

**STATE OF COLORADO**

**JOINT BUDGET COMMITTEE**



**APPROPRIATIONS REPORT:**

**Fiscal Year 2011-12**

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# FISCAL YEAR 2011-12 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 2011 Regular Session. This report provides an overview of state general tax revenues and expenditures, comparative and historical information regarding appropriations made during the 2011 Regular Session, and a detailed explanation of major funding changes for each state department. The FY 2011-12 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 revenues 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 2011-12 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 2010-11 and FY 2011-12. The format reflects appropriations by bill and by division or program area. Narrative sections describe major changes in funding from FY 2010-11 to FY 2011-12, factors impacting departmental budgets, fund sources for each division, and division activities. This section also includes brief summaries of bills adopted during the 2010 and 2011 Regular Sessions that contained an appropriation, affected state revenues, or implemented a major policy change.

The footnotes to the 2011 Long Bill (S.B. 11-209) can be found at the end of each departmental section in the 2011 Session Laws, or they can be accessed via the internet at the following address:

<http://www.leg.state.co.us/CLICS/CLICS2011A/csl.nsf/lbcontainer/SB11-209?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](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**

The following appendices are included in this report:

- 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 - Table summarizing 2011 Regular Session adjustments to operating and capital construction appropriations for years prior to FY 2010-11
- D - Table summarizing appropriations from the State Education Fund
- E - Table summarizing appropriations from the Highway Users Tax Fund
- F - Summary of severance tax allocations
- G - Summary of tobacco settlement allocations
- H - Summary of General Fund moneys that were deemed exempt from the restrictions on General Fund appropriations
- I - Copies of letters sent by the Joint Budget Committee to the Governor, the Chief Justice, and other 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 the Office of State Planning and Budgeting March 2011 revenue estimate, which was used as the basis for making adjustments to the FY 2010-11 budget and prepare the FY 2011-12 budget.

### Summary of Major Actions Taken Regarding the FY 2010-11 General Fund Budget

Several things occurred during the 2011 Regular Session that impacted the FY 2010-11 General Fund budget. The following is a summary of the major actions that occurred:

*General Fund Revenue Projections:* The General Assembly used the Office of State Planning and Budgeting (OSPB) March 2011 revenue estimates when making adjustments to the FY 2010-11 budget and preparing the FY 2011-12 budget during the 2011 Regular Session. The OSPB March 2011 projections were approximately \$287.3 million lower for FY 2010-11 than the projections that were used during the 2010 Session to set the FY 2010-11 budget. As a result, adjustments were required to the FY 2010-11 budget during the 2011 Regular Session to reconcile the revenue shortfall.

*Statutory Reserve:* The FY 2010-11 budget, as set by the General Assembly during the 2010 Regular Session, had a \$422.4 million General Fund reserve, including \$277.6 million to comply with the statutory 4.0 percent reserve requirement, and an additional \$144.8 million in excess of the statutory requirement. This reserve was based on the Legislative Council Staff (LCS) March 2010 revenue estimate.

During the 2011 Regular Session, the General Assembly passed and the Governor signed S.B. 11-156, which:

- Reduced the statutory reserve requirement for FY 2010-11 from 4.0 percent to 2.3 percent, reducing the required reserve by \$121.0 million; and
- added a provision to law indicating that any excess General Fund available at the end of FY 2010-11 above the 2.3 percent statutory reserve requirement will be transferred to the State Education Fund.

*Actions That Impacted General Fund Revenue:* Four bills (S.B.s 11-163, 11-164, 11-222, and 11-226) transferred a total of \$109.5 million from various cash funds to the General Fund. The increase from various cash fund transfers was reduced by H.B. 11-1005, which reinstated the tax exemption for agricultural products and resulted in a projected decrease to General Fund revenues of \$1.3 million. Therefore, the anticipated change to General Fund revenues in FY 2010-11 as a result of the 2011 Regular Session bills was a net increase of \$108.2 million.

*Appropriation Actions:* The following major actions were taken to adjust General Fund appropriations for FY 2010-11:

- *Department of Corrections* - Increased appropriations by \$11.2 million General Fund to adjust for the increased need for private prison beds.

- *Department of Education* - Decreased General Fund appropriations for school finance by \$156.3 million based on the availability of \$156.3 million from the federal Education Jobs Fund<sup>1</sup>. Appropriated \$2.9 million General Fund to assist school districts experiencing temporary cash flow deficits in the absence of the Interest Free Cash Flow Loan Program (this money was later reimbursed to the General Fund).
- *Department of Health Care Policy and Financing* - Increased appropriations by: 1) \$67.1 million General Fund for lower than anticipated Federal Medical Assistance Program (FMAP) payments from the federal government; 2) \$25.2 million General Fund to pay FY 2009-10 claims in Medical Services Premiums that were delayed into FY 2010-11 as a result of the revenue shortfall in FY 2009-10; and, 3) \$6.9 million General Fund for updated caseload adjustments. Refinanced Medical Services Premiums with cash funds, which decreased General Fund by \$64.7 million..
- *Department of Human Services* - Decreased appropriations by: 1) \$8.8 million General Fund in the Division of Youth Corrections, primarily due to a reduction in the Division of Youth Corrections caseload; 2) \$4.7 million General Fund for Community Services for People with Developmental Disabilities to help offset unanticipated increases in Medicaid developmental disability expenditures; 3) \$2.2 million General Fund for Mental Health and Alcohol and Drug Abuse Services, primarily due to adjustments to mental health institute revenue fund sources; and 4) \$0.9 million in various operating reductions to help balance the FY 2010-11 budget.
- *Judicial Department* - Decreased appropriations by a total of \$5.4 million, including: 1)\$2.3 million due to lower than anticipated costs for felony cases in which legal representation is provided through the Alternate Defense Counsel; 2)\$2.3 million for personal services expenses for probation, trial courts, the Public Defender, and department administration; and 3) \$0.8 million in various operating reductions to help balance the FY 2010-11 budget.

As a result of the actions noted above, approximately \$245.6 million will be available in excess General Fund reserve at the end of FY 2010-11. However, this is dependent on revenues meeting the expectations as reflected in the OSPB March 2011 revenue estimates. Should that occur, the \$245.6 million in the excess General Fund reserve would be transferred to the State Education Fund pursuant to S.B. 11-156.

#### Comparison of FY 2011-12 Appropriation to FY 2010-11 Appropriation

The following discussion provides a brief summary of the major changes that occurred between FY 2010-11 and FY 2011-12. The departmental sections of the Appropriations Report provide a more detailed discussion of the various changes that occurred in each department. The following departments had significant General Fund increases in FY 2011-12 as compared to FY 2010-11:

- *Department of Health Care Policy and Financing* - The General Fund appropriation increased primarily as a result of the elimination of the enhanced Federal Medical Assistance Program (FMAP) payments, increases resulting from caseload changes, and utilizing General Fund to pay for costs that had previously been paid for with the Health Care Expansion Fund and the Children's Basic Health Plan Trust Fund. These increases were offset with various program and appropriation adjustments.

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<sup>1</sup> This action also required the movement of \$60.0 million General Fund and \$60.0 million federal funds between the Departments of Education and Higher Education, but the overall impact of these changes was \$0.



- *Judicial Department* - The General Fund appropriation increased primarily to implement legislation from previous sessions, to restore one-time personal services reductions, and to provide for various employee-related costs. These increases were offset with various programmatic decreases.
- *Department of the Treasury* - The General Fund appropriation increased primarily as a result of the partial restoration of payments to the Fire and Police Pension Association.

The following departments had significant General Fund decreases in FY 2011-12 as compared to FY 2010-11:

- *Department of Education* - The General Fund appropriation decreased primarily as a result of adjustments to the school finance formula that were made in S.B. 11-230.
- *Department of Higher Education* - The General Fund appropriation decreased primarily as a result of a decrease in state and federal support that was distributed according to a three-part formula by the Colorado Commission on Higher Education. The formula considers each institution's share of total funding (including tuition), each institution's share of State and federal funding, and enrollment increases since FY 2005-06.
- *Department of Corrections* - The General Fund appropriation decreased primarily as a result of anticipated decreases in the external capacity program based on the projected inmate population and reductions based on various programmatic operating and caseload adjustments.

## FY 2010-11 and FY 2011-12 General Fund Overview

Table 1 provides an overview of General Fund revenues, spending obligations, and ending reserves for both FY 2010-11 and FY 2011-12. Please note that some of these amounts will change in the future with revised revenue forecasts and/or actions of the General Assembly.

<b>Table 1</b>			
<b>General Fund Overview (in Millions)</b>			
<b>Description</b>		<b>FY 2010-11</b>	<b>FY 2011-12</b>
<b><u>General Fund Available</u></b>			
Beginning General Fund Reserve		\$137.4	\$156.6
Gross General Fund Nonexempt Revenues		6,279.4	6,312.4
Gross General Fund Exempt Revenues		782.5	805.2
Transfer to Older Coloradans Cash Fund		(8.0)	(8.0)
Transfers from/(to) Other Funds		157.3	183.6
Excess Article X, Section 20 Revenues		<u>0.0</u>	<u>0.0</u>
Total General Fund Available		\$7,348.6	\$7,449.8
<b><u>General Fund Obligations</u></b>			
General Fund Appropriations		\$6,810.8	\$6,982.3
Estimated Federal Medical Assistance Percentage (FMAP) Changes		(0.5)	0.0
Rebates and Expenditures		125.3	135.2
Capital Construction Transfer		9.1	48.1
Senior & Disabled Veteran Property Tax Homestead Exemption		1.7	1.7
Transfer of Excess General Fund Reserve to the State Education Fund		<u>245.6</u>	<u>0.0</u>
Total General Fund Obligations		\$7,192.0	\$7,167.3
<b>Ending General Fund Reserve (Available Funds Less Obligations)</b>		<b>\$156.6</b>	<b>\$282.5</b>
<b><u>General Fund Reserve Information</u></b>			
Statutorily Required General Fund Reserve		\$156.6	\$279.3
General Fund Reserve in Excess of Statutory Requirement		\$0.0	\$3.2

*Beginning General Fund Reserve* - These figures represent the 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.

*Gross General Fund Nonexempt Revenues* - These figures represent estimates of the total General Fund revenues as reflected in the March 2011 Office of State Planning and Budgeting revenue estimate. The major components of the state's General Fund revenues are individual and corporate income, sales and use, 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 November 2005, the State is permitted to retain excess revenues that otherwise would have been refunded under the Taxpayers Bill of Rights (TABOR). These figures represent the estimate of those retained amounts as reflected in the March 2011 Office of State Planning and Budgeting's revenue estimate. Please see Part I-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 identifies miscellaneous statutory transfers to or from the General Fund. There is an explanation in each section of this report that identifies 2010 and 2011 Regular Session bills that transferred moneys to the General Fund and the associated amounts.

*Excess Article X, Section 20 Revenues* - 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. Based on the March 2011 Office of state Planing and Budgeting revenue estimate, the State is not expected to have excess revenues in FY 2010-11 or FY 2011-12.

*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 below and are not subject to the statutory limitation on General Fund appropriations.

*Estimated Federal Medical Assistance Percentage (FMAP) Changes* - These amounts represent the federal funds that are estimated to be received as a result of the federal American Reinvestment and Recovery Act (ARRA). These moneys will be received due to changes in the FMAP rates that the federal government pays to states for Medicaid reimbursement.

*Rebates and Expenditures* - These statutory obligations include the Old Age Pension program, cigarette tax rebates to local governments, State contributions for local fire and police pensions, and Old Age Heat and Fuel and Property Tax Assistance Grants. These statutory obligations are not subject to the statutory limitation on General Fund appropriations. Appendix H provides more detail concerning rebates and expenditures for FY 2010-11 and FY 2011-12.

*Capital Construction Transfer* - Section 24-75-302 (2), C.R.S., provides for transfers from the General Fund to the Capital Construction Fund. These transfers are not subject to the statutory limitation on General Fund appropriations. The General Assembly can, and has, changed the amount of the annual transfer when necessary.

*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 100.0 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 for FY 2010-11 and FY 2011-12 represent estimated state appropriations as reflected in the March 2011 Office of State Planning and Budgeting revenue estimate (also shown in Appendix H) and adjusted by S.B. 09-276 and S.B. 10-190. Senate Bills 09-276 and 10-190 suspended the senior property tax exemption for FY 2010-11 and FY 2011-12 but left the disabled veteran exemption in place.

*Transfer of Excess General Fund Reserve to the State Education Fund* - These amounts represent excess year end reserve that are transferred from the General Fund to the State Education Fund. Senate Bill 11-156 required that any General Fund excess above the 2.3 percent reserve requirement for FY 2010-11 be transferred to the State Education Fund.

*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 4.0 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 2.0 percent or less. However, S.B. 11-156 decreased the General Fund reserve to 2.3 percent for FY 2010-11. Further, S.B. 11-156 required that any General Fund excess above the 2.3 percent reserve in FY 2010-11 be transferred to the State Education Fund.

## Statutory Restriction on Appropriations

Prior to FY 2009-10, Section 24-75-201.1, C.R.S., limited the increase in state General Fund appropriations to the lesser of 5.0 percent of Colorado personal income or 6.0 percent over the total General Fund appropriations of the previous fiscal year. Since the passage of this provision, the lesser amount has been 6.0 percent over the previous fiscal year's General Fund appropriations. Thus, this provision was commonly referred to as the "6.0 percent limit." It was also referred to as the Arveschoug or Arveschoug/Bird limit after the prime sponsors of the legislation that added this provision, Representative Arveschoug and Senator Bird. Subsequently, S.B. 09-228 amended Section 24-75-201.1, C.R.S., to limit General Fund appropriations to an amount equal to 5.0 percent of Colorado personal income. Section 24-75-201.1 (1) (a) (III), C.R.S. exempts certain appropriations from the limitation, including those associated with new federal mandates, requirements of final court orders, and voter-approved revenue increases.

Table 2 shows the calculation of the allowable General Fund appropriations for FY 2011-12. The table also shows the General Fund appropriations that are exempt from or not subject to the statutory limitation on General Fund appropriations for FY 2011-12, and the difference between General Fund appropriations and the limitation for FY 2011-12.

<b>Table 2</b> <b>Section 24-75-201.1, C.R.S., Statutory Restriction on Appropriations (in Millions)</b>	
Calendar Year 2009 Personal Income (base as defined in Section 24-75-201.1 (1) (a) (VII), C.R.S.)	\$210,228.0
Multiplied by 5.0 Percent	<u>X 0.05</u>
FY 2011-12 General Fund Appropriations Limitation	\$10,511.4
FY 2011-12 General Fund Appropriations	\$7,013.8
Less: General Fund Appropriations Exempt From/ Not Subject to Statutory Limitation	<u>(31.5)</u>
FY 2011-12 General Fund Appropriations Subject to Limitation	\$6,982.3
Over/(Under) FY 2011-12 General Fund Appropriations Limitation	(\$3,529.1)

## **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 (the Taxpayer's Bill of Rights or "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.

Article X, Section 20 has several key provisions that impact 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.

### Referendum C

Referendum C was referred to and passed by the registered electors of the State at the November 2005 general 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 a newly defined "excess state revenues" cap for the given fiscal year. The excess state revenue cap is equal to the highest annual total state revenues from FY 2005-06 through FY 2009-10, adjusted each subsequent fiscal year for inflation, the percentage change in state population, enterprises, and debt service charges.

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 moneys in the General Fund Exempt account.

The measure requires the Director of Research of the Legislative Council Staff to annually 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.

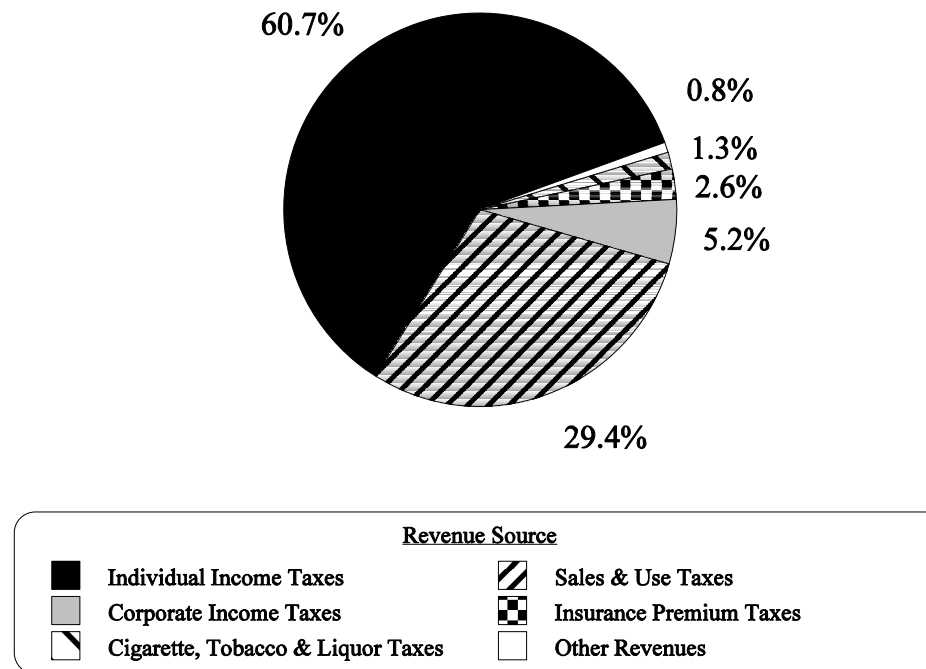
Table 3 summarizes the General Fund Exempt account appropriations made in compliance with Section 24-77-103.6 and Section 24-77-104.5, C.R.S.

<b>Table 3</b> <b>"Referendum C" General Fund Exempt Appropriations by Programs</b> <b>(Dollars in Millions)</b>				
<b>Department</b>	<b>Line Item</b>	<b>FY 09-10</b>	<b>FY 10-11</b>	<b>FY 11-12</b>
Education	State Share of Districts' Total Program Funding	\$0.0	\$279.3	\$284.2
Health Care Policy and Financing	Medical Services Premiums	0.0	279.3	284.2
Higher Education	College Opportunity Fund Program - Stipends	0.0	219.2	226.7
Local Affairs	Volunteer Firefighter Retirement Plans	0.0	4.1	4.3
Treasury	Fire and Police Pension Association Old Hire Plans	0.0	0.0	25.3
Treasury	Fire and Police Pension Association Old Hire Plans	0.0	0.0	(20.0)
Transportation	Capital Construction - Transportation Highway Construction Projects	0.0	0.5	0.5
	<b>Total General Fund Exempt</b>	<b>\$0.0</b>	<b>\$782.4</b>	<b>\$805.2</b>

Please Note: The Office of State Planning and Budgeting's revenue forecast from March 29, 2011 was used as a basis for the appropriations in these bills. Subsequent revenue forecast revisions and actual experience will change these amounts. Supplemental appropriations in future sessions will be required to eventually make the amounts reflect actual experience.

# **COLORADO STATE BUDGET SOURCES OF GENERAL FUND REVENUE (Fiscal Year 2011-12)**

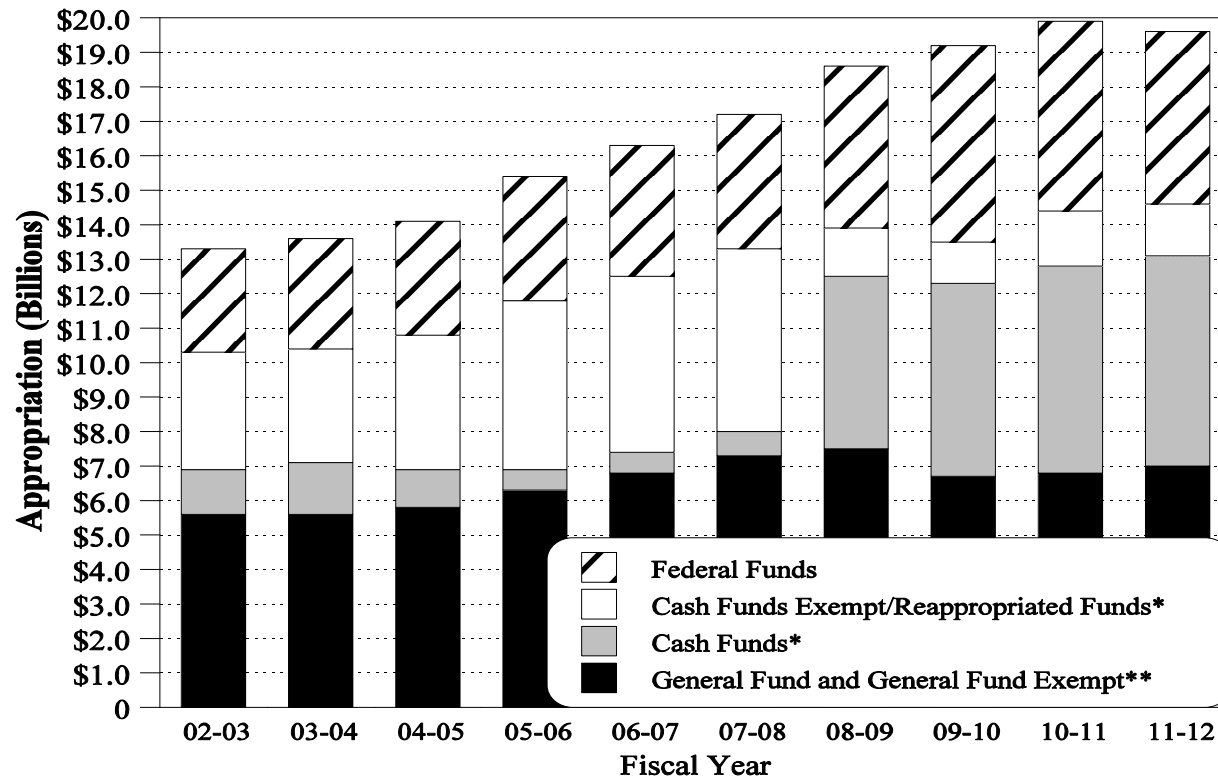
**Estimated Gross General Fund Revenues = \$7,117.7 Billion\***



\* Source: Office of State Planning and Budgeting's March 2011 The Colorado Outlook (revised March 29, 2011). These percentages are net of income tax receipts that are transferred to the State Education Fund (\$376.4 million).



# **COLORADO STATE OPERATING BUDGET HISTORY OF APPROPRIATIONS BY FUNDING SOURCE (Fiscal Years 2002-03 through 2011-12)**



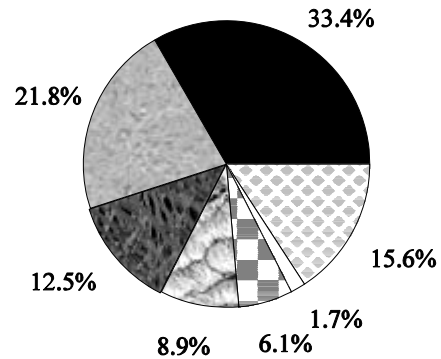
NOTE: Appropriated amounts have not been adjusted for inflation.

\* Appropriations for FY 2008-09 and subsequent years 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. Cash Funds Exempt amounts are reflected for FY 2007-08 and prior years. Reappropriated Funds amounts are reflected for FY 2008-09 and subsequent years.

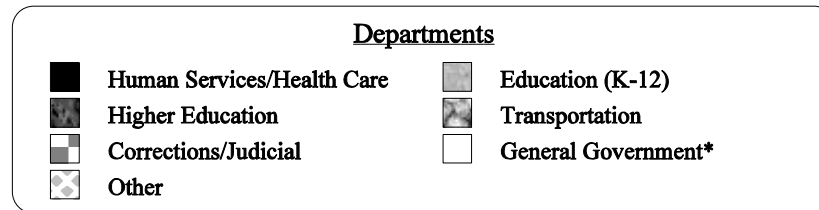
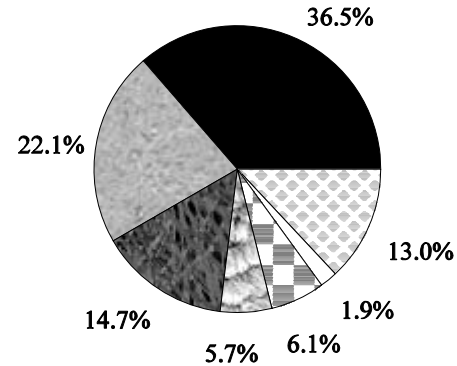
\*\* General Fund Exempt amounts are included for FY 2005-06, when the General Fund Exempt account was created, and subsequent years.

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

**FY 2001-02 = \$12.96 billion**



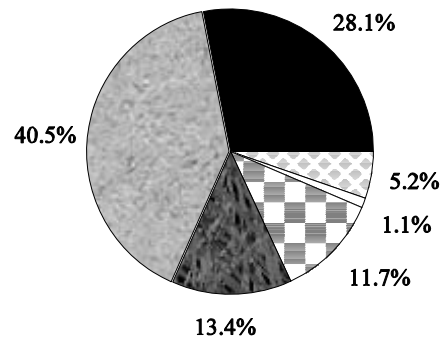
**FY 2011-12 = \$19.60 billion**



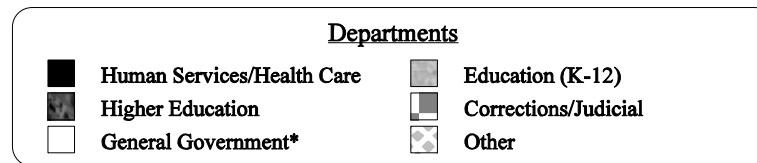
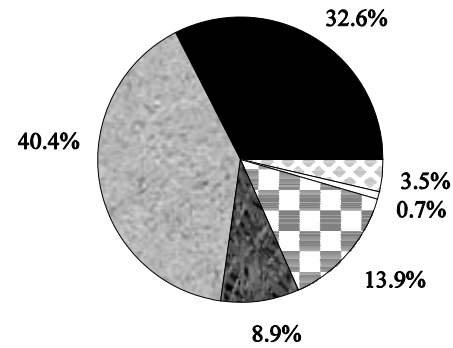
\* Includes the Governor-Lieutenant Governor-State Planning and Budgeting, the Legislative Department, and the Department of Personnel and Administration.

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

**FY 2001-02 = \$5.61 billion**



**FY 2011-12 = \$7.01 billion**



\* Includes the Governor-Lieutenant Governor-State Planning and Budgeting, the Legislative Department, and the Department of Personnel and Administration.

## PART II: SUMMARY TABLES

### A. FY 2011-12 OPERATING APPROPRIATIONS BY DEPARTMENT AND FUND SOURCE

Department	General Fund/1	Cash Funds	Reappropriated Funds	Federal Funds	TOTAL
Agriculture	\$5,164,362	\$28,776,513	\$1,042,342	\$3,977,614	\$38,960,831
Corrections	634,934,029	40,620,364	44,118,225	718,687	720,391,305
Education/1	2,833,701,556	853,103,045	23,319,283	625,919,937	4,336,043,821
Governor	11,175,194	23,643,160	125,124,833	23,791,753	183,734,940
Health Care Policy and Financing/1	1,669,164,241	877,581,880	10,375,474	2,541,061,895	5,098,183,490
Higher Education/1	623,962,700	1,699,158,727	539,636,738	19,014,815	2,881,772,980
Human Services	614,650,877	327,959,886	449,772,764	669,003,071	2,061,386,598
Judicial	340,243,578	113,517,658	14,743,488	5,210,298	473,715,022
Labor and Employment	0	60,765,642	752,426	96,534,472	158,052,540
Law	9,393,105	10,391,750	33,061,507	1,500,211	54,346,573
Legislature	34,684,832	184,587	1,103,816	0	35,973,235
Local Affairs/1	10,383,966	228,629,982	7,104,146	117,319,185	363,437,279
Military and Veterans Affairs	5,421,658	1,209,140	803,509	213,775,024	221,209,331
Natural Resources	23,422,123	191,031,122	8,480,565	19,608,155	242,541,965
Personnel and Administration	5,079,400	8,936,695	142,995,921	0	157,012,016
Public Health and Environment/1	27,478,228	121,579,430	26,207,571	267,069,638	442,334,867
Public Safety	82,676,491	128,122,067	24,162,074	29,559,306	264,519,938
Regulatory Agencies	1,599,183	69,708,823	4,239,807	1,194,128	76,741,941
Revenue	72,746,170	219,932,569	1,328,287	723,701	294,730,727
State	0	18,802,548	0	0	18,802,548
Transportation	0	699,088,197	4,886,656	404,145,023	1,108,119,876
Treasury/1	<u>7,903,000</u>	<u>358,521,619</u>	<u>0</u>	<u>0</u>	<u>366,424,619</u>
<b>OPERATING TOTAL/2</b>	<b>\$7,013,784,693</b>	<b>\$6,081,265,404</b>	<b>\$1,463,259,432</b>	<b>\$5,040,126,913</b>	<b>\$19,598,436,442</b>

/1 Includes General Fund Exempt.

/2 For information about Capital Construction, see the Capital Construction section of this report.

