	10,890	0	0.0
HB 08-1314	2,866	0	0	2,866	0	0.0
HB 08-1325	4,322	0	0	4,322	0	0.0
HB 08-1335	32,414	0	0	32,414	0	0.3
HB 08-1383	720	0	0	720	0	0.0
HB 08-1397	81,207	81,207	0	0	0	0.0

Department of Law: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$46,016,992	\$8,675,523	\$6,817,942	\$29,428,172	\$1,095,355	378.4
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>2,313,045</u>	<u>(2,313,045)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	46,016,992	8,675,523	9,130,987	27,115,127	1,095,355	378.4
FY 2008-09 Total Appropriation:	47,956,013	9,645,044	7,758,602	29,395,316	1,157,051	390.9
Increase/(Decrease)	\$1,939,021	\$969,521	(\$1,372,385)	\$2,280,189	\$61,696	12.5
Percentage Change	4.2%	11.2%	-15.0%	8.4%	5.6%	3.3%

FY 2008-09 Appropriation Highlights:

1. The appropriation provides \$653,000 of reappropriated funds for additional legal services in support of FY 2008-09 initiatives and special bills for other departments.
2. The appropriation provides \$93,000 from various fund sources to pay bar registration fees and some continuing legal education expenses for Department of Law attorneys.
3. The appropriation provides \$81,000 of General Fund for the Peace Officer Standards and Training Board to develop and certify the curriculum for DNA training courses for peace officers.
4. The appropriation provides \$62,000 of reappropriated funds for an additional accountant who will provide support throughout the Department.
5. The appropriation reduces expenditures for Natural Resource Damages Claims at Rocky Mountain Arsenal by \$1.5 million cash funds. This legal effort required a large FY 2007-08 outlay for a damages study. The reduction reflects the lower second-year cost of the initiative.
6. The appropriation reduces expenditures for defense of the Colorado River Compact by \$214,000 cash funds. Major Colorado River litigation had been expected, but has not materialized.

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. The Division's reappropriated funds derive from indirect cost recoveries and from central appropriations of reappropriated funds that support other divisions. The Division's federal funds reflect centralized appropriations for the Medicaid Fraud Control Unit.

Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$7,959,087	\$1,430,411	\$334,505	\$6,059,704	\$134,467	39.7
HB 08-1290	<u>(24,015)</u>	<u>(4,280)</u>	<u>(4,981)</u>	<u>(14,401)</u>	<u>(353)</u>	<u>0.0</u>
TOTAL	\$7,935,072	\$1,426,131	\$329,524	\$6,045,303	\$134,114	39.7
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>47,138</u>	<u>(47,138)</u>	<u>0</u>	<u>0.0</u>

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2007-08 Adjusted Appropriation	\$7,935,072	\$1,426,131	\$376,662	\$5,998,165	\$134,114	39.7
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Central appropriations	660,605	174,859	99,057	356,814	29,875	0.0
Operating adjustments	124,767	(87,974)	18,776	191,666	2,299	0.0
Attorney registration and continuing legal education	92,626	22,238	3,750	66,075	563	0.0
Annualize salary and benefits adjustments	75,815	0	(5,000)	80,815	0	0.0
Additional accountant	61,831	0	0	61,831	0	1.0
Annualize prior year funding	29,155	0	0	29,155	0	0.5
ADP capital outlay	(76,187)	(28,963)	0	(32,093)	(15,131)	0.0
HB 08-1375	<u>\$8,903,684</u>	<u>\$1,506,291</u>	<u>\$493,245</u>	<u>\$6,752,428</u>	<u>\$151,720</u>	<u>41.2</u>
TOTAL	\$8,903,684	\$1,506,291	\$493,245	\$6,752,428	\$151,720	41.2
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Increase/(Decrease)	\$968,612	\$80,160	\$116,583	\$754,263	\$17,606	1.5
Percentage Change	12.2%	5.6%	31.0%	12.6%	13.1%	3.8%

H.B. 08-1375 (Long Bill) Issue Descriptions

Central appropriations: These items are appropriated to the Administration Division and are then used throughout the Department. The appropriation includes increased funding 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 \$101,390 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, and Communications Services Payments. It also includes IT Asset Maintenance and Leased Space, which are not common-policy items. Netted against these increases is a \$5,955 decrease for Capitol Complex Leased Space.

Attorney registration and continuing legal education: The appropriation includes funding for an initiative that will pay the bar registration fees of the Department's attorneys and pay some of their continuing legal education expenses.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. These increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into the personal-services appropriation for each division in the subsequent year. The adjustment shown also includes a 1.0 percent reduction to the base personal services appropriations for the division.

Additional accountant: The appropriation includes funding for an additional accountant who will provide support throughout the Department.

Annualize prior year funding: The appropriation reflects the second-year impact of S.B. 07-57 (Uniform Debt Management Services Act).

ADP capital outlay: The Automated Data Processing Capital Outlay line item funds one-time expenditures for personal computers, office equipment, and other items that are needed by new staff who are added by Long Bill decision items and by special bills. The appropriation reflects a reduction in the number of new staff in this year's Long Bill, as compared with last year's Long Bill and special bills.

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 division contains appropriations for the attorneys, paralegals, and support personnel who provide these services. In FY 2008-09, the Department anticipates providing 334,148 hours of services at an average billing rate of \$75.10 per hour, a 4.3 percent increase over the FY 2007-08 rate of \$72.03 per hour. The Division's cash funds come from legal services provided to state enterprises, while reappropriated funds come from legal services provided to other state agencies.

Legal Services to State Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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

	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	5,422	0	0	5,422	0	0.0
HB 08-1290	190,856	0	0	190,856	0	1.5
HB 08-1335	7,203	0	0	7,203	0	0.0
HB 08-1396	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>0</u>	<u>0.2</u>
TOTAL	\$20,252,884	\$0	\$1,000,000	\$19,252,884	\$0	205.9

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$20,252,884	\$0	\$1,000,000	\$19,252,884	\$0	205.9
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	604,165	0	0	604,165	0	0.0
Increased legal services to support initiatives in other departments	422,637	0	0	422,637	0	4.5
Annualize prior year funding	372,396	0	0	372,396	0	2.4
Indirect cost assessment	217,689	0	0	217,689	0	0.0
Legal rate reconciliation	(490,856)	0	0	(490,856)	0	0.6
Second-year impact 2008 session bills	(32,203)	0	0	(32,203)	0	(0.2)
HB 08-1375	\$21,346,712	\$0	\$1,000,000	\$20,346,712	\$0	213.2
SB 08-29	9,004	0	0	9,004	0	0.0
SB 08-152	10,805	0	0	10,805	0	0.0
SB 08-153	2,881	0	0	2,881	0	0.0
SB 08-200	60,073	0	0	60,073	0	0.5
SB 08-219	18,008	0	0	18,008	0	0.2
HB 08-1058	7,564	0	0	7,564	0	0.0
HB 08-1161	14,406	0	0	14,406	0	0.0
HB 08-1226	3,602	0	0	3,602	0	0.0
HB 08-1227	43,218	0	0	43,218	0	0.3
HB 08-1257	10,890	0	0	10,890	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 08-1314	2,866	0	0	2,866	0	0.0
HB 08-1325	4,322	0	0	4,322	0	0.0
HB 08-1335	32,414	0	0	32,414	0	0.3
HB 08-1383	<u>720</u>	<u>0</u>	<u>0</u>	<u>720</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$21,567,485	\$0	\$1,000,000	\$20,567,485	\$0	214.5
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Increase/(Decrease)	\$1,314,601	\$0	\$0	\$1,314,601	\$0	8.6
Percentage Change	6.5%	n/a	0.0%	6.8%	n/a	4.2%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. These increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into the personal-services appropriation for each division in the subsequent year. The adjustment shown also includes a 1.0 percent reduction to the base personal services appropriations for the division.

Increased legal services to support initiatives in other departments: The appropriation provides increased legal services for initiatives in other departments.

Annualize prior year funding: The appropriation reflects the second-year effect of numerous prior session bills that required the Department of Law to supply legal services to other departments.

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 changing costs for common policy items.

Legal rate reconciliation: The appropriation reconciles the funding and FTE that the Division needs to supply the projected number of legal service hours with the Division's current resources.

Second year impact 2008 session bills: Reflects a return to a lower base Long Bill funding level following the expiration of the one time FY 2007-08 appropriations of \$7,203 and \$25,000 contained in H.B. 08-1335 and H.B. 08-1396.

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 Prosecutions Unit** - Investigates and prosecutes workers' compensation fraud; gang-related criminal activity; complex crimes; and environmental crimes. The unit also coordinates the activities of the state's grand jury and works with foreign governments to prosecute foreign nationals who commit murder in Colorado and flee the country.
- **Securities Fraud Unit and Insurance Fraud Unit** - Investigate and prosecute violations of Colorado's securities and insurance laws.
- **Appellate Unit** - Represents Colorado when felony convictions are appealed in state and federal courts.
- **Medicaid Fraud Control Unit** - Investigates and prosecutes criminal fraud involving Colorado's Medicaid program as well as patient abuse at Medicaid-funded facilities in Colorado.
- **Capital Crimes Unit** - Assists district attorneys investigating, and prosecuting death penalty cases. The unit also handles 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.
- **Victim's Assistance** - Provides information to crime victims when the Department handles criminal appeals and when it prosecutes individuals in a trial court.

Cash funds for workers' compensation fraud come from the State Compensation Insurance Authority, while cash funds for the P.O.S.T. Board come from fees paid by peace officers and from a 25 cent statewide vehicle registration fee. Reappropriated funds for the securities and insurance fraud programs come from the Department of Regulatory Agencies while reappropriated funds for victim's assistance come from the Department of Public Safety. Federal moneys support the Medicaid Fraud Control Unit.

Criminal Justice and Appellate						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$7,592,059	\$4,010,857	\$1,471,846	\$1,148,115	\$961,241	79.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	274,993	172,550	22,894	42,685	36,864	0.0
Annualize prior year funding	160,334	160,334	0	0	0	2.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Indirect cost assessment	5,722	0	2,469	3,253	0	0.0
Second-year impact of prior session initiatives	(44,638)	(44,638)	0	0	0	0.0
HB 08-1375	\$7,988,470	\$4,299,103	\$1,497,209	\$1,194,053	\$998,105	81.0
HB 08-1397	<u>81,207</u>	<u>81,207</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$8,069,677	\$4,380,310	\$1,497,209	\$1,194,053	\$998,105	81.0
Increase/(Decrease)	\$477,618	\$369,453	\$25,363	\$45,938	\$36,864	2.0
Percentage Change	6.3%	9.2%	1.7%	4.0%	3.8%	2.5%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. These increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into the personal-services appropriation for each division in the subsequent year. The adjustment shown also includes a 1.0 percent reduction to the base personal services appropriation for the Appellate Unit, which has 30.0 FTE.

Annualize prior year funding: The appropriation reflects the impact in FY 2008-09 of H.B. 07-1054 (Increase Number of Judges), which is expected to increase the Department's appellate workload.

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 changing costs for common policy items.

Second-year impact of prior session initiatives: The appropriation reflects an anticipated decrease in spending following the completion of a FY 2007-08 project that allowed the Peace Officer Standards and Training Board to scan and store digital images of approximately 400,000 pages of pre-2004 documents.

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

Water and Natural Resources

The Natural Resources and Environment Division protects and defends Colorado and its citizens in matters relating to natural resources and water law, oil and gas development, mining and minerals, wildlife, the clean-up of contaminated sites, the proper storage or disposal of hazardous waste, and protection of the state's air and water. The Division contains 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 come from the Colorado Water Conservation Board's Litigation Fund, the Hazardous Substance Response Fund, and attorney fees and costs recovered by the Department, while reappropriated funds come from the Department of Public Health and Environment.

Water and Natural Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$5,004,974	\$3,745,216	\$0	\$1,259,758	\$0	16.3
HB 07-1357	0	(2,661,667)	2,661,667	0	0	0.0
HB 08-1290	<u>85,000</u>	<u>(45,000)</u>	<u>0</u>	<u>130,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,089,974	\$1,038,549	\$2,661,667	\$1,389,758	\$0	16.3
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>938,880</u>	<u>(938,880)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$5,089,974	\$1,038,549	\$3,600,547	\$450,878	\$0	16.3
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	97,231	88,149	9,082	0	0	0.0
Natural resource damages claims at Rocky Mountain Arsenal	(1,457,825)	0	(1,457,825)	0	0	0.4
Defense of the Colorado River Compact	(213,880)	0	(213,880)	0	0	0.0
Defense of the Republican River Compact	(20,000)	0	(20,000)	0	0	0.0
HB 08-1375	<u>\$3,495,500</u>	<u>\$1,126,698</u>	<u>\$1,917,924</u>	<u>\$450,878</u>	<u>\$0</u>	<u>16.7</u>
TOTAL	\$3,495,500	\$1,126,698	\$1,917,924	\$450,878	\$0	16.7
Increase/(Decrease)	(\$1,594,474)	\$88,149	(\$1,682,623)	\$0	\$0	0.4
Percentage Change	-31.3%	8.5%	-46.7%	0.0%	n/a	2.5%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. These 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.

Natural resource damages claims at Rocky Mountain Arsenal: Last year, the General Assembly provided funding to support a multi-million dollar damages claim against the U.S. Army and Shell Oil Company for harm done to natural resources at Rocky Mountain Arsenal. The legal effort required a large initial outlay for a damages study. This appropriation reflect the lower second-year cost of the initiative and the need to hire a specialist to help pursue the claim.

Defense of the Colorado River Compact: Major Colorado River litigation has been expected for several years, but has not materialized. The reduction reflects the expected continuing absence of major legal action.

Defense of the Republican River Compact: Kansas has begun legal action against Nebraska, claiming overuse of Republican River water. Colorado is likely to soon become involved in the case. The Department received a \$130,000 FY 2007-08 appropriation to begin preparing a defense; the appropriation reflects a lower expected level of preparation expenditures in FY 2008-09.

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 protect creditor firms who engage collection agencies to collect debts on their behalf, and the debtor consumers who are the subject of the collection efforts of those agencies.
- **Uniform Consumer Credit Code Program** - Regulates debt management and credit repair services, payday lending and rent-to-own agreements, and certain high cost mortgages. The program protects borrowers from abusive practices, such as interest rates that exceed legal limits, excessive prepayment penalties, and inadequate disclosure of the cost of credit.

The Division's cash funds derive from fees paid by regulated entities, custodial funds awarded to the Department for consumer protection purposes, and tobacco settlement moneys. Reappropriated funds come from the Department of Regulatory Agencies.

Consumer Protection						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
SB 07-216	265,085	0	0	265,085	0	3.0
HB 07-1322	264,608	0	0	264,608	0	3.0
HB 08-1290	<u>(450,957)</u>	<u>0</u>	<u>0</u>	<u>(450,957)</u>	<u>0</u>	<u>(5.3)</u>
TOTAL	\$3,238,891	\$841,874	\$1,354,905	\$1,042,112	\$0	37.5

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>777,027</u>	<u>(777,027)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$3,238,891	\$841,874	\$2,131,932	\$265,085	\$0	37.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	109,369	32,599	74,150	2,620	0	0.0
Indirect cost assessment	31,476	0	18,802	12,674	0	0.0
Annualize prior year funding	(21,337)	0	(21,337)	0	0	0.0
HB 08-1375	<u>\$3,358,399</u>	<u>\$874,473</u>	<u>\$2,203,547</u>	<u>\$280,379</u>	<u>\$0</u>	<u>37.5</u>
TOTAL	\$3,358,399	\$874,473	\$2,203,547	\$280,379	\$0	37.5

Increase/(Decrease)	\$119,508	\$32,599	\$71,615	\$15,294	\$0	0.0
Percentage Change	3.7%	3.9%	3.4%	5.8%	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. These increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into the personal-services appropriation for each division in the subsequent year. The adjustment shown also includes a 1.0 percent reduction to the base personal services appropriations for Consumer Protection Unit, which has 20.0 FTE.

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 changing costs for common policy items.

Annualize prior year funding: The appropriation reflects the second-year impact of S.B. 07-216 (Mortgage Broker Regulation) and of S.B. 07-57 (Uniform Debt Management Services Act).

Special Purpose

This section contains the appropriation that pays the base salaries of Colorado's twenty-two district attorneys, as well as appropriations for programs that do not fit elsewhere in the Department's budget, such as security services and tobacco-settlement litigation. The Litigation Management and Technology Fund line item provides funding for unanticipated legal expenditures and for information technology projects. Cash funds derive from the surplus earned by the Legal Services to State Agencies program and from tobacco settlement moneys. Reappropriated funds come from other divisions within the Department while Federal Funds come from the Department's Medicaid Fraud program.

Special Purpose						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$1,993,986	\$1,478,112	\$65,874	\$450,000	\$0	1.5
SB 07-113	0	(100,000)	0	100,000	0	0.0
HB 08-1290	<u>(85,874)</u>	<u>(20,000)</u>	<u>(65,874)</u>	<u>0</u>	<u>0</u>	<u>(1.5)</u>
TOTAL	\$1,908,112	\$1,358,112	\$0	\$550,000	\$0	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>550,000</u>	<u>(550,000)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,908,112	\$1,358,112	\$550,000	\$0	\$0	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize prior year funding	341,669	341,669	0	0	0	0.0
Security for State Services Building	259,032	80,036	21,677	150,093	7,226	0.0
Tobacco litigation	75,000	0	75,000	0	0	0.0
Statewide HIPAA legal services	921	921	0	0	0	0.0
End funding for Referendum K lawsuit	(23,466)	(23,466)	0	0	0	0.0
HB 08-1375	<u>\$2,561,268</u>	<u>\$1,757,272</u>	<u>\$646,677</u>	<u>\$150,093</u>	<u>\$7,226</u>	<u>0.0</u>
TOTAL	\$2,561,268	\$1,757,272	\$646,677	\$150,093	\$7,226	0.0
Increase/(Decrease)	\$653,156	\$399,160	\$96,677	\$150,093	\$7,226	0.0
Percentage Change	34.2%	29.4%	17.6%	n/a	n/a	n/a

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize prior year funding: The appropriation reflects the second-year impact of H.B. 07-1170 (District Attorney Salaries).

Security for State Services Building: The appropriation provides funding for 1.5 State Patrol FTE, who will provide security services at the Department of Law's building, and various security measures within the building.

Tobacco litigation: The appropriation includes an extra \$75,000 to prepare for an arbitration proceeding concerning master settlement agreement payments that tobacco manufacturers have withheld and placed in escrow.

Statewide HIPAA legal services: The appropriation provides extra funding for HIPAA legal services supplied to State programs that are supported by the General Fund. The increase reflects the increased billing rate for legal services.

End funding for Referendum K lawsuit: Referendum K, approved by voters in November 2006, directed the Attorney General to initiate, or join other states in a lawsuit to force the federal government to enforce existing federal immigration laws. The case was dismissed by a federal judge. The appropriation ends funding for this effort.

Recent Legislation

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. 07-196: 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 for this litigation in the Long Bill.

2008 Session Bills

S.B. 08-29: Requires architects to complete continuing education courses and participate in a continuing competency program in order to renew their licenses. For FY 2008-09 provides \$9,004 of reappropriated funds to the Department of Law from the Department of Regulatory Agencies for legal services. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

S.B. 08-152: Establishes registration of occupational therapists within the Department of Regulatory Agencies, Division of Registrations. For FY 2008-09 provides \$10,805 of reappropriated funds to the Department of Law from the Department of Regulatory Agencies for legal services. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

S.B. 08-153: Establishes licensing requirements for home health agencies that provide both skilled and personal care services. For FY 2008-09 provides \$2,881 of reappropriated funds to the Department of Law from the Department of Public Health and Environment for legal services. For more information, see the corresponding bill description for the Department of Public Health and Environment.

S.B. 08-200: Adds the prohibition of discrimination based on sexual orientation to the non-discrimination statutes for 23 areas, including housing, employment not covered by H.B. 07-25, education, public accommodations, and health care. For FY 2008-09 provides \$60,073 of reappropriated funds to the Department of Law from the Department of Regulatory Agencies for legal services and provides the Department of Law with 0.5 FTE. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

S.B. 08-219: Requires the licensure of massage therapists by the Division of Registrations in the Department of Regulatory Agencies. For FY 2008-09 provides \$18,008 of reappropriated funds to the Department of Law from the Department of Regulatory Agencies for legal services and provides the Department of Law with 0.2 FTE. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 08-1058: Requires agents to register with the Department of Regulatory Agencies if they intend to represent a college athlete in the pursuit of commercial or professional interests. For FY 2008-09 provides \$7,564 of reappropriated funds to the Department of Law from the Department of Regulatory Agencies for legal services and provides the Department of Law with 0.2 FTE. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 08-1161: Expands the regulatory authority of the Mined Land Reclamation Board over in situ leach mining activities. For FY 2008-09 provides \$14,406 of reappropriated funds to the Department of Law from the Department of Natural Resources for legal services. For more information, see the corresponding bill description for the Department of Natural Resources.

H.B. 08-1226: Allows certified public accountants (CPAs) from another state or foreign country to practice in Colorado without registering with the State Board of Public Accountancy. CPAs licensed out-of-state are required to follow board rules and are subject to its disciplinary authority. For FY 2008-09 provides \$3,602 of reappropriated funds to the Department of Law from the Department of Regulatory Agencies for legal services. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 08-1227: Continues the Public Utilities Commission until 2019, with several modifications. For FY 2008-09 provides \$43,218 of reappropriated funds to the Department of Law from the Department of Regulatory Agencies for legal services and provides the Department of Law with 0.2 FTE. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 08-1257: Authorizes new permits and permit fees for the operation of an overweight motor vehicle. For FY 2008-09 provides \$10,890 of reappropriated funds to the Department of Law from the Department of Transportation for legal services. For more information, see the corresponding bill description for the Department of Transportation.

H.B. 08-1290: Supplemental appropriation to the FY 2007-08 Long Bill for the Department of Law.

H.B. 08-1314: Uses two percent of the Local Government Limited Gaming Impact Fund for gambling addiction counseling for Colorado residents. For FY 2008-09 provides \$2,866 of reappropriated funds to the Department of Law from the Department of Human Services for legal services. For more information, see the corresponding bill descriptions for the Departments of Human Services and Local Affairs.

H.B. 08-1325: Expedites the federal H-2A visa certification process so eligible workers can come to Colorado legally to meet the staffing needs of Colorado farmers and ranchers. For FY 2008-09 provides \$4,322 of reappropriated funds to the Department of Law from the Department of Labor and Employment for legal services. For more information, see the corresponding bill description for the Department of Labor and Employment.

H.B. 08-1335: Consolidates several current sources of funding for public school capital construction into the Public School Capital Construction Assistance Fund. Authorizes the Department of Education to issue grants from the fund to school districts or enter lease purchase agreements. Creates the Public School Capital Construction Assistance Board and the Division of Public School Capital Construction Assistance to select projects, deal with funding matters, and provide technical assistance. For FY 2007-08 and FY 2008-09 provides \$7,203 and \$32,414 of reappropriated funds to the Department of Law from the Department of Education for legal services. For FY 2008-09 provides the Department of Law with 0.3 FTE. For more information, see the corresponding bill description for the Department of Education.

H.B. 08-1375: General Appropriations Act for FY 2008-09.

H.B. 08-1383: Creates an inactive status for professional and practical nursing licenses to be administered by the Department of Regulatory Agencies, Division of Registrations. For FY 2008-09 provides \$720 of reappropriated funds to the Department of Law from the Department of Regulatory Agencies for legal services. For more information, see the corresponding bill description for the Department of Regulatory Agencies.

H.B. 08-1396: Allows the Hazardous Substance Response Fund to be used by the Department of Public Health and Environment to conduct a study to determine whether water from the Canterbury Tunnel is contributing

to an increase in the mine pool that feeds into the Leadville Mine Drainage Tunnel. For FY 2007-08 provides \$25,000 of reappropriated funds to the Department of Law from the Department of Public Health and Environment for legal services. For more information, see the corresponding bill description for the Department of Public Health and Environment.

H.B. 08-1397: Requires the preservation of potential DNA evidence in class 1 felony cases and specifies a process for disposing of DNA evidence. Requires all peace officers to receive DNA evidence training. For FY 2008-09 appropriates \$81,207 of General Fund to the Department of Law so the Department's Peace Officer Standards and Training Board can develop and certify the curriculum for the training courses.

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 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund	\$29,686,409	\$30,931,554	\$32,740,151	\$34,889,177
Cash Funds/1	90,000	90,000	90,000	177,030
Cash Funds Exempt/1	1,166,367	913,551	1,033,774	n/a
Reappropriated Funds/1	n/a	n/a	n/a	806,500
Federal Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds	\$30,942,776	\$31,935,105	\$33,863,925	\$35,872,707
Full Time Equiv. Staff	274.0	276.3	277.1	277.1

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

Funding for this department consists of 97.3 percent General Fund, 0.5 percent cash funds, and 2.2 percent reappropriated funds. 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 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Approp.
Property Tax Study	\$639,990	\$624,990	\$589,833	\$638,500	\$638,500
Ballot Analysis	522,473	1,283,971	0	492,000	492,000

Summary of FY 2007-08 and FY 2008-09 Appropriations

Legislative Branch						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$33,863,925	\$32,740,151	\$90,000	\$1,033,774	\$0	277.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
General Assembly	13,504,532	13,410,716	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
HB 08-1037	102,151	102,151	0	0	0	0.0
HB 08-1291	24,202	24,202	0	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$35,872,707	\$34,889,177	\$177,030	\$806,500	\$0	277.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
General Assembly	14,697,776	14,603,960	93,816	0	0	76.8
State Auditor	8,012,293	7,122,579	83,214	806,500	0	73.0
Joint Budget Committee	1,520,729	1,520,729	0	0	0	16.0
Legislative Council	6,315,056	6,315,056	0	0	0	55.2
Committee on Legal Services	5,326,853	5,326,853	0	0	0	56.1
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	2,661,757	2,661,757	0	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 08-60	6,500	0	0	6,500	0	0.0
HB 08-1157	8,472	8,472	0	0	0	0.0
HB 08-1325	7,020	7,020	0	0	0	0.0
HB 08-1361	33,188,958	32,211,928	177,030	800,000	0	277.1

Legislative Branch: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$33,863,925	\$32,740,151	\$90,000	\$1,033,774	\$0	277.1
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>83,774</u>	<u>(83,774)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	33,863,925	32,740,151	173,774	950,000	0	277.1
FY 2008-09 Total Appropriation:	35,872,707	34,889,177	177,030	806,500	0	277.1
Increase/(Decrease)	\$2,008,782	\$2,149,026	\$3,256	(\$143,500)	\$0	0.0
Percentage Change	5.9%	6.6%	1.9%	-15.1%	n/a	0.0%

FY 2008-09 Appropriation Highlights:

1. The appropriation provides an increase of \$1.9 million General Fund for personnel-related expenses, including salary, Public Employees Retirement Association (PERA), and health, life, and dental increases.
2. The appropriation provides a decrease of \$250,000 reappropriated funds as the elimination of funding for the cost of living study pursuant to Section 22-54-104 (5) (c) (III) (A), C.R.S. This study is required every other year and this is an off year.

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 2007-08 Appropriation:						
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	1,920	1,920	0	0	0	0.0
HB 08-1037	102,151	102,151	0	0	0	0.0
HB 08-1291	<u>24,202</u>	<u>24,202</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$13,504,532	\$13,410,716	\$90,000	\$3,816	\$0	76.8
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>3,816</u>	<u>(3,816)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$13,504,532	\$13,410,716	\$93,816	\$0	\$0	76.8
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Salary and benefits related adjustments (HB 08-1361)	1,093,678	1,093,678	0	0	0	0.0
PERA amortization disbursement (HB 07-1361)	75,450	75,450	0	0	0	0.0
Operating adjustments (HB 08-1375)	26,036	26,036	0	0	0	0.0
Eliminate one-time funding	(1,920)	(1,920)	0	0	0	0.0
HB 08-1361 and HB 08-1375	\$14,697,776	\$14,603,960	\$93,816	\$0	\$0	76.8
<i>HB 08-1361 (non-add)</i>	<i>13,166,519</i>	<i>13,072,703</i>	<i>93,816</i>	<i>0</i>	<i>0</i>	<i>76.8</i>
<i>HB 08-1375 (non-add)</i>	<u>1,531,257</u>	<u>1,531,257</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$14,697,776	\$14,603,960	\$93,816	\$0	\$0	76.8
Increase/(Decrease)	\$1,193,244	\$1,193,244	\$0	\$0	\$0	0.0
Percentage Change	8.8%	8.9%	0.0%	n/a	n/a	0.0%

H.B. 08-1361 (Legislative Appropriation) and H.B. 08-1375 (Long Bill) Issue Descriptions

Salary and benefits related adjustments (H.B. 08-1361): The increase in appropriation reflects base a 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 (H.B. 07-1361): The increase in appropriation reflects the amount necessary to contribute an additional 0.9 percent of base salary to the Public Employees' Retirement Association (0.4 percent pursuant to S.B. 04-257 and 0.5 percent pursuant to S.B. 06-235).

Operating adjustments (H.B. 08-1375): 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 of utilization.

Eliminate one-time funding: Eliminates one-time funding for implementation of H.B. 07-1358.

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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>79,958</u>	<u>(79,958)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$7,526,581	\$6,746,623	\$79,958	\$700,000	\$0	73.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Salary and benefits related adjustments	433,172	329,916	3,256	100,000	0	0.0
PERA amortization disbursement	46,040	46,040	0	0	0	0.0
HB 08-1361	\$8,005,793	\$7,122,579	\$83,214	\$800,000	\$0	73.0
SB 08-60	<u>6,500</u>	<u>0</u>	<u>0</u>	<u>6,500</u>	<u>0</u>	<u>0</u>
TOTAL	\$8,012,293	\$7,122,579	\$83,214	\$806,500	\$0	73.0
Increase/(Decrease)	\$485,712	\$375,956	\$3,256	\$106,500	\$0	0.0
Percentage Change	6.5%	5.6%	4.1%	15.2%	n/a	0.0%

H.B. 08-1361 (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 0.9 percent of base salary to the Public Employees' Retirement Association (0.4 percent pursuant to S.B. 04-257 and 0.5 percent pursuant to S.B. 06-235).

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

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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,434,010	\$1,434,010	\$0	\$0	\$0	16.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Salary and benefits related adjustments	74,774	74,774	0	0	0	0.0
PERA amortization disbursement	11,945	11,945	0	0	0	0.0
HB 08-1361	<u>\$1,520,729</u>	<u>\$1,520,729</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>16.0</u>
TOTAL	\$1,520,729	\$1,520,729	\$0	\$0	\$0	16.0
Increase/(Decrease)	\$86,719	\$86,719	\$0	\$0	\$0	0.0
Percentage Change	6.0%	6.0%	n/a	n/a	n/a	0.0%

H.B. 08-1361 (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 0.9 percent of base salary to the Public Employees' Retirement Association (0.4 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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$6,291,395	\$6,041,395	\$0	\$250,000	\$0	55.2
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Salary and benefits related adjustments (HB 08-1037)	219,487	219,487	0	0	0	0.0
PERA amortization disbursement (HB 08-1037)	38,682	38,682	0	0	0	0.0
Operating adjustments (HB 08-1375)	(250,000)	0	0	(250,000)	0	0.0
HB 08-1361 and HB 08-1375	\$6,299,564	\$6,299,564	\$0	\$0	\$0	55.2
<i>HB 08-1361 (non-add)</i>	<i>5,169,064</i>	<i>5,169,064</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>55.2</i>
<i>HB 08-1375 (non-add)</i>	<i><u>1,130,500</u></i>	<i><u>1,130,500</u></i>	<i><u>0</u></i>	<i><u>0</u></i>	<i><u>0</u></i>	<i><u>0.0</u></i>
HB 08-1157	8,472	8,472	0	0	0	0.0
HB 08-1325	<u>7,020</u>	<u>7,020</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$6,315,056	\$6,315,056	\$0	\$0	\$0	55.2
Increase/(Decrease)	\$23,661	\$273,661	\$0	(\$250,000)	\$0	0.0
Percentage Change	0.4%	4.5%	n/a	-100.0%	n/a	0.0%

H.B. 08-1361 (Legislative Appropriation) and H.B. 08-1375 (Long Bill) Issue Descriptions

Salary and benefits related adjustments (H.B. 08-1037): 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 (H.B. 08-1037): The increase in appropriation reflects the amount necessary to contribute an additional 0.9 percent of base salary to the Public Employees' Retirement Association (0.4 percent pursuant to S.B. 04-257 and 0.5 percent pursuant to S.B. 06-235).

Operating adjustments (H.B. 08-1375): The appropriation contains a decrease of \$250,000 reappropriated funds spending authority. Legislative Council staff is required to conduct a cost of living study every two years pursuant to Section 22-54-104 (5) (c) (III) (A), C.R.S., to certify the cost of living factor for each school district. This cost of living analysis is typically conducted through a contract. The funding for the study is not required in FY 2008-09 because it is an off-year.

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

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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$5,107,407	\$5,107,407	\$0	\$0	\$0	56.1
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Salary and benefits related adjustments	183,109	183,109	0	0	0	0.0
PERA amortization disbursement	36,337	36,337	0	0	0	0.0
HB 08-1361	<u>\$5,326,853</u>	<u>\$5,326,853</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>56.1</u>
TOTAL	\$5,326,853	\$5,326,853	\$0	\$0	\$0	56.1
Increase/(Decrease)	\$219,446	\$219,446	\$0	\$0	\$0	0.0
Percentage Change	4.3%	4.3%	n/a	n/a	n/a	0.0%

H.B. 08-1361 (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 0.9 percent of base salary to the Public Employees' Retirement Association (0.4 percent pursuant to S.B. 04-257 and 0.5 percent pursuant to S.B. 06-235).

Recent Legislation

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.

2008 Session Bills

S.B. 08-60: Extends authority for the Colorado Auto Theft Prevention Authority from July 2008 to July 2018, and adds 2 members to serve on the Automobile Theft Prevention Board. Creates a mandatory biannual fee of \$.50 for each vehicle insured by automobile insurers to fund the program. Requires the State Auditor to audit the Colorado Auto Theft Prevention Cash fund in FY 2008-09 and every two years thereafter. Appropriates \$4,262,667 cash funds from the Colorado Auto Theft Prevention Cash Fund, and 3.0 FTE, to the Department of Public Safety. Out of this amount, appropriates \$6,500 reappropriated funds to the Office of the State Auditor to conduct an audit of the program.

H.B. 08-1037: Supplemental appropriation for FY 2007-08.

H.B. 08-1157: Establishes the 44-member Youth Advisory Council in the legislative branch. The council is comprised of 40 voting 14- to 19-year-olds and 4 non-voting members from the General Assembly. The bill specifies council composition, member terms, and appointment procedures. Appropriates \$8,472 General Fund in FY 2008-09 to the Legislature for compensation of Youth Advisory Council members.

H.B. 08-1291: Supplemental appropriation for FY 2007-08.

H.B. 08-1325: Creates the "Nonimmigrant Agricultural Seasonal Worker Pilot Program" in the Department of Labor and Employment for the purpose of expediting the federal H-2A visa certification process so that eligible workers can come to Colorado legally to meet the staffing needs of Colorado farmers and ranchers. Creates an advisory council, made up of legislators, agency executives and stakeholders, to make recommendations for the adoption of rules and to assist in the preparation of reports to the General Assembly. Makes an appropriation of \$82,045 and 1.0 FTE from the newly created Nonimmigrant Agricultural Seasonal Worker Pilot Program Cash Fund. Revenues for this fund are generated from fees charged to employers participating in the program. \$4,322 of these funds are transferred to the Department of Law for legal services associated with the pilot program. Appropriates \$7,020 General Fund to the Legislative Department for payment of per diem for members of the General Assembly appointed to the advisory council.

H.B. 08-1361: Separate legislative appropriations act for FY 2008-09.

H.B. 08-1371: Permits the print shop in the Legislative Council to submit proposals for printing of legislative bills, memorials, resolutions, calendars, and journals of the General Assembly as described in Section 24-70-203 (1) (a), C.R.S. Contains a *conditional* appropriation that transfers \$21,824 General Fund from the House of Representatives and Senate to the Legislative Council should the Legislative Print Shop be the successful bidder for legislative printing as authorized in the bill.

H.B. 08-1375: General appropriations act for FY 2008-09.

DEPARTMENT OF LOCAL AFFAIRS

The Department is responsible for building community and local government capacity by providing training, as well as technical and financial assistance to localities. The Department's budget is comprised of five sections: the Executive Director's Office, Property Taxation, the Division of Housing, the Division of Local Government, and the Division of Emergency Management.

Department Budget: Recent Appropriations

Funding Source	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund/1	\$8,599,468	\$10,303,099	\$10,989,371	\$12,778,187
Cash Funds/2	25,855,405	29,211,540	29,959,987	190,796,121
Cash Funds Exempt/2	100,171,655	101,962,367	107,433,892	n/a
Reappropriated Funds/2	n/a	n/a	n/a	5,288,590
Federal Funds	<u>85,313,338</u>	<u>97,750,554</u>	<u>80,261,842</u>	<u>54,891,039</u>
Total Funds	\$219,939,866	\$239,227,560	\$228,645,092	\$263,753,937
Full Time Equiv. Staff	180.1	192.8	184.0	180.5

/1 Appropriations include General Fund Exempt.

/2 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

Funding for this department consists of 4.8 percent General Fund, 72.4 percent cash funds, 2.0 percent reappropriated funds, and 20.8 percent federal funds.

Dedicated Funding Sources

The Department of Local Affairs is responsible for a number of programs with dedicated cash revenue sources. The largest of these include: disbursements from the Conservation Trust Fund (a portion of state lottery proceeds distributed to local entities on a formula basis for parks, recreation, and open space purposes); local government mineral and energy impact assistance (a portion of state severance tax revenues as well as federal mineral lease revenues distributed to local governments affected by mineral extraction activities); limited gaming impact grants (a portion of limited gaming tax revenues distributed to communities impacted by gaming activities); and grants for the recycling, reuse, and removal of waste tires (a portion of waste tire fees distributed on a competitive basis to assist with conservation efforts). Program expenditures fluctuate with changes in the revenue available from these various dedicated funding sources. The following table summarizes recent actual and estimated revenues.

**Constitutionally or Statutorily Dedicated Cash Revenues
Administered by the Department of Local Affairs**

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Approp.
State severance tax revenues	\$71,479,114	\$81,082,785	\$40,200,000	\$75,000,000
Federal mineral lease revenues	27,861,289	38,681,690	23,100,000	50,900,000
Conservation Trust Fund	49,918,126	47,381,119	52,000,000	46,600,000
Limited Gaming Fund	5,809,651	6,381,333	6,822,829	7,183,111
Waste tire fees	2,927,248	2,990,928	3,187,565	3,000,000

Federal Funds

Federal funds comprise about one-fifth of the Department of Local Affairs' FY 2008-09 appropriation. These federally-funded programs generally do not require state matching funds, and funding is provided at the discretion of federal authorities. Major on-going federal grants that are administered by this department are summarized in the following table.

Major On-going Federal Grants Administered by Department of Local Affairs

	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Approp.
Housing and Urban Development (HUD) Section 8 rental assistance/1	\$17,058,301	\$16,587,106	\$17,040,000	\$17,193,000
Preparedness grants and training	59,102,401	37,712,659	35,500,000	10,535,352
HUD Affordable housing development/1	15,158,765	14,665,888	8,880,825	9,058,270
HUD Community Development Block Grants (CDBG)/1	8,107,258	9,059,705	6,701,843	6,818,995
Health and Human Services Community Services Block Grants (CSBG)/1	5,669,684	4,742,824	5,176,401	5,190,947
HUD Emergency Shelter Program/1	968,623	968,312	971,220	967,363

/1 Amounts exclude portions used for administration and overhead.

Summary of FY 2007-08 and FY 2008-09 Appropriations

Department of Local Affairs						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$228,645,092	\$10,989,371	\$29,959,987	\$107,433,892	\$80,261,842	184.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	4,788,121	1,368,411	215,610	2,166,223	1,037,877	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
Division of Emergency Management	0	0	0	0	0	0.0
<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
HB 08-1292	(42,754)	(36,584)	(1,724)	(2,251)	(2,195)	0.0

	Total Funds	General Fund/1,2	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$263,753,937	\$12,778,187	\$190,796,121	\$5,288,590	\$54,891,039	180.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	4,488,696	1,822,845	407,906	1,620,262	637,683	13.2
Property Taxation	3,468,330	1,977,343	672,172	818,815	0	53.5
Division of Housing	32,855,933	2,692,306	1,382,174	268,539	28,512,914	33.8
Division of Local Government	204,873,872	5,783,937	183,822,881	2,510,312	12,756,742	55.5
Division of Emergency Management	18,067,106	501,756	4,510,988	70,662	12,983,700	24.5
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	257,860,029	12,678,187	183,802,489	5,638,314	55,741,039	185.3
SB 08-155	0	0	0	0	0	(1.8)
SB 08-218	6,916,292	0	6,900,000	16,292	0	0.3
SB 08-231	(1,336,016)	0	(20,000)	(466,016)	(850,000)	(5.0)
HB 08-1319	113,632	0	113,632	0	0	1.7
HB 08-1402	200,000	100,000	0	100,000	0	0.0

/1 Includes \$3,822,828 General Fund Exempt in FY 2007-08, and \$4,193,651 General Fund Exempt in FY 2008-09. See division detail for more information.

/2 Includes amounts (a total of \$4,112,138 for FY 2007-08 and \$4,193,651 for FY 2008-09) that are deemed not to be an appropriation subject to the limitation on General Fund appropriations set forth in Section 24-75-201.1, C.R.S.

Department of Local Affairs: Appropriations Format Change

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$228,645,092	\$10,989,371	\$29,959,987	\$107,433,892	\$80,261,842	184.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>102,093,726</u>	<u>(102,093,726)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	228,645,092	10,989,371	132,053,713	5,340,166	80,261,842	184.0
FY 2008-09 Total Appropriation:	263,753,937	12,778,187	190,796,121	5,288,590	54,891,039	180.5
Increase/(Decrease)	\$35,108,845	\$1,788,816	\$58,742,408	(\$51,576)	(\$25,370,803)	(3.5)
Percentage Change	15.4%	16.3%	44.5%	-1.0%	-31.6%	-1.9%

FY 2008-09 Appropriation Highlights:

1. Appropriations for various programs with statutorily, constitutionally, or federally dedicated fund sources are adjusted based on projections of available funds and statutory changes, including the following significant changes:
 - a. an increase of \$62.6 million for grants and distributions from severance tax and federal mineral lease revenues;
 - b. a decrease of \$5.5 million in federal funds for disaster preparedness grants;
 - c. a decrease of \$5.4 million in lottery funds disbursed from the Conservation Trust Fund; and
 - d. an increase of approximately \$400,000 in limited gaming impact grants.
2. The appropriation transfers a total of \$19.7 million in federal homeland security funds and 3.0 FTE to the Office of Homeland Security in the Governor's Office.
3. The appropriation adds \$1.0 million General Fund (an 82 percent increase) for affordable housing.
4. Pursuant to S.B. 08-231, the appropriation reflects the transfer of \$1.3 million federal funds (including \$466,000 federal funds that are currently transferred to the Department of Local Affairs from other state agencies) and 5.0 FTE related to the state Work Force Development Council from the Department of Local Affairs to the Department of Labor and Employment.
5. The appropriation authorizes the Department to use an additional \$263,000 from severance tax and federal mineral lease revenues to add 5.0 FTE to improve monitoring and payment processing associated with grants from these revenue sources.

Detail of Appropriation by Administrative Section

Executive Director's Office

This section provides funding for management and administration of the Department, including human resources, accounting, and budgeting. The appropriation to this office includes centrally-appropriated funds which are further distributed to the various divisions. This section also includes funding for the Moffat Tunnel Improvement District and the Workforce Development Council. Cash funds appropriations to this office involve a number of individual cash funds related to programs administered through the various divisions, as well as lease revenues generated from the operation of the Moffat Tunnel. Reappropriated fund sources include indirect cost recoveries, federal funds transferred from other agencies, and severance tax revenues and federal mineral lease revenues transferred from the Division of Local Government.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$4,830,875	\$1,404,995	\$217,334	\$2,168,474	\$1,040,072	19.0
HB 08-1292	<u>(42,754)</u>	<u>(36,584)</u>	<u>(1,724)</u>	<u>(2,251)</u>	<u>(2,195)</u>	<u>0.0</u>
TOTAL	\$4,788,121	\$1,368,411	\$215,610	\$2,166,223	\$1,037,877	19.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>101,826</u>	<u>(101,826)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$4,788,121	\$1,368,411	\$317,436	\$2,064,397	\$1,037,877	19.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Salary and benefit increases	535,378	215,294	108,767	134,473	76,844	0.0
Workforce improvement grants	400,000	0	0	0	400,000	0.0
Operating expenses	70,892	66,214	1,703	5,052	(2,077)	0.0
Personal services adjustments	55,282	55,282	0	0	0	0.0
Fund source adjustment	0	117,644	0	(117,644)	0	0.0
Transfer to Governor's Office	(24,961)	0	0	0	(24,961)	0.0
HB 08-1375	\$5,824,712	\$1,822,845	\$427,906	\$2,086,278	\$1,487,683	19.0
SB 08-155	0	0	0	0	0	(0.8)
SB 08-231	<u>(1,336,016)</u>	<u>0</u>	<u>(20,000)</u>	<u>(466,016)</u>	<u>(850,000)</u>	<u>(5.0)</u>
TOTAL	\$4,488,696	\$1,822,845	\$407,906	\$1,620,262	\$637,683	13.2

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	(\$299,425)	\$454,434	\$90,470	(\$444,135)	(\$400,194)	(5.8)
Percentage Change	-6.3%	33.2%	28.5%	-21.5%	-38.6%	-30.5%

H.B. 08-1375 (Long Bill) Issue Descriptions

Salary and benefit increases: The appropriation includes an increase of \$535,378 in centrally-appropriated line items for salary and benefit increases, including the following: \$273,797 for health, life, and dental premiums; \$177,317 for the state contribution for Public Employees' Retirement Association (PERA), as required by S.B. 04-257 and S.B. 06-235; \$71,134 for salary survey; \$4,789 for performance based pay; and \$8,341 for other miscellaneous changes. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the following fiscal year.

Workforce improvement grants: The appropriation reflects an anticipated increase in federal funds.

Operating expenses: The appropriation includes an increase of \$70,892 for various operating expenses. The most significant increases include \$37,886 for the purchase of services from the computer center and \$22,165 for vehicle lease payments.

Personal services adjustments: The appropriation includes \$55,282 to annualize salary increases awarded in FY 2007-08.

Fund source adjustment: The appropriation includes a decrease in the amount of total department indirect cost recoveries applied to offset the need for General Fund in this division, which necessitates an increase in the General Fund appropriation.

Transfer to Governor's Office: The appropriation transfers federal homeland security grant funds associated with 3.0 FTE in the Division of Emergency Management to the Office of Homeland Security in the Governor's Office.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department. For information on S.B. 08-155, see also the "Recent Legislation" section at the end of the Governor's Office.

Property Taxation

This section provides funding for the Division of Property Taxation, which: issues appraisal standards and provides training and technical assistance to county assessors; values multi-county companies; and grants taxation exemptions. This section also provides funding for the State Board of Equalization, which supervises the administration of property tax laws by local county assessors, as well as the Board of Assessment Appeals, which hears petitions for appeal on valuation, abatements, exemptions, and valuation of state-assessed properties. Cash fund appropriations are from the Property Tax Exemption Fund. Reappropriated funds are from severance tax revenues and federal mineral lease revenues transferred from the Division of Local Government.

Property Taxation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$3,390,456	\$1,892,151	\$654,756	\$843,549	\$0	53.5
TOTAL	\$3,390,456	\$1,892,151	\$654,756	\$843,549	\$0	53.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	0	0	0	0	0	0.0
FY 2007-08 Adjusted Appropriation	\$3,390,456	\$1,892,151	\$654,756	\$843,549	\$0	53.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	92,636	57,573	17,416	17,647	0	0.0
Fund source adjustment	0	27,619	0	(27,619)	0	0.0
Indirect cost assessment	(14,762)	0	0	(14,762)	0	0.0
HB 08-1375	\$3,468,330	\$1,977,343	\$672,172	\$818,815	\$0	53.5
TOTAL	\$3,468,330	\$1,977,343	\$672,172	\$818,815	\$0	53.5
Increase/(Decrease)	\$77,874	\$85,192	\$17,416	(\$24,734)	\$0	0.0
Percentage Change	2.3%	4.5%	2.7%	-2.9%	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes \$117,114 for salary survey and performance-based pay increases that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the following fiscal year. The adjustment shown also includes a 1.0 percent base reduction (\$24,478) in the personal services appropriation for this section.

Fund source adjustment: The appropriation includes a decrease in the amount of total department 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 net decrease in indirect cost assessments.

Division of Housing

The Division provides financial and technical assistance to help communities provide affordable housing to low-income, elderly, and disabled individuals. For FY 2008-09, the Division anticipates producing 627 rental opportunities and 518 affordable ownership opportunities for low income households. The Division administers state and federal affordable housing programs, and regulates the manufacture of factory-built residential and commercial buildings. Cash fund appropriations are from the Building Regulation Fund and the Private Activity Bond Allocations Fund. Reappropriated funds are from severance tax revenues and federal mineral lease revenues transferred from the Division of Local Government.

Division of Housing						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>15,000</u>	<u>(15,000)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$31,334,874	\$1,563,013	\$1,289,417	\$171,650	\$28,310,794	32.1
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
State funding for affordable housing	986,676	1,001,676	(15,000)	0	0	0.0
Federal housing funds	209,564	0	0	0	209,564	0.0
Annualize salary and benefits adjustments	92,848	27,617	20,798	5,343	39,090	0.0
Indirect cost assessment	(81,661)	0	(26,673)	(8,454)	(46,534)	0.0
HB 08-1375	\$32,542,301	\$2,592,306	\$1,268,542	\$168,539	\$28,512,914	32.1
HB 08-1319	113,632	0	113,632	0	0	1.7
HB 08-1402	<u>200,000</u>	<u>100,000</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$32,855,933	\$2,692,306	\$1,382,174	\$268,539	\$28,512,914	33.8
Increase/(Decrease)	\$1,521,059	\$1,129,293	\$92,757	\$96,889	\$202,120	1.7
Percentage Change	4.9%	72.3%	7.2%	56.4%	0.7%	5.3%

H.B. 08-1375 (Long Bill) Issue Descriptions

State funding for affordable housing: The appropriation adds \$1.0 million General Fund (an 82 percent increase) for affordable housing, offset by the elimination of \$15,000 in donations.

Federal housing funds: The appropriation includes a projected net increase in federal funds for affordable housing and rental assistance, including an increase of \$177,445 for construction grants and \$153,000 for low income rental subsidies, offset by a decrease in funding for grant administration and technical assistance.

Annualize salary and benefits adjustments: The appropriation includes \$108,226 for salary survey and performance-based pay increases that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the following fiscal year. The adjustment shown also includes a 1.0 percent base reduction (\$15,378) in the personal services appropriation for the Division.

Indirect cost assessment: The appropriation includes a net decrease in indirect cost assessments.

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

Division of Local Government

This division: provides information and training for local governments in budget development, purchasing, demographics, land use planning, and regulatory issues; and it manages federal and state funding programs to support infrastructure and local services development. To provide this assistance to local governments, the Division operates eight field offices. For FY 2008-09, the Division anticipates arranging financing for public facility needs in 85 local communities. Significant cash fund sources include: (1) severance tax revenues; (2) federal mineral lease revenues; (3) net lottery proceeds; (4) revenues generated by waste tire-related fees; and (5) gaming revenues. Reappropriated funds are primarily from severance tax revenues and federal mineral lease revenues transferred within this Division from the Local Government Mineral and Energy Impact Grants and Disbursements line item. Federal funds in this section include the Community Development Block Grant and the Community Services Block Grant.

Division of Local Government						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$188,399,076	\$6,165,796	\$27,082,639	\$104,237,470	\$50,913,171	79.2
HB 07-1288	<u>732,565</u>	<u>0</u>	<u>732,565</u>	<u>0</u>	<u>0</u>	<u>0.2</u>
TOTAL	\$189,131,641	\$6,165,796	\$27,815,204	\$104,237,470	\$50,913,171	79.4
	Total Funds	General Fund/1,2	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>101,976,900</u>	<u>(101,976,900)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$189,131,641	\$6,165,796	\$129,792,104	\$2,260,570	\$50,913,171	79.4

	Total Funds	General Fund/1,2	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Local government mineral and energy impact grants and disbursements	55,700,000	0	55,700,000	0	0	0.0
Limited gaming impact grants	360,282	0	360,282	0	0	0.0
Local government mineral and energy impact grants administration	262,711	0	0	262,711	0	5.0
Rural health care grant	150,000	0	150,000	0	0	0.0
Annualize salary and benefits adjustments	127,809	49,063	5,300	44,262	29,184	0.0
Community Development Block Grant	117,152	0	0	0	117,152	0.0
Volunteer firefighter retirement plans	81,513	81,513	0	0	0	0.0
Community Services Block Grant	14,546	0	0	0	14,546	0.0
Transfer to Division of Emergency Management (DEM)	(41,471,669)	(489,472)	(2,740,395)	(71,311)	(38,170,491)	(28.2)
Conservation Trust Fund disbursements	(5,400,000)	0	(5,400,000)	0	0	0.0
Waste tire programs	(1,002,565)	0	(1,002,565)	0	0	0.0
Transfer to Office of Economic Development (OED)	(65,000)	(22,963)	0	(42,037)	0	(1.0)
Indirect cost assessment	(48,840)	0	58,155	39,825	(146,820)	0.0
HB 08-1375	\$197,957,580	\$5,783,937	\$176,922,881	\$2,494,020	\$12,756,742	55.2
SB 08-218	<u>6,916,292</u>	<u>0</u>	<u>6,900,000</u>	<u>16,292</u>	<u>0</u>	<u>0.3</u>
TOTAL	\$204,873,872	\$5,783,937	\$183,822,881	\$2,510,312	\$12,756,742	55.5
Increase/(Decrease)	\$15,742,231	(\$381,859)	\$54,030,777	\$249,742	(\$38,156,429)	(23.9)
Percentage Change	8.3%	-6.2%	41.6%	11.0%	-74.9%	-30.1%

/1 Amounts include General Fund Exempt appropriations.

/2 Includes amounts (a total of \$4,112,138 for FY 2007-08 and \$4,193,651 for FY 2008-09) that are deemed not to be an appropriation subject to the limitation on General Fund appropriations set forth in Section 24-75-201.1, C.R.S.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2007-08 Appropriation	\$6,165,796	\$2,342,968	\$3,822,828
Volunteer firefighter retirement plans	81,513	(289,310)	370,823
Personal services funding	49,063	49,063	0
Transfer to DEM	(489,472)	(489,472)	0
Transfer to OED	<u>(22,963)</u>	<u>(22,963)</u>	<u>0</u>
FY 2008-09 Appropriation	\$5,783,937	\$1,590,286	\$4,193,651

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 appropriated from the General Fund Exempt Account for purposes of funding retirement plans for firefighters pursuant to Sections 24-77-103.6 (2) (c) and 24-77-104.5 (1) (a) (I) (B), C.R.S.

H.B. 08-1375 (Long Bill) Issue Descriptions

Local government mineral and energy impact grants and disbursements: The appropriation reflects a higher amount of funding for this program based on projected revenues that will be credited to the Local Government Severance Tax Fund and the Local Government Mineral Impact Fund.

Limited gaming impact grants: The appropriation includes an increase in limited gaming impact grants based on projected limited gaming revenues that will be credited to the Local Government Limited Gaming Impact Fund.

Local government mineral and energy impact grants administration: The appropriation authorizes the Department to use an additional \$263,000 from severance tax and federal mineral lease revenues to add 5.0 FTE to improve monitoring and payment processing associated with grants from these revenue sources.

Rural health care grant: The appropriation reflects a grant from the United Health Foundation to help the State address deficiencies in access to health care for rural and under served Coloradans.

Annualize salary and benefits adjustments: The appropriation includes \$159,811 for salary survey and performance-based pay increases that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the following fiscal year. The adjustment shown also includes a 1.0 percent base reduction (\$32,002) in the personal services appropriation for the Division.

Community Development Block Grant: The appropriation reflects a projected increase in federal funds for business and infrastructure development through the Community Development Block Grant program.

Volunteer firefighter retirement plans: The appropriation includes an increase for the State's contributions for local volunteer firefighter retirement plans and death and disability insurance. This amount is not subject to the statutory limitation on General Fund appropriations.

Community Services Block Grant: The appropriation reflects an anticipated increase in the federal Community Services Block Grant.

Transfer to Division of Emergency Management (DEM): The appropriation transfers funding and staff associated with the Division of Emergency Management to a separate Long Bill section.

Conservation Trust Fund disbursements: The appropriation reflects a projected decrease in disbursements from the Conservation Trust Fund based on projected lottery revenues.

Waste tire programs: The appropriation eliminates informational appropriations related to transfers of waste tire fee revenues to funds that are administered by other departments (totaling \$815,000). The appropriation also reduces the appropriation related to fee revenues allocated to funds administered by this Department based on projected revenues.

Transfer to Office of Economic Development: Consistent with H.B. 08-1305, the appropriation reflects the transfer of certain enterprise zone program administrative responsibilities from this Department to the Governor's Office of Economic Development and the Economic Development Commission.

Indirect cost assessment: The appropriation includes a net decrease in indirect cost assessments.

Additional legislation: For information on S.B. 08-218, see the "Recent Legislation" sections at the end of this department and at the end of the Capital Construction section.

Division of Emergency Management

This division assists local, state, and private organizations in disaster preparedness, response, recovery, and impact mitigation. The Division is responsible for preparing and maintaining a state disaster plan, as well as taking part in the development and revision of local and inter-jurisdictional disaster plans. The Colorado Emergency Planning Commission, established within this Department, is charged with designating local emergency planning districts (as required by federal law), as well as assisting in the appropriate training of personnel to react to emergency response situations. The Division anticipates providing 67 disaster training courses and workshops in FY 2008-09. Prior to FY 2008-09, funding for this division was included in the Division of Local Government section of the budget.

Division of Emergency Management						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$0	\$0	\$0	\$0	\$0	0.0
TOTAL	\$0	\$0	\$0	\$0	\$0	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	0	0	0	0	0	0.0
FY 2007-08 Adjusted Appropriation	\$0	\$0	\$0	\$0	\$0	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Transfer from Division of Local Government	41,471,669	489,472	2,740,395	71,311	38,170,491	28.2
Disaster response and recovery	1,770,593	0	1,770,593	0	0	0.0
Annualize salary and benefits adjustments	65,614	12,284	0	(649)	53,979	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Transfer to Governor's Office	(19,740,770)	0	0	0	(19,740,770)	(3.0)
Disaster preparedness grants	(5,500,000)	0	0	0	(5,500,000)	0.3
HB 08-1375	\$18,067,106	\$501,756	\$4,510,988	\$70,662	\$12,983,700	25.5
SB 08-155	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1.0)</u>
TOTAL	\$18,067,106	\$501,756	\$4,510,988	\$70,662	\$12,983,700	24.5
Increase/(Decrease)	\$18,067,106	\$501,756	\$4,510,988	\$70,662	\$12,983,700	24.5
Percentage Change	n/a	n/a	n/a	n/a	n/a	n/a

H.B. 08-1375 (Long Bill) Issue Descriptions

Transfer from Division of Local Government: The appropriation includes a separate Long Bill section for the Division of Emergency Management, and transfers funds and staff from the Division of Local Government to the new section.

Disaster response and recovery: The appropriation reflects 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.

Annualize salary and benefits adjustments: The appropriation includes \$99,610 for salary survey and performance-based pay increases that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the following fiscal year. The adjustment shown also includes a 1.0 percent base reduction (\$19,086) in the personal services appropriation for the Division. The appropriation also reflects a decrease of \$14,910 federal funds for administration of various federal programs.

Transfer to Governor's Office: The appropriation transfers federal homeland security grant funds and 3.0 FTE to the Office of Homeland Security in the Governor's Office.

Disaster preparedness grants: The appropriation reflects a projected \$5.5 million decrease in federal funds for disaster preparedness grants.