## B. FOUR-YEAR SUMMARY OF APPROPRIATIONS:

### TOTAL FUNDS

Department	FY 2008-09 Appropriation	FY 2009-10 Appropriation	FY 2010-11 Appropriation	FY 2011-12 Appropriation
Agriculture	\$39,050,930	\$38,843,498	\$38,638,828	\$38,960,831
Corrections	753,884,358	742,980,190	747,795,246	720,391,305
Education	4,371,057,290	4,725,438,549	4,366,220,940	4,336,043,821
Governor	135,455,255	123,540,645	203,003,586	183,734,940
Health Care Policy and Financing	3,892,474,674	4,335,417,997	4,849,626,577	5,098,183,490
Higher Education	2,639,891,885	2,627,663,370	3,013,064,028	2,881,772,980
Human Services	2,139,923,470	2,144,727,107	2,139,262,105	2,061,386,598
Judicial	433,774,947	441,595,052	450,583,947	473,715,022
Labor and Employment	161,288,257	177,028,794	156,923,584	158,052,540
Law	47,777,945	49,339,112	53,939,725	54,346,573
Legislature	35,902,707	36,544,775	35,999,593	35,973,235
Local Affairs	263,367,107	394,429,210	318,261,501	363,437,279
Military and Veterans Affairs	203,354,874	203,227,824	221,257,517	221,209,331
Natural Resources	234,769,579	225,420,833	245,695,421	242,541,965
Personnel and Administration	148,884,216	176,507,609	160,685,709	157,012,016
Public Health and Environment	469,965,999	428,940,743	442,175,066	442,334,867
Public Safety	245,735,484	249,790,343	258,269,940	264,519,938
Regulatory Agencies	77,722,749	79,893,774	77,724,398	76,741,941
Revenue	687,174,978	692,073,355	727,346,620	294,730,727
State	27,569,394	21,022,851	21,496,775	18,802,548
Transportation	1,277,611,752	973,508,750	1,032,417,169	1,108,119,876
Treasury	<u>389,434,258</u>	<u>295,616,667</u>	<u>356,965,488</u>	<u>366,424,619</u>
<b>TOTAL</b>	<b>\$18,676,072,108</b>	<b>\$19,183,551,048</b>	<b>\$19,917,353,763</b>	<b>\$19,598,436,442</b>

# FOUR-YEAR SUMMARY OF APPROPRIATIONS:

## GENERAL FUND/1

Department	FY 2008-09 Appropriation	FY 2009-10 Appropriation	FY 2010-11 Appropriation	FY 2011-12 Appropriation
Agriculture	\$7,223,168	\$6,055,836	\$4,924,114	\$5,164,362
Corrections	642,348,257	565,603,106	658,794,383	634,934,029
Education	3,215,359,907	3,239,325,619	2,963,613,216	2,833,701,556
Governor	13,443,436	13,862,984	11,930,349	11,175,194
Health Care Policy and Financing	1,579,411,116	1,151,038,412	1,266,754,982	1,669,164,241
Higher Education	661,973,800	428,761,033	705,108,145	623,962,700
Human Services	680,013,238	651,948,502	623,196,849	614,650,877
Judicial	327,079,558	323,814,931	327,054,402	340,243,578
Labor and Employment	0	0	0	0
Law	8,855,044	9,225,846	9,510,373	9,393,105
Legislature	34,889,177	35,137,319	34,796,446	34,684,832
Local Affairs	12,352,639	10,912,921	10,530,849	10,383,966
Military and Veterans Affairs	5,685,713	5,407,887	5,286,233	5,421,658
Natural Resources	31,057,499	26,634,588	26,201,062	23,422,123
Personnel and Administration	5,784,722	5,576,326	5,104,155	5,079,400
Public Health and Environment	26,586,357	27,076,170	27,460,904	27,478,228
Public Safety	79,735,441	81,989,417	82,314,802	82,676,491
Regulatory Agencies	1,465,862	1,457,251	1,510,435	1,599,183
Revenue	100,649,490	73,749,339	70,830,479	72,746,170
State	0	0	0	0
Transportation	0	0	0	0
Treasury	<u>86,966,576</u>	<u>1,680,359</u>	<u>2,362,955</u>	<u>7,903,000</u>
<b>OPERATING SUBTOTAL</b>	<b>\$7,520,881,000</b>	<b>\$6,659,257,846</b>	<b>\$6,837,285,133</b>	<b>\$7,013,784,693</b>
Capital Construction Fund /2	441,529	0	0	0
<b>LESS:</b> Amount Exempt From Statutory Restrictions on Increases in Appropriations	<u>(122,075,781)</u>	<u>(26,841,912)</u>	<u>(26,209,165)</u>	<u>(31,508,032)</u>
<b>GRAND TOTAL</b>	<b>\$7,399,246,748</b>	<b>\$6,632,415,934</b>	<b>\$6,811,075,968</b>	<b>\$6,982,276,661</b>

/1 Includes General Fund Exempt.

/2 These figures reflect appropriations from the General Fund into the Capital Construction Fund.

## FOUR-YEAR SUMMARY OF APPROPRIATIONS:

### CASH FUNDS

Department	FY 2008-09 Appropriation	FY 2009-10 Appropriation	FY 2010-11 Appropriation	FY 2011-12 Appropriation
Agriculture	\$26,796,487	\$27,018,443	\$28,568,372	\$28,776,513
Corrections	43,346,045	44,731,991	44,669,172	40,620,364
Education	640,392,536	636,538,236	592,384,040	853,103,045
Governor	38,831,138	28,043,418	26,204,006	23,643,160
Health Care Policy and Financing	389,157,525	595,916,623	753,566,553	877,581,880
Higher Education	1,224,926,051	1,433,870,516	1,614,730,367	1,699,158,727
Human Services	350,103,548	351,463,783	341,382,102	327,959,886
Judicial	98,439,018	105,630,825	108,141,846	113,517,658
Labor and Employment	62,309,957	60,585,018	59,639,210	60,765,642
Law	8,117,746	9,292,899	10,185,661	10,391,750
Legislature	207,030	223,640	202,831	184,587
Local Affairs	190,783,749	258,601,220	203,509,756	228,629,982
Military and Veterans Affairs	1,308,889	1,407,940	1,408,881	1,209,140
Natural Resources	179,001,019	174,244,140	191,792,929	191,031,122
Personnel and Administration	6,667,669	10,828,867	10,576,962	8,936,695
Public Health and Environment	164,440,239	145,250,938	131,914,492	121,579,430
Public Safety	117,842,353	119,897,125	126,211,938	128,122,067
Regulatory Agencies	66,343,403	68,839,045	68,157,532	69,708,823
Revenue	583,661,442	615,399,703	654,279,061	219,932,569
State	27,569,394	21,022,851	21,496,775	18,802,548
Transportation	512,824,049	614,161,434	658,329,628	699,088,197
Treasury	<u>302,467,682</u>	<u>293,936,308</u>	<u>354,602,533</u>	<u>358,521,619</u>
<b>TOTAL</b>	<b>\$5,035,536,969</b>	<b>\$5,616,904,963</b>	<b>\$6,001,954,647</b>	<b>\$6,081,265,404</b>

## FOUR-YEAR SUMMARY OF APPROPRIATIONS:

### REAPPROPRIATED FUNDS

Department	FY 2008-09 Appropriation	FY 2009-10 Appropriation	FY 2010-11 Appropriation	FY 2011-12 Appropriation
Agriculture	\$1,065,306	\$1,800,473	\$1,126,997	\$1,042,342
Corrections	42,294,502	42,698,918	43,324,213	44,118,225
Education	17,651,668	22,701,205	22,737,017	23,319,283
Governor	50,198,695	48,776,564	131,373,119	125,124,833
Health Care Policy and Financing	23,663,618	24,443,505	18,526,832	10,375,474
Higher Education	582,085,866	362,747,643	643,769,858	539,636,738
Human Services	429,630,630	438,101,302	469,989,726	449,772,764
Judicial	5,966,106	7,718,876	8,572,957	14,743,488
Labor and Employment	1,621,481	12,832,151	1,695,272	752,426
Law	29,708,104	29,557,289	32,774,465	33,061,507
Legislature	806,500	1,183,816	1,000,316	1,103,816
Local Affairs	5,324,722	11,928,255	7,243,477	7,104,146
Military and Veterans Affairs	653,509	803,509	803,509	803,509
Natural Resources	7,377,769	7,305,823	7,972,361	8,480,565
Personnel and Administration	136,431,825	160,102,416	145,004,592	142,995,921
Public Health and Environment	69,325,687	33,233,774	26,696,827	26,207,571
Public Safety	21,669,859	21,337,368	21,858,171	24,162,074
Regulatory Agencies	8,595,150	8,382,793	6,825,033	4,239,807
Revenue	1,392,448	1,398,939	1,421,461	1,328,287
State	0	0	0	0
Transportation	3,923,580	3,950,128	4,986,153	4,886,656
Treasury	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL</b>	<b>\$1,439,387,025</b>	<b>\$1,241,004,747</b>	<b>\$1,597,702,356</b>	<b>\$1,463,259,432</b>



## FOUR-YEAR SUMMARY OF APPROPRIATIONS:

### FEDERAL FUNDS

Department	FY 2008-09 Appropriation	FY 2009-10 Appropriation	FY 2010-11 Appropriation	FY 2011-12 Appropriation
Agriculture	\$3,965,969	\$3,968,746	\$4,019,345	\$3,977,614
Corrections	25,895,554	89,946,175	1,007,478	718,687
Education	497,653,179	826,873,489	787,486,667	625,919,937
Governor	32,981,986	32,857,679	33,496,112	23,791,753
Health Care Policy and Financing	1,900,242,415	2,564,019,457	2,810,778,210	2,541,061,895
Higher Education	170,906,168	402,284,178	49,455,658	19,014,815
Human Services	680,176,054	703,213,520	704,693,428	669,003,071
Judicial	2,290,265	4,430,420	6,814,742	5,210,298
Labor and Employment	97,356,819	103,611,625	95,589,102	96,534,472
Law	1,097,051	1,263,078	1,469,226	1,500,211
Legislature	0	0	0	0
Local Affairs	54,905,997	112,986,814	96,977,419	117,319,185
Military and Veterans Affairs	195,706,763	195,608,488	213,758,894	213,775,024
Natural Resources	17,333,292	17,236,282	19,729,069	19,608,155
Personnel and Administration	0	0	0	0
Public Health and Environment	209,613,716	223,379,861	256,102,843	267,069,638
Public Safety	26,487,831	26,566,433	27,885,029	29,559,306
Regulatory Agencies	1,318,334	1,214,685	1,231,398	1,194,128
Revenue	1,471,598	1,525,374	815,619	723,701
State	0	0	0	0
Transportation	760,864,123	355,397,188	369,101,388	404,145,023
Treasury	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL</b>	<b>\$4,680,267,114</b>	<b>\$5,666,383,492</b>	<b>\$5,480,411,627</b>	<b>\$5,040,126,913</b>

## FOUR-YEAR SUMMARY OF APPROPRIATIONS:

### FTE

Department	FY 2008-09 Appropriation	FY 2009-10 Appropriation	FY 2010-11 Appropriation	FY 2011-12 Appropriation
Agriculture	291.8	293.0	287.1	284.1
Corrections	6,583.9	6,547.6	6,733.1	6,222.2
Education	536.1	563.3	555.7	541.6
Governor	376.7	368.9	1,048.9	1,046.8
Health Care Policy and Financing	269.2	287.6	294.8	313.0
Higher Education	19,803.3	20,954.9	21,397.0	21,490.8
Human Services	5,528.1	5,491.1	5,177.4	4,870.9
Judicial	4,084.7	3,947.8	4,047.4	4,178.7
Labor and Employment	1,124.7	1,123.7	1,047.0	1,046.8
Law	392.4	398.6	420.7	419.0
Legislature	277.1	277.1	277.1	271.0
Local Affairs	180.5	186.5	176.0	191.1
Military and Veterans Affairs	1,386.9	1,386.9	1,384.9	1,384.9
Natural Resources	1,546.8	1,538.8	1,474.8	1,465.6
Personnel and Administration	392.9	393.6	391.3	394.3
Public Health and Environment	1,224.8	1,289.5	1,227.7	1,260.9
Public Safety	1,350.9	1,358.5	1,349.0	1,354.0
Regulatory Agencies	576.1	595.4	578.4	593.4
Revenue	1,496.8	1,490.7	1,521.5	1,370.3
State	127.1	133.9	135.1	127.9
Transportation	3,365.5	3,366.5	3,307.5	3,315.5
Treasury	<u>29.5</u>	<u>31.5</u>	<u>31.5</u>	<u>31.5</u>
<b>TOTAL</b>	<b>50,945.8</b>	<b>52,025.4</b>	<b>52,863.9</b>	<b>52,174.3</b>

# PART III: EXPENDITURE AND APPROPRIATION DETAIL BY DEPARTMENT

## DEPARTMENT OF AGRICULTURE

The Department of Agriculture regulates, promotes and supports various agriculture activities throughout Colorado through a wide range of services including: regulation and certification of the livestock industry; regulation of the use of pesticides and pesticide applicators; administration of Inspection and Consumer Services Programs; brand inspections; oversight of conservation services throughout the state; promotion of Colorado's agricultural industries; and administration of the State Fair and fairgrounds. The Department is comprised of the Commissioner's Office and Administrative Services, the Agricultural Services Division, the Agricultural Markets Division, the Brand Board, the Colorado State Fair, and the Conservation Board.

### Department Budget: Recent Appropriations

Funding Source	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$7,223,168	\$6,055,836	\$4,924,114	\$5,164,362
Cash Funds	26,796,487	27,018,443	28,568,372	28,776,513
Reappropriated Funds	1,065,306	1,800,473	1,126,997	1,042,342
Federal Funds	<u>3,965,969</u>	<u>3,968,746</u>	<u>4,019,345</u>	<u>3,977,614</u>
<b>Total Funds</b>	<b>\$39,050,930</b>	<b>\$38,843,498</b>	<b>\$38,638,828</b>	<b>\$38,960,831</b>
Full Time Equiv. Staff	291.8	293.0	287.1	284.1

### General Factors Driving the Budget

Funding for this department in FY 2011-12 consists of 13.3 percent General Fund, 73.9 percent cash funds, 2.7 percent reappropriated funds, and 10.2 percent federal funds. Some of the most important factors driving the budget are reviewed below.

#### Agricultural Services Division

Funding appropriated to the Agricultural Services Division (ASD) is expended on four program areas: animal industry, plant industry, inspection and consumer services, and conservation services. In FY 2011-12 ASD accounted for 27.0 percent of the Department's total appropriation (47.0 percent of the Department's total

General Fund appropriation and 26.1 percent of the Department's total cash fund appropriation). The following table outlines the Agricultural Services Division's share of the Department's total appropriation since FY 2008-09.

<b>Agricultural Services Division Appropriation Since FY 2008-09</b>				
	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Approp.</b>	<b>FY 2011-12 Approp.</b>
Agricultural Services Division*	\$9,767,286	\$10,065,927	\$10,298,777	\$10,534,569
Total Dept. Appropriation	38,871,128	37,400,374	38,638,828	38,960,831
Agriculture Services as Percent of Total Department	25.1%	26.9%	26.7%	27.0%

\*Note this appropriation does not include the appropriation for the Agriculture Products Inspection Program, because funding for this program was moved to the Agricultural Markets Division starting in FY 2011-12.

The primary source of funding for ASD is cash funds from license and inspection fees. The following table outlines some of the major workload measures driving the ASD budget.

<b>Agricultural Services Division Workload Measures Driving the Budget</b>					
	<b>FY 2006-07 Actual</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Estimated</b>
<b>Animal Industry</b>					
Exported Livestock	2,425,000	2,005,299	2,456,001	1,793,141	1,950,000
Animal Abuse Investigations	9,100	11,571	9,400	12,345	11,000
Number of Lab Tests	155,035	149,359	143,758	140,000	140,000
<b>Inspection and Consumer Services</b>					
Small & large Devices Tested	22,339	19,986	25,623	23,855	25,000
Egg Inspections (by the dozen)	210,939	198,219	261,959	131,176	220,000
<b>Plant Industry</b>					
Pounds of seed sampled	1,608,799	1,844,389	1,819,885	988,741	1,000,000
Volume of nursery stock inspected	690,456	647,477	790,244	549,806	650,000

## **Agriculture Management Fund**

The Agriculture Management Fund was created by House Bill 08-1399 (Buescher/Isgar) which, once the debt on the State Fair Events Center was repaid, allocated the interest earned on the Unclaimed Property Tourism Promotion Trust Fund in the following ways:

- 65.0 percent to the Agriculture Management Fund to be used for agricultural purposes and staff;
- 25.0 percent to the Colorado State Fair to be used for expenses incurred by running the State Fair and fair ground maintenance;
- 10.0 percent to the Colorado Travel and Tourism Fund in the Office of the Governor to be used for the promotion of agritourism.

The debt on the Events Center was repaid on February 27, 2009, which enabled the interest to be transfer to these funds midway through FY 2008-09. The funding of the Agriculture Management Fund has enabled the Department to limit the number of cuts taken during the current economic downturn by backfilling General fund reductions with Agriculture Management Fund dollars. The following table outlines the use of funds in the Agriculture Management Fund.

<b>Use of Agriculture Management Funds since FY 2008-09</b>				
	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 11-12 Appropriation</b>
Beginning Balance	\$0	\$61,120	\$1,138,047	\$992,820
Revenue	841,552	2,231,325	2,000,000	2,000,000
Expenditures				
Agriculture Management Fund Line item	732,605	510,217	1,645,761	1,665,186
Refinance a portion of Inspection and Consumer Services	0	621,015	0	0
Refinance the Agriculture Markets Division	0	0	480,703	446,856
Indirect Costs	47,827	23,166	18,763	18,705
Subtotal - Expenditures	780,432	1,154,398	2,145,227	2,130,747
<b>Ending Balance</b>	<b>\$61,120</b>	<b>\$1,138,047</b>	<b>\$992,820</b>	<b>\$862,073</b>

## State Economy

Due to the economic downturn, the Department has reduced General Fund appropriation from FY 2008-09 through FY 2011-12. The Department has been able to backfill the majority of these General Fund reductions with moneys from the Agricultural Management Fund and increased Inspection and Consumer Services fees. The appropriated FY 2011-12 General Fund increase is due primarily to adjustments to indirect cost allocations and statutory increases in state contributions to employee benefits. The following table shows the Department's General Fund appropriation since FY 2007-08.

<b>Department of Agricultural GF Expenditures/Appropriation Since FY 2007-08</b>					
	<b>FY 2007-08 Appropriation</b>	<b>FY 2008-09 Appropriation</b>	<b>FY 2009-10 Appropriation</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Appropriation</b>
General Fund Appropriation	\$7,325,509	\$7,223,168	\$6,055,836	\$4,924,114	\$5,164,362
Increase/(Decrease) from Previous Year	40.3%	(1.4)%	(16.2)%	(18.7)%	4.9%

## Summary of FY 2010-11 and FY 2011-12 Appropriations

Department of Agriculture						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$38,638,828</b>	<b>\$4,924,114</b>	<b>\$28,568,372</b>	<b>\$1,126,997</b>	<b>\$4,019,345</b>	<b>287.1</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Commissioner's Office and Administrative Services	8,276,563	1,582,789	2,691,609	1,081,997	2,920,168	27.7
Agricultural Services Division	12,515,603	2,717,644	9,197,498	0	600,461	150.3
Agricultural Markets Division	1,110,390	0	1,065,390	45,000	0	5.2
Brand Board	4,023,791	0	4,023,791	0	0	66.3
Special Purpose	2,621,125	0	2,621,125	0	0	5.5
Colorado State Fair	8,518,959	0	8,518,959	0	0	26.9
Conservation Board	1,572,397	623,681	450,000	0	498,716	5.2
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	38,517,046	6,257,528	27,220,596	1,018,768	4,020,154	287.1
SB 10-038	28,112	0	28,112	0	0	0.0
SB 10-072	2,959	0	2,959	0	0	0.0
SB 10-106	22,531	0	22,531	0	0	0.0
HB 10-1377	108,229	(1,301,254)	1,301,254	108,229	0	0.0
SB 11-135	(40,049)	(32,160)	(7,080)	0	(809)	0.0
<b>FY 2011-12 Total Appropriation:</b>	<b>\$38,960,831</b>	<b>\$5,164,362</b>	<b>\$28,776,513</b>	<b>\$1,042,342</b>	<b>\$3,977,614</b>	<b>284.1</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Commissioner's Office and Administrative Services	10,529,747	1,915,415	4,736,551	997,342	2,880,439	27.7
Agricultural Services Division	10,534,569	2,425,730	7,510,114	0	598,725	116.8
Agricultural Markets Division	3,811,194	200,000	3,566,194	45,000	0	41.2
Brand Board	4,124,836	0	4,124,836	0	0	66.3
Special Purpose	0	0	0	0	0	0.0
Colorado State Fair	8,388,818	0	8,388,818	0	0	26.9
Conservation Board	1,571,667	623,217	450,000	0	498,450	5.2

Department of Agriculture						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	38,835,908	5,237,048	28,553,458	1,042,342	4,003,060	284.1
SB 11-076	(325,677)	(72,686)	(227,545)	0	(25,446)	0.0
HB 11-1156	450,000	0	450,000	0	0	0.0
HB 11-1159	600	0	600	0	0	0.0
<b>Increase/(Decrease)</b>	\$322,003	\$240,248	\$208,141	(\$84,655)	(\$41,731)	(3.0)
Percentage Change	0.8%	4.9%	0.7%	(7.5)%	(1.0)%	(1.0)%

## FY 2010-11 Appropriation - Mid-year Adjustment Highlights

Senate Bill 11-135 modified FY 2010-11 appropriations to make several minor funding adjustments.

## FY 2011-12 Appropriation Highlights

The FY 2011-12 appropriation:

1. Adds \$404,000 total funds, of which \$146,000 is General Fund, for the restoration of one-time personal services reductions.
2. Adds \$61,000 cash funds for the brand assessment conducted once every five years.
3. Reduces a total of 3.0 FTE to account for Department vacancies.
4. Reduces \$450,000 cash funds from the Conservation District Grant Fund.
5. Reduces a total of \$315,000 total funds, of which \$34,400 is General Fund, for a 1.5 percent personal services base reduction.

## 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 Department programs, including accounting, budgeting, and human resources. The funding sources for this division are General Fund, various cash funds, and federal grants. 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$8,305,971	\$1,892,277	\$2,518,949	\$973,768	\$2,920,977	27.7
SB 10-072	905	0	905	0	0	0.0
HB 10-1377	0	(287,064)	178,835	108,229	0	0.0
SB 11-135	<u>(30,313)</u>	<u>(22,424)</u>	<u>(7,080)</u>	<u>0</u>	<u>(809)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$8,276,563</b>	<b>\$1,582,789</b>	<b>\$2,691,609</b>	<b>\$1,081,997</b>	<b>\$2,920,168</b>	<b>27.7</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$8,276,563	\$1,582,789	\$2,691,609	\$1,081,997	\$2,920,168	27.7
Long Bill reorganization transfers from the Agricultural Services and Special Purpose Divisions	1,722,115	0	1,722,115	0	0	3.0
Centrally appropriated line items	358,149	121,912	268,594	0	(32,357)	0.0
Statewide IT common policy adjustments	191,811	121,357	70,454	0	0	0.0
Restore one-time personal services reductions	68,711	52,235	0	0	16,476	0.0
Fund source adjustment	0	68,425	0	(68,425)	0	0.0
FTE adjustment	0	0	0	0	0	(3.0)
Personal services base reduction	(19,675)	(3,445)	0	(16,230)	0	0.0
Indirect cost adjustment	(18,444)	0	(15,693)	0	(2,751)	0.0
Annualize prior year funding	(528)	0	(528)	0	0	0.0
<b>SB 11-209</b>	<b>\$10,578,702</b>	<b>\$1,943,273</b>	<b>\$4,736,551</b>	<b>\$997,342</b>	<b>\$2,901,536</b>	<b>27.7</b>
SB 11-076	<u>(48,955)</u>	<u>(27,858)</u>	<u>0</u>	<u>0</u>	<u>(21,097)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$10,529,747</b>	<b>\$1,915,415</b>	<b>\$4,736,551</b>	<b>\$997,342</b>	<b>\$2,880,439</b>	<b>27.7</b>
<b>Increase/(Decrease)</b>	<b>\$2,253,184</b>	<b>\$332,626</b>	<b>\$2,044,942</b>	<b>(\$84,655)</b>	<b>(\$39,729)</b>	<b>0.0</b>
Percentage Change	27.2%	21.0%	76.0%	(7.8)%	(1.4)%	0.0%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-135 modified FY 2010-11 appropriations to make several minor funding adjustments

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Long Bill reorganization transfers from the Agricultural Services and Special Purpose Divisions:** The appropriation includes the transfer to this Division of \$22,531 cash funds from the Agricultural Services



Division for the Food Systems Advisory Council, and \$1,699,584 cash funds and 3.0 FTE from the Special Purpose Division for the Agriculture Management Fund.

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: health, life and dental benefits; short-term disability; amortization equalization disbursement; supplemental amortization equalization disbursement; workers' compensation; legal services; payment to risk management and property funds; vehicle lease payments; leased space; and Capitol complex leased space.

**Statewide IT common policy adjustments:** The appropriation includes adjustments to line items appropriated for: purchase of services from the computer center; multiuse network payments; management and administration of the Governor's Office of Information Technology (OIT); and communication services payments.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Fund source adjustment:** The appropriation includes a net decrease in the amount of total department indirect cost recoveries applied to this division, which necessitates an increase of \$68,425 General Fund for this division.

**FTE adjustment:** The appropriation eliminates 2.0 vacant FTE positions and transfers 1.0 FTE to the Governor's Office of Information Technology.

**Personal services reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Annualize prior year funding:** The appropriation includes a reduction of \$528 for the second year funding of S.B. 10-072.

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

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## **Agricultural Services Division**

This division administers four major Department programs listed below. The primary source of funding is three cash funds: the Agricultural Productions Inspection Fund, the Inspection and Consumer Services Cash Fund; and the Plant Health, Pest Control and Environmental Protection Fund.

*Inspection and Consumer Services Programs:* These programs ensure compliance with product quality standards through licensing and inspection; certify commercial (large and small) weights and measurement devices; and analyze fertilizer and animal feed for chemical contaminants.

*Animal Industry:* This program provides for the: monitoring of the health of livestock and other animals used in various fields of agriculture, and if needed, the prevention and control of livestock disease; licensing and inspection of pet animal facilities; implementation of pest control; and investigation of animal cruelty claims.

*Plant Industry:* This program manages statewide pest control programs; registers pesticides and pesticide applicators; inspects plants and plant byproducts intended for domestic or international export; oversees the organic certification program; and inspects nursery stock for quality and health.

*Conservation Services:* This program provides technical and financial support, leadership, statewide coordination and regulatory oversight to public and private landowners statewide on an array of natural resource management challenges including noxious weed management and biological pest control.

*Agricultural Products Inspection:* The FY 2011-12 Long Bill reflects the funding for this program in the Agricultural Markets Division so the Long Bill align the location of program funding in the Long Bill with the division responsible for administration of the program.

<b>Agricultural Services Division</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$12,364,413	\$3,741,570	\$8,022,382	\$0	\$600,461	150.3
SB 10-038	28,112	0	28,112	0	0	0.0
SB 10-072	2,054	0	2,054	0	0	0.0
SB 10-106	22,531	0	22,531	0	0	0.0
HB 10-1377	108,229	(1,014,190)	1,122,419	0	0	0.0
SB 11-135	<u>(9,736)</u>	<u>(9,736)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$12,515,603</b>	<b>\$2,717,644</b>	<b>\$9,197,498</b>	<b>\$0</b>	<b>\$600,461</b>	<b>150.3</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$12,515,603	\$2,717,644	\$9,197,498	\$0	\$600,461	150.3
Long Bill reorganization transfer of the Vaccine and Service Fund from the Special Purpose Division	324,320	0	324,320	0	0	1.0
Restore one-time personal services reductions	188,469	76,668	108,586	0	3,215	0.0
Annualize prior year legislation	0	(70,000)	70,000	0	0	0.0
Long Bill reorganization of the Agricultural Services Division	0	0	0	0	0	0.0
Long Bill reorganization transfer to the Agricultural Markets Division	(2,150,313)	(200,000)	(1,950,313)	0	0	(34.5)
Personal services base reduction	(131,612)	(30,970)	(98,548)	0	(2,094)	0.0

<b>Agricultural Services Division</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
General Fund reduction	(28,160)	(28,160)	0	0	0	0.0
Indirect cost assessment	(26,174)	0	(26,116)	0	(58)	0.0
Long Bill reorganization transfer to the Commissioner's Office and Administrative Services	(22,531)	0	(22,531)	0	0	0.0
<b>SB 11-209</b>	<b>\$10,669,602</b>	<b>\$2,465,182</b>	<b>\$7,602,896</b>	<b>\$0</b>	<b>\$601,524</b>	<b>116.8</b>
SB 11-076	(135,633)	(39,452)	(93,382)	0	(2,799)	0.0
SB 11-1159	<u>600</u>	<u>0</u>	<u>600</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$10,534,569</b>	<b>\$2,425,730</b>	<b>\$7,510,114</b>	<b>\$0</b>	<b>\$598,725</b>	<b>116.8</b>
<b>Increase/(Decrease)</b>	(\$1,981,034)	(\$291,914)	(\$1,687,384)	\$0	(\$1,736)	(33.5)
Percentage Change	(15.8)%	(10.7)%	(18.3)%	n/a	(0.3)%	(22.3)%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-135 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to General Fund personal services line items.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Long Bill reorganization transfer of the Vaccine and Service Fund from the Special Purpose Division:** The appropriation includes the transfer of \$324,320 cash funds and 1.0 FTE from the Vaccine and Service Fund previously funded in the Special Purpose Division, to this division.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Annualize prior year funding:** The appropriation includes a decrease of \$70,000 General Fund and increase of \$70,000 cash funds to account for the pay-day shift of General Funded employees who were refinanced with cash funds via H.B. 10-1377 (Cash Fund Agriculture Programs Two Years) for FY 2010-11 and FY 2011-12.

**Long Bill reorganization of the Agricultural Services Division:** The appropriation reflects the reorganization of the Agricultural Services Division to show the funding for the Animal Industry, Plant Industry, Conservation Services, and Inspection and Consumer Services programs. This reorganization does not change the appropriation.

**Long Bill reorganization transfer to the Agricultural Markets Division:** The appropriation includes a transfer of \$200,000 General Fund, \$1,950,313 cash funds and 34.5 FTE to the Agricultural Markets Division for the transfer of the Agricultural Products Inspection program.

**Personal services reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**General Fund reduction:** The appropriation includes a reduction of General Fund to certain line items.

**Indirect Cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Long Bill reorganization transfer to the Commissioner's Office and Administrative Services:** The appropriation includes the transfer of \$22,531 cash funds for the Food System Advisory Council to the Commissioner's Office and Administrative Services.

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

## Agricultural Markets Division

Starting in the FY 2011-12 Long Bill this division is reorganized into two subdivisions:

1. The Agricultural Markets subdivision, which provides marketing assistance and related support to Colorado agricultural-based businesses competing in local, national, and international arenas through coordination of various market orders, promotion of Colorado agricultural products, and assistance to start-up or expanding food processing companies within the state. Additionally through the Long Bill reorganization this subdivision will oversee the Wine Promotion Board. The primary source of cash funds is the Agriculture Management Fund.
2. The Agricultural Products Inspection subdivision, which administers the agricultural products inspection program, performing mandatory and non-mandatory inspections to determine grade, size, and quality of fruits and vegetables.

Agricultural Markets Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$1,110,390</u>	<u>\$0</u>	<u>\$1,065,390</u>	<u>\$45,000</u>	<u>\$0</u>	<u>5.2</u>
<b>TOTAL</b>	<b>\$1,110,390</b>	<b>\$0</b>	<b>\$1,065,390</b>	<b>\$45,000</b>	<b>\$0</b>	<b>5.2</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$1,110,390	\$0	\$1,065,390	\$45,000	\$0	5.2
Long Bill reorganization transfer from the Agricultural Services Division	2,150,313	200,000	1,950,313	0	0	34.5

Agricultural Markets Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Long Bill reorganization transfer from the Special Purpose Division	569,613	0	569,613	0	0	1.5
Restore one-time personal services reductions	36,701	0	36,701	0	0	0.0
Indirect cost assessment	11,623	0	11,623	0	0	0.0
Personal services base reduction	(27,948)	0	(27,948)	0	0	0.0
<b>SB 11-209</b>	<b>\$3,850,692</b>	<b>\$200,000</b>	<b>\$3,605,692</b>	<b>\$45,000</b>	<b>\$0</b>	<b>41.2</b>
SB 11-076	(39,498)	0	(39,498)	0	0	0.0
<b>TOTAL</b>	<b>\$3,811,194</b>	<b>\$200,000</b>	<b>\$3,566,194</b>	<b>\$45,000</b>	<b>\$0</b>	<b>41.2</b>
<b>Increase/(Decrease)</b>	\$2,700,804	\$200,000	\$2,500,804	\$0	\$0	36.0
Percentage Change	243.2%	n/a	234.7%	0.0%	n/a	692.3%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Long Bill reorganization transfer from the Agricultural Services Division:** The appropriation includes the transfer of \$200,000 General Fund, \$1,950,313 cash funds and 34.5 FTE associated with the Agricultural Products Inspection Program.

**Long Bill reorganization transfer from the Special Purpose Division:** The appropriation includes the transfer of \$569,613 cash funds and 1.5 FTE associated with the Wine Promotion Board.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

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

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### **Brand Board**

The Brand Board serves the livestock industry and assists the public with problems related to livestock management. The Brand Board also administers and records livestock brands, and inspects cattle, horse, and alternative livestock brands (such as deer and elk) to verify ownership at the time of sale, transport, or slaughter.

The Brand Board is entirely funded with cash funds from the Brand Inspection Fund and the Alternative Livestock Farm Cash Fund. 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).

<b>Brand Board</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$4,023,791</u>	<u>\$0</u>	<u>\$4,023,791</u>	<u>\$0</u>	<u>\$0</u>	<u>66.3</u>
<b>TOTAL</b>	<b>\$4,023,791</b>	<b>\$0</b>	<b>\$4,023,791</b>	<b>\$0</b>	<b>\$0</b>	<b>66.3</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$4,023,791	\$0	\$4,023,791	\$0	\$0	66.3
Long Bill reorganization transfer from the Special Purpose Division	94,050	0	94,050	0	0	0.0
Restore one-time personal services reduction	73,560	0	73,560	0	0	0.0
Brand assessment funding	61,197	0	61,197	0	0	0.0
Indirect cost assessment	119	0	119	0	0	0.0
Personal services base reduction	(57,890)	0	(57,890)	0	0	0.0
<b>SB 11-209</b>	<b>\$4,194,827</b>	<b>\$0</b>	<b>\$4,194,827</b>	<b>\$0</b>	<b>\$0</b>	<b>66.3</b>
SB 11-076	<u>(69,991)</u>	<u>0</u>	<u>(69,991)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,124,836</b>	<b>\$0</b>	<b>\$4,124,836</b>	<b>\$0</b>	<b>\$0</b>	<b>66.3</b>
<b>Increase/(Decrease)</b>	\$101,045	\$0	\$101,045	\$0	\$0	0.0
Percentage Change	2.5%	n/a	2.5%	n/a	n/a	0.0%

#### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Long Bill reorganization transfer from the Special Purpose Division:** The appropriation includes the transfer of \$94,050 cash funds for the Brand Estray Fund from the Special Purpose Division.

**Restore one-time personal services reductions:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Brand assessment funding:** The appropriation includes an increase of \$61,197 cash funds for the brand assessment conducted by the Brand Board once every five years.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

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

## Special Purpose

This division previously reflected funding for:

- The Agriculture Management Fund provided funding for Department programs and staff.
- The Colorado Wine Development Fund allowed the Wine Promotion Board to promote wines produced in Colorado.
- The Vaccine and Service Fund provided for the vaccination of calves against brucellosis.
- The Brand Estray Fund funded the maintenance and sale or return of stray livestock.

For FY 2011-12, this division has been eliminated; funding and staff have been transferred to the Commissioner's Office, Agricultural Services Division, and Agricultural Markets Division.

Special Purpose						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$2,621,125</u>	<u>\$0</u>	<u>\$2,621,125</u>	<u>\$0</u>	<u>\$0</u>	<u>5.5</u>
<b>TOTAL</b>	<b>\$2,621,125</b>	<b>\$0</b>	<b>\$2,621,125</b>	<b>\$0</b>	<b>\$0</b>	<b>5.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$2,621,125	\$0	\$2,621,125	\$0	\$0	5.5
Long Bill reorganization transfer to Commissioner's Office and Administrative Services	(1,680,159)	0	(1,680,159)	0	0	(3.0)
Long Bill reorganization transfer to Agricultural Markets Division	(570,049)	0	(570,049)	0	0	(1.5)
Long Bill reorganization transfer to Agricultural Services Division	(276,867)	0	(276,867)	0	0	(1.0)
Long Bill reorganization transfer to the Brand Board	(94,050)	0	(94,050)	0	0	0.0
<b>SB 11-209</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>0.0</u></b>
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

	Special Purpose					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>Increase/(Decrease)</b>	(\$2,621,125)	\$0	(\$2,621,125)	\$0	\$0	(5.5)
<b>Percentage Change</b>	(100.0)%	n/a	(100.0)%	n/a	n/a	(100.0)%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Long Bill reorganization transfer to Commissioner's Office and Administrative Services:** The appropriation reflects the transfer of \$1,680,159 cash funds and 3.0 FTE to the Commissioner's Office and Administrative Services for the Agriculture Management Fund line item and the associated Indirect Costs line item.

**Long Bill reorganization transfer to Agricultural Markets Division:** The appropriation reflects the transfer of \$570,049 cash funds and 1.5 FTE for the Wine Promotion Board to the Agricultural Markets Division.

**Long Bill reorganization transfer to the Agricultural Services Division:** The appropriation includes the transfer of \$276,876 cash funds and 1.0 FTE for the Vaccine and Service Fund to the Agricultural Services Division.

**Long Bill reorganization transfer to the Brand Board:** The appropriation includes the transfer of \$94,050 cash funds for the Brand Estray Fund to the Brand Board.

### **Colorado State Fair**

This program includes personal services and operating expenses associated with the Colorado State Fair, which is administered by the eleven member State Fair Authority. The State Fair is designated as a Type 1 agency pursuant to Section 35-65-401 (1) (a), C.R.S. This division is entirely cash funded from the Colorado State Fair Authority Cash Fund, and revenue is from fees collected during the eleven day state fair and from non-fair events held at the fairgrounds during the rest of the year. Fair attendance for the 2010 State Fair was 517,140, which was an increase of 4.1 percent over the attendance at the 2009 State Fair.

	Colorado State Fair					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$8,518,959</u>	<u>\$0</u>	<u>\$8,518,959</u>	<u>\$0</u>	<u>\$0</u>	<u>26.9</u>
<b>TOTAL</b>	<b>\$8,518,959</b>	<b>\$0</b>	<b>\$8,518,959</b>	<b>\$0</b>	<b>\$0</b>	<b>26.9</b>



Colorado State Fair						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$8,518,959	\$0	\$8,518,959	\$0	\$0	26.9
Restore one-time personal services reduction	24,096	0	24,096	0	0	0.0
Personal services base reduction	(77,785)	0	(77,785)	0	0	0.0
Indirect cost assessment	(51,778)	0	(51,778)	0	0	0.0
<b>SB 11-209</b>	<b>\$8,413,492</b>	<b>\$0</b>	<b>\$8,413,492</b>	<b>\$0</b>	<b>\$0</b>	<b>26.9</b>
SB 11-076	<u>(24,674)</u>	<u>0</u>	<u>(24,674)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$8,388,818</b>	<b>\$0</b>	<b>\$8,388,818</b>	<b>\$0</b>	<b>\$0</b>	<b>26.9</b>
<hr/>						
<b>Increase/(Decrease)</b>	(\$130,141)	\$0	(\$130,141)	\$0	\$0	0.0
Percentage Change	(1.5)%	n/a	(1.5)%	n/a	n/a	0.0%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

**Indirect cost assessment:** The appropriation includes a net reduction in indirect cost assessments.

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

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### **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. The primary sources of funding are General Fund and federal grant dollars from the U.S. Department of Agriculture Natural Resources Conservation Service.

Conservation Board						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$1,572,397</u>	<u>\$623,681</u>	<u>\$450,000</u>	<u>\$0</u>	<u>\$498,716</u>	<u>5.2</u>
<b>TOTAL</b>	<b>\$1,572,397</b>	<b>\$623,681</b>	<b>\$450,000</b>	<b>\$0</b>	<b>\$498,716</b>	<b>5.2</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$1,572,397	\$623,681	\$450,000	\$0	\$498,716	5.2
Restore one-time personal services reduction	9,696	8,412	0	0	1,284	0.0
Eliminate the Conservation District Grant Fund	(450,000)	0	(450,000)	0	0	0.0
Operating reduction	(3,500)	(3,500)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$1,128,593</b>	<b>\$628,593</b>	<b>\$0</b>	<b>\$0</b>	<b>\$500,000</b>	<b>5.2</b>
SB 11-076	(6,926)	(5,376)	0	0	(1,550)	0.0
HB 11-1156	<u>450,000</u>	<u>0</u>	<u>450,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,571,667</b>	<b>\$623,217</b>	<b>\$450,000</b>	<b>\$0</b>	<b>\$498,450</b>	<b>5.2</b>
<b>Increase/(Decrease)</b>	<b>(\$730)</b>	<b>(\$464)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$266)</b>	<b>0.0</b>
Percentage Change	0.0%	(0.1)%	0.0%	n/a	(0.1)%	0.0%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Eliminate the Conservation District Grant Fund:** The appropriation eliminates funding for the Conservation District Grant Fund pursuant to Section 35-1-106.7 (2), C.R.S. House Bill 11-1156 (Becker/Hodge) provides an extension of funding for this line item through FY 2011-12.

**Operating reduction:** The appropriation includes a General Fund reduction for personal services.

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

## Recent Legislation

### 2010 Session Bills

**S.B. 10-038:** Authorizes the Commissioner of Agriculture to contract with independent inspectors to conduct inspections of organic product producers and handlers. Expands the Organic Certification Advisory Board from nine to twelve members. Makes an appropriation of \$28,112 cash funds from the Plant Health, Pest Control, and Environmental Protection Cash Fund to the Agricultural Services Division.

**S.B. 10-072:** Creates the Colorado Seed Potato Act which requires potato growers who plant one or more acres of potatoes to use certified seed potatoes, with some exceptions. Requires growers to maintain certain records, which may be reviewed by an independent auditor. Authorizes the Commissioner of Agriculture to set fees, conduct inspections, issue subpoenas, impose civil penalties, and sue in court. Establishes Colorado State University as the certifying authority for Colorado grown seed potatoes. Seed potatoes grown outside of Colorado must be certified by the certifying authority for the location of origin. Creates the nine member Seed Potato Advisory Committee and the Seed Potato Cash Fund (Fund). Appropriates \$2,959 cash funds from the Fund to the Agricultural Services Division for FY 2010-11.

**S.B. 10-106:** Creates the thirteen member Colorado Food Systems Advisory Council (Council) for the purpose of identifying best practices in the food system, developing recommendations for local food economies and for food access, collaborating with local and regional food councils, and promoting the "Colorado Proud" marketing program. Requires the Council to meet four times per year and submit a report to the General Assembly. Creates the Food Systems Advisory Council Fund (Fund) and makes an appropriation of \$22,531 cash funds from the Fund for FY 2010-11.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

**H.B. 10-1377:** Refinances the Inspection and Consumer Services Programs (ICS) entirely with cash funds for FY 2010-11 and FY 2011-12. Decreases the FY 2010-11 General Fund appropriation to the Department by \$1,301,254 and increases the cash funds appropriation by \$1,301,254 and the reappropriated funds appropriation to the Executive Director's Office by \$108,229. The following are all the subprograms in ICS that are affected:

- Commercial fertilizers, plant amendments, and soil conditioners;
- Measurement standards;
- Large and small scales;
- Commercial feeding; and
- Farm products and farm commodity handlers.

### 2011 Session Bills

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's

total appropriation by \$325,677 total funds, of which \$72,686 is General Fund, \$227,545 is cash funds, and \$25,446 is federal funds.

**S.B. 11-135:** Makes mid-year adjustments to the Department's FY 2010-11 appropriations.

**S.B. 11-209:** General appropriations act for FY 2011-12.

**H.B. 11-1156:** Extends the repeal date of the Conservation District Grant Fund in the Department of Agriculture from July 1, 2011, to December 31, 2022. Appropriates \$450,000 cash funds to the Department of Agriculture, Conservation Board for FY 2011-12.

**H.B. 11-1159:** Requires the Commissioner of Agriculture to license grain protein analyzers prior to commercial use, and to charge a fee to cover all the direct and indirect costs associated with licensing, testing, inspection and regulation. Appropriates \$600 cash funds to the Agricultural Services Division for FY 2011-12.

# 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 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$642,348,257	\$565,603,106	\$658,794,383	\$634,934,029
Cash Funds	43,346,045	44,731,991	44,669,172	40,620,364
Reappropriated Funds	42,294,502	42,698,918	43,324,213	44,118,225
Federal Funds	<u>25,895,554</u>	<u>89,946,175</u>	<u>1,007,478</u>	<u>718,687</u>
<b>Total Funds</b>	<b>\$753,884,358</b>	<b>\$742,980,190</b>	<b>\$747,795,246</b>	<b>\$720,391,305</b>
Full Time Equiv. Staff	6,583.9	6,547.6	6,733.1	6,222.2

## General Factors Driving the Budget

### Inmate Population Increase

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

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Estimate	FY 2011-12 Estimate
Year End Inmate Population	22,519	22,989	23,186	22,860	22,319	21,663
Percent Change	n/a	2.1%	0.9%	(1.4)%	(2.4)%	(2.9)%

### Population Impacts – Jail Backlog

Jail backlog occurs when inmates are sentenced to the 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 (1), 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 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Estimate	FY 2011-12 Estimate
Average County Jail Backlog	635	443	411	567	686	430
Cost of Jail Backlog	\$11,340,364	\$8,037,697	\$7,595,058	\$10,474,017	\$12,631,687	\$7,919,786
Daily Reimbursement Rate	\$48.96	\$49.69	\$50.44	\$50.44	\$50.44	\$50.44
Percent Rate Increase/(Decrease)	n/a	1.5%	1.5%	0.0%	0.0%	0.0%

### 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 payments to in-state private prison operators in recent years.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Estimate	FY 2011-12 Estimate
Average Daily Population*	4,440	4,596	5,425	5,088	4,473	3,778
Cost of Private Contracts	\$84,119,878	\$88,388,521	\$104,323,294	\$97,844,779	\$86,020,238	\$72,650,941
Daily Reimbursement Rate	\$51.91	\$52.69	\$52.69	\$52.69	\$52.69	\$52.69
Percent Rate Increase/(Decrease)	n/a	1.5%	0.0%	0.0%	0.0%	0.0%

\* The Department 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. Those inmates were 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 2005-06 Approp.	FY 2006-07 Approp.	FY 2007-08 Approp.	FY 2008-09 Approp.	FY 2009-10 Approp.	FY 2010-11 Approp.	FY 2011-12 Approp.
Capital Appropriation	\$0	\$9,000,000	\$52,357,136	\$3,664,965	\$3,419,032	\$2,012,428	\$18,952,353

## Parole Population Increase

The parole population also has an impact on the Department's budget. The following information highlights the year-end parole population in recent years.

	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Estimate	FY 2011-12 Estimate
Year End Parole Population	7,947	8,783	9,016	8,535	8,482	8,863
Percent Change	n/a	10.5%	2.7%	(5.3)%	(0.6)%	4.5%

## Inmate and Parole Population Impacts – Community Services

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

Pursuant to the provisions of S.B. 03-252, a parolee 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 are funded with appropriations to the Department. However, pursuant to H.B. 08-1352 and H.B. 10-1360, only certain parolees can be placed in a community return-to-custody facility rather than a state correctional facility, including those who:

- commit a technical violation that does not involve the commission of a crime;
- have no active felony warrants, felony detainers, or pending felony criminal charges; and
- are on parole for a class 4, 5, or 6 nonviolent felony (except menacing, stalking, any unlawful sexual behavior, or a crime against an at-risk adult or at-risk juvenile).

A parolee who commits a technical parole violation that does not involve the commission of a crime and was not on parole for a crime of violence may have his or her parole revoked for a period of no more than 90 days if he or she is assessed as below high risk. If he or she is assessed as high risk or greater, he or she may be revoked for a period up to 180 days. Additional community corrections programs are funded with appropriations 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 community corrections and parole supervision activity in recent years.

	<b>FY 2006-07 Actual</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Approp.</b>	<b>FY 2011-12 Approp.</b>
Community Corrections Supervision	\$11,202,655	\$12,916,652	\$12,823,512	\$13,659,219	\$12,847,820	\$12,631,754
Percent Change	n/a	15.3%	(0.7)%	6.5%	(5.9)%	(1.7)%
Community Return-to-Custody Beds	\$3,075,768	\$3,282,623	\$3,395,999	\$3,912,275	\$4,095,413	\$3,517,114
Percent Change	n/a	6.7%	3.5%	15.2%	4.7%	(14.1)%
Parole Supervision	\$14,724,546	\$18,360,727	\$20,828,293	\$21,127,826	\$22,546,595	\$24,096,886
Percent Change	n/a	24.7%	13.4%	1.4%	6.7%	6.9%

## Summary of FY 2010-11 and FY 2011-12 Appropriations

<b>Department of Corrections</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Total Appropriation:</b>	<b>\$747,795,246</b>	<b>\$658,794,383</b>	<b>\$44,669,172</b>	<b>\$43,324,213</b>	<b>\$1,007,478</b>	<b>6,733.1</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management	178,951,739	173,098,053	5,347,207	410,879	95,600	97.3
Institutions	385,958,402	383,592,273	1,723,733	562,396	80,000	5,127.8
Support Services	31,146,727	30,372,913	770,743	3,071	0	255.6
Inmate Programs	42,006,203	32,208,760	8,014,087	990,576	792,780	629.0
Community Services	38,261,770	38,019,447	10,750	192,475	39,098	417.2
Parole Board	1,502,937	1,502,937	0	0	0	13.5
Correctional Industries	55,259,882	0	14,095,066	41,164,816	0	163.0
Canteen Operation	14,707,586	0	14,707,586	0	0	29.7
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	733,185,685	650,398,285	39,979,655	42,549,814	257,931	6,737.8
SB 06-206	399,514	399,514	0	0	0	0.0
SB 06-207	399,514	399,514	0	0	0	0.0
HB 06-1011	643,512	643,512	0	0	0	0.0
HB 06-1092	134,065	134,065	0	0	0	0.0
HB 06-1145	48,263	48,263	0	0	0	0.0
HB 06-1151	48,263	48,263	0	0	0	0.0



Department of Corrections						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 06-1326	517,491	517,491	0	0	0	0.0
SB 06S1-004	26,813	26,813	0	0	0	0.0
SB 06S1-005	58,989	58,989	0	0	0	0.0
SB 07-096	187,592	187,592	0	0	0	0.0
HB 07-1040	485,531	0	485,531	0	0	0.0
HB 07-1326	160,005	160,005	0	0	0	0.0
SB 08-239	57,516	57,516	0	0	0	0.0
HB 08-1115	28,758	28,758	0	0	0	0.0
HB 08-1194	31,634	31,634	0	0	0	0.0
HB 08-1352	217,566	217,566	0	0	0	0.0
HB 10-1338	(2,541,810)	(2,541,810)	0	0	0	0.0
HB 10-1352	(1,523,589)	(1,523,589)	0	0	0	0.0
HB 10-1360	(1,786,164)	(1,786,164)	0	0	0	6.1
HB 10-1374	(194,281)	(194,281)	0	0	0	7.9
HB 10-1413	(131,125)	(131,125)	0	0	0	0.0
SB 11-136	17,341,504	11,613,572	4,203,986	774,399	749,547	(18.7)
<b>FY 2011-12 Total Appropriation:</b>	<b>\$720,391,305</b>	<b>\$634,934,029</b>	<b>\$40,620,364</b>	<b>\$44,118,225</b>	<b>\$718,687</b>	<b>6,222.2</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management	163,232,779	158,183,076	4,676,773	277,330	95,600	76.6
Institutions	377,885,301	375,864,269	1,740,932	200,100	80,000	4,897.2
Support Services	31,372,339	30,608,185	756,132	8,022	0	222.4
Inmate Programs	37,494,108	31,319,260	4,696,844	974,015	503,989	482.1
Community Services	39,063,989	37,422,416	10,000	1,592,475	39,098	362.4
Parole Board	1,536,823	1,536,823	0	0	0	12.5
Correctional Industries	55,130,159	0	14,063,876	41,066,283	0	142.1
Canteen Operation	14,675,807	0	14,675,807	0	0	26.9
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	727,033,553	641,840,769	40,223,654	44,250,443	718,687	6,222.2
SB 07-096	353,114	353,114	0	0	0	0.0
HB 07-1040	496,566	0	496,566	0	0	0.0
HB 07-1326	160,005	160,005	0	0	0	0.0

<b>Department of Corrections</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
SB 08-239	89,150	89,150	0	0	0	0.0
HB 08-1115	54,640	54,640	0	0	0	0.0
HB 08-1194	31,634	31,634	0	0	0	0.0
HB 08-1352	217,566	217,566	0	0	0	0.0
HB 10-1081	28,800	28,800	0	0	0	0.0
HB 10-1277	28,014	28,014	0	0	0	0.0
SB 11-076	(8,100,294)	(7,868,220)	(99,856)	(132,218)	0	0.0
SB 11-176	0	0	0	0	0	0.0
SB 11-241	43,800	43,800	0	0	0	0.0
HB 11-1064	(45,243)	(45,243)	0	0	0	0.0
<b>Increase/(Decrease)</b>	(\$27,403,941)	(\$23,860,354)	(\$4,048,808)	\$794,012	(\$288,791)	(510.9)
<b>Percentage Change</b>	(3.7)%	(3.6)%	(9.1)%	1.8%	(28.7)%	(7.6)%

## **FY 2010-11 Appropriation - Mid-year Adjustment Highlights**

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to:

1. Increase \$16.1 million General Fund for mid-year inmate caseload adjustments.
2. Increase \$4.4 million General Fund for mid-year medical caseload adjustments.
3. Increase \$2.2 million total funds to reflect anticipated grant funding.
4. Refinance \$3.3 million General Fund with canteen funds.
5. Reduce \$2.0 million General Fund to apply a 1.0 percent reduction to General Fund personal services line items.
6. Reduce \$1.7 million General Fund for leased space, utilities, food operations, dress out (clothing, bus ticket, and \$100 for each inmate released), vehicle variable mileage rates, and contract services.
7. Reduce \$0.4 million General Fund and 4.0 FTE to reflect the delay in implementing the specialized mental health unit at Centennial Correctional Facility.
8. Reduce \$0.3 million General Fund and 2.8 FTE for mid-year parole caseload adjustments.

## **FY 2011-12 Appropriation Highlights**

The FY 2011-12 appropriation:

1. Provides \$9.8 million General Fund to restore one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146.
2. Provides \$5.9 million General Fund for adjustments to centrally appropriated line items.
3. Provides \$2.5 million total funds and 26.0 FTE, including an increase of \$4.4 million General Fund and \$1.4 million reappropriated funds and a decrease of \$3.3 million cash funds, related to the impact of prior year decision items and legislation.
4. Includes a base reduction of 400.0 FTE to more closely align the number of appropriated FTE with the Department's actual FTE utilization.
5. Includes a reduction of \$17.2 million General Fund for the external capacity program based on the projected inmate population.
6. Includes a reduction of \$5.6 million General Fund to reflect a 1.5 percent reduction for Personal Services line items.
7. Includes a reduction of \$4.5 million General Fund associated with FY 2010-11 supplemental adjustments.
8. Includes a base reduction of \$3.0 million General Fund and 41.5 FTE for academic and vocational programs offered to inmates.
9. Includes a base reduction of \$2.0 million General Fund and 37.0 FTE for prison operations and prison therapeutic communities. The prison therapeutic communities provide intensive, long-term residential treatment of substance dependence.
10. Includes a base reduction of \$0.7 million General Fund and 9.8 FTE for administrative positions and contract services.
11. Includes a reduction of \$0.6 million General Fund and 7.8 FTE for the inspector general and private prison monitoring programs to reflect the projected reduction in the inmate population.
12. Includes a reduction of \$0.6 million General Fund and 4.7 FTE associated with the projected reduction in the parole and community corrections populations.
13. Includes a reduction of \$0.5 million General Fund for reduced medical costs associated with the declining inmate population.
14. Includes a base reduction of \$0.4 million General Fund and 36.1 FTE related to the decommission of the Fort Lyon Correctional Facility.

## 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 Victims Assistance and Law Enforcement funds.

Management						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$171,849,304	\$166,811,346	\$4,621,921	\$340,437	\$75,600	97.3
HB 10-1338	(2,541,810)	(2,541,810)	0	0	0	0.0
HB 10-1352	(1,523,589)	(1,523,589)	0	0	0	0.0
HB 10-1360	(4,738,823)	(4,738,823)	0	0	0	0.0
HB 10-1374	(428,528)	(428,528)	0	0	0	1.9
HB 10-1413	(266,803)	(266,803)	0	0	0	0.0
SB 11-136	<u>16,601,988</u>	<u>15,786,260</u>	<u>725,286</u>	<u>70,442</u>	<u>20,000</u>	<u>(1.9)</u>
<b>TOTAL</b>	<b>\$178,951,739</b>	<b>\$173,098,053</b>	<b>\$5,347,207</b>	<b>\$410,879</b>	<b>\$95,600</b>	<b>97.3</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$178,951,739	\$173,098,053	\$5,347,207	\$410,879	\$95,600	97.3
Centrally appropriated line items	5,137,770	5,081,374	56,396	0	0	0.0
Fort Lyon Correctional Facility decommission	1,599,617	1,599,617	0	0	0	0.0
Restore one-time personal services reductions	220,848	216,514	0	4,334	0	0.0
Annualize prior year funding	38,217	38,217	0	0	0	0.0
FTE reduction	0	0	0	0	0	(9.9)
Inmate caseload	(17,910,514)	(17,185,228)	(725,286)	0	0	0.0
State facility reconfiguration	(1,511,577)	(1,511,577)	0	0	0	0.0
DRDC transition beds	(1,166,429)	(1,166,429)	0	0	0	0.0
Private prison monitoring unit reduction	(365,241)	(365,241)	0	0	0	(4.8)
Education program reduction	(345,539)	(345,539)	0	0	0	0.0
Operations and therapeutic communities reduction	(292,273)	(292,273)	0	0	0	0.0

<b>Management</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Administrative reduction	(229,365)	(229,365)	0	0	0	(3.0)
Inspector general reduction	(197,154)	(197,154)	0	0	0	(3.0)
Grant funding	(134,692)	0	0	(134,692)	0	0.0
Personal services base reduction	(105,078)	(100,343)	(1,544)	(3,191)	0	0.0
Parole and community caseload	(68,978)	(68,978)	0	0	0	0.0
Technical correction special bills	(12,618)	(12,618)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$163,608,733</b>	<b>\$158,559,030</b>	<b>\$4,676,773</b>	<b>\$277,330</b>	<b>\$95,600</b>	<b>76.6</b>
SB 11-076	(158,165)	(158,165)	0	0	0	0.0
SB 11-176	(172,546)	(172,546)	0	0	0	0.0
HB 11-1064	<u>(45,243)</u>	<u>(45,243)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$163,232,779</b>	<b>\$158,183,076</b>	<b>\$4,676,773</b>	<b>\$277,330</b>	<b>\$95,600</b>	<b>76.6</b>
<b>Increase/(Decrease)</b>	(\$15,718,960)	(\$14,914,977)	(\$670,434)	(\$133,549)	\$0	(20.7)
Percentage Change	(8.8)%	(8.6)%	(12.5)%	(32.5)%	0.0%	(21.3)%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-136 modified FY 2010-11 appropriations to:

- adjust for mid-year parole and inmate caseloads;
- apply a 1.0 percent reduction to General Fund personal services line items;
- reflect the appropriate allocation of funding from bills passed last session;
- maximize state bed capacity;
- reduce funding for leased space; and
- reflect anticipated grant funding.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: State contributions to health, life, and dental benefits; shift differential; State contributions to the Public Employees' Retirement Association (PERA) pension fund; workers' compensation; legal services; payments to risk management and property funds; and Capitol complex leased space.