Additional legislation: For information on S.B. 08-155, see the "Recent Legislation" sections at the end of this department and at the end of the Governor's Office.

Recent Legislation

2007 Session Bills

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.

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.

2008 Session Bills

S.B. 08-155: Consolidates the responsibility for information technology oversight of most of the State's executive branch in the Governor's Office of Information Technology. Reduces appropriations to the Department of Local Affairs by 1.8 FTE. For additional information on this bill, see the "Recent Legislation" section for the Governor's Office.

S.B. 08-218: Increases the amount of federal mineral lease (FML) revenues allocated by the Department of Local Affairs (DOLA) to local governments through direct distribution and decreases the amount allocated through grants, resulting in a net increase in the total amount allocated by DOLA. Creates the Local Government Permanent Fund, consisting of 50 percent of FML revenues attributable to bonus payments. Allows the General Assembly to appropriate moneys from this new fund to DOLA under certain circumstances to prevent a decrease in the amount of formula-based direct distributions to counties and municipalities. Increases the cash funds appropriation from the Local Government Mineral Impact Fund to DOLA for FY 2008-09 for local government grants and disbursements by \$6,900,000 to reflect the anticipated impact of the new FML allocation formula. Appropriates \$16,292 reappropriated funds (which originate from the Local Government Mineral Impact Fund) and 0.3 FTE to DOLA for FY 2008-09 for establishing guidelines concerning the factors and weights to be used for direct distribution of FML revenues at the sub-county level. For additional information on this bill, see the "Recent Legislation" subsection in the Capital Construction section.

S.B. 08-231: Transfers the state Work Force Development Council from the Department of Local Affairs to the Department of Labor and Employment. Transfers the following FY 2008-09 appropriations from the Department of Local Affairs to the Department of Labor and Employment: \$466,016 reappropriated funds (federal funds transferred from various state agencies) and 4.0 FTE for the Work Force Development Council; and \$870,000 and 1.0 FTE (including \$850,000 federal funds and \$20,000 cash funds from donations) for Work Force Improvement Grants.

H.B. 08-1083: Modifies the composition of the Energy Impact Assistance Advisory Committee and requires Senate consent for the Governor's appointments to the Committee. Requires the Committee to make recommendations to the Executive Director of the Department regarding the distribution of moneys derived from mineral extraction within the state. Changes the formula for the direct distribution of severance tax revenue to local governments, requiring that 30 percent of gross receipts credited to the Local Government Severance Tax Fund be allocated based on three factors: (1) the proportion of industry employees within a given county to the total number of employees residing in the state; (2) the proportion of mine and well permits issued within a given county to the total number of such permits issued within the state; and (3) the proportion of the overall mineral production within the county to the overall mineral production within the state. Requires the Department to submit a biennial report to the General Assembly evaluating the effectiveness of this new allocation formula. Requires the Executive Director of the Department to annually submit to the State Auditor a detailed accounting of distributions from the Mineral Leasing Fund and the Local Government Severance Tax Fund.

H.B. 08-1292: Supplemental appropriation to the Department of Local Affairs to modify FY 2007-08 appropriations included in the FY 2007-08 Long Bill (S.B. 07-239).

H.B. 08-1305: Transfers certain enterprise zone program administrative responsibilities from the Department of Local Affairs to the Governor's Office of Economic Development (OED) and the Economic Development Commission. This transfer requires a \$65,000 and 1.0 FTE reduction in FY 2008-09 appropriations to the Department of Local Affairs (including \$22,963 General Fund and \$42,037 reappropriated funds previously transferred from the OED). This transfer also requires a \$22,963 General Fund and 1.0 FTE increase in FY 2008-09 appropriations to OED. As this act passed prior to the introduction of the FY 2008-09 Long Bill, these appropriation adjustments are reflected in the FY 2008-09 Long Bill.

H.B. 08-1314: Creates two accounts within the Local Government Limited Gaming Impact Fund. Requires 98 percent of gaming revenues transferred to the Fund to be allocated to the "Limited Gaming Impact Account"; moneys in this account will continue to be distributed by the Department of Local Affairs to designated local governments for documented gaming impacts. Requires the remaining two percent of gaming revenues transferred to the Fund to be allocated to the "Gambling Addiction Account"; the Department of Human Services will use moneys in this account to award grants for the provision of gambling addiction counseling services, including prevention and education. Appropriates \$146,684 reappropriated funds (transferred from the Department of Local Affairs) and 0.1 FTE to the Department of Human Services for FY 2008-09. Appropriates \$2,866 reappropriated funds (transferred from the Department of Human Services) to the Department of Law for the provision of legal services.

H.B. 08-1319: Requires individuals who are registered to install or certified to inspect the installation of manufactured homes, mobile homes, and factory-built residential structures to complete specified education requirements and pass an installation test approved by the Division of Housing. Expands those factory-built structures that must be inspected and certified by the Division to include those occupied on or after March 1, 2009 (even if the structure was not manufactured, repaired, or sold in Colorado). Appropriates \$113,632 cash funds and 1.7 FTE to the Division of Housing for FY 2008-09.

H.B. 08-1375: General appropriations act for FY 2008-09.

H.B. 08-1402: Requires a lender, at least 30 days prior to filing a notice of election and demand for sale related to a public trustee foreclosure, to mail a notice to a debtor containing telephone numbers for the Colorado

Foreclosure Hotline and the lender's loss mitigation representative or department. Creates the Foreclosure Prevention Grant Fund, and authorizes the Division of Housing to use moneys in the Fund to make grants for the purpose of providing outreach and notice of foreclosure prevention assistance to persons in danger of foreclosure and to communities with high foreclosure rates. Appropriates \$100,000 General Fund to the Foreclosure Prevention Grant Fund for FY 2008-09, and appropriates \$100,000 from the Fund (reappropriated funds) to the Division of Housing for FY 2008-09.

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, 439 members of the Colorado National Guard are serving on federal active duty, 395 in Iraq, 14 in Afghanistan, and 30 in other duty locations.

The Department maintains the equipment and facilities for the state military forces; provides for safekeeping of 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.

Over 96 percent of the Department's budget is provided by the federal government, which fully funds the training of National Guard troops and provides the majority of the funding for the construction of armories and other military buildings. Under its cooperative agreements with the federal government, the State provides funding for 100 percent of maintenance and utilities costs at the fifteen armories located on state land, and 20 or 25 percent of those costs at four other facilities.

Department Budget: Recent Appropriations

Funding Source	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund	\$4,426,900	\$5,215,526	\$5,530,793	\$5,854,264
Cash Funds/1	51,217	76,413	119,124	958,889
Cash Funds Exempt/1	2,530,529	1,475,343	1,580,665	n/a
Reappropriated Funds/1	n/a	n/a	n/a	653,509
Federal Funds	<u>125,552,802</u>	<u>145,789,638</u>	<u>165,434,307</u>	<u>195,780,370</u>
Total Funds	\$132,561,448	\$152,556,920	\$172,664,889	\$203,247,032
Full Time Equiv. Staff	1,184.8	1,187.8	1,383.8	1,386.9

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

The major factor driving the Department's budget 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, which is an auxiliary of the U.S. Air Force, through the Division of Civil Air Patrol.

Summary of FY 2007-08 and FY 2008-09 Appropriations

Department of Military and Veterans Affairs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$172,664,889	\$5,530,793	\$119,124	\$1,580,665	\$165,434,307	1,383.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director and Army National Guard	10,261,173	4,177,732	51,340	706,051	5,326,050	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
HB 08-1293	(41,250)	(1,982)	0	0	(39,268)	0.0
HB 08-1375	11,442	11,442	0	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$203,247,032	\$5,854,264	\$958,889	\$653,509	\$195,780,370	1,386.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director and Army National Guard	10,377,582	4,341,067	106,397	650,000	5,280,118	85.8
Division of Veterans Affairs	1,836,839	929,838	852,492	3,509	51,000	12.5
Air National Guard	3,261,284	456,018	0	0	2,805,266	48.6
Federal Funded Programs	187,643,986	0	0	0	187,643,986	1,239.0
Civil Air Patrol	127,341	127,341	0	0	0	1.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	203,247,032	5,854,264	958,889	653,509	195,780,370	1,387.3
SB 08-155	0	0	0	0	0	(0.4)

Department of Military and Veterans Affairs: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$172,664,889	\$5,530,793	\$119,124	\$1,580,665	\$165,434,307	1,383.8
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>927,156</u>	<u>(927,156)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	172,664,889	5,530,793	1,046,280	653,509	165,434,307	1,383.8
FY 2008-09 Total Appropriation:	203,247,032	5,854,264	958,889	653,509	195,780,370	1,386.9
Increase/(Decrease)	\$30,582,143	\$323,471	(\$87,391)	\$0	\$30,346,063	3.1
Percentage Change	17.7%	5.8%	-8.4%	0.0%	18.3%	0.2%

FY 2008-09 Appropriation Highlights:

1. The appropriation includes an anticipated increase in federal funds of more than \$30 million for the Army and Air National Guard cooperative agreements, primarily for military construction in the state, as well as personal services and operating expenses.
2. The appropriation provides an increase in funding for the County Veterans Service Officer Program to establish a pilot program that increases payments for selected counties. Payments to counties are based on increased levels of services provided to veterans in each county.
3. The appropriation decreases Veterans Trust Fund expenditures to reflect a decrease in the allowable expenditure level and the elimination of a one-time appropriation. These decreases are partially offset by an increase in interest earnings and an increase in the expected proceeds of the Master Settlement Agreement with the tobacco companies.

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. It also 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 2007-08 Appropriation:						
SB 07-239	\$10,290,981	\$4,168,272	\$51,340	\$706,051	\$5,365,318	85.2
HB 08-1293	(41,250)	(1,982)	0	0	(39,268)	0.0
HB 08-1375	<u>11,442</u>	<u>11,442</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$10,261,173	\$4,177,732	\$51,340	\$706,051	\$5,326,050	85.2
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>56,051</u>	<u>(56,051)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$10,261,173	\$4,177,732	\$107,391	\$650,000	\$5,326,050	85.2
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
FY 2008-09 salary and benefits adjustments	248,139	151,100	(994)	0	98,033	0.0
Army National Guard cooperative agreement with federal government	88,908	0	0	0	88,908	0.0
Armory maintenance	59,528	59,528	0	0	0	0.0
Personal services increase	50,866	50,866	0	0	0	1.0
Operating adjustments	(331,532)	(98,659)	0	0	(232,873)	0.0
Other	500	500	0	0	0	0.0
HB 08-1375	\$10,377,582	\$4,341,067	\$106,397	\$650,000	\$5,280,118	86.2
SB 08-155	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0.4)</u>
TOTAL	\$10,377,582	\$4,341,067	\$106,397	\$650,000	\$5,280,118	85.8
Increase/(Decrease)	\$116,409	\$163,335	(\$994)	\$0	(\$45,932)	0.6
Percentage Change	1.1%	3.9%	-0.9%	0.0%	-0.9%	0.7%

H.B. 08-1375 (Long Bill) Issue Descriptions

FY 2008-09 salary and benefits adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey, performance-based pay awards, state contributions to health, life, and dental benefits, shift differential, and state contributions to the Public Employees' Retirement Association (PERA) pension fund. All salary survey and performance based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Army National Guard cooperative agreement with federal government: The appropriation includes an expected increase in federal funds.

Armory maintenance: The appropriation includes \$254,419 to address the final phase of the armory maintenance backlog, and to address future maintenance needs. This increase is partially offset by a decrease of \$194,891 from elimination of a one-time appropriation addressing the second phase of the armory maintenance backlog.

Personal services increase: The appropriation includes a \$50,866 General Fund increase and 1.0 FTE to address workload issues within the Department.

Operating adjustments: The appropriation includes various common policy adjustments other than personal services. This amount includes a reduction of \$161,154 General Fund and \$231,000 federal funds for multiuse network payments as the National Guard will no longer be using the State's network.

Other: The appropriation includes an increase in operating expenses for additional FTE.

Additional legislation: For information on S.B. 08-155, see the "Recent Legislation" section at the end of the Governor's section of this document. For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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.

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 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 2007-08 Appropriation:						
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

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>871,105</u>	<u>(871,105)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,773,700	\$780,302	\$938,889	\$3,509	\$51,000	12.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Increased county veterans service officer payments	124,354	124,354	0	0	0	0.0
Annualize salary and benefits adjustments	27,978	25,182	2,796	0	0	0.0
Colorado State Veterans Trust Fund expenditures	(89,193)	0	(89,193)	0	0	0.0
HB 08-1375	<u>\$1,836,839</u>	<u>\$929,838</u>	<u>\$852,492</u>	<u>\$3,509</u>	<u>\$51,000</u>	<u>12.5</u>
TOTAL	\$1,836,839	\$929,838	\$852,492	\$3,509	\$51,000	12.5
<hr/>						
Increase/(Decrease)	\$63,139	\$149,536	(\$86,397)	\$0	\$0	0.0
Percentage Change	3.6%	19.2%	-9.2%	0.0%	0.0%	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Increased county veterans service officer payments: The appropriation establishes a pilot program which increases the reimbursement for select counties for their costs incurred in the County Veterans Services Officer program. The pilot program would increase reimbursement to the counties based on how well the counties' Veterans Service Officers perform in registering veterans and the federal veterans benefits received by veterans in the counties. The counties in the pilot program are Arapahoe, Denver, El Paso, Jefferson, and Mesa.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Colorado State Veterans Trust Fund expenditures: The appropriation is for an overall decrease of \$89,193. The appropriation provides an increase of \$115,559 to reflect the expected level of receipts from the Master Settlement Agreement with the tobacco companies and an increase of \$9,716 from interest earnings on the fund due to a larger interest earning balance in the fund. These increases are offset by the elimination of a one-time appropriation of \$114,468 (H.B. 07-1359) and a reduction of \$100,000 because the allowable expenditure level is reduced pursuant to statute [Section 28-5-709 (3) (b) (I) (C), C.R.S.] from 65.0 percent to 55.0 percent of the transfer amount.

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 also funds 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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$3,167,044	\$448,095	\$0	\$0	\$2,718,949	46.1
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	94,240	7,923	0	0	86,317	2.5
HB 08-1375	<u>\$3,261,284</u>	<u>\$456,018</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,805,266</u>	<u>48.6</u>
TOTAL	\$3,261,284	\$456,018	\$0	\$0	\$2,805,266	48.6
Increase/(Decrease)	\$94,240	\$7,923	\$0	\$0	\$86,317	2.5
Percentage Change	3.0%	1.8%	n/a	n/a	3.2%	5.4%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to personal services lines with more than 20 employees.

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. Funding is based on the federal fiscal year, which begins October 1, 2008.

Federal Funded Programs						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$157,338,308	\$0	\$0	\$0	\$157,338,308	1,239.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Construction	26,000,000	0	0	0	26,000,000	0.0
Personal services	2,583,079	0	0	0	2,583,079	0.0
Operating and maintenance	1,722,599	0	0	0	1,722,599	0.0
HB 08-1375	<u>\$187,643,986</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$187,643,986</u>	<u>1,239.0</u>
TOTAL	\$187,643,986	\$0	\$0	\$0	\$187,643,986	1,239.0
Increase/(Decrease)	\$30,305,678	\$0	\$0	\$0	\$30,305,678	0.0
Percentage Change	19.3%	n/a	n/a	n/a	19.3%	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Construction: The appropriation reflects an expected increase in federal funds as a result of new construction, including a new armory in Grand Junction, and procuring land and engineering and design for a new armory in Lakewood. State funds amounting to \$6,094,432 from the Capital Construction Fund and real estate proceeds will be used to leverage these federal construction monies.

Personal services: The appropriation reflects an expected increase based on an expected four percent increase in salaries for federally funded employees.

Operating and maintenance: The appropriation reflects an expected increase based on an estimate of maintenance requirements for facilities and equipment.

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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$124,664	\$124,664	\$0	\$0	\$0	1.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	2,677	2,677	0	0	0	0.0
HB 08-1375	<u>\$127,341</u>	<u>\$127,341</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>1.0</u>
TOTAL	\$127,341	\$127,341	\$0	\$0	\$0	1.0
Increase/(Decrease)	\$2,677	\$2,677	\$0	\$0	\$0	0.0
Percentage Change	2.1%	2.1%	n/a	n/a	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Recent Legislation

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. 07-183: 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.

2008 Session Bills

S.B. 08-101: Creates the "North American Aerospace Defense Commemorative" special license plate to commemorate the 50th anniversary of NORAD's creation. For more information on this bill, see the 2008 Session Bills section at the end of the Department of Revenue's part of this report.

S.B. 08-155: Consolidates the responsibility for information technology oversight of most of the State's executive branch in the Governor's Office of Information Technology (OIT). Transfers 0.4 FTE from the Department of Military and Veterans Affairs to OIT in FY 2008-09. For more information on S.B. 08-155, see the "Recent Legislation" section at the end of the Governor's section of this document.

H.B. 08-1035: Extends the voluntary contribution line for the Military Family Relief Fund on Colorado income tax forms through the 2010 tax year. Money from the Military Family Relief Fund is used for emergency grants to members of the Colorado National Guard or reservists who are experiencing financial hardships when ordered to active military duty.

H.B. 08-1078: Transfers \$2,917,300 from the General Fund to the Colorado State Veterans Trust Fund. This represents the amount, plus interest, that was transferred from the Veterans Trust Fund to the General Fund in 2003. Pursuant to Section 28-5-709 (1) (b) these funds will not be spent, but will increase the balance in the trust fund. Interest earnings from the Trust Fund may be used to fund capital improvement projects and amenities for state veterans nursing homes, costs incurred to evaluate the quality of care at state and veterans nursing homes, veterans cemetery costs, and grants to non-profit organizations that provide services and programs for veterans.

H.B. 08-1097: Allows a member of the Civil Air Patrol who is called to duty for a patrol mission to take a leave of absence from employment during the period of the mission, up to 15 days annually, without loss of pay or other benefits. Requires the employee to return to his or her job immediately upon being relieved of duty in the mission.

H.B. 08-1175: Creates the "United States Army 4th Infantry Division" special license plate for individuals who support the division. For more information on this bill, see the 2008 Session Bills section at the end of the Department of Revenue's section of this document.

H.B. 08-1252: Allows a Colorado National Guard member to receive tuition assistance when enrolled in a certificate or degree program in homeland security at a private institution of higher education.

H.B. 08-1293: Supplemental appropriation for FY 2007-08.

H.B. 08-1375: General appropriations act (Long Bill) for FY 2008-09.

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 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund	\$22,843,818	\$28,427,902	\$30,258,368	\$32,095,945
Cash Funds/1	40,704,370	40,311,776	49,707,409	180,970,014
Cash Funds Exempt/1	106,796,254	109,269,434	114,273,379	n/a
Reappropriated Funds/1	n/a	n/a	n/a	7,374,280
Federal Funds	<u>15,947,364</u>	<u>16,749,675</u>	<u>16,903,787</u>	<u>17,357,264</u>
Total Funds	\$186,291,806	\$194,758,787	\$211,142,943	\$237,797,503
Full Time Equiv. Staff	1,546.4	1,466.8	1,515.4	1,549.8

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

Funding for this department in FY 2008-09 consists of 13.5 percent General Fund, 76.1 percent cash funds, 3.1 percent reappropriated funds, and 7.3 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Severance Tax (Operational Account) Funds

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. Of the revenue credited to the Severance Tax Trust Fund, 50 percent is 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) is 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".

House Bill 08-1398 significantly changed the administration of the Operational Account beginning in FY 2008-09. The bill divided programs funded from the Operational Account into two tiers. The tier 1 programs support the day-to-day operations of the Department of Natural Resources, including paying salaries for employees. The tier 2 programs support grants, loans, research, and construction. The required reserve for tier 1 programs was reduced from twice the annual appropriations to one times the appropriations. A new reserve requirement was established for tier 2 programs equal to 15 percent of the authorized expenditures. The distribution of funding for tier 2 programs is staggered with 40 percent released July 1, 30 percent released January 4, and the final 30 percent released April 1. Tier 2 programs are subject to proportional reduction if mid-year revenue projections indicate there are insufficient funds.

Low-income energy assistance programs were reauthorized in the new structure for tier 2 programs by H.B. 08-1387. The separate reserve requirement for low income energy assistance programs was eliminated. These programs have a slightly different schedule for the release of funds than other tier 2 programs.

Several bills authorized significant new expenditures from the Operational Account, including S.B. 08-13, which provided funding for certain activities of the divisions of Wildlife and Parks and Outdoor Recreation (categorized as tier 1 expenditures), and S.B. 08-226, which provided multi-year funding for controlling aquatic nuisance species (categorized as tier 2).

The table below provides an overview of projected revenues and expenditures from the Operational Account. The percentages indicate the proportion of total funds available for expenditure. The FY 2007-08 unobligated balance appears negative because the table does not include an estimate of interest earnings to the Operational Account.

Severance Tax Trust Fund									
Operational Account									
	Key Bills	Actual FY 05-06		Actual FY 06-07		Appropriation FY 07-08		Estimated FY 08-09	
1	Beginning balance	\$25,399,591		\$50,851,612		\$40,012,876		\$32,796,040	
2	Revenue	64,468,852		33,312,271		26,972,500 (est.)		55,984,000 (est.)	
3	TOTAL Available for Expenditure	89,868,443	100.0%	84,163,883	100.0%	66,985,376	100.0%	88,780,040	100.0%
4	Roll-forwards	0		0		959,207	1.4%	0	
Tier 1									
5	Colorado Geological Survey	2,099,875	2.3%	2,291,469	2.7%	2,198,418	3.3%	2,482,814	2.8%
6	Oil and Gas Conservation Commission	1,463,687	1.6%	2,117,279	2.5%	2,337,538	3.5%	3,255,372	3.7%
7	Division of Reclamation, Mining, and Safety	3,247,033	3.6%	3,392,252	4.0%	4,343,042	6.5%	4,410,342	5.0%
8	Colorado Water Conservation Board	856,489	1.0%	868,679	1.0%	1,319,250	2.0%	1,319,250	1.5%
9	Division of Parks and Outdoor Recreation	SB 08-13	0	0	0.0%	0	0.0%	1,984,058	2.2%
10	Division of Wildlife	SB 08-13	0	0	0.0%	0	0.0%	1,519,927	1.7%
11	SUBTOTAL Tier 1	7,667,084	8.5%	8,669,679	10.3%	10,198,248	15.2%	14,971,763	16.9%
Tier 2									
12	Arkansas River, KS vs CO settlement	SB 05-226	1,109,947	0		0		0	
13	CWCB's Litigation Fund	HB 06-1313 (Sect. 17)	0	1,403,272		0		0	
14	Interbasin water compacts	HB 05-1177/HB 06-1400	209,801	547,056		1,131,881		1,145,067	
15	Water infrastructure development	SB 06-179	0	10,000,000		6,000,000		10,000,000	
16	Underground water storage	SB 06-193	0	146,000		0		0	
17	Water efficiency grants	SB 07-008/HB 08-1398	1,580,000	0		800,000		800,000	
18	CO Water Research Institute	HB 08-1405	0	500,000		150,000		500,000	
19	Tamarisk control	HB 08-1346 (Sect. 29)	0	0		0		1,000,000	
20	Forest restoration grants	SB 08-71	0	0		0		1,000,000	
21	Acquatic Nuisance Species Fund	SB 08-226	0	0		0		5,956,636	
22	Species Conservation Trust Fund	SB 08-168/SB 08-226	4,000,000	8,800,000		0		12,513,886	
23	Low income energy assistance	HB 08-1387	24,000,000	11,000,000		12,000,000		13,000,000	
24	Clean coal/Clean energy	HB 06-1322	0	2,635,000		2,500,000		2,500,000	
25	Soil Conservation Districts matching grants	HB 06-1393	450,000	450,000		450,000		450,000	
26	SUBTOTAL Tier 2	31,349,748	34.9%	35,481,328	42.2%	23,031,881	34.4%	48,865,589	55.0%
27	TOTAL Expenditures	39,016,832		44,151,007		34,189,336		63,837,352	
28	Ending Balance	50,851,610		40,012,876		32,796,040		24,942,688	
29	Tier 1 Reserve	HB 02-1041/HB 08-1398	15,896,272	16,864,470		20,396,496		14,971,763	
30	Tier 2 Reserve	HB 08-1398	0	0		0		7,329,838	
31	Low income energy assistance reserve	HB 06-1200/HB 08-1387	11,000,000	12,000,000		13,000,000		0	
32	TOTAL Reserve Requirement	26,896,272	29.9%	28,864,470	34.3%	33,396,496	49.9%	22,301,601	25.1%
33	UNOBLIGATED BALANCE	23,955,338	26.7%	11,148,406	13.2%	(600,456)	-0.9%	2,641,087	3.0%

(est.) = estimate. Revenue Estimates based on Legislative Council's Economic Forecast dated December 20, 2007, not including interest.

Interest earnings in FY 2007-08 need to total at least \$600,456 for a positive balance in the Operational Account.

Board of State Land Commissioners School Trust Earnings

The State Board of Land Commissioners (State Land Board) manages properties for eight trusts set up in either the Colorado Constitution or in statute. By far the largest trust managed by the State Land Board is the Public School Trust (School Trust). Approximately 98 percent of the revenue generated by the State Land Board is attributable to the School Trust.

The Colorado Constitution does not allow the corpus of the School Trust to be diminished. Therefore, after accounting for the State Land Board's administrative expenses, the proceeds generated by the sale of the School Trust corpus (e.g. royalties or land sales) must be reinvested in another property or the proceeds get deposited into the constitutionally inviolate Public School Fund (generally referred to as the Permanent Fund). The State

Treasurer is responsible for investing the Permanent Fund. The majority of revenue from the disposition of property that gets deposited in the Permanent Fund is attributable to the sale of mineral and energy resources.

Rental income from the use of School Trust lands, and interest earnings from the investment of the Permanent Fund, may be used to support K-12 education. Under current law, up to \$12.0 million of the rental income from School Trust lands and up to \$19.0 million of the interest income from the Permanent Fund (a total of \$31.0 million combined) may be appropriated annually for K-12 education. Any operating revenue generated by the School Trust in excess of the \$12.0 million, after accounting for the State Land Board's administrative expenses, is deposited in the Permanent Fund. The General Assembly appropriates administrative expenses for the State Land Board.

A 1996 amendment to the Colorado Constitution allowed the Land Board to make "non-simultaneous exchanges," meaning that the Land Board has two years after disposing of property to exchange it for another property. If an exchange is not made within two years, the associated revenue defaults to a land sale and is deposited in the Permanent Fund.

School Trust Revenue	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Projection
School Trust-Total Revenues	\$53,771,940	\$63,868,553	\$61,151,881	\$61,131,833	\$56,905,465
Mineral Rental	1,253,324	1,751,130	1,614,907	1,811,339	1,811,339
Mineral Royalties/Bonuses	40,121,204	50,399,909	46,715,425	46,708,385	41,445,047
Surface Rental	7,988,701	8,009,916	8,371,449	7,790,872	7,827,842
Commercial/Other	4,033,546	3,478,051	3,259,564	4,672,190	5,672,190
Land Sales	75,707	11,286	60,021	0	0
Interest and Penalties	149,153	126,634	16,694	99,047	99,047
Timber Sales	150,305	91,627	1,113,821	50,000	50,000

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 necessary expenditures with which to respond to the rising needs. In FY 2006-07 there were more than three times as many drilling permits requested as in FY 2002-03.

Oil and Gas Conservation Commission	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimate	FY 2008-09 Estimate
<u>Workload Activity</u>						
Drilling Permits Received	2,650	3,847	5,829	6,664	7,050	7,400
Number of Active Wells	25,870	28,032	30,324	32,021	34,000	36,000
Average Drilling Rigs	47	63	83	97	120	130
OGCC Expenditures ¹	\$3,331,168	\$3,623,183	\$3,977,718	\$6,067,702	\$9,841,627	\$11,312,474
Total FTE	34.0	35.3	38.0	45.4	55.0	76.0

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 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 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Estimated	FY 2008-09 Estimated
General Fund - State Parks	\$5,562,217	\$5,244,382	\$6,398,814	\$6,690,620	\$7,367,681
<i>Percent Change</i>	<i>n/a</i>	<i>-5.7%</i>	<i>22.0%</i>	<i>4.6%</i>	<i>10.1%</i>
Total Funds - State Parks	\$29,599,026	\$32,078,649	\$34,747,728	\$35,436,310	\$40,073,932
<i>Percent Change</i>	<i>n/a</i>	<i>8.4%</i>	<i>8.3%</i>	<i>2.0%</i>	<i>13.1%</i>
State Parks Visitation	11,203,691	11,393,494	11,305,183	12,436,470	13,680,012
<i>Percent Change</i>	<i>n/a</i>	<i>1.7%</i>	<i>-0.8%</i>	<i>10.0%</i>	<i>10.0%</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 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Parks Capital Budget	\$9,183,000	\$13,048,000	\$7,143,000	\$4,475,000	\$4,225,000
Parks Operating Budget	<u>3,793,000</u>	<u>4,980,000</u>	<u>4,980,000</u>	<u>4,025,000</u>	<u>4,403,000</u>
Total GOCO Grants to Parks	\$12,976,000	\$18,028,000	\$12,123,000	\$8,500,000	\$8,628,000
<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	\$6,940,000	\$7,940,000	\$2,330,000	\$10,531,968	\$2,416,065
Wildlife Operating Budget	<u>8,060,000</u>	<u>8,060,000</u>	<u>6,070,000</u>	<u>6,200,000</u>	<u>6,200,000</u>
Total Grants to Wildlife	\$15,000,000	\$16,000,000	\$8,400,000	\$16,731,968	\$8,616,065
<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 2007-08 and FY 2008-09 Appropriations

Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$211,142,943	\$30,258,368	\$49,707,409	\$114,273,379	\$16,903,787	1,515.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	33,792,588	5,585,435	10,285,655	16,976,249	945,249	60.6
Reclamation, Mining, and Safety	7,257,163	0	3,891,862	633,109	2,732,192	66.7
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	34,211,851	5,466,161	19,722,381	7,991,060	1,032,249	292.1
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	82,570,115	0	0	71,666,386	10,903,729	652.4
Division of Forestry	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
HB 08-1294	1,487,809	(77,918)	314,927	1,253,438	(2,638)	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$237,797,503	\$32,095,945	\$180,970,014	\$7,374,280	\$17,357,264	1,549.8
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	46,296,193	6,369,594	32,434,072	6,245,227	1,247,300	59.4
Reclamation, Mining, and Safety	7,914,714	0	4,515,771	30,000	3,368,943	73.1
Geological Survey	4,755,561	0	2,963,144	803,026	989,391	35.4
Oil and Gas Conservation Commission	11,312,474	0	11,210,138	0	102,336	76.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
State Board of Land Commissioners	3,936,926	0	3,936,926	0	0	38.0
Parks and Outdoor Recreation	38,489,419	5,783,168	31,679,523	0	1,026,728	294.5
Colorado Water Conservation Board	15,281,030	0	14,846,577	296,027	138,426	47.7
Water Resources Division	22,103,061	19,943,183	2,075,270	0	84,608	274.3
Division of Wildlife	87,708,125	0	77,308,593	0	10,399,532	651.4
Division of Forestry	0	0	0	0	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	209,672,063	32,095,945	152,844,574	7,374,280	17,357,264	1,545.4
SB 08-13	2,753,985	0	2,753,985	0	0	0.0
SB 08-155	0	0	0	0	0	(3.0)
SB 08-168	11,163,886	0	11,163,886	0	0	0.0
SB 08-169	32,460	0	32,460	0	0	0.0
SB 08-226	7,206,636	0	7,206,636	0	0	7.0
HB 08-1161	42,540	0	42,540	0	0	0.4
HB 08-1346	8,071,000	0	8,071,000	0	0	0.0
HB 08-1398	(1,145,067)	0	(1,145,067)	0	0	0.0

Department of Natural Resources: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$211,142,943	\$30,258,368	\$49,707,409	\$114,273,379	\$16,903,787	1,515.4
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>107,088,431</u>	<u>(107,088,431)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	211,142,943	30,258,368	156,795,840	7,184,948	16,903,787	1,515.4
FY 2008-09 Total Appropriation:	237,797,503	32,095,945	180,970,014	7,374,280	17,357,264	1,549.8
Increase/(Decrease)	\$26,654,560	\$1,837,577	\$24,174,174	\$189,332	\$453,477	34.4
Percentage Change	12.6%	6.1%	15.4%	2.6%	2.7%	2.3%

FY 2008-09 Appropriation Highlights:

1. Senate Bill 08-168 provides an additional \$7.7 million cash funds from the Species Conservation Trust Fund (transfers from the Operational Account of the Severance Tax Trust Fund) in order to meet the state's obligations under the federal Endangered Species Act;
2. Senate Bill 08-226 establishes Aquatic Nuisance Species laws to prevent, control, contain, monitor, and eradicate aquatic nuisance species from state waters and transfers money from the Operational Account of the Severance Tax Trust Fund to support these activities. The appropriation provides \$7.2 million and 7.0 FTE to the Division of Parks and Outdoor Recreation and the Division of Wildlife;
3. Senate Bill 08-13 changes permissible appropriations from the Operational Account of the Severance Tax Trust Fund to include the divisions of Parks and Outdoor Recreation and Wildlife, and provides \$2.8 million;
4. House Bill 08-1346 provides an additional \$2.3 million for a variety of water-related projects from the Colorado Water Conservation Board (CWCB) Construction Fund as well as the Perpetual Base Account of the Severance Tax Trust Fund;
5. The appropriation provides \$1.9 million total funds, including \$182,000 General Fund, for salary and health benefits increases throughout the Department;
6. The appropriation provides \$1.7 million cash funds and 21.0 FTE for regulating oil and gas development with 54.0 percent from the Oil and Gas Conservation and Environmental Response Fund and 46.0 percent from the Operational Account of the Severance Tax Trust Fund;
7. The appropriation provides \$394,000 federal funds and 6.0 FTE to coordinate a projected \$30.0 million increase in federal funding for inactive mines in Colorado over the next seven years;
8. The appropriation provides 4.5 FTE in the Colorado Water Conservation Board to deal with stream gaging activities, drought planning, and water management and development related to the implementation of the Water for the 21st Century Act and the Water Supply Reserve Account;
9. The appropriation provides 0.9 FTE and \$105,000 General Fund to partially fund a well measurement program related to Republican River Compact compliance;
10. The appropriation provides 1.3 FTE to administer the State's Snowmobile Program;
11. The appropriation provides an additional \$69,000 cash funds and 1.0 FTE from the Operational Account of the Severance Tax Trust Fund to explore and promote geothermal energy resources in Colorado;
12. The appropriation provides \$28,000 cash funds and 0.4 FTE from avalanche safety course fees to allow two seasonal employees of the Colorado Avalanche Information Center to work two more months out of the year, primarily to perform maintenance on avalanche forecasting equipment.

Detail of Appropriation by Administrative Section

Executive Director's Office

This office is responsible for the management and administration of the Department, including the following functional areas: departmental administration and policy development, human resources, accounting and purchasing, budgeting, and information technology services. The FY 2008-09 funding for this division consists of 70.0 percent cash funds (approximately 21.3 million from various cash funds throughout the Department used to pay for employee benefits and other central services provided by the Department of Personnel, and \$11.2 million from the Species Conservation Trust Fund pursuant to S.B. 08-168), 13.8 percent General Fund, 13.5 reappropriated funds (indirect cost recovery), and 2.7 percent federal funds.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$30,868,499	\$5,663,353	\$10,272,888	\$13,984,371	\$947,887	60.6
HB 07-1182	3,485,000	0	0	3,485,000	0	0.0
HB 08-1294	<u>(560,911)</u>	<u>(77,918)</u>	<u>12,767</u>	<u>(493,122)</u>	<u>(2,638)</u>	<u>0.0</u>
TOTAL	\$33,792,588	\$5,585,435	\$10,285,655	\$16,976,249	\$945,249	60.6
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>10,900,766</u>	<u>(10,900,766)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$33,792,588	\$5,585,435	\$21,186,421	\$6,075,483	\$945,249	60.6
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Common policy adjustments	4,420,516	541,117	3,300,760	283,470	295,169	0.0
Annualize salary and benefits adjustments	165,239	0	165,239	0	0	0.0
Move Division of Wildlife Leased Space funds to EDO	160,151	0	160,151	0	0	0.0
Central impacts of various decision items	148,262	2,454	138,926	0	6,882	0.0
S.B. 07-228 funding	19,295	19,295	0	0	0	0.4
Indirect costs plan refinance	0	221,293	0	(221,293)	0	0.0
Fund mix adjustments	0	0	(163,587)	163,587	0	0.0
Eliminate one-time funding	(3,485,000)	0	(3,485,000)	0	0	0.0
Personal services reduction	(51,284)	0	(1,652)	(49,632)	0	0.0
Annualize prior year funding	(6,388)	0	0	(6,388)	0	0.0
HB 08-1375	\$35,163,379	\$6,369,594	\$21,301,258	\$6,245,227	\$1,247,300	61.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 08-155	0	0	0	0	0	(1.6)
SB 08-168	11,163,886	0	11,163,886	0	0	0.0
HB 08-1398	<u>(31,072)</u>	<u>0</u>	<u>(31,072)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$46,296,193	\$6,369,594	\$32,434,072	\$6,245,227	\$1,247,300	59.4
Increase/(Decrease)	\$12,503,605	\$784,159	\$11,247,651	\$169,744	\$302,051	(1.2)
Percentage Change	37.0%	14.0%	53.1%	2.8%	32.0%	-2.0%

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Common policy adjustments: The appropriation includes adjustments for line items that provide employee benefits to all department employees and for programs that provide statewide services to divisions throughout the Department. These increases include adjustments to the following line items: Health, Life, and Dental; Short-term Disability; S.B. 04-257 Amortization Equalization Disbursement; S.B. 06-235 Supplemental Amortization Equalization Disbursement; Salary Survey and Senior Executive Service; Performance-based Pay Awards; Shift Differential; Administrative Law Judge Services; Multiuse Network Payments; Vehicle Lease Payments; Workers' Compensation; Payment to Risk Management and Property Funds; Capitol Complex Leased Space; and Communications Services Payments.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Move Division of Wildlife Leased Space funds to EDO: The appropriation transfers the location of the appropriation for leased space for the Division of Wildlife to the EDO leased space line.

Central impacts of various decision items: The appropriation includes adjustments for vehicle lease payments and leased space payments for several decision items: 8 new vehicles for decision item #1/BA #1a for additional OGCC staff, 1 new vehicle for decision item #2 for CWCB drought planning staff, 2 new vehicles for decision item #4 DWR Republican River compact compliance, 1 new vehicle for decision item #10 for an additional hydrographer staff in the water conservation board, and 4 new vehicles for decision item #15 for inactive mine reclamation. The appropriation also includes additional leased space associated with the additional staff.

S.B. 07-228 funding: The appropriation includes funding for 0.4 FTE to perform contract monitoring as required by S.B. 07-228.

Indirect costs plan refinance: The appropriation provides additional General Fund to refinance indirect costs previously paid for with cash funds.

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 funding: The appropriation eliminates one-time funding that was provided to the Department in FY 2007-08 through H.B. 07-1182 (Species Conservation Trust Fund).

Personal services reduction: The appropriation includes a 1.0 percent reduction in accordance with legislative policy for personal services line items.

Annualize prior year funding: The appropriation will annualize a FY 2008 decision item #5 (NEPA coordinator) which funded startup operating costs for an additional FTE.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of the Department of Natural Resources.

Division of Reclamation, Mining, and Safety

This division includes the following 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.
- 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.

The primary source of cash funds is the Operational Account of the Severance Tax Trust Fund. The reappropriated funds are from the Department of Public Health and Environment for reclamation of inactive mines.

Division of Reclamation, Mining, and Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>603,109</u>	<u>(603,109)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$7,257,163	\$0	\$4,494,971	\$30,000	\$2,732,192	66.7
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Increased federal funds to reclaim inactive mines	394,292	0	0	0	394,292	6.0
Reclaiming forfeited mines	342,000	0	342,000	0	0	0.0
Annualize salary and benefits adjustments	171,554	0	84,848	0	86,706	0.0
Indirect cost assessment	42,237	0	25,545	0	16,692	0.0
Increased federal match for coal mine regulation and reclamation	0	0	(139,061)	0	139,061	0.0
Eliminate one-time funding	(350,815)	0	(350,815)	0	0	0.0
HB 08-1375	\$7,856,431	\$0	\$4,457,488	\$30,000	\$3,368,943	72.7
SB 08-169	15,743	0	15,743	0	0	0.0
HB 08-1161	<u>42,540</u>	<u>0</u>	<u>42,540</u>	<u>0</u>	<u>0</u>	<u>0.4</u>
TOTAL	\$7,914,714	\$0	\$4,515,771	\$30,000	\$3,368,943	73.1
Increase/(Decrease)	\$657,551	\$0	\$20,800	\$0	\$636,751	6.4
Percentage Change	9.1%	n/a	0.5%	0.0%	23.3%	9.6%

H.B. 08-1375 (Long Bill) Issue Descriptions

Increased federal funds to reclaim inactive mines: The appropriation includes \$394,292 federal funds and 6.0 FTE to coordinate a projected \$30.0 million increase in federal funding for inactive mines in Colorado over the next seven years, based on the December 2006 reauthorization of the federal Abandoned Mine Land program.

Reclaiming forfeited mines: The appropriation includes \$342,000 from the Operational Account of the Severance Tax Trust Fund to reclaim mine sites forfeited between 1977 and 1993, when mine operators were required to post bonds, but the statutory method for setting the bond amounts resulted in inadequate bonds for some sites. This amount will supplement work the Department is doing with the forfeited bonds. The Department requested funding in this amount for the next five years to address the known backlog of reclamation work.

Annualize salary and benefits adjustments: The appropriation includes a net increase of \$171,554 for salary and benefit increases, including: 1) \$156,978 for salary survey increases; 2) \$51,987 for performance-based pay; and, 3) a reduction of \$37,411 for the common policy 1.0 percent base reduction.

Indirect cost assessment: The appropriation includes an increase of \$42,237 for a higher indirect cost assessment against this division.

Increased federal match for coal mine regulation and reclamation: The appropriation reflects a projected increase in federal funds, primarily for coal mine regulation and reclamation, and a corresponding decrease in appropriations necessary from the Operational Account of the Severance Tax Trust Fund.

Eliminate one-time funding: The appropriation includes a reduction of \$350,815 for one-time appropriations made in FY 2007-08, the largest of which was \$342,000 from the Operational Account of the Severance Tax Trust Fund for reclaiming mine sites.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of the Department of Natural Resources.

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.

The sources of cash funds are the Operational Account of the Severance Tax Trust Fund and fees for avalanche training and geological services. The sources of reappropriated funds are fees and contracts with the Department of Transportation for geological services, and indirect cost recoveries.

Geological Survey						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>77,472</u>	<u>(77,472)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$4,385,177	\$0	\$2,632,717	\$783,438	\$969,022	34.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Indirect cost assessment	147,490	0	134,901	0	12,589	0.0
Annualize salary and benefits adjustments	121,931	0	94,563	19,588	7,780	0.0
Geothermal energy exploration	69,035	0	69,035	0	0	1.0
Avalanche safety	28,000	0	28,000	0	0	0.4
HB 08-1375	\$4,751,633	\$0	\$2,959,216	\$803,026	\$989,391	35.4
SB 08-169	<u>3,928</u>	<u>0</u>	<u>3,928</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$4,755,561	\$0	\$2,963,144	\$803,026	\$989,391	35.4
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Increase/(Decrease)	\$370,384	\$0	\$330,427	\$19,588	\$20,369	1.4
Percentage Change	8.4%	n/a	12.6%	2.5%	2.1%	4.1%

H.B. 08-1375 (Long Bill) Issue Descriptions

Indirect cost assessment: The appropriation includes \$147,490 attributable to an increase in the indirect cost assessment against this division.

Annualize salary and benefits adjustments: The appropriation includes a net increase of \$121,931 for salary and benefit increases, including: 1) \$92,029 for salary survey increases; and 2) \$29,902 for performance-based pay.

Geothermal energy exploration: The appropriation includes \$69,035 cash funds and 1.0 FTE from the Operational Account of the Severance Tax Trust Fund to explore and promote geothermal energy resources in Colorado.

Avalanche safety: The appropriation includes an increase of \$28,000 cash funds and 0.4 FTE from avalanche safety course fees to allow two seasonal employees of the Colorado Avalanche Information Center to work two more months out of the year, primarily to perform maintenance on avalanche forecasting equipment that can only be accomplished during the summer.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of the Department of Natural Resources.

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. The appropriation reflects the workload attributable to the increase in active wells statewide.

The bulk of the funding for the Oil and Gas Conservation Commission is from the Oil and Gas Conservation and Environmental Response Fund and its associated reserves, and secondarily from the Operational Account of the Severance Tax Trust Fund.

Oil and Gas Conservation Commission						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>2,418,191</u>	<u>(2,418,191)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$9,841,626	\$0	\$9,739,510	\$0	\$102,116	55.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Oil and gas regulation	1,723,665	0	1,723,665	0	0	21.0
Annualize salary and benefits adjustments	126,383	0	126,383	0	0	0.0
Indirect cost assessment	97,260	0	97,040	0	220	0.0
Eliminate one-time funding	(476,460)	0	(476,460)	0	0	0.0
HB 08-1375	<u>\$11,312,474</u>	<u>\$0</u>	<u>\$11,210,138</u>	<u>\$0</u>	<u>\$102,336</u>	<u>76.0</u>
TOTAL	\$11,312,474	\$0	\$11,210,138	\$0	\$102,336	76.0
Increase/(Decrease)	\$1,470,848	\$0	\$1,470,628	\$0	\$220	21.0
Percentage Change	14.9%	n/a	15.1%	n/a	0.2%	38.2%

H.B. 08-1375 (Long Bill) Issue Descriptions

Oil and gas regulation: The appropriation includes \$1,723,665 cash funds and 21.0 FTE for regulating oil and gas development, including permitting, inspections, and enforcement. Of this amount, 54.0 percent (\$930,799) is from the Oil and Gas Conservation and Environmental Response Fund and 46.0 percent (\$792,886) is from the Operational Account of the Severance Tax Trust Fund. There is another \$233,030 cash

funds in the executive director's office associated with this FTE increase (the total cost, including the benefits in the executive director's office, is \$1,956,695).

Annualize salary and benefits adjustments: The appropriation includes a net increase of \$126,383 for salary and benefit increases, including: 1) \$128,888 for salary survey increases; 2) \$41,571 for performance-based pay; and, 3) a reduction of \$44,076 for the common policy 1.0 percent base reduction.

Indirect cost assessment: The appropriation includes \$97,260 attributable to an increase in the indirect cost assessment against this division.

Eliminate one-time funding: The appropriation includes a reduction of \$476,460 for one-time appropriations made in FY 2007-08. The two largest one-time items were \$257,088 for contract assistance with processing oil and gas permits and \$119,356 to clean up data in the OGCC computer systems after a software migration. The majority of the remaining one-time appropriations were for capital outlay expenditures associated with new FTE added in FY 2007-08.

State Board of Land Commissioners

The five member volunteer Board is responsible for managing almost three million surface acres and four 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 minerals, real estate, finance, and operations sections. By far the largest trust managed by the State Land Board is the Public School Trust (School Trust). Approximately 98 percent of the revenue generated by the State Land Board is attributable to the School Trust.

State Board of Land Commissioners						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$3,852,750	\$0	\$1,042,286	\$2,810,464	\$0	38.0
TOTAL	\$3,852,750	\$0	\$1,042,286	\$2,810,464	\$0	38.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	0	0	2,810,464	(2,810,464)	0	0.0
FY 2007-08 Adjusted Appropriation	\$3,852,750	\$0	\$3,852,750	\$0	\$0	38.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Indirect cost assessment	64,230	0	64,230	0	0	0.0
Annualize salary and benefits adjustments	31,966	0	31,966	0	0	0.0
Eliminate one-time funding	(12,020)	0	(12,020)	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 08-1375	<u>\$3,936,926</u>	<u>\$0</u>	<u>\$3,936,926</u>	<u>\$0</u>	<u>\$0</u>	<u>38.0</u>
TOTAL	\$3,936,926	\$0	\$3,936,926	\$0	\$0	38.0
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Increase/(Decrease)	\$84,176	\$0	\$84,176	\$0	\$0	0.0
Percentage Change	2.2%	n/a	2.2%	n/a	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Indirect cost assessment: The appropriation includes \$64,230 attributable to an increase in the indirect cost assessment against this division.

Annualize salary and benefits adjustments: The appropriation includes a net increase of \$31,966 for salary and benefit increases, including: 1) \$30,802 for salary survey increases; 2) \$25,529 for performance-based pay; and, 3) a reduction of \$24,365 for the common policy 1.0 percent base reduction.

Eliminate one-time funding: The appropriation includes a reduction of \$12,020 for one-time appropriations made in FY 2007-08.

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 13,680,012 visitors in FY 2008-09. The parks are supported by a mixture of General Fund, cash funds from fees, funds from the State Lottery and Great Outdoors Colorado, Operational Account of the Severance Tax Trust Fund (S.B. 08-226), and federal grants.

Parks and Outdoor Recreation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$33,909,691	\$5,466,161	\$19,420,221	\$7,991,060	\$1,032,249	292.1
HB 08-1294	<u>302,160</u>	<u>0</u>	<u>302,160</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$34,211,851	\$5,466,161	\$19,722,381	\$7,991,060	\$1,032,249	292.1
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	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>7,991,060</u>	<u>(7,991,060)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$34,211,851	\$5,466,161	\$27,713,441	\$0	\$1,032,249	292.1

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	639,050	189,547	449,503	0	0	0.0
Increase in utilities and vehicle operating costs	377,317	178,664	198,653	0	0	0.0
Law enforcement equipment	126,780	0	126,780	0	0	0.0
Adjustment for GOCO and lottery proceeds	(1,104,000)	0	(1,104,000)	0	0	(6.5)
Personal services reduction	(194,202)	(51,204)	(142,998)	0	0	0.0
Annualize prior year funding	(52,966)	0	(49,961)	0	(3,005)	1.0
Change in indirect cost recoveries	(36,741)	0	(34,225)	0	(2,516)	0.0
Snowmobile program staff	(1,120)	0	(1,120)	0	0	1.3
HB 08-1375	\$33,965,969	\$5,783,168	\$27,156,073	\$0	\$1,026,728	287.9
SB 08-13	1,234,058	0	1,234,058	0	0	0.0
SB 08-155	0	0	0	0	0	(0.4)
SB 08-226	<u>3,289,392</u>	<u>0</u>	<u>3,289,392</u>	<u>0</u>	<u>0</u>	<u>7.0</u>
TOTAL	\$38,489,419	\$5,783,168	\$31,679,523	\$0	\$1,026,728	294.5
Increase/(Decrease)	\$4,277,568	\$317,007	\$3,966,082	\$0	(\$5,521)	2.4
Percentage Change	12.5%	5.8%	14.3%	n/a	-0.5%	0.8%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Increase in utilities and vehicle operating costs: The appropriation includes an increase for utilities and vehicle operating costs.

Law enforcement equipment: The appropriation reflects the addition of a new line item entitled "Law Enforcement Equipment" to fund the regular replacement of state parks rangers' personal equipment.

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). The appropriation also includes a technical correction which reduces GOCO funding by \$1,244,000 and 6.5 FTE.

Personal services reduction: The appropriation includes a 1.0 percent reduction in accordance with legislative policy for personal services line items.

Annualize prior year funding: The appropriation reflects a reduction for one-time capital outlay expenses and annualization of 1.0 FTE from FY 2007-08 Parks decision items #9 and #10 for additional state parks staff.

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.

Snowmobile program staff: The appropriation reflects additional staff to manage the Department's snowmobile program.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of the Department of Natural Resources.

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 from the Colorado Water Conservation Board Construction Fund. Special purpose programs are generally supported by specific cash funds or federal funds.

Colorado Water Conservation Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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>
TOTAL	\$13,142,329	\$0	\$2,748,702	\$10,255,480	\$138,147	43.2
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>9,959,453</u>	<u>(9,959,453)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$13,142,329	\$0	\$12,708,155	\$296,027	\$138,147	43.2
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	145,711	0	145,711	0	0	0.0
Hydrographer to manage stream gaging activities	94,696	0	94,696	0	0	1.0
Drought planning staff	85,645	0	85,645	0	0	1.5

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Compact dues increase	19,904	0	19,904	0	0	0.0
Change in indirect cost recoveries	9,551	0	9,272	0	279	0.0
Water management and development section staff	0	0	0	0	0	2.0
Eliminate one-time funding	(4,795,000)	0	(4,795,000)	0	0	0.0
Personal services reduction	(28,811)	0	(28,811)	0	0	0.0
HB 08-1375	\$8,674,025	\$0	\$8,239,572	\$296,027	\$138,426	47.7
HB 08-1346	7,721,000	0	7,721,000	0	0	0.0
HB 08-1398	<u>(1,113,995)</u>	<u>0</u>	<u>(1,113,995)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$15,281,030	\$0	\$14,846,577	\$296,027	\$138,426	47.7
Increase/(Decrease)	\$2,138,701	\$0	\$2,138,422	\$0	\$279	4.5
Percentage Change	16.3%	n/a	16.8%	0.0%	0.2%	10.4%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Hydrographer to manage stream gaging activities: The appropriation includes funding for a hydrographer to be responsible for managing stream gaging activities.

Drought planning staff: The appropriation includes funding for 1.0 FTE to coordinate drought planning, mitigation, and response activities for the CWCB as well as 0.5 FTE to handle an increased volume of grant applications associated with the Water Efficiency Grant program.

Compact dues increase: The appropriation includes funding to cover an increase in compact dues related to the Arkansas River Compact Administration Association (ARCA), the Upper Colorado River Commission, and the Colorado River Salinity Control.

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.

Water management and development section staff: The appropriation includes 2.0 FTE to be funded out of existing appropriations to assist in the implementation of the Water for the 21st Century Act and the Water Supply Reserve Account (created by S.B. 06-179).

Eliminate one-time funding: The appropriation includes a reduction of \$4,795,000 associated with a one-time appropriation contained in S.B. 07-122 (Water Conservation Board Construction Fund).

Personal services reduction: The appropriation includes a 1.0 percent reduction in accordance with legislative policy for personal services line items.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of the Department of Natural Resources.

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 79,592 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 Ground Water Management Cash Fund, the Colorado Water Conservation Board Construction Fund, and the Well Inspection Cash Fund provide the bulk of cash funds.

Water Resources Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>661,530</u>	<u>(661,530)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$21,089,344	\$19,206,772	\$1,801,489	\$0	\$81,083	273.4
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	798,556	781,666	16,890	0	0	0.0
Republican river compact compliance	105,300	105,300	0	0	0	0.9
Vehicle operating expenses	89,663	89,663	0	0	0	0.0
Change in federal funding	4,405	0	0	0	4,405	0.0
Personal services reduction	(190,972)	(185,768)	(5,204)	0	0	0.0
Annualize prior year funding	(148,003)	(54,450)	(93,553)	0	0	0.0
Change in indirect cost recoveries	(3,087)	0	(2,207)	0	(880)	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 08-1375	\$21,745,206	\$19,943,183	\$1,717,415	\$0	\$84,608	274.3
SB 08-169	7,855	0	7,855	0	0	0.0
HB 08-1346	<u>350,000</u>	<u>0</u>	<u>350,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$22,103,061	\$19,943,183	\$2,075,270	\$0	\$84,608	274.3
Increase/(Decrease)	\$1,013,717	\$736,411	\$273,781	\$0	\$3,525	0.9
Percentage Change	4.8%	3.8%	15.2%	n/a	4.3%	0.3%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Republican river compact compliance: The appropriation includes \$105,300 General Fund and 0.9 FTE to partially fund a well measurement program. The Department is also moving an additional 2.8 FTE and \$140,727 General Fund from the "Personal Services" line item to the "Republican River Compact Compliance" line item in order to fund 3.7 FTE for a well measurement program.

Vehicle operating expenses: The appropriation includes additional funds to pay for increases in fuel and maintenance costs related to the Division's vehicle fleet.

Change in federal funding: The appropriation reflects the Department's estimate of anticipated federal grants to be received in FY 2008-09.

Personal services reduction: The appropriation includes a 1.0 percent reduction in accordance with legislative policy for personal services line items.

Annualize prior year funding: The appropriation includes annualization for FY 2007-08 decision item #3 for additional water commissioners. The appropriation includes increases related to annualization of FTE and reduction on one-time capital costs.

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.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of the Department of Natural Resources.

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 295 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 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 2007-08 Appropriation:						
SB 07-239	\$80,823,555	\$0	\$0	\$69,919,826	\$10,903,729	652.4
HB 08-1294	<u>1,746,560</u>	<u>0</u>	<u>0</u>	<u>1,746,560</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$82,570,115	\$0	\$0	\$71,666,386	\$10,903,729	652.4
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>71,666,386</u>	<u>(71,666,386)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$82,570,115	\$0	\$71,666,386	\$0	\$10,903,729	652.4
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	1,792,573	0	1,807,517	0	(14,944)	0.0
PEAC funding	200,000	0	200,000	0	0	0.0
Eliminate one-time funding	(1,746,560)	0	(1,746,560)	0	0	0.0
Personal services reduction	(485,365)	0	(419,266)	0	(66,099)	0.0
Change in indirect cost recoveries	(64,743)	0	358,411	0	(423,154)	0.0
HB 08-1375	\$82,266,020	\$0	\$71,866,488	\$0	\$10,399,532	652.4
SB 08-13	1,519,927	0	1,519,927	0	0	0.0
SB 08-155	0	0	0	0	0	(1.0)

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 08-169	4,934	0	4,934	0	0	0.0
SB 08-226	<u>3,917,244</u>	<u>0</u>	<u>3,917,244</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$87,708,125	\$0	\$77,308,593	\$0	\$10,399,532	651.4
Increase/(Decrease)	\$5,138,010	\$0	\$5,642,207	\$0	(\$504,197)	(1.0)
Percentage Change	6.2%	n/a	7.9%	n/a	-4.6%	-0.2%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

PEAC funding: The appropriation includes an increase of \$200,000 cash funds (Wildlife Management Public Education Fund) for the Public Education Advisory Council (PEAC) to increase the magnitude of its media and public outreach wildlife education campaign.

Eliminate one-time funding: The appropriation includes a reduction for a one-time appropriation made in FY 2007-08 in the amount of \$1,746,560 (Wildlife Cash Fund) for emergency big game winter feeding operations in West and Northwest Colorado.

Personal services reduction: The appropriation includes a 1.0 percent reduction in accordance with legislative 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.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of the Department of Natural Resources.

Division of Forestry

The Division of Forestry was created pursuant to H.B. 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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,000,000	\$0	\$1,000,000	\$0	\$0	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Eliminate one-time funding	(1,000,000)	0	(1,000,000)	0	0	0.0
HB 08-1375	<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)	(\$1,000,000)	\$0	(\$1,000,000)	\$0	\$0	0.0
Percentage Change	-100.0%	n/a	-100.0%	n/a	n/a	n/a

H.B. 08-1375 (Long Bill) Issue Descriptions

Eliminate one-time funding: The appropriation includes a reduction of \$1,000,000 associated with a one-time appropriation contained in S.B. 07-122 (Water Conservation Board Construction Fund).

Recent Legislation

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. 07-198: 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).

2008 Session Bills

S.B. 08-13: Reduces the maximum percentage of the Operational Account of the Severance Tax fund that may be appropriated to the Colorado Oil and Gas Conservation Commission and the Division of Reclamation, Mining, and Safety by five percent each. Allows appropriations from the Operational Account of the Severance Tax Fund of up to five percent of the balance to the Division of Wildlife to monitor, manage, mitigate, and research the impacts of mineral or mineral fuel production activities on wildlife, and up to five percent of the balance to the Division of Parks and Outdoor Recreation to operate, maintain, and improve state parks located in areas impacted by energy development. Appropriates from the Operational Account of the Severance Tax Fund to the Department of Natural Resources: \$1,234,058 for the Division of Parks and Outdoor Recreation; \$1,519,927 for the Division of Wildlife; and \$750,000 to construct a boat ramp at Nighthorse Reservoir.

S.B. 08-71: Extends the forest restoration pilot program administered by the Colorado State Forest Service at Colorado State University through FY 2011-12. Creates the Forest Restoration Pilot Program Cash Fund and continuously appropriates the fund to the Department of Higher Education. Transfers \$1,000,000 per year through FY 2011-12 from the Operational Account of the Severance Tax Trust Fund to the fund. By placing the transfers within the structure of H.B. 08-1398, makes the transfers subject to the reserve requirements and proportional reductions if there are insufficient revenues that are associated with tier 2 programs.

S.B. 08-155: Consolidates the responsibility for information technology (IT) oversight of most of the state's executive branch in the Governor's Office of Information Technology (OIT). For FY 2008-09, the bill transfers 3.0 FTE from the Department to OIT. For additional information on this bill, see the "Recent Legislation" section for the Governor's Office.

S.B. 08-168: Appropriates \$11,163,886 from the Species Conservation Trust Fund (SCTF) to the Department of Natural Resources for programs 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. The bill also changes the funding of the SCTF by delaying a transfer from the Operational Account of the Severance Tax Trust Fund to the SCTF from FY 2007-08 to FY 2008-09 and changing the timing of transfers to the SCTF specified in S.B. 06-229.

S.B. 08-169: Makes changes to fees for regulating oil shale and in situ uranium mines. Appropriates \$32,460 cash funds from the Mined Land Reclamation Fund to the Department of Natural Resources for costs related to reviewing in situ uranium mining permits with \$15,743 allocated to the Division of Reclamation Mining and Safety, \$4,934 allocated to the Division of Wildlife, \$7,855 allocated to the Division of Water Resources, and \$3,928 allocated to the Colorado Geological Survey.

S.B. 08-226: Authorizes regulations and penalties related to aquatic nuisance species. For FY 2008-09, transfers \$1,250,000 from the Wildlife Cash Fund plus \$2,667,244 from the Operational Account of the Severance Tax Trust Fund (total of \$3,917,244) to the newly created Division of Wildlife Aquatic Nuisance Species Fund, and appropriates the balance in the fund to the Division of Wildlife. In addition, for FY 2008-09, transfers \$3,289,392 from the Operational Account of the Severance Tax Trust Fund to the newly created Division of Parks and Outdoor Recreation Aquatic Nuisance Species Fund and appropriates the balance in the fund to the Division of Parks and Outdoor Recreation. Reduces FY 2008-09 transfers from the Operational Account of the Severance Tax Trust Fund to the Species Conservation Trust Fund by \$750,000. For FY 2009-10 and every year thereafter, transfers from the Operational Account of the Severance Tax Trust Fund \$4,006,005 with \$2,701,461 for the Division of Parks and Outdoor Recreation Aquatic Nuisance Species Fund and \$41,304,544 for the Division of Wildlife Aquatic Nuisance Species Fund.

H.B. 08-1161: Makes changes to regulations for in situ leach mining. Appropriates \$42,450 cash funds from the Mined Land Reclamation Fund and 0.4 FTE to the Division of Reclamation, Mining and Safety in the Department of Natural Resources. Also, appropriates \$14,406 reappropriated funds to the Department of Law.

H.B. 08-1241: Changes the name of the Colorado Watershed Protection Fund to the Healthy Rivers Fund, and extends for three tax years (2008 through 2010) the period the state income tax returns will include a voluntary contribution designation benefitting the fund. Money in the fund is used by the Colorado Water Conservation Board (CWCB) in cooperation with the Water Quality Control Commission (WQCC) to award competitive grants to Colorado residents working toward the restoration and protection of land and natural resources withing Colorado watersheds.

H.B. 08-1294: Supplemental appropriations act for FY 2007-08.

H.B. 08-1346: Loans \$60,600,000 for the Republican River Water Conservation District Water Activity Enterprise - Republican River Compact Compliance Pipeline from the Severance Tax Trust Fund Perpetual Base Account. Loans \$11,217,060 for the Pagosa Area Water & Sanitation District Water Activity Enterprise - Dry Gulch Reservoir Project Land Purchase from the Colorado Water Conservation Board Construction Fund.

Appropriates \$7,071,000 cash funds from the Colorado Water Conservation Board Construction Fund to the Department of Natural Resources in FY 2008-09 for various projects. Transfers \$1,000,000 from the Operational Account of the Species Conservation Trust Fund to the Colorado Water Conservation Board Construction Fund and appropriates this amount to the Colorado Water Conservation Board in the Department of Natural Resources to finance a tamarisk control cost-sharing grant program.

H.B. 08-1375: General appropriations act for FY 2008-09.

H.B. 08-1387: Re-authorizes low-income energy assistance programs. Replaces cash fund appropriations from the Operational Account of the Severance Tax Trust Fund made in the 2008 Long Bill (H.B. 08-1375) of \$7,050,000 to the Governor's Office and \$5,950,000 to the Department of Human Services with transfers from the Operational Account into newly created funds that are continuously appropriated to the Department of Human Services and the Governor's Office. Authorizes new transfers of \$13 million per year in state fiscal years 2009-10, 2010-11, and 2011-12 from the Operational Account of the Severance Tax Trust Fund to the following funds:

- 25 percent to the Department of Human Services Low-income Energy Assistance Fund;
- 25 percent to the Energy Outreach Colorado Low-income Energy Assistance Fund; and
- 50 percent to the Governor's Energy Office Low-income Energy Assistance Fund.

By placing the extension of funding within the structure of H.B. 08-1398, makes the funding for low-income energy assistance programs subject to the reserve requirements and proportional reductions if there are insufficient revenues that are specified for all tier 2 programs. Specifies a slightly different installment structure than other tier 2 programs under HB 08-1398, by requiring all of the funding to the Governor's Energy Office Low-income Energy Assistance Fund to be made on July 1, all of the funding to the Department of Human Services Low-income Energy Assistance Fund to be made on January 4, and all of the funding to the Energy Outreach Colorado Low-income Energy Assistance Fund to be made on April 1. Changes the qualification levels for the Governor's Energy Office Home Energy Efficiency Program.

H.B. 08-1398: Repeals and reenacts statutes governing the distribution of funds from the Operational Account of the Severance Tax Trust Fund with relocations, technical corrections, and repeals of out-dated language. Changes the reserve requirements for the Operational Account of the Severance Tax Trust Fund as follows:

- Reduces the reserve from twice the appropriations for the core operations of the Department of Natural Resources ("tier 1 programs") to one times the appropriations, plus 15 percent of all other transfers from the operational account grant, research, and construction programs ("tier 2 programs");
- Changes the dates for transfers out of the Operational Account for tier 2 programs:
 - 40 percent transfers July 1,
 - 30 percent transfers January 4, and
 - 30 percent transfers April 1.
- Reduces transfers from the Operational Account for tier 2 programs proportionately if the Legislative Council Staff revenue forecast indicates there will be insufficient funds to maintain the reserve.

H.B. 08-1405: Transfers \$500,000 in FY 2008-09 from the Operational Account of the Severance Tax Trust Fund to the Water Research Fund, which is continuously appropriated to the Water Research Institute at Colorado State University in the Department of Higher Education. By placing the transfer within the structure of H.B. 08-1398, makes the transfer subject to the reserve requirements and proportional reductions if there are insufficient revenues that are associated with tier 2 programs.

DEPARTMENT OF PERSONNEL AND ADMINISTRATION

The Department of Personnel and Administration is responsible for administering the state personnel system, which includes approximately 31,138 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 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund	\$8,266,947	\$9,466,191	\$11,439,122	\$6,378,983
Cash Funds/1	11,484,436	12,559,141	14,676,758	6,396,415
Cash Funds Exempt/1	140,387,269	150,341,703	156,487,617	n/a
Reappropriated Funds/1	n/a	n/a	n/a	134,307,159
Federal Funds	<u>121,000</u>	<u>121,000</u>	<u>121,000</u>	<u>0</u>
TOTAL	\$160,259,652	\$172,488,035	\$182,724,497	\$147,082,557
Full Time Equiv. Staff	542.3	541.3	567.5	392.9

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

Funding for this department consists of 4.3 percent General Fund, 4.4 percent cash funds, and 91.3 percent reappropriated funds. 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). 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 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Total Number of FTE Appropriated by the General Assembly	28,351.4	28,536.4	29,106.7	30,211.0	31,137.5

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 2008-09 Cost of State's Contribution Rate for Health Insurance for All Eligible and Enrolled Employees			
	Enrollees	State Contribution Rate Per Month	FY 2008-09 Cost
Employee	14,952	\$340.26	\$61,050,810
Employee with Spouse	3,738	565.44	25,363,377
Employee with Child(ren)	3,977	499.80	23,852,455
Employee with Family	<u>5,212</u>	782.92	<u>48,966,948</u>
TOTAL	27,879		\$159,233,590

Estimated FY 2008-09 Cost of State's Contribution Rate for Health Insurance for All Enrolled Appropriated Positions Only^{/1}			
	Enrollees	State Contribution Rate Per Month	FY 2008-09 Cost
Employee	10,705	\$340.26	\$43,709,800
Employee with Spouse	2,714	565.44	18,415,250
Employee with Child(ren)	3,147	499.80	18,874,447
Employee with Family	<u>3,944</u>	782.92	<u>37,054,038</u>
TOTAL	20,510		\$118,053,535

/1 This table excludes non-appropriated positions in the Departments of Higher Education, Transportation, Human Services, and Public Health and Environment.

In addition to contributing funding for health insurance, the State provides other salary and benefit adjustments. For FY 2008-09, the General Assembly included salary increases for all seven occupational groups ranging from 2.23 percent to 4.1 percent. These percentages will be applied to salary ranges of the various occupational groups. In addition, the General Assembly included funding for performance-based pay awards. The appropriation distributes the performance-based pay awards by awarding successful performers with a base-building salary increase of 1.0 percent. Exceptional performers will receive an additional non-base building bonus of 2.0 percent in recognition of higher performance.

Starting with 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-building 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 as "Needs Improvement". Achievement Pay also includes a non-base building payment of 2.0 percent to those rated as "Outstanding". Appropriations for the salary increases are as follows:

FY 2007-08 and FY 2008-09 Appropriations for Salary Increase Awards		
	FY 2007-08 Achievement Pay ^{/1}	FY 2008-09 Achievement Pay ^{/1}
General Fund	\$42,687,592	\$42,031,133
Cash Funds	7,853,608	16,918,316
CFE / Reappropriated Funds ^{/2}	14,321,165	8,082,147
Federal Funds	<u>6,113,426</u>	<u>7,512,405</u>
TOTAL	\$70,975,791	\$74,544,001

/1 Includes market salary adjustments and performance awards. The numbers above reflect a reduction of funds for SAED.

/2 For FY 2007-08, the classification of funding is "cash funds exempt". For FY 2008-09, the classification of funding is "reappropriated funds".

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 2008-09, 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 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 ^{/1} Appropriated	FY 2008-09 Appropriated
Number of Fleet Vehicles	5,569	4,970	4,970	5,454	5,525
Total Cost of Fleet Management (Includes Vehicle Leases, Maintenance, and Fuel)	\$28,215,160	\$29,669,350	\$29,669,350	\$35,292,554	\$33,235,636
<i>Staff Estimated Net General Fund Share of Vehicle Costs</i>	<i>\$11,601,933</i>	<i>\$12,199,888</i>	<i>\$12,199,888</i>	<i>\$13,551,474</i>	<i>\$13,666,327</i>

/1 The FY 2007-08 vehicle count includes approximately 473 additional vehicles added to the state fleet as a result of S.B. 06-15.

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. The following table lists actual and appropriated expenditures for the Risk Management program.

Fiscal Year	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriated	FY 2008-09 Appropriated
Workers' Compensation	\$27,478,224	\$26,517,136	\$30,254,216	\$29,807,598	\$31,896,783
Property	6,751,128	5,818,914	6,556,767	9,214,224	11,855,953
Liability	5,436,926	5,271,058	4,540,332	9,255,890	8,977,137

Summary of FY 2007-08 and FY 2008-09 Appropriations

Department of Personnel and Administration						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$182,724,497	\$11,439,122	\$14,676,758	\$156,487,617	\$121,000	567.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	13,508,472	5,335,464	147,989	8,025,019	0	23.5
Division of Human Resources	57,066,888	100,135	7,347,332	49,619,421	0	54.2
Personnel Board	466,390	255,376	1,196	209,818	0	4.8
Central Services	63,680,587	0	3,083,765	60,596,822	0	202.4
Finance and Procurement	6,559,709	1,816,624	1,549,209	3,193,876	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
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
HB 08-1295	6,044,402	662,543	2,404,150	2,977,709	0	0.3
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$147,082,557	\$6,378,983	\$6,396,415	\$134,307,159	\$0	392.9
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	11,457,781	3,907,654	17,163	7,532,964	0	22.5
Division of Human Resources	62,903,014	92,383	2,797,934	60,012,697	0	58.7
Personnel Board	485,978	0	1,196	484,782	0	4.8
Central Services	61,343,340	0	24,069	61,319,271	0	193.1
Finance and Procurement	6,751,425	1,827,549	3,433,696	1,490,180	0	64.5

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Division of Information Technology / Information and Archival Services	564,918	460,206	93,811	10,901	0	8.5
Administrative Courts	3,576,101	91,191	28,546	3,456,364	0	40.8
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	190,217,423	7,521,808	8,319,877	174,254,738	121,000	571.7
SB 08-155	(43,134,866)	(1,142,825)	(1,923,462)	(39,947,579)	(121,000)	(178.8)

Department of Personnel: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$182,724,497	\$11,439,122	\$14,676,758	\$156,487,617	\$121,000	567.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>(7,307,866)</u>	<u>7,307,866</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	182,724,497	11,439,122	7,368,892	163,795,483	121,000	567.5
FY 2008-09 Total Appropriation:	147,082,557	6,378,983	6,396,415	134,307,159	0	392.9
Increase/(Decrease)	(\$35,641,940)	(\$5,060,139)	(\$972,477)	(\$29,488,324)	(\$121,000)	(174.6)
Percentage Change	-19.5%	-44.2%	-13.2%	-18.0%	-100.0%	-30.8%

FY 2008-09 Appropriation Highlights:

1. The appropriation provides a \$4.5 million increase for workers' compensation and risk premiums charged to state agencies based on actuarial estimates of prospective loss in FY 2008-09 compared to FY 2007-08.
2. The appropriation provides a \$2.7 million increase for various common policy adjustments.
3. The appropriation provides \$639,000 total funds for salary and health benefits increases throughout the Department.
4. The appropriation provides 5.5 additional FTE in the Colorado State Employee Assistance Program due to an increase in workload, and to mitigate certain State business risks more effectively by avoiding productivity and workplace issues associated with organizational conflict, personal issues, and related workers' compensation and liability claims and litigation.
5. Senate Bill 08-155 moves the Division of Information Technology into the Governor's Office of Information Technology.

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, reappropriated funds (65.7 percent), is from indirect cost recoveries originating in other divisions throughout the Department and user fees from other state agencies. General Fund accounts for 34.1 percent of the Division's total funds.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$13,327,236	\$4,946,231	\$150,553	\$8,230,452	\$0	23.5
SB 07-210	121,986	121,986	0	0	0	0.0
HB 08-1295	<u>59,250</u>	<u>267,247</u>	<u>(2,564)</u>	<u>(205,433)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$13,508,472	\$5,335,464	\$147,989	\$8,025,019	\$0	23.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>(130,826)</u>	<u>130,826</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$13,508,472	\$5,335,464	\$17,163	\$8,155,845	\$0	23.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Common policy adjustments	2,724,217	(286,258)	0	3,010,475	0	0.0
Annualize prior year decision item	100,750	0	0	100,750	0	0.0
Annualize salary and benefits adjustments	79,218	79,218	0	0	0	0.0
HIPAA risk assessment	35,000	0	0	35,000	0	0.0
Fund mix adjustments	0	(77,187)	0	77,187	0	0.0
Personal services reduction	(17,244)	(758)	0	(16,486)	0	0.0
HB 08-1375	\$16,430,413	\$5,050,479	\$17,163	\$11,362,771	\$0	23.5
SB 08-155	<u>(4,972,632)</u>	<u>(1,142,825)</u>	<u>0</u>	<u>(3,829,807)</u>	<u>0</u>	<u>(1.0)</u>
TOTAL	\$11,457,781	\$3,907,654	\$17,163	\$7,532,964	\$0	22.5
Increase/(Decrease)	(\$2,050,691)	(\$1,427,810)	\$0	(\$622,881)	\$0	(1.0)

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Percentage Change	-15.2%	-26.8%	0.0%	-7.6%	n/a	-4.3%

H.B. 08-1375 (Long Bill) Issue Descriptions

Common policy adjustments: The appropriation includes adjustments for line items that provide employee benefits to all department employees and for programs that provide statewide services to divisions throughout the Department. These increases include adjustments to the following line items: Health, Life, and Dental; Short-term Disability; S.B. 04-257 Amortization Equalization Disbursement; S.B. 06-235 Supplemental Amortization Equalization Disbursement; Salary Survey and Senior Executive Service; Performance-based Pay Awards; Shift Differential; Administrative Law Judge Services; Multiuse Network Payments; Vehicle Lease Payments; Workers' Compensation; Payment to Risk Management and Property Funds; Capitol Complex Leased Space; and Communications Services Payments. The appropriation also includes a refinance of \$331,492 General Fund with reappropriated funds related to the Technology Management Unit (TMU) refinance discussed in the Division of Information and Technology.

Annualize prior year decision item: The appropriation includes an increase of \$100,750 reappropriated funds related to a FY 2008 decision item to expand rental space for print and mail operations within the Division of Central Services in Pueblo.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Directors' Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

HIPAA risk assessment: The appropriation includes funding for a Health Insurance Portability and Accountability Act (HIPAA) risk assessment.

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.

Personal services reduction: The appropriation includes a 1.0 percent reduction in accordance with legislative policy for personal services line items.

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

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 2007-08 Appropriation:						
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	(229,201)	0	0	(229,201)	0	0.0
HB 08-1295	<u>1,041,011</u>	<u>0</u>	<u>2,406,714</u>	<u>(1,365,703)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$57,066,888	\$100,135	\$7,347,332	\$49,619,421	\$0	54.2
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>(5,445,128)</u>	<u>5,445,128</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$57,066,888	\$100,135	\$1,902,204	\$55,064,549	\$0	54.2
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Workers' compensation and risk premiums	4,452,161	0	0	4,452,161	0	0.0
Supplemental state contribution fund	968,930	0	968,930	0	0	0.0
C-SEAP staff and funding	337,287	0	0	337,287	0	5.5
Change in indirect cost recoveries	243,924	0	0	243,924	0	0.0
Annualize salary and benefits adjustments	147,288	0	25,420	121,868	0	0.0
Common policy adjustment	97,810	0	0	97,810	0	0.0
Training services reorganization	0	0	19,770	(19,770)	0	(1.0)
Fund mix adjustment	0	0	41,610	(41,610)	0	0.0
Eliminate funding	(383,120)	0	(160,000)	(223,120)	0	0.0
Personal services reduction	(20,402)	0	0	(20,402)	0	0.0
H.B. 07-1335 funding adjustment	(7,752)	(7,752)	0	0	0	0.0
HB 08-1375	<u>\$62,903,014</u>	<u>\$92,383</u>	<u>\$2,797,934</u>	<u>\$60,012,697</u>	<u>\$0</u>	<u>58.7</u>
TOTAL	\$62,903,014	\$92,383	\$2,797,934	\$60,012,697	\$0	58.7
Increase/(Decrease)	\$5,836,126	(\$7,752)	\$895,730	\$4,948,148	\$0	4.5
Percentage Change	10.2%	-7.7%	47.1%	9.0%	n/a	8.3%

H.B. 08-1375 (Long Bill) Issue Descriptions

Workers' compensation and risk premiums: The appropriation includes increased funding for workers' compensation and risk premiums charged to state agencies based on actuarial estimates of prospective loss in FY 2008-09 compared to FY 2007-08.

Supplemental state contribution fund: The appropriation includes an increase to anticipated tobacco proceeds going into the Supplemental State Contribution Fund.

C-SEAP staff and funding: The appropriation includes 5.5 additional FTE in the Colorado State Employee Assistance Program due to increase in workload and to mitigate certain State business risks more effectively by avoiding productivity and workplace issues associated with organizational conflict, personal issues, and related workers' compensation and liability claims and litigation.

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.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Directors' Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Common policy adjustment: The appropriation includes an increase to the legal services line as a result of an increase to the blended legal rate to \$75.10 for FY 2008-09.

Training services reorganization: The appropriation includes a reorganization of the Training Services Program. The reorganization eliminates an unused 1.0 FTE authority and merges the Training Services Program into one line item in the budget.

Fund mix adjustment: The appropriation includes an adjustment to funding classifications based on the redistribution of funds between cash funds and reappropriated funds.

Eliminate funding: The appropriation eliminates funding for one-time Deferred Compensation Plan and Defined Contribution Plans audits in the amount of \$160,000; eliminates one-time funding for a pilot disease management study per H.B. 07-1335 in the amount of \$160,000; and eliminates a one-time audit expense within the risk management services group.

Personal services reduction: The appropriation includes a 1.0 percent reduction in accordance with legislative policy for personal services line items.

H.B. 07-1335 funding adjustment: The appropriation includes a reduction to H.B. 07-1335 (supplement low-income state employee benefits with tobacco settlement funds) funding in FY 2008-09 per the estimated fiscal note impact.

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 221 cases in FY 2006-07, the last year for which statistics are available. This caseload represents an increase 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. For FY 2008-09, the Division is primarily funded with reappropriated funds (indirect cost recoveries), with relatively small amounts of cash funds from fees.

Personnel Board						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$466,390	\$255,376	\$1,196	\$209,818	\$0	4.8
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	19,588	19,588	0	0	0	0.0
Statewide indirect costs refinance	0	(274,964)	0	274,964	0	0.0
HB 08-1375	<u>\$485,978</u>	<u>\$0</u>	<u>\$1,196</u>	<u>\$484,782</u>	<u>\$0</u>	<u>4.8</u>
TOTAL	\$485,978	\$0	\$1,196	\$484,782	\$0	4.8
Increase/(Decrease)	\$19,588	(\$255,376)	\$0	\$274,964	\$0	0.0
Percentage Change	4.2%	-100.0%	0.0%	131.0%	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases

are funded through centrally-appropriated line items in the Executive Directors' Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Statewide indirect costs refinance: The appropriation includes the refinance of General Fund with reappropriated funds due to additional statewide indirect cost recoveries coming to the Department for FY 2008-09.

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.

Central Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$58,723,221	\$0	\$3,083,765	\$55,639,456	\$0	201.8
SB 07-86	13,225	0	0	13,225	0	0.3
HB 08-1295	<u>4,944,141</u>	<u>0</u>	<u>0</u>	<u>4,944,141</u>	<u>0</u>	<u>0.3</u>
TOTAL	\$63,680,587	\$0	\$3,083,765	\$60,596,822	\$0	202.4
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>(3,070,540)</u>	<u>3,070,540</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$63,680,587	\$0	\$13,225	\$63,667,362	\$0	202.4
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Increase in services provided to other departments	406,395	0	0	406,395	0	0.0
Annualize salary and benefits adjustments	296,962	0	0	296,962	0	0.0
Common policy adjustment	(1,801,332)	0	0	(1,801,332)	0	0.0
Eliminate one-time funding	(415,348)	0	0	(415,348)	0	0.0
Change in indirect cost recoveries	(397,682)	0	0	(397,682)	0	0.0
Fleet vehicle maintenance reduction	(240,907)	0	0	(240,907)	0	0.0
Annualize prior year funding	(89,906)	0	10,844	(100,750)	0	0.0
Personal services reduction	(82,948)	0	0	(82,948)	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Eliminate green fleet coordinator	(12,481)	0	0	(12,481)	0	(0.3)
HB 08-1375	\$61,343,340	\$0	\$24,069	\$61,319,271	\$0	202.1
SB 08-155	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(9.0)</u>
TOTAL	\$61,343,340	\$0	\$24,069	\$61,319,271	\$0	193.1
Increase/(Decrease)	(\$2,337,247)	\$0	\$10,844	(\$2,348,091)	\$0	(9.3)
Percentage Change	-3.7%	n/a	82.0%	-3.7%	n/a	-4.6%

H.B. 08-1375 (Long Bill) Issue Descriptions

Increase in services provided to other departments: The appropriation includes: (1) Document Solutions Group personal services and operating expenses line items increases totaling \$89,706 to provide document scanning services to the Department of Regulatory Agencies (DORA decision item #2); and (2) a Mail Services operating expenses increase of \$316,689 to process Department of Labor and Employment unemployment insurance mailings.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Directors' Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Common policy adjustment: The appropriation includes various miscellaneous adjustments as well as a \$1.8 million reduction to the vehicle lease line due to a lower estimated need for vehicle lease payments in FY 2008-09.

Eliminate one-time funding: The appropriation eliminates funding for FY 2008 temporary personnel for Colorado Bureau of Investigation (CBI) data entry contract in the amount of \$274,560 and \$140,788 for FY 2008 decision items within the Departments of Regulatory Agencies and Law for scanning and imaging costs.

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.

Fleet vehicle maintenance reduction: The appropriation includes a reduction due to the move of a portion of vehicle maintenance into existing garages within the departments of Transportation, Human Services and Public Safety.

Annualize prior year funding: The appropriation includes: (1) an increase to utilities costs of \$10,200 within the Document Solutions Group for a FY 2008 decision item to rent additional mail and print operations office space in Pueblo; a reduction of \$110,950 in Mail operating expenses to annualize out year reduction of costs from the FY 2008 decision item; and (2) an increase of \$10,844 for S.B. 07-86 Fallen Heroes Memorials Construction Fund.

Personal services reduction: The appropriation includes a 1.0 percent reduction in accordance with legislative policy for personal services line items.

Eliminate green fleet coordinator: The appropriation discontinues funding for a green fleet coordinator position.

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

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 2007-08 Appropriation:						
SB 07-239	\$6,505,416	\$1,367,035	\$1,549,209	\$3,589,172	\$0	64.5
SB 07-228	54,293	54,293	0	0	0	1.0
HB 08-1295	<u>0</u>	<u>395,296</u>	<u>0</u>	<u>(395,296)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$6,559,709	\$1,816,624	\$1,549,209	\$3,193,876	\$0	65.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>1,855,218</u>	<u>(1,855,218)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$6,559,709	\$1,816,624	\$3,404,427	\$1,338,658	\$0	65.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	174,948	138,303	8,247	28,398	0	0.0
Change in indirect cost recoveries	52,037	0	0	52,037	0	0.0
Annualize prior year funding	5,076	14,091	0	(9,015)	0	0.0
Fund mix adjustments	0	(18,552)	39,574	(21,022)	0	0.0
Statewide indirect costs refinance	0	(110,155)	0	110,155	0	0.0
Personal services reduction	(40,345)	(12,762)	(18,552)	(9,031)	0	0.0
HB 08-1375	\$6,751,425	\$1,827,549	\$3,433,696	\$1,490,180	\$0	65.5

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 08-155	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1.0)</u>
TOTAL	\$6,751,425	\$1,827,549	\$3,433,696	\$1,490,180	\$0	64.5
Increase/(Decrease)	\$191,716	\$10,925	\$29,269	\$151,522	\$0	(1.0)
Percentage Change	2.9%	0.6%	0.9%	11.3%	n/a	-1.5%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Directors' Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

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.

Annualize prior year funding: The appropriation includes: (1) \$14,091 General Fund increase due to S.B. 07-228 per the assessed fiscal note impact; and (2) a \$9,015 reappropriated funds reduction for one-time operating costs related to a FY 2007-08 decision item #4 for additional collector staff.

Fund mix adjustments: The appropriation reflects compounding fund mix adjustments related to prior year statewide indirect costs refinancing and a change to the Long Bill format.

Statewide indirect costs refinance: The appropriation includes the refinance of General Fund with reappropriated funds due to additional statewide indirect cost recoveries coming to the Department for FY 2008-09.

Personal services reduction: The appropriation includes a 1.0 percent reduction in accordance with legislative policy for personal services line items.

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

Division of Information Technology / Information and Archival Services

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). Senate Bill 08-155 re-organized state government by centralizing all executive agencies' information technology

resources into the Governor's Office of Information Technology. Starting with FY 2008-09, the Department of Personnel's Division of Information Technology will reside in the Governor's Office of Information Technology.

Division of Information Technology / Information and Archival Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>(516,590)</u>	<u>516,590</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$37,966,034	\$3,833,513	\$2,002,131	\$32,009,390	\$121,000	176.3
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	543,797	156,769	0	387,028	0	0.0
Change in indirect cost recoveries	309,600	0	0	309,600	0	0.0
Annualize prior year funding	1,995	1,995	0	0	0	0.0
Fund mix adjustment	0	0	23	(23)	0	0.0
State Archives refinance	0	18,010	15,142	(33,152)	0	0.0
TMU refinance	0	(3,519,574)	0	3,519,574	0	0.0
Personal services reduction	(94,274)	(30,507)	(23)	(63,744)	0	0.0
HB 08-1375	\$38,727,152	\$460,206	\$2,017,273	\$36,128,673	\$121,000	176.3
SB 08-155	<u>(38,162,234)</u>	<u>0</u>	<u>(1,923,462)</u>	<u>(36,117,772)</u>	<u>(121,000)</u>	<u>(167.8)</u>
TOTAL	\$564,918	\$460,206	\$93,811	\$10,901	\$0	8.5
Increase/(Decrease)	(\$37,401,116)	(\$3,373,307)	(\$1,908,320)	(\$31,998,489)	(\$121,000)	(167.8)
Percentage Change	-98.5%	-88.0%	-95.3%	-100.0%	-100.0%	-95.2%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Directors' Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

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.

Annualize prior year funding: The appropriation annualizes funding for S.B. 07-228 (Monitoring of Vendor Performance on State Contracts) per the assessed fiscal note impact.

Fund mix adjustment: The appropriation includes an adjustment to anticipated funding classification.

State Archives refinance: The appropriation includes a refinance to the State Archives division to account for reduced cash funds revenues.

TMU refinance: The appropriation includes refinancing the Technology Management Unit (TMU), which supports all software applications that are used on a statewide basis. The TMU formerly was funded with General Fund. The refinance will allow the Department to charge its customer agencies directly for its services by an assessed rate through the General Government Computer Center billing methodology.

Personal services reduction: The appropriation includes a 1.0 percent reduction in accordance with legislative policy for personal services line items.

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

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 96.6 percent reappropriated funds, (transferred from agencies using administrative court services), 2.6 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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$3,476,417	\$98,010	\$28,546	\$3,349,861	\$0	40.8
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	113,056	0	0	113,056	0	0.0
Change in indirect cost recoveries	23,941	0	0	23,941	0	0.0
Fund mix adjustment	0	0	285	(285)	0	0.0
Personal services reduction	(32,021)	(809)	(285)	(30,927)	0	0.0
Annualize prior year funding	(5,292)	(6,010)	0	718	0	0.0
HB 08-1375	<u>\$3,576,101</u>	<u>\$91,191</u>	<u>\$28,546</u>	<u>\$3,456,364</u>	<u>\$0</u>	<u>40.8</u>
TOTAL	\$3,576,101	\$91,191	\$28,546	\$3,456,364	\$0	40.8
Increase/(Decrease)	\$99,684	(\$6,819)	\$0	\$106,503	\$0	0.0
Percentage Change	2.9%	-7.0%	0.0%	3.2%	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Directors' Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

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.

Fund mix adjustment: The appropriation includes an adjustment to anticipated funding classification.

Personal services reduction: The appropriation includes a 1.0 percent reduction in accordance with legislative policy for personal services line items.

Annualize prior year funding: The appropriation includes: (1) a reduction of \$6,010 General Fund for the out year impact of S.B. 07-210 (Establishing the Independent Ethics Commission) per the assessed fiscal note impact; and (2) an increase of \$718 reappropriated funds for the out year impact of a FY 2007-08 decision item #5 for legal files maintenance costs.

Recent Legislation

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. 07-210: 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. Also allows higher bids 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: 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: 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.

2008 Session Bills

S.B. 08-155: Consolidates the responsibility for information technology (IT) oversight of most of the State's executive branch in the Governor's Office of Information Technology (OIT). Starting with FY 2008-09, transfers the Division of Information Technology from the Department of Personnel to OIT. Transfers the following appropriations from the Department of Personnel to OIT: \$4,972,632 and 1.0 FTE from the Executive Director's Office; 9.0 FTE from Central Services; 1.0 FTE from Finance and Procurement; \$38,162,234 and 167.8 FTE from the Division of Information Technology. For additional information on this bill, see the "Recent Legislation" section for the Governor's Office.

H.B. 08-1047: Creates a set aside program to enable nonprofit agencies that employ persons with severe disabilities to bid on certain types of state services. The Department of Human Services will administer the program which applies to all state agencies and each institution of higher education. A nonprofit agency is required to apply to the Department of Human Services to become a self-certified vendor eligible to participate in the set aside program. The application must include the tasks and activities that the nonprofit is able to perform. To qualify for the program, 75 percent of a nonprofit's employees must have severe disabilities and at least 20 percent must have developmental disabilities. The nonprofit must be an independent, tax-exempt charitable or social welfare organization, and registered on the Department of Personnel centralized supplier database.

H.B. 08-1295: Supplemental appropriations act for the Department of Personnel for FY 2007-08.

H.B. 08-1375: General appropriations act for FY 2008-09.

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 ensure 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 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund/1	\$20,570,942	\$22,819,173	\$23,932,469	\$26,833,837
Cash Funds	30,975,401	32,566,551	40,390,291	161,562,745
Cash Funds Exempt/2	134,953,130	185,371,937	186,247,402	n/a
Reappropriated Funds/2	n/a	n/a	n/a	69,183,635
Federal Funds	<u>201,431,922</u>	<u>210,383,465</u>	<u>210,131,476</u>	<u>209,641,711</u>
TOTAL	\$387,931,395	\$451,141,126	\$460,701,638	\$467,221,928
Full Time Equiv. Staff	1,143.2	1,150.2	1,188.2	1,225.1

/1 For FY 2006-07 through FY 2008-09, appropriations include General Fund Exempt.

/2 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

Funding for the Department for FY 2008-09 consists of 5.7 percent General Fund (including appropriations from the General Fund Exempt account), 34.6 percent cash funds, 14.8 percent reappropriated funds, and 44.9 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Providing Services to Low-Income Populations

Many programs within the health divisions serve low-income populations, with the income cutoff varying from program to program. For example, the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) serves households with income less than 185 percent of federal poverty guidelines (\$39,220 annually for a family of four in 2008). For free mammograms provided by the Women's Wellness Connection, the annual income limit is 250 percent of federal poverty guidelines. Services are often delivered through contracts with local health providers. The following table shows appropriations for programs directly targeted at low-income individuals and compares them to the total budget of the health and administration divisions, which were identified on the previous page. Other programs within the Department may also serve this population. The decline in the size of these programs relative to the total Health and Administration divisions budget primarily reflects the recent increase in funding for other programs in these divisions.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Approp.
Appropriations to Programs Targeting Low-income Populations	\$111,579,199	\$115,596,305	\$124,848,794	\$130,687,496	\$134,320,782
As a Percent of Total Health and Administration Divisions Budget	43.6%	38.4%	33.5%	32.2%	32.6%

Federal Programs

Health Divisions: 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 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Approp.
Total Federal Funds - Health and Administration Divisions	\$178,206,053	\$187,710,430	\$189,282,175	\$188,494,604	\$189,270,187
As a Percent of Total Health and Administration Divisions Budget	69.6%	62.4%	50.8%	46.5%	46.0%

Environmental Divisions: Almost 36 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 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Approp.
Total Federal Funds	20,816,836	20,181,565	23,103,737	23,709,335	22,341,731	21,132,440
Percent of the Environ. Divisions' Budget	47.0%	45.3%	46.9%	46.7%	38.0%	35.8%

/1 Includes the Air Quality Control, Water Quality Control, Hazardous Materials and Waste Management, and Consumer Protection divisions. Beginning in FY 2008-09, Special Environmental Programs within the Division of Administration and Support are also included.

Tobacco Funding

The Department receives substantial support from two tobacco-related funding sources: the payments that Colorado receives under the Master Settlement Agreement (MSA) and the tobacco-tax revenues that Colorado collects under the provisions of Amendment 35. The MSA supports the Ryan White AIDS Drug Assistance program, the HIV and AIDS Prevention Grant Program, the Tony Gramscas Youth Services program, the Nurse Home Visitor program, the Dental Loan Repayment program, 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.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Approp.
MSA funding	\$30,375,511	\$24,249,916	\$15,167,067	\$23,527,137	\$33,396,377
Amendment 35 funding	<u>0</u>	<u>41,977,502</u>	<u>64,179,395</u>	<u>82,415,411</u>	<u>76,193,539</u>
Total	\$30,375,511	\$66,227,418	\$79,346,462	\$105,942,548	\$109,589,916
As a percent of total Health and Administration Divisions budget	11.9%	22.0%	21.3%	26.1%	26.6%

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 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Actual	FY 07-08 Estimate	FY 08-09 Estimate
<u>Permits and Applications Processed</u>						
Air Quality Control Division	7,710	6,619	6,037	6,236	7,173	7,111
Water Quality Control Division	2,452	2,579	2,326	2,354	2,385	2,412

Environmental Divisions	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Actual	FY 07-08 Estimate	FY 08-09 Estimate
Hazardous Waste Division	804	750	1,244	1,385	1,220	1,315
Consumer Protection Division	<u>2,548</u>	<u>2,548</u>	<u>2,530</u>	<u>2,680</u>	<u>2,702</u>	<u>2,784</u>
Total Permits & Applications	13,514	12,496	12,137	12,655	13,480	13,622
<u>Inspections Conducted</u>						
Air Quality Control Division/1	3,540	3,573	3,584	3,085	3,503	4,145
Water Quality Control Division	1,255	1,562	1,034	937	1,014	963
Hazardous Waste Division/2,3	6,550	6,100	7,040	5,455	7,159	5,575
Consumer Protection Division	<u>3,131</u>	<u>3,131</u>	<u>3,367</u>	<u>3,257</u>	<u>3,451</u>	<u>3,537</u>
Total Inspections	14,476	14,366	15,025	12,734	15,127	14,220

/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 2007-08 and FY 2008-09 Appropriations

Department of Public Health and Environment						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$460,701,638	\$23,932,469	\$40,390,291	\$186,247,402	\$210,131,476	1,188.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration and Support	34,261,376	715,238	5,117,767	22,370,760	6,057,611	69.8
Center for Health and Environmental Information	6,417,628	9,648	2,365,047	2,667,751	1,375,182	71.6
Laboratory Services	9,889,277	171,731	6,458,340	536,589	2,722,617	84.0
Local Health Services	7,935,844	6,458,175	0	1,215,906	261,763	5.4
Air Quality Control Division	18,107,992	0	8,195,878	6,310,918	3,601,196	161.7
Water Quality Control Division	15,877,784	2,491,457	4,721,666	463,226	8,201,435	142.8
Hazardous Materials and Waste Management Division	18,743,950	0	8,898,916	368,153	9,476,881	128.6
Consumer Protection	2,505,622	1,181,810	879,364	87,088	357,360	28.1
Disease Control and Environmental Epidemiology Division	68,215,501	4,754,586	8,538	7,957,145	55,495,232	173.0
Prevention Services Division	261,937,352	6,463,502	1,593,981	134,922,115	118,957,754	188.6

	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
Health Facilities and Emergency Medical Services Division	16,809,312	1,686,322	2,150,794	9,347,751	3,624,445	134.6
<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 07-4	(53,730)	0	0	(53,730)	0	0.0
SB 07-97	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
HB 08-1296	284,030	18,187	313,070	758,375	(805,602)	0.3
HB 08-1396	325,000	0	325,000	0	0	0.0
<hr/>						
	Total Funds	General Fund/1,2	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$467,221,928	\$26,833,837	\$161,562,745	\$69,183,635	\$209,641,711	1,225.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration and Support	38,516,216	996,443	8,224,156	22,540,593	6,755,024	75.8
Center for Health and Environmental Information	7,121,025	9,552	2,768,038	2,926,457	1,416,978	79.1
Laboratory Services	9,973,121	174,981	6,807,827	306,962	2,683,351	84.0

	Total Funds	General Fund/1,2	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Local Health Services	9,621,395	6,503,626	2,856,006	0	261,763	8.4
Air Quality Control Division	18,283,430	0	15,014,878	0	3,268,552	165.6
Water Quality Control Division	15,922,107	2,581,921	5,174,592	40,632	8,124,962	142.8
Hazardous Materials and Waste Management Division	19,062,769	0	10,148,833	234,449	8,679,487	128.4
Consumer Protection	2,499,258	1,150,445	898,638	95,595	354,580	28.4
Disease Control and Environmental Epidemiology Division	70,412,973	5,706,361	8,967,173	305,574	55,433,865	183.6
Prevention Services Division	258,281,021	8,024,637	92,938,307	38,290,050	119,028,027	188.6
Health Facilities and Emergency Medical Services Division	17,528,613	1,685,871	7,764,297	4,443,323	3,635,122	140.4
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	465,787,156	26,803,837	160,157,973	69,183,635	209,641,711	1,211.9
SB 08-55	737,929	0	737,929	0	0	5.0
SB 08-102	0	0	0	0	0	1.0
SB 08-153	184,389	0	184,389	0	0	2.9
SB 08-154	4,029	0	4,029	0	0	0.0
SB 08-155	0	0	0	0	0	(2.5)
SB 08-194	179,761	30,000	149,761	0	0	3.0
HB 08-1038	173,182	0	173,182	0	0	2.2
HB 08-1054	27,394	0	27,394	0	0	0.3
HB 08-1100	143,657	0	143,657	0	0	1.5
HB 08-1234	(15,569)	0	(15,569)	0	0	(0.2)

/1 Includes \$513,000 General Fund Exempt in FY 2007-08 and \$495,000 General Fund Exempt in FY 2008-09. See Division Detail for more information on General Fund Exempt appropriations.

/2 Includes \$513,000 for FY 2007-08 and \$495,000 for FY 2008-09 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-22-117 (3), C.R.S. See Division Detail for more information.

Department of Public Health and Environment: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$460,701,638	\$23,932,469	\$40,390,291	\$186,247,402	\$210,131,476	1,188.2
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>114,334,923</u>	<u>(114,334,923)</u>	<u>0</u>	<u>0.0</u>

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2007-08 Adjusted Appropriation:	460,701,638	23,932,469	154,725,214	71,912,479	210,131,476	1,188.2
FY 2008-09 Total Appropriation:	467,221,928	26,833,837	161,562,745	69,183,635	209,641,711	1,225.1
Increase/(Decrease)	\$6,520,290	\$2,901,368	\$6,837,531	(\$2,728,844)	(\$489,765)	36.9
Percentage Change	1.4%	12.1%	4.4%	-3.8%	-0.2%	3.1%

FY 2008-09 Appropriation Highlights:

1. The appropriation provides additional tobacco-settlement moneys, pursuant to statutory formulas, to the following programs: \$1.5 million for local public health agencies, \$1.2 million for AIDS/HIV drug treatment and prevention, and \$2.8 million for the Tony Grampas Youth Services Program, State Dental Loan, and Nurse Home Visitor Programs.
2. The appropriation provides \$1.0 million General Fund and 1.0 FTE for the Tony Grampas Youth Services Program.
3. The appropriation provides \$654,000 General Fund to expand the Colorado Immunization Information System and move it from the CU Health Sciences Center to the Department of Public Health and Environment.
4. The appropriation provides \$500,000 General Fund for school-based health centers.
5. The appropriation provides \$292,000 General Fund for the State's Tuberculosis Control and Treatment Program.
6. The appropriation provides \$237,000 of Amendment 35 tobacco-tax revenues to increase the size of the Behavioral Risk Factor Surveillance Surveys conducted by the Department. The survey results will guide grant and policy making.
7. The appropriation provides \$233,000 to the Office of Health Disparities so it can continue operations following the loss of private-sector funding at the end of FY 2007-08. Of this amount, \$175,000 will come from reduced Health Disparities grants with the remainder coming from the General Fund.

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; several multi-area environmental programs (such as the Housed Commercial Swine Feeding Operations, or HCSFO, Program, the Recycling Resources Economic Opportunity Program, and the administration of Advanced Technology Research grants); 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

source of reappropriated funds is indirect cost recoveries. Cash funds derive from a variety of sources within the department and include central appropriations on behalf of cash funded programs.

Administration and Support						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$31,041,615	\$706,136	\$2,630,390	\$21,625,700	\$6,079,389	69.2
SB 07-182	495,000	0	0	495,000	0	0.0
SB 07-196	8,132	8,132	0	0	0	0.0
HB 07-1288	2,482,565	0	2,482,565	0	0	0.6
HB 08-1296	209,064	970	(20,188)	250,060	(21,778)	0.0
HB 08-1396	<u>25,000</u>	<u>0</u>	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$34,261,376	\$715,238	\$5,117,767	\$22,370,760	\$6,057,611	69.8
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>1,677,051</u>	<u>(1,677,051)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$34,261,376	\$715,238	\$6,794,818	\$20,693,709	\$6,057,611	69.8
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Central appropriations	1,616,979	192,525	584,018	236,644	603,792	0.0
Health Disparities Grants	1,492,206	0	0	1,492,206	0	0.0
Operating adjustments	440,917	(310)	689,812	(361,936)	113,351	0.0
Sustain the Health Disparities Program	232,960	58,240	0	174,720	0	3.0
Annualize salary and benefits adjustments	218,631	30,750	6,112	181,769	0	0.0
Annualize prior year funding	146,796	0	146,796	0	0	0.5
Transfer HCSFO Program	58,316	0	58,316	0	0	0.5
Internal auditor	55,708	0	0	55,708	0	1.0
Indirect cost assessment	4,270	0	(43,773)	67,773	(19,730)	0.0
Second year impact of H.B. 08-1396	(25,000)	0	(25,000)	0	0	0.0
HB 08-1375	\$38,503,159	\$996,443	\$8,211,099	\$22,540,593	\$6,755,024	74.8
SB 08-55	10,176	0	10,176	0	0	0.0
SB 08-102	0	0	0	0	0	1.0
SB 08-153	<u>2,881</u>	<u>0</u>	<u>2,881</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$38,516,216	\$996,443	\$8,224,156	\$22,540,593	\$6,755,024	75.8

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$4,254,840	\$281,205	\$1,429,338	\$1,846,884	\$697,413	6.0
Percentage Change	12.4%	39.3%	21.0%	8.9%	11.5%	8.6%

H.B. 08-1375 (Long Bill) Issue Descriptions

Central appropriations: These items are appropriated to the Administration Division and are then used throughout the Department. The appropriation includes changes for Health, Life, and Dental; Short Term Disability; Amortization Equalization Disbursement; Supplemental Amortization Equalization Disbursement; Salary Survey; Performance-based Pay; Retirements; Shift Differential; and Workers' Compensation.

Health Disparities Grants: The appropriation reflects the carryforward of unexpended grant moneys. The underlying Amendment 35 tobacco-tax revenues have declined slightly.

Operating adjustments: The appropriation includes changes for the following items, which are governed by common policy: Operating Expenses, Legal Services, Administrative Law Judge Services, Payment to Risk Management and Property Funds, Vehicle Lease Payments, Leased Space, Capitol Complex, Leased Space, Communications Services Payments, and Utilities.

Sustain the Health Disparities Program: The appropriation provides \$232,960 and 3.0 FTE so the Office of Health Disparities can continue operations following the loss of private-sector funding at the end of FY 2007-08. Of this amount, \$174,720, will come from reduced Health Disparities grants with the remainder from the General Fund.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. These increases are funded through centrally-appropriated line items in the Administration Division in the year of the award and are incorporated into the personal-services appropriation for each division in the subsequent year. The adjustment shown also includes a 1.0 percent reduction to the base personal services appropriations for the division.

Annualize prior year funding: The appropriation reflects the second year impact of H.B. 07-1288, Concerning Sustainable Resources and Recycling.

Transfer of HCSFO Program: The appropriation moves the appropriation for the Housed Commercial Swine Feeding Operations (HCSFO) Program from the Air Quality Control Division to the Administration and Support Division.

Internal auditor: The appropriation adds an internal auditor who will monitor the Department's many grantees to assure compliance with state rules.

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. 08-1396: Reflects a return to a lower base funding level following the expiration of the one time FY 2007-08 appropriation contained in H.B. 08-1396.

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 and Statistics is divided into two subdivisions: (A) Information Technology Services and (B) Health Statistics and Vital Records. The Information Technology Services subdivision is responsible for technology planning, networking, user support, applications development and maintenance, and Internet support. The section derives most of its support from reappropriated funds that derive from indirect cost recoveries. The Health Statistics and Vital Records subdivision is comprised of a registration section, which records births, deaths, marriages, divorces, fetal deaths, and abortions; a certification section, which issues birth and death certificates, corrects and updates records, and administers the Voluntary Adoption Registry; and a health statistics section, which analyzes vital records collected by the Department and provides information to internal and external users. The Health Statistics and Vital Records subdivision is primarily cash funded with most cash funds deriving from the Vital Statistics Records Cash Fund.

Center for Health and Environmental Information and Statistics						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$6,865,001	\$0	\$2,390,373	\$2,969,874	\$1,504,754	71.4
SB 07-196	9,648	9,648	0	0	0	0.2
HB 08-1296	<u>(457,021)</u>	<u>0</u>	<u>(25,326)</u>	<u>(302,123)</u>	<u>(129,572)</u>	<u>0.0</u>
TOTAL	\$6,417,628	\$9,648	\$2,365,047	\$2,667,751	\$1,375,182	71.6
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>190,289</u>	<u>(190,289)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$6,417,628	\$9,648	\$2,555,336	\$2,477,462	\$1,375,182	71.6
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Central appropriations	291,999	0	11,084	262,582	18,333	0.0
Behavioral Risk Factor Surveillance System	237,346	0	118,673	118,673	0	5.0
Annualize salary and benefits adjustments	131,291	(96)	60,852	79,777	(9,242)	0.0
Indirect cost assessment	40,511	0	19,843	(12,037)	32,705	0.0
Vital records FTE increase	0	0	0	0	0	3.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 08-1375	\$7,118,775	\$9,552	\$2,765,788	\$2,926,457	\$1,416,978	79.6
SB 08-55	2,250	0	2,250	0	0	0.0
SB 08-155	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0.5)</u>
TOTAL	\$7,121,025	\$9,552	\$2,768,038	\$2,926,457	\$1,416,978	79.1
Increase/(Decrease)	\$703,397	(\$96)	\$212,702	\$448,995	\$41,796	7.5
Percentage Change	11.0%	-1.0%	8.3%	18.1%	3.0%	10.5%

H.B. 08-1375 (Long Bill) Issue Descriptions

Central appropriations: The appropriation adjusts spending for the multiuse network and for the purchase of services from the computer center.

Behavioral Risk Factor Surveillance System: The appropriation provides funding to increase the size of the Behavioral Risk Factor Surveillance Surveys conducted by the Department. The result will be a larger data set that can provide information at a county level on such health-related items as diabetes, smoking, and obesity. The survey results will guide grant and policy making.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2007-08. 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 1.0 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 other administration-division costs. The funding is out of Amendment 35 tobacco-tax moneys.

Vital records FTE increase: The appropriation provides 3.0 FTE to the vital records office to replace six temporary workers. There has been an increase in the demand for vital records, particularly birth certificates, in recent years.

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

Laboratory Services

This division conducts tests and provides analysis and advice for the Department's health and environmental programs and for outside clients. It provides scientific support for communicable disease outbreak and control, 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 2007-08 Appropriation:						
SB 07-239	\$10,038,382	\$171,731	\$6,592,898	\$567,008	\$2,706,745	84.0
HB 08-1296	<u>(149,105)</u>	<u>0</u>	<u>(134,558)</u>	<u>(30,419)</u>	<u>15,872</u>	<u>0.0</u>
TOTAL	\$9,889,277	\$171,731	\$6,458,340	\$536,589	\$2,722,617	84.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>291,849</u>	<u>(291,849)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$9,889,277	\$171,731	\$6,750,189	\$244,740	\$2,722,617	84.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	103,844	3,250	121,210	(1,350)	(19,266)	0.0
Indirect cost assessment	(20,000)	0	(63,572)	63,572	(20,000)	0.0
HB 08-1375	<u>\$9,973,121</u>	<u>\$174,981</u>	<u>\$6,807,827</u>	<u>\$306,962</u>	<u>\$2,683,351</u>	<u>84.0</u>
TOTAL	\$9,973,121	\$174,981	\$6,807,827	\$306,962	\$2,683,351	84.0
Increase/(Decrease)	\$83,844	\$3,250	\$57,638	\$62,222	(\$39,266)	0.0
Percentage Change	0.8%	1.9%	0.9%	25.4%	-1.4%	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2007-08. 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 1.0 percent reduction to the base personal services appropriations for the division's largest subdivision.

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 health districts around the state. These local agencies receive distributions of funds pursuant to Section 25-1-516, C.R.S. In counties not served by local health departments, the Department contracts with local government agencies to provide public health nurses and/or environmental health specialists. The division also administers the Community Nursing Program which provides technical assistance to local and county public health nurses. The division's cash funds come from tobacco-settlement payments.

Local Health Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	(400,979)	0	0	(400,979)	0	0.0
HB 08-1296	<u>14,553</u>	<u>0</u>	<u>0</u>	<u>16,885</u>	<u>(2,332)</u>	<u>0.0</u>
TOTAL	\$7,935,844	\$6,458,175	\$0	\$1,215,906	\$261,763	5.4
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>1,215,906</u>	<u>(1,215,906)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$7,935,844	\$6,458,175	\$1,215,906	\$0	\$261,763	5.4
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Increased distributions of tobacco-settlement money to local public health agencies	1,490,339	0	1,490,339	0	0	0.0
Annualize salary and benefits adjustments	15,451	15,451	0	0	0	0.0
HB 08-1375	\$9,441,634	\$6,473,626	\$2,706,245	\$0	\$261,763	5.4
SB 08-194	<u>179,761</u>	<u>30,000</u>	<u>149,761</u>	<u>0</u>	<u>0</u>	<u>3.0</u>
TOTAL	\$9,621,395	\$6,503,626	\$2,856,006	\$0	\$261,763	8.4
Increase/(Decrease)	\$1,685,551	\$45,451	\$1,640,100	\$0	\$0	3.0
Percentage Change	21.2%	0.7%	134.9%	n/a	0.0%	55.6%

H.B. 08-1375 (Long Bill) Issue Descriptions

Increased distributions of tobacco-settlement money to local public health agencies: Tobacco settlement payments have increased and, pursuant to statutory formulas, a portion of the increase has been appropriated

to local public health agencies. For more information on tobacco-settlement-supported programs, see Appendix G.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2007-08. 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.

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 sources of cash funds are the Stationary Sources Control Fund and 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 2007-08 Appropriation:						
SB 07-239	\$17,678,092	\$0	\$7,897,620	\$6,191,081	\$3,589,391	160.7
HB 07-1341	100,000	0	100,000	0	0	1.0
HB 08-1296	<u>329,900</u>	<u>0</u>	<u>198,258</u>	<u>119,837</u>	<u>11,805</u>	<u>0.0</u>
TOTAL	\$18,107,992	\$0	\$8,195,878	\$6,310,918	\$3,601,196	161.7
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>5,280,252</u>	<u>(5,280,252)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$18,107,992	\$0	\$13,476,130	\$1,030,666	\$3,601,196	161.7
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	279,853	0	155,818	137,903	(13,868)	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Annualize prior year funding	(476,165)	0	(145,634)	(289,837)	(40,694)	(0.5)
Reduction in federal funding	(278,082)	0	0	0	(278,082)	0.0
Transfer HCSFO Program	(58,316)	0	(58,316)	0	0	(0.5)
Other	(17,355)	0	861,377	(878,732)	0	(0.1)
HB 08-1375	\$17,557,927	\$0	\$14,289,375	\$0	\$3,268,552	160.6
SB 08-55	<u>725,503</u>	<u>0</u>	<u>725,503</u>	<u>0</u>	<u>0</u>	<u>5.0</u>
TOTAL	\$18,283,430	\$0	\$15,014,878	\$0	\$3,268,552	165.6
Increase/(Decrease)	\$175,438	\$0	\$1,538,748	(\$1,030,666)	(\$332,644)	3.9
Percentage Change	1.0%	n/a	11.4%	-100.0%	-9.2%	2.4%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriations for the division.

Annualize prior year funding: The appropriation includes the following reductions: \$190,000 cash funds and 1.5 FTE due to the completion of the fiscal impact of H.B. 06-1302, which created the Clean Screen and High Emitter programs for auto emissions testing; \$173,875 cash funds appropriated in FY 2007-08 for capital outlay; and \$140,531 cash and federal funds appropriated as one-time funding for ozone modeling contracts in FY 2007-08. These reductions are partially offset by an increase of \$28,241 cash funds and 1.0 FTE to provide second year funding associated with H.B. 07-1341, which modified the membership of the Oil and Gas Conservation Commission and increased the role of the Department of Public Health and Environment in providing support to the Commission.

Reduction in federal funding: The appropriation includes a reduction in anticipated federal funding.

Transfer of HCSFO Program: The appropriation for the Housed Commercial Swine Feeding Operations (HCSFO) Program was moved to the Administration and Support Division.

Other: The appropriation includes funding changes associated with changes in indirect costs assessments, and a reduction of 0.1 FTE for the Mechanic Certification Program, which has historically never used this FTE appropriation.

Additional legislation: For information on S.B. 08-55, see the "Recent Legislation" section at the end of this department.

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, the Sludge Management Program Fund, and the Drinking Water Cash Fund. The source of reappropriated funds is an appropriation to the Department of Agriculture from the Groundwater Protection Fund that is transferred to this division.

Water Quality Control Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$15,289,456	\$2,509,717	\$4,110,241	\$463,226	\$8,206,272	138.8
HB 07-1329	488,031	(18,260)	506,291	0	0	4.0
HB 08-1296	<u>100,297</u>	<u>0</u>	<u>105,134</u>	<u>0</u>	<u>(4,837)</u>	<u>0.0</u>
TOTAL	\$15,877,784	\$2,491,457	\$4,721,666	\$463,226	\$8,201,435	142.8
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>170,084</u>	<u>(170,084)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$15,877,784	\$2,491,457	\$4,891,750	\$293,142	\$8,201,435	142.8
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	119,293	90,464	77,296	(1,994)	(46,473)	0.0
Annualize prior year funding	(44,970)	0	164,357	(209,327)	0	0.0
Indirect cost assessment	(30,000)	0	41,189	(41,189)	(30,000)	0.0
HB 08-1375	<u>\$15,922,107</u>	<u>\$2,581,921</u>	<u>\$5,174,592</u>	<u>\$40,632</u>	<u>\$8,124,962</u>	<u>142.8</u>
TOTAL	\$15,922,107	\$2,581,921	\$5,174,592	\$40,632	\$8,124,962	142.8
Increase/(Decrease)	\$44,323	\$90,464	\$282,842	(\$252,510)	(\$76,473)	0.0
Percentage Change	0.3%	3.6%	5.8%	-86.1%	-0.9%	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriations for the division.

Annualize prior year funding: The appropriation includes fund mix adjustments and the elimination of FY 2007-08 one-time funding.

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.