**Fort Lyon Correctional Facility decommission:** The appropriation includes an appropriation for private prison beds related to the decommission of the Fort Lyon Correctional Facility by March 1, 2012.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line

items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**FTE reduction:** The appropriation includes a reduction of FTE to more closely align the number of appropriated FTE with the Department's actual FTE utilization.

**Inmate caseload:** The appropriation includes adjustments based on the projected inmate caseload.

**State facility reconfiguration:** The appropriation includes funding adjustments to add 122 beds to current state facilities. This reduction reflects fewer inmates in private prisons as a result of the added state capacity.

**DRDC transition beds:** The appropriation includes funding adjustments to bring 62 transition beds online at the Denver Reception and Diagnostic Center (DRDC). The expansion of these 62 transition beds was completed in FY 2009-10 but never funded for operation. This reduction reflects fewer inmates in private prisons as a result of the added state capacity.

**Private prison monitoring unit reduction:** The appropriation includes a reduction to the private prison monitoring unit to reflect the projected reduction in the private prison inmate population.

**Education program reduction:** The appropriation includes a reduction for academic and vocational programs offered to inmates.

**Operations and therapeutic communities reduction:** The appropriation includes a reduction for prison operations and prison therapeutic communities. The prison therapeutic communities provide intensive, long-term residential treatment of substance dependence.

**Administrative reduction:** The appropriation includes a reduction for administrative positions and contract services.

**Inspector general reduction:** The appropriation includes a reduction to the inspector general program to reflect the projected reduction in the overall inmate population.

**Grant funding:** The appropriation reflects anticipated changes in grant funding.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Parole and community caseload:** The appropriation reflects a reduction associated with the projected parole and community corrections caseload.

**Technical correction special bills:** The appropriation includes a reduction to correct technical errors in the allocation of General Fund and FTE in H.B. 10-1360 and H.B. 10-1374.

**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 Youthful 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$380,074,490	\$378,756,288	\$1,238,202	\$0	\$80,000	5,131.8
SB 06-206	399,514	399,514	0	0	0	0.0
SB 06-207	399,514	399,514	0	0	0	0.0
HB 06-1011	643,512	643,512	0	0	0	0.0
HB 06-1092	134,065	134,065	0	0	0	0.0
HB 06-1145	48,263	48,263	0	0	0	0.0
HB 06-1151	48,263	48,263	0	0	0	0.0
HB 06-1326	517,491	517,491	0	0	0	0.0
SB 06S1-004	26,813	26,813	0	0	0	0.0
SB 06S1-005	58,989	58,989	0	0	0	0.0
SB 07-096	187,592	187,592	0	0	0	0.0
HB 07-1040	485,531	0	485,531	0	0	0.0
HB 07-1326	160,005	160,005	0	0	0	0.0
SB 08-239	57,516	57,516	0	0	0	0.0
HB 08-1115	28,758	28,758	0	0	0	0.0
HB 08-1194	31,634	31,634	0	0	0	0.0
HB 08-1352	217,566	217,566	0	0	0	0.0
HB 10-1413	135,678	135,678	0	0	0	0.0
SB 11-136	<u>2,303,208</u>	<u>1,740,812</u>	<u>0</u>	<u>562,396</u>	<u>0</u>	<u>(4.0)</u>
<b>TOTAL</b>	<b>\$385,958,402</b>	<b>\$383,592,273</b>	<b>\$1,723,733</b>	<b>\$562,396</b>	<b>\$80,000</b>	<b>5,127.8</b>

Institutions						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$385,958,402	\$383,592,273	\$1,723,733	\$562,396	\$80,000	5,127.8
Restore one-time personal services reductions	7,314,394	7,314,394	0	0	0	0.0
State facility reconfiguration	1,390,116	1,390,116	0	0	0	0.0
DRDC transition beds	792,340	792,340	0	0	0	0.0
Indirect cost assessment	0	(9,593)	9,593	0	0	0.0
FTE reduction	0	0	0	0	0	(211.1)
Personal services base reduction	(4,334,785)	(4,331,356)	(3,429)	0	0	0.0
Annualize prior year funding	(3,524,092)	(3,524,092)	0	0	0	26.9
Fort Lyon Correctional Facility decommission	(1,658,507)	(1,658,507)	0	0	0	(31.0)
Five-year statutory appropriations	(1,451,401)	(965,870)	(485,531)	0	0	0.0
Operations and therapeutic communities reduction	(598,122)	(598,122)	0	0	0	(14.0)
Medical adjustments	(415,091)	(415,091)	0	0	0	0.0
Grant funding	(362,296)	0	0	(362,296)	0	0.0
Utilities reduction	(350,000)	(350,000)	0	0	0	0.0
Administrative reduction	(141,052)	(141,052)	0	0	0	(1.4)
Laundry operating expenses and dress out expenses	(110,133)	(110,133)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$382,509,773</b>	<b>\$380,985,307</b>	<b>\$1,244,366</b>	<b>\$200,100</b>	<b>\$80,000</b>	<b>4,897.2</b>
SB 07-096	353,114	353,114	0	0	0	0.0
HB 07-1040	496,566	0	496,566	0	0	0.0
HB 07-1326	160,005	160,005	0	0	0	0.0
SB 08-239	89,150	89,150	0	0	0	0.0
HB 08-1115	54,640	54,640	0	0	0	0.0
HB 08-1194	31,634	31,634	0	0	0	0.0
HB 08-1352	217,566	217,566	0	0	0	0.0
HB 10-1081	28,800	28,800	0	0	0	0.0
HB 10-1277	28,014	28,014	0	0	0	0.0
SB 11-076	(6,133,894)	(6,133,894)	0	0	0	0.0
SB 11-176	<u>49,933</u>	<u>49,933</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>



	Institutions					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>TOTAL</b>	<b>\$377,885,301</b>	<b>\$375,864,269</b>	<b>\$1,740,932</b>	<b>\$200,100</b>	<b>\$80,000</b>	<b>4,897.2</b>
<b>Increase/(Decrease)</b>	(\$8,073,101)	(\$7,728,004)	\$17,199	(\$362,296)	\$0	(230.6)
Percentage Change	(2.1)%	(2.0)%	1.0%	(64.4)%	0.0%	(4.5)%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-136 modified FY 2010-11 appropriations to:

- adjust for mid-year medical caseload;
- apply a 1.0 percent reduction to General Fund personal services line items;
- reduce funding for utilities, food operations, dress out (clothing, bus ticket, and \$100 for each inmate released), and vehicle variable mileage rates;
- maximize state bed capacity;
- reflect the delay in implementing the specialized mental health unit at Centennial Correctional Facility;
- clarify a letternote with regard to statewide indirect cost recoveries; and
- reflect anticipated grant funding.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**State facility reconfiguration:** The appropriation includes funding adjustments to add 122 beds to current state facilities.

**DRDC transition beds:** The appropriation includes funding to bring 62 transition beds online at the Denver Reception and Diagnostic Center (DRDC). The expansion of these 62 transition beds was completed in FY 2009-10 but never funded for operation.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**FTE reduction:** The appropriation includes a reduction of FTE to more closely align the number of appropriated FTE with the Department's actual FTE utilization.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Fort Lyon Correctional Facility decommission:** The appropriation includes a reduction related to the decommission of the Fort Lyon Correctional Facility by March 1, 2012.

**Five-year statutory appropriations:** The appropriation includes adjustments to reflect the funding that will be provided to the Department of Corrections statutorily in FY 2011-12 for criminal sentencing bills that were enacted in prior legislative sessions.

**Operations and therapeutic communities reduction:** The appropriation includes a reduction for prison operations and prison therapeutic communities. The prison therapeutic communities provide intensive, long-term residential treatment of substance dependence.

**Medical adjustments:** The appropriation includes reductions associated with medical expenses for inmates based on the projected decline in the inmate population.

**Grant funding:** The appropriation reflects anticipated changes in grant funding.

**Utilities reduction:** The appropriation includes a reduction for utilities to more accurately reflect actual expenditures.

**Administrative reduction:** The appropriation includes a reduction for administrative positions and contract services.

**Laundry operating expenses and dress out expenses:** The appropriation includes reductions for clothing and dress out expenses for inmates who are released from prison (clothing, bus ticket, and \$100 for each inmate) based on the inmate population decline.

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

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## Support Services

The Support Services division includes business operations, personnel, offender services, communications, transportation, training, information systems, and facility services. The cash funds and reappropriated funds are primarily from sales revenue from Canteen Operations and Correctional Industries.

	Support Services					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$31,241,058	\$30,643,427	\$594,560	\$3,071	\$0	255.6
HB 10-1360	65,553	65,553	0	0	0	1.0

Support Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 11-136	<u>(159,884)</u>	<u>(336,067)</u>	<u>176,183</u>	<u>0</u>	<u>0</u>	<u>(1.0)</u>
<b>TOTAL</b>	<b>\$31,146,727</b>	<b>\$30,372,913</b>	<b>\$770,743</b>	<b>\$3,071</b>	<b>\$0</b>	<b>255.6</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$31,146,727	\$30,372,913	\$770,743	\$3,071	\$0	255.6
Statewide IT common policy adjustments	861,077	861,723	(646)	0	0	0.0
Restore one-time personal services reductions	456,898	456,898	0	0	0	0.0
Technical correction special bills	12,618	12,618	0	0	0	0.0
DRDC transition beds	9,990	9,990	0	0	0	0.0
Indirect cost assessment	0	(14,917)	9,920	4,997	0	0.0
FTE reduction	0	0	0	0	0	(26.1)
Administrative reduction	(291,924)	(291,924)	0	0	0	(5.4)
Personal services base reduction	(233,930)	(227,450)	(6,434)	(46)	0	0.0
Centrally appropriated line items	(126,301)	(108,850)	(17,451)	0	0	0.0
Fort Lyon Correctional Facility decommission	(73,682)	(73,682)	0	0	0	(0.8)
Operations and therapeutic communities reduction	(62,902)	(62,902)	0	0	0	(1.0)
Private prison monitoring unit reduction	(34,956)	(34,956)	0	0	0	0.0
Parole and community caseload	(28,835)	(28,835)	0	0	0	0.0
Education program reduction	(25,988)	(25,988)	0	0	0	0.0
Annualize prior year funding	(22,928)	(22,928)	0	0	0	0.1
Inspector general reduction	(21,054)	(21,054)	0	0	0	0.0
Transportation funding	(7,662)	(7,662)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$31,557,148</b>	<b>\$30,792,994</b>	<b>\$756,132</b>	<b>\$8,022</b>	<b>\$0</b>	<b>222.4</b>
SB 11-076	(307,422)	(307,422)	0	0	0	0.0
SB 11-176	<u>122,613</u>	<u>122,613</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$31,372,339</b>	<b>\$30,608,185</b>	<b>\$756,132</b>	<b>\$8,022</b>	<b>\$0</b>	<b>222.4</b>
<b>Increase/(Decrease)</b>	225,612	235,272	(\$14,611)	4,951	\$0	(33.2)
Percentage Change	0.7%	0.8%	(1.9)%	161.2%	n/a	(13.0)%

## **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-136 modified FY 2010-11 appropriations to:

- adjust for mid-year parole caseload;
- apply a 1.0 percent reduction to General Fund personal services line items;
- reflect the appropriate allocation of funding from bills passed last session;
- correct a letternote with regard to statewide indirect cost recoveries;
- update vehicle replacement payments; and
- reflect actual vehicle billings.

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Statewide IT common policy adjustments:** The appropriation includes adjustments to line items appropriated for: purchase of services from the computer center; multiuse network payments; management and administration of the Governor's Office of Information Technology (OIT); and communication services payments.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Technical correction special bills:** The appropriation includes a reduction to correct technical errors in the allocation of General Fund and FTE in H.B. 10-1360 and H.B. 10-1374.

**DRDC transition beds:** The appropriation includes funding to bring 62 transition beds online at the Denver Reception and Diagnostic Center (DRDC). The expansion of these 62 transition beds was completed in FY 2009-10 but never funded for operation.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**FTE reduction:** The appropriation includes a reduction of FTE to more closely align the number of appropriated FTE with the Department's actual FTE utilization.

**Administrative reduction:** The appropriation includes a reduction for administrative positions and contract services.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Centrally appropriated line items:** The appropriation includes an adjustment for vehicle lease payments.

**Fort Lyon Correctional Facility decommission:** The appropriation includes a reduction related to the decommission of the Fort Lyon Correctional Facility by March 1, 2012.

**Operations and therapeutic communities reduction:** The appropriation includes a reduction for prison operations and prison therapeutic communities. The prison therapeutic communities provide intensive, long-term residential treatment of substance dependence.

**Private prison monitoring unit reduction:** The appropriation includes a reduction to the private prison monitoring unit to reflect the projected reduction in the private prison inmate population.

**Parole and community caseload:** The appropriation reflects a reduction associated with the projected parole and community corrections caseload.

**Education program reduction:** The appropriation includes a reduction for academic and vocational programs offered to inmates.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Inspector general reduction:** The appropriation includes a reduction to the inspector general program to reflect the projected reduction in the overall inmate population.

**Transportation funding:** The appropriation includes a reduction for transportation operating expenses associated with the declining inmate population.

**Additional legislation:** 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 the Drug Offender Surcharge Fund. The reappropriated funds and federal funds are primarily from educational grants.

Inmate Programs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$41,526,926	\$35,817,358	\$4,712,320	\$934,015	\$63,233	629.0
SB 11-136	<u>479,277</u>	<u>(3,608,598)</u>	<u>3,301,767</u>	<u>56,561</u>	<u>729,547</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$42,006,203</b>	<b>\$32,208,760</b>	<b>\$8,014,087</b>	<b>\$990,576</b>	<b>\$792,780</b>	<b>629.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$42,006,203	\$32,208,760	\$8,014,087	\$990,576	\$792,780	629.0

<b>Inmate Programs</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Restore one-time personal services reductions	947,596	937,913	9,683	0	0	0.0
State facility reconfiguration	21,838	15,128	6,710	0	0	0.0
Indirect cost assessment	4,997	0	0	0	4,997	0.0
FTE Reduction	0	0	0	0	0	(79.5)
Education program reduction	(2,675,567)	(2,675,567)	0	0	0	(41.5)
Operations and therapeutic communities reduction	(1,016,070)	(1,016,070)	0	0	0	(22.0)
Personal services base reduction	(530,788)	(508,400)	(22,388)	0	0	0.0
Annualize prior year funding	(285,291)	3,322,858	(3,301,767)	(56,561)	(249,821)	0.4
Fort Lyon Correctional Facility decommission	(246,806)	(245,390)	(1,416)	0	0	(4.3)
Parole and community caseload	(51,165)	(51,165)	0	0	0	0.0
Grant funding	(3,967)	0	0	40,000	(43,967)	0.0
<b>SB 11-209</b>	<b>\$38,170,980</b>	<b>\$31,988,067</b>	<b>\$4,704,909</b>	<b>\$974,015</b>	<b>\$503,989</b>	<b>482.1</b>
SB 11-076	<u>(676,872)</u>	<u>(668,807)</u>	<u>(8,065)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$37,494,108</b>	<b>\$31,319,260</b>	<b>\$4,696,844</b>	<b>\$974,015</b>	<b>\$503,989</b>	<b>482.1</b>
<b>Increase/(Decrease)</b>	(\$4,512,095)	(\$889,500)	(\$3,317,243)	(\$16,561)	(\$288,791)	(146.9)
Percentage Change	(10.7)%	(2.8)%	(41.4)%	(1.7)%	(36.4)%	(23.4)%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-136 modified FY 2010-11 appropriations to:

- adjust for mid-year parole caseload;
- apply a 1.0 percent reduction to General Fund personal services line items;
- refinance General Fund with canteen funds;
- reflect anticipated grant funding; and
- clarify a letternote with regard to statewide indirect cost recoveries.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**State facility reconfiguration:** The appropriation includes funding adjustments to add 122 beds to current state facilities.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**FTE Reduction:** The appropriation includes a reduction of FTE to more closely align the number of appropriated FTE with the Department's actual FTE utilization.

**Education program reduction:** The appropriation includes a reduction for academic and vocational programs offered to inmates.

**Operations and therapeutic communities reduction:** The appropriation includes a reduction for prison operations and prison therapeutic communities. The prison therapeutic communities provide intensive, long-term residential treatment of substance dependence.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Fort Lyon Correctional Facility decommission:** The appropriation includes a reduction related to the decommission of the Fort Lyon Correctional Facility by March 1, 2012.

**Parole and community caseload:** The appropriation reflects a reduction associated with the projected parole and community corrections caseload.

**Grant funding:** The appropriation reflects anticipated changes in grant funding and federal funding.

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

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## 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 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$36,924,486	\$36,767,913	\$10,000	\$107,475	\$39,098	413.9
HB 10-1360	2,812,106	2,812,106	0	0	0	4.1
HB 10-1374	234,247	234,247	0	0	0	6.0
SB 11-136	<u>(1,709,069)</u>	<u>(1,794,819)</u>	<u>750</u>	<u>85,000</u>	<u>0</u>	<u>(6.8)</u>
<b>TOTAL</b>	<b>\$38,261,770</b>	<b>\$38,019,447</b>	<b>\$10,750</b>	<b>\$192,475</b>	<b>\$39,098</b>	<b>417.2</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$38,261,770	\$38,019,447	\$10,750	\$192,475	\$39,098	417.2
Annualize prior year funding	1,351,616	(48,384)	0	1,400,000	0	(1.4)
Restore one-time personal services reductions	809,231	809,231	0	0	0	0.0
FTE reduction	0	0	0	0	0	(48.7)
Parole and community caseload	(422,686)	(422,686)	0	0	0	(4.7)
Personal services base reduction	(367,673)	(367,673)	0	0	0	0.0
Grant funding	(750)	0	(750)	0	0	0.0
Centrally appropriated line items	(272)	(272)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$39,631,236</b>	<b>\$37,989,663</b>	<b>\$10,000</b>	<b>\$1,592,475</b>	<b>\$39,098</b>	<b>362.4</b>
SB 11-076	<u>(567,247)</u>	<u>(567,247)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$39,063,989</b>	<b>\$37,422,416</b>	<b>\$10,000</b>	<b>\$1,592,475</b>	<b>\$39,098</b>	<b>362.4</b>
<b>Increase/(Decrease)</b>	\$802,219	(\$597,031)	(\$750)	\$1,400,000	\$0	(54.8)
Percentage Change	2.1%	(1.6)%	(7.0)%	727.4%	0.0%	(13.1)%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-136 modified FY 2010-11 appropriations to:

- adjust for mid-year parole caseload;
- apply a 1.0 percent reduction to General Fund personal services line items;
- reflect the appropriate allocation of funding from bills passed last session;
- apply a reduction for contract services; and
- reflect anticipated grant funding.



## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**FTE reduction:** The appropriation includes a reduction of FTE to more closely align the number of appropriated FTE with the Department's actual FTE utilization.

**Parole and community caseload:** The appropriation reflects a reduction associated with the projected parole and community corrections caseload.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Grant funding:** The appropriation reflects anticipated changes in grant funding.

**Centrally appropriated line items:** The appropriation includes an adjustment for administrative law judge services.

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

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### 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 the conditions of parole for discretionary and mandatory parolees. When the conditions of parole are violated, the Board can revoke a person's parole.

Parole Board						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$1,601,953	\$1,601,953	\$0	\$0	\$0	17.5
HB 10-1360	75,000	75,000	0	0	0	1.0
SB 11-136	<u>(174,016)</u>	<u>(174,016)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5.0)</u>
<b>TOTAL</b>	<b>\$1,502,937</b>	<b>\$1,502,937</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>13.5</b>

<b>Parole Board</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$1,502,937	\$1,502,937	\$0	\$0	\$0	13.5
Restore one-time personal services reductions	41,466	41,466	0	0	0	0.0
Annualize prior year funding	6,307	6,307	0	0	0	0.0
FTE reduction	0	0	0	0	0	(1.0)
Personal services base reduction	(18,332)	(18,332)	0	0	0	0.0
Technical correction special bills	(4,670)	(4,670)	0	0	0	0.0
Operating reduction	(2,000)	(2,000)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$1,525,708</b>	<b>\$1,525,708</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>12.5</b>
SB 11-076	(32,685)	(32,685)	0	0	0	0.0
SB 11-241	<u>43,800</u>	<u>43,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,536,823</b>	<b>\$1,536,823</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>12.5</b>
<b>Increase/(Decrease)</b>	\$33,886	\$33,886	\$0	\$0	\$0	(1.0)
Percentage Change	2.3%	2.3%	n/a	n/a	n/a	(7.4)%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-136 modified FY 2010-11 appropriations to:

- reduce the administrative support within the Parole Board;
- apply a 1.0 percent reduction to General Fund personal services line items; and
- reflect the appropriate allocation of funding from bills passed last session.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**FTE reduction:** The appropriation includes a reduction of FTE to more closely align the number of appropriated FTE with the Department's actual FTE utilization.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Technical correction special bills:** The appropriation includes a reduction to correct technical errors in the allocation of General Fund and FTE in H.B. 10-1360 and H.B. 10-1374.

**Operating reduction:** The appropriation includes an operating expenses reduction associated with the reduction of FTE taken through the FY 2010-11 supplemental process.

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

## 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 (1), C.R.S.).

Correctional Industries						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$55,259,882</u>	<u>\$0</u>	<u>\$14,095,066</u>	<u>\$41,164,816</u>	<u>\$0</u>	<u>163.0</u>
<b>TOTAL</b>	<b>\$55,259,882</b>	<b>\$0</b>	<b>\$14,095,066</b>	<b>\$41,164,816</b>	<b>\$0</b>	<b>163.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$55,259,882	\$0	\$14,095,066	\$41,164,816	\$0	163.0
Restore one-time personal services reductions	202,603	0	59,715	142,888	0	0.0
Indirect cost assessment	8,630	0	8,630	0	0	0.0
FTE reduction	0	0	0	0	0	(20.9)
Personal services base reduction	(154,733)	0	(45,530)	(109,203)	0	0.0
<b>SB 11-209</b>	<b>\$55,316,382</b>	<b>\$0</b>	<b>\$14,117,881</b>	<b>\$41,198,501</b>	<b>\$0</b>	<b>142.1</b>
SB 11-076	<u>(186,223)</u>	<u>0</u>	<u>(54,005)</u>	<u>(132,218)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$55,130,159</b>	<b>\$0</b>	<b>\$14,063,876</b>	<b>\$41,066,283</b>	<b>\$0</b>	<b>142.1</b>

Correctional Industries						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>Increase/(Decrease)</b>	(\$129,723)	\$0	(\$31,190)	(\$98,533)	\$0	(20.9)
Percentage Change	(0.2)%	n/a	(0.2)%	(0.2)%	n/a	(12.8)%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-136 modified FY 2010-11 appropriations to clarify a letternote with regard to statewide indirect cost recoveries.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**FTE reduction:** The appropriation includes a reduction of FTE to more closely align the number of appropriated FTE with the Department's actual FTE utilization.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

### 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$14,707,586</u>	<u>\$0</u>	<u>\$14,707,586</u>	<u>\$0</u>	<u>\$0</u>	<u>29.7</u>

<b>Canteen Operation</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>TOTAL</b>	<b>\$14,707,586</b>	<b>\$0</b>	<b>\$14,707,586</b>	<b>\$0</b>	<b>\$0</b>	<b>29.7</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$14,707,586	\$0	\$14,707,586	\$0	\$0	29.7
Restore one-time personal services reductions	31,673	0	31,673	0	0	0.0
Indirect cost assessment	1,290	0	1,290	0	0	0.0
FTE reduction	0	0	0	0	0	(2.8)
Personal services base reduction	(26,956)	0	(26,956)	0	0	0.0
<b>SB 11-209</b>	<b>\$14,713,593</b>	<b>\$0</b>	<b>\$14,713,593</b>	<b>\$0</b>	<b>\$0</b>	<b>26.9</b>
SB 11-076	<u>(37,786)</u>	<u>0</u>	<u>(37,786)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$14,675,807</b>	<b>\$0</b>	<b>\$14,675,807</b>	<b>\$0</b>	<b>\$0</b>	<b>26.9</b>
<b>Increase/(Decrease)</b>	<b>(31,779)</b>	<b>\$0</b>	<b>(31,779)</b>	<b>\$0</b>	<b>\$0</b>	<b>(2.8)</b>
Percentage Change	(0.2)%	n/a	(0.2)%	n/a	n/a	(9.4)%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-136 modified FY 2010-11 appropriations to clarify a letternote with regard to statewide indirect cost recoveries.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**FTE reduction:** The appropriation includes a reduction of FTE to more closely align the number of appropriated FTE with the Department's actual FTE utilization.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

## Recent Legislation

### 2010 Session Bills

**S.B. 10-128:** Moves the offense of invasion of privacy for sexual gratification from the unlawful sexual contact statute to its own statute. Raises the penalty for invasion of privacy for sexual gratification from a class 1 misdemeanor to a class 6 felony when it is the second or subsequent offense or the person observed or photographed is under the age of 15. Expands the definition of a "photograph" for the purpose of invasion of privacy for sexual gratification and criminal invasion of privacy to include a live feed. Lowers the penalty for the offense of eavesdropping from a class 6 felony to a class 1 misdemeanor. Makes the sections of the bill pertaining to invasion of privacy for sexual gratification effective July 1, 2012, and the remaining portions of the bill effective July 1, 2010. As required by Section 2-2-703, C.R.S., makes a five-year statutory appropriation as follows:

- for FY 2012-13, transfers \$83,861 from the General Fund to the Capital Construction Fund, and appropriates \$83,861 from the Capital Construction Fund to the Corrections Expansion Reserve Fund; and
- for FY 2013-14 and FY 2014-15, appropriates a total of \$32,496 General Fund to the Department of Corrections for operating expenses.

**S.B. 10-140:** Repeals and relocates, with amendments, statutory provisions related to trafficking in adults, trafficking in children, and coercion of involuntary servitude. Requires proof of force, fraud, or coercion for trafficking in adults or children, and requires proof of force or fraud for coercion of involuntary servitude. Adds all three offenses to the definition of "racketeering activity" under the Colorado Organized Crime Control Act.

**S.B. 10-193:** Prohibits the use of restraints on pregnant inmates in the Department of Corrections, private contract prisons, county and municipal jails, and Department of Human Services facilities during labor and delivery. Allows the use of restraints in the above situations if the restraints are necessary for a safe childbirth; the inmate poses serious risk of harm to herself, other patients, or the medical staff; or the inmate poses a substantial risk for escape. Prohibits leg shackles and waist restraints during labor and delivery of the child, postpartum recovery while in a medical facility, or transport to or from a medical facility for childbirth. Requires the facility to maintain a written record of the restraints used, why they were used, and for how long. Specifies that when an inmate is pregnant, facility staff are to use the least restrictive restraints necessary. Entitles an inmate who returns to custody after giving birth to have a medical staff person present to ensure that any strip search is conducted in a manner that does not increase the risk of infection or cause pain.

**H.B. 10-1081:** Relocates and amends provisions concerning money laundering, thereby allowing defendants to be charged with money laundering for activities other than those pertaining to drugs. As required by Section 2-2-703, C.R.S., makes a five-year statutory appropriation as follows:

- for FY 2010-11, transfers \$91,370 from the General Fund to the Capital Construction Fund, and appropriates \$91,370 from the Capital Construction Fund to the Corrections Expansion Reserve Fund; and
- for fiscal years 2011-12 through 2014-15, appropriates a total of \$115,200 General Fund (\$28,800 for each fiscal year) to the Department of Corrections for operating expenses.

Specifies that the act shall only take effect if H.B. 10-1338 is enacted and has a net reduction in General Fund appropriations for FY 2010-11 that is equal to or greater than the \$91,370 General Fund transfer required in H.B. 10-1081.

**H.B. 10-1083:** Authorizes the Department of Corrections to enter into a lease-purchase agreement, for up to 12 years, to purchase a day surgery center to be located at the Denver Reception and Diagnostic Center. Allows the Department to execute a lease-purchase agreement of up to \$2.8 million in principal. Assumes the annual savings of approximately \$600,000 from performing surgeries at the surgery facility rather than contracting with hospitals will be used to fund the lease-purchase agreement.

**H.B. 10-1089:** Requires that a parolee who is designated by the court as a sexually violent predator, and has his or her parole revoked by the Parole Board, be confined to a place of confinement designated by the Executive Director of the Department of Corrections. Currently, at the discretion of the Parole Board, some individuals on revoked parole may spend up to 180 days in a community return-to-custody facility, which are contract facilities with a greater amount of freedom and flexibility regarding offenders than other prison facilities.

**H.B. 10-1112:** Adds vocational training to the Correctional Education Program offered to offenders in the Department of Corrections. Changes the objectives of the program to state that every offender in a correctional facility who has the expectation of release from custody within five years and lacks basic and functional literacy skills must receive basic education instruction and have the opportunity to acquire at least entry-level marketable vocational skills. Requires the Department to develop a plan for each educational or vocational program offered as a part of the program by December 31, 2010. Creates a new annual reporting requirement for the Department concerning educational and vocational programs.

**H.B. 10-1277:** Extends the prohibition on an employee, contractor, or volunteer of a correctional facility engaging in sexual conduct with an individual in the custody of the facility to employees, contractors, or volunteers of juvenile detention or commitment centers and community corrections facilities. As required by Section 2-2-703, C.R.S., makes a five-year statutory appropriation as follows:

- for FY 2010-11, transfers \$83,861 from the General Fund to the Capital Construction Fund, and appropriates \$83,861 from the Capital Construction Fund to the Corrections Expansion Reserve Fund; and
- for FY 2011-12 and FY 2012-13, appropriates a total of \$32,496 General Fund to the Department of Corrections for operating expenses.