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. 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 (through both the Radiation Management Program and the Uranium Mill Tailings Remedial Action, or UMTRA, Program). 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 reappropriated funds is an appropriation to the Department of Local Affairs from the Local Government Severance Tax Fund that is transferred to this division. 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 2007-08 Appropriation:						
SB 07-239	\$17,523,817	\$0	\$7,657,412	\$378,524	\$9,487,881	124.4
HB 07-1288	825,000	0	825,000	0	0	4.2
HB 08-1296	95,133	0	116,504	(10,371)	(11,000)	0.0
HB 08-1396	<u>300,000</u>	<u>0</u>	<u>300,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$18,743,950	\$0	\$8,898,916	\$368,153	\$9,476,881	128.6
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to appropriations format	<u>0</u>	<u>0</u>	<u>105,141</u>	<u>(105,141)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$18,743,950	\$0	\$9,004,057	\$263,012	\$9,476,881	128.6
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
DSMOA refinance	493,010	0	1,018,057	0	(525,047)	0.0
Annualize salary and benefits adjustments	91,811	0	136,926	12,659	(57,774)	0.0
Annualize prior year funding	14,705	0	51,545	(36,840)	0	(0.2)
Second year impact of H.B. 08-1396	(300,000)	0	(300,000)	0	0	0.0
Other	19,293	0	238,248	(4,382)	(214,573)	0.0
HB 08-1375	<u>\$19,062,769</u>	<u>\$0</u>	<u>\$10,148,833</u>	<u>\$234,449</u>	<u>\$8,679,487</u>	<u>128.4</u>
TOTAL	\$19,062,769	\$0	\$10,148,833	\$234,449	\$8,679,487	128.4
<hr/>						
Increase/(Decrease)	\$318,819	\$0	\$1,144,776	(\$28,563)	(\$797,394)	(0.2)
Percentage Change	1.7%	n/a	12.7%	-10.9%	-8.4%	-0.2%

H.B. 08-1375 (Long Bill) Issue Descriptions

DSMOA refinance: The appropriation includes funding to allow the Department to partially discontinue its participation in the Defense State Memorandum of Agreement (DSMOA) Program. Through the DSMOA program, the Department receives a federal grant to provide state services pertaining to the clean-up of hazardous waste sites on Department of Defense (DOD) installations. The Department will continue to provide these services through DSMOA at Army facilities, but is negotiating directly with the Air Force and Navy for the provision of these services at their facilities.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriations for the division.

Annualize prior year funding: The appropriation includes an elimination of FY 2007-08 one-time funding and fund mix adjustments related to FY 2007-08 decision items.

Second year impact of H.B. 08-1396: Reflects a return to a lower base Long Bill funding level following the expiration of the one time FY 2007-08 appropriation contained in H.B. 08-1396.

Other: The appropriation includes an increase of \$19,293 due to the increase in the legal services hourly rate, and a change in the fund mix due to changes in indirect cost assessments.

Additional legislation: For information on H.B. 08-1396, 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 reappropriated funds 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 2007-08 Appropriation:						
SB 07-239	\$2,306,935	\$1,164,593	\$667,450	\$91,545	\$383,347	26.3
HB 07-1321	174,932	0	174,932	0	0	1.5
HB 08-1296	<u>23,755</u>	<u>17,217</u>	<u>36,982</u>	<u>(4,457)</u>	<u>(25,987)</u>	<u>0.3</u>
TOTAL	\$2,505,622	\$1,181,810	\$879,364	\$87,088	\$357,360	28.1
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$2,505,622	\$1,181,810	\$879,364	\$87,088	\$357,360	28.1
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	50,634	26,983	18,732	7,699	(2,780)	0.0
Funding for increased DOC inspections	808	0	0	808	0	0.0
Annualize prior year funding	(59,318)	(58,348)	(970)	0	0	0.0
Indirect costs assessment	(25,882)	0	(25,882)	0	0	0.0
HB 08-1375	\$2,471,864	\$1,150,445	\$871,244	\$95,595	\$354,580	28.1
HB 08-1054	<u>27,394</u>	<u>0</u>	<u>27,394</u>	<u>0</u>	<u>0</u>	<u>0.3</u>
TOTAL	\$2,499,258	\$1,150,445	\$898,638	\$95,595	\$354,580	28.4
Increase/(Decrease)	(\$6,364)	(\$31,365)	\$19,274	\$8,507	(\$2,780)	0.3
Percentage Change	-0.3%	-2.7%	2.2%	9.8%	-0.8%	1.1%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award

and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriations for the division.

Funding for increased DOC inspections: The appropriation includes funding to provide prison inspections at Department of Corrections facilities that are expanding in FY 2008-09. The Division inspects kitchens for compliance with retail food regulations and sanitary standards, as well as the facilities' vocational programs, buildings and grounds, water supply, plumbing system, sewage disposal, solid waste and refuse disposal, insect and rodent controls, housing, industries, environmental conditions, toilets, lavatories, showers, and flammable and toxic material controls for compliance with state standards.

Annualize prior year funding: The appropriation includes an elimination of FY 2007-08 one-time funding.

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.

Additional legislation: For information on H.B. 08-1054, 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 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 appropriations derive from tobacco-settlement payments and from Amendment 35 tobacco-taxes.

Disease Control and Environmental Epidemiology Division						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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	258,999	0	0	258,999	0	0.0
HB 08-1296	<u>(402,315)</u>	<u>0</u>	<u>0</u>	<u>(67,651)</u>	<u>(334,664)</u>	<u>0.0</u>
TOTAL	\$68,215,501	\$4,754,586	\$8,538	\$7,957,145	\$55,495,232	173.0

	Total Funds	General Fund/1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>7,652,337</u>	<u>(7,652,337)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$68,215,501	\$4,754,586	\$7,660,875	\$304,808	\$55,495,232	173.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Increased distributions of tobacco-settlement money for AIDS/HIV	1,181,429	0	1,181,429	0	0	0.0
Colorado Immunization Information System	654,344	654,344	0	0	0	10.1
Tuberculosis control and treatment	291,632	291,632	0	0	0	0.0
Annualize salary and benefits adjustments	12,411	23,799	(788)	766	(11,366)	0.0
Indirect cost assessment	(50,001)	0	0	0	(50,001)	0.0
Amendment 35 tobacco tax adjustments	(36,000)	(18,000)	(18,000)	0	0	0.0
HB 08-1375	\$70,269,316	\$5,706,361	\$8,823,516	\$305,574	\$55,433,865	183.1
SB 08-155	0	0	0	0	0	(1.0)
HB 08-1100	<u>143,657</u>	<u>0</u>	<u>143,657</u>	<u>0</u>	<u>0</u>	<u>1.5</u>
TOTAL	\$70,412,973	\$5,706,361	\$8,967,173	\$305,574	\$55,433,865	183.6
<hr/>						
Increase/(Decrease)	\$2,197,472	\$951,775	\$1,306,298	\$766	(\$61,367)	10.6
Percentage Change	3.2%	20.0%	17.1%	0.3%	-0.1%	6.1%

/1 Includes General Fund Exempt.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2007-08 Appropriation	\$4,754,586	\$4,241,586	\$513,000
Change in Amendment 35 tobacco tax revenues	(18,000)	0	(18,000)
Other General Fund changes	<u>969,775</u>	<u>969,775</u>	<u>0</u>
FY 2008-09 Appropriation	\$5,706,361	\$5,211,361	\$495,000

General Fund Exempt: 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 General Fund Exempt appropriation in the preceding table is for 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.

H.B. 08-1375 (Long Bill) Issue Descriptions

Increased distributions of tobacco-settlement money for AIDS/HIV: Tobacco settlement payments have increased and, pursuant to statutory formulas, a portion of the increase has been appropriated to the HIV and AIDS Prevention Grant Program and the Ryan White AIDS drug assistance program. For more information on tobacco-settlement-supported programs, see Appendix G.

Colorado Immunization Information System: The appropriation expands the Colorado Immunization Information System and moves it from the University of Colorado Health Sciences Center to the Department.

Tuberculosis control and treatment: The appropriation provides increased funding for the State's Tuberculosis Control and Treatment Program.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2007-08. 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 1.0 percent reduction to the base personal services appropriations for the larger subdivisions.

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.

Amendment 35 tobacco tax adjustments: The appropriation for immunizations by county public health nursing services, which is determined by a statutory formula, has decreased due to lower Amendment 35 tobacco-tax revenues.

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 2007-08 Appropriation:						
SB 07-239	\$259,712,311	\$6,163,502	\$1,620,612	\$132,703,886	\$119,224,311	187.6
SB 07-4	(53,730)	0	0	(53,730)	0	0.0
SB 07-97	1,400,000	0	0	1,400,000	0	1.0
SB 07-146	(300,000)	0	0	(300,000)	0	0.0
SB 07-232	(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 07-1248	600,000	300,000	0	300,000	0	0.0
HB 07-1335	(160,000)	0	0	(160,000)	0	0.0
HB 07-1346	(37,500)	0	0	(37,500)	0	0.0
HB 07-1359	776,872	0	0	776,872	0	0.0
HB 08-1296	<u>357,114</u>	<u>0</u>	<u>(26,631)</u>	<u>650,302</u>	<u>(266,557)</u>	<u>0.0</u>
TOTAL	\$261,937,352	\$6,463,502	\$1,593,981	\$134,922,115	\$118,957,754	188.6

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>92,556,243</u>	<u>(92,556,243)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$261,937,352	\$6,463,502	\$94,150,224	\$42,365,872	\$118,957,754	188.6
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Tobacco settlement supported programs	3,147,679	0	3,147,679	0	0	0.0
Tony Gramscas Youth Services Program	1,000,000	1,000,000	0	0	0	1.0
School-based Health Centers	500,000	500,000	0	0	0	0.0
Indirect cost assessment	286,132	0	(142,761)	375,000	53,893	0.0
Annualize salary and benefits adjustments	110,626	61,135	16,915	16,196	16,380	0.0
Amendment 35 supported programs	(8,691,153)	0	(4,233,750)	(4,457,403)	0	0.0
Chronic Disease and Cancer Prevention Grants Program	(9,615)	0	0	(9,615)	0	0.0
HB 08-1375	\$258,281,021	\$8,024,637	\$92,938,307	\$38,290,050	\$119,028,027	189.6
SB 08-155	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1.0)</u>
TOTAL	\$258,281,021	\$8,024,637	\$92,938,307	\$38,290,050	\$119,028,027	188.6

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	(\$3,656,331)	\$1,561,135	(\$1,211,917)	(\$4,075,822)	\$70,273	0.0
Percentage Change	-1.4%	24.2%	-1.3%	-9.6%	0.1%	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Tobacco settlement supported programs: Tobacco settlement payments have increased and, pursuant to statutory formulas, a portion of the increase has been appropriated to the Nurse Home Visitor Program and the Tony Grampsas Youth Services Grant Program. For more information on tobacco-settlement-supported programs, see Appendix G.

Tony Grampsas Youth Services Program: The appropriation provides an additional \$1 million and 1.0 FTE for the Tony Grampsas Youth Services Program.

School-based Health Centers: The appropriation provides an additional \$500,000 for School-Based Health Centers.

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 2007-08. 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 1.0 percent reduction to the base personal services appropriations for the Programs and Administration subdivision.

Amendment 35 tobacco tax programs: The appropriation adjusts the appropriations for Amendment 35 tobacco tax programs, reflecting a slight decline in tobacco-tax revenues that is compounded by reduced carry-forward balances of unexpended appropriations from the prior year.

Chronic Disease and Cancer Prevention Grants Program: The appropriation reflects the second year impact of an initiative that is supported by Amendment 35 moneys.

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. The 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 and from the Highway Users Tax Fund while reappropriated funds come 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 2007-08 Appropriation:						
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	557,925	76,000	481,925	0	0	6.7
HB 08-1296	<u>162,655</u>	<u>0</u>	<u>62,895</u>	<u>136,312</u>	<u>(36,552)</u>	<u>0.0</u>
TOTAL	\$16,809,312	\$1,686,322	\$2,150,794	\$9,347,751	\$3,624,445	134.6
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>5,195,771</u>	<u>(5,195,771)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$16,809,312	\$1,686,322	\$7,346,565	\$4,151,980	\$3,624,445	134.6
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
EMS grants and data collection	262,014	0	262,014	0	0	1.5
Annualize salary and benefits adjustments	110,186	(3,686)	9,505	130,242	(25,875)	0.0
Intermediate care facilities for persons with mental retardation (ICF-MR)	77,579	0	0	77,579	0	1.0
Annualize prior year funding	64,429	0	30,716	33,713	0	0.6
Indirect cost assessment	8,949	0	(77,412)	49,809	36,552	0.0
Reduction in assisted living residence oversight	(147,006)	3,235	(150,241)	0	0	(2.2)
HB 08-1375	\$17,185,463	\$1,685,871	\$7,421,147	\$4,443,323	\$3,635,122	135.5
SB 08-153	181,508	0	181,508	0	0	2.9
SB 08-154	4,029	0	4,029	0	0	0.0
HB 08-1038	173,182	0	173,182	0	0	2.2
HB 08-1234	<u>(15,569)</u>	<u>0</u>	<u>(15,569)</u>	<u>0</u>	<u>0</u>	<u>(0.2)</u>
TOTAL	\$17,528,613	\$1,685,871	\$7,764,297	\$4,443,323	\$3,635,122	140.4
Increase/(Decrease)	\$719,301	(\$451)	\$417,732	\$291,343	\$10,677	5.8
Percentage Change	4.3%	0.0%	5.7%	7.0%	0.3%	4.3%

H.B. 08-1375 (Long Bill) Issue Descriptions

EMS grants and data collection: The appropriation provides an extra \$150,000 for EMS provider grants and \$112,000 to enhance the State's EMS data collection system.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey that were awarded in FY 2007-08. 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 1.0 percent reduction to the base personal services appropriation for the Medicaid / Medicare Certification Program.

Intermediate care facilities for persons with mental retardation (ICF-MR): The appropriation provides for CMS (Centers for Medicare & Medicaid Services) certification of the ICF-MR centers that are being established through an initiative in the Department of Human Services.

Annualize prior year funding: The appropriation reflects the second year impact of S.B. 07-196, H.B. 07-1131 (Hemodialysis Technician Training Standards) and H.B. 07-1221 (Health Facilities Fees).

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.

Reduction in assisted living residence oversight: The appropriation reduces funding and FTE for the program that oversees Assisted Living Residences by about 20 percent. The program is supported by fees, which are fixed in statute. In recent years revenue lagged and the shortfall was made up from reserves in the program's cash fund. These reserves are now exhausted and program spending must be reduced.

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

Recent Legislation

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, 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 FY 2007-08, 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. 07-182: 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 FY 2007-08, 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 FY 2007-08, 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 FY 2007-08, 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 FY 2007-08, 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 FY 2007-08, 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 Grampas Youth Services Program. For FY 2007-08, 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 FY 2007-08, 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 FY 2007-08, 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 FY 2007-08, 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.

2008 Session Bills

S.B. 08-55: Increases air quality fees assessed by the Department of Public Health and Environment for: registration of refrigeration systems and other appliances that contain ozone-depleting compounds; filing air pollutant emission notices; regulated air pollutants; hazardous air pollutants, including ozone-depleting compounds; and processing applications for prescribed fires. For FY 2008-09, appropriates to the Department \$737,929 cash funds from the Automobile Inspection and Readjustment account of the Highway Users Tax Fund and the Stationary Sources Control Fund, and 5.0 FTE.

S.B. 08-102: Clarifies that revenue generated by solid waste user fees and credited to the Recycling Resources Economic Opportunity Fund may be used for oversight activities for the Recycling Resources Economic Opportunity Program. For FY 2008-09, appropriates 1.0 FTE to the Department for the program.

S.B. 08-118: Requires an annual transfer of \$2 million from the Department's Prevention, Early Detection, and Treatment Fund to the Department of Health Care Policy and Financing for Medicaid disease management and treatment programs.

S.B. 08-153: Establishes licensing requirements for home health agencies that provide both skilled and personal care services. For FY 2008-09, appropriates \$184,389 from the Health Facilities General Licensure Cash Fund and 2.9 FTE to the Department. Allocates \$181,508 of this appropriation to the Health Facilities and Emergency Services Division and reappropriates the remaining \$2,881 to the Department of Law for legal services. Appropriates \$18,170 cash funds to the Colorado Bureau of Investigation for fingerprint processing. For more information see the corresponding bill descriptions for the Department of Public Safety and for the Department of Law.

S.B. 08-154: Authorizes the State Board of Health to establish life safety and physical plant requirements for facilities that are connected to acute treatment units. For FY 2008-09, appropriates \$4,029 cash funds from the Health Facilities and General Licensure Cash Fund to the Health Facilities and Emergency Services Division.

S.B. 08-155: Centralizes the management of state agency information technology resources in the Office of Information Technology. For FY 2008-09, reduces the Department's FTE appropriation by 2.5 FTE. For more information see the corresponding bill description for the Governor's Office.

S.B. 08-194: Significantly updates Colorado's public health laws. Requires the Department to develop and the State Board of Health to approve a comprehensive statewide public health plan. Directs each county to establish a county public health agency or join other counties to establish a district public health agency. For FY 2008-09 appropriates \$30,000 General Fund, \$149,761 cash funds and 3.0 FTE to the Department's Local Health Services Division. The cash funds appropriation is from the Comprehensive Public Health Plan Cash Fund. Reduces the FY 2008-09 General Fund appropriation in the Long Bill to the Controlled Maintenance Trust Fund by \$30,000.

H.B. 08-1038: Authorizes the State Board of Health to set the licensure fees paid by assisted living residences, which are licensed by the Department. These fees were previously set in statute. Increases funding for the licensure program. For FY 2008-09 appropriates \$173,182 cash funds from the Assisted Living Residence Cash Fund and 2.2 FTE to the Department's Health Facilities and Emergency Medical Services Division.

H.B. 08-1054: Increases annual registration fees for wholesale food manufacturers and storage facilities. For FY 2008-09, appropriates to the Department \$27,394 cash funds from the Wholesale Food Manufacturing and Storage Protection Cash Fund, and 0.3 FTE.

H.B. 08-1100: Increases funding for the Children with Special Needs Program (the Birth Defects Registry) in the Disease Control and Environmental Epidemiology Division by allowing the Office of the State Registrar to increase birth certificate fees to account for the direct and indirect costs of the program. For FY 2008-09 appropriates \$143,657 cash funds from the Vital Statistics Records Cash Fund and 1.5 FTE to the Department's Disease Control and Environmental Epidemiology Division.

H.B. 08-1199: Aligns statutory tuberculosis control provisions with current public health practices and specifies that state funding provided to local health agencies for tuberculosis treatment and control is to be distributed based on active caseload.

H.B. 08-1234: Allows ambulatory surgical centers to use accreditation by certain professional organizations in lieu of licensing inspections by the Department for license renewals only. Reduces the licensing fee for ambulatory surgical centers that choose this option. For FY 2008-09 reduces the appropriation to the Health Facilities and Emergency Services Division from the Health Facilities General Licensure Cash Fund by \$15,569 cash funds and 0.2 FTE.

H.B. 08-1296: Supplemental appropriation to the FY 2007-08 Long Bill appropriation for the Department.

H.B. 08-1373: Continues the Breast and Cervical Cancer Prevention and Treatment Program through July 1, 2014.

H.B. 08-1375: General appropriations act for FY 2008-09.

H.B. 08-1396: Allows money in the Hazardous Substance Response Fund to be used by the Department to conduct a study to determine whether water from the Canterbury Tunnel is contributing to an increase in the mine pool that feeds into the Leadville Mine Drainage Tunnel and to compare the short- and long-term impacts of drilling a vertical well as opposed to a horizontal well. Requires the Department to report its findings and recommendations to the General Assembly by November 1, 2008. For FY 2007-08, appropriates \$325,000 cash funds from the Hazardous Substance Response Fund to the Department. Reappropriates \$25,000 of this amount to the Department of Law for legal services. These appropriations will remain available until the purposes of the act have been accomplished. For more information see the corresponding bill description for the Department of Law.

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 2007, the State Patrol reported a 3.8 percent increase from the previous year in traffic fatalities on patrol-supervised roads, while the total number of crashes on patrol-supervised roads decreased by 17.4 percent from 2006 to 2007. 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 90,000 students who have completed the Alive at 25 course in Colorado since it started ten years ago, only 26 have died in car accidents. This is an estimated 60 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 2.1 million fingerprint records and over 86,000 DNA profiles; operates the statewide crime reporting program; and arranges for scientific laboratory services and facilities.

Department Budget: Recent Appropriations

Funding Source	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund	\$58,901,926	\$68,158,776	\$73,311,297	\$82,378,618
Cash Funds	10,865,049	12,259,049	13,869,163	117,502,488
Cash Funds Exempt/1	115,218,660	106,745,824	113,814,201	n/a
Reappropriated Funds/1	n/a	n/a	n/a	21,637,002
Federal Funds	<u>35,496,685</u>	<u>35,214,951</u>	<u>23,571,050</u>	<u>26,487,831</u>
TOTAL	\$220,482,320	\$222,378,600	\$224,565,711	\$248,005,939
Full Time Equiv. Staff	1,260.8	1,285.8	1,319.6	1,357.2

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

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's FY 2008-09 budget is composed of 33.2 percent General Fund; 47.4 percent cash funds from various sources, primarily from the HUTF; 8.7 percent reappropriated funds, primarily from indirect cost recoveries; and 10.7 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 37.3 percent of the Department budget and 84.8 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 appropriations for highway supervision to a maximum 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.

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Approp.
Residential Diversion Beds Funded	1,231	1,231	1,231	1,297	1,459
Residential Transition Beds Funded	1,310	1,384	1,523	1,597	1,657
Residential Daily Rates per Bed	\$34.70	\$35.39	\$36.63	\$37.18	\$37.53
<i>Percent Change in Reimbursement Rate</i>	n/a	2.0%	3.5%	1.5%	0.9%
Total General Fund Expenditures (residential and non-residential programs)	\$37,670,993	\$40,157,590	\$43,877,386	\$47,230,849	\$52,493,958

	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.	FY 2008-09 Approp.
<i>Growth of General Fund Expenditures</i>	n/a	6.6%	9.3%	7.6%	11.1%

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. Through the Division of Fire Safety, the Office of Preparedness, Security, and Fire Safety also has responsibilities for fire safety, including inspections of public school construction projects.

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 Bureau took occupancy of the new building in April 2008.

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, in addition to other duties.

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 2007-08 and FY 2008-09 Appropriations

Department of Public Safety						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$224,565,711	\$73,311,297	\$13,869,163	\$113,814,201	\$23,571,050	1,319.6
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	23,797,849	3,351,756	807,118	18,869,540	769,435	41.5
Colorado State Patrol	99,777,363	3,431,980	3,376,127	88,944,522	4,024,734	975.0
Office of Preparedness, Security and Fire Safety	1,551,321	96,798	748,425	228,234	477,864	12.5
Division of Criminal Justice	71,829,073	50,362,918	2,633,592	1,361,059	17,471,504	60.9
Colorado Bureau of Investigation	27,610,105	16,067,845	6,303,901	4,410,846	827,513	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
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
HB 08-1297	83,591	440,534	(21,630)	(413,880)	78,567	7.0
HB 08-1375	301,532	40,000	0	261,532	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$248,005,939	\$82,378,618	\$117,502,488	\$21,637,002	\$26,487,831	1,357.2
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	28,605,832	4,768,817	13,048,398	9,821,146	967,471	46.7
Colorado State Patrol	109,064,253	4,639,220	93,276,906	7,078,993	4,069,134	998.0
Office of Preparedness, Security and Fire Safety	2,079,271	332,513	1,058,150	180,868	507,740	19.1
Division of Criminal Justice	80,549,588	55,970,246	3,692,792	774,702	20,111,848	62.1
Colorado Bureau of Investigation	27,706,995	16,667,822	6,426,242	3,781,293	831,638	231.3
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	242,734,704	81,912,282	112,871,940	21,462,651	26,487,831	1,347.1
SB 08-1	466,336	466,336	0	0	0	6.0
SB 08-26	30,532	0	30,532	0	0	0.3
SB 08-39	12,400	0	12,400	0	0	0.0
SB 08-60	4,262,667	0	4,262,667	0	0	3.0
SB 08-153	18,170	0	18,170	0	0	0.0
SB 08-155	0	0	0	0	0	(2.0)
SB 08-219	243,768	0	0	243,768	0	1.2
HB 08-1027	246	0	243,436	(243,190)	0	(0.2)
HB 08-1082	36,893	0	36,893	0	0	0.9
HB 08-1232	26,450	0	26,450	0	0	0.6
HB 08-1267	150,000	0	0	150,000	0	0.0
HB 08-1335	23,773	0	0	23,773	0	0.3

Department of Public Safety: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$224,565,711	\$73,311,297	\$13,869,163	\$113,814,201	\$23,571,050	1,319.6
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>93,953,974</u>	<u>(93,953,974)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	224,565,711	73,311,297	107,823,137	19,860,227	23,571,050	1,319.6
FY 2008-09 Total Appropriation:	248,005,939	82,378,618	117,502,488	21,637,002	26,487,831	1,357.2

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$23,440,228	\$9,067,321	\$9,679,351	\$1,776,775	\$2,916,781	37.6
Percentage Change	10.4%	12.4%	9.0%	8.9%	12.4%	2.9%

FY 2008-09 Appropriation Highlights:

1. The appropriation provides \$2.3 million General Fund for approximately 162 additional residential community corrections diversion placements.
2. The appropriation provides \$843,000 General Fund for 60 additional residential community corrections placements based on the Legislative Council Staff December 2007 projected inmate population.
3. The appropriation provides \$808,000 General Fund for salary and benefits adjustments, such as salary survey, performance-based pay, health, life and dental benefits, and contributions to the Public Employees' Retirement Association pension fund.
4. The appropriation provides \$778,000 General Fund for 160 outpatient therapeutic community beds, which are intended for offenders with severe substance addiction.
5. The appropriation provides \$703,000 General Fund for Colorado State Patrol's non-highway related activities, offset by a reduction in HUTF funding.
6. The appropriation provides \$667,000 General Fund for a 0.95 percent increase in the community corrections provider rates with the remainder of the common policy provider rate increase intended as incentive funds for low-risk providers.
7. The appropriation provides \$400,000 General Fund to create a 16-bed residential therapeutic community program in Pueblo. These beds are intended for offenders with severe substance addiction.

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 reappropriated funds 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 2007-08 Appropriation:						
SB 07-239	\$23,877,848	\$3,388,259	\$810,944	\$18,907,799	\$770,846	41.5
HB 07-1064	125,000	0	0	125,000	0	0.0
HB 08-1297	(306,531)	(76,503)	(3,826)	(224,791)	(1,411)	0.0
HB 08-1375	<u>101,532</u>	<u>40,000</u>	<u>0</u>	<u>61,532</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$23,797,849	\$3,351,756	\$807,118	\$18,869,540	\$769,435	41.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>10,209,115</u>	<u>(10,209,115)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$23,797,849	\$3,351,756	\$11,016,233	\$8,660,425	\$769,435	41.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
FY 2008-09 salary and benefit adjustments	3,446,196	808,034	2,005,752	441,425	190,985	0.0
Operating adjustments	836,180	80,532	20,868	727,729	7,051	0.0
Annualize salary and benefits adjustments	124,080	140,641	(185)	(16,376)	0	0.0
Fund mix adjustment	0	(140,641)	5,730	134,911	0	0.0
Transfer to Division of Criminal Justice	(125,000)	0	0	(125,000)	0	0.0
Annualize prior year funding	(89,809)	62,159	0	(151,968)	0	0.2
HB 08-1375	\$27,989,496	\$4,302,481	\$13,048,398	\$9,671,146	\$967,471	41.7
SB 08-1	466,336	466,336	0	0	0	6.0
SB 08-155	0	0	0	0	0	(1.0)
HB 08-1267	<u>150,000</u>	<u>0</u>	<u>0</u>	<u>150,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$28,605,832	\$4,768,817	\$13,048,398	\$9,821,146	\$967,471	46.7
Increase/(Decrease)	\$4,807,983	\$1,417,061	\$2,032,165	\$1,160,721	\$198,036	5.2
Percentage Change	20.2%	42.3%	18.4%	13.4%	25.7%	12.5%

H.B. 08-1375 (Long Bill) Issue Descriptions

Long Bill Supplemental: The appropriation reflects an increase for the Witness Protection Program for FY 2007-08.

FY 2008-09 salary and benefit adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey, performance-based pay awards, state contributions to health, life, and dental benefits, shift differential, and state contributions to the Public Employees' Retirement Association (PERA) pension fund. All salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The appropriation also includes a 0.75 percent base reduction to the personal services appropriation for the division.

Operating Adjustments: The appropriation includes adjustments for common policies other than personal services, including increases for legal services, the purchase of services from the computer center, workers' compensation, short-term disability, the Executive Director's Office's vehicle lease payments, and payments to risk management and property funds. These increases are partially offset by a small decrease in funding for Capitol Complex leased space.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Fund mix adjustment: The appropriation reflects adjustments related to salary survey and indirect cost collections.

Transfer to Division of Criminal Justice: The appropriation includes a transfer to the Division of Criminal Justice to implement the requirements of H.B. 07-1064.

Annualize prior year funding: The appropriation reflects a decrease due to the elimination of one-time funding in 2007 session bills and the FY 2007-08 supplemental.

Additional legislation: For information on S.B. 08-155, see the "Recent Legislation" section at the end of the Governor section of this document. 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 reappropriated funds 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 2007-08 Appropriation:						
SB 07-239	\$99,536,058	\$2,924,307	\$3,399,118	\$89,269,269	\$3,943,364	968.0
HB 08-1297	<u>241,305</u>	<u>507,673</u>	<u>(22,991)</u>	<u>(324,747)</u>	<u>81,370</u>	<u>7.0</u>
TOTAL	\$99,777,363	\$3,431,980	\$3,376,127	\$88,944,522	\$4,024,734	975.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>82,726,811</u>	<u>(82,726,811)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$99,777,363	\$3,431,980	\$86,102,938	\$6,217,711	\$4,024,734	975.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	3,049,125	102,084	2,827,394	119,724	(77)	0.0
Traffic safety improvement plan	672,093	0	672,093	0	0	9.0
Indirect cost adjustment	651,491	0	320,627	305,664	25,200	0.0
Capitol security improvements	345,714	345,714	0	0	0	7.0
Security for Judicial Department and Department of Law	247,053	0	0	247,053	0	3.0
Multi-agency fleet vehicle maintenance	217,483	0	0	217,483	0	1.0
Federal fund change	103,020	0	0	0	103,020	0.0
Fund mix adjustment	0	703,241	(703,241)	0	0	0.0
Annualize prior year funding	(243,134)	(38,472)	0	(117,120)	(87,542)	0.0
Operating adjustments	(18,622)	94,673	(205,572)	88,478	3,799	0.0
HB 08-1375	\$104,801,586	\$4,639,220	\$89,014,239	\$7,078,993	\$4,069,134	995.0
SB 08-60	<u>4,262,667</u>	<u>0</u>	<u>4,262,667</u>	<u>0</u>	<u>0</u>	<u>3.0</u>
TOTAL	\$109,064,253	\$4,639,220	\$93,276,906	\$7,078,993	\$4,069,134	998.0
Increase/(Decrease)	\$9,286,890	\$1,207,240	\$7,173,968	\$861,282	\$44,400	23.0
Percentage Change	9.3%	35.2%	8.3%	13.9%	1.1%	2.4%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award

and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.75 percent base reduction to the personal services appropriation for the division.

Traffic safety improvement plan: The appropriation includes an additional 9.0 FTE (six troopers and three dispatchers) as part of the Colorado State Patrol's traffic safety improvement plan.

Indirect cost adjustment: The appropriation reflects an increase related to indirect cost recoveries.

Capitol security improvements: The appropriation continues Capitol Complex security improvements initiated in FY 2007-08.

Security for Judicial Department and Department of Law: The appropriation provides 3.0 FTE to improve security at each department (1.5 FTE per department).

Multi-agency vehicle maintenance: The appropriation includes 1.0 FTE and associated funding for the Multi-agency Fleet Vehicle Maintenance request.

Federal fund change: The appropriation includes an increase in anticipated federal funds.

Fund mix adjustment: The appropriation reflects an adjustment to decrease the HUTF "off-the-top" appropriation and replace it with General Fund to fund non-highway related activities. The adjustment reverses a one-time change for FY 2007-08.

Annualize prior year funding: The appropriation reflects adjustments to eliminate one-year funding awarded in FY 2007-08.

Operating Adjustments: The appropriation includes adjustments for vehicle lease payments and an increase for variable fleet costs.

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

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, conducts fire safety inspections of public school construction projects, and oversees fireworks regulation. The primary sources of cash funds and reappropriated funds 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 primarily 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 2007-08 Appropriation:						
SB 07-239	\$1,473,009	\$96,798	\$748,425	\$149,922	\$477,864	12.5
HB 08-1297	<u>78,312</u>	<u>0</u>	<u>0</u>	<u>78,312</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,551,321	\$96,798	\$748,425	\$228,234	\$477,864	12.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,551,321	\$96,798	\$748,425	\$228,234	\$477,864	12.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Public schools inspection	243,190	0	0	243,190	0	3.5
Safe2Tell director	95,272	95,272	0	0	0	0.9
National fire incident reporting system	77,646	77,646	0	0	0	0.9
Emergency resource mobilization	58,648	58,648	0	0	0	0.9
Annualize salary and benefits adjustments	49,148	4,149	11,880	5,350	27,769	0.0
Indirect cost adjustment	15,407	0	11,477	1,823	2,107	0.0
Annualize prior year funding	(78,312)	0	0	(78,312)	0	0.0
HB 08-1375	\$2,012,320	\$332,513	\$771,782	\$400,285	\$507,740	18.7
SB 08-26	30,532	0	30,532	0	0	0.3
SB 08-39	12,400	0	12,400	0	0	0.0
HB 08-1027	246	0	243,436	(243,190)	0	(0.2)
HB 08-1335	<u>23,773</u>	<u>0</u>	<u>0</u>	<u>23,773</u>	<u>0</u>	<u>0.3</u>
TOTAL	\$2,079,271	\$332,513	\$1,058,150	\$180,868	\$507,740	19.1
Increase/(Decrease)	\$527,950	\$235,715	\$309,725	(\$47,366)	\$29,876	6.6
Percentage Change	34.0%	243.5%	41.4%	-20.8%	6.3%	52.8%

H.B. 08-1375 (Long Bill) Issue Descriptions

Public schools inspection: The appropriation includes 3.5 FTE and associated funding for fire inspectors for public school construction projects.

Safe2Tell director: The appropriation reflects 0.9 FTE and associated funding to make the Safe2Tell program director position a permanent Department employee. The position was previously funded with private grant funds.

National fire incident reporting system (NFIRS): The appropriation includes 0.9 FTE and associated funding to continue to provide for a program manager for NFIRS. The position was previously funded with federal funds.

Emergency resource mobilization: The appropriation includes 0.9 FTE and associated funding to continue to provide for a program manager for the emergency resource mobilization program. The position was previously funded with federal funds.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Administration section in the year of the award and are incorporated into base funding for each division in the subsequent year.

Indirect cost adjustment: The appropriation reflects an increase related to indirect cost recoveries.

Annualize prior year funding: The appropriation reflects a decrease due to the elimination of one-time funding in H.B. 08-1297.

Additional legislation: For information on H.B. 08-1027, see the "Recent Legislation" section at the end of the Department of Labor and Employment. For information on H.B. 08-1335, see the "Recent Legislation" section at the end of the Department of Education. For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 reappropriated funds 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 2007-08 Appropriation:						
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	92,657	92,657	0	0	0	1.0
HB 08-1297	43,739	0	0	43,739	0	0.0
HB 08-1375	<u>200,000</u>	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$71,829,073	\$50,362,918	\$2,633,592	\$1,361,059	\$17,471,504	60.9
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>585,828</u>	<u>(585,828)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$71,829,073	\$50,362,918	\$3,219,420	\$775,231	\$17,471,504	60.9
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Adjustment of federal funds	2,722,304	0	0	0	2,722,304	0.0
Caseload increase for community corrections diversion programs	2,303,641	2,303,641	0	0	0	0.0
Caseload increase for community corrections transition programs	843,004	843,004	0	0	0	0.0
Outpatient therapeutic community	777,920	777,920	0	0	0	0.0
Annualize prior year funding	549,694	528,249	23,248	(1,803)	0	2.7
Provider rate increase	455,921	448,598	7,323	0	0	0.0
Additional therapeutic community beds	400,000	400,000	0	0	0	0.0
VALE spending authority	395,822	0	395,822	0	0	0.0
Incentive funds for low-risk providers	210,659	210,659	0	0	0	0.0
Transfer from Executive Director's Office	125,000	0	0	125,000	0	0.0
Recidivism reduction evaluation	100,000	100,000	0	0	0	0.0
Annualize salary and benefits adjustments	61,923	30,856	17,605	14,079	(617)	0.0
Refinance administrative FTE	0	91,935	0	(91,935)	0	0.0
Reduction in federal funds	0	0	0	0	0	(2.1)
Eliminate one-time funding	(173,404)	(127,534)	0	(45,870)	0	0.0
Change in indirect costs	(78,419)	0	2,924	0	(81,343)	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 08-1375	\$80,523,138	\$55,970,246	\$3,666,342	\$774,702	\$20,111,848	61.5
HB 08-1232	<u>26,450</u>	<u>0</u>	<u>26,450</u>	<u>0</u>	<u>0</u>	<u>0.6</u>
TOTAL	\$80,549,588	\$55,970,246	\$3,692,792	\$774,702	\$20,111,848	62.1
Increase/(Decrease)	\$8,720,515	\$5,607,328	\$473,372	(\$529)	\$2,640,344	1.2
Percentage Change	12.1%	11.1%	14.7%	-0.1%	15.1%	2.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Adjustment of federal funds: The appropriation includes an increase of federal funds based on the amount of federal funds that the Division of Criminal Justice estimates it will receive in FY 2008-09.

Caseload increase for community corrections diversion programs: The appropriation includes funding for 161.7 additional residential community corrections diversion placements.

Caseload increase for community corrections transition programs: The appropriation includes funding for 60 additional residential community corrections transition placements based on the anticipated increase in the prison population using the December 2007 Legislative Council Staff inmate population projections. The appropriation assumes 7.0 percent of the inmate population will be placed in a community corrections program.

Outpatient therapeutic community: The appropriation includes funding for 160 outpatient therapeutic community beds.

Annualize prior year funding: The appropriation includes adjustments associated with annualizing decision items and special bills from the prior year.

Provider rate increase: The appropriation includes funding for a 0.95 percent increase for community corrections providers.

Additional therapeutic community beds: The appropriation includes funding for the creation of a 16-bed therapeutic community program in Pueblo.

VALE spending authority: The appropriation includes increased spending authority for the State Victims Assistance and Law Enforcement (VALE) program.

Incentive funds for low-risk providers: The appropriation includes funding to provide incentive dollars for low-risk community corrections providers.

Transfer from Executive Director's Office: The appropriation includes a transfer from the Executive Director's Office to implement the requirements of H.B. 07-1064.

Recidivism reduction evaluation: The appropriation includes funding for evaluation of programs intended to reduce recidivism.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.75 percent base reduction to the personal services appropriation for the Division.

Refinance administrative FTE: The appropriation includes a refinancing to support administrative staff that prepare state budget documents.

Reduction in federal funds: The appropriation reflects a reduction of FTE associated with reductions of federal grants that support those FTE.

Eliminate one-time funding: The appropriation includes a reduction to eliminate the leap year adjustment provided in the prior year as well as a reduction for one-time grant funds.

Change in indirect costs: The appropriation includes an adjustment for indirect cost assessments.

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 reappropriated funds 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 2007-08 Appropriation:						
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
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

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 08-1297	<u>26,766</u>	<u>9,364</u>	<u>5,187</u>	<u>13,607</u>	<u>(1,392)</u>	<u>0.0</u>
TOTAL	\$27,610,105	\$16,067,845	\$6,303,901	\$4,410,846	\$827,513	229.7
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>432,220</u>	<u>(432,220)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$27,610,105	\$16,067,845	\$6,736,121	\$3,978,626	\$827,513	229.7
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	440,911	350,536	60,156	30,219	0	0.0
Latent print analysts	255,208	255,208	0	0	0	2.8
Complex financial fraud unit spending authority	85,099	0	85,099	0	0	0.0
Indirect cost adjustment	35,151	0	(71,961)	107,112	0	0.0
Operating adjustments	16,155	41,579	0	(25,424)	0	0.0
Federal funds change	4,125	0	0	0	4,125	0.0
Annualize prior year funding	(1,038,590)	(47,346)	(438,236)	(553,008)	0	(2.3)
HB 08-1375	\$27,408,164	\$16,667,822	\$6,371,179	\$3,537,525	\$831,638	230.2
SB 08-153	18,170	0	18,170	0	0	0.0
SB 08-155	0	0	0	0	0	(1.0)
SB 08-219	243,768	0	0	243,768	0	1.2
HB 08-1082	<u>36,893</u>	<u>0</u>	<u>36,893</u>	<u>0</u>	<u>0</u>	<u>0.9</u>
TOTAL	\$27,706,995	\$16,667,822	\$6,426,242	\$3,781,293	\$831,638	231.3
Increase/(Decrease)	\$96,890	\$599,977	(\$309,879)	(\$197,333)	\$4,125	1.6
Percentage Change	0.4%	3.7%	-4.6%	-5.0%	0.5%	0.7%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 0.75 percent base reduction to the personal services appropriation for the Division.

Latent print analysts: The appropriation includes 2.8 FTE and associated funds to hire additional latent print analysts.

Complex financial fraud unit spending authority: The appropriation includes additional spending authority for the complex financial fraud unit to allow the unit to increase staffing within the existing allocation of FTE.

Indirect cost adjustment: The appropriation reflects an increase related to indirect cost recoveries.

Operating adjustments: The appropriation includes increases associated with vehicle lease payments and variable vehicle costs.

Federal funds change: The appropriation reflects an increase in anticipated federal funds.

Annualize prior year funding: The appropriation reflects a decrease due to the elimination of one-time funding in special bills and supplementals for FY 2007-08.

Additional legislation: For information on S.B. 08-153, see the "Recent Legislation" section at the end of the Department of Public Health and Environment. For information on S.B. 08-155, see the "Recent Legislation" section at the end of the Governor section of this document. For information on S.B. 08-219, 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

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. 07-203: 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.

2008 Session Bills

S.B. 08-1: Establishes the School Safety Resource Center and the School Safety Resource Center Advisory Board in the Department of Public Safety. The center is to assist schools in the following: developing safety and preparedness plans; establishing emergency response practices and strategies; and ensuring safe and secure schools through prevention and intervention efforts. Appropriates \$466,336 General Fund and 6.0 FTE to the Department of Public Safety in FY 2008-09 for this purpose.

S.B. 08-26: Establishes the Reduced Cigarette Ignition Propensity Standards and Firefighter Protection Act. Beginning July 31, 2009, requires cigarette manufacturers to test and certify that their cigarettes meet certain fire safety standards, to be administered and enforced by the Department of Public Safety, Division of Fire Safety. Outlines specific cigarette testing, certification, and labeling procedures and establishes a \$1,000 fee for each brand family of cigarettes certified. Gives additional enforcement authority to the Attorney General and the Department of Revenue. Appropriates \$30,532 cash funds from the Reduced Cigarette Ignition Propensity Standards and Firefighter Protection Act Enforcement Fund, and 0.3 FTE, to the Department of Public Safety, Division of Fire Safety, for this purpose.

S.B. 08-39: Directs the Department of Public Safety, subject to the receipt of gifts, grants, or donations, to establish a pilot program offering training courses to directors of fire protection districts whose territory includes wild land-urban interface areas. Creates the Wild Land-Urban Interface Training Fund. Creates the 5 member Wild Land-Urban Interface Training Advisory Board to advise the Division of Fire Safety on course content and implementation of the pilot program. Appropriates \$12,400 cash funds from the Wild Land-Urban Interface Training Fund (subject to the receipt of gifts grants and donations) to the Department of Public Safety, Division of Fire Safety, for this purpose.

S.B. 08-60: Extends authority for the Colorado Auto Theft Prevention Authority from July 2008 to July 2018, and adds 2 members to serve on the Automobile Theft Prevention Board. Creates a mandatory biannual fee of \$.50 for each vehicle insured by automobile insurers to fund the program. Requires the State Auditor to audit the Colorado Auto Theft Prevention Cash Fund in FY 2008-09 and every two years thereafter. Appropriates

\$4,262,667 cash funds from the Colorado Auto Theft Prevention Cash Fund, and 3.0 FTE, to the Department of Public Safety. Out of this amount, appropriates \$6,500 to the Office of the State Auditor to conduct an audit of the program.

S.B. 08-153: Establishes licensing requirements for home health agencies providing both skilled and personal care services. Appropriates \$18,170 cash funds, from fingerprint processing fees, to the Department of Public Safety, Colorado Bureau of Investigation, for fingerprint processing services related to the bill. Of this amount, \$7,935 is for transmittal to the Federal Bureau of Investigation. For additional information on this bill, see the "Recent Legislation" section at the end of the Department of Public Health and Environment section of this document.

S.B. 08-155: Transfers 1.0 FTE from the Department of Public Safety, Executive Director's Office, and 1.0 FTE from the Colorado Bureau of Investigation to the Governor's Office as part of a statewide information technology consolidation effort. For additional information on this bill, see the "Recent Legislation" section of the Governor section of this document.

S.B. 08-219: Creates the Massage Therapy Practice Act which requires the licensure of massage therapists by the Division of Registrations in the Department of Regulatory Agencies. Appropriates \$243,768 in reappropriated funds from the Department of Regulatory Agencies and 1.2 FTE to the Department of Public Safety, Colorado Bureau of Investigation for fingerprint background checks related to the bill. Of this amount, \$131,643 and 1.2 FTE is for background checks conducted by the Colorado Bureau of Investigation, and \$112,125 is for pass through to the Federal Bureau of Investigation for fingerprint-based national criminal history background checks. For additional information on this bill, see the "Recent Legislation" section at the end of the Department of Regulatory Agencies section of this document.

H.B. 08-1027: Addresses deficiencies in the Public School Construction Program of the Department of Labor and Employment, Division of Oil and Public Safety (DOPS), as identified in a 2007 performance audit. Requires the Department of Public Safety, Division of Fire Safety to assist the DOPS in tracking building plans that have been referred to fire departments for review or to conduct the reviews when the appropriate fire department is unwilling or unable to do so. Authorizes the Division of Fire Safety to pursue enforcement actions for fire code violations and to charge fees set by rule, to cover the costs for fire inspections of buildings. For FY 2008-09, the bill appropriates : (1) \$243,436 cash funds from the Fire Safety Inspection Cash Fund, and 3.3 FTE, to the Department of Public Safety, Office of Preparedness, Security, and Fire Safety, and (2) \$70,986 cash funds from the Public Safety Inspection Fund, and 0.9 FTE, to the Department of Labor and Employment. Reduces the Department of Public Safety's FY 2008-09 Long Bill appropriation by \$243,190 cash funds and 3.5 FTE.

H.B. 08-1082: Appropriates \$36,893 cash funds and 0.9 FTE to the Colorado Bureau of Investigation to cover the cost of sealing arrest and criminal records information. Funds are from payments collected by the Bureau from defendants for costs related to sealing criminal conviction records. For additional information on this bill, see the "Recent Legislation" section of the Judicial Department section of this document.

H.B. 08-1085: Creates the Colorado Bureau of Investigation (C.B.I.) Identification Unit Fund which consists of fees collected by the C.B.I. for criminal history records checks. Excludes the new cash fund from statutory limits on uncommitted reserves. The fund may also receive additional appropriations from the General Assembly. Makes all moneys in the fund subject to annual appropriation by the General Assembly.

H.B. 08-1232: Continues the Domestic Violence Offender Management Board (Board) until July 1, 2017 and appropriates \$26,450 cash funds from the Domestic Violence Offender Treatment Provider Fund and 0.6 FTE to the Division of Criminal Justice in FY 2008-09. Makes the following changes with regard to the Board: (1) requires domestic violence treatment providers to complete mandatory continuing education courses related to domestic violence; (2) allows the Board to remove a treatment provider from the list of approved domestic violence treatment providers; (3) requires the Board to develop a renewal process for providers to remain on the list of approved providers; and (4) allows the Board to increase the fee assessed to providers submitting new or renewal applications for placement on the list of approved providers from \$125 to up to \$300 per application.

H.B. 08-1267: Authorizes the School Safety Resource Center (created by S.B. 08-1) in the Department of Public Safety to require pilot program school districts to create a school mapping system for first responders. In the event of an emergency, the system will provide first responders with access to electronic maps and information about school buildings. Appropriates \$150,000 reappropriated funds from the Department of Education (State Education Fund) to the Department of Public Safety to fund mapping of up to 3 schools in each of the five pilot sites. Pilot sites may contract with public or private entities with experience in first responder school mapping systems. Contracts must be submitted to the School Safety Resource Center for approval and, if approved, for reimbursement of direct and indirect costs of creating the mapping system.

H.B. 08-1297: Supplemental appropriation to the Department of Public Safety to modify appropriations included in the FY 2007-08 Long Bill.

H.B. 08-1335: Appropriates \$23,773 reappropriated funds (from the Department of Labor and Employment) and 0.3 FTE to the Department of Public Safety, Office of Preparedness, Security, and Fire Safety, for additional public school building and fire safety inspections. For additional information on this bill, see the "Recent Legislation" section of the Department of Education section of this document.

H.B. 08-1375: General appropriations act for FY 2008-09. Also includes supplemental adjustments to modify appropriations to the Department of Public Safety included in the FY 2007-08 Long Bill (S.B. 07-239).

DEPARTMENT OF REGULATORY AGENCIES

The Department of Regulatory Agencies protects the citizens of Colorado from fraudulent or dangerous businesses and professionals by regulating the following industries: (1) state-chartered financial institutions such as banks, trust companies, credit unions and money transmitters; (2) public utilities such as electricity, gas and telecommunications; (3) providers of automobile, homeowners, life, health and other types of insurance; and (4) professionals in more than 52 occupations. The Department also administers and enforces Colorado's civil rights laws.

The Department consists of ten divisions: the Executive Director's Office and Administrative Services, the Division of Banking, the Civil Rights Division, 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.

Department Budget: Recent Appropriations

Funding Source	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund	\$1,383,348	\$1,297,219	\$1,416,831	\$1,578,627
Cash Funds/1	51,921,670	54,044,598	61,289,916	67,283,577
Cash Funds Exempt/1	7,923,569	9,305,868	8,486,488	n/a
Reappropriated Funds/1	n/a	n/a	n/a	8,590,895
Federal Funds	<u>1,396,498</u>	<u>1,152,262</u>	<u>1,154,822</u>	<u>1,318,083</u>
Total Funds	\$62,625,085	\$65,799,947	\$72,348,057	\$78,771,182
Full Time Equiv. Staff	525.3	536.7	556.7	579.6

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

For FY 2008-09, funding for the Department consists of 85.4 percent cash funds, 10.9 percent reappropriated funds, 2.0 percent General Fund, and 1.7 percent federal funds. Some of the most important factors driving the budget are reviewed below.

Legal Services

The Department purchases more legal services from the Department of Law than any other state agency. The Department's appropriation for legal services for FY 2008-09 represents 30.2 percent of the State's total legal services appropriation and 9.6 percent of the Department's total appropriation, the largest component of the

Department's budget after personal services. Given the financial implications of many of the Department's regulatory decisions, legal services will continue to be a driving factor.

Legislation

Over the last two legislative sessions, 2007 and 2008, forty bills which appropriated \$5.1 million and 32.6 FTE, have broadened the scope of professions regulated and have increased operational costs at the division level and in the Executive Director's Office. Divisions most impacted by the new legislation include the Division of Registrations, the Division of Insurance, the Division of Real Estate, and the Civil Rights Division.

Summary of FY 2007-08 and FY 2008-09 Appropriations

Department of Regulatory Agencies						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$72,348,057	\$1,416,831	\$61,289,916	\$8,486,488	\$1,154,822	556.7
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office and Administrative Services	19,517,841	432,628	13,332,789	5,587,527	164,897	54.0
Division of Banking	3,498,162	0	3,498,162	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	8,318,510	0	7,776,593	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	3,858,279	2,653	3,808,279	47,347	0	44.8
Division of Registrations	16,067,225	0	13,928,217	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

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
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
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
HB 08-1298	(620,533)	(2,415)	(609,189)	(7,853)	(1,076)	(1.8)
HB 08-1375	50,000	2,653	0	47,347	0	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$78,771,182	\$1,578,627	\$67,283,577	\$8,590,895	\$1,318,083	579.6
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office and Administrative Services	22,144,223	526,782	15,281,855	5,990,513	345,073	52.3
Division of Banking	3,587,186	0	3,587,186	0	0	38.5
Civil Rights Division	1,847,784	984,445	0	419,067	444,272	32.4
Office of Consumer Counsel	914,860	0	914,860	0	0	7.0
Division of Financial Services	1,197,809	0	1,197,809	0	0	13.0
Division of Insurance	8,928,697	0	8,406,451	0	522,246	86.9
Public Utilities Commission	15,729,484	0	15,729,484	0	0	101.1
Division of Real Estate	4,345,798	0	4,345,798	0	0	50.1

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Division of Registrations	17,553,351	67,400	15,298,144	2,181,315	6,492	178.3
Division of Securities	2,521,990	0	2,521,990	0	0	20.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	76,400,842	1,429,422	65,062,442	8,590,895	1,318,083	562.3
SB 08-11	10,848	0	10,848	0	0	0.2
SB 08-29	44,534	0	44,534	0	0	0.5
SB 08-135	12,928	0	12,928	0	0	0.0
SB 08-152	107,116	0	107,116	0	0	1.2
SB 08-155	0	0	0	0	0	(1.7)
SB 08-188	67,400	67,400	0	0	0	0.0
SB 08-200	81,805	81,805	0	0	0	0.4
SB 08-217	29,500	0	29,500	0	0	0.0
SB 08-219	516,359	0	516,359	0	0	3.5
HB 08-1058	56,749	0	56,749	0	0	0.6
HB 08-1216	200,000	0	200,000	0	0	0.0
HB 08-1226	3,602	0	3,602	0	0	0.0
HB 08-1227	397,473	0	397,473	0	0	4.0
HB 08-1353	473,874	0	473,874	0	0	3.6
HB 08-1383	34,688	0	34,688	0	0	0.5
HB 08-1385	8,774	0	8,774	0	0	0.0
HB 08-1389	309,985	0	309,985	0	0	4.5
HB 08-1393	14,705	0	14,705	0	0	0.0

Department of Regulatory Agencies: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$72,348,057	\$1,416,831	\$61,289,916	\$8,486,488	\$1,154,822	556.7
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>428,421</u>	<u>(428,421)</u>	<u>0</u>	<u>0.0</u>

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2007-08 Adjusted Appropriation:	72,348,057	1,416,831	61,718,337	8,058,067	1,154,822	556.7
FY 2008-09 Total Appropriation:	78,771,182	1,578,627	67,283,577	8,590,895	1,318,083	579.6
Increase/(Decrease)	\$6,423,125	\$161,796	\$5,565,240	\$532,828	\$163,261	22.9
Percentage Change	8.9%	11.4%	9.0%	6.6%	14.1%	4.1%

FY 2008-09 Appropriation Highlights:

1. The appropriation includes a \$608,765 increase in cash funds and federal funds for indirect cost assessments applied to divisions for costs incurred by the Executive Director's Office.
2. House Bill 08-219 requires massage therapists to be registered and appropriates \$516,359 cash funds to the Department among other appropriations.
3. House Bill 08-1353 adds requirements to verify the validity of a state income tax credit claimed by a taxpayer for donating a conservation easement and appropriates \$473,874 to the Department among other appropriations.
4. The appropriation includes an increase of \$414,809 and 4.2 FTE for the annualization of prior year funding from special bills or executive change requests.
5. House Bill 08-1227 continues the Public Utilities Commission (PUC) until 2019 and permits basic residential telephone service providers to apply to the PUC for permission to increase the price of service. Appropriates \$397,473 cash funds and 4.0 FTE to the Department of Regulatory Agencies among other appropriations.
6. The appropriation includes a \$359,902 increase in cash funds for telephone user cost adjustments in connection with the Disabled Telephone Users Fund.
7. The appropriation includes a \$163,772 increase in cash funds for leased space to accommodate a significant increase in new staff as a result of the passage of 14 bills adding 17.0 FTE in FY 2007-08 and an additional 3.7 FTE in FY 2008-09.
8. The appropriation includes a \$89,706 increase in cash funds to image an existing backlog of application records.
9. The appropriation includes a \$73,455 increase in cash funds and 1.2 FTE to implement the provisions of two bills enacted in 2007 which require additional analysis related to qualifying and disqualifying convictions as well as determining "good moral character" for movers of household goods and passenger carriers.

Detail of Appropriation by Administrative Section

Executive Director's Office and Administrative Services

This Office oversees and coordinates the operations of the Department's various divisions. It also performs departmental administrative functions, including accounting, budgeting, data processing, human resources, purchasing, facilities planning, and management reporting. The Office of Policy Research and Regulatory Reform (OPRRR), which is also within this office, conducts sunrise and sunset evaluations of divisions, commissions, and boards located throughout state government. The Division's cash funds derive from a variety of cash funds within the Department. The reappropriated funds 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 2007-08 Appropriation:						
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	61,441	0	61,441	0	0	0.0
SB 07-137	82,763	0	82,763	0	0	0.0
SB 07-187	5,500	0	5,500	0	0	0.0
SB 07-203	160,789	0	160,789	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 07-1234	42,000	0	42,000	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	35,978	0	35,978	0	0	0.0
HB 08-1298	<u>(86,841)</u>	<u>(2,415)</u>	<u>(75,497)</u>	<u>(7,853)</u>	<u>(1,076)</u>	<u>0.0</u>
TOTAL	\$19,517,841	\$432,628	\$13,332,789	\$5,587,527	\$164,897	54.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$19,517,841	\$432,628	\$13,332,789	\$5,587,527	\$164,897	54.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
FY 2008-09 salary and benefits adjustments	1,011,119	1,196	653,360	310,408	46,155	0.0
Operating adjustments	452,224	54,399	342,515	67,553	(12,243)	0.0
Annualize prior year funding	422,567	10,000	259,685	6,618	146,264	0.0
Leased space increase	163,772	0	163,772	0	0	0.0
Annualize salary and benefits adjustments	102,887	(564)	(190)	103,641	0	0.0
Fund mix adjustment	0	(30,950)	17,500	13,450	0	0.0
Eliminate one-time appropriations	(98,684)	0	0	(98,684)	0	0.0
Other	155	0	155	0	0	0.0
HB 08-1375	\$21,571,881	\$466,709	\$14,769,586	\$5,990,513	\$345,073	54.0
SB 08-29	9,004	0	9,004	0	0	0.0
SB 08-152	10,805	0	10,805	0	0	0.0
SB 08-155	0	0	0	0	0	(1.7)
SB 08-200	60,073	60,073	0	0	0	0.0
SB 08-219	18,008	0	18,008	0	0	0.0
HB 08-1058	10,084	0	10,084	0	0	0.0
HB 08-1216	200,000	0	200,000	0	0	0.0
HB 08-1226	3,602	0	3,602	0	0	0.0
HB 08-1227	43,218	0	43,218	0	0	0.0
HB 08-1353	<u>217,548</u>	<u>0</u>	<u>217,548</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$22,144,223	\$526,782	\$15,281,855	\$5,990,513	\$345,073	52.3
Increase/(Decrease)						
	\$2,626,382	\$94,154	\$1,949,066	\$402,986	\$180,176	(1.7)
Percentage Change						
	13.5%	21.8%	14.6%	7.2%	109.3%	-3.1%

H.B. 08-1375 (Long Bill) Issue Descriptions

FY 2008-09 salary and benefits adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey, performance-based pay awards, state contributions to health, life, and dental benefits, shift differential, and state contributions to the Public Employees' Retirement

Association (PERA) pension fund. All salary survey and performance based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Operating adjustments: The appropriation includes increases for common policy adjustments for legal services, administrative law judges, purchase of services from computer center, payment to risk management, vehicle lease payments, leased space, and capitol complex leased space.

Annualize prior year funding: The appropriation includes a \$526,028 increase to annualize legal services appropriated in 2007 session new legislation, \$200,000 for Information Technology Asset Maintenance, and reductions of \$257,504 for Hardware/Software Maintenance, \$40,931 for Leased Space, and \$5,026 for other personal services and operating expenses.

Leased space increase: The appropriation includes an increase of \$163,772 to accommodate a significant increase in new staff as a result of the passage of 14 bills adding 17.0 FTE in FY 2007-08 and an additional 3.7 FTE added in FY 2008-09.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Fund mix adjustment: The appropriation includes a funding mix adjustment for sunset reviews that increases cash funds and reappropriated funds and decreases General Fund.

Eliminate one-time appropriations: The appropriation includes the elimination of one-time \$98,684 reappropriated funds for information technology asset maintenance costs related to change requests in FY 2007-08. This includes a reduction of \$96,150 for a document imaging system and \$2,534 for Financial Services FTE.

Other: The appropriation includes 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. For information on S.B. 08-155, see the "Recent Legislation" section at the end of the Governor - Lieutenant Governor - State Planning and Budgeting.

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, trust department operations, electronic funds transfers, electronic data processing, and the Uniform Consumer Credit Code. 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 2007-08 Appropriation:						
SB 07-239	\$3,486,162	\$0	\$3,486,162	\$0	\$0	38.5
HB 08-1298	<u>12,000</u>	<u>0</u>	<u>12,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,498,162	\$0	\$3,498,162	\$0	\$0	38.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$3,498,162	\$0	\$3,498,162	\$0	\$0	38.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	69,086	0	69,086	0	0	0.0
Indirect cost assessment adjustment	19,938	0	19,938	0	0	0.0
HB 08-1375	<u>\$3,587,186</u>	<u>\$0</u>	<u>\$3,587,186</u>	<u>\$0</u>	<u>\$0</u>	<u>38.5</u>
TOTAL	\$3,587,186	\$0	\$3,587,186	\$0	\$0	38.5
Increase/(Decrease)	\$89,024	\$0	\$89,024	\$0	\$0	0.0
Percentage Change	2.5%	n/a	2.5%	n/a	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Indirect cost assessment adjustment: The appropriation includes an increase to accommodate costs incurred by the Executive Director's Office.

Civil Rights Division

The Civil Rights Division is the administrative arm of the Colorado Civil Rights Commission. It carries out state laws that prohibit discrimination in employment, housing, and public accommodations on the basis of race, sex, national origin, ancestry, physical or mental disability, religion, color, or marital status (housing and public accommodations only). The primary duties of the Commission and of Division personnel are the

investigation and adjudication of charges of unfair or discriminatory practices, and the supervision of hearings upon complaints issued against a respondent pursuant to statute. The Division's Compliance Unit 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 is primarily funded with General Fund, then from federal grants, and from reappropriated funds from excess statewide indirect cost collections.

Civil Rights Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,752,685	\$973,145	\$0	\$311,532	\$468,008	31.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize prior year funding	62,997	62,997	0	0	0	1.0
Annualize salary and benefits adjustments	30,479	37,221	0	(3,115)	(3,627)	0.0
Indirect cost offset	0	(110,650)	0	110,650	0	0.0
Indirect cost assessment adjustment	(20,109)	0	0	0	(20,109)	0.0
HB 08-1375	\$1,826,052	\$962,713	\$0	\$419,067	\$444,272	32.0
SB 08-200	<u>21,732</u>	<u>21,732</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.4</u>
TOTAL	\$1,847,784	\$984,445	\$0	\$419,067	\$444,272	32.4
Increase/(Decrease)	\$95,099	\$11,300	\$0	\$107,535	(\$23,736)	1.4
Percentage Change	5.4%	1.2%	n/a	34.5%	-5.1%	4.5%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize prior year funding: The appropriation includes an increase of \$62,997 General Fund and 1.0 FTE, pursuant to S.B. 07-25 (Sexual Orientation Employment Discrimination).

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Indirect cost offset: The appropriation includes an offset to General Fund as a result of additional indirect cash funds within the Department due to changes in federal indirect cost recovery policy and staffing fluctuations.

Indirect cost assessment adjustment: The appropriation includes a decrease to accommodate federal administrative cost recovery cap adjustments and current staffing levels.

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

Office of Consumer Counsel

The Office of Consumer Counsel represents the interests of residential, agricultural, and small businesses in cases before the Public Utilities Commission (PUC). These cases involve proposed changes to electric, gas, and telecommunications rates, services, and policies. 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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$891,177	\$0	\$891,177	\$0	\$0	7.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	20,058	0	20,058	0	0	0.0
Indirect cost assessment adjustment	3,625	0	3,625	0	0	0.0
HB 08-1375	<u>\$914,860</u>	<u>\$0</u>	<u>\$914,860</u>	<u>\$0</u>	<u>\$0</u>	<u>7.0</u>
TOTAL	\$914,860	\$0	\$914,860	\$0	\$0	7.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$23,683	\$0	\$23,683	\$0	\$0	0.0
Percentage Change	2.7%	n/a	2.7%	n/a	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Indirect cost assessment adjustment: The appropriation includes an increase to accommodate costs incurred by the Executive Director's Office.

Division of Financial Services

This division regulates state-chartered credit unions, savings and loan institutions, and life care institutions. It also administers the federal Public Deposit Protection Act, which safeguards the uninsured deposits of public moneys in state and federal savings and loan associations. On-site examinations are conducted through a risk-based program to ensure financial stability and compliance with state and federal laws. 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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,168,643	\$0	\$1,168,643	\$0	\$0	13.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	27,683	0	27,683	0	0	0.0
Indirect cost assessment adjustment	6,733	0	6,733	0	0	0.0
Annualize prior year funding	(5,250)	0	(5,250)	0	0	0.0
HB 08-1375	<u>\$1,197,809</u>	<u>\$0</u>	<u>\$1,197,809</u>	<u>\$0</u>	<u>\$0</u>	<u>13.0</u>

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
TOTAL	\$1,197,809	\$0	\$1,197,809	\$0	\$0	13.0
Increase/(Decrease)	\$29,166	\$0	\$29,166	\$0	\$0	0.0
Percentage Change	2.5%	n/a	2.5%	n/a	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Indirect cost assessment adjustment: The appropriation includes an increase to accommodate costs incurred by the Executive Director's Office.

Annualize prior year funding: The appropriation includes a reduction of \$5,250 cash funds for the FY 2007-08 change request for additional Credit Union Examiners FTE.

Division of Insurance

This division regulates insurance professionals and insurance companies, non-profit hospitals and health service corporations, health maintenance organizations, workers' compensation self-insurance pools, and pre-need funeral contracts. The cash funds are from tax assessments and license fees paid by regulated entities. The federal funds support the Senior Health Counseling Program.

Division of Insurance						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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>(4,808)</u>	<u>0</u>	<u>(4,808)</u>	<u>0</u>	<u>0</u>	<u>(0.2)</u>
TOTAL	\$8,318,510	\$0	\$7,776,593	\$20,000	\$521,917	82.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$8,318,510	\$0	\$7,776,593	\$20,000	\$521,917	82.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	145,192	0	145,192	0	0	0.0
Indirect cost assessment adjustment	61,877	0	61,548	0	329	0.0
Annualize prior year funding	36,378	0	36,378	0	0	0.2
Eliminate one-time appropriations	(20,000)	0	0	(20,000)	0	0.0
HB 08-1375	\$8,541,957	\$0	\$8,019,711	\$0	\$522,246	82.2
SB 08-11	10,848	0	10,848	0	0	0.2
SB 08-135	12,928	0	12,928	0	0	0.0
SB 08-217	29,500	0	29,500	0	0	0.0
HB 08-1385	8,774	0	8,774	0	0	0.0
HB 08-1389	309,985	0	309,985	0	0	4.5
HB 08-1393	<u>14,705</u>	<u>0</u>	<u>14,705</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$8,928,697	\$0	\$8,406,451	\$0	\$522,246	86.9
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Increase/(Decrease)	\$610,187	\$0	\$629,858	(\$20,000)	\$329	4.9
Percentage Change	7.3%	n/a	8.1%	-100.0%	0.1%	6.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Indirect cost assessment adjustment: The appropriation includes an increase to accommodate costs incurred by the Executive Director's Office.

Annualize prior year funding: The appropriation includes an increase of \$58,287 cash funds for further pass-through to the Department of Law for insurance fraud prosecution. The increase includes indirect cost assessments and applicable salary and benefits adjustments for the FTE who work in the Insurance Fraud program in the Department of Law. The appropriation also includes a reduction of \$21,909 cash funds and an

increase of 0.2 FTE, as a result of the passage of S.B. 07-4 (HCPF/DHS-DD Payment System), S.B. 07-249 (Title Insurance), H.B. 07-1104 (Property Casualty Insurance), and H.B. 07-1234 (Insurance E-file).

Eliminate one-time appropriations: The appropriation includes the elimination of one-time \$20,000 reappropriated funds related to the Blue Ribbon Commission on Health Care Reform.

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

Public Utilities Commission

The Public Utilities Commission (PUC) regulates the rates and services of fixed utilities and transportation utilities located in the state and administers the Colorado Telecommunications High Cost Program, the Low-Income Telephone Assistance 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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>381,074</u>	<u>(381,074)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$14,835,621	\$8,405	\$14,827,216	\$0	\$0	96.9
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Telephone user cost adjustments	359,902	0	359,902	0	0	0.0
Annualize salary and benefits adjustments	218,922	0	218,922	0	0	0.0
Indirect cost assessment adjustment	92,671	0	92,671	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Background check requirements	73,455	0	73,455	0	0	1.2
Annualize prior year funding	(204,842)	(8,405)	(196,437)	0	0	(1.0)
Other	(500)	0	(500)	0	0	0.0
HB 08-1375	\$15,375,229	\$0	\$15,375,229	\$0	\$0	97.1
HB 08-1227	<u>354,255</u>	<u>0</u>	<u>354,255</u>	<u>0</u>	<u>0</u>	<u>4.0</u>
TOTAL	\$15,729,484	\$0	\$15,729,484	\$0	\$0	101.1
Increase/(Decrease)	\$893,863	(\$8,405)	\$902,268	\$0	\$0	4.2
Percentage Change	6.0%	-100.0%	6.1%	n/a	n/a	4.3%

H.B. 08-1375 (Long Bill) Issue Descriptions

Telephone user cost adjustments: The appropriation includes an increase of \$359,902 for telephone user cost adjustments in connection with the Disabled Telephone Users Fund (DTUF). Phone companies impose a fee, set by the PUC, on each phone line in the state with the resulting revenues deposited in the Disabled Telephone Users Fund. Moneys in the fund are continuously appropriated to pay telecommunications services for disabled individuals. An increase of \$427,803 is expected to be required for the DTUF in FY 2008-09, offset by a reduction of \$94,848 for Low-Income Telephone Assistance. The increase also includes a \$10,032 increase in funding transferred to the Department of Human Services for the Commission for the Deaf and Hard of Hearing and a \$16,915 increase transferred from the Department of Human Services for the Commission for the Blind or Visually Impaired.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Indirect cost assessment adjustment: The appropriation includes an increase of \$92,671 to accommodate costs incurred by the Executive Director's Office.

Background check requirements: The appropriation includes an increase of \$73,455 cash funds and 1.2 FTE to implement the provisions of H.B. 07-1065 (Passenger Carriers Criminal History Check) and H.B. 07-1249 (Regulate Movers of Household Goods) and to perform criminal history background checks which require additional analysis related to qualifying and disqualifying convictions as well as determining "good moral character" as is required by H.B. 07-1249.

Annualize prior year funding: The appropriation includes a reduction of \$204,842 and 1.0 FTE, as a result of the passage of H.B. 07-1037 (Natural Gas Utility Efficiency), H.B. 07-1065 (Passenger Carriers Criminal History Check), H.B. 07-1114 (Taxicab Regulation Certificate Fees), H.B. 07-1228 (Renewable Fuels BTU

Credits Excise), H.B. 07-1249 (Regulate Movers of Household Goods), and H.B. 07-1274 (Commission for Visually Impaired Individuals).

Other: The appropriation includes small changes to the Colorado Bureau of Investigation Background Checks Pass-through.

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 mortgage brokers, real estate brokers and appraisal professionals, analyzes subdivision offerings on undeveloped land, and administers an enforcement program that is responsive to the needs of the industry and the consumer. 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 2007-08 Appropriation:						
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	261,674	0	261,674	0	0	1.8
SB 07-216	343,786	0	343,786	0	0	1.5
HB 07-1322	376,486	0	376,486	0	0	2.5
HB 08-1298	(545,692)	0	(545,692)	0	0	(1.8)
HB 08-1375 (Section 16)	<u>50,000</u>	<u>2,653</u>	<u>0</u>	<u>47,347</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,858,279	\$2,653	\$3,808,279	\$47,347	\$0	44.8
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>47,347</u>	<u>(47,347)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$3,858,279	\$2,653	\$3,855,626	\$0	\$0	44.8
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize prior year funding	150,064	0	150,064	0	0	2.4
Indirect cost assessment adjustment	94,721	0	94,721	0	0	0.0
Annualize salary and benefits adjustments	66,489	0	66,489	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Eliminate one-time appropriations	(50,000)	(2,653)	(47,347)	0	0	0.0
Mortgage broker legislation economy of scale	(30,133)	0	(30,133)	0	0	(0.7)
Other	52	0	52	0	0	0.0
HB 08-1375	\$4,089,472	\$0	\$4,089,472	\$0	\$0	46.5
HB 08-1353	<u>256,326</u>	<u>0</u>	<u>256,326</u>	<u>0</u>	<u>0</u>	<u>3.6</u>
TOTAL	\$4,345,798	\$0	\$4,345,798	\$0	\$0	50.1
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Increase/(Decrease)	\$487,519	(\$2,653)	\$490,172	\$0	\$0	5.3
Percentage Change	12.6%	-100.0%	12.7%	n/a	n/a	11.8%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize prior year funding: The appropriation includes an increase of \$118,183 cash funds and 2.4 FTE related to the passage of S.B. 07-85 (Protection of Consumer Real Estate Transactions), S.B. 07-203 (Mortgage Broker Licensing), S.B. 07-216 (Mortgage Broker Loan Fraud Practices), and H.B. 07-1322 (Mortgage Fraud Prevention Act). The appropriation includes an increase of \$44,410 cash funds for further pass-through to the Department of Law for mortgage broker consumer protection. The increase includes indirect cost assessments and applicable salary and benefits adjustments for the FTE who work in the Mortgage Broker program in the Department of Law. The appropriation includes reductions of \$8,487 for several bills passed in 2007 and \$4,042 related to the FY 2007-08 change request for Real Estate Appraiser FTE.

Indirect cost assessment adjustment: The appropriation includes an increase to accommodate costs incurred by the Executive Director's Office.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Eliminate one-time appropriations: The appropriation includes the elimination of a one-time FY 2007-08 increase of \$50,000 to make statutorily required payments from the Real Estate Recovery Fund, pursuant to Section 12-61-302 (1) (b), C.R.S.

Mortgage broker legislation economy of scale: The appropriation includes a reduction of \$30,133 cash funds and 0.7 FTE related to an economy of scale created from the passage of four mortgage broker bills in 2007: S.B. 07-85 (Protection of Consumer Real Estate Transactions), S.B. 07-203 (Mortgage Broker Licensing), S.B. 07-216 (Mortgage Broker Loan Fraud Practices), and H.B. 07-1322 (Mortgage Fraud Prevention Act).

Other: The appropriation includes a reduction for operating adjustments.

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

Division of Registrations

The Division of Registrations regulates more than 300,000 licensees in more than 50 professions and occupations throughout Colorado. Its boards and licensing programs have been created by the General Assembly to ensure a basic level of competence among licensees and to protect the public welfare. The Division's licensing examinations measure applicants' knowledge, skills, and abilities. The Division also licenses or approves qualified facilities, programs, and equipment. Public protection is further enhanced by conducting inspections, investigating complaints, and restricting or revoking licenses when generally accepted standards of practice or safety have not been met. The Division is primarily funded with cash funds from fees paid by those it licenses. The reappropriated funds 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 2007-08 Appropriation:						
SB 07-239	\$15,720,766	\$0	\$13,581,758	\$2,139,008	\$0	166.2
SB 07-107	111,395	0	111,395	0	0	1.6
SB 07-137	76,656	0	76,656	0	0	0.7
SB 07-204	31,267	0	31,267	0	0	0.0
HB 07-1331	<u>127,141</u>	<u>0</u>	<u>127,141</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$16,067,225	\$0	\$13,928,217	\$2,139,008	\$0	169.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$16,067,225	\$0	\$13,928,217	\$2,139,008	\$0	169.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Indirect cost assessment adjustment	338,952	0	332,460	0	6,492	0.0
Annualize salary and benefits adjustments	278,038	0	238,485	39,553	0	0.0
Records management funding	89,706	0	89,706	0	0	0.0
Medical examination board FTE	72,760	0	72,760	0	0	0.9

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Funding mix adjustment	0	0	(2,754)	2,754	0	0.0
Annualize prior year funding	(72,275)	0	(72,275)	0	0	1.6
HB 08-1375	\$16,774,406	\$0	\$14,586,599	\$2,181,315	\$6,492	172.0
SB 08-29	35,530	0	35,530	0	0	0.5
SB 08-152	96,311	0	96,311	0	0	1.2
SB 08-188	67,400	67,400	0	0	0	0.0
SB 08-219	498,351	0	498,351	0	0	3.5
HB 08-1058	46,665	0	46,665	0	0	0.6
HB 08-1383	<u>34,688</u>	<u>0</u>	<u>34,688</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$17,553,351	\$67,400	\$15,298,144	\$2,181,315	\$6,492	178.3
Increase/(Decrease)	\$1,486,126	\$67,400	\$1,369,927	\$42,307	\$6,492	8.8
Percentage Change	9.2%	n/a	9.8%	2.0%	n/a	5.2%

H.B. 08-1375 (Long Bill) Issue Descriptions

Indirect cost assessment adjustment: The appropriation includes an increase to accommodate costs incurred by the Executive Director's Office.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Records management funding: The appropriation includes \$89,706 cash funds to image an existing backlog of boxes of application records and to provide an ongoing funding amount to image records annually.

Medical examination board FTE: The appropriation includes an increase of \$72,760 cash funds and 0.9 FTE to manage and expedite high priority and complex complaints received by the Board of Medical Examiners (BME).

Funding mix adjustment: The appropriation includes adjustments to the amount of moneys received by the Department of Human Services and the Department of Health Care Policy and Finance related to the certified nursing assistant program.

Annualize prior year funding: The appropriation includes a reduction of \$72,275 cash funds and an increase of 1.6 FTE as a result of the passage of S.B. 07-107 (Landscape Architects), S.B. 07-135 (Plumbers Apprentice

Registration), S.B. 07-204 (Electronic Prescription Drug Monitoring), and H.B. 07-1331 (Michael Skolnik Medical Transparency Act).

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

Division of Securities

This division monitors the conduct of securities broker-dealers and sales representatives throughout Colorado. It also investigates citizen complaints and other indications of investment fraud. In addition to license application screening, Division personnel perform on-site examinations of broker-dealer offices. The Division is funded entirely with cash funds from fees and assessments paid by regulated entities.

Division of Securities						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$2,439,914	\$0	\$2,439,914	\$0	\$0	20.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	46,549	0	46,549	0	0	0.0
Annualize prior year funding	25,170	0	25,170	0	0	0.0
Indirect cost assessment adjustment	10,357	0	10,357	0	0	0.0
HB 08-1375	<u>\$2,521,990</u>	<u>\$0</u>	<u>\$2,521,990</u>	<u>\$0</u>	<u>\$0</u>	<u>20.0</u>
TOTAL	\$2,521,990	\$0	\$2,521,990	\$0	\$0	20.0
Increase/(Decrease)	\$82,076	\$0	\$82,076	\$0	\$0	0.0
Percentage Change	3.4%	n/a	3.4%	n/a	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases

are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the division.

Annualize prior year funding: The appropriation includes an increase of \$25,170 cash funds for further pass-through to the Department of Law for securities fraud prosecution. The increase includes indirect cost assessments and applicable salary and benefits adjustments for the FTE who work in the Securities Fraud program in the Department of Law.

Indirect cost assessment adjustment: The appropriation includes an increase to accommodate costs incurred by the Executive Director's Office.

Recent Legislation

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) develop 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. 07-187: 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.

2008 Session Bills

S.B. 08-11: Requires insurance companies to include medical payments coverage of at least \$5,000 on motor vehicle policies beginning January 1, 2009. Appropriates \$10,848 cash funds and 0.2 FTE to the Division of Insurance for FY 2008-09.

S.B. 08-29: Requires architects to complete continuing education and to participate in a continuing competency program in order to renew their licenses. Appropriates \$44,534 cash funds to the Department, of which \$35,530 and 0.5 FTE is appropriated to the Division of Registrations and \$9,004 is appropriated to the Executive Director's Office, for legal services, for FY 2008-09. Appropriates \$9,004 reappropriated funds to the Department of Law for the provision of legal services.

S.B. 08-135: Requires state regulated health insurance carriers to issue to their new and renewing members, a standardized, printed card containing benefit information by July 1, 2009, and by July 1, 2010, for all plan members. Private health plans covered by the Employee Retirement Security Act are not subject to S.B. 08-135. Appropriates \$12,928 cash funds to the Division of Insurance for FY 2008-09.

S.B. 08-152: Requires occupational therapists to be registered and establishes a registration program in the Division of Registrations. Appropriates \$107,116 cash funds to the Department, of which \$96,311 and 1.2 FTE is appropriated to the Division of Registrations and \$10,805 is appropriated to the Executive Director's Office, for legal services, for FY 2008-09. Appropriates \$10,805 reappropriated funds to the Department of Law for the provision of legal services.

S.B. 08-155: Consolidates the responsibility for information technology oversight of most of the State's executive branch in the Governor's Office of Information Technology. Reduces appropriations to the Department of Regulatory Agencies by 1.7 FTE. For additional information on this bill, see the "Recent Legislation" section for the Governor - Lieutenant Governor - State Planning and Budgeting.

S.B. 08-188: Establishes a 14-member committee to develop and implement a pilot program to model the effective participation of direct care nurses in decision-making processes in hospitals in the Division of

Registrations. Appropriates \$67,400 General Fund to the Division of Registrations. Provides an associated reduction of \$67,400 General Fund to the FY 2008-09 Long Bill appropriation to the Controlled Maintenance Trust Fund.

S.B. 08-200: This bill adds the prohibition of discrimination based on sexual orientation to non-discrimination statutes affecting housing, employment not covered by H.B. 07-25, education, public accommodations and health care. Appropriates \$81,805 General Fund to the Department, of which \$21,732 and 0.4 FTE is appropriated to the Division of Civil Rights and \$60,073 is appropriated to the Executive Director's Office, for legal services, for FY 2008-09. Appropriates \$60,073 reappropriated funds and 0.5 FTE to the Department of Law for the provision of legal services. Provides an associated reduction of \$81,805 General Fund to the FY 2008-09 Long Bill appropriation to the Controlled Maintenance Trust Fund.

S.B. 08-217: Requires the Department of Health Care Policy and Financing, in coordination with the Division of Insurance and a panel of experts, to prepare a request for information from health insurance carriers and other interested parties. Appropriates \$29,500 cash funds to the Division of Insurance to provide approximately 700 hours of health insurance and actuarial expertise. For additional information on this bill, see the "Recent Legislation" section for the Department of Health Care Policy and Financing.

S.B. 08-219: Requires massage therapists to be registered and establishes a registration program in the Division of Registrations. Appropriates \$516,359 cash funds to the Department of Regulatory Agencies. Of this amount, \$254,583 and 3.5 FTE is appropriated to the Division of Registrations, \$243,768 is for pass-through to the Department of Public Safety for background checks, and \$18,008 is appropriated to the Executive Director's Office, for legal services, for FY 2008-09. Appropriates \$243,768 reappropriated funds to the Department of Public Safety. Of this amount, \$131,643 and 1.2 FTE is appropriated to the Colorado Bureau of Investigation and \$112,125 is for pass-through to the Federal Bureau of Investigation to perform criminal history background checks. Appropriates \$10,805 reappropriated funds to the Department of Law for the provision of legal services.

H.B. 08-1058: Requires athlete agents to register with the Division of Registrations if they intend to represent a college athlete in the pursuit of commercial or professional interests. Appropriates \$56,749 cash funds to the Department, of which \$46,665 and 0.6 FTE is appropriated to the Division of Registrations and \$10,084 is appropriated to the Executive Director's Office, for legal services and leased space, for FY 2008-09. Appropriates \$7,564 reappropriated funds to the Department of Law for the provision of legal services.

H.B. 08-1216: Creates the Consumer Outreach and Education Program and requires the Division of Insurance present a plan to the Joint Budget Committee regarding the establishment of an Office of Insurance Ombudsman by September 15, 2008. Creates the Consumer Outreach and Education Cash Fund comprised of surcharges on fines collected by the Department related to professions and occupations, up to \$200,000 per year. Appropriates \$200,000 cash funds to the Executive Director's Office for FY 2008-09.

H.B. 08-1226: Permits a certified public accountant (CPA) or registered public accountant from another state or foreign country to practice in Colorado without registering with the Department of Regulatory Agencies, State Board of Public Accountancy. Appropriates \$3,602 to the Executive Director's Office, for legal services, to update its rules related to non-resident CPAs. Appropriates \$3,602 reappropriated funds to the Department of Law for the provision of legal services.

H.B. 08-1227: Continues the Public Utilities Commission (PUC) until 2019 and permits basic residential telephone service providers to apply to the PUC for permission to increase the price of service. Appropriates \$397,473 cash funds to the Department, of which \$354,255 and 4.0 FTE is appropriated to the Public Utilities Commission and \$43,218 is appropriated to the Executive Director's Office, for legal services, for FY 2008-09. Appropriates \$43,218 reappropriated funds and 0.3 FTE to the Department of Law for the provision of legal services. Appropriates \$15,578 cash funds and 0.2 FTE to the Department of Human Services to harmonize eligibility for the Low-Income Energy Assistance Program and the Low-Income Telephone Assistance Programs at 185 percent of the federal poverty level.

H.B. 08-1298: Supplemental FY 2007-08 appropriation for the Department. Also includes supplemental adjustments to further modify FY 2006-07 appropriations to the Division of Real Estate included in H.B. 07-203 and H.B. 07-1322.

H.B. 08-1353: Adds requirements to verify the validity of a state income tax credit claimed by a taxpayer for donating a conservation easement. Appropriates \$473,874 to the Department, of which \$256,326 and 3.6 FTE is appropriated to the Division of Real Estate to review conservation easement appraisals and establish a conservation easement holder certification program; and \$217,548 is allocated to the Executive Director's Office for information technology costs and leased space. Appropriates \$92,818 General Fund and 2.0 FTE to the Department of Revenue for the review of gross conservation easements. Provides an associated reduction of \$92,818 General Fund to the FY 2008-09 Long Bill appropriation to the Controlled Maintenance Trust Fund.

H.B. 08-1375: General appropriations act for FY 2008-09. Also includes supplemental adjustments to further modify appropriations to the Division of Real Estate included in the FY 2007-08 Long Bill.

H.B. 08-1383: Creates an inactive status for professional and practical nursing licenses and requires that a nurse demonstrate continued competency as part of the reactivation process. Appropriates \$34,688 cash funds and 0.5 FTE to the Division of Registrations for FY 2008-09.

H.B. 08-1385: Requires the Insurance Commissioner to implement and maintain a consumer guide to health benefits coverage on the Division of Insurance website. Appropriates \$8,774 cash funds to the Division of Insurance for FY 2008-09.

H.B. 08-1389: Creates the Fair Accountable Insurance Rates Act for health insurance rates that take effect on or after January 1, 2009. Requires insurance companies to seek preapproval for rate increases and to file complete and detailed descriptions of their rating and renewal underwriting practices with the Commissioner of Insurance. Appropriates \$309,985 cash funds and 4.5 FTE to the Division of Insurance for FY 2008-09.

H.B. 08-1393: Requires health insurance carriers to submit certain information to the Division of Insurance, including a list of the average reimbursement rates for the 25 most common inpatient procedures and producer compensation schedules; the Commissioner may post this information on the division's website. Directs the Health Care Task Force to study the feasibility of ambulatory surgical centers reporting information on their charges for inclusion on the Colorado Hospital Association website. Appropriates \$14,705 cash funds to the Division of Insurance for FY 2008-09.

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, and administers the taxpayer service division and the tax conferee. The Division of Motor Vehicles regulates motor vehicle safety, issues personal identification documents, issues titles and registration documents for motor vehicles, enforces vehicle emission standards, operates the Motorist Insurance Identification Database program, and regulates commercial vehicles in a separate division. The Enforcement group regulates limited stakes gambling, alcohol, tobacco, racing events, and motor vehicle dealers, and administers the hearings division. The three functional areas are supported by the Executive Director's Office and the Central Department Operations and Information Technology divisions.

The Department is statutorily authorized to contract with cities and counties for collecting any tax which it also collects for state government. The Central Department Operations Division currently receives and distributes sales and use taxes on behalf of more than 246 local governments and special districts.

The Department also operates the State Lottery, which accounts for approximately 70 percent of the Department's annual budget. Lottery proceeds are distributed to the Conservation Trust Fund, Great Outdoors Colorado, Parks and Outdoors Recreation, and for public school construction projects.

Department Budget: Recent Appropriations

Funding Source	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund	\$82,781,784	\$93,811,579	\$95,291,960	\$101,575,192
Cash Funds	44,027,000	45,263,855	53,730,841	517,664,401
Cash Funds Exempt/1	413,319,584	442,883,386	453,907,053	n/a
Reappropriated Funds/1	n/a	n/a	n/a	1,392,448
Federal Funds	<u>1,674,459</u>	<u>1,561,754</u>	<u>1,546,214</u>	<u>1,471,598</u>
Total Funds	\$541,802,827	\$583,520,574	\$604,476,068	\$622,103,639
Full Time Equiv. Staff	1,429.9	1,422.1	1,480.0	1,495.4

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

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 2008-09 consists of 16.3 percent General Fund, 83.2 percent cash funds, 0.2 percent reappropriated funds, and 0.2 percent federal funds.

Taxation

Last year, the Department received and distributed \$9.8 billion in state and local taxes. The complexity of the Colorado's tax structure affects the resources required by the Taxation Business Group and the Central Department Operations and Information Technology divisions. Colorado's sales and use tax structure is particularly complex, relative to other states. In addition to state taxes, 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 it 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 number of drivers licenses issued dropped in 2006-07 as the first drivers with ten-year licenses do not have to renew. The State will return to five-year renewals as a result of subsequent legislation.

Number of Documents Issued by Drivers License Offices				
FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
1,344,643	1,101,291	1,322,344	1,056,727	629,888

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. The Act 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.

Senate Bill 07-241 refinanced the Driver and Vehicle Services, lowering General Fund appropriations by \$5.8 million and increasing cash fund appropriations from the Licensing Services Cash Fund by a like amount. The act authorized the opening of three new drivers license offices in the front range and 53.0 FTE to staff the new offices and to increase staff at other offices.

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 2002-03 Actual	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Approp.
Total	\$ 21,296,325	\$ 20,643,492	\$ 22,468,442	\$ 23,336,702	\$ 23,631,889	\$ 25,408,418
FTE	<u>325.7</u>	<u>307.2</u>	<u>338.0</u>	<u>309.8</u>	<u>313.6</u>	<u>374.2</u>
General Fund	14,669,667	10,688,206	8,379,409	7,759,680	17,066,680	13,560,671
HUTF	5,077,198	4,566,446	8,441,863	8,948,375	0	0
Cash Funds	2,000	3,727,405	4,231,740	4,909,538	5,046,911	10,382,081
Cash Funds Exempt ¹	1,426,398	1,419,174	1,415,430	1,719,109	1,518,298	1,465,666
Federal Funds	121,062	242,261	0	0	0	0

/1 For FY 2008-09, these "cash funds exempt" will be categorized as "cash funds".

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 a request for proposal, contract negotiation, and deployment of system components for three tax types. Subsequently, the General Assembly appropriated \$9.5 million capital construction funds for FY 2007-08 and \$7.8 million capital construction funds for FY 2008-09.

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 appropriations 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.

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 2006-07, gaming revenues were \$111 million. The Division of Racing Events collected approximately \$3.2 million in pari-mutual taxes 2006-07.

Lottery

The State Lottery recorded sales of \$455.7 million in FY 2006-07. Net proceeds were \$118.9 million, and were distributed as follows: \$47.5 million to the Conservation Trust Fund; \$51.3 million to Great Outdoors Colorado; \$11.9 million to Parks and Outdoor Recreation; and \$8.2 million for public school construction projects. The goal of the State Lottery is to maximize revenue, and its FY 2008-09 appropriation includes \$11.7 million for marketing, an increase of \$3 million.

Summary of FY 2007-08 and FY 2008-09 Appropriations

Department of Revenue						
	Total Funds	General Fund/1	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$604,476,068	\$95,291,960	\$53,730,841	\$453,907,053	\$1,546,214	1,480.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	27,518,078	16,426,272	3,417,363	7,674,443	0	43.8
Central Department Operations Division	11,362,306	10,617,443	127,866	616,997	0	109.9
Information Technology Division	12,578,305	5,233,075	445,397	6,833,024	66,809	119.8
Taxation Business Group	50,992,863	47,718,329	92,201	2,425,928	756,405	321.0
Division of Motor Vehicles	29,920,603	14,515,708	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	422,213,903	0	0	422,213,903	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
HB 08-1299	41,465,893	991,936	(21,572)	40,495,529	0	0.3
	Total Funds	General Fund/1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$622,103,639	\$101,575,192	\$517,664,401	\$1,392,448	\$1,471,598	1,495.4
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	31,254,025	18,738,550	12,089,596	425,879	0	44.2
Central Department Operations Division	11,480,172	10,659,191	716,511	104,470	0	109.9
Information Technology Division	12,902,998	5,091,656	7,337,490	473,852	0	118.1

	Total Funds	General Fund/1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Taxation Business Group	55,003,131	51,638,043	2,437,432	201,828	725,828	325.0
Division of Motor Vehicles	30,903,623	14,620,758	16,282,865	0	0	446.3
Motor Carrier Services Division	8,520,301	661,634	7,038,651	74,246	745,770	144.2
Enforcement Business Group	42,456,545	165,360	42,179,012	112,173	0	181.7
State Lottery Division	429,582,844	0	429,582,844	0	0	126.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	621,136,308	101,482,374	516,789,888	1,392,448	1,471,598	1,493.4
SB 08-101	75,900	0	75,900	0	0	0.0
SB 08-155	0	0	0	0	0	(4.5)
SB 08-178	91,080	0	91,080	0	0	0.0
SB 08-186	60,720	0	60,720	0	0	0.0
HB 08-1105	1,953	0	1,953	0	0	0.0
HB 08-1175	30,360	0	30,360	0	0	0.0
HB 08-1194	614,500	0	614,500	0	0	4.5
HB 08-1353	92,818	92,818	0	0	0	2.0

/1 Includes \$27,500,000 in FY 2007-08 and \$30,600,000 in FY 2008-09 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1, C.R.S.

Department of Revenue: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$604,476,068	\$95,291,960	\$53,730,841	\$453,907,053	\$1,546,214	1,480.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>452,654,162</u>	<u>(452,654,162)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	604,476,068	95,291,960	506,385,003	1,252,891	1,546,214	1,480.0
FY 2008-09 Total Appropriation:	622,103,639	101,575,192	517,664,401	1,392,448	1,471,598	1,495.4
Increase/(Decrease)	\$17,627,571	\$6,283,232	\$11,279,398	\$139,557	(\$74,616)	15.4
Percentage Change	2.9%	6.6%	2.2%	11.1%	-4.8%	1.0%

FY 2008-09 Appropriation Highlights:

1. The appropriation includes \$4 million cash funds for a Lottery ticket distribution/inventory management system for courier delivery of tickets, freeing the sales force to concentrate on improving lottery ticket sales and training vendors.
2. The appropriation includes \$3 million cash funds for an increase in marketing for the Lottery.
3. The appropriation includes \$614,500 cash funds and 4.5 FTE for implementation of H.B. 08-1194, concerning first time drunk driving offenders.
4. The appropriation includes \$180,000 General Fund to allow the Department to implement its travel policy for senior tax auditors to travel out-of-state to conduct audits of companies headquartered outside of Colorado.
5. The appropriation includes \$179,000 General Fund to annualize the expenses of expanding the Department's internal audit team from one to six members to increase the likelihood of deterring or discovering employee fraud.
6. The appropriation includes \$159,318 General Fund and 2.0 FTE to fund the Department's responsibilities for oversight of conservation easements.

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 Auto Dealers License Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Racing Cash Fund, the Aviation Fund, 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. The sources of reappropriated funds are the State Lottery Fund and the Limited Gaming Fund.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$26,579,834	\$16,838,950	\$2,607,067	\$7,133,817	\$0	43.5
SB 07-241	0	(831,868)	831,868	0	0	0.0
HB 08-1299	<u>938,244</u>	<u>419,190</u>	<u>(21,572)</u>	<u>540,626</u>	<u>0</u>	<u>0.3</u>
TOTAL	\$27,518,078	\$16,426,272	\$3,417,363	\$7,674,443	\$0	43.8

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>7,297,076</u>	<u>(7,297,076)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$27,518,078	\$16,426,272	\$10,714,439	\$377,367	\$0	43.8
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
FY 2008-09 salary and benefits adjustments	2,886,224	1,663,769	1,173,943	48,512	0	0.0
Operating adjustments	583,351	451,725	131,626	0	0	0.0
Internal audit program	179,314	179,314	0	0	0	4.7
Leased space	63,750	(1,857)	65,607	0	0	0.0
S.B. 07-228 implementation	11,723	11,723	0	0	0	0.2
Other	11,585	7,604	3,981	0	0	0.0
HB 08-1375	\$31,254,025	\$18,738,550	\$12,089,596	\$425,879	\$0	48.7
SB 08-155	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4.5)</u>
TOTAL	\$31,254,025	\$18,738,550	\$12,089,596	\$425,879	\$0	44.2
Increase/(Decrease)						
	\$3,735,947	\$2,312,278	\$1,375,157	\$48,512	\$0	0.4
Percentage Change						
	13.6%	14.1%	12.8%	12.9%	n/a	0.9%

H.B. 08-1375 (Long Bill) Issue Descriptions

FY 2008-09 salary and benefits adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey, performance-based pay awards, state contributions to health, life and dental benefits, shift differential, and state contributions to the Public Employees' Retirement Association (PERA) pension fund. All salary survey and performance-based pay increases are funded through the centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year.

Operating adjustments: The appropriation adjusts other centrally appropriated line items based on common policies, such as legal services, administrative law judge services, purchase of services from the computer center, multiuse network payments, payment to risk management and property funds, vehicle lease payments, capitol complex leased space, and communication services payments.

Internal audit program: The appropriation provides for an increase of \$179,314 for the internal audit program to annualize salaries of auditors hired late in FY 2007-08. The program will expand from one to six internal auditors in an effort to deter and detect employee theft and fraud.

Leased space: The appropriation provides \$63,750 to annualize the increases in leased space associated with the opening of three new driver's license offices during FY 2007-08.

S.B. 07-228 implementation: The appropriation provides \$11,723 and 0.2 FTE to implement the provisions of S.B. 07-228, regarding the monitoring of vendor performance of State contracts.

Other: The appropriation provides for minor adjustments to lines other than common policy line items, such as operating expenses and utilities.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department. For information on S.B. 08-155, see also the "Recent Legislation" section at the end of the Governor's Office.

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 Auto Dealers License Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Racing Cash Fund, the Aviation Fund, 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. Sources of reappropriated funds are the State Lottery Fund and the Limited Gaming Fund.

Central Department Operations Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$11,239,590	\$10,494,727	\$127,866	\$616,997	\$0	109.9
HB 08-1299	<u>122,716</u>	<u>122,716</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$11,362,306	\$10,617,443	\$127,866	\$616,997	\$0	109.9
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>526,757</u>	<u>(526,757)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$11,362,306	\$10,617,443	\$654,623	\$90,240	\$0	109.9
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	155,470	79,352	61,888	14,230	0	0.0
Postage	(39,308)	(39,308)	0	0	0	0.0
Other	1,704	1,704	0	0	0	0.0
HB 08-1375	<u>\$11,480,172</u>	<u>\$10,659,191</u>	<u>\$716,511</u>	<u>\$104,470</u>	<u>\$0</u>	<u>109.9</u>
TOTAL	\$11,480,172	\$10,659,191	\$716,511	\$104,470	\$0	109.9

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$117,866	\$41,748	\$61,888	\$14,230	\$0	0.0
Percentage Change	1.0%	0.4%	9.5%	15.8%	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. All salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown includes a 1.0 percent base reduction to the personal services appropriation for the Division. The appropriation also includes funds for seasonal tax processing which funds temporary employees during individual income tax filing season.

Postage: The appropriation eliminates a one-time supplemental appropriation of \$46,027 required by the settlement of the Thompson v. Colorado lawsuit and provides \$6,719 for the implementation of H.B. 07-1106, which changed the eligibility standards for the Old Age Heat and Fuel and Property Tax Assistance Grant Program.

Other: The appropriation adjusts for other expenses, including eliminating a one-time supplemental appropriation to provide notice to the plaintiffs class for settlement of the Thompson v. Colorado lawsuit, and an increase for implementation of H.B. 07-1106.

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). 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 clerk offices to issue approximately 2.1 million vehicle titles and 4.3 million vehicle registrations every year.

Major sources of cash funds include the Racing Cash Fund, the Liquor Enforcement Division and State Licensing Authority Cash Fund, the Auto Dealers License Fund, the Aviation Fund, 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. Sources of reappropriated funds are the State Lottery Fund and the Limited Gaming Fund.

Information Technology Division						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$12,585,071	\$5,213,145	\$445,397	\$6,926,529	\$0	118.1
HB 07-1020	66,809	0	0	0	66,809	1.7
HB 08-1299	<u>(73,575)</u>	<u>19,930</u>	<u>0</u>	<u>(93,505)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$12,578,305	\$5,233,075	\$445,397	\$6,833,024	\$66,809	119.8
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>6,413,150</u>	<u>(6,413,150)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$12,578,305	\$5,233,075	\$6,858,547	\$419,874	\$66,809	119.8
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	233,385	(121,489)	300,896	53,978	0	0.0
County office improvements	103,578	0	103,578	0	0	0.0
Programming costs for session legislation	6,766	(19,930)	93,505	0	(66,809)	(1.7)
Operating expenses	(19,036)	0	(19,036)	0	0	0.0
HB 08-1375	<u>\$12,902,998</u>	<u>\$5,091,656</u>	<u>\$7,337,490</u>	<u>\$473,852</u>	<u>\$0</u>	<u>118.1</u>
TOTAL	\$12,902,998	\$5,091,656	\$7,337,490	\$473,852	\$0	118.1
Increase/(Decrease)	\$324,693	(\$141,419)	\$478,943	\$53,978	(\$66,809)	(1.7)
Percentage Change	2.6%	-2.7%	7.0%	12.9%	-100.0%	-1.4%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. All salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the Division.

County office improvements: The appropriation includes \$103,578 cash funds for a new line item that provides a stable funding source for improvements at county clerk offices. This line will provide for computer hardware and software necessary for the county clerk offices to use the Colorado State Titling and Registration System.

Programming costs for session legislation: The appropriation adjusts funding and FTE for computer programming in order to more accurately reflect actual funding levels and FTE. The appropriation also eliminates a one-time federal funds appropriation.

Operating expenses. The appropriation eliminates a one-time appropriation of \$19,036 from operating expenses that funded county office improvements (now funded in the new line item: County Office Improvements).

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, the Aviation Fund, 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. Sources of reappropriated funds are the Mineral Audit Program (federal funds), the State Board of Land Commissioners, and the Oil and Gas Conservation Commission.

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 2007-08 Appropriation:						
SB 07-239	\$50,957,038	\$47,682,504	\$92,201	\$2,425,928	\$756,405	321.0
HB 07-1349	2,575	2,575	0	0	0	0.0
HB 08-1299	<u>33,250</u>	<u>33,250</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$50,992,863	\$47,718,329	\$92,201	\$2,425,928	\$756,405	321.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>2,233,397</u>	<u>(2,233,397)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$50,992,863	\$47,718,329	\$2,325,598	\$192,531	\$756,405	321.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Old Age Heat & Fuel and Property Tax Assistance grants/1	2,300,000	2,300,000	0	0	0	0.0
Cigarette tax rebate/1	800,000	800,000	0	0	0	0.0
Annualize salary and benefits adjustments	511,623	497,245	5,081	9,297	0	0.0
Operating expenses	164,101	164,101	0	0	0	0.0
Amendment 35 distribution to local governments	104,264	0	104,264	0	0	0.0
Conservation easement appraisals	66,500	66,500	0	0	0	0.0
Permanent FTE to replace temporary employees	0	0	0	0	0	2.0
Joint federal/state motor fuel tax	(30,415)	0	0	0	(30,415)	0.0
Other	1,377	(950)	2,489	0	(162)	0.0
HB 08-1375	\$54,910,313	\$51,545,225	\$2,437,432	\$201,828	\$725,828	323.0
HB 08-1353	<u>92,818</u>	<u>92,818</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2.0</u>
TOTAL	\$55,003,131	\$51,638,043	\$2,437,432	\$201,828	\$725,828	325.0
Increase/(Decrease)	\$4,010,268	\$3,919,714	\$111,834	\$9,297	(\$30,577)	4.0
Percentage Change	7.9%	8.2%	4.8%	4.8%	-4.0%	1.2%

/1 Of these amounts, for FY 2007-08, \$27,500,000, and for FY 2008-09, \$30,600,000 is not subject to the statutory limit on General Fund appropriations. For FY 2007-08 this amount includes \$12,500,000 for the Cigarette Tax Rebate and \$15,000,000 for the Old Age Heat and Fuel and Property Tax Assistance Grant. For FY 2008-09, this amount includes \$13,300,000 for the Cigarette Tax Rebate and \$17,300,000 for the Old Age Heat and Fuel and Property Tax Assistance Grant.

H.B. 08-1375 (Long Bill) Issue Descriptions

Old Age Heat and Fuel and Property Tax Assistance grants: The appropriation adjusts spending authority for the Old Age Heat & Fuel and Property Tax Assistance Grants to reflect the March 2008 Legislative Council Staff revenue forecast.

Cigarette tax rebate: The appropriation adjusts spending authority for the Cigarette Tax Rebate to reflect the March 2008 Legislative Council Staff revenue forecast.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. All salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment

shown also includes a 1.0 percent base reduction to the personal services appropriation for the lines that have 20 or more FTE.

Operating expenses: The appropriation provides \$180,234 General Fund to allow the Department to implement its travel policy for senior tax auditors to travel out-of-state up to eight weeks each year to conduct audits on companies headquartered out-of-state. The Department estimates this will increase tax collections by \$5.6 million in the first year of implementation. The appropriation also provides a decrease of \$16,133 General Fund associated with annualization of audit software purchased in FY 2007-08.

Amendment 35 distribution to local governments: The appropriation adjusts spending authority for the Amendment 35 distribution to reflect the March 2008 Legislative Council Staff revenue forecast.

Conservation easement appraisals: The appropriation provides \$66,500 General Fund for appraisals of conservation easements.

Permanent FTE to replace temporary employees: The appropriation adds 2.0 FTE, to replace temporary employees, with no additional funding.

Joint federal/state motor fuel tax: The appropriation eliminates the funding for this line item, which is federally funded. Funding has not been received since at least FY 2004-05, and future funding is unlikely.

Other: The appropriation provides minor adjustments to appropriations for other expenses.

Additional legislation: For information on additional legislation, see the "Recent Legislation" section at the end of this department. For information on H.B. 08-1353 see also the "Recent Legislation" section at the end of the Department of Regulatory Agencies.

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.

Major sources of cash funds are the Licensing Services Cash Fund and the License Plate Cash Fund. Other cash funds 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 2007-08 Appropriation:						
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

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
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
HB 07-1352	16,080	0	16,080	0	0	0.0
HB 08-1299	<u>396,850</u>	<u>396,850</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$29,920,603	\$14,515,708	\$10,477,131	\$4,927,764	\$0	438.2

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>4,927,764</u>	<u>(4,927,764)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$29,920,603	\$14,515,708	\$15,404,895	\$0	\$0	438.2
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	851,807	490,699	361,108	0	0	3.6
Titles-operating expense	27,870	0	27,870	0	0	0.0
Driver and vehicle services-operating expenses	(751,015)	(395,050)	(355,965)	0	0	0.0
Other	(18,202)	9,401	(27,603)	0	0	0.0
HB 08-1375	\$30,031,063	\$14,620,758	\$15,410,305	\$0	\$0	441.8
SB 08-101	75,900	0	75,900	0	0	0.0
SB 08-178	91,080	0	91,080	0	0	0.0
SB 08-186	60,720	0	60,720	0	0	0.0
HB 08-1175	30,360	0	30,360	0	0	0.0
HB 08-1194	<u>614,500</u>	<u>0</u>	<u>614,500</u>	<u>0</u>	<u>0</u>	<u>4.5</u>
TOTAL	\$30,903,623	\$14,620,758	\$16,282,865	\$0	\$0	446.3

Increase/(Decrease)	\$983,020	\$105,050	\$877,970	\$0	\$0	8.1
Percentage Change	3.3%	0.7%	5.7%	n/a	n/a	1.8%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. All salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the lines that have 20 or more FTE.

Titles-operating expenses: The appropriation provides an increase of \$27,870 cash funds for the Department's digital imaging of titles and associated documents to improve customer service through faster retrieval times for those documents.

Driver and vehicle services-operating expenses: The appropriation eliminates a one-time supplemental appropriation of \$395,050 General Fund to pay damages in the Thompson v. Colorado lawsuit, and reduces funding by \$344,965 cash funds that annualizes the start up expenses of the three new driver's license offices.

Other: The appropriations also includes minor adjustments to other line items.

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 Highway Users Tax Fund, the Nuclear Materials Transportation 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 2007-08 Appropriation:						
SB 07-239	\$8,270,355	\$632,631	\$246,354	\$6,668,370	\$723,000	144.2
HB 08-1299	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$8,270,355	\$632,631	\$246,354	\$6,668,370	\$723,000	144.2
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>6,603,298</u>	<u>(6,603,298)</u>	<u>0</u>	<u>0.0</u>

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2007-08 Adjusted Appropriation	\$8,270,355	\$632,631	\$6,849,652	\$65,072	\$723,000	144.2
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	227,176	24,101	193,901	9,174	0	0.0
Motor carrier safety assistance program	22,770	0	0	0	22,770	0.0
Fixed and mobile port maintenance	0	0	0	0	0	0.0
Other	0	4,902	(4,902)	0	0	0.0
HB 08-1375	<u>\$8,520,301</u>	<u>\$661,634</u>	<u>\$7,038,651</u>	<u>\$74,246</u>	<u>\$745,770</u>	<u>144.2</u>
TOTAL	\$8,520,301	\$661,634	\$7,038,651	\$74,246	\$745,770	144.2
Increase/(Decrease)	\$249,946	\$29,003	\$188,999	\$9,174	\$22,770	0.0
Percentage Change	3.0%	4.6%	2.8%	14.1%	3.1%	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. All salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the lines that have 20 or more FTE.

Motor carrier safety assistance program: The appropriation provides additional federal funding for the program, which conducts safety inspections of commercial vehicles.

Fixed and mobile port maintenance: The appropriation transfers \$137,761 cash funds from the Personal Services line item to the Fixed and Mobile Ports Maintenance line item. The funding will address maintenance issues that have kept ports officers from performing their primary enforcement functions while they perform routine maintenance. The Division was able to accomplish this without additional funding because of a complete turnover of the top management of the Division.

Other: The appropriation provides a fund mix adjustment that aligns the Division's expenses with its personnel allocations.

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, the Horse Breeders' and Owners' Awards and Supplemental Purse Fund, the Driver's License

Administrative Revocation Account, and the Tobacco Education Programs Fund. The source of reappropriated funds is the Limited Gaming Fund.

Enforcement Business Group						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>2,438,817</u>	<u>(2,438,817)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$41,619,655	\$148,502	\$41,363,346	\$107,807	\$0	177.1
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize salary and benefits adjustments	482,014	16,872	463,109	2,033	0	0.0
Changes approved by the Gaming Commission	295,147	0	295,147	0	0	4.0
Implementation of H.B. 06-1171	32,502	0	32,502	0	0	0.6
Indirect cost assessment	22,974	0	22,974	0	0	0.0
Other	2,300	(14)	(19)	2,333	0	0.0
HB 08-1375	\$42,454,592	\$165,360	\$42,177,059	\$112,173	\$0	181.7
HB 08-1105	<u>1,953</u>	<u>0</u>	<u>1,953</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$42,456,545	\$165,360	\$42,179,012	\$112,173	\$0	181.7
Increase/(Decrease)	\$836,890	\$16,858	\$815,666	\$4,366	\$0	4.6
Percentage Change	2.0%	11.4%	2.0%	4.1%	n/a	2.6%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. All salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the lines that have 20 or more FTE.

Changes approved by the Gaming Commission: The appropriation reflects Limited Gaming Control Commission approval of an additional \$295,147 cash funds and 4.0 FTE to address workload and resource availability in background investigations and field operations.

Implementation of H.B. 06-1171: The appropriation provides \$32,502 cash funds and 0.6 FTE to implement the provisions of H.B. 06-1171, which provides for increased penalties for persistent drunk drivers.

Indirect cost assessment: The appropriation reflects increases in indirect costs assessment from the Gaming Commission to more accurately reflect the Gaming Commission's share of departmental and statewide indirect costs.

Other: The appropriation provides for minor adjustments to Operating Expenses line in the Division.

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

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. 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 2007-08 Appropriation:						
SB 07-239	\$382,165,495	\$0	\$0	\$382,165,495	\$0	126.0
HB 08-1299	<u>40,048,408</u>	<u>0</u>	<u>0</u>	<u>40,048,408</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$422,213,903	\$0	\$0	\$422,213,903	\$0	126.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>422,213,903</u>	<u>(422,213,903)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$422,213,903	\$0	\$422,213,903	\$0	\$0	126.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Ticket costs	4,000,000	0	4,000,000	0	0	0.0
Marketing and communications	3,028,290	0	3,028,290	0	0	0.0
Annualize salary and benefits adjustments	242,859	0	242,859	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Indirect cost assessment	97,792	0	97,792	0	0	0.0
HB 08-1375	<u>\$429,582,844</u>	<u>\$0</u>	<u>\$429,582,844</u>	<u>\$0</u>	<u>\$0</u>	<u>126.0</u>
TOTAL	\$429,582,844	\$0	\$429,582,844	\$0	\$0	126.0
Increase/(Decrease)	\$7,368,941	\$0	\$7,368,941	\$0	\$0	0.0
Percentage Change	1.7%	n/a	1.7%	n/a	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Ticket costs: The appropriation adds \$4million cash funds to implement a courier delivery and inventory management system, which is expected to increase lottery sales by \$54 million per year. The increase in sales is expected to result in a net increase in proceeds to the State of \$9 million per year.

Marketing and communications: The appropriation provides for an increase of \$3 million cash funds for advertising costs, which the Department projects, in conjunction with a similar increase in FY 2009-10 (if approved), will result in an increase in sales of \$24 million per year, with a net increase in proceeds to the State of \$4 million per year.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. All salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Executive Director's Office in the year of the award and are incorporated into base funding for each division in the subsequent year. The adjustment shown also includes a 1.0 percent base reduction to the personal services appropriation for the lines that have 20 or more FTE.

Indirect cost assessment: The appropriation increases the indirect cost assessment from the Lottery Fund to more accurately reflect the Lottery's share of departmental and statewide indirect costs.

Recent Legislation

2007 Session Bills

S.B. 07-27: Creates a U.S. Coast Guard special license plate. Appropriates \$804 cash funds from the License Plate Cash Fund to the Division of Motor Vehicles.

S.B. 07-67: Creates a Share the Road special license plate. Appropriates \$16,080 cash funds from the License Plate Cash Fund to the Division of Motor Vehicles.

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 the Licensing Services 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. Appropriates \$66,809 federal funds and 1.7 FTE from the federal commercial vehicle information system and network grant funds to the Information Technology Division.

H.B. 07-1081: Provides for the regulation of the powersports vehicle industry. Appropriates \$94,882 cash funds and 2.0 FTE from the Auto Dealers license fund to the Motor Vehicle Dealer Licensing Board.

H.B. 07-1120: Creates an Italian-American Heritage special license plate. Appropriates \$16,080 cash funds from the License Plate Cash Fund to the Division of Motor Vehicles.

H.B. 07-1200: Creates a U.S. Air Force special license plate. Appropriates \$15,240 cash funds from the license plate cash fund to the Division of Motor Vehicles.

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. Appropriates \$2,575 General Fund to the Taxpayer Service Division. 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. Appropriates \$16,080 cash funds from the License Plate Cash Fund to the Division of Motor Vehicles.

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.

2008 Session Bills

S.B. 08-16: Adds a line to state income tax forms for taxpayers to donate to the 9Health Fair Fund.

S.B. 08-50: Raises the age limit from 60 to 65 for persons renewing a driver's license by mail or electronic means, provided that the applicant has had and attests to having had an eye examination within the last three years; requires applicants who are 66 and older, and who are renewing by mail, to have an eye examination within the last six months and provide the results of the examination; and requires applicants renewing by electronic means who require vision correction to provide the extent of the vision correction.

S.B. 08-59: Clarifies that the current statutory fee cap of \$100 for licensing commercial driver's testing facilities shall apply only to government testing facilities.

S.B. 08-82: Allows for the purchase of alcoholic beverages in sealed containers on Sundays.

S.B. 08-101: Creates the "North American Aerospace Defense" special license plate to commemorate NORAD's 50th Anniversary. Appropriates \$62,500 cash funds from the Licensing Services Cash Fund and \$13,400 cash funds from the License Plate Cash Fund to the Division of Motor Vehicles.

S.B. 08-155: Centralizes the management of State information technology resources in the Governor's Office of Information Technology (OIT). Transfers 4.5 FTE from the Department of Revenue to OIT. For more information of S.B. 08-155, see the recent legislation section at the end of the Governor's section of this report.

S.B. 08-178: Creates the "Colorado Horse Development Authority" special license plate. Appropriates \$75,000 cash funds from the Licensing Services Cash Fund and \$16,080 cash funds from the License Plate Cash Fund to the Division of Motor Vehicles.

S.B. 08-186: Creates the "Colorado Carbon Fund" special license plate. In addition to the other financial requirements for a special license plate, the bill requires a donation to the Colorado Carbon Fund, which is administered by the Governor's Office. Appropriates \$50,000 cash funds from the Licensing Services Cash Fund and \$10,720 cash funds from the License Plate Cash Fund to the Division of Motor Vehicles.

H.B. 08-1013: Provides a sales tax exemption for items sold by schools, parent or teacher organizations, booster clubs, and other groups or clubs whose primary purpose is to support a school activity provided that all of the proceeds from the sale go to the school or school activities.

H.B. 08-1033: Extends the tax credit for costs incurred in the preservation of historic properties through the tax year starting January 1, 2019.

H.B. 08-1049: Extends the period for which taxpayers can claim a credit for donating money to promote child care through the tax year starting January 1, 2019.

H.B. 08-1050: Requires the Department to establish motorcycle driver's license endorsements for driver's licenses, minor driver's license, and instruction permits; divides the current motorcycle license endorsement into general and limited endorsements; and provides a penalty for violation.

H.B. 08-1056: Requires the Department to set up a system for any person holding a driver's license or identification card to designate who should be contacted by law enforcement in case of emergency.

H.B. 08-1102: Provides that any funds in the Liquor Enforcement Division and State Licensing Authority Cash Fund left over at the end of the fiscal year shall not revert to the General Fund or any other fund, and that the Fund reserves shall be maintained in accordance with Section 24-75-402, C.R.S.

H.B. 08-1105: Allows an art gallery to obtain an annual permit to serve alcoholic beverages on the premises up to 15 days per year, and sets fees for obtaining the permit.

H.B. 08-1110: Establishes a State income tax deduction for up to 50 percent of a homeowner's direct costs in performing wildfire mitigation measures on his or her property for the tax years 2009 through 2014.

H.B. 08-1127: Establishes a State income tax credit for taxpayers who hire individuals with a developmental disability for the tax years 2009 through 2011.

H.B. 08-1136: Requires the Department to verify that a vehicle being registered has not been reported stolen using the Colorado Motor Vehicle Verification System.

H.B. 08-1151: Creates the "Boy Scouts Centennial" special license plate to be available from July 1, 2009 to June 30, 2011, should at least 3,000 commitments to purchase the license plate be obtained.

H.B. 08-1171: Specifies that the federal excise tax on certain heavy trucks, trailers, and tractors be excluded from the purchase price of the vehicle for the purpose of calculating the sales taxes due.

H.B. 08-1175: Creates the United States Army 4th Infantry Division special license plate. Appropriates \$25,000 cash funds from the Licensing Services Cash Fund and \$5,360 cash funds from the License Plate Cash Fund to Driver and Vehicle Services.