Specifies that the act shall only take effect if H.B. 10-1338 is enacted and has a net reduction in General Fund appropriations for FY 2010-11 that is equal to or greater than the \$83,861 General Fund transfer required in H.B. 10-1277.

**H.B. 10-1338:** Allows a person who has two or more prior felony convictions to be eligible for probation, with certain exceptions. For the implementation of H.B. 10-1338, appropriates \$308,628 General Fund and 5.2 FTE to the Judicial Department for probation services, and decreases the General Fund appropriation to the Department of Corrections for payments to house state prisoners by \$2,541,810. Also includes the following appropriations and adjustments for FY 2010-11:

- appropriates \$336,057 General Fund to the Department of Revenue for FY 2010-11 for the implementation of H.B. 09-1137;
- increases the appropriation to the Department of Human Services for FY 2010-11 for child welfare services by \$1,719,794 to mitigate the reduction in funding for county staff salaries and benefits, community provider rates, and Medicaid treatment rates (the appropriation includes \$991,919 General Fund, \$343,959 local cash funds, \$75,209 reappropriated funds transferred from the Department of Health Care Policy and Financing (DHCPF), and \$308,707 federal Title IV-E funds); and
- increases the appropriation to the DHCPF for child welfare services by \$75,209 (including \$28,887 General Fund and \$46,322 federal Medicaid funds).

For additional information on H.B. 10-1338, see also the "Recent Legislation" section at the end of the Judicial Department.

**H.B. 10-1352:** Makes a number of changes to offenses related to controlled substances. Directs the General Assembly to annually appropriate the General Fund savings generated by this bill to the Drug Offender Surcharge Fund, and requires that such moneys be allocated to cover the costs associated with the treatment of substance abuse or co-occurring disorders of adult offenders who are assessed to be in need of treatment and who are on diversion, on probation, on parole, in community corrections, or in jail. Makes the following appropriations and adjustments for FY 2010-11:

- appropriates \$1,468,196 General Fund to the Judicial Department, to be credited to the Drug Offender Surcharge Fund pursuant to Section 18-19-103 (3.5). C.R.S.;
- appropriates \$263,377 General Fund and 4.8 FTE to the Judicial Department for probation services;
- appropriates \$36,528 General Fund and 0.5 FTE to the Department of Public Safety, Division of Criminal Justice, for analyzing and reporting on the annual fiscal savings generated by H.B. 10-1352;
- decreases the General Fund appropriation to the Department of Corrections for payments to house state prisoners by \$1,523,589; and
- decreases General Fund appropriations to the Judicial Department for the Public Defender by \$244,512 and 5.6 FTE.

For additional information on H.B. 10-1352, see also the "Recent Legislation" section at the end of the Judicial Department.

**H.B. 10-1360:** Allows certain parolees to be placed in a community return-to-custody facility rather than a state correctional facility, including those who:

- commit a technical violation that does not involve the commission of a crime;
- have no active felony warrants, felony detainers, or pending felony criminal charges; and
- are on parole for a class 4 nonviolent felony (except menacing, stalking, any unlawful sexual behavior, or a crime against an at-risk adult or at-risk juvenile).

Makes the following appropriations and adjustments for FY 2010-11:

- appropriates \$1,285,409 General Fund and 0.8 FTE to the Department of Public Safety, Division of Criminal Justice, for community corrections residential treatment beds;
- appropriates \$260,000 General Fund to the Department of Public Safety, Division of Criminal Justice, for ten transition community corrections beds specifically for sex offenders;



- appropriates \$1,807,225 General Fund to the Department of Corrections, Parole Subprogram, for parole wrap-around services;
- appropriates \$500,000 General Fund to the Department of Corrections, Parole Subprogram, for employment and job training services for parolees;
- appropriates \$250,000 General Fund to the Department of Corrections, Parole Subprogram, for outpatient mental health treatment for transition parolees;
- appropriates \$174,107 General Fund and 2.1 FTE to the Department of Corrections, Parole Subprogram, for community parole officers;
- appropriates \$80,774 General Fund and 2.0 FTE to the Department of Corrections, Parole Subprogram, for administrative support;
- appropriates \$65,553 General Fund and 1.0 FTE to the Department of Corrections, Business Operations Subprogram, for information technology support; and
- decreases General Fund appropriations to the Department of Corrections for payments to house state prisoners by \$4,738,823.

**H.B. 10-1373:** Provides a court with the discretion to order that the mandatory sentence for an escape crime run either consecutively or concurrently with any other sentence being served by the offender who escapes, attempts to escape, or aids the escape of another while serving a direct sentence to community corrections or after being placed in an intensive supervision parole program. Under current law, if an offender knowingly commits an escape crime while in custody or confinement following a felony conviction, the court is required to impose a sentence for the escape crime that runs consecutively with any other sentences being served by the offender.

**H.B. 10-1374:** Directs the Sex Offender Management Board (in consultation with the Department of Corrections, the Judicial Branch, the Division of Criminal Justice in the Department of Public Safety, and the Parole Board) to develop specific sex offender release guidelines for use by the Parole Board in determining when to release a sex offender on parole. Directs the Division of Criminal Justice and the Parole Board to develop an administrative release guideline for use by the Parole Board in evaluating all applications for parole. Requires the Department of Corrections and the Parole Board to develop administrative revocation guidelines for use by the Board in making decisions about parole revocation. Repeals the statutory provision that requires a parole officer to arrest a parolee if he or she does not have lawful permission to be in a particular place (e.g., a county other than the one to which the individual was paroled). Allows up to 12 days of earned time each month be deducted from an offender's sentence provided he or she:

- is serving a sentence for a class 4, class 5, or class 6 felony;
- has not incurred a class I code of penal discipline violation within the 24 months immediately preceding the time of crediting or during his or her entire period of incarceration if such period is less than 24 months;
- has not incurred a class II code of penal discipline violation within the 12 months immediately preceding the time of crediting or during his or her entire period of incarceration if such period is less than 12 months;
- is program compliant; and
- was not convicted of certain specified felony offenses (four new offenses have been added to the existing list of disqualifying crimes).

Makes the following appropriations and adjustments for FY 2010-11:

- appropriates \$114,127 General Fund to the Department of Public Safety, Division of Criminal Justice, for costs associated with the Colorado Criminal and Juvenile Justice Commission;
- appropriates \$80,154 General Fund and 0.7 FTE to the Department of Public Safety, Division of Criminal Justice, for parole guideline duties and actuarial consultation;
- appropriates \$234,247 General Fund and 6.0 FTE to the Department of Corrections, Parole Subprogram, for parole services;
- appropriates \$119,539 General Fund and 1.9 FTE to the Department of Corrections, Executive Director's Office Subprogram, for research functions; and
- decreases General Fund appropriations to the Department of Corrections for payments to house state prisoners by \$548,067.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

**H.B. 10-1413:** Raises the minimum age to 16 from 14 for a district attorney to file criminal charges against a juvenile in district court, a process known as direct filing of charges, except in cases of:

- first degree murder;
- second degree murder; or
- a sex offense combined with one of the following:
  - the alleged crime is a crime of violence;
  - the juvenile used or threatened the use of a deadly weapon during the commission of the crime;
  - the juvenile has, within the previous two years, been adjudicated as a juvenile delinquent for committing a class 3 felony;
  - the juvenile has previously had charges direct filed or transferred, unless he or she was found not guilty of such charges; or
  - the juvenile is determined to be a habitual juvenile offender.

Allows judges the discretion to sentence juveniles who were convicted of class 2 felonies (excluding sex offenses) to the Youthful Offender System (YOS) in the Department of Corrections (DOC) except in the case of a second or subsequent sentence to the DOC or the YOS.

Makes the following appropriations and adjustments for FY 2010-11:

- appropriates \$371,880 General Fund to the Department of Human Services, Division of Youth Corrections, for the purchase of contract placements;
- appropriates \$135,678 General Fund to the Department of Corrections for the youthful offender system subprogram; and
- decreases General Fund appropriation to the Department of Corrections for payments to house state prisoners by \$266,803.

Specifies that the act shall only take effect if H.B. 10-1360 is enacted and has a net reduction in General Fund appropriations for FY 2010-11 that is equal to or greater than the \$240,755 General Fund appropriation required in H.B. 10-1413. For additional information on H.B. 10-1413, see also the "Recent Legislation" section at the end of the Department of Human Services.

## 2011 Session Bills

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's appropriation by \$8,100,294 total funds, of which \$7,868,220 is General Fund, \$99,856 is cash funds, and \$132,218 is reappropriated funds.

**S.B. 11-134:** Defines the terms *salvia divinorum* and synthetic cannabinoids and specifies that synthetic cannabinoids are not to be considered medical marijuana under Colorado law. Creates the following new criminal offenses:

- class 2 misdemeanor of unlawfully using or possessing synthetic cannabinoids or *salvia divinorum*;
- class 5 felony of knowingly distributing, manufacturing, dispensing, selling, or cultivating synthetic cannabinoids or *salvia divinorum*; or
- class 4 felony of knowingly distributing, dispensing, or selling synthetic cannabinoids or *salvia divinorum* when the person distributes, dispenses, or sells to a minor under the age of 18 and the person is at least 18 years of age and at least two years older than the minor.

Has a five-year fiscal impact of \$1,267,387, but includes a provision making an exception to the five-year appropriation requirement and therefore does not make any appropriations.

**S.B. 11-136:** Supplemental appropriation to modify appropriations for FY 2010-11.

**S.B. 11-176:** Permits the accrual of earned time for inmates who have been housed in administrative segregation for at least 90 days, provided they meet the statutory criteria for doing so. Makes the following appropriations and adjustments for FY 2011-12:

- appropriates \$26,250 General Fund to the Department of Corrections, Executive Director's Office Subprogram, for annual reporting requirements;
- appropriates \$49,933 General Fund to the Department of Corrections, Mental Health Subprogram, for behavior-modification programs, incentive programs, mental health services or programs, or similar efforts designed as viable alternatives to administrative segregation;
- appropriates \$122,613 General Fund to the Department of Corrections, Information Systems Subprogram, for computer system programming modifications and ongoing maintenance related to changes to earned time accrual eligibility for inmates in administrative segregation;
- appropriates \$122,613 reappropriated funds and 2.0 FTE to the Governor - Lieutenant Governor - State Planning and Budgeting, Office of Information Technology, for the provision of programming services to the Department of Corrections; and
- decreases General Fund appropriations to the Department of Corrections for payments to house state prisoners by \$198,796.

**S.B. 11-209:** General appropriations act for FY 2011-12.

**S.B. 11-241:** Expands the definition of a special needs offender to include individuals who:

- are 60 years of age or older, have been diagnosed with a chronic infirmity, illness, condition, disease, or mental illness, and have been determined to be incapacitated to the extent that they are not likely to pose a public safety risk; or
- suffer from a chronic, permanent, terminal, or irreversible physical or mental illness, condition, or disease that requires costly care or treatment and have been determined to be incapacitated to the extent that they are not likely to pose a public safety risk.

Within the definition of a special needs offender, permits the inclusion of class 2 felony crimes of violence (when the offender has served fewer than 10 years in prison), sex offenses, and class 1 felonies (when the class 1 felony was committed before July 1, 1990, and the offender has served at least 20 years in prison). Creates a presumption in favor of granting parole for an inmate with a detainer on file from the United States Immigration and Customs Enforcement Agency (ICE) who:

- has reached his or her parole eligibility date;
- is not serving a sentence for a violent crime; and
- has been assessed as medium risk or below.

Makes a FY 2011-12 appropriation of \$43,800 General Fund to the Department of Corrections, Parole Board, for training and contract administrative and release hearing officers. Specifies that the act shall only take effect if H.B. 11-1064 is enacted and has a net reduction in General Fund appropriations for FY 2011-12 that is equal to or greater than the \$43,800 General Fund appropriation required by S.B. 11-241.

**H.B. 11-1064:** Creates a presumption, subject to the discretion of the State Board of Parole, in favor of granting parole to an inmate who has reached his or her parole eligibility date and who:

- is serving a sentence for a felony drug possession or drug use offense (as described in Sections 18-18-404 or 18-18-405, C.R.S., as those offenses existed prior to August 11, 2010);
- has displayed satisfactory institutional behavior;
- is program compliant;
- has never been convicted of a specified list of crimes that include offenses against children and illegal possession of firearms, among others; and
- does not have an active felony or immigration detainer.

Decreases the FY 2011-12 General Fund appropriation to the Department of Corrections for payments to house state prisoners by \$45,243.

# DEPARTMENT OF EDUCATION

The elected members of the State Board of Education are 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 and administering associated student assessments for certain subject areas and grade levels; and
- issuing school performance 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 three independent agencies: (1) the Board of Trustees for the Colorado School for the Deaf and the Blind; (2) 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 (3) the Public School Capital Construction Assistance Board, which is responsible for assessing public school capital construction needs statewide and making recommendations concerning the prioritization and allocation of state financial assistance for school construction projects.

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 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund/1	\$3,215,359,907	\$3,239,325,619	\$2,963,613,216	\$2,833,701,556
Cash Funds	640,392,536	636,538,236	592,384,040	853,103,045
Reappropriated Funds	17,651,668	22,701,205	22,737,017	23,319,283
Federal Funds	<u>497,653,179</u>	<u>826,873,489</u>	<u>787,486,667</u>	<u>625,919,937</u>
<b>Total Funds</b>	<b>\$4,371,057,290</b>	<b>\$4,725,438,549</b>	<b>\$4,366,220,940</b>	<b>\$4,336,043,821</b>
Full Time Equiv. Staff	536.1	563.3	555.7	541.6

/1 Includes General Fund Exempt.

## General Factors Driving the Budget

Although local government revenues provide a significant source of funding for K-12 education in Colorado (\$1.9 billion in FY 2011-12), local funds are not reflected in the State's annual appropriations to the Department of Education. Appropriations to the Department of Education for FY 2011-12 consist of 65.4 percent General Fund, 19.7 percent cash funds, 14.4 percent federal funds, and 0.5 percent reappropriated funds. The two most significant factors driving the Department's budget are reviewed below: school finance and categorical programs.

### School Finance

Article IX, Section 2 of the Colorado Constitution requires the General Assembly to provide for the "establishment and maintenance of a thorough and uniform system of free public schools throughout the state". To comply with this provision, the General Assembly has established a statutory public school finance formula that takes into consideration the individual characteristics of each school district in order to provide thorough and uniform educational opportunities throughout the state. The school finance formula allocates funds among school districts by calculating a 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 per pupil funding amount* for every school district (\$5,635 per pupil for FY 2011-12). The formula then increases this statewide base per pupil funding amount 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 2011-12, per pupil funding allocations are anticipated to range from \$6,129 to \$14,232, with a statewide average of \$6,468 per pupil. Each district's per pupil funding allocation is multiplied by its funded pupil count to determine its "*total program funding*". For FY 2011-12, pursuant to the school finance formula, a total of \$5.2 billion in state and local funds will be allocated among school districts.

### Constitutional Inflationary Requirement (Amendment 23)

Pursuant to Article IX, Section 17 of the Colorado Constitution, the General Assembly is required to provide annual inflationary increases in base per pupil funding. For FY 2001-02 through FY 2010-11, the base per pupil amount was required to increase annually by inflation plus one percent; for FY 2011-12 and subsequent fiscal years, the base per pupil funding amount must increase annually by at least the rate of inflation. For example, for FY 2011-12, the General Assembly was required to increase base per pupil funding by at least \$105 (from \$5,530 to \$5,635, or 1.9 percent), based on the actual 1.9 percent increase in the Denver-Boulder consumer price index in calendar year 2010. Given an estimated funded pupil count of nearly 806,000, the General Assembly was thus required to provide a minimum of \$4.5 billion in state and local funds for FY 2011-12 -- 87.1 percent of the \$5.2 billion in total program funding.

### Factors Considered in Public School Finance Formula

The remaining 12.9 percent of state and local funds that will be allocated among school districts in FY 2011-12 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 formula includes three primary factors.

- *Cost of Living Factor* - Recognizes that the cost of living in a community affects the salaries required to attract and retain qualified personnel.

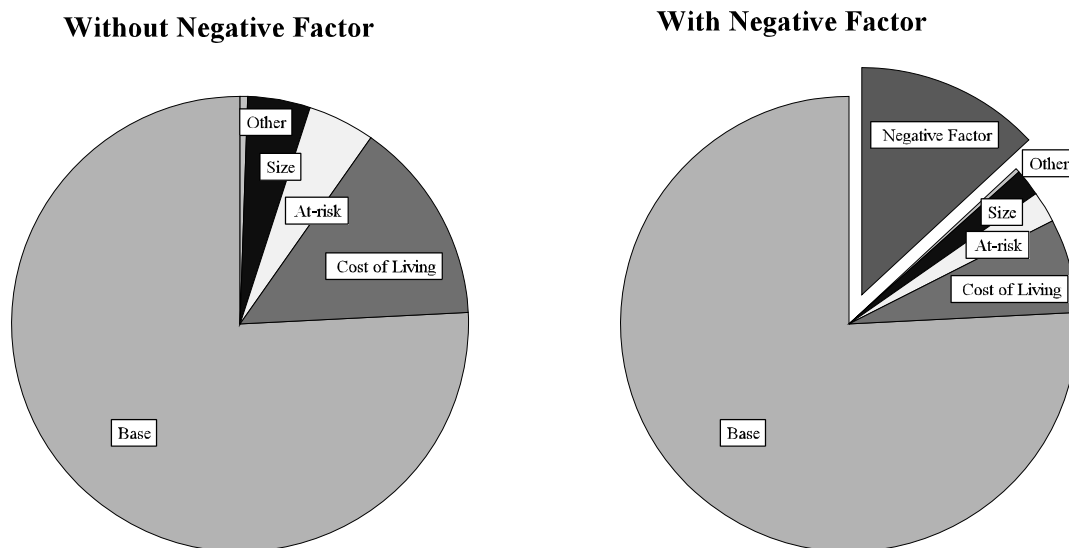
- *Size Factor* - Compensates districts lacking enrollment-based economies of scale.
- *At-risk Factor* - Provides additional funding for districts serving students who may be at risk of failing or dropping out of school. The formula utilizes a proxy to estimate the number of at-risk students: the number and concentration of students who are either eligible for free lunch under the federal school lunch program or English language learners.

In addition, the school finance formula requires a *minimum level of per pupil funding* (\$6,137 per pupil for FY 2011-12<sup>1</sup>), regardless of the impact of the above factors. For FY 2011-12, 15 districts are anticipated to receive funding based on this minimum level of per pupil funding. The School Finance Act also provides a flat amount of funding per pupil (established at \$6,914<sup>2</sup> for FY 2011-12) for two types of students:

- Students receiving full-time on-line instruction through a multi-district program; and
- Students in their fifth year of high school who are participating in the Accelerating Students Through Concurrent Enrollment (ASCENT) Program.

Finally, since FY 2010-11 the formula has included a "*negative factor*" designed to reduce districts' total program funding to a specified total amount. For FY 2011-12, this factor is estimated to be -12.9 percent, requiring a statewide reduction of \$774 million. Thus, the Department will calculate total program funding for each district based on the formula described above, and then reduce each district's total program funding by 12.9 percent<sup>3</sup>. This new factor has the effect of reducing the funding attributed to the other formula factors, as illustrated in the following graphic.

### Total Program Funding by Component: FY 2011-12



<sup>1</sup> This amount is calculated after the application of the Negative Factor.

<sup>2</sup> This amount is calculated after the application of the Negative Factor.

<sup>3</sup> Please note that for some districts, this reduction exceeds the state share of total program funding. In this case, the reduction in total program funding is limited to the state share of funding.

### Determining the State and Local Shares of 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. Property taxes are based on each district's tax rate (the mill levy) and the portion of property value that is taxable (the assessment rate). Specific ownership taxes are paid when registering a motor vehicle. These local tax revenues are collected and expended by each school district, and are not reflected in the state budget. For FY 2011-12, \$1.9 billion in local tax revenues are anticipated to be available to support public schools under the statutory school finance formula.

State funding is appropriated to fill the gap between local tax revenues and total program funding. Thus, the General Assembly appropriated \$3.3 billion in state funding for FY 2011-12 to provide a total of \$5.2 billion for school district operations.

Two constitutional provisions, combined with a statutory provision in the School Finance Act of 1994, have limited property tax revenues available for public school operations:

- In 1982, voters approved a property tax reform measure that included a provision (generally called the "Gallagher amendment"<sup>4</sup>) which initially reduced the residential assessment rate from 30.0 percent to 21.0 percent, and caps the residential share of property taxes.
- In 1992 voters approved the Taxpayer's Bill of Rights (TABOR)<sup>5</sup>. Prior to TABOR, local governments could generally collect and spend the same amount of property tax revenue each year by periodically increasing or decreasing mill levies. With respect to school district property taxes, TABOR: (1) imposes a property tax revenue limit based on inflation and changes in student enrollment; (2) prohibits districts from increasing a mill levy without voter approval; and (3) requires voter approval for any increase in the assessment rate for a class of property.

As a result of the combined impact of the Gallagher amendment and TABOR, the residential assessment rate has declined from 30.0 percent to 7.96 percent (to keep the residential share of property tax revenues at about 47.0 percent); school district mill levies have declined from the uniform mill of 40.080 (established by the General Assembly in 1988) to disparate mill levies that currently range from 1.680 to 27.000. These reductions have caused the local share of total program funding to increase at a slower rate than overall funding, requiring the State's relative share of funding to rise. Specifically, from CY 1988 to FY 2006-07, the ratio of the State share of funding to the local share of funding shifted from 43:57 to 64:36.

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. Due to the passage of S.B. 07-199 and increases in assessed valuation, the percent state share of funding actually decreased in FY 2007-08 (to 62.2 percent). Subsequently, due to declines in assessed valuation, the state share has increased and is projected to provide 64.0 percent of total program funding in FY 2011-12.

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<sup>4</sup> See Article X, Section 3 (1) (b) of the Colorado Constitution.

<sup>5</sup> See Article X, Section 20 of the Colorado Constitution.



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

- The number of pupils enrolled in public schools, including children attending state-supported preschool programs, full-time on-line programs, and students participating in the ASCENT program;
- 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;
- Fluctuations in local property and specific ownership tax revenues, as well as constitutional and statutory provisions that limit property tax revenues; and
- Changes in statutory definitions, procedures, or mathematical factors that impact the calculation of per-pupil funding or state aid for each district.

The table on the following page provides key data related to school finance funding for the last five fiscal years, as well as appropriations for FY 2010-11 and FY 2011-12.

School Finance Funding						
Description	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Approp. /2
<b>Funded Pupil Count</b>	<b>753,065</b>	<b>760,884</b>	<b>778,108</b>	<b>789,497</b>	<b>798,677</b>	<b>805,891</b>
<i>Annual Percent Change</i>	<i>1.6%</i>	<i>1.0%</i>	<i>2.3%</i>	<i>1.5%</i>	<i>1.2%</i>	<i>0.9%</i>
<i>Change in Denver-Boulder Consumer Price Index for Previous Calendar Year</i>	<i>2.1%</i>	<i>3.6%</i>	<i>2.2%</i>	<i>3.9%</i>	<i>(0.6)%</i>	<i>1.9%</i>
Statewide <u>Base</u> Per Pupil Funding	\$4,864	\$5,088	\$5,250	\$5,508	\$5,530	\$5,635
<i>Annual Percent Change</i>	<i>3.1%</i>	<i>4.6%</i>	<i>3.2%</i>	<i>4.9%</i>	<i>0.4%</i>	<i>1.9%</i>
<b>Statewide <u>Average</u> Per Pupil Funding</b>	<b>\$6,359</b>	<b>\$6,661</b>	<b>\$6,874</b>	<b>\$7,078</b>	<b>\$6,813</b>	<b>\$6,468</b>
<i>Annual Percent Change</i>	<i>3.1%</i>	<i>4.7%</i>	<i>3.2%</i>	<i>3.0%</i>	<i>(3.7)%</i>	<i>(5.1)%</i>
<b>Total Program Funding/1</b>	<b>\$4,788,862,198</b>	<b>\$5,068,284,706</b>	<b>\$5,349,019,294</b>	<b>\$5,587,765,303</b>	<b>\$5,441,603,049</b>	<b>\$5,212,694,674</b>
<i>Annual Percent Change</i>	<i>4.7%</i>	<i>5.8%</i>	<i>5.5%</i>	<i>4.5%</i>	<i>(2.6)%</i>	<i>(4.2)%</i>
<u>Local Share</u> of Total Program Funding	\$1,729,362,067	\$1,915,971,895	\$1,956,083,870	\$2,068,895,672	\$2,018,856,003	\$1,876,349,509
<i>Annual Percent Change</i>	<i>1.6%</i>	<i>10.8%</i>	<i>2.1%</i>	<i>5.8%</i>	<i>(2.4)%</i>	<i>(7.1)%</i>
<u>Federal Funds</u> distributed based on School Finance Act formula					216,358,164	
<b><u>State Share</u> of Total Program Funding</b>	<b>\$3,059,500,131</b>	<b>\$3,152,312,811</b>	<b>\$3,392,935,424</b>	<b>\$3,518,869,631</b>	<b>\$3,206,388,882</b>	<b>\$3,336,345,165</b>
<i>Annual Percent Change</i>	<i>6.6%</i>	<i>3.0%</i>	<i>7.6%</i>	<i>3.7%</i>	<i>(8.9)%</i>	<i>4.1%</i>
<i>State Share as Percent of Districts' Total Program Funding</i>	<i>63.9%</i>	<i>62.2%</i>	<i>63.4%</i>	<i>63.0%</i>	<i>58.9%</i>	<i>64.0%</i>

1/ For FY 2008-09 and FY 2009-10, figures exclude amounts that were rescinded mid-year due to a shortfall in appropriations (\$5,777,656 and \$129,620,699, respectively). For FY 2010-11 and FY 2011-12, figures reflect Total Program Funding after application of the negative factor. Finally, for purposes of providing comparable data, the FY 2010-11 figure includes \$216.4 million in federal funds that were distributed based on the school finance formula, but were not technically allocated through the School Finance Act.

2/ Please note that these figures reflect the Long Bill (S.B. 11-209), S.B. 11-230, H.B. 11-1010, and H.B. 11-1241. For details concerning the impact of the Long Bill and these separate bills on school funding, see the Assistance to Public Schools, Public School Finance section within this Department.

## 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, Article IX, Section 17 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, in calendar year 2010 the percentage change in the Denver-Boulder consumer price index was 1.9 percent, so the General Assembly was required to increase state funding for categorical programs by at least that amount (\$4,391,173) for FY 2011-12.

The General Assembly determines on an annual basis how to allocate the required increase among the various categorical programs. Since FY 2000-01, the General Assembly has increased annual state funding for categorical programs by \$93.3 million. In certain fiscal years, the General Assembly elected to increase state funding by more than the minimum constitutionally required amount, resulting in appropriations that are now \$35.3 million higher than the minimum amount that would have otherwise been required.

The following table details the allocation of the \$93.3 million among categorical programs. For details concerning the allocation of the funding increase provided for FY 2011-12, please see the Assistance to Public Schools, Categorical Programs section.

Increases in State Funding for Categorical Programs Since FY 2000-01				
Long Bill Line Item	FY 2000-01 Appropriation	FY 2011-12 Appropriation	Total Increase in Annual Appropriation of State Funds Since FY 2000-01	
Special education - children with disabilities	\$71,510,773	\$129,797,797	\$58,287,024	81.5%
English Language Proficiency Program	3,101,598	13,085,778	9,984,180	321.9%
Public school transportation	36,922,227	50,378,042	13,455,815	36.4%
Career and technical education programs	17,792,850	23,584,498	5,791,648	32.6%
Special education - gifted and talented children	5,500,000	9,201,106	3,701,106	67.3%
Expelled and at-risk student services grant program	5,788,807	7,493,560	1,704,753	29.4%
Small attendance center aid	948,140	959,379	11,239	1.2%
Comprehensive health education	600,000	1,005,396	405,396	67.6%
<b>Total</b>	<b>\$142,164,395</b>	<b>\$235,505,556</b>	<b>\$93,341,161</b>	<b>65.7%</b>

# Summary of FY 2010-11 and FY 2011-12 Appropriations

Department of Education						
	Total Funds	General Fund/1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$4,366,220,940</b>	<b>\$2,963,613,216</b>	<b>\$592,384,040</b>	<b>\$22,737,017</b>	<b>\$787,486,667</b>	<b>555.7</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management and Administration	48,976,085	7,492,977	19,418,649	12,088,089	9,976,370	151.5
Assistance to Public Schools	4,295,623,034	2,943,900,498	571,333,239	7,187,397	773,201,900	197.7
Library Programs	7,278,941	2,171,474	549,070	250,000	4,308,397	38.9
School for the Deaf and the Blind	14,342,880	10,048,267	1,083,082	3,211,531	0	167.6
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	4,703,796,678	3,540,054,561	571,073,392	22,818,086	569,850,639	551.8
SB 10-054	0	0	0	0	0	0.2
SB 10-161	0	0	0	0	0	1.0
HB 10-1369	(365,085,341)	(363,391,120)	(1,608,887)	(85,334)	0	0.0
SB 11-137	4,584,413	3,256,773	21,550	28,226	1,277,864	2.7
SB 11-157	22,925,190	(216,358,164)	22,925,190	0	216,358,164	0.0
SB 11-209	0	51,166	(27,205)	(23,961)	0	0.0
<b>FY 2011-12 Total Appropriation:</b>	<b>\$4,336,043,821</b>	<b>\$2,833,701,556</b>	<b>\$853,103,045</b>	<b>\$23,319,283</b>	<b>\$625,919,937</b>	<b>541.6</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Management and Administration	57,926,051	7,209,049	20,291,682	12,869,138	17,556,182	133.6
Assistance to Public Schools	4,257,102,915	2,814,391,746	831,023,866	7,131,521	604,555,782	197.8
Library Programs	6,930,587	2,160,117	712,497	250,000	3,807,973	42.6
School for the Deaf and the Blind	14,084,268	9,940,644	1,075,000	3,068,624	0	167.6
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	4,563,872,393	3,294,711,018	619,775,069	23,433,557	625,952,749	540.9
SB 11-076	(465,333)	(311,971)	(64,092)	(56,458)	(32,812)	0.0
SB 11-230	(227,413,958)	(460,700,000)	233,343,858	(57,816)	0	0.0
HB 11-1010	1,664	1,664	0	0	0	0.0
HB 11-1121	83,383	0	83,383	0	0	0.9
HB 11-1241	845	845	0	0	0	0.0
HB 11-1277	(35,173)	0	(35,173)	0	0	(0.2)

<b>Department of Education</b>						
	<b>Total Funds</b>	<b>General Fund/1</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>Increase/(Decrease)</b>	(\$30,177,119)	(\$129,911,660)	\$260,719,005	\$582,266	(\$161,566,730)	(14.1)
<b>Percentage Change</b>	(0.7)%	(4.4)%	44.0%	2.6%	(20.5)%	(2.5)%

/1 Includes \$279,344,485 General Fund Exempt in FY 2010-11 and \$284,175,417 General Fund Exempt in FY 2011-12. See Division Detail for more information on General Fund Exempt appropriations.