H.B. 08-1194: Increases the fee for reinstatement of driver's license after a drunk driving suspension; deposits those increased fees into the newly created First Time Drunk Driving Offenders Account, increases administrative revocations of driver's licenses for first time offenders; expands the ability for drivers to use an ignition interlock device when they apply for reinstatement and requires the Department to establish a program to assist certain offenders with the partial payment of such a device; and requires the Department of Transportation to increase the number of high-visibility drunk driving law enforcement episodes annually.

Makes a 5-year statutory appropriation as follows: for FY 2008-09, appropriates \$125,165 from the Capital Construction Fund to the Corrections Expansion Reserve Fund and transfers \$125,165 from the General Fund to the Capital Construction Fund; for FY 2009-10, appropriates \$12,517 from the Capital Construction fund to the Corrections Expansion Reserve Fund, transfers \$12,517 from the General Fund to the Capital Construction Fund, and appropriates \$28,758 from the General Fund to the Department of Corrections; for FY 2010-11, appropriates \$31,634 from the General Fund to the Department of Corrections; for FY 2011-12, appropriates \$31,634 from the General Fund to the Department of Corrections; for FY 2012-13, appropriates \$31,634 from the General Fund to the Department of Corrections. Appropriates \$2,000,000 cash funds from the First Time Drunk Driving Offender Account to the Department of Transportation to increase to 12 the number of high visibility drunk driving law enforcement episodes the Department oversees annually. Appropriates \$614,500 cash funds and 4.5 FTE from the First Time Drunk Driving Offender Account in the Highway Users Tax Fund to the Division of Motor Vehicles for overseeing and assisting the implementation of additional ignition interlock devices for offenders.

H.B. 08-1269: Provides a sales and use tax exemption for the sale, storage, and use of wood products that use wood salvaged from trees killed or infested in the state by mountain pine beetles through July 1, 2014, and permits cities and counties the option of also exempting such products.

H.B. 08-1299: Supplemental appropriation act to the Department of Revenue to modify appropriations for FY 2007-08.

H.B. 08-1353: Appropriates \$92,818 General Fund and 2.0 FTE to review gross conservation easements. For more information of H.B. 08-1353, see the "Recent Legislation" section at the end of the Department of Regulatory Agencies section of this document.

H.B. 08-1375: General appropriations act for FY 2008-09.

H.B. 08-1380: Changes the method by which net income is apportioned to Colorado for the purpose of determining Colorado taxable income.

H.B. 03-1395: Extends the property tax exemption to any real property that is leased or rented by state and local governments for at least a one-year term.

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 also regulates charitable solicitations, charitable gaming, and notaries public. The Department collects, stores, and provides public access to annual reports, articles of incorporation, liens, and other documents filed by for-profit and not-for-profit businesses under the Corporation and Association laws and the Uniform Commercial Code. The Department is also responsible for, and funds the majority of, the statewide information technology (IT) disaster recovery facility (e-FOR³T).

Department Budget: Recent Appropriations

Funding Source	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund	\$0	\$0	\$0	\$0
Cash Funds/1	16,630,109	19,130,770	16,820,907	28,352,933
Cash Funds Exempt/1	15,203,349	8,924,997	3,851,101	n/a
Reappropriated Funds/1	n/a	n/a	n/a	0
Federal Funds	<u>0</u>	<u>0</u>	<u>110,594</u>	<u>0</u>
Total Funds	\$31,833,458	\$28,055,767	\$20,782,602	\$28,352,933
Full Time Equiv. Staff	127.0	126.5	125.5	133.1

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

The Department of State is entirely cash funded, primarily through business filing fees. The other two cash funds sources are notaries public fees and the Federal Elections Assistance Fund, which supports the Help America Vote Act (HAVA) program. HAVA funds are continuously appropriated and are included in the budget for informational purposes only. The Department has discretion over many HAVA-related expenditures, such as the statewide voter registration database, and these expenses are not reflected in the State budget.

Elections

Pursuant to Section 1-1-107 (1) (e), C.R.S., the Secretary of State is the Chief Election Official. The Department administers statewide statutory provisions that relate to elections. It also collects, stores, and provides access to disclosure statements filed by public officials and lobbyists under Colorado's Sunshine Law and Fair Campaign Practices Act. Many of the election-related expenditures are not expressly labeled as such in the Long Bill. Instead, they are contained in line items such as Personal Services, Operating Expenses, and Legal Services. Only two line items in the Long Bill, the Initiative and Referendum and Local Election Reimbursement lines, pertain solely to elections.

Elections Division	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Appropriation
Local Election Reimbursement	\$867,393	\$1,681,178	\$1,729,923	\$2,179,923
Initiative and Referendum	83,417	200,000	50,000	200,000

Information Technology Services

The Information Technology Services division supports most of the Department's technology needs, including the many online search and filing services offered by the Business section. The Division is also the managing entity for the State's disaster recovery data center facility (e-FOR³T), which serves as a recovery center for the Department's IT operations and is available for use by all state agencies. The Division is in the process of completing a HAVA-mandated statewide computerized voter registration system that will be implemented for the first time during the November 2008 election.

IT Services Division	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Appropriation
Expenditure	\$7,252,990	\$7,641,717	\$0	\$9,519,847
FTE	27.8	32.0	33.0	35.1

Help America Vote Act Program

The goals of the federal Help America Vote Act of 2002 (HAVA) are to improve the administration of federal elections by creating a centralized, computerized statewide voter registration system; replacing punch-card ballots and lever voting machines; ensuring accessibility for disabled voters to polling places and voting equipment; and adopting new rules for provisional ballots. In 2003, the Colorado General Assembly passed the "Colorado Help America Vote Act," which created the Federal Elections Assistance Fund to receive federal and state monies appropriated for HAVA-related purposes (Sections 1-1.5-101 to 106, C.R.S.). To date, the Fund has received approximately \$43.4 million in federal funds and the State's required \$1.8 million match. In FY 2007-08 the Federal Elections Assistance Fund was appropriated \$89,229 to fulfill the State's matching funds requirement in order to receive an additional \$1,695,000 federal funds. Pursuant to Section 1-1.5-106 (2) (b), C.R.S., monies in the Federal Election Assistance Fund are continuously appropriated to the Department and appear in the Long Bill for informational purposes only.

Help America Vote Act	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Appropriation	FY 2008-09 Appropriation
Program expenditures	\$3,032,936	\$18,628,609	\$3,940,330	\$6,976,940
Program FTE	15.0	9.0	9.5	7.5

Summary of FY 2007-08 and FY 2008-09 Appropriations

Department of State						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$20,782,602	\$0	\$16,820,907	\$3,851,101	\$110,594	125.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	8,073,688	0	7,922,207	140,887	10,594	83.0
Special Purpose	5,679,366	0	1,869,152	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 07-83	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
HB 08-1274	10,000	0	10,000	0	0	0.0
HB 08-1300	(1,278,071)	0	(1,278,071)	0	0	(0.5)
HB 08-1375	398,815	0	398,815	0	0	0.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$28,352,933	\$0	\$28,352,933	\$0	\$0	133.1
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	9,476,223	0	9,476,223	0	0	90.5
Special Purpose	9,356,863	0	9,356,863	0	0	7.5
Information Technology Services	9,519,847	0	9,519,847	0	0	35.1
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	27,874,933	0	27,874,933	0	0	133.1
HB 08-1109	28,000	0	28,000	0	0	0.0
HB 08-1401	450,000	0	450,000	0	0	0.0

Department of State: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$20,782,602	\$0	\$16,820,907	\$3,851,101	\$110,594	125.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>3,961,695</u>	<u>(3,851,101)</u>	<u>(110,594)</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	20,782,602	0	20,782,602	0	0	125.5
FY 2008-09 Total Appropriation:	28,352,933	0	28,352,933	0	0	133.1
Increase/(Decrease)	\$7,570,331	\$0	\$7,570,331	\$0	\$0	7.6
Percentage Change	36.4%	n/a	36.4%	n/a	n/a	6.1%

FY 2008-09 Appropriation Highlights:

1. The appropriation provides an increase of \$3.2 million cash funds for the Help America Vote Act. These funds are continuously appropriated from the Federal Election Assistance Fund and are included in the budget for informational purposes only.
2. The appropriation provides an increase of \$1.4 million cash funds to improve the public's ability to access campaign finance information through the Department's website.
3. The appropriation provides \$900,000 cash funds and 9.0 FTE for the voting systems certification program. This program was previously funded through the Federal Elections Assistance Fund.
4. The appropriation provides \$750,000 cash funds for the Department to implement the Colorado Information Security Act.
5. The appropriation provides \$520,000 cash funds to replace the Department's accounting system, which serves as its "point of sale" for processing thousands of online transactions daily.
6. The appropriation provides an increase of \$309,000 cash funds for legal expenses, primarily related to elections and open records requests.
7. The appropriation provides \$300,000 cash funds for the Department to reimburse counties for expenses associated with mailing voter information cards to certain inactive voters.
8. The appropriation provides an increase of \$150,000 cash funds for local election reimbursements.

Detail of Appropriation by Administrative Section

Administration

The Administration Division provides general management supervision for the entire Department, including budgeting, accounting, and human resources services. Most of the Department's functions are carried out by three sections within this Division: (1) Business Filings, (2) Elections, and (3) Licensing and Enforcement. These sections are funded by the Department of State Cash Fund and the Notaries Administration Cash Fund.

Business Filings Section: The Business Filings section has two subsections: (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. The UCC section collects, stores and provides public access to a variety of UCC documents, including security interests, liens and other items that are important to lending institutions. The State requires the Department to charge a fee for many of the Business Filings section's services, and these fees are the primary source of revenue for the Department of State Cash Fund. In recent years the Department has shifted from paper to an online filing system, and the increased efficiency has allowed it to reduce these fees.

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 elections; 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. During FY 2007-08, the Elections section processed over 10,000 Conflict of Interest disclosures and over 9,000 Campaign Finance Disclosure reports. This section also regulates lobbyists pursuant to Sections 24-6-301 through 309, C.R.S. During FY 2007-08, the Department processed over 7,600 documents relating to lobbyists' registrations and disclosures.

Licensing and Enforcement Section: The Licensing and Enforcement section is responsible for administering five different programs: the Administrative Rules Code, a body of statutes governing the rule-making authority of many state agencies; the bingo and raffles program pursuant, to Article XVIII, Section 2 of the State Constitution; the Charitable Solicitations Act, which forbids fraudulent charitable solicitations; notaries public, pursuant to Sections 12-55-101 through 211, C.R.S.; and the Address Confidentiality Program, which helps survivors of domestic violence, sexual offenses, and stalking to keep their addresses confidential after they have relocated.

	Administration					
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$8,840,052	\$0	\$8,688,571	\$140,887	\$10,594	81.0
SB 07-83	82,332	0	82,332	0	0	1.0
HB 07-1350	109,789	0	109,789	0	0	1.5
HB 08-1274	10,000	0	10,000	0	0	0.0
HB 08-1300	(1,278,071)	0	(1,278,071)	0	0	(0.5)

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
HB 08-1375	<u>309,586</u>	<u>0</u>	<u>309,586</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$8,073,688	\$0	\$7,922,207	\$140,887	\$10,594	83.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>151,481</u>	<u>(140,887)</u>	<u>(10,594)</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$8,073,688	\$0	\$8,073,688	\$0	\$0	83.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Voting systems certification	896,661	0	896,661	0	0	9.0
Annualize salary and benefits adjustments	305,962	0	305,962	0	0	0.0
Benefits adjustments	188,872	0	188,872	0	0	0.0
Statewide common policies	109,953	0	109,953	0	0	0.0
Annualize prior year funding	(53,920)	0	(53,920)	0	0	(1.5)
Personal services adjustment	(52,576)	0	(52,576)	0	0	0.0
Other	7,583	0	7,583	0	0	0.0
HB 08-1375	<u>\$9,476,223</u>	<u>\$0</u>	<u>\$9,476,223</u>	<u>\$0</u>	<u>\$0</u>	<u>90.5</u>
TOTAL	\$9,476,223	\$0	\$9,476,223	\$0	\$0	90.5

Increase/(Decrease)	\$1,402,535	\$0	\$1,402,535	\$0	\$0	7.5
Percentage Change	17.4%	n/a	17.4%	n/a	n/a	9.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Voting system certification: The appropriation shifts the fund source for the program from off-budget federal funds to cash funds.

Annualize salary and benefit adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. These funds are administered through centrally-appropriated line items in the Administration division and are incorporated into base funding for each division in the subsequent year.

Benefits adjustments: The appropriation includes increases for health, life, and dental; short-term disability; workers' compensation; amortization equalization disbursement; and supplemental amortization equalization disbursement for FY 2008-09.

Statewide common policies: The appropriation is for the increase in statewide common policies, such as payments to risk management and property funds; vehicle lease payments; administrative law judge services; and legal services.

Annualize prior year funding: The appropriation accounts for the out-year impacts of legislation, including H.B. 06-1086, the Regulation of Games of Chance, and S.B. 07-83, Technical Changes to Election Law.

Personal services adjustment: The appropriation includes a 1.0 percent personal services base reduction for line items with 20.0 FTE or more.

Other: The appropriation includes miscellaneous technical adjustments.

Special Purpose

This division includes: (1) the State's Help America Vote Act (HAVA) program; (2) reimbursements to counties for certain election expenses; and (3) 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, and the remainder of this division is funded through the Department of State Cash Fund.

Special Purpose						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
SB 07-239	\$5,590,137	\$0	\$1,779,923	\$3,710,214	\$100,000	9.5
HB 08-1375	<u>89,229</u>	<u>0</u>	<u>89,229</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,679,366	\$0	\$1,869,152	\$3,710,214	\$100,000	9.5
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>3,810,214</u>	<u>(3,710,214)</u>	<u>(100,000)</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$5,679,366	\$0	\$5,679,366	\$0	\$0	9.5
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Help America Vote Act	3,166,726	0	3,166,726	0	0	(2.0)
Initiative and referendum funding	150,000	0	150,000	0	0	0.0
Annualize prior year funding	(89,229)	0	(89,229)	0	0	0.0
HB 08-1375	\$8,906,863	\$0	\$8,906,863	\$0	\$0	7.5
HB 08-1401	<u>450,000</u>	<u>0</u>	<u>450,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$9,356,863	\$0	\$9,356,863	\$0	\$0	7.5

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$3,677,497	\$0	\$3,677,497	\$0	\$0	(2.0)
Percentage Change	64.8%	n/a	64.8%	n/a	n/a	-21.1%

H.B. 08-1375 (Long Bill) Issue Descriptions

Help America Vote Act: The appropriation reflects a projected increase in funds and a decrease of 2.0 FTE for activities associated with the Help America Vote Act (HAVA). These funds are continuously appropriated and are reflected for informational purposes only.

Initiative and referendum funding: The appropriation provides a cyclical increase for costs associated with supporting the general election. The amount increases for years with general elections to accommodate the increased number of initiatives and referendums on the ballot, then decreases during odd-years.

Annualize prior year funding: The appropriation eliminates one-time funding for FY 2007-08.

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

Information Technology Services

The Information Technology Services division provides most of the technology support for the Department, is responsible for the Department's compliance with the State's Information Security Act, and is the managing entity for the State's disaster recovery data center facility (e-FOR³T). The Department provides many search and filing services via the Internet and it processes over 1,200 web-based transactions daily. The Division also provides project direction and support for the statewide voter registration and election management program (referred to as SCORE, State of Colorado Registration and Elections). SCORE is required to bring Colorado into compliance with the Help America Vote Act of 2002 and it will be implemented during the 2008 elections. The SCORE project is funded by the Federal Elections Assistance Fund and the remainder of this division is funded by the Department of State Cash Fund.

Information Technology Services						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$7,029,548	\$0	\$7,029,548	\$0	\$0	33.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Annualize campaign finance legislation	1,392,289	0	1,392,289	0	0	0.0
Colorado Information Security Act	749,846	0	749,846	0	0	2.1
Accounting system	520,000	0	520,000	0	0	0.0
Eliminate one-time funding	(170,996)	0	(170,996)	0	0	0.0
Personal services adjustment	(28,840)	0	(28,840)	0	0	0.0
HB 08-1375	\$9,491,847	\$0	\$9,491,847	\$0	\$0	35.1
HB 08-1109	<u>28,000</u>	<u>0</u>	<u>28,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$9,519,847	\$0	\$9,519,847	\$0	\$0	35.1
Increase/(Decrease)	\$2,490,299	\$0	\$2,490,299	\$0	\$0	2.1
Percentage Change	35.4%	n/a	35.4%	n/a	n/a	6.4%

H.B. 08-1375 (Long Bill) Issue Descriptions

Annualize campaign finance legislation: The appropriation provides the second-year funding for S.B. 07-259, which directed the Department to modify its website to improve the public's ability to access campaign finance information.

Colorado Information Security Act: The appropriation provides \$749,846 cash funds and 2.1 FTE for the Department to undertake the tasks necessary to comply with the State's information security act.

Accounting system: The appropriation provides funds to replace the Department's outdated accounting system.

Eliminate one-time funding: The appropriation eliminates funding appropriated for H.B. 06-1086, which allocated funds so the Department could develop an electronic application and report filing system for bingo-

raffle licensees. The computer programming phase of the project is complete and the funds are no longer needed.

Personal services adjustment: The appropriation includes a 1.0 percent personal services base reduction.

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

Recent Legislation

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. 07-239: 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.

2008 Session Bills

S.C.R. 08-3: Refers a constitutional amendment to voters for the 2008 general election to modify the requirements for citizen-initiated ballot measures submitted to voters at subsequent elections. Amends signature requirements for proposed statutory and constitutional amendments and increases the amount of time allowed to gather signatures for a proposed statutory initiative. The fiscal impact is conditional upon voter approval. If approved, the new requirements for the geographic distribution of signatures could increase the efforts required to verify the signatures and require additional resources.

H.B. 08-1109: Increases the authority of the Secretary of State to regulate charitable organizations, professional fund-raising consultants, and paid solicitors working on behalf of charitable organizations. Authorizes the Secretary to investigate potential violations and to impose fines. Appropriates \$28,000 to modify the online filing system used by charitable organizations to identify certain fines and late filing fees.

H.B. 08-1274: Transfers \$10,000 cash funds from the Department of State Cash Fund to the Address Confidentiality Surcharge Fund in FY 2007-08. The transfer is in addition to the initial appropriation and is to be repaid from unappropriated moneys remaining in the Surcharge Fund at the end of any fiscal year.

Permits the Department to transfer additional moneys in FY 2008-09 if the Surcharge Fund's balance is insufficient to cover the Address Confidentiality Program's entire appropriation.

H.B. 08-1300: Supplemental FY 2007-08 appropriation for the Department. The majority of the supplemental decrease is due to less-than-anticipated use of the State's multi-use broadband network.

H.B. 08-1375: General appropriations act for FY 2008-09. Also includes supplemental adjustments to modify appropriations to the Department of State included in the FY 2007-08 Long Bill.

H.B. 08-1401: Requires counties to mail voter information cards to persons who have become inactive since the 2006 general election. Appropriates \$300,000 to the Department to reimburse the counties for expenses associated with the mailings. Appropriates \$150,000 to the Department for a potential increase in the local election reimbursements due to inactive voters who become active as a result of the mailing.

DEPARTMENT OF TRANSPORTATION

The Department is responsible for operating and maintaining Colorado's 9,156-mile state highway system, including more than 3,700 bridges, in addition to maintaining the aviation system plan, under the policy direction of the eleven-member Transportation Commission. Its 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 the reimbursement of aviation fuel tax revenues and discretionary grants to local airports. The Department's section of the Long Bill corresponds 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's Construction, Maintenance, and Operations line item. The Construction, Maintenance, and Operations line item reflects anticipated state and federal transportation revenues flowing directly to the Commission and is said to represent the "non-appropriated" side of the Department's Long Bill operating budget because the Commission establishes its own budget for this line. 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. The General Assembly also appropriates Limited Gaming Fund revenues to the Gaming Impacts Program and has statutory oversight over revenue-raising measures and approval of the Governor's appointments to the Transportation Commission. As a result of the passage of H.B. 06-1244, the General Assembly no longer appropriates the Division of Aeronautics administrative budget; instead, the Transportation Commission budgets and allocates revenues for the Division's administrative costs.

The Department's FY 2008-09 Long Bill includes four primary areas: Administration; Construction, Maintenance, and Operations; Statewide Tolling Enterprise; and Gaming Impacts.

Department Budget: Recent Appropriations

Funding Source	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund	\$0	\$0	\$0	\$0
Cash Funds/1	54,569,770	81,343,825	84,007,659	852,277,142
Cash Funds Exempt/1	431,474,156	538,767,263	536,695,262	n/a
Reappropriated Funds/1	n/a	n/a	n/a	3,984,546
Federal Funds	<u>334,332,742</u>	<u>415,271,865</u>	<u>441,417,139</u>	<u>445,533,158</u>
Total Funds	\$820,376,668	\$1,035,382,953	\$1,062,120,060	\$1,301,794,846
Full Time Equiv. Staff	3,307.2	3,307.2	3,316.0	3,350.5

/1 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

Funding for this department in FY 2008-09 consists of 65.5 percent cash funds, 0.3 percent reappropriated funds, and 34.2 percent federal funds. Important factors driving the budget are reviewed below.

General Fund Expenditures for Highway Construction

In March 2008, the Transportation Commission approved the 2035 Statewide Transportation Plan, which estimated that projected revenues over the next 27 years would be insufficient to complete priority transportation projects and maintain the existing system. 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), diversions of sales and use taxes from the General Fund to the Highway Users Tax Fund (S.B. 97-1), Limited Gaming Fund appropriations (which use cash funds that would otherwise be credited to the Clean Energy Fund), and two-thirds of the year-end General Fund surplus (H.B. 02-1310) to transportation. Additional legislation (H.B. 99-1325) has permitted the Department to issue bonds to accelerate projects and use future federal and state revenues to pay back bondholders over time.

Economic conditions precluded most of the transfers of General Fund to the State Highway Fund from FY 2002-03 through FY 2004-05, although there were limited transfers under H.B. 02-1310 in FY 2003-04 and FY 2004-05. Increased State revenues, and the passage of Referendum C, have allowed the Department to again receive transfers from the General Fund sources described above. For example, in FY 2006-07, the Department received a total of \$228.6 million under S.B. 97-1, \$291.2 million under H.B. 02-1310, and a \$20 million Capital Construction transfer. However, recent economic forecasts indicate that such transfers may decline over the next several years. Based on the March 20, 2008 Legislative Council Staff revenue forecast, JBC Staff has estimated that transfers from the three sources mentioned above in addition to gaming revenue will decline from a total of \$444.3 million in FY 2007-08 to \$251.5 million in FY 2008-09.

The table below reflects JBC Staff estimates, as of May 2008, 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 2006-07 through FY 2011-12). 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)¹							
Funding Source	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Total
S.B. 97-1	\$228.6	\$243.8	\$200.4	\$213.9	\$247.2	\$288.7	\$1,422.6
H.B. 02-1310	291.2	166.2	32.0	0.0	0.0	0.0	489.4
Capital Construction ²	20.0	20.0	9.0	0.0	0.0	0.0	49.0
Gaming Impacts ³	<u>5.3</u>	<u>14.3</u>	<u>10.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>29.7</u>
Total Funds	\$545.1	\$444.3	\$251.5	\$213.9	\$247.2	\$288.7	\$1,990.7

/1 Please note: These amounts are estimates. They are based on the Legislative Council March 2008 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 may change based on updates in revenue projections and actions by the General Assembly.

/2 House Bill 06-1386 transferred \$10 million from the General Fund Exempt Account to the Capital Construction Fund in FY 06 and \$15 million in FY 2006-07. Senate Bill 07-240 transferred \$20 million from the General Fund Exempt Account to the Capital Construction Fund in FY 2007-08. House Bill 08-1376 transferred \$9 million from the General Fund Exempt Account to the Capital Construction Fund in FY 2008-09. Staff has not included an amount for each year after FY 2008-09 because the General Assembly makes this determination on a year-by-year basis.

/3 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 2008-09 because the General Assembly makes this determination on a year-by-year basis.

Summary of FY 2007-08 and FY 2008-09 Appropriations

Department of Transportation						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$1,062,120,060	\$0	\$84,007,659	\$536,695,262	\$441,417,139	3,316.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	23,913,688	0	0	23,913,688	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
HB 08-1301	(15,387)	0	0	(15,387)	0	0.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$1,301,794,846	\$0	\$852,277,142	\$3,984,546	\$445,533,158	3,350.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	27,358,998	0	25,286,780	2,072,218	0	223.2
Construction, Maintenance, and Operations	1,261,748,574	0	814,303,088	1,912,328	445,533,158	3,127.3
Statewide Tolling Enterprise	2,560,000	0	2,560,000	0	0	0.0
Gaming Impacts	10,127,274	0	10,127,274	0	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	1,299,794,846	0	850,277,142	3,984,546	445,533,158	3,353.5
SB 08-155	0	0	0	0	0	(3.0)
HB 08-1194	2,000,000	0	2,000,000	0	0	0.0

Department of Transportation: Appropriations Format Change

	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$1,062,120,060	\$0	\$84,007,659	\$536,695,262	\$441,417,139	3,316.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	0	0	529,962,217	(529,962,217)	0	0.0
FY 2007-08 Adjusted Appropriation:	\$1,062,120,060	\$0	\$613,969,876	\$6,733,045	\$441,417,139	3,316.0
FY 2008-09 Total Appropriation:	\$1,301,794,846	\$0	\$852,277,142	\$3,984,546	\$445,533,158	3,350.5
Increase/(Decrease)	\$239,674,786	\$0	\$238,307,266	(\$2,748,499)	\$4,116,019	34.5
Percentage Change	22.6%	n/a	38.8%	-40.8%	0.9%	1.0%

FY 2008-09 Appropriation Highlights:

1. The appropriation reflects a \$230 million increase in the Department's forecasted share of State Highway Fund revenues per the statutory formula, as compared to the estimate in the FY 2007-08 Long Bill (S.B. 07-239).
2. The appropriation reflects a \$4.1 million increase in the Department's estimated apportionment of federal funds from the Federal Highway Administration federal transportation program.
3. The appropriation reflects a \$5.2 million decrease in Gaming Impacts funds for highway construction and maintenance on gaming related roads.

Detail of Appropriation by Administrative Section

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. Statute limits the Administration line item to 5.0 percent of the total Department of Transportation budget. The majority of the Administration line item is supported with cash funds (formerly 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 2007-08 Appropriation:						
SB 07-239	\$23,929,075	\$0	\$0	\$23,929,075	\$0	219.7
HB 08-1301	<u>(15,387)</u>	<u>0</u>	<u>0</u>	<u>(15,387)</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$23,913,688	\$0	\$0	\$23,913,688	\$0	219.7
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>22,436,902</u>	<u>(22,436,902)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$23,913,688	\$0	\$22,436,902	\$1,476,786	\$0	219.7
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Operating Adjustments	1,195,363	0	1,195,363	0	0	0.0
Multi-agency vehicle maintenance	450,842	0	0	450,842	0	2.0
FY 2008-09 salary and benefits adjustments	425,182	0	401,990	23,192	0	0.0
Human resources personnel	409,978	0	409,978	0	0	4.5
Annualize salary and benefits adjustments	408,627	0	390,485	18,142	0	0.0
Indirect cost assessment	230,318	0	230,318	0	0	0.0
Utilities	225,000	0	225,000	0	0	0.0
Print Shop Spending Authority	100,000	0	0	100,000	0	0.0
Contract services	0	0	(3,256)	3,256	0	0.0
HB 08-1375	\$27,358,998	\$0	\$25,286,780	\$2,072,218	\$0	226.2
SB 08-155	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3.0)</u>
TOTAL	\$27,358,998	\$0	\$25,286,780	\$2,072,218	\$0	223.2
Increase/(Decrease)	\$3,445,310	\$0	\$2,849,878	\$595,432	\$0	3.5
Percentage Change	14.4%	n/a	12.7%	40.3%	n/a	1.6%

H.B. 08-1375 (Long Bill) Issue Descriptions

Operating adjustments: The appropriation includes various changes in centrally appropriated line items other than personal services. The most significant increases include \$1,091,467 for risk management and property funds; \$83,696 for workers' compensation; and \$20,200 for legal services (the appropriation reflects the incremental change in the blended rate for legal services for FY 2008-09, as the Administration section's allotment of hours remains unchanged from FY 2007-08).

Multi-agency vehicle maintenance: The appropriation includes \$450,842 and 2.0 FTE to provide vehicle maintenance for other state agencies at the Department's Denver garage.

FY 2008-09 salary and benefits adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey, performance-based pay awards, state contributions for health, life, and dental benefits, shift differential, and state contributions to the Public Employees' Retirement Association (PERA) pension fund. All salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Administration section in the year of the award and are incorporated into base funding for each division in the subsequent year.

Human resources personnel: The appropriation includes \$409,978 and 4.5 FTE for the Human Resources and Administration Division to expedite the hiring process for new staff (2.0 FTE) and to improve the Department's training program (2.5 FTE).

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Administration section in the year of the award and are incorporated into base funding for each division in the subsequent year. The appropriation includes a 1.0 percent base reduction to the personal services appropriation for Administration.

Indirect cost assessment: The appropriation includes an increase of \$230,318 in indirect cost assessments for the Administration section.

Utilities: The appropriation includes an increase of \$225,000 to pay for increased utilities costs at the Department's headquarters complex.

Print shop spending authority: The appropriation includes an increase of \$100,000 spending authority for the Department's print shop.

Contract services: The appropriation reflects an adjustment in contract services funding.

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	2001	2002	2003	2004	2005	2006	2007
Percent Rated "Fair" or "Good"	56%	58%	58%	61%	65%	63%	59%

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 now include the State Highway Fund (formerly classified as cash funds exempt), 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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>507,525,315</u>	<u>(507,525,315)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,018,793,615	\$0	\$575,520,217	\$1,856,259	\$441,417,139	3,096.3
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
State Highway Funds (HUTF)	217,513,635	0	217,513,635	0	0	31.0
Cash funds (aeronautics, miscellaneous, locals)	19,269,236	0	19,269,236	0	0	0.0
Federal funds	4,116,019	0	0	0	4,116,019	0.0
Internal cash funds	56,069	0	0	56,069	0	0.0
HB 08-1375	\$1,259,748,574	\$0	\$812,303,088	\$1,912,328	\$445,533,158	3,127.3
HB 08-1194	<u>2,000,000</u>	<u>0</u>	<u>2,000,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$1,261,748,574	\$0	\$814,303,088	\$1,912,328	\$445,533,158	3,127.3
Increase/(Decrease)	\$242,954,959	\$0	\$238,782,871	\$56,069	\$4,116,019	31.0
Percentage Change	23.8%	n/a	41.5%	3.0%	0.9%	1.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

State Highway Funds (HUTF): The appropriation represents the Department's forecasted share of Highway User Tax Fund (HUTF) revenues per statutory formula. Please note that prior to FY 2008-09, State Highway Funds were reflected in the cash funds exempt column. Given changes to the Long Bill format, these funds are now reflected in the cash funds column.

Cash funds (aeronautics, miscellaneous, locals): The appropriation reflects increases of \$5.2 million in aviation funding for the Division of Aeronautics, \$2.2 million in local government match funds, and an additional \$11.9 million from miscellaneous cash sources, including Law Enforcement Assistance Fund (LEAF) and Motorcycle Operator Safety Training (MOST) program fund revenues.

Federal funds: The appropriation represents the Department's estimated apportionment of federal funds from the Federal Highway Administration federal transportation program.

Internal cash funds: The appropriation represents an increase of about \$56,000 in internal cash fund assessments for the Construction, Maintenance, and Operations section.

Additional legislation: For information on H.B. 08-1194, see the "Recent Legislation" section at the end of the Department of Revenue. For information on additional legislation, see the "Recent Legislation" section at the end of this department.

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 toll 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 10.0 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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$5,120,000	\$0	\$1,720,000	\$3,400,000	\$0	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Transportation Commission allocation	(2,560,000)	0	840,000	(3,400,000)	0	0.0
HB 08-1375	<u>\$2,560,000</u>	<u>\$0</u>	<u>\$2,560,000</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$2,560,000	\$0	\$2,560,000	\$0	\$0	0.0
Increase/(Decrease)	(2,560,000)	\$0	\$840,000	(3,400,000)	\$0	0.0
Percentage Change	-50.0%	n/a	48.8%	-100.0%	n/a	n/a

H.B. 08-1375 (Long Bill) Issue Descriptions

Transportation Commission allocation: The appropriation reflects an adjustment to the amount allocated by the Transportation Commission to the Statewide Tolling Enterprise. The Commission estimates that tolling revenue for FY 2008-09 will increase by \$840,000. The Commission is also reflecting the elimination of \$3.4 million in State Highway Fund transfers to the Tolling Enterprise.

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 50.0 percent share of the Limited Gaming Fund year-end balance that is transferred to the Clean Energy 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 2007-08 Appropriation:						
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

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$14,292,757	\$0	\$14,292,757	\$0	\$0	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Gaming impacts	(4,165,483)	0	(4,165,483)	0	0	0.0
HB 08-1375	<u>\$10,127,274</u>	<u>\$0</u>	<u>\$10,127,274</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$10,127,274	\$0	\$10,127,274	\$0	\$0	0.0

Increase/(Decrease)	(\$4,165,483)	\$0	(\$4,165,483)	\$0	\$0	0.0
Percentage Change	-29.1%	n/a	-29.1%	n/a	n/a	n/a

H.B. 08-1375 (Long Bill) Issue Descriptions

Gaming impacts: The appropriation includes a decrease of \$4.1 million for gaming impacts-related highway construction and maintenance for FY 2008-09.

Recent Legislation

2007 Session Bills

S.B. 07-95: Repeals the Department of Transportation FTE statutory limit, which was set at 3,316.0 FTE. 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. 07-239: General appropriations act for FY 2007-08.

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.

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. 07-1229: 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.

2008 Session Bills

S.B. 08-14: Authorizes the Colorado Tolling Enterprise (CTE) to, at the request of the Judicial Department, consider establishing an administrative toll enforcement process for toll evasion cases. Allows cases to be heard by a state administrative law judge or an independent contractor. The courts would lose jurisdiction if CTE proceeded with the administrative process. Permits courts and the CTE to report outstanding toll evasion judgements to the Department of Revenue. Prohibits the Department of Revenue from renewing a motor vehicle registration for any vehicle owned by a person who fails to pay an outstanding judgement.

S.B. 08-41: Clarifies that the Transportation Commission or any other governmental entity acquiring land for road or highway construction or the addition of mass transit is prohibited from acquiring, through condemnation, interests in oil, natural gas, or other mineral resources except to the extent they are required for subsurface support of the project. Precludes any condemning authority, as part of an eminent domain condemnation, from acquiring the right, title, or interest to oil, natural gas, or other mineral resources except to the extent that they are required for subsurface support. The bill is expected to decrease future revenues that would have resulted from the acquisition and sale of mineral resources.

S.B. 08-155: Transfers 3.0 FTE from the Administration Division to the Governor's office as part of a statewide information technology consolidation effort. For additional information on this bill, see the "Recent Legislation" section of the Governor section of this document.

H.B. 08-1010: Increases the fines for class 1 and 2 traffic misdemeanors; alters the distribution of revenues from seat belt violations on state highways when local law enforcement writes the citation; doubles the minimum fines for driving under the influence (DUI), driving while ability impaired (DWAI), under age drinking and driving (UDD), habitual user driving, and vehicle eluding; and changes the distribution of revenues from DUI, DWAI, and UDD offenses occurring on state or federal highways. Appropriates \$33,600 General Fund to the Judicial Department in FY 2008-09 for courts administration costs related to the implementation of the bill.

H.B. 08-1036: Authorizes the use of photo radar to enforce speed limits in designated highway maintenance, repair, and construction zones while work is occurring in these areas. Allows the Department of Public Safety to contract with a vendor to operate the photo radar systems and to collect and process penalty assessments. Creates a fine of \$540 for driving 24 miles per hour over the speed limit in such zones and creates a class 1 misdemeanor traffic offense for driving 25 or more miles per hour above the speed limit in such zones. Specifies that no penalty assessment, summons, or complaint for violations detected by photo radar are to be forwarded to the Department of Revenue for processing. Doubles fines for certain moving traffic violations, including speeding, within the zones designated by local governments. The bill is anticipated to increase State revenues as a result of the increased fines and additional enforcement activities.

H.B. 08-1139: Expands the duties of the Colorado Tolling Enterprise (CTE) board, a government-owned business enterprise housed within the Colorado Department of Transportation. Requires the CTE board to evaluate any toll highway not owned by the state that is offered for sale or lease to determine whether the state (through the CTE) should purchase, lease, have a partial interest in, or enter into a public-private initiative in connection with the toll highway. Requires the CTE to report back to the General Assembly regarding the results of any evaluation. Because no toll highway projects are currently offered for sale or lease in Colorado, no fiscal impact is expected for FY 2008-09. The bill may require costs in future years if toll highway projects become available.

H.B. 08-1194: Requires the Colorado Department of Transportation to increase the number of high-visibility drunk driving law enforcement episodes from the current 7 per year to between 12 and 15. Appropriates \$2,000,000 cash funds from the First Time Drunk Driving Offenders' Account to the Department of Transportation in FY 2008-09. For additional information on this bill, see the "Recent Legislation" section for the Department of Revenue.

H.B. 08-1257: Authorizes new permits and permit fees for the operation of an overweight motor vehicle with a divisible load providing the vehicle has a four-axle grouping with a gross weight not exceeding 110,000

pounds and sets additional requirements for such vehicles. Clarifies that permits authorized by the bill do not allow the operation of such vehicles on the interstate. Doubles fines for violations of a vehicle's maximum permitted weight. Allows the Department of Transportation or the Colorado State Patrol to collect fees for the issuance of such permits, with fees varying depending on the term of the permit and the number of vehicles permitted for a given owner. The bill is anticipated to increase State revenues by \$1.3 million and expenditures from the State Highway fund by \$104,413 in FY 2008-09. Appropriates \$10,890 reappropriated funds from the Department of Transportation to the Department of Law in FY 2008-09 for the provision of legal services related to the implementation of the bill.

H.B. 08-1301: Supplemental appropriation to the Department of Transportation to modify FY 2007-08 appropriations in the FY 2007-08 Long Bill (S.B. 07-239).

H.B. 08-1375: General appropriations act for FY 2008-09.

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 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
General Fund/1	\$26,033,148	\$100,187,249	\$114,153,460	\$122,008,844
Cash Funds/2	2,529,943	2,584,606	2,642,009	302,253,292
Cash Funds Exempt/2	279,615,432	265,236,100	281,038,178	n/a
Reappropriated Funds/2	n/a	n/a	n/a	0
Federal Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds	\$308,178,523	\$368,007,955	\$397,833,647	\$424,262,136
Full Time Equiv. Staff	26.0	26.0	26.0	29.5

/1 Includes General Fund Exempt.

/2 Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

General Factors Driving the Budget

Funding for the Department consists of 28.8 percent General Fund (including appropriations from the General Fund Exempt account) and 71.2 percent cash funds. 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; (b) moneys in the Unclaimed Property Trust Fund, which support the unclaimed property program; (c) transmittals from the Unclaimed Property Trust Fund to the CoverColorado program; and (d) 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 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			
	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Approp.
County Reimbursement for Tax Exemption ¹	\$74,231,509	\$79,828,168	\$86,200,000
Number of Exemptions Granted	146,836	157,099	not projected
Average Property Tax Exempted	\$506	\$508	not projected
Percent of Residences Granted Exemption	8.5%	8.9%	not projected
Actual Value Exempted	\$11,737,065,090	\$13,018,439,322	not projected
Assessed Value Exempted	\$1,029,808,893	\$1,036,267,770	not projected

¹ The figure for FY 2007-08 represents the total amount paid by the State Treasurer's Office as of April 30, 2008. The FY 2008-09 appropriation is based on estimates included in the Legislative Council staff March 2008 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 in 2006, 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. The provision further specified 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 2008-09 appropriation level be sustained for another fiscal year; current projections indicate that doing so would allow for a reduced payment in FY 2010-11 and no payment in FY 2011-12. 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 2009	\$25,321,079	\$34,777,172
April 2010	25,321,079	34,777,172
April 2011	25,321,079	23,501,178
April 2012 (estimate)	20,971,594	0

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 about 42 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 ¹	Annual Surplus/ (Deficit)
2001-02	\$17,715,896	\$9,380,110	52.9%	(\$8,335,786)	\$8,144,133	(\$191,653)
2002-03	28,163,622	17,064,208	60.6%	(11,099,414)	3,527,552	(7,571,862)
2003-04	34,505,598	21,361,177	61.9%	(13,144,421)	40,843,100	27,698,679
2004-05	34,668,993	21,402,805	61.7%	(13,266,188)	6,268,704	(6,997,484)
2005-06	36,786,073	23,878,912	65.0%	(12,907,161)	14,230,799	1,323,638
2006-07	47,859,232	24,257,015	50.7%	(23,602,217)	17,266,139	(6,336,078)
2007-08 Projection ²	69,735,182	29,397,288	42.2%	(40,337,894)	30,093,585	(10,244,309)

/1 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.

/2 Projection prepared by Leif Associates, dated October 26, 2007. Reflects "baseline" 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 (\$18.4 million for FY 2007-08 and \$48.8 million in FY 2008-09). 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 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 2007-08 and FY 2008-09.

Highway Users Tax Fund (HUTF) ¹					
Actual Revenues and Distributions				Projections	
	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Total Revenues	\$763,860,847	\$787,427,989	\$779,927,512	\$778,791,644	\$771,425,750
<i>Annual Percent Change</i>	0.8%	3.1%	-1.0%	-0.1%	-0.9%
<u>Treasury Distributions:</u>					
Counties	\$155,980,977	\$159,784,050	\$159,769,834	\$157,680,588	\$154,035,971
Municipalities	102,184,633	104,524,983	103,105,022	102,998,050	102,152,162

/1 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 2008 revenue forecast.

Summary of FY 2007-08 and FY 2008-09 Appropriations

Department of Treasury						
	Total Funds	General Fund/1,2	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$397,833,647	\$114,153,460	\$2,642,009	\$281,038,178	\$0	26.0
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	1,637,942	776,288	861,654	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
HB 08-1302	(38,860)	(72,682)	33,822	0	0	0.0

	Total Funds	General Fund/1,2	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Total Appropriation:	\$424,262,136	\$122,008,844	\$302,253,292	\$0	\$0	29.5
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	1,927,652	1,031,672	895,980	0	0	16.0
Unclaimed Property Program	1,857,431	0	1,857,431	0	0	13.5
Special Purpose	420,477,053	120,977,172	299,499,881	0	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 08-1375	435,426,998	122,008,844	313,418,154	0	0	29.5
HB 08-1390	(11,164,862)	0	(11,164,862)	0	0	0.0

/1 Includes \$34,777,172 General Fund Exempt in both FY 2007-08 and FY 2008-09. See division detail for more information on General Fund Exempt appropriations.

/2 Includes \$113,377,172 in FY 2007-08 and \$120,977,172 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-75-201.1, C.R.S. See Division Detail for more information.

Department of Treasury: Appropriations Format Change						
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds	FTE
FY 2007-08 Total Appropriation:	\$397,833,647	\$114,153,460	\$2,642,009	\$281,038,178	\$0	26.0

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to Appropriations Format	<u>0</u>	<u>0</u>	<u>281,038,178</u>	<u>(281,038,178)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation:	\$397,833,647	\$114,153,460	\$283,680,187	\$0	\$0	26.0
FY 2008-09 Total Appropriation:	\$424,262,136	\$122,008,844	\$302,253,292	\$0	\$0	29.5
Increase/(Decrease)	\$26,428,489	\$7,855,384	\$18,573,105	\$0	\$0	3.5
Percentage Change	6.6%	6.9%	6.5%	n/a	n/a	13.5%

FY 2008-09 Appropriation Highlights:

1. The appropriation reflects a \$30.4 million cash funds increase in the amount that is anticipated to be transferred from the Unclaimed Property Trust Fund to CoverColorado.
2. The appropriation reflects a \$7.6 million General Fund increase, compared to the FY 2007-08 appropriation, in payments to local governments to offset the local property tax revenues that will be foregone for tax year 2008 due to the senior citizen and disabled property tax exemption. This amount is not subject to the six percent statutory limit on General Fund appropriations.
3. The appropriation reflects a \$760,000 decrease in the projected disbursements of HUTF revenues to counties and municipalities.

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 2007-08, the Treasury projects that interest earned on General Fund and cash fund balances will total \$227 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 2007-08 Appropriation:						
SB 07-239	\$1,676,802	\$848,970	\$827,832	\$0	\$0	16.0
HB 08-1302	<u>(38,860)</u>	<u>(72,682)</u>	<u>33,822</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	\$1,637,942	\$776,288	\$861,654	\$0	\$0	16.0
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,637,942	\$776,288	\$861,654	\$0	\$0	16.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Cyber Security	69,339	69,339	0	0	0	0.0
FY 2008-09 salary and benefits adjustments	63,974	30,567	33,407	0	0	0.0
BondEdge software	47,188	47,188	0	0	0	0.0
Transparency initiative	46,575	46,575	0	0	0	0.0
Annualize salary and benefits adjustments	42,296	42,296	0	0	0	0.0
Operating adjustments	20,338	19,419	919	0	0	0.0
HB 08-1375	<u>\$1,927,652</u>	<u>\$1,031,672</u>	<u>\$895,980</u>	<u>\$0</u>	<u>\$0</u>	<u>16.0</u>
TOTAL	\$1,927,652	\$1,031,672	\$895,980	\$0	\$0	16.0
<hr/>						
Increase/(Decrease)	\$289,710	\$255,384	\$34,326	\$0	\$0	0.0
Percentage Change	17.7%	32.9%	4.0%	n/a	n/a	0.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Cyber Security: The appropriation includes \$69,339 to improve the security of the Treasury's computer systems.

FY 2008-09 salary and benefits adjustments: The appropriation includes adjustments to centrally-appropriated line items for salary survey; performance-based pay awards; state contributions to health, life, and dental benefits; shift differential; and state contributions to the Public Employees' Retirement Association (PERA) pension fund. All salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Administration section in the year of the award and are incorporated into base funding for each division in the subsequent year.

BondEdge software: The appropriation includes \$47,188 to purchase BondEdge fixed income investment software.

Transparency initiative: The appropriation includes \$46,575 for the Treasurer's transparency initiative.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded to staff in this division in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Administration section in the year of the award and are incorporated into base funding for each division in the subsequent year.

Operating adjustments: The appropriation includes adjustments for common policies other than personal services, including increases for legal services, the purchase of services from the computer center, workers' compensation, short-term disability, and payment to risk management and property funds. These increases are

partially offset by a small decrease in funding for Capitol complex leased space. The appropriation also includes a small increase for the Department's Bloomberg subscription.

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 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 Department anticipates paying approximately 11,000 claims valued at \$22 million in FY 2007-08. 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 2007-08 Appropriation:						
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
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$1,780,355	\$0	\$1,780,355	\$0	\$0	10.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Audit intern	43,915	0	43,915	0	0	1.0
Annualize salary and benefits adjustments	22,628	0	22,628	0	0	0.0
Administrative assistants	8,800	0	8,800	0	0	2.5
Leased space	1,733	0	1,733	0	0	0.0
HB 08-1375	<u>\$1,857,431</u>	<u>\$0</u>	<u>\$1,857,431</u>	<u>\$0</u>	<u>\$0</u>	<u>13.5</u>
TOTAL	\$1,857,431	\$0	\$1,857,431	\$0	\$0	13.5
Increase/(Decrease)	\$77,076	\$0	\$77,076	\$0	\$0	3.5
Percentage Change	4.3%	n/a	4.3%	n/a	n/a	35.0%

H.B. 08-1375 (Long Bill) Issue Descriptions

Audit intern: The appropriation includes \$43,915 and 1.0 FTE to hire a desk auditor.

Annualize salary and benefits adjustments: The appropriation includes increases for salary survey and performance-based pay that were awarded in FY 2007-08. Salary survey and performance-based pay increases are funded through centrally-appropriated line items in the Administration section in the year of the award and are incorporated into base funding for each division in the subsequent year.

Administrative assistants: The appropriation includes an increase of \$8,800 and 2.5 FTE to convert long-term temporary positions to permanent FTE.

Leased space: The appropriation reflects an increase for leased 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 2007-08 Appropriation:						
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
	Total Funds	General Fund/1,2	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2008-09 Appropriation:						
Change to appropriations format	<u>0</u>	<u>0</u>	<u>281,038,178</u>	<u>(281,038,178)</u>	<u>0</u>	<u>0.0</u>
FY 2007-08 Adjusted Appropriation	\$394,415,350	\$113,377,172	\$281,038,178	\$0	\$0	0.0
<i>Changes from FY 2007-08 Adjusted Appropriation</i>						
Transfer to CoverColorado	30,386,765		30,386,765	0	0	0.0
Property tax exemption	7,600,000	7,600,000	0	0	0	0.0
HUTF disbursements	(760,200)	0	(760,200)	0	0	0.0

	Total Funds	General Fund/1,2	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 08-1375	\$431,641,915	\$120,977,172	\$310,664,743	\$0	\$0	0.0
HB 08-1390	(11,164,862)	0	(11,164,862)	0	0	0.0
TOTAL	\$420,477,053	\$120,977,172	\$299,499,881	\$0	\$0	0.0
Increase/(Decrease)	\$26,061,703	\$7,600,000	\$18,461,703	\$0	\$0	0.0
Percentage Change	6.6%	6.7%	6.6%	n/a	n/a	n/a

/1 Includes General Fund Exempt amounts.

/2 For FY 2007-08, includes \$113,377,172 that is not subject to the statutory limit on state General Fund appropriations, pursuant to Section 24-75-201.1 (1) (a) (III) (A), C.R.S., including \$78,600,000 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 \$34,777,172 for FPPA - Old Hire Plans (this amount, transferred pursuant to Section 31-30.5-307 (2), C.R.S., is deemed to not be an appropriation subject to the limitation). For FY 2008-09, includes \$120,977,172 that is exempt from the statutory limit on state General Fund appropriations, including \$86,200,000 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 2007-08 Appropriation	\$113,377,172	\$78,600,000	\$34,777,172
Property tax exemption	7,600,000	7,600,000	0
Total FY 2008-09 Appropriation	\$120,977,172	\$86,200,000	\$34,777,172

General Fund Exempt

In November 2005, the Colorado voters passed Referendum C, which 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 2007-08 and FY 2008-09 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), C.R.S.

H.B. 08-1375 (Long Bill) Issue Descriptions

Transfer to CoverColorado: The appropriation reflects a \$30.4 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 2007-08 Long Bill*. The appropriated amount is based on projections of program costs as well as other sources of revenues available to CoverColorado.

Property tax exemption: The appropriation reflects a \$7.6 million increase, *compared to the amount reflected in the FY 2007-08 Long Bill*, in payments to local governments to offset the local property tax revenues that will be foregone for tax year 2008 pursuant to Article X, Section 3.5, of the Colorado Constitution. [Please note that based on revised projections for FY 2007-08 (which are not reflected in the FY 2007-08 appropriation), the foregone property tax revenues are anticipated to increase from \$81.0 million in FY 2007-08 to \$86.2 million in FY 2008-09 (6.4 percent).]

Highway Users Tax Fund (HUTF) disbursements: The appropriation reflects a \$760,000 decrease in the projected disbursements of HUTF revenues to counties and municipalities, *compared to amounts reflected in*

the FY 2007-08 Long Bill. [Please note that based on revised projections for FY 2007-08 (which are not reflected in FY 2007-08 appropriations), these disbursements are anticipated to decrease from \$266.1 million in FY 2007-08 to \$261.9 million in FY 2008-09 (1.6 percent).]

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

Recent Legislation

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

H.B. 07-1251: Implements Referendum E, extending the senior homestead exemption to veterans who are 100 percent permanently disabled due to a service-connected disability. 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.

2008 Session Bills

S.B. 08-233: Establishes a process for identifying higher education capital construction projects that are to be funded from federal mineral lease revenues and allows the State Treasurer to enter into lease-purchase agreements for these projects. Appropriates \$10,000,000 cash funds from the Higher Education Federal Mineral Lease Revenues Fund to the Department of the Treasury (reflected in the Capital Construction section of this document) to make lease-purchase payments at state-supported institutions of higher education. For additional information on this bill, see the "Recent Legislation" section at the end of the Department of Higher Education section of this document.

H.B. 08-1302: Treasury Department supplemental appropriation for FY 2007-08.

H.B. 08-1309: Continues the CoverColorado Board's authority to levy insurance carrier assessments when the program is expecting a budget shortfall. Creates the CoverColorado Long-Term Funding Task Force to develop a plan to fund CoverColorado for at least ten years and includes specific factors and options that the Task Force must consider in the development of the long term plan. Requires the Task Force to submit the funding plan by March 31, 2009.

H.B. 08-1375: General appropriations act for FY 2008-09.

H.B. 08-1390: Establishes a new funding structure for the CoverColorado program beginning January 1, 2009 that will consist of 50.0 percent from participant premiums, grants, and donations; 25.0 percent from the Unclaimed Property Trust Fund (UPTF); and up to 25.0 percent from insurance carrier assessments. The current funding structure does not allow for collection of insurance carrier assessments until the program is anticipating a budget shortfall, causing increased reliance on the UPTF for program revenue. The bill is anticipated to reduce transfers from the UPTF to CoverColorado by \$11.2 million in FY 2008-09 and \$30.4 million in FY 2009-10.

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 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Capital Construction Fund	\$99,223,579	\$138,537,539	\$274,549,088	\$186,438,360
Cash Funds	1,550,000	6,963,802	2,102,808	700,244,606
Cash Funds Exempt	265,073,387	268,578,346	559,220,776	n/a
Reappropriated Funds/2	n/a	n/a	n/a	0
Federal Funds	<u>10,862,866</u>	<u>26,416,088</u>	<u>42,238,426</u>	<u>48,730,367</u>
Total Funds	\$376,709,832	\$440,495,775	\$878,111,098	\$935,413,333

¹ See the table "Appropriations and Transfers to the Capital Construction Fund" for this information.

² Appropriations for FY 2008-09 are reflected in a new format, which redistributes funds previously classified "cash funds" and "cash funds exempt" into the newly defined "cash funds" and "reappropriated funds" categories.

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 2007-08 and FY 2008-09 are as follows:

Summary of Revenue to the Capital Construction Fund Available for Appropriation		
Revenue Source	FY 2007-08	FY 2008-09
Funds from Prior Years		
Carry-forward	\$69,887,799	\$52,542,921
1/3 of the General Fund in excess of the 4.0 percent statutory reserve		
FY 2005-06 excess reserve identified in S.B. 07-239	145,600,000	n/a
FY 2006-07 excess reserve identified in H.B. 08-1375	n/a	83,091,000
Fund balance from reversions, accounting adjustments, etc. appropriated in Long Bill	226,000	4,372,000
Interest appropriated in Long Bill	9,900,000	20,827,947
Subtotal - Funds from Prior Years	\$225,613,799	\$160,833,868
General Fund Appropriations for Capital Construction Subject to the Six Percent Limit		
H.B. 08-1375	\$6,642,921	\$0
General Fund Transfers Exempt from the Six Percent Limit		
5-year Sentencing Bills (see detail at the end of this section) ¹	\$4,128,157	\$5,864,092
<i>Other Transfers:</i>		
H.B. 06-1373	22,885,386	0
S.B. 07-240 ^{1,2}	20,000,000	0
H.B. 08-1333	1,921,746	0
H.B. 08-1376 ³	<u>45,900,000</u>	<u>20,000,000</u>
Subtotal - General Fund Transfers Exempt from the Six Percent Limit	\$94,835,289	\$25,864,092
Total Revenue to the Capital Construction Fund Available for Appropriation	\$327,092,009	\$186,697,960
Total appropriations from the Capital Construction Fund ¹	<u>(274,549,088)</u>	<u>(186,438,360)</u>
Carry-forward	52,542,921	259,600

¹ Includes \$1,126,485 in FY 2007-08 and \$949,747 in FY 2008-09 associated with H.B. 07-1040. House Bill 07-1040 provides that if 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 credited to the Capital Construction Fund for appropriation to the Corrections Expansion Reserve Fund. At the time of this publication, actual revenues were negligible. The executive branch has interpreted the appropriations pursuant to H.B. 07-1040 to be dependent on sufficient revenues. Thus, the majority of the revenue to and obligations from the Capital Construction Fund associated with H.B. 07-1040 are not likely to take effect.

² Includes \$20,000,000 General Fund Exempt in FY 2007-08.

³ Includes \$9,000,000 General Fund Exempt in FY 2008-09.

Summary of FY 2007-08 and FY 2008-09 Appropriations

Appropriations for Projects

The following table summarizes appropriations for capital construction and controlled maintenance projects. It does not include appropriations and transfers to the Capital Construction Fund or Controlled Maintenance Fund. Appropriations and transfers intended to increase the balance in those funds (to support more expenditures for projects) are summarized in different tables titled Appropriations and Transfers to the Capital Construction Fund and Appropriations and Transfers to the Controlled Maintenance Trust Fund respectively.

Appropriations for Capital Construction and Controlled Maintenance Projects
(Does not include appropriations and transfers to the Capital Construction Fund or Controlled Maintenance Trust Fund)

	Total Funds	Capital Construction Funds Exempt	Cash Funds	Cash Funds Exempt	Federal Funds
FY 2007-08 Total Appropriation:	\$878,111,098	\$274,549,088	\$2,102,808	\$559,220,776	\$42,238,426
<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	619,886,553	131,110,341	0	488,273,212	503,000
Human Services	49,172,042	36,999,116	0	0	12,172,926
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	35,193,680	0	1,500,000	29,231,180	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	10,963,654	10,400,911	12,808	549,935	0
Transportation	20,000,000	20,000,000	0	0	0
<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 ²	1,126,485	1,126,485	0	0	0

Appropriations for Capital Construction and Controlled Maintenance Projects

(Does not include appropriations and transfers to the Capital Construction Fund or Controlled Maintenance Trust Fund)

	Total Funds	Capital Construction Funds Exempt	Cash Funds	Cash Funds Exempt	Federal Funds
HB 07-1326	500,660	500,660	0	0	0
HB 08-1303	49,990,764	1,921,746	0	46,226,161	1,842,857
HB 08-1375	17,447,060	0	0	17,447,060	0

Appropriations for Capital Construction and Controlled Maintenance Projects

(Does not include appropriations and transfers to the Capital Construction Fund or Controlled Maintenance Trust Fund)

	Total Funds	Capital Construction Funds	Cash Funds	Reappropriated Funds	Federal Funds
FY 2008-09 Total Appropriation:	\$935,413,333	\$186,438,360	\$700,244,606	\$0	\$48,730,367
<u>Breakdown of Total Appropriation by Department</u>					
Agriculture	1,754,112	1,754,112	0	0	0
Corrections	17,314,101	13,719,901	3,594,200	0	0
Corrections Expansion Reserve Fund	5,864,092	5,864,092	0	0	0
Education	431,500	431,500	0	0	0
Higher Education	794,535,285	118,520,777	645,465,638	0	30,548,870
Human Services	10,958,549	10,683,549	0	0	275,000
Labor and Employment	3,040,018	0	3,040,018	0	0
Military and Veterans' Affairs	19,778,429	5,219,432	2,100,000	0	12,458,997
Natural Resources	40,395,250	0	34,947,750	0	5,447,500
Personnel and Administration	12,210,241	12,210,241	0	0	0
Public Health and Environment	250,000	0	250,000	0	0
Public Safety	1,217,719	1,217,719	0	0	0
Revenue	8,664,037	7,817,037	847,000	0	0
Transportation	9,000,000	9,000,000	0	0	0
Treasury	10,000,000	0	10,000,000	0	0
<u>Breakdown of Total Appropriation by Bill</u>					
HB 04-1021	69,467	69,467	0	0	0
SB 06-206	392,373	392,373	0	0	0
SB06-207	392,373	392,373	0	0	0
HB 06-1011	523,164	523,164	0	0	0
HB 06-1145	26,158	26,158	0	0	0

Appropriations for Capital Construction and Controlled Maintenance Projects
(Does not include appropriations and transfers to the Capital Construction Fund or Controlled Maintenance Trust Fund)

	Total Funds	Capital Construction Funds	Cash Funds	Reappropriated Funds	Federal Funds
HB 06-1326	462,128	462,128	0	0	0
SB 06S-4	69,755	69,755	0	0	0
SB 07-096	325,429	325,429	0	0	0
HB 07-1040 ²	949,747	949,747	0	0	0
HB 07-1326	150,198	150,198	0	0	0
SB 08-13	750,000	0	750,000	0	0
SB 08-206	18,000,000	0	18,000,000	0	0
SB 08-233	32,227,526	0	32,227,526	0	0
SB 08-239	125,165	125,165	0	0	0
HB 08-1115	125,165	125,165	0	0	0
HB 08-1194	125,165	125,165	0	0	0
HB 08-1352	2,127,805	2,127,805	0	0	0
HB 08-1375	878,571,715	180,574,268	649,267,080	0	48,730,367

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.

² House Bill 07-1040 provides that if 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 credited to the Capital Construction Fund for appropriation to the Corrections Expansion Reserve Fund. At the time of this publication, actual revenues were negligible. The executive branch has interpreted the appropriations pursuant to H.B. 07-1040 to be dependent on sufficient revenues. Thus, the majority of the revenue to and obligations from the Capital Construction Fund associated with H.B. 07-1040 are not likely to take effect.

FY 2008-09 Appropriation Highlights:

The appropriation provides \$188.0 million for the state-funded projects recommended by the Capital Development Committee that are listed in the table on the next page. It also provides \$9.0 million for strategic transportation projects from General Fund Exempt authorized by Referendum C. The total for the state-funded projects does not match the total expenditures from the Capital Construction Fund because \$3,287,200 of the cost for the Department of Corrections, Fort Lyon Acquisition and Renovation is being financed with a balance in the Corrections Expansion Reserve Fund, and the \$13,142,688 for the Lease Purchase of Academic Facilities at Fitzsimons is being funded with a balance in the Fitzsimons Trust Fund.

State-funded Projects		Amount	Cumulative
<u>Projects Recommended by the Capital Development Committee</u>			
1	Lease Purchase of Academic Facilities at Fitzsimons	\$13,142,688	\$13,142,688
2	REV Colorado Integrated Tax Architecture Upgrade	7,817,037	20,959,725
3	Level I Controlled Maintenance	21,735,893	42,695,618
4	CU - Colorado Springs Science/Engineering Building	7,000,000	49,695,618
5	CSU Diagnostic Medicine Center	19,156,307	68,851,925
6	CU - Boulder Visual Arts Complex	7,070,000	75,921,925
7	Fort Lewis Berndt Hall Reconstruction Biology/Agriculture	15,699,453	91,621,378
8	PER Digital Trunked Radio Infrastructure Buildout	7,945,000	99,566,378
9	CSU Clark Building Revitalization	2,000,000	101,566,378
10	CU - Boulder Ekeley Sciences Middle Wing Renovation	11,559,536	113,125,914
11	CU - Boulder Ketchum Arts and Sciences Building	8,435,946	121,561,860
12	Mines Hall of Justice Demolition/Related Classroom Improvements	3,516,697	125,078,557
13	PUBSAF Alamosa Troop Office, Regional Communication Center	1,217,719	126,296,276
14	Hist Ute Indian Museum Gallery Expansion	2,098,598	128,394,874
15	HUM Colorado State Veterans Nursing Home at Florence, McCandless Renovations	2,163,000	130,557,874
16	Pueblo CC Academic Building - Learning Center Renovation	2,971,482	133,529,356
17	Mesa Saunders Fieldhouse Renovation and Addition	18,400,687	151,930,043
18	MIL Grand Junction Readiness Center	3,994,432	155,924,475
19	HUM Colorado Mental Health Institute at Fort Logan, F Cottage Air Conditioning	1,806,035	157,730,510
20	HUM Kipling Village Remodel	400,340	158,130,850
21	COR Colorado State Penitentiary, Equipment and Furnishings	2,000,000	160,130,850
22	UNC Butler Hancock Renovation and Addition	3,000,000	163,130,850
23	CSU -Pueblo Academic Resources Center Remodel	2,797,436	165,928,286
24	Mines Brown Hall Addition	2,000,000	167,928,286
25	HUM Colorado Mental Health Institutes, Suicide Risk Mitigation	3,284,215	171,212,501
26	Northwestern CC Craig Academic Building	1,990,056	173,202,557
27	COR Fort Lyon Acquisition and Renovation	10,449,694	183,652,251
28	Level II Controlled Maintenance (through score 12)	4,351,905	188,004,156
<u>General Fund Exempt - Referendum C</u>			
Strategic Transportation Projects		9,000,000	197,004,156

Appropriations and Transfers to the Capital Construction Fund

The following table summarizes appropriations and transfers to the Capital Construction Fund that increase the balance in the fund to make more money available for projects. Appropriations to the Capital Construction Fund are subject to the statutory six percent limit on the growth of General Fund appropriations, but transfers to the Capital Construction Fund are not.

Appropriations and Transfers to the Capital Construction Fund					
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
FY 2007-08 Total Appropriations and Transfers:	\$101,478,210	100,351,725	\$1,126,485	\$0	\$0
Appropriations to Capital Construction Fund	<u>6,642,921</u>	<u>6,642,921</u>	<u>0</u>	<u>0</u>	<u>0</u>
HB 08-1375	6,642,921	6,642,921	0	0	0
General transfers to Capital Construction Fund	<u>90,707,132</u>	<u>90,707,132</u>	<u>0</u>	<u>0</u>	<u>0</u>

Appropriations and Transfers to the Capital Construction Fund					
	Total Funds	General Fund	Cash Funds	Cash Funds Exempt	Federal Funds
HB 06-1373	22,885,386	22,885,386	0	0	0
SB 07-240 ¹	20,000,000	20,000,000	0	0	0
HB 08-1333	1,921,746	1,921,746	0	0	0
HB 08-1376	45,900,000	45,900,000	0	0	0
5-year sentencing bill transfers to Capital Construction Fund	<u>4,128,157</u>	<u>3,001,672</u>	<u>1,126,485</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 ²	1,126,485	0	1,126,485	0	0
HB 07-1326	500,660	500,660	0	0	0

Appropriations and Transfers to the Capital Construction Fund					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2008-09 Total Appropriations and Transfers:	\$25,864,092	\$24,914,345	\$949,747	\$0	\$0
Appropriations to Capital Construction Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0
General transfers to Capital Construction Fund	<u>20,000,000</u>	<u>20,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
HB 08-1376 ³	20,000,000	20,000,000	0	0	0
5-year sentencing bill transfers to Capital Construction Fund	<u>5,864,092</u>	<u>4,914,345</u>	<u>949,747</u>	<u>0</u>	<u>0</u>
HB 04-1021	69,467	69,467	0	0	0
SB 06-206	392,373	392,373	0	0	0
SB 06-207	392,373	392,373	0	0	0
HB 06-1011	523,164	523,164	0	0	0

Appropriations and Transfers to the Capital Construction Fund

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
HB 06-1145	26,158	26,158	0	0	0
HB 06-1326	462,128	462,128	0	0	0
SB 06S-4	69,755	69,755	0	0	0
SB 07-96	325,429	325,429	0	0	0
HB 07-1040 ²	949,747	0	949,747	0	0
HB 07-1326	150,198	150,198	0	0	0
SB 08-239	125,165	125,165	0	0	0
HB 08-1115	125,165	125,165	0	0	0
HB 08-1194	125,165	125,165	0	0	0
HB 08-1352	2,127,805	2,127,805	0	0	0

¹ Includes \$20.0 million General Fund Exempt.

² House Bill 07-1040 provides that if 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 credited to the Capital Construction Fund for appropriation to the Corrections Expansion Reserve Fund. At the time of this publication, actual revenues were negligible. The executive branch has interpreted the appropriations pursuant to H.B. 07-1040 to be dependent on sufficient revenues. Thus, the majority of the revenue to and obligations from the Capital Construction Fund associated with H.B. 07-1040 are not likely to take effect.

³ Includes \$9.0 million General Fund Exempt.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2007-08 Appropriations & Transfers	\$47,808,804	\$27,808,804	\$20,000,000
H.B. 08-1375: Appropriation in Long Bill	6,642,921	6,642,921	0
H.B. 08-1376: Capital Construction transfer bill	<u>45,900,000</u>	<u>45,900,000</u>	<u>0</u>
FY 2007-08 Adjusted Appropriations & Transfers	\$100,351,725	\$80,351,725	\$20,000,000
Statutory Transfers to Corrections Expansion Reserve Fund	\$4,914,345	\$4,914,345	\$0
H.B. 08-1376: Capital Construction transfer bill	<u>20,000,000</u>	<u>11,000,000</u>	<u>9,000,000</u>
Total FY 2008-09 Appropriations & Transfers	\$24,914,345	\$15,914,345	\$9,000,000

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), Colorado Revised Statutes). The above table shows the amounts of General Fund Exempt appropriated or transferred from the General Fund Exempt Account for strategic transportation projects pursuant to Sections 24-77-103.6 (2) (d), C.R.S.

Appropriations and Transfers to the Controlled Maintenance Trust Fund

In FY 2008-09 the Long Bill included an appropriation to the Controlled Maintenance Trust Fund. This appropriation was adjusted by a number of 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 and Transfers to the Controlled Maintenance Trust Fund					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2008-09 Total Appropriations:	<u>\$321,561</u>	<u>\$321,561</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
HB 08-1375	6,069,495	6,069,495	0	0	0
SB 08-1	(466,336)	(466,336)	0	0	0
SB 08-2	(17,132)	(17,132)	0	0	0
SB 08-4	(34,293)	(34,293)	0	0	0
SB 08-6	(161,249)	(161,249)	0	0	0
SB 08-7	(280,000)	(280,000)	0	0	0
SB 08-66	(46,048)	(46,048)	0	0	0
SB 08-79	(71,760)	(71,760)	0	0	0
SB 08-130	(80,545)	(80,545)	0	0	0
SB 08-133	(500,000)	(500,000)	0	0	0
SB 08-165	(9,030)	(9,030)	0	0	0
SB 08-166	(28,612)	(28,612)	0	0	0
SB 08-188	(67,400)	(67,400)	0	0	0
SB 08-194	(30,000)	(30,000)	0	0	0
SB 08-200	(81,805)	(81,805)	0	0	0
SB 08-217	(128,700)	(128,700)	0	0	0
HB 08-1010	(33,600)	(33,600)	0	0	0
HB 08-1031	(500,000)	(500,000)	0	0	0
HB 08-1046	(25,312)	(25,312)	0	0	0
HB 08-1047	(23,800)	(23,800)	0	0	0
HB 08-1114	(119,968)	(119,968)	0	0	0
HB 08-1157	(8,472)	(8,472)	0	0	0
HB 08-1325	(7,020)	(7,020)	0	0	0
HB 08-1352	(217,566)	(217,566)	0	0	0
HB 08-1353	(92,818)	(92,818)	0	0	0

Appropriations and Transfers to the Controlled Maintenance Trust Fund

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
HB 08-1388	(85,092)	(85,092)	0	0	0
HB 08-1391	(2,100,169)	(2,100,169)	0	0	0
HB 08-1397	(81,207)	(81,207)	0	0	0
HB 08-1402	(100,000)	(100,000)	0	0	0
HB 08-1404	(350,000)	(350,000)	0	0	0

Recent Legislation

2007 Session Bills

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

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	

2008 Session Bills

S.B. 08-13: Reduces the maximum percentage of the Operational Account of the Severance Tax fund that may be appropriated to the Colorado Oil and Gas Conservation Commission and the Division of Reclamation,

Mining, and Safety by five percent each. Allows appropriations from the Operational Account of the Severance Tax Fund of up to five percent of the balance to the Division of Wildlife to monitor, manage, mitigate, and research the impacts of mineral or mineral fuel production activities on wildlife, and up to five percent of the balance to the Division of Parks and Outdoor Recreation to operate, maintain, and improve state parks located in areas impacted by energy development. Appropriates from the Operational Account of the Severance Tax Fund to the Department of Natural Resources: \$1,234,058 for the Division of Parks and Outdoor Recreation; \$1,519,927 for the Division of Wildlife; and \$750,000 to construct a boat ramp at Nighthorse Reservoir.

S.B. 08-206: Authorizes the state to enter into lease-purchase agreements for the development and construction of a state justice center (to be known as the "Ralph L. Carr Justice Complex") and a new Colorado State Museum. The maximum annual aggregate rentals may not exceed \$19,000,000 for the justice center and \$4,998,000 for the Colorado State Museum.

Increases civil filing fees charged by the Judicial Department and deposits a portion of the filing fees into a newly created Justice Center Cash Fund. Also to be deposited in the Justice Center Cash Fund are any lease payments received by the Judicial Branch from agencies occupying the state justice center. Requires the Judicial Branch to transfer up to \$15 million in FY 2008-09 and up to \$10 million in FY 2009-10 from the new cash fund (as funds become available) to a newly created State Museum Cash Fund. The balance of \$25 million will be transferred in FY 2010-11, if the full amount has not already been transferred. The \$25 million transfer is compensation to the State Historical Society for the land on which the Colorado History Museum currently resides that will become part of the new justice center complex. The remainder in the Justice Center Cash Fund is subject to annual appropriation by the General Assembly for the design, construction, maintenance, operation, and interim accommodations, and lease purchase payments, associated with the new state justice center.

Requires that the following amounts be transferred from the State Historical Fund to the State Museum Cash Fund, in addition to the money transferred from the Justice Center Cash Fund, for the planning, design, acquisition, and construction of a new state museum, as well as the costs associated with relocation and exhibits for the new museum:

- on or before October 1, 2008 - \$3 million;
- on or before October 1, 2009 - \$4 million; and
- on or before October 1, 2010 - \$4 million.

Appropriates \$18,000,000 cash funds from the State Museum Cash Fund to the State Historical Society in FY 2008-09 for the initial costs of planing and construction of a new museum.

Beginning in FY 2014-15, requires the executive director of the Department of Personnel and Administration to calculate the net savings to the state by locating the Department of Law and any other executive branch agency in the new state justice center, and requires the General Assembly to appropriate General Fund equal to the net savings to repay any lease purchase obligations.

S.B. 08-218: Beginning July 1, 2008, modifies the allocation of federal mineral lease (FML) revenues, other than FML revenues generated by oil shale production on oil shale lands that current law segregates from other FML revenues, as follows:

- Segregates the portion of FML revenues attributable to bonus payments from other FML revenues, and requires 50 percent of the bonus payment revenues to be transferred to a newly created local government

permanent fund (permanent fund) and 50 percent of the bonus payment revenues to be transferred to a newly created higher education maintenance and reserve fund (maintenance and reserve fund).

- For any fiscal year in which the total amount of FML revenues received by the state declines by at least 10 percent, allows the general assembly to appropriate and the executive director of the department of local affairs (DOLA) to make formula-based direct distributions of permanent fund moneys to counties and municipalities to the extent necessary to prevent any reduction from the prior fiscal year in the amount of formula-based direct distributions of FML revenues to counties and municipalities.
- Allows the general assembly to annually appropriate investment earnings of the maintenance and reserve fund for controlled maintenance projects of state-supported institutions of higher education, but only allows use of fund principal to mitigate reductions in General Fund appropriations for operating expenses of state-supported institutions of higher education necessitated by a General Fund revenue shortfall.
- For the 2008-09, 2009-10, and 2010-11 fiscal years, requires the lesser of 48.3 percent of the FML revenues, other than bonus payments, or \$65,000,000 of such revenues to be transferred to the state public school fund.
- For the 2011-12 fiscal year or during any succeeding fiscal year, requires the lesser of 48.3 percent of the FML revenues, other than bonus payments, or \$65,000,000 multiplied by 104 percent per year to be transferred to the state public school fund.
- For the 2008-09 fiscal year, requires the lesser of 10 percent of the FML revenues, other than bonus payments, or \$14,000,000 to be paid into the Colorado water conservation board construction fund.
- For the 2009-10 fiscal year or during any succeeding fiscal year, requires the lesser of 10 percent of the FML revenues, other than bonus payments, or \$14,000,000 multiplied by 104 percent per year to be paid into the Colorado water conservation board construction fund.
- Requires 40 percent of the FML revenues, other than bonus payments, to be credited to the local government mineral impact fund, requires the executive director of DOLA to distribute 50 percent of the revenues so credited as mineral impact grants in a manner that gives priority to those communities most substantially and directly impacted by energy production on federal mineral lands and to multi-jurisdictional and large projects, and requires the executive director of DOLA to make formula-based direct distributions of 50 percent of the revenues so credited to counties and municipalities.
- For the 2008-09 fiscal year, requires the lesser of an additional 1.7 percent of the FML revenues, other than bonus payments, or \$3,300,000 to be credited to the local government mineral impact fund and distributed directly by the executive director of DOLA to each school district within a county that receives formula-based direct distributions of FML revenues on the basis of both the formula used to make direct distributions to counties and the percentage of the total funded pupil count of all school districts within the county attributable to the district's funded pupil count.
- For the 2009-10 fiscal year and for each succeeding fiscal year, requires the lesser of an additional 1.7 percent of the FML revenues, other than bonus payments, or \$3,300,000 multiplied by 104 percent per year to be credited to the local government mineral impact fund and distributed directly by the executive director of DOLA to each school district within a county that receives formula-based direct distributions of FML revenues on the basis of both the formula used to make direct distributions to counties and the percentage of the total funded pupil count of all school districts within the county attributable to the district's funded pupil count.
- Requires the lesser of all FML revenues, other than bonus payments, in excess of the amounts credited to the local government mineral impact fund for distribution to counties, municipalities, and school districts, transferred to the state public school fund, or paid into the Colorado water conservation board construction fund or the first \$50,000,000 of such revenues to be transferred to a newly created higher

education federal mineral lease revenues fund (revenues fund). Requires any remaining FML revenues to be transferred to the maintenance and reserve fund.

- Allows the General Assembly to appropriate moneys in the revenues fund to directly pay for or pay the costs of financing capital construction projects at state-supported institutions of higher education that are included on a specified prioritized list of such projects approved pursuant to a joint resolution of the General Assembly, and also allows the General Assembly to appropriate such moneys to the department of education for distribution by the department, or any board or division within the department that the department may designate, to school districts for capital construction projects at area vocational schools. Requires priority consideration to be given to projects located in communities that are substantially impacted by energy production or conversion activities.

Appropriates \$16,292 and 0.3 FTE to DOLA, division of local government, for the implementation of the act. Adjusts appropriations for the 2008-09 fiscal year for the implementation of the act. Decreases the cash funds appropriation from the State Public School Fund to the Department of Education for FY 2008-09 for the State Share of Districts' Total Program Funding by \$9,470,900 based on the anticipated impact of the new FML allocation formula. Increases the cash funds appropriation from the State Education Fund to the Department of Education for FY 2008-09 for the State Share of Districts' Total Program Funding by \$9,470,900.

S.B. 08-233: Directs the Colorado Commission on Higher Education ("CCHE") to submit to the Office of State Planning and Budgeting ("OSPB") and the Capital Development Committee ("CDC") a prioritized list of capital construction projects at state-supported institutions of higher education ("higher education projects") to be constructed through lease-purchase agreements funded through the higher education federal mineral lease revenues fund ("fund"). Directs the OSPB to submit its prioritized list of higher education projects to the CDC. Directs the CDC to submit its prioritized list of higher education projects to the Joint Budget Committee ("JBC"). Directs the JBC to sponsor a joint resolution that proposes a prioritized list of higher education projects and, if approved by the General Assembly, is presented to the Governor for approval. Limits the amount of the total average annual payments under all lease-purchase agreements related to the prioritized list and entered into during the fiscal year commencing July 1, 2008. If projects on the prioritized list are not subject to lease-purchase agreements entered into during the fiscal year commencing July 1, 2008, provides that the remaining projects in the joint resolution shall constitute a prioritized list for the fiscal year commencing July 1, 2009. Directs the State Treasurer to notify annually CCHE, OSPB, CDC, and JBC of the amount of money in the fund and whether the Treasurer determines that there are sufficient moneys available in the fund to enter into additional lease-purchase agreements for higher education projects. Authorizes the State Treasurer to enter into lease-purchase agreements not to exceed a specified number of annual payments for the construction of the higher education projects on the prioritized list in the joint resolution. Specifies terms of the lease-purchase agreements. Authorizes local governments and state-supported institutions of higher education to assist the state in making payments on the lease-purchase agreements. Establishes the higher education institutions lease-purchase cash fund. Authorizes the State Treasurer to enter into interest rate lock agreements related to the lease-purchase agreements. If there is insufficient money in the fund, authorizes the General Assembly to transfer money to the fund from the principal of the Higher Education Maintenance and Reserve Fund or to reduce the transfer from the Mineral Leasing Fund to the Public School Fund and transfer the money to the fund. Appropriates from the Higher Education Federal Mineral Lease Revenues Fund \$10,000,000 to the State Treasurer in FY 2008-09 to make payments on any lease-purchase agreements. Appropriates cash funds of \$22,227,526 to the Auraria Higher Education Center for the Science Building Addition and Renovation in FY 2008-09, but reduces the appropriation by any amount that is included in a lease-purchase agreement. Reduces the FY 2006-07 cash fund appropriation to the Colorado School of Mines for the Marquez Hall Petroleum Engineering Building by \$20,000,000.

S.B. 08-239: Increases the penalty for leaving the scene of an accident involving a death from a class 4 felony to 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
2008-09		\$125,165
2009-10	\$28,758	\$125,165
2010-11	\$57,516	\$137,682
2011-12	\$89,150	\$375,495
2012-13	\$175,424	\$375,495

H.B. 08-1115: Creates a new class 4 felony if a person threatens, harasses, or harms a judge or unemployment insurance hearing officer, or a family member or close associate of a judge or unemployment insurance hearing officer in retaliation. 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
2008-09		\$125,165
2009-10	\$28,758	
2010-11	\$28,758	\$112,649
2011-12	\$54,640	
2012-13	\$28,758	\$112,649

H.B. 08-1194: The bill increases the fee for reinstatement of a driver's license; increases mandatory revocations of driver's licenses; expands the ability for some drivers to use an ignition interlock device and requires the Department to establish a program to assist certain offenders with the partial payment of such a device; decreases the period of time for a first-time DUI criminal conviction; increase the period for a third DUI offense by one year; and requires the Department of Transportation to increase the number of high-visibility drunk driving law enforcement episodes annually. 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
2008-09		\$125,165
2009-10	\$28,758	\$12,517

Fiscal Year	Department of Corrections	Corrections Expansion Reserve Fund
2010-11	\$31,634	
2011-12	\$31,634	
2012-13	\$31,634	

H.B. 08-1197: Extends the repeal date for the Fitzsimons Trust Fund, which is used for making lease purchase payments for Fitzsimons facilities, until 2032.

H.B. 08-1205: Increases the threshold for when construction plans must be reviewed by the Colorado Commission on Higher Education to \$2,000,000 (the previous threshold was \$500,000 or \$1,000,000 depending on the type of project and plan).

H.B. 08-1303: Supplemental appropriation to modify capital construction appropriations in prior years.

H.B. 08-1333: Transfers a total of \$1,976,593 from the General Fund to the Capital Construction Fund, including \$54,847 in FY 2005-06 and \$1,921,746 in FY 2007-08.

H.B. 08-1352: Modifies the revocation placement options available to the Parole Board for offenders whose parole has been revoked based on a technical violation, who have no active felony warrants (including felony detainers or pending felony criminal charges), and who were on parole for a class 5 or class 6 nonviolent felony offense other than menacing or unlawful sexual behavior by precluding such offenders from being placed in community return-to-custody facilities. 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
2008-09	\$217,566	\$2,127,805
2009-10	\$217,566	
2010-11	\$217,566	
2011-12	\$217,566	
2012-13	\$217,566	

H.B. 08-1375: General appropriations act for FY 2008-09.

H.B. 08-1376: Transfers \$56,900,000 from the General Fund to the Capital Construction Fund, including \$45,900,000 in FY 2007-08 and \$11,000,000 in FY 2007-08. Also, transfers \$9,000,000 from the General Fund Exempt to the Capital Construction Fund in FY 2008-09.

H.J.R. 08-1042: Specifies the capital construction projects in priority order for which the State Treasurer is authorized to enter into lease-purchase agreements pursuant to S.B. 08-233.

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: This classification of funds was used prior to FY 2008-09. Cash funds exempt appropriations were funds that were exempt from the provisions of TABOR. Appropriations paid by donations or from reserves in a cash fund were classified as cash funds exempt. Similarly, appropriations providing spending authority for funds transferred from another department were also classified as cash funds exempt. Beginning in FY 2008-09, funding that was previously classified as cash funds exempt was reclassified as either cash funds or reappropriated funds.

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 and capitol complex leased space. 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: One full-time equivalent (FTE) equals staffing for the total number of work hours in a fiscal year (2,080), regardless of the number of positions or employees that make up those hours. For example, three employees in two different positions, whose combined hours equal 2,080 for the year, equal one FTE.

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: (1) 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; and (2) 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.

Reappropriated Funds: Reappropriated funds is a new classification of fund source that was adopted beginning in FY 2008-09. Reappropriated funds are any amounts that are appropriated a second or more times subsequent to an initial appropriation in the same fiscal year. For example, funding may be initially appropriated to a department as General Fund, cash funds, or federal funds, then transferred to another department for the payment of services. In the recipient agency's Long Bill appropriation, this transfer would be shown as reappropriated funds.

Referendum C: Colorado voters adopted a measure popularly known as Referendum C in the general election in 2005. This measure allows the State to retain all General Fund revenues in excess of the limits imposed by TABOR (Article X, Section 20 of the state constitution) between July 1, 2005 and July 1, 2010. Revenues retained under this provision are classified as General Fund Exempt. Referendum C effectively suspends the revenue retention provisions of TABOR as applied to the state government for five years. General Fund Exempt moneys are required to be appropriated or transferred by the General Assembly for the following purposes only: (a) health care; (b) education, including capital construction projects related thereto; (c) retirement plans for firefighters and police officers, if the General Assembly determines such funding is needed; and (d) strategic transportation projects.

Taxpayer's Bill of Rights (TABOR): Colorado voters adopted a citizen-initiated amendment to the Colorado Constitution known as the Taxpayer's Bill of Rights (TABOR, Article X, Section 20) in 1992. The amendment restricts state and local governments' ability to increase revenues without voter approval, and thereby generally serves to limit spending by those governments. Under TABOR, a vote of the people is required for any state or local government to (a) increase tax rates, (b) increase retained revenues by more than the sum of inflation and the percentage population growth, (c) incur multi-year debt, or (d) weaken other limits on revenue. The amendment requires that collected revenue in excess of the inflation plus population growth limit be refunded to the voters in the following fiscal year. In November 2005 voters passed Referendum C, which temporarily suspends the TABOR limits on retained revenue for the state government.

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 2006-07 to the Administrative Courts' overhead (personal services, centrally appropriated line items such as salary survey and short-term disability insurance, operating expenses, and indirect costs). In FY 2008-09, spending authority for the Administrative Courts totals approximately \$4.4 million.

ADP Capital Outlay and Information Technology Asset Maintenance

These line items fund the acquisition or replacement of automated data processing equipment, software, and related services. 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).

Appropriations format

The appropriation reflects the elimination of the "cash funds exempt" funding category used through FY 2007-08 and the redistribution of funds previously in the "cash funds" column and the "cash funds exempt" column into the redefined "cash funds" and newly defined "reappropriated funds" columns for FY 2008-09. Reappropriated funds are any amounts that are appropriated a second or more times subsequent to an initial appropriation in the same fiscal year. Cash funds include all other non-general fund and non-direct federal fund sources and may be cash funds established by statute, non-statutory cash accounts, tuition, overhead reimbursements, fees, governmental and non-governmental "third-party" payments, and payments for services.

The net impact of the new budget format moved approximately \$3,902 million within the Long Bill (H.B. 08-1375) from the "cash funds exempt" category to the "cash funds" category. There were smaller amounts that moved from the "cash funds" category to the "reappropriated funds" category. Some of the large changes are described below:

Tuition and academic fees, Department of Higher Education: Approximately \$1,048 million in tuition and academic fees were previously categorized as cash funds exempt earnings by TABOR-

exempt higher education enterprises. In the new budget format, these are categorized as cash funds as they do not appear anywhere else in the budget.

Highway Users Tax Fund, primarily in the departments of Transportation, Treasury, Public Safety, and Revenue: Appropriations from the Highway Users Tax Fund (HUTF) were previously characterized as cash funds exempt, but in the new format they are classified as cash funds. The largest amounts of HUTF that changed categories were: \$508 million in Transportation; \$263 million in Treasury; \$87 million in Public Safety; and \$10 million in Revenue.

Lottery Proceeds, primarily in the Department of Revenue: Approximately \$422 million in the Department of Revenue from lottery proceeds, plus smaller amounts in other departments, was previously categorized as cash funds exempt, since lottery revenues are constitutionally exempt from TABOR. In the new budget format these appropriations are categorized as cash funds.

State Education Fund, Department of Education: Approximately \$302 million from the State Education Fund was previously categorized as cash funds exempt, since it is constitutionally exempt from TABOR, but in the new budget format these appropriations are categorized as cash funds, since the spending authority does not appear elsewhere in the budget.

Certification of public expenditures, Department of Health Care Policy and Financing: Approximately \$162 million of certified expenditures by local public healthcare entities were previously classified as cash funds exempt, since they are local expenditures. In the new budget format these appropriations are categorized as cash funds, since they are not reflected elsewhere in the budget. These appropriations appear in the Long Bill in order to match federal Medicaid funds.

Tobacco taxes, Department of Health Care Policy and Financing and Department of Public Health and Environment: Approximately \$160 million of appropriations from tobacco taxes authorized in Article X, Section 21 of the Colorado Constitution were previously categorized as cash funds exempt, since they are exempt from TABOR, but in the new format they are categorized as cash funds.

Tobacco-settlement Payments, Departments of Health Care Policy and Financing; Public Health and Environment; Higher Education; Human Services; Education; Personnel and Administration; Military and Veterans Affairs: Approximately \$104 million of appropriations from payments received under the terms of the tobacco Master Settlement Agreement were previously categorized as cash funds exempt, since, as a damage award, the moneys were exempt from TABOR. Under the new format, they are classified as cash funds.

Local funds, primarily in the Department of Human Services: Approximately \$117 million of local funds included in the Department of Human Services for informational purposes to describe the county match of state grants, plus smaller amounts in other departments, were previously categorized as cash funds exempt, since these are local rather than state expenditures. In the new budget format these appropriations are categorized as cash funds, since they are not reflected elsewhere in the budget.

Federal mineral lease, primarily in the departments of Education, Local Affairs, and Natural Resources: Federal mineral lease moneys are deposited in the State Public School Fund, the Local Government Mineral Impact Fund, and the Colorado Water Conservation Board Construction Fund. Appropriations from these funds were previously categorized as cash funds exempt, since the original source of revenue is federal, but in the new format they are categorized as cash funds.

Expenditures from fund balances: Previously these were categorized as cash funds exempt spending from a reserve, but in the new budget format they are categorized as cash funds. There was no single large expenditure from a reserve that changed categories, but lots of small changes that accumulate to explain the total difference in many of the departments.

Expenditures by enterprises: Expenditures by several smaller enterprises other than the higher education institutions, such as the Division of Wildlife, the Department of Corrections Canteen, Correctional Industries, and the State Fair, were previously categorized as cash funds exempt, but are categorized as cash funds in the new budget format. Payments by enterprises for state services, primarily to the Department of Personnel, were previously categorized as cash funds, because they crossed the state TABOR district boundary, but are categorized as reappropriated funds in the new format, since they appear in both the originating and receiving department.

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 each department's executive director's office, with some exceptions. The appropriated funding level is based on a rate of \$12.54 per square foot for the Capitol Complex, \$3.91 per square foot for the North Campus, \$5.77 per square foot for the Pierce Street Building, \$7.92 per square foot for the Grand Junction State Office Building, and \$1.23 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, \$11.2 million for FY 2008-09, 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.

Communication Services Payments

This line item appears in each 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 2008-09, 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 \$4.6 million.

Community Provider Rates

The appropriation includes community provider rate increases applied to selected programs in the Departments of Human Services, Health Care Policy and Financing, Corrections, and Public Safety. This includes a 1.5 percent increase for child welfare, mental health, alcohol and drug abuse, developmental disability, vocational rehabilitation, and youth corrections community providers funded through the Department of Human Services; a 1.5 percent increase for home- and community-based services and inpatient hospital providers funded through the Department of Health Care Policy and Financing; a 4.25 percent increase for in-state prison providers, and a 1.5 percent increase for other community providers funded through the Departments of Corrections and Public Safety. In general, community provider rate increases apply to programs or services which, if not provided by contracted provider organizations or county staff, would need to be provided by state staff.

Health, Life, and Dental

This line item appears in each department's executive director's office. For FY 2008-09, the total statewide cost of health, life, and dental benefits for all employees, except higher education faculty and administration, is expected to be approximately \$123.4 million, including approximately \$74.0 million from the General Fund. For FY 2008-09, the state contribution rate appropriation for employee benefits is \$368.08 per month for a single employee, \$540.46 per month for an employee and one or more children, \$602.34 per month for an employee and spouse, and \$833.26 per month for an employee and family. State employees make payroll contributions to pay for the difference between the state contribution level and the premiums for the plans and coverages selected during the open enrollment period each year. Approximately 20,510 employees participate in the State's medical insurance plans, not including non-appropriated positions in the Departments of Higher Education, Transportation, Human Services, and Public Health and Environment.

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 programs. 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 General Assembly. In FY 2008-09, the statewide indirect cost recovery plan is estimated to recover \$2.0 million more than was

recovered in FY 2007-08 from cash and federally-funded programs. 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 General Assembly. Generally, indirect cost recoveries appear as reappropriated funds in the executive director's office, where they offset General Fund, and are appropriated as cash funds, reappropriated funds, or federal funds in the division in which they are earned.

Lease Purchase

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.

Senate Bill 08-218 modifies the allocation of federal mineral lease (FML) revenues. Among other changes, for fiscal years 2008-09 through 2010-11, the bill requires the lesser of 48.3 percent of FML revenues (excluding bonus payments) or \$65,000,000 to be transferred to the State Public School Fund; for subsequent fiscal years, it increases this \$65.0 million cap by 4.0 percent annually.

Senate Bill 08-233 directs the Colorado Commission on Higher Education to submit to the Office of State Planning and Budgeting and the Capital Development Committee a prioritized list of capital construction projects at state-supported institutions of higher education to be constructed through lease-purchase agreements funded through the higher education federal mineral lease revenues fund.

House Joint Resolution 08-1042 specifies the capital construction projects in priority order for which the State Treasurer is authorized to enter into lease-purchase agreements pursuant to S.B. 08-233.

For additional information on S.B. 08-218, S.B. 08-233, and H.J.R. 08-1042, see the "Recent Legislation" subsection in the Capital Construction section.

Leased Space

This line item appears in each department's executive director's office, with some exceptions. The intent is to ensure that each executive director reviews and manages a department's use of leased space.

Legal Services

This line item appears in each 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 2008-09, agencies will pay a blended rate of \$75.10 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 334,148 hours of statewide legal service at a cost of \$25.1 million in FY 2008-09.

Multiuse Network Payments

This line item appears in each 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 2008-09, the program's expenses that will be recovered from other state agencies total \$11.2 million. Senate Bill 08-155 transferred the responsibility for managing the Multiuse Network from the Department of Personnel to the Governor's Office of Information Technology starting with FY 2008-09.

Operating Expenses

For FY 2008-09, the appropriated amounts for operating expenses are funded at continuation levels, with the exception of base reductions that may have occurred. The General Assembly has historically appropriated inflationary increases for operating expenses related to food, medical, and laboratory services in departments in which these costs are not incidental. The following five departments are generally affected by food and medical inflation: Corrections, Education, Human Services, Public Health and Environment, and Public Safety.

For FY 2008-09, the General Assembly did not appropriate inflationary increases for operating expenses related to food, medical, and laboratory services.

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 2008-09, the risk management and property program will cost \$22.0 million.

Personal Services

In FY 2008-09, the General Assembly adopted a common policy for calculating personal services costs which decreased personal services line items with 20 or more FTE by 1.0 percent of the previous year's base salaries. The Departments of Corrections' and Public Safety's personal services decrease was set at 0.75 percent for line items with 20 or more FTE. In previous years, the General Assembly applied a base reduction to personal services line items of between 0.2 and 2.5 percent to account for vacancies and turnover. This policy saves approximately \$8.2 million General Fund in FY 2008-09.

Public Employees' Retirement Association (PERA)

Each personal services, salary survey, and performance-based pay appropriation line item 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 2008-09, 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 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, 2008, the state AED rate reached 1.4 percent of base salaries. Beginning January 1, 2009, 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 1.8 percent of base salaries.

S.B. 06-235 Supplemental Amortization Equalization Disbursement (SAED)

Pursuant to S.B. 06-235, employees must contribute additional funds (in addition to those mandated by S.B. 04-257) to assist in the amortization of the Public Employees' Retirement Association's (PERA) unfunded liability. Beginning January 1, 2008, employees began to contribute an additional 0.5 percent of their total payroll to the PERA trust fund. On January 1, 2009, employees will contribute an additional 0.5 percent of their total payroll to the PERA trust fund. The contribution rate is scheduled to increase by 0.5 percent per year, for a total of 3.0 percent by 2013. The SAED is 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 appropriated billing is calculated by applying each department's percentage of actual GGCC use in FY 2006-07 to the Computer Services programs' overhead (personal services, centrally appropriated line items such as salary survey and short-term disability insurance, operating expenses, and indirect costs). In FY 2008-09, spending authority for the computer services program totals approximately \$16.7 million. This number includes \$4.1 million of additional costs related to the inclusion of the Technology Management Unit into the pool of recoverable costs that make up the GGCC. Senate Bill 08-155 transferred the responsibility for managing the GGCC from the Department of Personnel to the Governor's Office of Information Technology starting with FY 2008-09.

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. Recommended Long Bill funding for salary survey and senior executive service adjustments is based on the "2007 Total Compensation Survey" published on August 1, 2007, and submitted by the State Personnel Director pursuant to Section 24-50-104 (4) (c), C.R.S., and updated on December 31, 2007. This survey uses 17 third-party surveys to measure wages for the seven occupational groups in the State's classified personnel system. These increases are effective on July 1, 2008. The survey recommended wage increases for all seven occupational groups ranging from 2.23 percent to 4.1 percent, with an average salary survey increase of 3.28 percent. In FY 2008-09, 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 \$53.8 million, including approximately \$30.1 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 "2007 Total Compensation Survey" published on August 1, 2007, and submitted by the State Personnel Director pursuant to Section 24-50-104 (4) (c), C.R.S., and updated on December 31, 2007. For FY 2008-09 the funding for performance-based pay awards is calculated at 1.4 percent of base salaries. The recommendation distributes the performance-based pay by awarding successful performers with a base-building achievement pay of 1.0 percent. Exceptional performers will receive an additional non-base building bonus of 2.0 percent in recognition of higher performance.

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 \$20.8 million, including approximately \$11.9 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 2008-09, shift differential payments for all state employees total approximately \$11.0 million, including approximately \$9.2 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 2008-09 is dependant on specific circumstances regarding utilities in each department.

Vehicle Lease Payments

This line item appears in each department's executive director's office, with a few exceptions. 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 appropriation 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 2008-09, the General Assembly approved the replacement of 900 vehicles and the acquisition of 71 additional vehicles statewide. Statewide vehicle variable costs (including fuel, maintenance, and insurance) are estimated to be \$20.7 million in FY 2008-09.

Workers' Compensation

This line item appears in each department's executive director's office. The appropriation 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 Pinnacol Assurance (formerly the 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 2008-09, this coverage will cost \$33.4 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. 2008 SESSION SUPPLEMENTAL ADJUSTMENTS TO APPROPRIATIONS FOR FY 2006-07 AND PRIOR YEARS

DEPARTMENT / DIVISION	TOTAL	GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	FTE
OPERATING BUDGET							
Adjustments to FY 2006-07 Appropriations:							
DEPARTMENT OF CORRECTIONS:							
H.B. 08-1282:							
Management	(\$223,419)	(\$223,419)	\$0	\$0	\$0	\$0	0.0
Institutions	(2,685,674)	(2,685,674)	0	0	0	0	0.0
Support Services	(143,000)	(143,000)	0	0	0	0	0.0
Community Services	<u>(400,000)</u>	<u>(400,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
H.B. 08-1282	(\$3,452,093)	(\$3,452,093)	\$0	\$0	\$0	\$0	0.0
TOTAL - Corrections	(\$3,452,093)	(\$3,452,093)	\$0	\$0	\$0	\$0	0.0
DEPARTMENT OF EDUCATION:							
H.B. 08-1375:							
Management and Administration	\$0	\$64,692	\$0	\$0	\$0	(\$64,692)	0.0
Assistance to Public Schools	<u>0</u>	<u>(73,119,536)</u>	<u>81,968,380</u>	<u>0</u>	<u>(8,848,844)</u>	<u>0</u>	<u>0.0</u>
H.B. 08-1375	\$0	(\$73,054,844)	\$81,968,380	\$0	(\$8,848,844)	(\$64,692)	0.0
TOTAL - Education	\$0	(\$73,054,844)	\$81,968,380	\$0	(\$8,848,844)	(\$64,692)	0.0

DEPARTMENT / DIVISION	TOTAL	GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	FTE
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GOVERNOR - LIEUTENANT GOVERNOR - OFFICE OF STATE PLANNING AND BUDGETING:

H.B. 08-1284:

**Economic
Development
Programs**

(\$22,104,587)	\$0	\$0	(\$22,104,587)	\$0	\$0	0.0
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**TOTAL - Governor -
Lieutenant Governor
- OSPB**

(\$22,104,587)	\$0	\$0	(\$22,104,587)	\$0	\$0	0.0
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DEPARTMENT OF HEALTH CARE POLICY AND FINANCING:

H.B. 08-1285:

**Medical Services
Premiums**

\$1,840,815	\$1,840,815	\$0	\$0	\$0	\$0	0.0
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**Medicaid Mental
Health Community
Programs**

1,474,141	1,474,141	0	0	0	0	0.0
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**Indigent Care
Program**

10,058,489	0	0	10,567	4,329,073	5,718,849	0.0
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**Department of
Human Services
Medicaid-funded
Programs**

<u>(8,183,706)</u>	<u>(3,912,454)</u>	<u>0</u>	<u>0</u>	<u>(28,383)</u>	<u>(4,242,869)</u>	<u>0.0</u>
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H.B. 08-1285	\$5,189,739	(\$597,498)	\$0	\$10,567	\$4,300,690	\$1,475,980	0.0
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H.B. 08-1375:

**Medical Services
Premiums**

\$0	(\$81,968,379)	\$81,968,379	\$0	\$0	\$0	0.0
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**TOTAL - Health
Care Policy and
Financing**

\$5,189,739	(\$82,565,877)	\$81,968,379	\$10,567	\$4,300,690	\$1,475,980	0.0
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DEPARTMENT / DIVISION	TOTAL	GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	FTE
DEPARTMENT OF HIGHER EDUCATION:							
H.B. 08-1375:							
College Opportunity Fund Program	\$0	(\$81,903,371)	\$81,903,371	\$0	\$0	\$0	0.0
TOTAL - Higher Education	\$0	(\$81,903,371)	\$81,903,371	\$0	\$0	\$0	0.0
DEPARTMENT OF HUMAN SERVICES:							
H.B. 08-1287:							
Mental Health and Alcohol and Drug Abuse Services	\$125,489	\$0	\$0	\$0	\$125,489	\$0	0.0
Services for People with Disabilities	(9,184,284)	(1,246,959)	0	0	(7,937,325)	0	0.0
Adult Assistance	657,711	657,711	0	0	0	0	0.0
Youth Corrections	<u>(657,711)</u>	<u>(657,711)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
H.B. 08-1287	(\$9,058,795)	(\$1,246,959)	\$0	\$0	(\$7,811,836)	\$0	0.0
TOTAL - Human Services	(\$9,058,795)	(\$1,246,959)	\$0	\$0	(\$7,811,836)	\$0	0.0
TOTAL - OPERATING BUDGET FY 2006-07	(\$29,425,736)	(\$242,223,144)	\$245,840,130	(\$22,094,020)	(\$12,359,990)	\$1,411,288	0.0

DEPARTMENT / DIVISION	TOTAL	GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	FTE
APPROPRIATIONS TO CAPITAL CONSTRUCTION FUND							
Adjustment to FY 2005-06 Appropriations:							
H.B. 08-1303:							
Appropriation to Capital Construction Fund	(\$54,847)	(\$54,847)	\$0	\$0	\$0	\$0	0.0
TOTAL -APPROP. TO CCF - FY 2005-06	(\$54,847)	(\$54,847)	\$0	\$0	\$0	\$0	0.0

DEPARTMENT / DIVISION	TOTAL	CAPITAL CONSTRUCTION FUNDS EXEMPT	CASH FUNDS	CASH FUNDS EXEMPT	FEDERAL FUNDS	FTE
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CAPITAL CONSTRUCTION PROJECTS

Adjustments to FY 2003-04 Appropriations:

H.B. 08-1303:

Higher Education	\$2,817,715	\$0	\$0	\$2,817,715	\$0	0.0
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TOTAL - CAPITAL CONSTRUCTION - FY 2003-04	\$2,817,715	\$0	\$0	\$2,817,715	\$0	0.0
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Adjustments to FY 2006-07 Appropriations:

S.B. 08-233:

Higher Education	(\$20,000,000)	\$0	\$0	(\$20,000,000)	\$0	0.0
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H.B. 08-1303:

Higher Education	(\$1,578,424)	\$0	\$0	(\$1,578,424)	\$0	0.0
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Military and Veterans Affairs	246,803	0	0	246,803	0	0.0
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Personnel	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
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H.B. 08-1303	(1,331,621)	0	0	(1,331,621)	0	0.0
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TOTAL - CAPITAL CONSTRUCTION - FY 2006-07	(\$21,331,621)	\$0	\$0	(\$21,331,621)	\$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 2006-07, and it details appropriations from the Fund for FY 2007-08 and FY 2008-09. To date, nearly \$2.3 billion has been appropriated from the State Education Fund for public school finance, representing 85.9 percent of all appropriations from the Fund. Appropriations for categorical programs (\$198.7 million to date) and capital construction programs (\$120.6 million to date) comprise another 12.1 percent of appropriations from the Fund.

Annual State Education Fund appropriations decreased significantly from FY 2006-07 to FY 2007-08 (a decrease of \$35.3 million or 10.5 percent), primarily due to a mid-year reduction in state funding for public school finance based on higher than anticipated local revenues and lower than anticipated student enrollment.

From FY 2007-08 to FY 2008-09, appropriations from the State Education Fund increased by \$186.5 million (61.8 percent). This increase includes nearly \$75 million related to the expansion of full-day kindergarten and preschool programs. Other significant increases include: \$42.9 million to cover a portion of the costs of projected student enrollment increases and the required minimum increase in base per pupil funding; nearly \$20 million to increase funding per pupil by about \$20 more than constitutionally required; \$9.5 million to offset the impact of a change in the allocation of federal mineral lease revenues; \$9.2 million to address the needs of districts experiencing declining enrollment; \$8.9 million for categorical programs; \$5.0 million to increase the number of school counselors; and \$5.0 million to increase capital construction funding for charter schools.

TABLE 1 History of Appropriations from the State Education Fund			
Description	Cumulative: FY 01-02 thru FY 06-07	FY 07-08	FY 08-09
Public School Finance:			
Funding for public school finance related to: enrollment changes, per pupil funding increases, and statutory formula changes	\$1,405,339,533	\$325,331,078	\$340,891,944
Full-day kindergarten funding and Colorado Preschool Program expansion (H.B. 08-1388)	Included above	Included above	40,063,301
Facility schools funding (H.B. 08-1388)	0	0	5,728,784
Administration and technical support related to Colorado Preschool Program expansion and full-day kindergarten (H.B. 08-1388)	0	0	348,071
Declining enrollment study (H.B. 08-1388)	0		200,000
Mid-year appropriation adjustments	<u>222,777,793</u>	<u>(66,268,045)</u>	<u>n/a</u>
Subtotal: School Finance	1,628,117,326	259,063,033	387,232,100
<i>Percent of Total Appropriations</i>	<i>87.7%</i>	<i>85.9%</i>	<i>79.3%</i>
Categorical Programs	118,754,743	35,517,385	44,453,540
<i>Percent of Total Appropriations</i>	<i>6.4%</i>	<i>11.8%</i>	<i>9.1%</i>
School Capital Construction:			
Full-day Kindergarten Capital Construction Grant Program (H.B. 08-1388)	0	n/a	34,582,545
Charter school capital construction	37,084,995	5,000,000	10,000,000
School Capital Construction Expenditures Reserve	25,471,112	0	0
School Construction and Renovation Fund	7,500,000	0	0
Charter School Debt Reserve Fund	<u>1,000,000</u>	<u>0</u>	<u>0</u>
Subtotal: Capital Construction	71,056,107	5,000,000	44,582,545
<i>Percent of Total Appropriations</i>	<i>3.8%</i>	<i>1.7%</i>	<i>9.1%</i>
Professional Development and Instructional Support:			
Stipends for nationally board certified teachers (H.B. 08-1384)	0	0	1,156,997
Alternative Teacher Compensation Plan Grants (H.B. 08-1388)	0	0	1,000,000
Science and Technology Education Center Grant Program	1,400,000	0	300,000
Civic education	400,000	200,000	200,000
National credential fee assistance	243,000	125,000	125,000
School Leadership Academy Program (H.B. 08-1386)	0	0	87,983
Teaching and learning conditions survey (H.B. 08-1384)	0	0	85,000
Financial literacy	118,228	40,000	40,000
Colorado History Day	30,000	10,000	10,000
Teacher Pay Incentive Program	<u>12,630,000</u>	<u>0</u>	<u>0</u>
Subtotal: Professional Development and Instructional Support	14,821,228	375,000	3,004,980
<i>Percent of Total Appropriations</i>	<i>0.8%</i>	<i>0.1%</i>	<i>0.6%</i>

TABLE 1 History of Appropriations from the State Education Fund			
Description	Cumulative: FY 01-02 thru FY 06-07	FY 07-08	FY 08-09
Other Grants, Distributions, and Assistance:			
School Counselor Corps Grant Program (H.B. 08-1370)	0	n/a	5,000,000
Summer School Grant Program	1,945,800	1,000,000	1,000,000
Child Nutrition School Lunch Protection Program (S.B. 08-123)	0	0	850,000
STEM After-school Education Pilot Grant Program (H.B. 07-1243)	0	0	300,000
Regional service cooperatives (S.B. 08-38)	0	0	198,545
First responder school mapping (H.B. 08-1267)	0	0	150,000
Interstate compact on educational opportunities for military children (H.B. 08-1317)	0		32,185
Funding for new textbooks	14,144,066	0	0
Aid for declining enrollment districts with new charter schools	1,000,000	0	0
Facility Summer School Grant Program	500,000	500,000	0
Family Literacy Education Grant Program	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Subtotal: Other Grants, Distributions, and Assistance	17,789,866	1,700,000	7,530,730
<i>Percent of Total Appropriations</i>	<i>1.0%</i>	<i>0.6%</i>	<i>1.5%</i>
Accountability/ Reform:			
Preschool to postsecondary alignment (S.B. 08-212)	0	0	792,453
Facility Schools Unit and Facility Schools Board (H.B. 08-1204)	0	0	523,568
School Improvement Grant Program	5,350,000	0	0
Review and update of non-English assessments	411,953	0	0
Longitudinal assessment data analyses	388,000	0	0
Modifications to accountability reports	75,000	0	0
Study non-English assessments	50,000	0	0
Study administration of ACT	<u>50,000</u>	<u>0</u>	<u>0</u>
Subtotal: Accountability/ Reform	6,324,953	0	1,316,021
<i>Percent of Total Appropriations</i>	<i>0.3%</i>	<i>0.0%</i>	<i>0.3%</i>
TOTAL	\$1,856,864,223	\$301,655,418	\$488,119,916
<i>Percent Annual Change</i>			<i>61.8%</i>

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 registration 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 activities 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 annual growth of off-the-top appropriations for highway supervision to no more than 6.0 percent, 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 appropriations. The limit 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 HUTF for FY 2008-09 as compared to FY 2007-08, and the limit for FY 2008-09:

Table E Statutory HUTF Off-the-Top Appropriations Limit Section 43-4-201, C.R.S.	
FY 2007-08 HUTF Off-the-Top Appropriations Base	\$96,932,326
x Allowable growth of 6.0%	<u>1.06</u>
FY 2008-09 HUTF Off-the-Top Appropriations Limit	\$102,748,266
FY 2008-09 HUTF Off-the-Top Appropriations:	
Department of Public Safety, State Patrol	\$92,484,755
Department of Revenue, Ports of Entry	9,739,088
Capital Construction	<u>0</u>
Total FY 2008-09 HUTF Off-the-Top Appropriations	\$102,223,843
Over / (Under) FY 2008-09 HUTF Off-the-Top Appropriations Limit	(\$524,423)

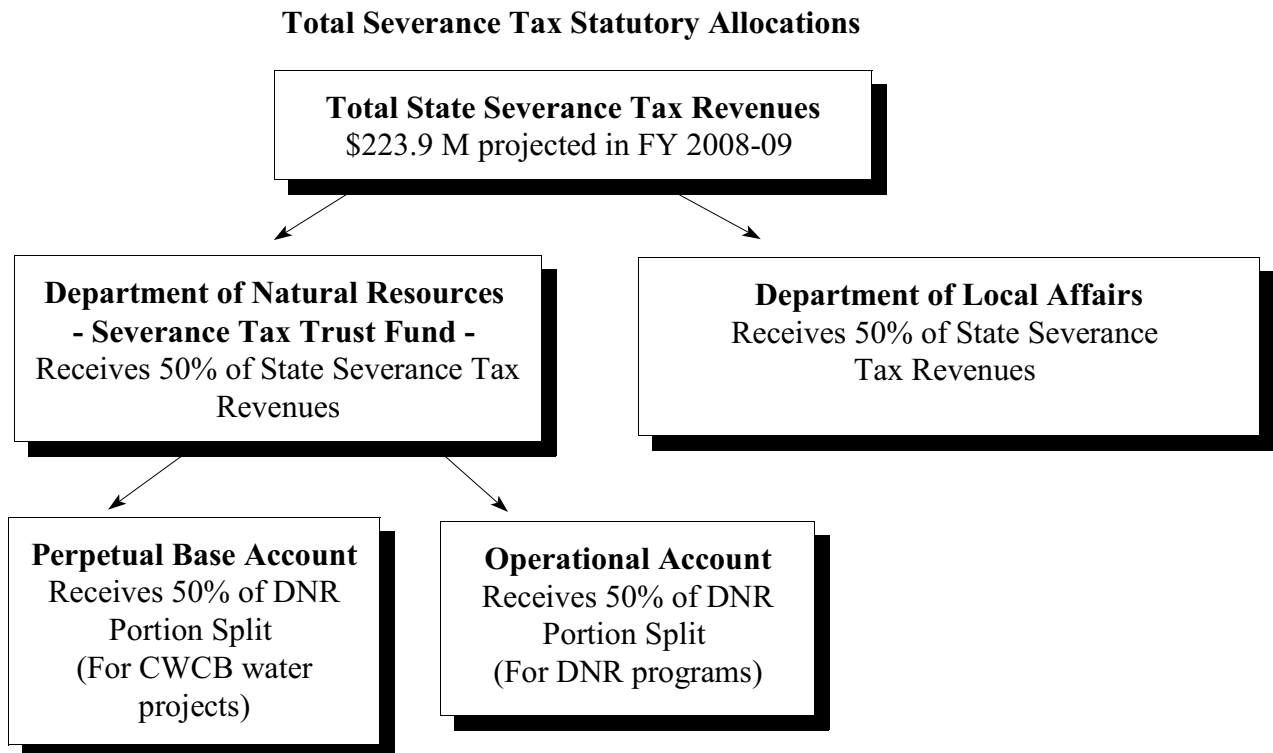
F. SEVERANCE TAX TRUST FUND - OPERATIONAL ACCOUNT FUNDS OVERVIEW

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.
- Section 39-29-109 (1) (a) (II), C.R.S., provides that 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.



House Bill 08-1398 significantly changed the administration of the Operational Account beginning in FY 2008-09. The bill divided programs funded from the Operational Account into two tiers. The tier 1 programs support the day-to-day operations of the Department of Natural Resources, including paying salaries for employees. The tier 2 programs support grants, loans, research, and construction. The required reserve for tier 1 programs was reduced from twice the annual appropriations to one times the appropriations. A new reserve requirement was established for tier 2 programs equal to 15 percent of the authorized expenditures. The distribution of funding for tier 2 programs is staggered with 40 percent released July 1, 30 percent released January 4, and the final 30 percent released April 1. Tier 2 programs are subject to proportional reduction if mid-year revenue projections indicate there are insufficient funds.

Low income energy assistance programs were reauthorized in the new structure for tier 2 programs by H.B. 08-1387. The separate reserve requirement for low income energy assistance programs was eliminated. These programs have a slightly different schedule for the release of funds than other tier 2 programs.

Several bills authorized significant new expenditures from the Operational Account, including S.B. 08-13, which provided funding for certain activities of the divisions of Wildlife and Parks and Outdoor Recreation (categorized as tier 1 expenditures), and S.B. 08-226, which provided multi-year funding for controlling aquatic nuisance species (categorized as tier 2).

The table on the next page provides an overview of projected revenues and expenditures from the Operational Account. The percentages indicate the proportion of total funds available for expenditure. The FY 2007-08 unobligated balance appears negative because the table does not include an estimate of interest earnings to the Operational Account.

Severance Tax Trust Fund Operational Account									
	Key Bills	Actual FY 05-06		Actual FY 06-07		Appropriation FY 07-08		Estimated FY 08-09	
1 Beginning balance		\$25,399,591		\$50,851,612		\$40,012,876		\$32,796,040	
2 Revenue		64,468,852		33,312,271		26,972,500 (est.)		55,984,000 (est.)	
3 TOTAL Available for Expenditure		89,868,443	100.0%	84,163,883	100.0%	66,985,376	100.0%	88,780,040	100.0%
4 Roll-forwards		0		0		959,207 1.4%		0	
Tier 1									
5 Colorado Geological Survey		2,099,875	2.3%	2,291,469	2.7%	2,198,418 3.3%		2,482,814	2.8%
6 Oil and Gas Conservation Commission		1,463,687	1.6%	2,117,279	2.5%	2,337,538 3.5%		3,255,372	3.7%
7 Division of Reclamation, Mining, and Safety		3,247,033	3.6%	3,392,252	4.0%	4,343,042 6.5%		4,410,342	5.0%
8 Colorado Water Conservation Board		856,489	1.0%	868,679	1.0%	1,319,250 2.0%		1,319,250	1.5%
9 Division of Parks and Outdoor Recreation	SB 08-13	0	0.0%	0	0.0%	0 0.0%		1,984,058	2.2%
10 Division of Wildlife	SB 08-13	0	0.0%	0	0.0%	0 0.0%		1,519,927	1.7%
11 SUBTOTAL Tier 1		7,667,084	8.5%	8,669,679	10.3%	10,198,248 15.2%		14,971,763	16.9%
Tier 2									
12 Arkansas River, KS vs CO settlement	SB 05-226	1,109,947		0		0		0	
13 CWCB's Litigation Fund	HB 06-1313 (Sect. 17)	0		1,403,272		0		0	
14 Interbasin water compacts	HB 05-1177/HB 06-1400	209,801		547,056		1,131,881		1,145,067	
15 Water infrastructure development	SB 06-179	0		10,000,000		6,000,000		10,000,000	
16 Underground water storage	SB 06-193	0		146,000		0		0	
17 Water efficiency grants	SB 07-008/HB 08-1398	1,580,000		0		800,000		800,000	
18 CO Water Research Institute	HB 08-1405	0		500,000		150,000		500,000	
19 Tamarisk control	HB 08-1346 (Sect. 29)	0		0		0		1,000,000	
20 Forest restoration grants	SB 08-71	0		0		0		1,000,000	
21 Aquatic Nuisance Species Fund	SB 08-226	0		0		0		5,956,636	
22 Species Conservation Trust Fund	SB 08-168/SB 08-226	4,000,000		8,800,000		0		12,513,886	
23 Low income energy assistance	HB 08-1387	24,000,000		11,000,000		12,000,000		13,000,000	
24 Clean coal/Clean energy	HB 06-1322	0		2,635,000		2,500,000		2,500,000	
25 Soil Conservation Districts matching grants	HB 06-1393	450,000		450,000		450,000		450,000	
26 SUBTOTAL Tier 2		31,349,748	34.9%	35,481,328	42.2%	23,031,881 34.4%		48,865,589	55.0%
27 TOTAL Expenditures		39,016,832		44,151,007		34,189,336		63,837,352	
28 Ending Balance		50,851,610		40,012,876		32,796,040		24,942,688	
29 Tier 1 Reserve	HB 02-1041/HB 08-1398	15,896,272		16,864,470		20,396,496		14,971,763	
30 Tier 2 Reserve	HB 08-1398	0		0		0		7,329,838	
31 Low income energy assistance reserve	HB 06-1200/HB 08-1387	11,000,000		12,000,000		13,000,000		0	
32 TOTAL Reserve Requirement		26,896,272	29.9%	28,864,470	34.3%	33,396,496 49.9%		22,301,601	25.1%
33 UNOBLIGATED BALANCE		23,955,338	26.7%	11,148,406	13.2%	(600,456) -0.9%		2,641,087	3.0%
(est.) = estimate. Revenue Estimates based on Legislative Council's Economic Forecast dated December 20, 2007, not including interest. Interest earnings in FY 2007-08 need to total at least \$600,456 for a positive balance in the Operational Account.									