## **FY 2010-11 Appropriation - Mid-year Adjustment Highlights**

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to:

1. Reflect the availability of \$156.3 million from the federal Education Jobs Fund and decrease the General Fund appropriation for school districts' total program funding by \$156.3 million.
2. Shift \$60.0 million in federal American Recovery and Reinvestment Act of 2009 (ARRA) moneys from the Department of Higher Education to the Department of Education, and shift \$60.0 million in General Fund appropriations from Education to Higher Education.
3. Increase the cash funds appropriation from the State Public School Fund for school districts' total program funding by \$22.9 million to offset a local revenue shortfall.
4. Add \$2.9 million General Fund to assist certain school districts experiencing temporary cash flow deficits due to the State Treasurer's suspension of the Interest Free Cash Flow Loan Program.
5. Add a new line item appropriation totaling \$1.6 million cash and federal funds to reflect recently awarded library-related grants.
6. Apply a 1.0 percent reduction to General Fund personal services line items.

## **FY 2011-12 Appropriation Highlights**

The FY 2011-12 appropriation:

1. Eliminates \$216.4 million in federal funds that was made available to school districts in FY 2010-11 and reflected in appropriations in S.B. 11-157 for informational purposes. Based on the availability of these federal funds, the General Assembly reduced state funding for school finance for FY 2010-11 by \$216.4 million. These federal funds will not be longer available in FY 2011-12.
2. Increases state funding for the School Finance Act by \$130.0 million (4.1 percent) to partially backfill the loss of federal funds, referenced above, as well as a projected \$142.5 million (7.1 percent) decrease in

local property and specific ownership tax revenues for school finance in FY 2011-12. This \$130.0 million increase in state funding for the School Finance Act includes:

- a \$256.0 million increase in cash funds appropriations; and
- a \$126.0 million decrease in the General Fund appropriation.

This fund source adjustment is primarily related to S.B. 11-156, which requires the transfer of an estimated \$245 million<sup>6</sup> from the General Fund to the State Education Fund in late 2011. Thus, the appropriation from the State Education Fund for the School Finance Act is relatively high for FY 2011-12, predicated on this funds transfer.

3. Adjusts appropriations to better reflect funding anticipated to be available from various cash and federal grants, including an increase of \$54.6 million federal funds and a reduction of \$1.3 million cash funds.
4. Increases cash funds spending authority from the Public School Capital Construction Assistance Fund by \$9.0 million for the purpose of making payments on lease-purchase agreements entered into by the State Treasurer pursuant to the Building Excellent Schools Today ("BEST") Program.
5. Adds \$4.4 million cash funds from the State Education Fund to increase state funding for categorical programs by 1.9 percent as required by Article IX, Section 17 (1) of the Colorado Constitution.
6. Eliminates a \$2.9 million one-time General Fund appropriation to assist certain school districts with cash flow needs.
7. Reduces and eliminates appropriations for various programs by a total of \$2.7 million (including \$2.1 million cash funds and \$575,000 General Fund) for purposes of balancing the state budget.
8. Reduces 14.1 FTE, including the following changes:
  - (a) Eliminates 12.8 FTE to better reflect the number of state-funded FTE that can be filled with existing resources;
  - (b) Reduces the number of FTE shown for informational purposes or supported by gifts and grants by 2.6 FTE;
  - (c) Adds 0.7 FTE to implement H.B. 11-1121 and H.B. 11-1277; and
  - (d) Adds 0.6 FTE for the general educational development (GED) program to annualize a prior year budget action.

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<sup>6</sup> Based on the Office of State Planning and Budgeting's March 2011 revenue forecast.

## Detail of Appropriation by Administrative Section

### Management and Administration

This section provides funding for the State Board of Education, the Commissioner of Education, and general department administrative responsibilities including: human resources, budgeting, accounting, information management, assessments, and data analyses. This section also includes funding for the Office of Professional Services, the Division of On-line Learning, and the State Charter School Institute.

Cash funds primarily include the State Education Fund, the Educator Licensure Cash Fund, the Institute Charter School Assistance Fund, general education development (GED) program fees, and the Public School Capital Construction Assistance Fund. Reappropriated funds consist primarily of indirect cost recoveries, the transfer of funds from various cash- and federally-funded line items, and the transfer of various grants and donations originally appropriated in the Assistance to Public Schools section.

Management and Administration						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$48,961,348	\$7,526,935	\$19,344,219	\$12,113,824	\$9,976,370	150.1
SB 10-161	0	0	0	0	0	1.0
SB 11-137	14,737	(85,124)	101,635	(1,774)	0	0.4
SB 11-209	<u>0</u>	<u>51,166</u>	<u>(27,205)</u>	<u>(23,961)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$48,976,085</b>	<b>\$7,492,977</b>	<b>\$19,418,649</b>	<b>\$12,088,089</b>	<b>\$9,976,370</b>	<b>151.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$48,976,085	\$7,492,977	\$19,418,649	\$12,088,089	\$9,976,370	151.5
Spending authority and informational appropriation adjustments	8,039,926	0	0	537,246	7,502,680	(7.5)
Transfer appropriation	550,000	0	550,000	0	0	0.0
Centrally appropriated line items	331,420	171,091	(2,913)	(15,866)	179,108	0.0
Restore one-time personal services reductions	208,587	115,200	45,969	28,932	18,486	0.0
Statewide IT common policy adjustments	127,017	127,017	0	0	0	0.0
Indirect cost assessment	118,233	(512,745)	118,233	512,745	0	0.0
Annualize prior year funding	45,586	0	45,586	0	0	0.6
CSAP funding	19,556	0	120,639	0	(101,083)	0.0
Personal services base reduction	(326,559)	(59,372)	(10,332)	(256,855)	0	(11.7)
General Fund reduction	(38,794)	(38,794)	0	0	0	0.0

Management and Administration						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Other	(5,488)	(5,488)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$58,045,569</b>	<b>\$7,289,886</b>	<b>\$20,285,831</b>	<b>\$12,894,291</b>	<b>\$17,575,561</b>	<b>132.9</b>
SB 11-076	(167,247)	(80,837)	(42,359)	(24,672)	(19,379)	0.0
SB 11-230	(481)	0	0	(481)	0	0.0
HB 11-1121	83,383	0	83,383	0	0	0.9
HB 11-1277	<u>(35,173)</u>	<u>0</u>	<u>(35,173)</u>	<u>0</u>	<u>0</u>	<u>(0.2)</u>
<b>TOTAL</b>	<b>\$57,926,051</b>	<b>\$7,209,049</b>	<b>\$20,291,682</b>	<b>\$12,869,138</b>	<b>\$17,556,182</b>	<b>133.6</b>
<b>Increase/(Decrease)</b>	\$8,949,966	(\$283,928)	\$873,033	\$781,049	\$7,579,812	(17.9)
Percentage Change	18.3%	(3.8)%	4.5%	6.5%	76.0%	(11.8)%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-137 and S.B. 11-209 modified FY 2010-11 appropriations to:

- apply a 1.0 percent reduction to General Fund personal services line items;
- increase cash fund spending authority for the GED program to address workload increases; and
- correct fund sources for various centrally appropriated line items.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Spending authority and informational appropriation adjustments:** The appropriation includes adjustments to several line items to better reflect funding anticipated to be available from various cash and federal grants and the number of FTE supported by such funds.

**Transfer appropriation:** The appropriation transfers the appropriation related to the Institute Charter School Assistance Fund from the Assistance to Public Schools section of the Long Bill.

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; workers' compensation; legal services; administrative law judges; payments to risk management and property funds; and Capitol complex leased space.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State contribution to PERA pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.



**Statewide IT common policy adjustments:** The appropriation includes adjustments to line items appropriated for purchase of services from the computer center and multiuse network payments.

**Indirect cost assessment:** The appropriation increases the amount of indirect cost recoveries that is appropriated in lieu of General Fund by \$512,745. The appropriation also increases the amount of indirect cost recoveries that is included in the Office of Professional Services line item by \$118,233 to better reflect the indirect cost rate applied to the Educator Licensure Cash Fund.

**Annualize prior year funding:** The appropriation includes a funding increase for the general educational development (GED) program related to a prior year budget action.

**CSAP funding:** The appropriation adjusts funding for the Colorado Student Assessment Program (CSAP) to reflect anticipated contract costs and fund sources.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items. The appropriation also reduces FTE levels to better reflect funded positions.

**General Fund reduction:** The appropriation includes a reduction of \$38,794 General Fund to certain line items.

**Other:** The appropriation includes other minor adjustments.

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

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## **Assistance to Public Schools**

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

- *Public School Finance:* This subsection includes funding for the state share of districts' total program funding required under the School Finance Act, for other distributions that are directly related to school district pupil counts, and for administration of the School Finance Act and related programs.
- *Categorical Programs:* This subsection includes state and federal funding for all programs defined as "categorical programs" pursuant to Article IX, Section 17 of the Colorado Constitution.
- *Grant Programs, Distributions, and Other Assistance:* 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.

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	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$4,634,661,148	\$3,520,283,147	\$550,376,868	\$7,157,397	\$556,843,736	197.5
SB 10-054	0	0	0	0	0	0.2
HB 10-1369	(365,085,341)	(363,476,454)	(1,608,887)	0	0	0.0
SB 11-137	3,122,037	3,451,969	(359,932)	30,000	0	0.0
SB 11-157	22,925,190	(216,358,164)	22,925,190	0	216,358,164	0.0
SB 11-209	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,295,623,034</b>	<b>\$2,943,900,498</b>	<b>\$571,333,239</b>	<b>\$7,187,397</b>	<b>\$773,201,900</b>	<b>197.7</b>
<b>FY 2011-12 Appropriation:</b>						
SB 11-209	\$4,484,581,857	\$3,275,148,371	\$597,700,964	\$7,163,307	\$604,569,215	197.8
SB 11-076	(67,974)	(1,799)	(20,956)	(31,786)	(13,433)	0.0
SB 11-230	(227,413,477)	(460,757,335)	233,343,858	0	0	0.0
HB 11-1010	1,664	1,664	0	0	0	0.0
HB 11-1241	<u>845</u>	<u>845</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,257,102,915</b>	<b>\$2,814,391,746</b>	<b>\$831,023,866</b>	<b>\$7,131,521</b>	<b>\$604,555,782</b>	<b>197.8</b>
<b>Increase/(Decrease)</b>	(\$38,520,119)	(\$129,508,752)	\$259,690,627	(\$55,876)	(\$168,646,118)	0.1
Percentage Change	(0.9)%	(4.4)%	45.5%	(0.8)%	(21.8)%	0.1%

/1 Includes General Fund Exempt amounts. See subsection detail, below, for information on General Fund Exempt appropriations.

### *Public School Finance*

This subsection of the Assistance to Public Schools section primarily 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 36.0 percent of the amount required under the Act for FY 2011-12 or \$1.9 billion) is not reflected in appropriations to the Department. This subsection also includes funding for other distributions that are directly related to school district pupil counts, as well as funding for staff responsible for administering the School Finance Act and the Colorado Preschool Program, for providing technical assistance and making grants for full-day kindergarten programs, and for auditing school districts to ensure compliance with the federal school lunch, public school transportation, and English language proficiency programs.

For FY 2011-12, 80.1 percent of the State's share of districts' total program funding is from the General Fund; the remainder is appropriated from two cash funds: the State Education Fund and the State Public School Fund. Administrative costs are primarily supported by transfers from the State Share of Districts' Total Program Funding, which has the effect of reducing funding that would otherwise be distributed to school districts.

### **School Finance Formula Overview: FY 2011-12 Funding for Public School Finance**

The annual Long Bill contains appropriations based on current law. Thus, for purposes of public school finance, the annual Long Bill contains appropriations to fund public schools based on projected student enrollment, the existing statutory public school finance funding formula, and the minimum constitutionally required increase in base per pupil funding. The General Assembly also passes a separate bill each year, called the school finance bill, that modifies the statutory school finance formula for the upcoming fiscal year. The school finance bill always specifies, in statute, the constitutionally required increase in base per pupil funding. In addition, the school finance bill often includes other statutory modifications that increase or decrease the cost of funding public schools. The school finance bill then includes an appropriation clause which increases or decreases Long Bill appropriations for the following fiscal year accordingly.

The FY 2011-12 Long Bill (S.B. 11-209) includes appropriations sufficient to fully fund public schools based on projected student enrollment for FY 2011-12, the statutory public school finance funding formula prior to any 2011 Session modifications, and the minimum constitutionally required increase in base per pupil funding. Specifically, appropriations in the Public School Finance subsection of the Long Bill increased by \$140.0 million compared to FY 2010-11. The funding increases that are included in the Long Bill are described below, in the "FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions" section.

The 2011 school finance bill (S.B. 11-230) includes formula modifications that significantly reduce the cost of funding the public school finance formula for FY 2011-12. Senate Bill 11-230 thus includes an appropriation clause that decreases appropriations of state funds in the Public School Finance subsection of the Long Bill for FY 2011-12 by \$226.8 million (including a \$460.8 million decrease in General Fund and a \$234.0 million increase in cash funds). When both the Long Bill and S.B. 11-230 are taken into account, appropriations in the Public School Finance subsection decreased by \$86.8 million from FY 2010-11 to FY 2011-12.

The largest line item appropriation within this subsection provides the *State Share of Districts' Total Program Funding*. The table on the following page provides data related to this line item appropriation for both FY 2010-11 and FY 2011-12. As detailed in the table:

- Long Bill appropriations for districts' total program funding were based on the formula prior to S.B. 11-230, which would have maintained the total amount of funds received by districts at \$5.4 billion. However, the Long Bill increased state funds by \$356.4 million (11.1 percent), primarily to offset the loss of \$216.4 million in federal funding and a projected \$142.5 million decline in local property tax revenues.
- Senate Bill 11-230 modified the statutory school finance formula, significantly reducing the costs of fully funding the formula for FY 2011-12. This bill reduced districts' total program funding by \$226.4 million (4.2 percent), thereby reducing average per pupil funding by \$281 (4.2 percent). This bill reduced the level of state funding required for FY 2011-12 by \$226.4 million (6.4 percent).

Thus, when both the Long Bill and S.B. 11-230 are taken into account, total funding for school districts in FY 2011-12 will be \$228.9 million (4.2 percent) lower than in FY 2010-11. This level of funding is anticipated to reduce average per pupil funding by \$345 (5.1 percent) compared to FY 2010-11.

<b>School Finance Formula Overview</b> <b>Districts' Total Program Funding: FY 2010-11 and FY 2011-12</b>					
<b>School Finance: Total Program</b>	<b>FY 10-11 Amended Appropriation</b>	<b>Long Bill (SB 11-209) Appropriation</b>	<b>Adjustments in SB 11-230 and Other Bills /1</b>	<b>FY 11-12 Appropriation</b>	<b>Annual Change</b>
Funded pupil count	798,676.6	805,890.6	0.0	805,890.6	7,214.0
<i>Annual percent change</i>					0.9%
Statewide <u>base</u> per-pupil funding	\$5,529.71	\$5,634.77	\$0.00	\$5,634.77	\$105.06
<i>Annual percent change</i>					1.9%
Total program funding ( <u>prior to</u> negative factor)	\$5,822,814,150	\$5,987,109,016	\$0	\$5,987,109,016	\$164,294,866
LESS: Negative factor reduction	<u>(597,569,265)</u>	<u>(547,983,762)</u>	<u>(226,430,580)</u>	<u>(774,414,342)</u>	<u>(176,845,077)</u>
EQUALS: Adjusted total program funding	5,225,244,885	5,439,125,254	(226,430,580)	5,212,694,674	(12,550,211)
PLUS: Federal funds made available	<u>216,358,164</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(216,358,164)</u>
EQUALS: Total local, state, and federal moneys distributed based on school finance formula	5,441,603,049	5,439,125,254	(226,430,580)	5,212,694,674	(228,908,375)
<i>Annual percent change</i>					-4.2%
<i>Total funds reduction as percent of "full" funding</i>	-6.5%	-9.2%		-12.9%	
Statewide <u>average</u> per-pupil funding (including federal moneys made available in FY 2010-11)	\$6,813.27	\$6,749.21	(\$280.97)	\$6,468.24	(\$345.03)
<i>Annual percent Change</i>					-5.1%
<u>Local share</u> of districts' total program funding	\$2,018,856,003	\$1,876,349,509	(\$2,509)	\$1,876,347,000	(\$142,509,003)
<i>Annual percent Change</i>					-7.1%
Federal funds made available	\$216,358,164				
<u>State share</u> of districts' total program funding	\$3,206,388,882	\$3,562,775,745	(\$226,428,071)	\$3,336,347,674	\$129,958,792
<i>Annual percent Change</i>					4.1%
<i>State Share as % of Districts' Total Program</i>	58.9%			64.0%	

/1 Figures reflect adjustments in S.B. 11-230, H.B. 11-1010, and H.B. 11-1241.

The table on the following page provides the standard comparison of FY 2010-11 and FY 2011-12 appropriations for the Public School Finance subsection of the budget. This table is followed by the standard descriptions of mid-year adjustments to FY 2010-11 appropriations and descriptions of the year-over-year funding changes that are reflected in the Long Bill (S.B. 11-230).

<i>Public School Finance</i>						
	<b>Total Funds</b>	<b>General Fund/1</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$3,772,524,442	\$3,377,160,166	\$393,890,502	\$1,473,774	\$0	18.3
SB 10-054	49,761	0	49,761	0	0	0.2
HB 10-1369	(363,964,418)	(363,476,454)	(487,964)	0	0	0.0
SB 11-137	52,000	506,161	(454,161)	0	0	0.0
SB 11-157	22,925,190	(216,358,164)	22,925,190	0	216,358,164	0.0
SB 11-209	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,431,586,975</b>	<b>\$2,797,831,709</b>	<b>\$415,923,328</b>	<b>\$1,473,774</b>	<b>\$216,358,164</b>	<b>18.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$3,431,586,975	\$2,797,831,709	\$415,923,328	\$1,473,774	\$216,358,164	18.5
State share of districts' total program funding	356,386,863	334,768,861	21,618,002	0	0	0.0
Reimbursements for juveniles in jail	70,968	0	70,968	0	0	0.0
Restore one-time personal services reduction	27,999	0	0	27,999	0	0.0
Eliminate one-time funding	(216,410,164)	0	(52,000)	0	(216,358,164)	0.0
Hold-harmless full-day kindergarten funding	(65,441)	0	(65,441)	0	0	0.0
Personal services base reduction	(21,237)	0	(311)	(20,926)	0	0.0
<b>SB 11-209</b>	<b>\$3,571,575,963</b>	<b>\$3,132,600,570</b>	<b>\$437,494,546</b>	<b>\$1,480,847</b>	<b>\$0</b>	<b>18.5</b>
SB 11-076	(27,870)	0	0	(27,870)	0	0.0
SB 11-230	(226,760,477)	(460,757,335)	233,996,858	0	0	0.0
HB 11-1010	1,664	1,664	0	0	0	0.0
HB 11-1241	<u>845</u>	<u>845</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,344,790,125</b>	<b>\$2,671,845,744</b>	<b>\$671,491,404</b>	<b>\$1,452,977</b>	<b>\$0</b>	<b>18.5</b>
<b>Increase/(Decrease)</b>	<b>(\$86,796,850)</b>	<b>(\$125,985,965)</b>	<b>\$255,568,076</b>	<b>(\$20,797)</b>	<b>(\$216,358,164)</b>	<b>0.0</b>
Percentage Change	(2.5)%	(4.5)%	61.4%	(1.4)%	(100.0)%	0.0%

/1 Includes General Fund Exempt amounts.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
<b>FY 2010-11 Appropriation</b>	\$3,013,683,712	\$2,852,239,227	\$161,444,485
SB 11-137	506,161	506,161	0
SB 11-157	(216,358,164)	(216,358,164)	0
SB 11-209	<u>0</u>	<u>(117,900,000)</u>	<u>117,900,000</u>
<b>FY 2010-11 Adjusted Appropriation</b>	\$2,797,831,709	\$2,518,487,224	\$279,344,485
Increase funding based on school finance formula, prior to 2011 Session statutory changes to the formula	334,768,861	334,768,861	0
Adjust General Fund Exempt amount based on FY 2011-12 revenue projections <sup>7</sup>	0	(4,830,932)	4,830,932
SB 11-230	(460,757,335)	(460,757,335)	0
HB 11-1010	1,664	1,664	0
HB 10-1241	<u>845</u>	<u>845</u>	<u>0</u>
<b>FY 2011-12 Appropriation</b>	\$2,671,845,744	\$2,387,670,327	\$284,175,417

## General Fund Exempt

Referendum C, passed by Colorado voters in November 2005, allows the State to retain and spend all revenue that is collected in excess of the TABOR limit for FY 2005-06 through FY 2009-10. For FY 2010-11 and subsequent fiscal years, Referendum C allows the State to retain all revenues that are in excess of the TABOR limit, but less than the excess state revenues cap<sup>8</sup>, for that fiscal year. This revenue must be placed in the General Fund Exempt Account. The above table shows the amount of General Fund Exempt that is appropriated for FY 2010-11 and FY 2011-12 from the General Fund Exempt Account for preschool through twelfth grade education pursuant to Sections 24-77-103.6 (2) (b) and 24-77-104.5 (3), C.R.S.

## FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-137 and S.B. 11-209 modified FY 2010-11 appropriations to:

- adjust the sources of funds appropriated for school finance, increasing the General Fund appropriation by \$506,161 and reducing the cash funds appropriation from the State Education Fund by \$506,161;
- reflect the portion of the General Fund appropriation that is from the General Fund Exempt Account (\$117,900,000) based on the Office of State Planning and Budgeting March 2011 revenue forecast; and
- authorize expenditure of \$52,000 grant funds to conduct a study required by S.B. 10-008.

For information on S.B. 11-157, see the "Recent Legislation" section at the end of this department.

<sup>7</sup> Based on the Office of State Planning and Budgeting's March 2011 revenue forecast.

<sup>8</sup> The "excess state revenues cap" is equal to the highest annual total state revenues from FY 2005-06 through FY 2009-10, adjusted each subsequent fiscal year for inflation, the percentage change in state population, enterprises, and debt service changes.

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**State share of districts' total program funding:** Article IX, Section 17 (1) of the Colorado Constitution (Amendment 23) requires the General Assembly to increase the statewide base per pupil funding amount by inflation (i.e., the rate of change in the Denver-Boulder consumer price index) for FY 2011-12 and each fiscal year thereafter. Based on the existing School Finance Act formula, prior to 2011 Session statutory changes, the Long Bill appropriation provides the required \$356.4 million (11.1 percent) increase in *state* funding for the School Finance Act, including:

- (a) a \$334.8 million increase (12.0 percent) in the General Fund appropriation;
- (b) a \$33.3 million increase (11.8 percent) in the State Education Fund appropriation; and
- (c) an \$11.7 million decrease (9.4 percent) from the State Public School Fund appropriation.

The cash funds appropriation from the State Public School Fund is based on fund revenues anticipated to be available for FY 2011-12, less appropriations from this fund to the Department for other purposes. The State Education Fund appropriation is based on maintaining a fund balance of about \$50 million at the end of FY 2011-12 in order to provide a cushion to account for income tax revenue forecast error.

**Reimbursements for juveniles in jail:** The appropriation transfers an appropriation of \$159,526 for per pupil reimbursement for juveniles held in jail from the Grant Programs, Distributions, and Other Assistance subsection to this subsection. The appropriation also reduces funding for reimbursing school districts for educational services provided to juveniles held in jails by \$88,558 based on estimates of the number of youth receiving such services.

**Restore one-time personal services reduction:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Eliminate one-time funding:** The appropriation eliminates a total of \$216.4 million in one-time federal funding for school districts, including \$156.3 million from the Education Jobs Fund Program and \$60.0 million from the State Fiscal Stabilization Fund pursuant to the federal American Recovery and Reinvestment Act (ARRA) of 2009. The appropriation also eliminates a one-time cash funds appropriation for a study concerning average daily membership.

**Hold-harmless full-day kindergarten funding:** The appropriation decreases funding for this line item based on projected enrollment changes and changes in per pupil funding. This line item provides additional funding for certain districts' full-day kindergarten programs.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

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### *Categorical Programs*

This subsection includes appropriations for all "categorical programs", a term that refers to programs designed to serve particular groups of students (*e.g.*, students with limited proficiency in English) or particular student needs (*e.g.*, transportation). Article IX, Section 17 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 and the Public School Transportation Fund. Reappropriated funds include federal funds transferred from the Department of Human Services.

<i>Categorical Programs</i>						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$401,792,109</u>	<u>\$141,765,474</u>	<u>\$89,798,909</u>	<u>\$101,812</u>	<u>\$170,125,914</u>	<u>73.6</u>
<b>TOTAL</b>	<b>\$401,792,109</b>	<b>\$141,765,474</b>	<b>\$89,798,909</b>	<b>\$101,812</b>	<b>\$170,125,914</b>	<b>73.6</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$401,792,109	\$141,765,474	\$89,798,909	\$101,812	\$170,125,914	73.6
Increase state funding by 1.9 percent	4,391,173	0	4,391,173	0	0	0.0
Informational appropriation adjustments	(105,700)	0	0	0	(105,700)	0.0
<b>SB 11-209</b>	<b><u>\$406,077,582</u></b>	<b><u>\$141,765,474</u></b>	<b><u>\$94,190,082</u></b>	<b><u>\$101,812</u></b>	<b><u>\$170,020,214</u></b>	<b><u>73.6</u></b>
<b>TOTAL</b>	<b>\$406,077,582</b>	<b>\$141,765,474</b>	<b>\$94,190,082</b>	<b>\$101,812</b>	<b>\$170,020,214</b>	<b>73.6</b>
<b>Increase/(Decrease)</b>	\$4,285,473	\$0	\$4,391,173	\$0	(\$105,700)	0.0
Percentage Change	1.1%	0.0%	4.9%	0.0%	(0.1)%	0.0%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Increase state funding by 1.9 percent:** As required by Amendment 23, the FY 2011-12 appropriation includes a \$4,391,173 (1.9 percent) increase in *state funding* for categorical programs (based on the actual percent change in the Denver-Boulder consumer price index in 2010). The full amount of the increase is from the State Education Fund. The table on the following page details the allocation of the required funding increase among categorical programs.



Appropriations Increase in <i>State</i> Funding for Categorical Programs for FY 2011-12				
Long Bill Line Item	FY 2010-11 Appropriation of State Funds	Allocation of FY 2011-12 Increases in State Funds		FY 2011-12 Appropriation of State Funds
		\$ Change	% Change	
<b>District Programs Required by Statute:</b>				
Special education programs for children with disabilities	\$127,362,125	\$2,435,672	1.9%	\$129,797,797
English language proficiency programs	12,396,353	689,425	5.6%	13,085,778
<b>Other Categorical Programs:</b>				
Public school transportation	49,541,821	836,221	1.7%	50,378,042
Career and technical education programs	23,296,124	288,374	1.2%	23,584,498
Special education programs for gifted and talented children	9,059,625	141,481	1.6%	9,201,106
Expelled and at-risk student services grant program	7,493,560	0	0.0%	7,493,560
Small attendance center aid	959,379	0	0.0%	959,379
Comprehensive health education	1,005,396	0	0.0%	1,005,396
<b>Total</b>	<b>\$231,114,383</b>	<b>\$4,391,173</b>	<b>1.9%</b>	<b>\$235,505,556</b>

**Informational appropriation adjustments:** The appropriation includes adjustments to better reflect federal funding anticipated to be available.

### *Grant Programs, Distributions, and Other Assistance*

This subsection 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, other than those programs that are defined as categorical programs. This subsection includes funding for the Public School Capital Construction Assistance Board and the Facility Schools Board.

Significant sources of cash funds include: the Public School Capital Construction Assistance Fund, the State Education Fund, moneys transferred from the Tobacco Litigation Settlement Cash 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.

The most 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 of the Elementary and Secondary Education Act – funding for professional development and activities designed to improve educator quality.