G. Allocation of Tobacco-Settlement Moneys

Under the terms of the Master Settlement Agreement, Colorado receives two sets of tobacco settlement payments: a perpetual stream of "base" payments, which began in 2000, and a series of "strategic contribution" payments, which began in April 2008 and continue until 2017. The allocation of these payments among programs is the subject of this appendix.

The core tobacco-settlement-program funding rules are contained in Section 24-75-1104.5, C.R.S., which divides settlement-supported programs into what are commonly called "Tier 1" and "Tier 2" programs. The amount allocated to most Tier 1 programs depends upon what may be called the "Tier 1 Amount," which, for expenditures in FY 2008-09 and subsequent years, equals the base payment received in the *prior* fiscal year plus \$15.4 million of the strategic contribution payments received in the *current* fiscal year. The following Table I lists the Tier 1 settlement programs and provides a slightly simplified summary of each program's funding rules:

TABLE I

Tier 1 Program	Funding Rule
Read-to-achieve Grant Program	5% of the Tier 1 Amount, up to a maximum of \$8 million
Comprehensive Primary and Preventive Care Grant Program	3% of the Tier 1 Amount, up to a maximum of \$5 million
Children's Basic Health Plan	24% of the Tier 1 Amount, up to a maximum of \$30 million
State share of funding required for Children with Autism Act	Up to \$1 million annually
Fitzsimons lease purchase	8% of the Tier 1 Amount, up to a maximum of \$8 million
State Veterans Trust Fund	1% of the Tier 1 Amount, 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 Tier 1 Amount, up to a maximum of \$2 million
Ryan White HIV/AIDS Drug Assistance Program	3.5% of the Tier 1 Amount, up to a maximum of \$5 million
Tony Grampsas Youth Services Program	4% of the Tier 1 Amount, up to a maximum of \$5 million
Nurse Home Visitor Program	12% of the Tier 1 Amount, 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

The allocations in Table I do not utilize the full Tier 1 Amount. For expenditures in FY 2008-09 and subsequent years, the remainder is combined with *prior* year strategic contribution payments in excess of \$15.4 million to create the "Tier 2 Amount," which is then distributed among Tier 2 programs in the percentages detailed in Table II:

TABLE II

Tier 2 Program	Percentage
University of Colorado Health Sciences Center	49.0%
Mental health services for juvenile and adult offenders	12.0%
Comprehensive Primary and Preventive Care Grant Program	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%
Supplemental 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%

Annual appropriations corresponding to the above rules are enacted into law several months before the end of the prior fiscal year. Supplemental appropriation bills enacted during the following legislative session align appropriations with the settlement payments that Colorado actually receives.

Tables III and IV detail the allocation of tobacco-settlement moneys to Tier 1 and Tier 2 programs, respectively, for FY 2007-08 and FY 2008-09 based on the above allocation formulas.

TABLE III

Tier 1 Program	FY 2007-08 Allocation	FY 2008-09 Allocation
Department of Education		
Read-to-achieve Grant Program	\$4,502,623	\$5,174,508
Department of Health Care Policy and Financing		
Comprehensive Primary and Preventive Care Grant Program	2,701,574	3,104,705
Children's Basic Health Plan	21,612,590	24,837,640
State share of funding required for Children with Autism Act	<u>704,597</u>	<u>273,607</u>
Subtotal - Department of Health Care Policy and Financing	25,018,761	28,215,952
Department of Higher Education		
Fitzsimons lease purchase	7,215,933	8,000,000
Department of Military and Veterans Affairs		
Colorado State Veterans Trust Fund Expenditures	900,525	998,551
Department of Human Services		
Child Mental Health Treatment Act Program	300,000	300,000
Department of Public Health and Environment		
Dental Loan Repayment Program	200,000	200,000

Tier 1 Program	FY 2007-08 Allocation	FY 2008-09 Allocation
AIDS and HIV Prevention Grant program	1,801,049	1,997,101
Ryan White AIDS Drug Assistance Program	3,151,836	3,622,156
Tony Grampas Youth Services Program	3,602,098	4,139,607
Nurse Home Visitor Program	<u>10,806,295</u>	<u>13,453,722</u>
Subtotal - Department of Public Health and Environment	19,561,278	23,412,586
Total	\$57,499,120	\$66,101,597

TABLE IV

Tier 2 Program	FY 2007-08 Allocation	FY 2008-09 Allocation
Department of Higher Education		
University of Colorado, Health Sciences Center	\$8,511,345	\$18,353,232
Department of Health Care Policy and Financing		
Comprehensive Primary and Preventive Care Grant Program	1,476,458	3,183,724
Medicaid shortfalls at Children's Hospital	173,701	374,556
Children's Basic Health Plan Trust for expanding caseload from 200% to 205% of the federal poverty level	<u>868,505</u>	<u>1,872,779</u>
Subtotal - Department of Health Care Policy and Financing	2,518,664	5,431,059
Department of Human Services		
Mental Health Services for juvenile and adult offenders	2,084,411	4,494,669
Alcohol and drug abuse programs	<u>521,103</u>	<u>1,123,667</u>
Subtotal - Department of Human Services	2,605,514	5,618,336
Department of Personnel and Administration		
Supplemental state contribution for group benefit plans	781,654	1,685,501
Department of Public Health and Environment		
Local public health services	1,215,906	2,621,890
Colorado Immunization Program	694,804	1,498,223
Short-term Grants for Innovative Health Programs	<u>1,042,205</u>	<u>2,247,335</u>
Subtotal - Department of Public Health and Environment	2,952,915	6,367,448
Total	\$17,370,092	\$37,455,576

However, Table IV overstates the amount allocated to the Short-term Innovative Health Program Grant Fund because several bills enacted during the 2007 session diverted tobacco-settlement moneys that otherwise would have been allocated to this fund. The following Table V shows the amounts diverted in FY 2007-08 and FY 2008-09 and the amounts statutorily required to be diverted until FY 2011-12, after which the diversions stop.

TABLE V

Diversions from the Short-term Innovative Health Program Grant Fund					
Department(s) Bill number, Short Title	Amount Diverted				
	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12
Department of Human Services and Department of Public Safety H.B. 07-1057, Juvenile Justice Family Advocate Program	\$172,715	\$221,717	\$221,717	\$221,717	\$0
Department of Public Safety H.B. 07-1064, Find/Save Programs for the Cognitively Disabled	125,000	0	0	0	0
Personnel and Administration H.B. 07-1335, Supplemental Low-Income State Employee Benefits	160,000	0	0	0	0
Department of Health Care Policy and Financing H.B. 07-1346, Prepaid Inpatient Health Plans MCOs	37,500	0	0	0	0
Department of Health Care Policy and Financing S.B. 07-004, Early Intervention Services Coordinated Payment	53,730	59,299	59,299	0	0
Department of Human Services S.B. 07-146, Veterans Mental Health Services Pilot Program	300,000	300,000	300,000	0	0
Department of Higher Education S.B. 07-232, Health Professional Loan Repayment Program	60,000	60,000	60,000	60,000	60,000
Total	\$908,945	\$641,016	\$641,016	\$281,717	\$60,000

Taken together, these bills reduced the allocation for Short-term Grants for Innovative Health Programs from \$1,042,205 to \$133,260 in FY 2007-08 and from \$2,247,335 to \$1,606,319 in FY 2008-09.

In addition to the diversions in Table V, House Bill 07-1359 diverted \$24.4 million of the April 2007 base payment into a special account called the Health Care Supplemental Appropriations and Overexpenditures Account of the Tobacco Litigation Settlement Cash Fund. Pursuant to H.B. 07-1359 and S.B. 08-127, \$6.2 million of this account can be used until April 2009 for FY 2006-07 and FY 2007-08 overexpenditures or supplemental appropriations to the Children's Basic Health Plan and the remainder can be used until April 2009 for FY 2006-07 through FY 2008-09 overexpenditures or supplemental appropriations for the Colorado Benefits Management System. Moneys remaining in the Account on April 16, 2009, will be directed to Tier 2 programs for expenditure in FY 2008-09 according to the rules in Table III. The following Table VI summarizes the appropriations from this account as of June 30, 2008.

TABLE VI

Bill (Department)	FY 2006-07 Appropriation	FY 2007-08 Appropriation
H.B. 08-1285 (Department of Health Care Policy and Financing Supplemental)	\$1,239,129	\$0
H.B. 08-1287 (Department of Human Services Supplemental)	0	1,205,117
Total	\$1,239,129	\$1,205,117

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.

In addition, some other General Fund transfers and appropriations, not listed above, 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.

The following sections describe the amounts that are exempt from the six percent limit. In addition, the table that follows lists all of the General Fund appropriations that were exempt from the six percent limit in FY 2007-08 and FY 2008-09:

Section 1 - Rebates and Expenditures

These statutory and constitutional obligations include Old Age Pensions (Article XXIV, Section 1 of the Colorado Constitution), cigarette tax rebates to local governments (Section 39-22-623 (1) (a) (II) (A), C.R.S.), Fire and Police Pension Payments for local governments (Section 31-30.5-307 (3), C.R.S.), Old Age Heat and Fuel Property Tax Assistance Grants (Section 39-31-102 (1), C.R.S.), loans to school districts (Sections 22-54-110 and 29-15-112, C.R.S.), and appropriations of General Fund revenue deriving from Amendment 35 tax increases (Article X, Section 21 of the Colorado Constitution). These statutory and constitutional obligations are exempt from the calculation of the statutory General Fund spending limit. Please note that the Amendment 35 moneys are separated from other rebates and expenditures in the table below because those

moneys do not flow into the state operating budget; therefore, they are not subject to the six percent limit because they are not part of the state's operating budget.

Section 2 - 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.

Section 3 - Amounts Deemed Exempt

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.

<u>General Fund Appropriations Deemed Exempt from Six Percent Limit</u>			
	Department	Amount	Reason
FY 2007-08			
<u>Section 1 - Rebates and Expenditures</u>			
Old Age Pensions/1	Human Services	\$92,500,000	Voter Approved
Volunteer Firefighter Benefit Plans/2	Local Affairs	4,112,138	Other
Cigarette Tax Rebate/2	Revenue	12,500,000	Other
Old Age Heat and Fuel and Property Tax Assistance Grant/2	Revenue	15,000,000	Other
FPPA - Old Hire Plans/2	Treasury	34,777,172	Other
Loans to School Districts/1	Treasury	<u>11,900,000</u>	Other
Subtotal Rebates and Expenditures		\$170,789,310	
Pediatric Spec. Hosp. (Amendment 35)/3	Health Care Policy and Financing	499,200	Voter Approved
Immunizations (Amendment 35)/2	Public Health and Environment	<u>513,000</u>	Voter Approved
Subtotal Amendment 35		\$1,012,200	
Total Rebates and Expenditures		\$171,801,510	
<u>Section 2 - Homestead Exemption</u>			
Senior Citizen and Disabled Veteran Property Tax Exemption/2	Treasury	78,600,000	Voter Approved
Revenue Forecast Adjustment/1	Treasury	<u>2,400,000</u>	Other
Total Homestead Exemption		\$81,000,000	
<u>Section 3 - Amounts Deemed Exempt</u>			
Giardino Lawsuit/2	Education	5,000,000	Court Order
Payment Error Rate Project/2	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/2	Judicial	<u>936,317</u>	Court Order
Total Amounts Deemed Exempt		\$6,138,710	
FY 2007-08 TOTAL		\$258,940,220	

<u>General Fund Appropriations Deemed Exempt from Six Percent Limit</u>			
	Department	Amount	Reason
FY 2008-09			
<u>Section 1 - Rebates and Expenditures</u>			
Old Age Pensions/1	Human Services	\$98,700,000	Voter Approved
Volunteer Firefighter Benefit Plans/4	Local Affairs	4,193,651	Other
Cigarette Tax Rebate/4	Revenue	13,300,000	Other
Old Age Heat and Fuel and Property Tax Assistance Grant/4	Revenue	17,300,000	Other
FPPA - Old Hire Plans/4	Treasury	34,777,172	Other
Loans to School Districts/1	Treasury	<u>16,800,000</u>	Other
Subtotal Rebates and Expenditures		\$185,070,823	
Pediatric Spec. Hosp. (Amendment 35)/4	Health Care Policy and Financing	495,000	Voter Approved
Immunizations (Amendment 35)/4	Public Health and Environment	<u>495,000</u>	Voter Approved
Subtotal Amendment 35		\$990,000	
Total Rebates and Expenditures		\$186,060,823	
<u>Section 2 - Homestead Exemption</u>			
Senior Citizen and Disabled Veteran Property Tax Exemption/4	Treasury	86,200,000	Voter Approved
Revenue Forecast Adjustment/1	Treasury	<u>0</u>	Other
Total Homestead Exemption		\$86,200,000	
<u>Section 3 - Amounts Deemed Exempt</u>			
Office of Child's Representative/4	Judicial	<u>241,158</u>	Court Order
Total Amount Deemed Exempt		\$241,158	
FY 2008-09 TOTAL		\$272,501,981	

/1 These amounts are constitutionally or statutorily diverted prior to being appropriated by the General Fund; therefore, they are not appropriated as General Fund in any bill.

/2 These amounts are included in S.B. 07-239 (FY 07-08 Long Bill).

/3 The appropriation included in S.B. 07-239 was \$513,000; however, as amended by H.B. 08-1375 (FY 08-09 Long Bill), the appropriation was reduced to \$499,200.

/4 These amounts are included in H.B. 08-1375.

I. LETTERS REQUESTING INFORMATION FROM STATE DEPARTMENTS

Historically, the Long Bill footnotes contained the General Assembly's intent for an appropriation or a condition or limitation on an appropriation; explanations of any assumptions used in determining a specific amount of an appropriation; and requests for information. However, pursuant to House Bill 08-1321, the Long Bill no longer contains such requests for information. In lieu of such footnotes, for FY 2008-09, the Joint Budget Committee submitted requests for information to executive departments via letters to the Governor and other elected officials. Copies of these letters are included in the following pages.

STATE OF COLORADO

REPRESENTATIVES

Bernie Buescher, Chairman
Jack Pommer
Al White

SENATORS

Moe Keller, Vice-Chairman
John Morse
Steve Johnson



STAFF DIRECTOR
John Ziegler

JOINT BUDGET COMMITTEE

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

April 21, 2008

Hon. Bill Ritter, Governor
136 State Capitol
Denver, CO 80203-1792

Dear Governor Ritter,

The General Assembly recently passed the FY 2008-09 Long Bill. Historically, the Long Bill footnotes contained the General Assembly's intent for an appropriation or a condition or limitation on an appropriation; explanations of any assumptions used in determining a specific amount of an appropriation; and requests for information. However, given the provisions of House Bill 08-1321, the Long Bill will no longer contain requests for information.

In lieu of such footnotes, the Joint Budget Committee respectfully submits the following requests for information. These requests are associated with specific Long Bill line items, and each has its own details and deadlines. It is the hope of the Joint Budget Committee that the state departments will comply with these requests to the fullest extent possible.

Please notify us by May 1st if you do not intend to comply with any requests.

Sincerely,

Representative Bernie Buescher
Chairman

cc:

Executive Agency Directors
Todd Saliman, Office of State Planning and Budgeting
John Ziegler, Joint Budget Committee

Legislative Requests for Information from the Executive Branch, FY 2008-09

REQUESTS AFFECTING MULTIPLE DEPARTMENTS

1. **All Departments, Totals** - Every department is requested to submit to the Joint Budget Committee information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that are applied for or received during FY 2008-09. The information should include the number of FTE, the associated costs (such as workers' compensation, health and life benefits, need for additional space, etc.) that are related to the additional FTE, the direct and indirect matching requirements associated with the federal grant or donated funds, the duration of the grant, and a brief description of the program and its goals and objectives.
2. **Department of Education, Assistance to Public Schools, Categorical Programs; and Department of Higher Education, Division of Occupational Education, Colorado Vocational Act Distributions pursuant to Section 23-8-102, C.R.S.** -- The Department of Education is requested to work with the Department of Higher Education and to provide to the Joint Budget Committee information concerning the distribution of state funds available for each categorical program, excluding grant programs. The information for special education - children with disabilities, English language proficiency programs, public school transportation, Colorado Vocational Act distributions, and small attendance center aid is requested to include the following: (a) a comparison of the state funding distributed to each district or administrative unit for each program in fiscal year 2007-08 and the maximum allowable distribution pursuant to state law and/or State Board of Education rule; and (b) a comparison of the state and federal funding distributed to each district or administrative unit for each program in fiscal year 2006-07 and actual district expenditures for each program. The information for special education services - gifted and talented children is requested to include a comparison of the state funding distributed to each district or administrative unit for each program in fiscal year 2006-07 and actual district expenditures.
3. **Governor - Lieutenant Governor - State Planning and Budgeting, Office of State Planning and Budgeting; and Department of Local Affairs, Division of Emergency Management, Disaster Response and Recovery** -- The Division of Emergency Management is requested to work with the Office of State Planning and Budgeting and provide a report to the Joint Budget Committee by November 1, 2008, concerning revenues credited to and expenditures made from the Disaster Emergency Fund in FY 2007-08. The report is requested to include the following: (a) amounts authorized to be transferred to the Disaster Emergency Fund, by Executive Order and fund source; (b) amounts actually transferred to the Fund, by date and fund source; and (c) actual expenditures from the Fund, by date and declared disaster emergency.
4. **Governor - Lieutenant Governor - State Planning and Budgeting, Office of State Planning and Budgeting; and Department of Personnel and Administration, Human Resource Services** -- The Department shall comply with the statutory provisions of Section 24-50-110 (1)(d), C.R.S., and is requested to provide other state departments with the

information necessary to comply with this statute. The Office of State Planning and Budgeting and the Department of Personnel are requested to work with the departments to improve the timeliness and accuracy of information about state personnel. Improvements, at a minimum, should include: updating personnel information on a centralized computerized data base; accurate reporting of filled FTE positions; number of reclassifications that are approved, turnover rates by agency; tracking of FTE positions funded to FTE positions filled; an accurate count of part-time and temporary FTE positions; and elimination of unused FTE positions. The Department and the Office of State Planning and Budgeting are requested to submit a consolidated statewide personnel report to the General Assembly by September 1, 2008. This report should include, by line item and Department, a summary of vacant positions, the length of time each position has been vacant, and the number of reclassifications that were approved in FY 2007-08. In addition, the report should include a reconciliation between personal services appropriations and actual expenditures for FTE, state temporaries, sick/annual leave payout, and other personal services by division.

5. **Department of Corrections, Totals; Department of Human Services, Mental Health and Alcohol and Drug Abuse Services, Alcohol and Drug Abuse Division, and Division of Youth Corrections; Department of Public Safety, Division of Criminal Justice --** It is the intent of the Joint Budget Committee that the impacts of the Governor's Recidivism Reduction and Offender Diversion Package funded by the General Assembly in 2007, be analyzed using contract funding appropriated for this purpose to the Department of Public Safety, Division of Criminal Justice. The evaluation should specifically address: the Short-term Intensive Residential Remediation Treatment Program (STIRRT) in the Department of Human Services, Diversion Community Corrections Beds in the Department of Public Safety, Mental Health Beds in the Department of Public Safety, and any new programs or services created or implemented through additional budgetary flexibility provided to the Division of Youth Corrections in the Department of Human Services. It is the intent of the General Assembly that the contractor compare the outcomes for offenders who participate in these programs with outcomes for offenders in predetermined control groups. The Department of Public Safety, Division of Criminal Justice, in conjunction with other state departments, is requested to submit an annual progress report to the Joint Budget Committee by November 1 of each year. This report is requested to include a summary of the number of offenders served by each program and a summary of the program evaluation techniques that will be used to examine the effectiveness of each program. The Department of Public Safety, Division of Criminal Justice, is requested to submit a final report to the Joint Budget Committee on or before November 1, 2012. The final report should specifically address whether any of the interventions funded were cost-effective and, based on this, recommendations for continuation, modification or elimination of each program.
6. **Department of Health Care Policy and Financing, Executive Director's Office; and Department of Human Services, Services for People with Disabilities –** The Departments are requested to develop a plan with respect to how the State will limit any inappropriate proliferation of intermediate care facilities for the mentally retarded (ICFs/MR) in the community and how it will manage any growth in the number of such facilities to ensure that state and federal funding for persons with developmental disabilities is used efficiently. The Departments are requested to submit such a plan, including any recommendations for

statutory changes, by October 1, 2008.

DEPARTMENT OF CORRECTIONS

7. **Department of Corrections, Management, External Capacity Subprogram, Payments to House State Prisoners --** The Department of Corrections is requested to require private prison providers to break-out their respective operating expenses and capital construction costs in the invoices that they submit to the Department for housing Colorado inmates. The Department of Corrections is further requested to submit a report to the Joint Budget Committee by November 1, 2008, summarizing this information for each of the private prison providers reimbursed from the External Capacity Subprogram.
8. **Department of Corrections, Institutions, Youthful Offender System Subprogram --** The Department of Corrections is requested to submit a report to the Joint Budget Committee by November 1, 2008, justifying the ongoing need for the Youthful Offender System. The report is requested to summarize the cost effectiveness of the program, including the cost per offender, taking into consideration drop-out rates and recidivism rates for the program.
9. **Department of Corrections, Community Services, Community Supervision Subprogram, Community Supervision, Psychotropic Medication --** The Department is requested to submit a report to the Joint Budget Committee on or before February 1, 2009, summarizing the outcomes of offenders who were provided psychotropic medication from this line item. The report is requested to include the number of mentally ill offenders who receive medication from this line item, the regression rate of the offenders, and the number of offenders who commit new crimes. The report is requested to compare these outcomes with the population of mentally ill offenders in community corrections programs in FY 2005-06.
10. **Department of Corrections, Management, External Capacity Subprogram; and Community Services --** The Department of Corrections is requested to submit a report to the Joint Budget Committee on or before November 1, 2008, summarizing transfers that were made from this subprogram pursuant to the flexibility authorized by footnote.
11. **Department of Corrections, Executive Director's Office, External Capacity Subprogram, Payments to House State Prisoners --** The Department is requested to provide a report to the Joint Budget Committee on or before November 1, 2008, summarizing transfers that were made from this line item pursuant to the flexibility authorized by footnote.
12. **Capital Construction, Department of Corrections, Capital Construction, Correctional Industries, Minor Construction Projects --** The Department of Corrections is requested to submit an annual report to the Capital Development and Joint Budget Committees detailing expenditures made from this appropriation.

DEPARTMENT OF EDUCATION

13. **Department of Education, Management and Administration, State Charter School Institute, Department Implementation of Section 22-30.5-501 *et seq.*, C.R.S.** - The Department is requested to submit a report to the Joint Budget Committee by July 1, 2008, concerning the method used to calculate the costs and additional Department staff required to implement Section 22-30.5-501 *et seq.*, C.R.S. The Department is also requested to make a recommendation as to whether the 2009 Long Bill should continue to include a separate line item appropriation for this purpose, or whether the costs and associated FTE should be reflected in the other relevant line items.
14. **Department of Education, Assistance to Public Schools, Public School Finance, State Share of Districts' Total Program Funding** -- The Department is requested to provide to the Joint Budget Committee, on or before November 1, 2008, information concerning the Colorado Preschool and Kindergarten Program. The information provided is requested to include the following for fiscal year 2007-08: (a) data reflecting the ratio of the total funded pupil count for the Program to the total funded pupil count for kindergarten; (b) data indicating the number of three-year-old children who participated in the Program; (c) data indicating the number of children who participated in the Program for a full-day rather than a half-day; (d) data indicating the number of Program FTE used to provide a full-day kindergarten component; and (e) the state and local shares of total program funding that is attributable to the Program.
15. **Department of Education, Assistance to Public Schools, Grant Programs and Other Distributions** -- The Department is requested to provide information to the Joint Budget Committee by November 1, 2008, concerning the allocation of funding to eligible boards of cooperative services (BOCES) pursuant to Section 22-2-122 (3), C.R.S. Specifically, the Department is requested to detail the sources of funds and the allocations made to each BOCES in fiscal year 2007-08.

GOVERNOR - LIEUTENANT GOVERNOR - STATE PLANNING AND BUDGETING

16. **Governor - Lieutenant Governor - State Planning and Budgeting, Governor's Energy Office** -- Senate Bill 07-246 requires a post-enactment review be conducted to determine the Department's efficacy in implementing the desired result and benefit of the act to advance energy efficiency and renewable energy throughout the state. The Department is requested to submit a report by September 1, 2008 to the Joint Budget Committee on the status of the Department's efficacy in implementing the desired result and benefit of the provisions of S.B. 07-246. At a minimum, the report should include a narrative overview of the programs implemented with descriptions of each and should itemize how the moneys appropriated have been applied, by program, by year, to advance energy efficiency and renewable energy throughout the state.

17. **Governor - Lieutenant Governor - State Planning and Budgeting, Office of State Planning and Budgeting** -- The Department is requested to submit a report related to the Government Efficiency Management (GEM) Study by July 1, 2008 to the Joint Budget Committee. At a minimum, the report should be provided electronically and should include a narrative overview explaining how the moneys appropriated have been applied to harness greater governmental efficiency and cost-avoidance. The report should itemize how the moneys appropriated have been implemented, by fiscal year, by applicable department or departments if there are multiple-agency initiatives, to identify ways to improve customer service, eliminate unnecessary or redundant services, and implement innovative ways to deliver essential services. The report should also include all budget change requests submitted to the General Assembly related to the GEM Study and aggregated into a single spreadsheet, by fiscal year, by Department, by fund source, including FTE.
18. **Governor - Lieutenant Governor - State Planning and Budgeting, Economic Development Programs, Bioscience Discovery Evaluation Program** -- The Department is requested to submit a report by September 1, 2008 to the Joint Budget Committee. At a minimum, the report shall specify the following information with regard to the bioscience research projects that received funding under the program during the preceding calendar year: (1) the amount of funding distributed to each bioscience research project and a description of each bioscience research project; (2) the manner in which each bioscience research project applied the funding received under the program; and (3) the results achieved by each bioscience research project, including identifiable monetary returns to the grantee and others since the receipt of the grant.

DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

19. **Department of Health Care Policy and Financing, Executive Director's Office** -- The Department is requested to submit monthly Medicaid expenditure and caseload reports on the Medical Services Premiums and mental health capitation line items to the Joint Budget Committee, by the fifteenth or first business day following the fifteenth of each month. The Department is requested to include in the report the managed care organization caseload by aid category. The Department is also requested to provide caseload and expenditure data for the Children's Basic Health Plan within the monthly report.
20. **Department of Health Care Policy and Financing, Medical Services Premiums** -- The Department is requested to submit a report on the managed care organizations' capitation rates for each population and the estimated blended rate for each aid category in effect for FY 2008-09 to the Joint Budget Committee by July 25, 2008. The Department is requested to include in the report a copy of each managed care organization's certification that the reimbursement rates are sufficient to assure the financial stability of the managed care organization with respect to delivery of services to the Medicaid recipients covered in their contract pursuant to Section 25.5-5-403 (1) (l), C.R.S.

21. **Department of Health Care Policy and Financing, Medical Services Premiums** -- The Department is requested to provide a report to the Joint Budget Committee by August 1, 2008 on the status of the rules adopted by the Medical Services Board regarding all changes to reimbursement rates that have been enacted for FY 2008-09.
22. **Department of Health Care Policy and Financing, Medical Services Premiums**-- The Department is requested to submit a report to the Joint Budget Committee on January 2, 2009 regarding potential savings to the Medical Services Premiums line item based on implementing the Deficit Reduction Act of 2005 average manufacture price upper payment limits for pharmacy reimbursement.
23. **Department of Health Care Policy and Financing, Indigent Care Program, Safety Net Provider Payments** -- The Department is requested to submit a report by February 1, 2009, to the Joint Budget Committee, estimating the disbursement to each hospital from the Safety Net Provider Payment line item for FY 2007-08.
24. **Department of Health Care Policy and Financing, Other Medical Services, S.B. 97-101 Public School Health Services** -- The Department is requested to submit a report by November 1 of each year to the Joint Budget Committee on the services that receive reimbursement from the federal government under S.B. 97-101 public school health service program. The report should include information on the type of services, how those services meet the definition of medical necessity, and the total amount of federal dollars that was distributed to each school under the program. The report should also include information on how many children were served by the program.
25. **Department of Health Care Policy and Financing, Medical Services Premiums** -- The Department is requested to submit a report to the Joint Budget Committee by February 15, 2009 regarding the implementation of the Medical Home program. The Department is requested to report how many children have been assigned to a Medical Home, the number of providers participating in the program, and an estimate of the costs for the incentive payments.
26. **Department of Health Care Policy and Financing, Medicaid Mental Health Community Programs, Mental Health Capitation Payments** -- The Department is requested to provide recommendations to the Joint Budget Committee by November 1, 2008 on whether greater budget accuracy would be achieved if caseload and capitation payments were estimated and tracked for each Regional Behavioral Center. In developing their recommendations, the Department will note any additional administrative costs associated with changing systems to track caseload data in this manner and to compile and report on the data.
27. **Department of Health Care Policy and Financing, Medicaid Mental Health Community Programs** -- The Department is requested to report in their annual budget submission the amount of expenditures for each year for anti-psychotic pharmaceuticals.

28. **Department of Health Care Policy and Financing, Other Medical Services, Public School Health Services** -- The Department is requested to report to the Joint Budget Committee on November 1, 2008 regarding the impact that the Centers of Medicare and Medicaid Services rule 2287-F has had on the ability to claim federal reimbursement for Medicaid services provided by school districts.
29. **Department of Health Care Policy and Financing, Other Medical Services, Colorado Cares Rx Program Contract Costs** -- The Department is requested to submit a report to the Joint Budget Committee on November 1, 2008 providing information on the number of clients that have signed up for this program. The report should also contain updated expenditures for the program and revenue estimates for the Colorado Cares Rx Program Fund.

DEPARTMENT OF HIGHER EDUCATION

30. **Department of Higher Education, Colorado Commission on Higher Education, Administration** -- The Department should continue its efforts to provide data on the efficiency and effectiveness of state financial aid in expanding access to higher education for Colorado residents. The Department is requested to provide to the Joint Budget Committee by November 1 of each year an evaluation of financial aid programs, which should include, but not be limited to: 1) an estimate of the amount of federal, institutional, and private resources (including tax credits) devoted to financial aid; 2) the number of recipients from all sources; 3) information on typical awards; and 4) the typical debt loads of graduates. To the extent possible, the Department should differentiate the data based on available information about the demographic characteristics of the recipients. To the extent that this information is not currently available, the Department is requested to provide a reasonable estimate, or identify the additional costs that would be associated with collecting the data.
31. **Department of Higher Education, Colorado Commission on Higher Education, Administration** -- The Department is requested to submit a report to the Joint Budget Committee by November 1 each year documenting the base level of institutional financial aid at each institution and demonstrating that at least 20 percent of any increase in undergraduate resident tuition revenues in excess of inflation is being devoted to need-based financial assistance pursuant to Section 23-18-202 (3) (c), C.R.S.
32. **Department of Higher Education, Colorado Commission on Higher Education, Administration** -- The Department is requested to submit a report to the House and Senate Education Committees and the Joint Budget Committee by November 1, 2008, analyzing the impact of need based financial aid programs on the recruitment, retention, and academic performance of under-served students, and making recommendations for improvement.

DEPARTMENT OF HUMAN SERVICES

- 33. Department of Human Services, Executive Director's Office, General Administration, Injury Prevention Program** -- The Department is requested to provide information regarding the cost-effectiveness of this program. Such information should include: Actual and planned annual expenditures for this line item, by program; the actual number of workers' compensation claims filed, by type of injury and by program; and the related costs associated with workers' compensation claims filed, by type of injury and by program. This information should be provided to the Joint Budget Committee annually on or before October 15.
- 34. Department of Human Services, Office of Information Technology Services, Colorado Benefits Management System (CBMS)** – The Department is requested submit a summary of change request activity related to the Colorado Benefits Management System to the Joint Budget Committee on or before November 1, 2008. This summary should include the number of requests completed, the number in progress, and the number that have been submitted but not yet started. Change requests requiring the expenditure of more than fifty thousand dollars (\$50,000) should be described in detail.
- 35. Department of Human Services, Office of Operations; Department Totals** -- The Department is requested to examine its cost allocation methodology and report its findings to demonstrate that all state-wide and departmental indirect costs are appropriately collected and applied. The Department is requested to submit a report to the Joint Budget Committee on or before November 15, 2008, that should include: (1) Prior year actual indirect costs allocated by division and corresponding earned revenues by type (cash, reappropriated, and federal); (2) the amount of such indirect costs applied within each division and to Department administration line items in the Executive Director's Office, Office of Operations, and Office of Information Technology Services; (3) a comparison between indirect amounts applied and the amounts budgeted in the Long Bill; and (4) a schedule identifying areas in which collections could potentially be increased and a description of the obstacles to such increases where the discrepancy between the potential and actual collections is \$50,000 or more.
- 36. Department of Human Services, Division of Child Welfare and Totals** – The Department is requested to provide a report to the Joint Budget Committee by October 1 of each fiscal year concerning the amount of federal revenues earned by the State for the previous fiscal year, pursuant to Title IV-E of the Social Security Act, as amended; the amount of money that was expended for the previous state fiscal year, including information concerning the purposes of the expenditures; and the amount of money that was credited to the Excess Federal Title IV-E Reimbursements Cash Fund created in Section 26-1-111(2) (d) (II) (C), C.R.S.
- 37. Department of Human Services, Division of Child Welfare** -- The Department is requested to provide to the Joint Budget Committee, by November 1, 2008, information concerning the gross amount of payments to child welfare service providers, including amounts that were paid using revenues other than county, state, or federal tax revenues. The

Department is requested to identify amounts, by source, for the last two actual fiscal years.

38. **Department of Human Services, Division of Child Welfare, Child Welfare Services --** The Department is requested to provide to the Joint Budget Committee, by November 1, 2008, information concerning actual expenditures for the last two fiscal years for services that are now funded through this consolidated line item. Such data should include the following: (a) Program services expenditures and the average cost per open involvement per year; (b) out-of-home placement care expenditures and the average cost per child per day; and (c) subsidized adoption expenditures and the average payment per child per day.
39. **Department of Human Services, Division of Child Care, Child Care Assistance Program --** The Department is requested to submit a report to the Joint Budget Committee by October 1, 2008 concerning the Child Care Assistance Program. The report is requested to address whether the Department, after consultation with counties and other interested parties, would recommend that eligibility for this program and/or provider reimbursement rates be set by the State. This recommendation could include eligibility/reimbursement rates that vary by region (metro, rural, mountain resort), even if they were set by the state. The Department is requested to include in the report: (1) an analysis of the programmatic and fiscal implications of such a change on program participants, providers, counties and state government; (2) how any recommended changes might be phased-in; and (3) what statutory modifications would be required. The report is requested to take into account the results of the State Auditor's Office audit of the Child Care Assistance Program required pursuant to H.B. 07-1062.
40. **Department of Human Services, Services for People with Disabilities, Community Services for People with Developmental Disabilities, Program Costs --** The Department is requested to provide a report to the Joint Budget Committee by October 1, 2008, concerning its plans for distributing this funding for new caseload and for ensuring that new placements are brought on-line as quickly as possible. It is the intent of the Joint Budget Committee that, in distributing funding to expand caseload, the Department take into consideration, among other factors, the need to reduce regional inequities in the numbers of persons served per capita of the general population.
41. **Department of Human Services, Services for People with Disabilities, Regional Centers for People with Developmental Disabilities --** The Department is requested to submit a proposal by November 1, 2008, concerning any plans for conversion of Grand Junction Regional Center and Pueblo Regional Center to an ICF/MR billing structure.
42. **Department of Human Services, Services for People with Disabilities, Division of Vocational Rehabilitation, Rehabilitation Programs -- Local Funds Match --** The Department is requested to provide a report to the Joint Budget Committee, by November 1 of each year, that details deferred cash and reappropriated funds on its books as of the close of the preceding fiscal year.
43. **Department of Human Services, Division of Youth Corrections, Administration --** The Division is requested to continue its efforts to provide outcome data on the effectiveness of

its programs. The Division is requested to provide to the Joint Budget Committee, by January 1 of each year, an evaluation of Division placements, community placements, and nonresidential placements. The evaluation should include, but not be limited to, the number of juveniles served, length of stay, and recidivism data per placement.

44. **Department of Human Services, Division of Youth Corrections, Administration** -- The Department is requested to provide a report to the Joint Budget Committee on January 1, 2009 that tracks and compares recidivism rates between those juveniles receiving drug and alcohol treatment and those not receiving treatment, while sentenced to commitment.
45. **Department of Human Services, Division of Youth Corrections, Community Programs, Purchase of Contract Placements** -- The Division is requested to provide a report to the Joint Budget Committee on November 1, 2008. This report should include the following information: (1) the amount spent serving youths in residential and non-residential settings from this line item in FY 2007-08; (2) the type of services purchased with such expenditures; (3) the number of committed and detained youths treated with such expenditures; (4) baseline data that will serve to measure the effectiveness of such expenditures; and (5) an evaluation of the effectiveness of this footnote in addressing the need for flexibility in treating and transitioning youth from residential to non-residential settings.
46. **Department of Human Services, Division of Youth Corrections, Community Programs, S.B. 91-94 Programs** -- The Department is requested to submit to the Joint Budget Committee no later than November 1 of each year a report that includes the following information by judicial district and for the state as a whole: (1) comparisons of trends in detention and commitment incarceration rates; (2) profiles of youth served by S.B. 91-94; (3) progress in achieving the performance goals established by each judicial district; (4) the level of local funding for alternatives to detention; and (5) identification and discussion of potential policy issues with the types of youth incarcerated, length of stay, and available alternatives to incarceration.
47. **Department of Human Services, Totals** -- The Department is requested to submit annually, on or before November 1, a report to the Joint Budget Committee concerning the amount of federal Temporary Assistance for Needy Families (TANF) funds available in the Long-term Works Reserve Fund. The requested report should include the following: (a) the amount of TANF funds expended, by Long Bill line item, for FY 2007-08, and the amount of TANF funds requested, by Long Bill line item, for FY 2008-09; (b) the amount of federal TANF funds transferred by each individual county, for FY 2007-08, including details regarding the program area to which each county transferred such funds; (c) the amount of any prior year appropriations of federal TANF funds that have been rolled forward to the current state fiscal year; (d) estimated expenditures of federal TANF funds for the current year and immediately following state fiscal year; (e) the total amount of TANF funds available to Colorado for state fiscal years FY 2007-08, FY 2008-09, and FY 2009-10, including funds rolled forward from previous state fiscal years; (f) the amount of federal TANF funds that remain available in each county's Works Program Reserve Account as of July 1 of the current state fiscal year; (g) a demonstration that the total amount of federal TANF funds requested in its annual budget request for state fiscal year 2009-10 does not exceed an amount anticipated

to be available to the State; (h) a demonstration that the information provided in the report is consistent with related financial information reported to the federal government; and (i) an accounting of the total allocation of TANF funds to each county for FY 2007-08.

- 48. Department of Human Services, Totals --** The Department is requested to submit annually, on or before November 1, a report to the Joint Budget Committee concerning federal Child Care Development Funds. The requested report should include the following information related to these funds for state fiscal years 2007-08, 2008-09, 2009-10 (the actual, estimate, and request years): (a) the total amount of federal funds available, and anticipated to be available, to Colorado, including funds rolled forward from previous state fiscal years; (b) the amount of federal funds expended, estimated, or requested to be expended for these years by Long Bill line item; (c) the amount of funds expended, estimated, or requested to be expended for these years, by Long Bill line item where applicable, to be reported to the federal government as either maintenance of effort or matching funds associated with the expenditure of federal funds; and (d) the amount of funds expended, estimated, or requested to be expended for these years that are to be used to meet the four percent federal requirement related to quality activities and the federal requirement related to targeted funds.

DEPARTMENT OF LABOR AND EMPLOYMENT

- 49. Department of Labor and Employment, Division of Employment and Training --** The Department is requested to submit to the Joint Budget Committee, on or before November 1, 2008, a summary of the status of the Internet Self-Service project for the Unemployment Insurance Program. This summary should identify the applications to be added, the order in which the Department proposes to add them, and the estimated costs for each of the individual applications.

DEPARTMENT OF NATURAL RESOURCES

- 50. Department of Natural Resources, Executive Director's Office --** The Department of Natural Resources has committed resources and FTE to examining energy impacts on the Eastern Plains and throughout Colorado. The Joint Budget Committee is requesting a report from the Department of Natural Resources by November 1, 2008, explaining the impact on native ecosystems, prairie wildlife, and the impact on rural lifestyle, including farming and ranching.
- 51. Department of Natural Resources, Oil and Gas Conservation Commission, Emergency Response --** The Oil and Gas Conservation Commission is requested to include in its annual budget request a report detailing all expenditures made in the previous year from this line item.
- 52. Department of Natural Resources, Oil and Gas Conservation Commission, Special Environmental Protection and Mitigation Studies --** The Oil and Gas Conservation Commission is requested to include in its annual budget request a report detailing all

expenditures made in the previous year from this line item.

- 53. Capital Construction, Department of Natural Resources, Division of Wildlife** -- It is the intent of the Joint Budget Committee that the Division better inform members of the General Assembly regarding the purchase of property and easements. As soon as the Division starts to consider a property acquisition or easement in a given county, the Division is directed to contact all members of the General Assembly who represent any portion of the county where the proposed acquisition or easement is to occur. Such notification shall include the specific location of the property or easement to be acquired, the mechanism for funding the proposal and the justification for seeking the acquisition or easement.
- 54. Capital Construction, Department of Natural Resources, Division of Wildlife** -- It is the intent of the Joint Budget Committee that the Division better inform members of the General Assembly regarding the purchase of property and easements. As soon as the Division starts to consider a property acquisition or easement in a given county, the Division is directed to contact all members of the General Assembly who represent any portion of the county where the proposed acquisition or easement is to occur. Such notification shall include the specific location of the property or easement to be acquired, the mechanism for funding the proposal and the justification for seeking the acquisition or easement.

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

- 55. Department of Public Health and Environment, Air Quality Control Division** -- The Department is requested to submit a report on the Air Quality Control Division. This report is requested to include a summary of the Division's current and anticipated workload, including the impact of existing and proposed federal and state program requirements, as well as the associated funding and staffing needs. This report is requested to include information on the upcoming fiscal year and out-years. The Department is requested to submit this report to the Joint Budget Committee by November 1, 2008.
- 56. Department of Public Health and Environment, Water Quality Control Division** -- The Department is requested to submit a report on the Water Quality Control Division. This report is requested to include a summary of the Division's current and anticipated workload, including the impact of existing and proposed federal and state program requirements, as well as the associated funding and staffing needs. This report is requested to include information on the upcoming fiscal year and out-years. The Department is requested to submit this report to the Joint Budget Committee by November 1, 2008.
- 57. Department of Public Health and Environment, Hazardous Materials and Waste Management Division, Contaminated Site Cleanups** -- The Department is requested to submit a report on its CERCLA program. This report is requested to include detailed expenditures for the program, including out-year estimates by project and associated project financing. The report should also include an analysis of long-term funding needs of the State in responding to, litigating, and cleaning up CERCLA sites, including estimated long-term maintenance costs for these sites. The report should also provide information on the Hazardous Substance Response Fund balance and out-year fiscal estimates. The Department

is requested to submit this report to the Joint Budget Committee by November 1, 2008.

- 58. Department of Public Health and Environment, Disease Control and Environmental Epidemiology Division, Special Purpose Disease Control Programs, Immunization --** The Department is requested to submit a report to the Joint Budget Committee by November 1, 2008, detailing how immunization promotion funding was spent during FY 2007-08. The report should include the following information: (1) the location, number of children vaccinated, and total grant amount for each immunization outreach clinic funded; and (2) the expenditures for and major purchases of the media campaign.
- 59. Department of Public Health and Environment, Disease Control and Environmental Epidemiology Division, Special Purpose Disease Control Programs, Ryan White Act --** The Department is requested to report annually to the Joint Budget Committee with regard to the AIDS drug assistance program. The report should be submitted on or before October 20, 2008. The report should include, but not be limited to: (1) the total and average monthly number of clients served, with a description of the demographic profile of the client population; (2) the total and average monthly costs to provide pharmaceutical products to those clients; (3) a listing of the pharmaceuticals on the formulary, the manufacturer of each product, and the respective average price for a month's supply of each product; and (4) the total amount of available funds, including state General Fund support, federal Title I and Title II support; and any other source as appropriate.
- 60. Department of Public Health and Environment, Prevention Services Division, Prevention Partnerships, Tony Grampsas Youth Services Program, Prevention Services Programs --** The Department is requested to submit a report to the Joint Budget Committee on the Tony Grampsas Youth Services Program by December 1, 2008. This report should include the following information for Fiscal Year 2007-08: (1) names of all applicants and the amount requested by each; (2) names of all grantees, amount of each grantee's award, period covered by each grant, the number of years each grantee has previously received grants, the number of persons served under the grant, a brief description of the funded program; and (3) the most recently available report evaluating the effectiveness of programs operated by grantees.

DEPARTMENT OF PUBLIC SAFETY

- 61. Department of Public Safety, Colorado State Patrol --** The Department is requested to submit to the Joint Budget Committee a detailed summary of FTE assigned to the field and to special programs on an annual basis beginning on November 1, 2006. Each annual report should include comparative information about the historical assignment of all uniformed positions, vacant positions, State Patrol Academy graduates, employee turnover (including service and disability retirements), and trooper deployment.
- 62. Department of Public Safety, Office of Preparedness, Security, and Fire Safety --** The Department is requested to submit to the Joint Budget Committee, by November 1, 2008, a proposal to fund the National Fire Incident Reporting System from a source other than General Fund for FY 2009-10 and beyond.

63. **Department of Public Safety, Totals** -- The Department is requested to submit to the Joint Budget Committee a detailed report on the Department's use of HUTF funds, by division and program, on an annual basis beginning on November 1, 2008. Each annual report should include the amount of HUTF spent and the FTE employed for each program in the prior fiscal year, including detail on Colorado State Patrol FTE performing work for other divisions.

DEPARTMENT OF REVENUE

64. **Department of Revenue, State Lottery Division** -- The Department is requested to submit a report to the Joint Budget Committee, by September 30, 2008, on the employment location of senior management employees of the State Lottery Division, pursuant to Section 24-35-202 (1), C.R.S., which requires the Lottery headquarters to be located in the city of Pueblo. This report should identify each position in senior management of the Division, and where the primary offices of the incumbents in those positions are located.

DEPARTMENT OF TRANSPORTATION

65. **Department of Transportation, Administration** -- The Department is requested to complete state budget forms for Administration personal services that provide information for each office or section within the Administration line item. This information should be sufficiently detailed to allow calculation of personal services appropriations. PERA and Medicare should also be provided by the individual section or office. Additionally, the Department should include subtotals for salary and FTE for each of the offices within the Administration line item information currently supplied.
66. **Department of Transportation, Administration** -- By August 1, 2010, the Department is requested to provide a report to the Joint Budget Committee regarding the effectiveness of the expansion of the Office of Organizational Learning and Development in reducing turnover and increasing retention of Department staff.

STATE OF COLORADO

REPRESENTATIVES

Bernie Buescher, Chairman
Jack Pommer
Al White

SENATORS

Moe Keller, Vice-Chairman
John Morse
Steve Johnson



STAFF DIRECTOR

John Ziegler

JOINT BUDGET COMMITTEE

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April 21, 2008

Hon. Mary Mullarkey, Chief Justice of the Colorado Supreme Court
2 E. 14th Ave., 4th Floor
Denver, CO 80203-1792

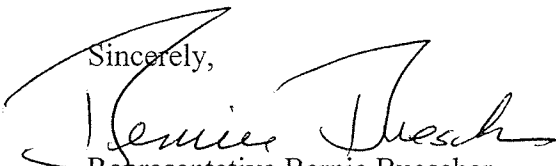
Dear Chief Justice Mullarkey,

The General Assembly recently passed the FY 2008-09 Long Bill. Historically, the Long Bill footnotes contained the General Assembly's intent for an appropriation or a condition or limitation on an appropriation; explanations of any assumptions used in determining a specific amount of an appropriation; and requests for information. However, given the provisions of House Bill 08-1321, the Long Bill will no longer contain requests for information.

In lieu of such footnotes, the Joint Budget Committee respectfully submits the following requests for information. These requests are associated with specific Long Bill line items, and each has its own details and deadlines. It is the hope of the Joint Budget Committee that the Department will comply with these requests to the fullest extent possible.

Please notify us by May 1st if you do not intend to comply with any requests.

Sincerely,



Representative Bernie Buescher
Chairman

cc:

Gerry Marroney, State Court Administrator
Ted Tow, Executive Director, Colorado District Attorney's Council
John Ziegler, Joint Budget Committee

Requests for Information from the Judiciary, FY 2008-09

1. **Judicial Department, Integrated Information Services** -- The Department is requested to contract with an outside party to study the feasibility of providing its public access and e-filing programs in-house and to report its findings to the Joint Budget Committee by November 1. It is the intent of the Committee that this effort be funded with existing appropriations.
2. **Judicial Department, Trial Courts, Trial Court Programs** -- The Department is requested to develop a general strategy and plan regarding the provision of drug courts statewide, including in rural areas, and to provide a report on this plan to the Judiciary Committees of the House and Senate by December 31, 2008.
3. **Judicial Department, Trial Courts, Court Costs, Jury Costs, and Court-appointed Counsel** -- The Department is requested to pilot alternative methods of providing respondent parent counsel services in dependency and neglect cases and to report to the Joint Budget Committee on the progress of such pilots in the Department's annual budget request.
4. **Judicial Department, Trial Courts, District Attorney Mandated Costs** -- District Attorneys in each judicial district shall be responsible for allocations made by the Colorado District Attorney's Council's Mandated Cost Committee. Any increases in this line item shall be requested and justified in writing by The Colorado District Attorney's Council, rather than the Judicial Department, through the regular appropriation and supplemental appropriation processes. As part of its annual budget request, the Judicial Department is requested to include a report by the Colorado District Attorney's Council detailing how the Mandated Costs appropriation is spent, how it is distributed, and the steps taken to control these costs.
5. **Judicial Department, Probation and Related Services** -- The Judicial Department is requested to provide by November 1 of each year a report on pre-release rates of recidivism and unsuccessful terminations and post-release recidivism rates among offenders in all segments of the probation population, including the following: adult and juvenile intensive supervision; adult and juvenile minimum, medium, and maximum supervision; the female offender program; and the specialized drug offender program. The department is requested to include information about the disposition of pre-release failures and post-release recidivists, including how many offenders are incarcerated (in different kinds of facilities) and how many return to probation as the result of violations.
6. **Judicial Department, Probation and Related Services, Offender Treatment and Services** -- The Judicial Department is requested to provide by November 1 of each year a detailed report on how this appropriation is used, including the amount spent on testing, treatment, and assessments for offenders.

STATE OF COLORADO

REPRESENTATIVES
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John Ziegler

JOINT BUDGET COMMITTEE

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April 21, 2008

Hon. John Suthers, Attorney General
Colorado Department of Law
1525 Sherman St.
Denver, CO 80203

Dear Attorney General Suthers,

The General Assembly recently passed the FY 2008-09 Long Bill. Historically, the Long Bill footnotes contained the General Assembly's intent for an appropriation or a condition or limitation on an appropriation; explanations of any assumptions used in determining a specific amount of an appropriation; and requests for information. However, given the provisions of House Bill 08-1321, the Long Bill will no longer contain requests for information.

In lieu of such footnotes, the Joint Budget Committee respectfully submits the following requests for information. These requests are associated with specific Long Bill line items, and each has its own details and deadlines. It is the hope of the Joint Budget Committee that the Department will comply with these requests to the fullest extent possible.

Please notify us by May 1st if you do not intend to comply with any requests.

Sincerely,

A handwritten signature in cursive script, reading "Bernie Buescher".

Representative Bernie Buescher
Chairman

cc:

Hugh Wilson, Director of Administration, Colorado Department of Law
Amy Luong, Budget Analyst, Colorado Department of Law
Cynthia Coffman, Deputy Attorney General, Colorado Department of Law
John Ziegler, Joint Budget Committee

1. **Department of Law, Criminal Justice and Appellate, Medicaid Fraud Grant --** The Department is requested to produce a progress report on its efforts to reduce Medicaid fraud and abuse in Colorado. The report should include: (1) the most recent estimates on the total amount of Medicaid fraud and abuse in Colorado; (2) a summary of total fines, costs, and restitutions recovered, attributable to the Medicaid Fraud Control Unit's efforts; (3) a detailed explanation of the Medicaid Fraud Control Unit's participation in global or national Medicaid fraud settlements, including total awards received due to them; and (4) evidence of the effectiveness of the Medicaid Fraud Control Unit in reducing the amount of Medicaid fraud and abuse in Colorado. The Department is requested to submit the report to the Joint Budget Committee by November 1, 2008.

STATE OF COLORADO

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April 21, 2008

Hon. Mike Coffman, Secretary of State
Colorado Secretary of State's Office
1700 Broadway
Denver, CO 80290

Dear Secretary Coffman,

The General Assembly recently passed the FY 2008-09 Long Bill. Historically, the Long Bill footnotes contained the General Assembly's intent for an appropriation or a condition or limitation on an appropriation; explanations of any assumptions used in determining a specific amount of an appropriation; and requests for information. However, given the provisions of House Bill 08-1321, the Long Bill will no longer contain requests for information.

In lieu of such footnotes, the Joint Budget Committee respectfully submits the following requests for information. These requests are associated with specific Long Bill line items, and each has its own details and deadlines. It is the hope of the Joint Budget Committee that the Department will comply with these requests to the fullest extent possible.

Please notify us by May 1st if you do not intend to comply with any requests.

Sincerely,

A handwritten signature in black ink, reading "Bernie Buescher".

Representative Bernie Buescher
Chairman

cc:

Heather Lizotte, Budget/Finance, Colorado Secretary of State's Office
Jacque Ponder, Chief Administrative Officer, Colorado Secretary of State's Office
John Ziegler, Joint Budget Committee

Requests for Information from the Secretary of State, FY 2008-09

1. **Department of State, Administration** -- The Department is requested to provide to the Joint Budget Committee by November 1, 2008, information concerning the Administration, Licensing, Elections, and Business sections of its Administration Division. The report should include how funds and FTE are allocated amongst the various sections of the Administration Division. It should also reflect, by Division, for every appropriated FTE within the Department, whether the position is actually vacant or filled as of October 1, 2008. The requested information should reflect actuals and not be adjusted for the effects of special bills or any other variables.
2. **Department of State, Administration** -- The Department is requested to submit quarterly budget reports to the Joint Budget Committee for the Address Confidentiality Program. The reports should reflect expenditures for the prior quarter, a budget for the upcoming quarter, the number of participants served, and the number of pieces of mail processed weekly.
3. **Department of State, Information Technology Services, Information Technology** -- The Department is requested to provide to the Joint Budget Committee by November 1, 2008, information concerning expenditures related to the Department's new accounting system. The report should include the status of the RFP and anticipated or actual costs of the new accounting system. The requested information should be submitted as part of the Department's annual budget request.

STATE OF COLORADO

REPRESENTATIVES

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Jack Pommer
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Steve Johnson



STAFF DIRECTOR

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JOINT BUDGET COMMITTEE

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

April 21, 2008

Hon. Cary Kennedy, State Treasurer
140 State Capitol
Denver, CO 80203-1792

Dear Treasurer Kennedy,

The General Assembly recently passed the FY 2008-09 Long Bill. Historically, the Long Bill footnotes contained the General Assembly's intent for an appropriation or a condition or limitation on an appropriation; explanations of any assumptions used in determining a specific amount of an appropriation; and requests for information. However, given the provisions of House Bill 08-1321, the Long Bill will no longer contain requests for information.

In lieu of such footnotes, the Joint Budget Committee respectfully submits the following requests for information. These requests are associated with specific Long Bill line items, and each has its own details and deadlines. It is the hope of the Joint Budget Committee that the Department will comply with these requests to the fullest extent possible.

Please notify us by May 1st if you do not intend to comply with any requests.

Sincerely,

A handwritten signature in black ink, appearing to read "Bernie Buescher".

Representative Bernie Buescher
Chairman

cc:

Eric Rothaus, Deputy Treasurer
John Ziegler, Joint Budget Committee

Requests for Information from the State Treasurer, FY 2008-09

1. **Department of the Treasury, Administration** -- The State Treasurer is requested to submit an annual report to the Joint Budget Committee concerning the performance of the state's investments. The report should include comparisons to relevant benchmarks and a detailed discussion of the benchmarks. This report should be submitted as a part of the State Treasurer's annual budget request.
2. **Department of the Treasury, Administration** -- The State Treasurer is requested to provide to the Joint Budget Committee, by November 1, 2008, information concerning expenditures related to the Department's bank services contract(s) which are paid through deductions from interest earned on bank account balances. The State Treasurer is requested to include actual expenditures for FY 2007-08 as well as projected expenditures for FY 2008-09. The requested report should be submitted as part of the State Treasurer's annual budget request.
3. **Department of the Treasury, Administration** -- The State Treasurer is requested to provide to the Joint Budget Committee, by November 1, 2008, information concerning state revenues and expenditures related to the issuance of tax and revenue anticipation notes for school districts pursuant to Section 29-15-112, C.R.S. The State Treasurer is requested to include actual data for FY 2007-08, as well as projected data for FY 2008-09. The requested information should be submitted as part of the State Treasurer's annual budget request.
4. **Department of the Treasury, Special Purpose, CoverColorado** -- Pursuant to Section 10-8-530 (4) (c) (I), C.R.S., the Executive Director of CoverColorado is required to report annually to the Joint Budget Committee concerning actual program receipts and expenditures. In addition, the Department is requested to work with the Executive Director to provide reports to the Joint Budget Committee by October 1, 2008, and by February 1, 2009, that contain enrollment, revenue, expenditure, and assessment projections for the CoverColorado program for FY 2008-09 and FY 2009-10.
5. **Department of the Treasury, Special Purpose, Fire and Police Pension Association - Old Hire Plans** -- The Fire and Police Pension Association is requested to submit an annual report of operations and investments for state-supported programs to the Joint Budget Committee by October 1, 2008. This report shall include the following: (1) the amount of additional funding the State is required to transfer to the Association pursuant to Section 31-30.5-307 (5) (b), C.R.S., assuming such payment is made on April 30, 2012, along with a description of the actuarial assumptions used to calculate this amount; (2) the current estimated unfunded liability for each local plan still eligible to receive state assistance; and (3) the projected remaining funded period for each local plan still eligible to receive state assistance.

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