<i>Grant Programs, Distributions, and Other Assistance</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$460,344,597	\$1,357,507	\$66,687,457	\$5,581,811	\$386,717,822	105.6
SB 10-054	(49,761)	0	(49,761)	0	0	0.0
HB 10-1369	(1,120,923)	0	(1,120,923)	0	0	0.0
SB 11-137	<u>3,070,037</u>	<u>2,945,808</u>	<u>94,229</u>	<u>30,000</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$462,243,950</b>	<b>\$4,303,315</b>	<b>\$65,611,002</b>	<b>\$5,611,811</b>	<b>\$386,717,822</b>	<b>105.6</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$462,243,950	\$4,303,315	\$65,611,002	\$5,611,811	\$386,717,822	105.6
Spending authority and informational appropriation adjustments	46,280,347	0	(1,437,000)	(4,871)	47,722,218	1.0
Lease payments	9,000,000	0	9,000,000	0	0	0.0
Restore one-time personal services reductions	159,444	2,632	23,269	14,462	119,081	0.0
Eliminate one-time funding	(2,946,551)	(2,946,551)	0	0	0	0.0
Reduce or eliminate appropriations	(2,719,953)	(575,000)	(2,114,953)	(30,000)	0	(0.9)
Facility schools	(1,904,077)	0	(1,904,077)	0	0	0.0
Read-to-Achieve Grant Program	(1,900,952)	0	(1,900,952)	0	0	0.0
Transfer appropriation	(875,636)	0	(875,636)	0	0	0.0
Financial assistance priority assessment	(231,207)	0	(231,207)	0	0	0.0
Reimbursements for juveniles in jail	(159,526)	0	(159,526)	0	0	0.0
Personal services base reduction	(32,823)	(1,253)	(18,622)	(2,828)	(10,120)	0.0
General Fund reduction	(816)	(816)	0	0	0	0.0
Other	16,112	0	24,038	(7,926)	0	0.0
<b>SB 11-209</b>	<b>\$506,928,312</b>	<b>\$782,327</b>	<b>\$66,016,336</b>	<b>\$5,580,648</b>	<b>\$434,549,001</b>	<b>105.7</b>
SB 11-076	(40,104)	(1,799)	(20,956)	(3,916)	(13,433)	0.0
SB 11-230	<u>(653,000)</u>	<u>0</u>	<u>(653,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$506,235,208</b>	<b>\$780,528</b>	<b>\$65,342,380</b>	<b>\$5,576,732</b>	<b>\$434,535,568</b>	<b>105.7</b>

<i>Grant Programs, Distributions, and Other Assistance</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>Increase/(Decrease)</b>	\$43,991,258	(\$3,522,787)	(\$268,622)	(\$35,079)	\$47,817,746	0.1
Percentage Change	9.5%	(81.9)%	(0.4)%	(0.6)%	12.4%	0.1%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-137 modified FY 2010-11 appropriations to:

- add \$2,946,551 General Fund to assist certain school districts experiencing temporary cash flow deficits in the absence of the Interest Free Cash Flow Loan Program, which was suspended pending the outcome of Amendment 61;
- increase cash and reappropriated funds spending authority from the Start Smart Nutrition Program Fund by \$124,229 to provide adequate funding for the full school year; and
- apply a 1.0 percent reduction to General Fund personal services line items.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Spending authority and informational appropriation adjustments:** The appropriation includes adjustments to several line items to better reflect funding anticipated to be available from various grants and federal funds and the number of FTE supported by such funds.

**Lease payments:** The appropriation increases the cash funds spending authority from the Public School Capital Construction Assistance Fund by \$9.0 million (from \$20.0 million to \$29.0 million) for the purpose of making payments on lease-purchase agreements entered into by the State Treasurer.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State contribution to Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Eliminate one-time funding:** The appropriation eliminates a one-time appropriation of General Fund to the Contingency Reserve Fund to assist certain school districts with cash flow needs.

**Reduce or eliminate appropriations:** The appropriation reduces and eliminates the following appropriations due to a lack of funding to support the program or to reduce the magnitude of reductions to districts' total program funding:

- the elimination of \$1,800,000 cash funds (State Education Fund) for Closing the Achievement Gap;
- the elimination of \$500,000 General Fund for the School Breakfast (grant) program;
- the elimination of \$250,000 cash funds (gifts, grants, and donations) for the School Awards Program;

- the elimination of \$75,000 General Fund and 0.7 FTE for the School Leadership Academy Program;
- the elimination of \$50,000 cash funds (federal mineral lease revenues) for the Supplemental On-line Education Grant Program;
- the elimination of \$30,000 reappropriated funds (gifts, grants and donations credited to a cash fund) for the Family Literacy Education Grant Program; and
- the elimination of \$14,953 cash funds (gifts, grants, and donations) and 0.2 FTE for the Healthy Choices Dropout Prevention Pilot Program.

**Facility schools:** The appropriation decreases funding for facility schools based on estimated student enrollment and state average per pupil revenues for FY 2011-12.

**Read-to-Achieve Grant Program:** The appropriation eliminates spending authority related to reserves in the Read-to-Achieve Cash Fund.

**Transfer appropriation:** The appropriation reduces the cash funds appropriation from the Institute Charter School Assistance Fund from \$875,636 to \$550,000, and then transfers this appropriation to the Management and Administration section of the Long Bill.

**Financial assistance priority assessment:** The appropriation reduces the cash funds appropriation for the assessment required by H.B. 08-1335 (Building Excellent Schools Today Act) based on the amount of the original appropriation that remains unspent.

**Reimbursements for juveniles in jail:** The appropriation transfers an appropriation of \$159,526 for per pupil reimbursement for juveniles held in jail from this subsection to the Public School Finance subsection.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**General Fund reduction:** The appropriation includes a reduction of \$816 General Fund to certain line items.

**Other:** The appropriation includes other minor adjustments.

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

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## Library Programs

This section contains appropriations for all library-related programs and staff. There are approximately 330 publicly-funded libraries in Colorado, including libraries operated by school districts, higher education institutions, and counties and municipalities, as well as institutional libraries (*e.g.*, nursing homes, correctional institutions, etc.). State library programs, which provide support to locally-funded libraries, are primarily supported by General Fund and federal funds.

Cash fund sources include grants and donations. Reappropriated funds are transferred from the Colorado Disabled Telephone Users Fund to the Reading Services for the Blind Cash Fund and are used to support privately operated reading services for the blind.

<b>Library Programs</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$5,727,642	\$2,177,886	\$269,223	\$250,000	\$3,030,533	36.6
SB 11-137	<u>1,551,299</u>	<u>(6,412)</u>	<u>279,847</u>	<u>0</u>	<u>1,277,864</u>	<u>2.3</u>
<b>TOTAL</b>	<b>\$7,278,941</b>	<b>\$2,171,474</b>	<b>\$549,070</b>	<b>\$250,000</b>	<b>\$4,308,397</b>	<b>38.9</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$7,278,941	\$2,171,474	\$549,070	\$250,000	\$4,308,397	38.9
Restore one-time personal services reductions	23,449	22,672	777	0	0	0.0
Spending authority and informational appropriation adjustments	(336,997)	0	163,427	0	(500,424)	3.7
Personal services base reduction	(10,759)	(10,759)	0	0	0	0.0
General Fund reduction	(7,010)	(7,010)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$6,947,624</b>	<b>\$2,176,377</b>	<b>\$713,274</b>	<b>\$250,000</b>	<b>\$3,807,973</b>	<b>42.6</b>
SB 11-076	<u>(17,037)</u>	<u>(16,260)</u>	<u>(777)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$6,930,587</b>	<b>\$2,160,117</b>	<b>\$712,497</b>	<b>\$250,000</b>	<b>\$3,807,973</b>	<b>42.6</b>
<b>Increase/(Decrease)</b>	<b>(\$348,354)</b>	<b>(\$11,357)</b>	<b>\$163,427</b>	<b>\$0</b>	<b>(\$500,424)</b>	<b>3.7</b>
Percentage Change	(4.8)%	(0.5)%	29.8%	0.0%	(11.6)%	9.5%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-137 modified FY 2010-11 appropriations to:

- add a new line item appropriation totaling \$1,557,711 (including \$279,847 cash funds and \$1,277,864 federal funds) to reflect recently awarded grants; and
- apply a 1.0 percent reduction to General Fund personal services line items.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State contribution to Public Employees' Retirement Association (PERA) pursuant to S.B.

10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Spending authority and informational appropriation adjustments:** The appropriation includes adjustments to several line items to better reflect funding anticipated to be available from various grants and federal funds and the number of FTE supported by such funds.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**General Fund reduction:** The appropriation includes a reduction of \$7,010 General Fund to certain line items.

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

## 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, hearing impaired, blind, or visually impaired, and under the age of 21. In FY 2009-10, the School had a total enrollment of 560 children, including 347 infants and toddlers and 213 students (ages 3 to 21) who received services on campus.

The primary source of funding for the CSDB is General Fund. However, the CSDB also receives State Education Fund moneys that are reappropriated from the Facility School Funding line item. Similar to community-based residential facilities that operate education programs, the CSDB is permitted to receive up to one and one-third times the average per pupil revenue for education services, based on the number of instructional days in the School's calendar. The CSDB also receives other sources of state and federal funding (e.g., Medicaid and nutrition funding), tuition from other states that place children at CSDB, payments from school districts that place students at CSDB on a short-term basis for diagnostic purposes, and various grants and fees. The General Assembly appropriates state General Fund moneys to cover operating costs that are not covered by other funding sources.

School for the Deaf and the Blind						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$14,446,540	\$10,066,593	\$1,083,082	\$3,296,865	\$0	167.6
HB 10-1369	0	85,334	0	(85,334)	0	0.0
SB 11-137	<u>(103,660)</u>	<u>(103,660)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$14,342,880</b>	<b>\$10,048,267</b>	<b>\$1,083,082</b>	<b>\$3,211,531</b>	<b>\$0</b>	<b>167.6</b>

<b>School for the Deaf and the Blind</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$14,342,880	\$10,048,267	\$1,083,082	\$3,211,531	\$0	167.6
Restore one-time personal services reductions	308,225	308,225	0	0	0	0.0
Fund source adjustment	0	(23,603)	0	23,603	0	0.0
Personal services base reduction	(153,204)	(153,204)	0	0	0	0.0
Spending authority adjustments	(117,257)	0	(8,082)	(109,175)	0	0.0
General Fund reduction	(80,952)	(80,952)	0	0	0	0.0
Centrally appropriated line items	(2,349)	(2,349)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$14,297,343</b>	<b>\$10,096,384</b>	<b>\$1,075,000</b>	<b>\$3,125,959</b>	<b>\$0</b>	<b>167.6</b>
SB 11-076	(213,075)	(213,075)	0	0	0	0.0
SB 11-230	<u>0</u>	<u>57,335</u>	<u>0</u>	<u>(57,335)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$14,084,268</b>	<b>\$9,940,644</b>	<b>\$1,075,000</b>	<b>\$3,068,624</b>	<b>\$0</b>	<b>167.6</b>
<b>Increase/(Decrease)</b>	(\$258,612)	(\$107,623)	(\$8,082)	(\$142,907)	\$0	0.0
Percentage Change	(1.8)%	(1.1)%	(0.7)%	(4.5)%	n/a	0.0%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-137 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to General Fund personal services line items and update vehicle replacement payments.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State contribution to Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Fund source adjustment:** The appropriation includes an increase in funds transferred from the Facility Schools Funding line item offset by a decrease in General Fund.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Spending authority adjustments:** The appropriation includes adjustments to several line items to better reflect funding anticipated to be available from various grants, fees, and transfers from other line items in this Department.

**General Fund reduction:** The appropriation includes a reduction of \$80,952 General Fund to certain line items.

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for shift differential and vehicle lease payments.

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

## Recent Legislation

### 2010 Session Bills

**S.B. 10-008:** Contingent on the receipt of sufficient gifts, grants, and donations, requires the Department of Education to contract for a study to evaluate the feasibility, local education provider impact, and design of a system to allow the calculation of a district's pupil enrollment based on average daily membership rather than a single count date. Requires the Department to submit a report summarizing the findings and recommendations of the study by December 15, 2010.

**S.B. 10-054:** Requires school districts to provide educational services to juveniles who are charged as adults in criminal matters and who are being held pending trial in county jails or other facilities that detain adult offenders. Provides for certain exceptions. Allows a district providing these educational services to seek reimbursement from another school district or charter school if the juvenile was included in that district's or school's pupil enrollment. In addition, allows the district providing educational services to receive two types of reimbursements from the Department: (1) For a juvenile who was not included in a district's pupil enrollment, reimbursement for costs incurred up to the state average per pupil revenue, prorated for the period services are provided; and (2) for all juveniles served, the daily rate established for facility schools for each day that service is provided. Requires each county jail or facility to annually collect certain information concerning any juveniles held at the facility and to submit the information to the Department of Public Safety, Division of Criminal Justice, so that the information can be made available upon request.

Appropriates a total of \$209,287 cash funds from the Read-to-Achieve Cash Fund and 0.2 FTE to the Department of Education for FY 2010-11, including: \$20,729 and 0.2 FTE for Department administrative functions; \$29,032 to reimburse districts with per pupil revenues for services provided to juveniles who were not included in a district's pupil enrollment; and \$159,526 to pay a daily rate for services provided to any juvenile held in a county jail or adult facility. Reduces the FY 2010-11 appropriation for the Read-to-Achieve Grant Program by \$209,287 cash funds.

**S.B. 10-150:** Requires that certain moneys that would otherwise be credited to the Public School ("Permanent") Fund in FY 2010-11 be transferred to the State Public School Fund (SPSF). This act did not include an



appropriation clause. However, the FY 2010-11 Long Bill included an appropriation of \$31.6 million cash funds from the SPSF for the State Share of Districts' Total Program Funding due to the passage of S.B. 10-150.

**S.B. 10-151:** Repeals the Comprehensive Health Education Fund (CHEF), effective July 1, 2010, and requires any moneys remaining in the CHEF to be credited to the State Public School Fund. Eliminates the requirement that the Department of Education transfer 50.0 percent of any unexpended appropriations for public school finance to the CHEF at the end of the fiscal year. As a result, 100.0 percent of any unexpended appropriations for public school finance will remain in the State Public School Fund and be available for appropriation in future fiscal years.

**S.B. 10-161:** Establishes the Charter School Collaborative Act and authorizes the State Charter School Institute (SCSI) and district charter schools to contract with boards of cooperative services (BOCES) and other district or Institute charter schools for the use and maintenance of facilities and the provision of educational services. A charter school does not need approval of its authorizing district to form or join a collaborative. Further, the SCSI is authorized to act as the local education agency (LEA) and fiscal agent for any district or institute charter school that chooses to apply for a nonformulaic, competitive federal grant and can charge an administrative fee for acting as an LEA. Moneys received by both the Institute and the Department of Education from fees established in the bill are continuously appropriated to each entity for costs incurred from implementing provisions in the legislation. Appropriates 1.0 FTE which is to be supported by fees collected for the purposes of acting as a local education agency and fiscal agent for charter schools.

**S.B. 10-191:** Requires that the State Board of Education (the Board) adopt guidelines for a system to evaluate the effectiveness of teachers and principals. Requires all school districts and boards of cooperative services (BOCES) to adjust their local performance evaluation systems to meet or exceed the adopted guidelines. Codifies the State Council for Educator Effectiveness (the Council) and requires that it make recommendations to the Board concerning the implementation and testing of the new performance evaluation system by March 1, 2011. Requires the new system to be implemented statewide in FY 2013-14 and finalized statewide in FY 2014-15.

Creates the continuously appropriated Great Teachers and Leaders Fund (GTLF) to receive federal grants for purposes of implementing the act. The Department is anticipated to require \$237,869 and 3.0 FTE in FY 2010-11 for new staff to oversee departmental activities, support the Board and the Council in establishing the program and adopting rules, conduct analysis of existing performance evaluation systems, recommend conforming changes, and provide training and technical assistance to local districts. The act authorizes the transfer of state moneys to the GTLF if less than \$250,000 in federal grants are received by September 30, 2012; such transfers would be made from the Contingency Reserve Fund and, if necessary, the State Education Fund.

**H.B. 10-1013:** Makes a number of modifications related to the administration of public schools, including: requiring state assistance for charter school facilities to be paid on a monthly basis (rather than in a lump sum); extending the military dependent supplemental pupil enrollment aid program indefinitely and eliminating the need for the Department and school districts to perform related administrative tasks unless funding is made available for the program; authorizing local boards of education to transfer unrestricted moneys into or out of the capital reserve fund or risk management reserves beginning in FY 2009-10; authorizing school food authorities to use state matching funds in lieu of moneys from the authority's general fund; changing a number of statutory deadlines and reporting time frames; and eliminating obsolete provisions.

**H.B. 10-1030:** Creates the Early Childhood Educator Development Scholarship Program to administer a scholarship program to assist persons employed in early childhood education to obtain an associate of arts degree. Creates the continuously appropriated Early Childhood Educator Development Scholarship Cash Fund to receive federal money and other donations for the purposes of distributing scholarships and to provide for the direct and indirect costs of implementing the program. The conditional expenditures are estimated to be approximately \$201,445, consisting of \$21,455 and 0.4 FTE for program administration and \$180,000 for scholarships. The program's implementation is subject to the receipt of sufficient money from federal sources and other donations.

**H.B. 10-1036:** Enacts the "Public School Financial Transparency Act", which requires school districts, boards of cooperative services, the State Charter School Institute, and charter schools to post specified financial information on-line, in a downloadable format, for free public access. Phases in these requirements over three fiscal years.

**H.B. 10-1183:** Creates the Alternative School Funding Models Pilot Program to encourage school districts and charter schools to collect data that will be used to compare the effects of alternative school funding models with the current method. Authorizes a school district or charter school that participates in the Pilot Program to accept gifts, grants, and donations to offset the costs incurred, and allows a participant to request waivers of certain education-related statutory provisions. Creates an Advisory Council to collect data from participants and submit an annual summary report. Authorizes the Advisory Council to accept and expend gifts, grants, donations, and services in kind to offset the costs incurred in implementing the Pilot Program. Requires that any moneys received for such purpose be credited to the Legislative Department Cash Fund, which is continuously appropriated to the Executive Committee of the Legislative Council.

**H.B. 10-1318:** Makes two changes to the School Finance Act formula. First, suspends the "minimum state aid" requirement for five fiscal years. The minimum state aid requirement is an exception to the formula for calculating the state and local shares of funding for public schools, essentially setting a floor on the amount of *state* funding that each school district receives and thus reducing the required local share for certain districts. Requires the Department to submit a report to the Joint Budget Committee and the Education Committees by January 15, 2015 regarding the estimated cost of restoring minimum state aid in FY 2015-16. Second, clarifies how pro rata reductions should affect districts that are affected by the minimum state aid requirement. Current law requires the Department to reduce state funding for each school district and each Institute charter school on a pro rata basis if appropriations fall short of fully funding the formula or to cover certain administrative expenditures. This act specifies that the Department shall use the same basis for reducing each district's state funding even if it results in a district receiving less than the amount of minimum state aid.

While the act does not affect state expenditures in FY 2009-10, it does affect state funding allocations to individual school districts. Specifically, the act increases the size of the mid-year reduction in funding for nine school districts (by a total of \$750,116), and decreases the size of the mid-year reduction in funding for the remaining 169 school districts (by a total of \$750,116). For FY 2010-11, the act reduces state payments to four school districts by \$165,411. However, at the time this act was considered by the General Assembly, the actual reduction in state expenditures could not be accurately quantified. Thus, the act did not include an appropriation clause. Instead, this reduction in state expenditures is reflected in the FY 2010-11 Long Bill (H.B. 10-1376) appropriation for the State Share of Districts' Total Program Funding.

**H.B. 10-1335:** Authorizes a board of cooperative services (BOCES) to become a school food authority (SFA), enabling a BOCES to be responsible for the administration of the federal free and reduced-price lunch and

breakfast programs. Establishes the BOCES Healthy Food Grant Program to establish the program rules, develop an application form, develop selection criteria, and recommend grant recipients to the Commissioner of Education. Creates the BOCES Healthy Food Grant Program Cash Fund which is subject to annual appropriation by the General Assembly. This fund is to consist of any gifts, grants, or donations received by the Department or any other moneys the Department allocates to it. The Fund is to also include any federal moneys received for this purpose which are not subject to appropriation. Further, the Department is not required to implement the provisions of the bill unless, at its discretion, sufficient moneys are credited to the BOCES Healthy Food Grant Program Cash Fund. The conditional expenditures are estimated to be approximately \$246,430 cash funds from the BOCES Healthy Food Grant Program Cash Fund and 0.3 FTE in FY 2010-11. If the Department determines that sufficient moneys are available to implement the program, spending authority from the General Assembly will be required. [The Department has not yet requested spending authority for this purpose.]

**H.B. 10-1369:** Amends the "Public School Finance Act of 1994" and other statutory provisions to provide funding for school districts for FY 2010-11, making the following changes:

- Increases the statewide *base per pupil funding* from \$5,507.68 to \$5,529.71 (0.4 percent) to account for the annual change in the Denver-Boulder consumer price index in CY 2009 (-0.6 percent) plus one percent.
- For FY 2010-11 and FY 2011-12, requires the Department of Education to reduce total program funding for all school districts and Institute charter schools through the application of a *state budget stabilization factor*. Requires the Department and the staff of the Legislative Council to determine the amount of the funding reduction necessary to ensure that total program funding for FY 2010-11 and FY 2011-12 does not exceed \$5,438,295,823 each fiscal year. Requires the Department to then calculate the state budget stabilization factor for each fiscal year by dividing the amount of the required funding reduction by total program funding for all school districts and Institute charter schools. Requires the state budget stabilization factor to be revised mid-year, if necessary, based on actual pupil enrollment and local tax revenues.

Modifies the school finance formula for FY 2010-11 and FY 2011-12, generally establishing a district's total program funding as the greater of:

- (a) total program funding calculated for the district, including any funding for Institute charter schools located within the district, minus the district's state budget stabilization reduction amount for that fiscal year; or
- (b) base per pupil funding multiplied by the district's funded pupil count.

However, applies the state budget stabilization factor differently for a district in which local property tax revenue is sufficient to fully fund the district's total program, or the amount of state aid a district receives is less than its state budget stabilization reduction amount. For these districts, the amount of the state budget stabilization reduction shall not exceed the district's state aid, ensuring that the district's total program mill levy is not affected by the budget stabilization factor. Instead, requires such a district to use revenues generated by its total program mill levy to replace any state funding for categorical programs that the district would otherwise be eligible to receive (called "categorical buyout"). The amount of the district's state aid plus the amount of categorical buyout shall not exceed

the district's state budget stabilization reduction amount. Requires the Department to distribute the state funding that is replaced by categorical buyout funds to other eligible districts.

Requires the Department to apply the state budget stabilization factor to a district's on-line funding and a district's accelerating students through concurrent enrollment (ASCENT) program funding.

Finally, for purposes of calculating a district's *mill levy override limit*, specifies that a district's total program shall be the amount as calculated before the state budget stabilization factor is applied.

- Eliminates a potential financial incentive for a district charter school to convert to an Institute charter school or a charter school of another district. Specifically, when determining a district's funded pupil count, specifies that a district's pupil enrollment shall not include any pupil who is or was enrolled in a district charter school that was converted on or after July 1, 2010.
- Under current law, up to \$11 million of rental *income earned on public school lands* is annually credited to the State Public School Fund (SPSF) and made available for appropriation; no interest or income earned on the Public School ("Permanent") Fund is credited to the SPSF. House Bill 10-1369 specifies that the \$11 million that is annually credited to the SPSF shall be from the interest or income earned on the Permanent Fund rather than from rental income.

Makes the following appropriations for FY 2010-11:

- Decreases the General Fund appropriation for the State Share of Districts' Total Program Funding by \$363,476,454. This reduction is based on an estimated state budget stabilization factor of -6.35 percent.
- Decreases two cash funds appropriations from the State Education Fund based on a reduction in per pupil funding: Hold-harmless Full-day Kindergarten Funding (-\$487,964) and Facility School Funding (-\$1,120,923).
- Decreases appropriations that reflect the transfer of moneys from the Facility School Funding line item to the Department of Education for the Colorado School for the Deaf and the Blind (CSDB) and to the Department of Human Services for education programs at the Mental Health Institutes (by \$85,334 and \$13,439, respectively). Increases the General Fund appropriations for the CSDB and the Mental Health Institutes by \$85,334 and \$13,439, respectively.
- Adjusts three cash funds appropriations from the SPSF to identify interest and income earned on the Permanent Fund as the source of funds, rather than rental income. These appropriations include \$8,491,876 for the State Share of Districts' Total Program Funding, \$2,472,644 for the state match for the school lunch program, and \$35,480 for reprinting and distributing laws concerning education.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

## **2011 Session Bills**

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA

contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$465,333 total funds, of which \$311,971 is General Fund, \$64,092 is cash funds, \$56,458 is reappropriated funds, and \$32,812 is federal funds.

**S.B. 11-109:** Establishes a new voluntary donation line on state income tax forms for support of the Colorado Preschool Program. Requires contributions to be credited to the newly created Public Education Fund, and authorizes the General Assembly to appropriate moneys in the Fund to the Department of Revenue for related administrative costs and to the Department of Education for use in the Colorado Preschool Program. For additional information on this bill, see the "Recent Legislation" section for the Department of Revenue.

**S.B. 11-111:** Creates the Educational Success Task Force to study and make recommendations concerning strategies for ensuring students' academic progress by providing intervention education services and remedial education at critical junctures in their academic careers. The Task Force will be made up of legislators, researchers, practitioners, parents of students, and members of the business community.

**S.B. 11-137:** Supplemental appropriation to the Department of Education to modify FY 2010-11 appropriations included in the FY 2010-11 Long Bill (H.B. 10-1376).

**S.B. 11-156:** Reduces the statutorily required General Fund reserve for FY 2010-11 from 4.0 percent of General Fund appropriations to 2.3 percent of General Fund appropriations. Requires the State Treasurer to transfer General Fund moneys that exceed the 2.3 percent reserve requirement to the State Education Fund; this transfer is to be made when the State Controller publishes the State Comprehensive Annual Financial Report for FY 2010-11. Initial estimates indicate that this bill will result in a transfer of \$245 million from the General Fund to the State Education Fund in late 2011.

**S.B. 11-157:** Adjusts appropriations to the Departments of Education and Higher Education for FY 2010-11 to reflect the availability of federal Education Jobs Funds and save \$156.3 million General Fund. With respect to the Department of Education, the bill:

- increases the cash funds appropriation for school districts' total program funding by \$22.9 million cash funds<sup>9</sup> to offset a local revenue shortfall;
- reflects the availability of \$156.3 million from the federal Education Jobs Fund<sup>10</sup>, and decreases the General Fund appropriation for districts' total program funding by the same amount;
- shifts \$60.0 million federal American Recovery and Reinvestment Act of 2009 (ARRA) moneys from higher education to K-12 education, and shifts \$60.0 million General Fund from K-12 education to higher education<sup>11</sup>; and

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<sup>9</sup> This appropriation comes from reserves in the State Public School Fund, which consists of federal mineral lease revenues, state public school lands revenues, and school district audit recoveries.

<sup>10</sup> The Department has allocated these federal funds based on the school finance formula.

<sup>11</sup> These federal moneys must be allocated proportionally between K-12 and higher education based on the relative shortfall in state funding compared to FY 2008-09 appropriations.

- reduces the appropriation from the State Education Fund for Hold-harmless Full-day Kindergarten Funding by \$4,460 to better reflect anticipated expenditures.

The following table details all of the above described appropriation adjustments.

Senate Bill 11-157: FY 2010-11 Appropriations					
	Total State and Federal Funds	General Fund	Cash Funds	Federal Funds	Reappropriated Funds
<u>Section 3: Department of Education</u>					
<i>Mid-year Adjustments to School Finance Appropriations:</i>					
State Share of Districts' Total Program Funding	\$22,929,650	\$0	\$22,929,650	\$0	\$0
Hold-harmless Full-day Kindergarten Funding	<u>(4,460)</u>	<u>0</u>	<u>(4,460)</u>	<u>0</u>	<u>0</u>
Subtotal	22,925,190	0	22,925,190	0	0
<i>Adjustments Related to Federal Funds:</i>					
State Share of Districts' Total Program Funding	(216,358,164)	(216,358,164)	0	0	0
Education Stabilization Funds from the State Fiscal Stabilization Fund in ARRA	60,026,613	0	0	60,026,613	0
Education Jobs Fund Program	<u>156,331,551</u>	<u>0</u>	<u>0</u>	<u>156,331,551</u>	<u>0</u>
Subtotal	0	(216,358,164)	0	216,358,164	0
Subtotal: Education	\$22,925,190	(\$216,358,164)	\$22,925,190	\$216,358,164	\$0
<u>Section 4: Department of Higher Education</u>					
College Opportunity Fund Program, Fee-for-service Contracts with State Institutions	\$57,602,465	\$57,602,465	\$0	\$0	\$0
Various Governing Boards	(57,602,465)	0	0	(57,602,465)	57,602,465
Local District Junior College Grants	0	1,365,801	0	(1,365,801)	0
Division of Occupational Education, Area Vocational School Support*	<u>0</u>	<u>1,058,347</u>	<u>0</u>	<u>(1,058,347)</u>	<u>0</u>
Subtotal: Higher Education	\$0	\$60,026,613	\$0	(\$60,026,613)	\$57,602,465
Total Adjustments	\$22,925,190	(\$156,331,551)	\$22,925,190	\$156,331,551	\$57,602,465

Finally, the bill makes three related statutory changes to the School Finance Act:

1. *Supplemental Kindergarten Enrollment Definition.* Specifies that the supplemental kindergarten enrollment factor will be maintained at 0.58 FTE for FY 2010-11 and for future fiscal years (consistent with the appropriation for FY 2010-1).
2. *Modify Total Program Funding for FY 2010-11.* Establishes total program funding for FY 2010-11 based on the appropriation changes described above. The appropriation adjustments in the bill essentially hold school districts harmless as reductions in state funding are offset by available federal

funds. States the General Assembly's intent that various distributions and allocations<sup>12</sup>, shall be calculated prior to the \$216.4 million reduction in state funding, thereby simplifying calculations and holding the recipients of certain distributions and allocations harmless as well.

3. *Clarify Mid-year Adjustment to State Budget Stabilization Factor.* Clarifies that in FY 2011-12, mid-year adjustments to the state budget stabilization factor shall maintain total program funding at the level initially established in the 2011 legislative session.

**S.B. 11-164:** Transfers \$2,853,383 from the Contingency Reserve Fund to the General Fund on June 30, 2011. For additional information on this bill, see the "Recent Legislation" section for the Department of Labor and Employment.

**S.B. 11-184:** Establishes a temporary tax amnesty program that allows taxpayers to pay certain overdue taxes to the State without penalty and at a reduced interest rate. Transfers a portion of the moneys collected through the tax amnesty program, estimated to total \$9.7 million, to the State Education Fund on December 31, 2011. For additional information on this bill, see the "Recent Legislation" section for the Department of Revenue.

**S.B. 11-209:** General appropriations act for FY 2011-12. Also includes supplemental adjustments to modify appropriations to the Department of Education included in the FY 2010-11 Long Bill (H.B. 10-1376).

**S.B. 11-218:** Transfers the balance of moneys in various cash funds to the State Education Fund on June 30, 2011, as detailed in the following table. All of these cash funds are administered by the Department of Education.

Senate Bill 11-218: FY 2010-11 Transfers		
Bill Section	Name of Fund	Estimated Transfer Amount
1	National Academic Contest Fund	\$44
2	Financial Literacy Cash Fund	46,510
3	Teacher Development Fund	1,065
4	Full-day Kindergarten Facility Capital Construction Fund	37,419
5	Science and Technology Education Fund	3,761
6	Reading Assistance Grant Program Fund	20,635
<b>Total FY 2010-11 Transfers to the State Education Fund</b>		<b>\$109,434</b>

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<sup>12</sup> These distributions and allocations include the following: Hold-harmless full-day kindergarten funding; small attendance center aid; facility school funding; per-pupil reimbursements for students in local jails; per-pupil funding for multi-district on-line programs and the Accelerating Students Through Concurrent Enrollment (ASCENT) Program; district allocations to child care providers for the Colorado preschool program; and district allocations to charter schools.

**S.B. 11-226:** Transfers amounts from various cash funds to the General Fund in FY 2010-11 and FY 2011-12, as detailed in the following table.

Senate Bill 11-226: FY 2010-11 and FY 2011-12 Transfers					
Bill Section	Name of Fund	Department	Transfer Date	Transfer Amount	
				FY 2010-11	FY 2011-12
1	Read-to-Achieve Cash Fund*	Education	June 30, 2011	\$1,864,845	\$0
2	Tobacco Litigation Settlement Cash Fund - Health Care Supplemental Appropriations and Overexpenditures Account*	Public Health and Environment	June 30, 2012	0	669,519
3	Debt Collection Fund	Personnel and Administration	June 30, 2012	0	249,494
4	Child Welfare Action Committee Cash Fund*	Human Services	July 1, 2011	0	155,104
5	Local Government Mineral Impact Fund	Local Affairs	June 30, 2012	0	30,000,000
6	Perpetual Base Account of Severance Tax Trust Fund	Natural Resources	July 1, 2011 and June 30, 2012	0	48,100,000
7	Operational Account of the Severance Tax Trust Fund	Natural Resources	June 30, 2012	0	3,950,000
8	Local Government Severance Tax Fund	Local Affairs	June 30, 2012	0	41,000,000
9	Low Income Energy Assistance Fund	Human Services	June 30, 2011 and Jan. 5, 2012	3,250,000	3,250,000
<b>Total Transfers</b>				<b>\$5,114,845</b>	<b>\$127,374,117</b>

\*Requires the transfer of any unexpended and unencumbered moneys remaining in these funds.

Reduces an informational appropriation for the Low Income Energy Assistance Program for FY 2010-11 by \$3.25 million, consistent with the transfer of moneys from the Low Income Energy Assistance Fund to the General Fund.

**S.B. 11-230:** Amends the "Public School Finance Act of 1994" and other statutory provisions to provide funding for school districts for FY 2011-12, making the following changes:

- Increases the statewide *base per pupil funding* from \$5,529.71 to \$5,634.77 (1.9 percent) to account for the annual change in the Denver-Boulder consumer price index in CY 2010.
- Renames the "state budget stabilization factor", which was created through H.B. 10-1369, the "*negative factor*" and extends application of this factor indefinitely beyond FY 2011-12. For FY 2011-12, reduces the specified minimum total program funding amount that results after the application of the negative factor by \$227.5 million; does not specify the total program funding amount for FY 2012-13 or any subsequent fiscal year.



- Extends for an additional two years (FY 2011-12 and FY 2012-13) the requirement that certain *revenues related to state trust lands* that would otherwise be credited to the Public School ("Permanent") Fund be transferred to the State Public School Fund (SPSF). Initial estimates indicate that this provision will make another \$36.0 million available for appropriation for FY 2011-12.
- Modifies S.B. 11-156, which requires the State Treasurer to transfer General Fund moneys that exceed the 2.3 percent statutory reserve requirement to the State Education Fund. Specifically, requires the State Treasurer to *transfer from the General Fund to the State Public School Fund* (SPSF) an amount equal to the additional estimated revenue (i.e., the amount by which the Office of State Planning and Budgeting's June 2011 estimate of General Fund revenues for FY 2010-11 exceeds the Office's March 2011 estimate); except the transfer to the SPSF shall not exceed \$67.5 million. States the General Assembly's intent that the moneys transferred to the SPSF be available for appropriation during FY 2011-12 to account for mid-year changes in pupil enrollment, the at-risk pupil population, and changes in local tax revenues available for school finance. Requires all remaining excess General Fund reserve moneys to be transferred to the State Education Fund, as required by S.B. 11-156.
- States that the assessed valuation used to determine a *school district's limit of bonded indebtedness* is the assessed valuation certified on the December 10 prior to the date on which the bonds are issued.
- Extends a requirement that the Legislative Council Staff calculate the additional interest earned on severance taxes paid monthly instead of quarterly to September 1, 2015. The added interest, up to \$1,500,000, is transferred to the *Public School Energy Efficiency Fund*.

As detailed in the following table, modifies several appropriations for FY 2011-12.

Senate Bill 11-230: FY 2011-12 Appropriations		
Purpose	Amount	Fund Source
<b><i>Section 14: Adjustments Related to Statutory Changes to School Finance Formula</i></b>		
(1) Management and Administration, State Charter School Institute Administration, Oversight, and Management	(\$481)	Reappropriated Funds - Transfer from State Share of Districts' Total Program Funding line item
(2), (3), and (4) Public School Finance, State Share of Districts' Total Program Funding	(284,810,465)	General Fund
	36,000,000	Cash Funds - State Public School Fund (available pursuant to Sections 8, 9, and 10 of the bill)
	<u>22,379,885</u>	Cash Funds - State Education Fund (SEF)
	(226,430,580)	Total Funds
(5) Public School Finance, Hold-harmless Full-day Kindergarten Funding	(329,897)	Cash Funds - SEF
(6) Grant Programs, Distributions, and Other Assistance, Facility School Funding	(653,000)	Cash Funds - SEF
(7) and (8) Colorado School for the Deaf and the Blind, Personal Services	57,335	General Fund
	(57,335)	Reappropriated Funds - Transfer from Facility School Funding line item

Senate Bill 11-230: FY 2011-12 Appropriations		
Purpose	Amount	Fund Source
<i>Section 15: Fund Source Adjustments Unrelated to Statutory Changes</i>		
(1) and (2) Public School Finance, State Share of Districts' Total Program Funding	(175,946,870)	General Fund
	<u>175,946,870</u>	Cash Funds - SEF
	0	Total Funds
<b>Totals</b>	<b><u>(\$227,413,958)</u></b>	<b>Total Funds</b>
	(460,700,000)	General Fund
	197,343,858	State Education Fund
	36,000,000	State Public School Fund
	(57,816)	Reappropriated Funds

Also adjusts footnote #7 in the 2011-12 Long Bill (S.B. 11-209) to reduce the amount of funding that the Department of Education may use to fund students in the Accelerating Students Through Concurrent Enrollment (ASCENT) Program to \$4,443,980.

**H.B. 11-1010:** Modifies certain requirements concerning property tax exemptions and reporting requirements related to the incidental use of property owned and used by fraternal and veterans' organizations for a charitable purpose. Increases the General Fund appropriation to the Department of Education for the State Share of Districts' Total Program Funding for FY 2011-12 by \$1,664 to offset the anticipated reduction in local property tax revenues.

**H.B. 11-1093:** Modifies requirements concerning specific ownership taxes related to special mobile machinery. While the bill is anticipated to increase the amount of state moneys required for the State Share of Districts' Total Program Funding for FY 2011-12, the amount of the increase is expected to be minimal and has not been estimated.

**H.B. 11-1121:** Enacts the "Safer Schools Act of 2011", which prohibits a school district, charter school, or Institute charter school from employing a person in a nonlicensed position if that person has been convicted of certain enumerated felonies, including drug and domestic violence felonies. Allows a person to seek reconsideration of the denial of employment, and authorizes the school district or school to hire the person after assessing safety risks. Appropriates \$83,383 cash funds from the Educator Licensure Cash Fund and 0.9 FTE to the Department of Education for FY 2011-12, and appropriates \$11,005 from reappropriated funds transferred from the Department of Education to the Department of Law.

**H.B. 11-1201:** Modifies administrative procedures related to professional educator license renewals. Continuously appropriates moneys in the Educator Licensure Cash Fund to the Department of Education for three fiscal years (FY 2011-12 through FY 2013-14). Requires the Department to annually report expenditures from the Fund and the Department's progress in meeting the goal of reducing to six weeks or less the processing time for issuing or renewing an educator license. Requires the annual Long Bill for each fiscal year to reflect estimated expenditures from the Fund for informational purposes.

**H.B. 11-1241:** Beginning with the 2011 property tax year, provides a nonprofit housing provider a property tax exemption for a maximum of five consecutive years for property that is used for charitable purposes and

upon which the provider intends to construct or rehabilitate housing to be sold to low-income applicants. Increases the General Fund appropriation to the Department of Education for the State Share of Districts' Total Program Funding for FY 2011-12 by \$845 to offset the anticipated reduction in local property tax revenues.

**H.B. 11-1254:** Makes a number of changes concerning bullying prevention and education activities and policies. Establishes the School Bullying Prevention and Education Grant Program to provide funding to public schools and facility schools for activities related to bullying prevention and education. Continuously appropriates moneys in the newly created School Bullying Prevention and Education Cash Fund to the Department of Education to implement the grant program. This fund will consist of gifts, grants and donations received and any moneys (other than General Fund moneys) made available by the General Assembly. Requires the Department to make publicly available evidence-based practices and other resources for educators and other professionals engaged in bullying prevention and education.

**H.B. 11-1277:** Makes a number of statutory changes involving K-12 education. Modifies reporting requirements and oversight functions related to online schools and the Division of Online Learning. Decreases the cash funds appropriation from the State Education Fund for the Division of On-line Learning for FY 2011-12 by \$35,173 and 0.2 FTE.

Allows school districts and boards of cooperative services (BOCES) that are affected by a bill that imposes any new mandate or increase in the level of service for an existing mandate to submit to the Legislative Council Staff a brief summary of the fiscal impact of the bill on the district's or BOCES' budget. Requires the Legislative Council Staff to: (1) include any brief summary received from a district or BOCES with the fiscal analysis that is prepared for the bill; and (2) request from the Department of Education information regarding the impact of proposed legislation on school districts and BOCES and to consider the information received when completing the local government fiscal impact section of the fiscal note.

# 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 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$13,443,436	\$13,862,984	\$11,930,349	\$11,175,194
Cash Funds	38,831,138	28,043,418	26,204,006	23,643,160
Reappropriated Funds	50,198,695	48,776,564	131,373,119	125,124,833
Federal Funds	<u>32,981,986</u>	<u>32,857,679</u>	<u>33,496,112</u>	<u>23,791,753</u>
<b>Total Funds</b>	<b>\$135,455,255</b>	<b>\$123,540,645</b>	<b>\$203,003,586</b>	<b>\$183,734,940</b>
Full Time Equiv. Staff	376.7	368.9	1,048.9	1,046.8

## General Factors Driving the Budget

Funding for this department consists of 6.1 percent General Fund, 12.9 percent cash funds, 68.1 percent reappropriated funds, and 12.9 percent federal funds. Some of the major factors driving the Department's budget are discussed below.

### Energy Efficiency and Renewable Energy Resource Development Initiatives

The Governor's Energy Office (GEO) has historically been funded with federal moneys associated with weatherization projects and petroleum violation escrow funds (PVE) awarded to the state beginning in the early 1980s. PVE was a one-time, fixed source of funding, with a total allocation to Colorado of \$70.5 million. In preparation for the depletion of PVE funds, GEO migrated funding for programs to alternative cash fund sources. However, a number of programs administered by GEO are now funded from cash and federal sources that have the potential to vary considerably from year to year, including limited gaming tax revenue, severance tax earnings, and one-time federal funds.

The Clean Energy Fund received a continuous appropriation of the remaining portion of moneys from the Limited Gaming Fund after all other statutory transfers were completed at the end of each fiscal year. Various statutory provisions governing the distribution of limited gaming fund moneys eliminated the transfer of these moneys in FY 2008-09, FY 2009-10, and FY 2010-11. Senate Bill 11-159 permanently eliminated the transfer of limited gaming tax revenue to the Clean Energy Fund.

Moneys from the Operational Account of the Severance Tax Trust Fund are transferred to GEO's Low-Income Energy Assistance Fund. Moneys in the Fund are continuously appropriated to GEO to provide home energy efficiency improvements for low-income households. The GEO was transferred \$6 million in FY 2008-09. The legislature eliminated the FY 2009-10 transfer for home energy efficiency improvements for low-income households with the passage of S.B. 09-293. The legislature eliminated the transfer of moneys to the GEO Low-Income Energy Assistance Fund for FY 2010-11 and FY 2011-12 with the passage of H.B. 10-1317. The Fund is slated to receive a transfer of \$6.5 million in FY 2012-13.

The Public School Energy Efficiency Fund, used to support energy efficiency projects in public schools across the state, receives moneys generated from interest earned on the accelerated collection of oil and gas severance taxes. The Fund is estimated to receive \$210,000 in FY 2011-12.

GEO received \$143.7 million in one-time revenue via the American Recovery and Reinvestment Act of 2009 (ARRA) for investment in weatherization, energy efficiency and conservation, and other state energy programs. The majority of these funds are currently encumbered, with an anticipated complete expenditure time-frame of FY 2011-12.

### **Homeland Security Coordination**

A February 2008 Executive Order established the Governor's Office of Homeland Security. The intent was to consolidate Colorado's homeland security activities (and related federal funding). The General Assembly approved a FY 2008-09 budget amendment to transfer \$19.7 million in federal funding from the Department of Local Affairs to the Governor's Office. The dollar amount of the homeland security federal grant has been decreasing since its inception, dropping from \$50.2 million in FY 2003-04 to an estimated \$19.7 million in FY 2011-12. In addition to the decrease in the total grant amount, new federal rules have reduced the fraction of the grant which may be used for administrative purposes from five percent to three percent.

### **Economic Development Programs**

Funding for the Office of Economic Development and International Trade (OEDIT) is heavily dependent on cash funds. In FY 2011-12, 71.8 percent of the total appropriation for economic development programs was funded from cash fund sources. Much of the increase in cash funds occurred in the 2006 legislative session through the passage of H.B. 06-1201 (Plant/Taylor). The legislation increased the amount of Limited Gaming Fund moneys transferred to the Colorado Travel and Promotion Fund, and authorized additional transfers to the newly created State Council on the Arts Cash Fund, Film Operations and Incentives Cash Fund, and the New Jobs Incentives Cash Fund. Prior to the 2006 legislative session, moneys in the Limited Gaming Fund not allocated for transfer to specific cash funds were transferred to the General Fund.

Senate Bill 11-159 appropriated \$15.9 million from Limited Gaming Fund moneys and 13.8 FTE to OEDIT for tourism, bioscience industry, and creative industries development.

### **Statewide Information Technology Consolidation**

Between FY 2007-08 and FY 2011-12, the Governor's Office of Information Technology (OIT) expanded from \$2.4 million total funds and 9.1 FTE to \$114.6 million total funds and 902.8 FTE. A May 2007 Executive Order began centralizing the management of executive branch information technology resources in OIT to address infrastructure, purchasing, project planning and delivery, asset management, and strategic leadership needs. During the 2008 legislative session, the General Assembly passed and the Governor signed S.B. 08-155 that consolidated the responsibility for information technology oversight of most of the State's executive branch agencies into OIT.

Specifically, S.B. 08-155 transferred several information technology functions and staff positions from various State agencies to OIT in FY 2008-09. The largest single agency transfer moved the Division of Information Technology from the Department of Personnel and Administration, along with its 178.8 FTE, to OIT. The Division of Information Technology transfer included the General Government Computer Center (GGCC), telecommunications coordination, public safety communications planning and maintenance, and statewide information technology management and support functions. Additionally, OIT's FY 2008-09 appropriation included the transfer of 33.4 FTE from various state agencies to OIT as part of the migration of agency chief information officers to OIT.

Senate Bill 08-155 also allowed for the transfer of other information technology employees from State agencies to OIT between July 1, 2008 and July 1, 2012. Per statutory authority, the State Chief Information Officer, department executive directors, and department chief information officers jointly identified the additional positions and functions affiliated with the management and administration of each agency's information technology resources and enterprises to be transferred to OIT. The Department's FY 2010-11 appropriation included a transfer of 680.7 FTE and \$57.7 million from state agencies to OIT.

Funding historically dedicated to the associated information technology staff in specific State agencies and programs continues to be appropriated to those agencies in order for them to maintain consistency of program, state and federal funding streams, and reporting standards. Agencies make payments to OIT, reflected as reappropriated funds, for their share of information technology staff payroll costs, including centrally appropriated items and personal services expenses. With the exception of expenses associated with the operation of the Colorado Benefits Management System (CBMS), the payments are made from Information Technology Common Policy allocations that are based on the information technology common policy function for which the agency consumes (Purchases of Services from Computer Center, Multiuse Network Payments, Communications Services, or Management and Administration of OIT). Expenses associated with CBMS are billed directly to the Department of Human Services outside of the Information Technology Common Policy structure.

The table below summarizes expenditure and appropriation levels for OIT from pre-consolidation through FY 2011-12.

<b>Office of Information Technology - Appropriation Change from FY 2007-08 through FY 2011-12 (millions of dollars)</b>					
	<b>FY 2007-08 (Actual)</b>	<b>FY 2008-09 (Actual)</b>	<b>FY 2009-10 (Actual)</b>	<b>FY 2010-11 (Appropriated)</b>	<b>FY 2011-12 (Appropriated)</b>
FTE	9.1	202.3	196.9	895.9	902.8
Change	N/A	2123.1%	-2.7%	355.0%	0.8%
Expenditures	\$2.4	\$44.1	\$36.2	\$121.3	\$114.6
Change	N/A	1737.5%	-17.9%	235.1%	-5.5%

## Summary of FY 2010-11 and FY 2011-12 Appropriations

Governor - Lieutenant Governor - Office of State Planning and Budgeting						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$203,003,586</b>	<b>\$11,930,349</b>	<b>\$26,204,006</b>	<b>\$131,373,119</b>	<b>\$33,496,112</b>	<b>1,048.9</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of the Governor	46,998,698	5,478,281	541,660	10,008,637	30,970,120	76.1
Office of the Lieutenant Governor	346,634	296,247	1,295	49,092	0	6.0
Office of State Planning and Budgeting	1,343,424	25,000	0	1,318,424	0	19.5
Economic Development Programs	32,333,824	6,130,821	23,737,589	125,422	2,339,992	48.5
Office of Information Technology	121,981,006	0	1,923,462	119,871,544	186,000	898.8
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	215,806,614	11,291,137	41,264,870	130,276,021	32,974,586	1,045.3
SB 10-180	20,000	0	0	0	20,000	0.4
HB 10-1019	17,918	0	17,918	0	0	0.3
HB 10-1119	65,000	0	0	0	65,000	0.0
HB 10-1146	490,000	0	0	490,000	0	0.0
HB 10-1333	100,000	0	0	0	100,000	0.0
HB 10-1339	(15,251,079)	0	(15,251,079)	0	0	0.0
HB 10-1349	50,000	0	0	0	50,000	0.0
HB 10-1384	45,761	0	0	45,761	0	0.0
SB 11-138	1,683,654	639,212	172,297	585,619	286,526	2.9
SB 11-247	(27,538)	0	0	(27,538)	0	0.0
HB 11-1182	3,256	0	0	3,256	0	0.0
<b>FY 2011-12 Total Appropriation:</b>	<b>\$183,734,940</b>	<b>\$11,175,194</b>	<b>\$23,643,160</b>	<b>\$125,124,833</b>	<b>\$23,791,753</b>	<b>1,046.8</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Office of the Governor	37,040,427	4,783,350	604,365	10,313,424	21,339,288	70.5
Office of the Lieutenant Governor	294,250	293,066	1,184	0	0	5.0
Office of State Planning and Budgeting	1,438,916	0	0	1,438,916	0	19.5
Economic Development Programs	30,340,630	6,098,778	21,786,683	123,704	2,331,465	49.0
Office of Information Technology	114,620,717	0	1,250,928	113,248,789	121,000	902.8

**Governor - Lieutenant Governor - Office of State Planning and Budgeting**

	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	169,239,668	11,275,530	7,722,816	126,370,120	23,871,202	1,031.5
SB 11-037	2,960	0	0	2,960	0	0.0
SB 11-076	(1,785,283)	(100,336)	(4,054)	(1,601,444)	(79,449)	0.0
SB 11-102	29,600	0	0	29,600	0	0.0
SB 11-109	29,600	0	0	29,600	0	0.0
SB 11-159	15,889,000	0	15,889,000	0	0	13.8
SB 11-169	23,680	0	0	23,680	0	0.0
SB 11-176	122,613	0	0	122,613	0	2.0
SB 11-184	20,720	0	0	20,720	0	0.0
SB 11-197	2,960	0	0	2,960	0	0.0
SB 11-247	(77,034)	0	0	(77,034)	0	(1.0)
HB 11-1002	54,538	0	0	54,538	0	0.0
HB 11-1004	22,200	0	0	22,200	0	0.0
HB 11-1043	7,696	0	0	7,696	0	0.0
HB 11-1045	35,398	0	35,398	0	0	0.5
HB 11-1071	29,600	0	0	29,600	0	0.0
HB 11-1097	29,600	0	0	29,600	0	0.0
HB 11-1157	592	0	0	592	0	0.0
HB 11-1163	740	0	0	740	0	0.0
HB 11-1166	2,960	0	0	2,960	0	0.0
HB 11-1216	2,960	0	0	2,960	0	0.0
HB 11-1234	10,952	0	0	10,952	0	0.0
HB 11-1295	29,600	0	0	29,600	0	0.0
HB 11-1298	2,960	0	0	2,960	0	0.0
HB 11-1316	6,660	0	0	6,660	0	0.0
<b>Increase/(Decrease)</b>	(\$19,268,646)	(\$755,155)	(\$2,560,846)	(\$6,248,286)	(\$9,704,359)	(2.1)
Percentage Change	(9.5)%	(6.3)%	(9.8)%	(4.8)%	(29.0)%	(0.2)%



## **FY 2010-11 Appropriation - Mid-year Adjustment Highlights**

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to:

1. Increase \$1.3 million General Fund for legal services for the of Lobato v. State of Colorado court case, which concerns the adequacy of public school funding; and
2. Decrease \$40,000 to apply a 1.0 percent reduction to General Fund personal services line items.

## **FY 2011-12 Appropriation Highlights**

The FY 2011-12 appropriation:

1. Adds \$0.8 million reappropriated funds to transfer the administration of eFort, the state's information technology disaster center, from the Department of State to the Governor's Office of Information Technology;
2. Reduces \$10.0 million federal funds to align appropriations with actual expenditures of federal funds;
3. Reduces \$6.3 million reappropriated funds due to the completion of several Colorado Benefits Management System related projects;
4. Reduces \$2.5 million reappropriated funds and 2.0 FTE from the Governor's Office of Information Technology that historically represented spending authority with no revenue source; and
5. Reduces \$0.2 million total funds (including \$0.1 million General Fund) to apply a 1.5 percent and 1.0 percent reduction to General Fund personal services line items.

## **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, the Boards and Commissions Office, the Citizens' Advocate Office, and the Office of Policy and Initiatives. Federal funds reflect 57.6 percent of this division's funding and are related to Homeland Security, miscellaneous programs such as Head Start, GEAR-UP, and Access to Recovery, and federally funded energy programs. Approximately 12.9 percent of funds are from the General Fund for direct administration of the Governor's office and residence and for centrally appropriated items such as employee benefits and risk management. The reappropriated funds are from other divisions within the department and indirect cost recoveries for services. Cash funds in the division are from various sources, including rental fees for use of the Governor's Mansion.

Office of the Governor						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$52,971,784	\$4,818,038	\$7,371,884	\$9,979,644	\$30,802,218	75.4
SB 10-180	20,000	0	0	0	20,000	0.4
HB 10-1019	17,918	0	17,918	0	0	0.3
HB 10-1333	100,000	0	0	0	100,000	0.0
HB 10-1339	(6,874,901)	0	(6,874,901)	0	0	0.0
HB 10-1349	50,000	0	0	0	50,000	0.0
SB 11-138	<u>713,897</u>	<u>660,243</u>	<u>26,759</u>	<u>28,993</u>	<u>(2,098)</u>	<u>0</u>
<b>TOTAL</b>	<b>\$46,998,698</b>	<b>\$5,478,281</b>	<b>\$541,660</b>	<b>\$10,008,637</b>	<b>\$30,970,120</b>	<b>76.1</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$46,998,698	\$5,478,281	\$541,660	\$10,008,637	\$30,970,120	76.1
Centrally appropriated line items	831,101	333,466	71,007	(18,606)	445,234	0.0
Restore one-time personal services reductions	151,468	59,668	3,375	5,967	82,458	0.0
Limited gaming FTE adjustment	0	0	0	0	0	(5.0)
Federal funds reduction	(9,972,714)	0	0	0	(9,972,714)	0.0
Annualize prior year funding	(408,336)	(688,527)	8,638	336,553	(65,000)	(0.6)
Statewide IT common policy adjustments	(312,655)	(295,454)	87	(17,412)	124	0.0
Personal services base reduction	(78,029)	(29,965)	(2,423)	(291)	(45,350)	0.0
General Fund reduction	(19,917)	(19,917)	0	0	0	0.0
Indirect cost assessment	(14,604)	0	(14,604)	0	0	0.0
<b>SB 11-209</b>	<b>\$37,175,012</b>	<b>\$4,837,552</b>	<b>\$607,740</b>	<b>\$10,314,848</b>	<b>\$21,414,872</b>	<b>70.5</b>
SB 11-076	<u>(134,585)</u>	<u>(54,202)</u>	<u>(3,375)</u>	<u>(1,424)</u>	<u>(75,584)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$37,040,427</b>	<b>\$4,783,350</b>	<b>\$604,365</b>	<b>\$10,313,424</b>	<b>\$21,339,288</b>	<b>70.5</b>
<b>Increase/(Decrease)</b>	<b>(\$9,958,271)</b>	<b>(\$694,931)</b>	<b>\$62,705</b>	<b>\$304,787</b>	<b>(\$9,630,832)</b>	<b>(5.6)</b>
Percentage Change	(21.2)%	(12.7)%	11.6%	3.0%	(31.1)%	(7.4)%

## **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-138 modified FY 2010-11 appropriations to:

- add \$1.3 million General Fund to staff and fund the defense and trial of Lobato v. State of Colorado;
- add \$25,000 total funds (including a reduction of \$28,000 General Fund) to make several minor funding adjustments;
- reduce \$0.5 million General Fund to true-up of appropriations for central administrative programs affected by the federal American Recovery and Reinvestment Act of 2009 (ARRA); and
- reduce \$19,000 General Fund to apply a 1.0 percent reduction to General Fund personal services line items.

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; vehicle lease payments; workers' compensation; legal services; payments to risk management and property funds; and Capitol complex leased space.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Limited gaming FTE adjustment:** The appropriation aligns FTE with current law.

**Federal funds reduction:** The appropriation includes a federal funds spending authority decrease of \$10.0 million due to a true-up of expenditures versus appropriations.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Statewide IT common policy adjustments:** The appropriation includes adjustments to line items appropriated for: purchase of services from the computer center; multiuse network payments; management and administration of the Governor's Office of Information Technology (OIT); and communication services payments.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**General Fund reduction:** The appropriation includes a reduction of \$19,917 General Fund to certain line items.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

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

## Office of the Lieutenant Governor

Colorado's Constitution provides for the Lieutenant Governor to become Governor in the case of the death, impeachment, felony conviction, incapacitation, or resignation of the Governor. The Lieutenant Governor serves as chairperson of the Colorado Commission of Indian Affairs, and handles additional responsibilities assigned by the Governor. Approximately 99.6 percent of the funding for the Office of the Lieutenant Governor is General Fund.

Office of the Lieutenant Governor						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$376,821	\$298,896	\$1,295	\$76,630	\$0	6.0
SB 11-138	(2,649)	(2,649)	0	0	0	0.0
SB 11-247	<u>(27,538)</u>	<u>0</u>	<u>0</u>	<u>(27,538)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$346,634</b>	<b>\$296,247</b>	<b>\$1,295</b>	<b>\$49,092</b>	<b>\$0</b>	<b>6.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$346,634	\$296,247	\$1,295	\$49,092	\$0	6.0
Annualize prior year funding	27,538	0	0	27,538	0	0.0
Restore one-time personal services reductions	12,649	11,536	205	908	0	0.0
Personal services base reduction	(4,883)	(4,063)	(316)	(504)	0	0.0
General Fund reduction	(2,710)	(2,710)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$379,228</b>	<b>\$301,010</b>	<b>\$1,184</b>	<b>\$77,034</b>	<b>\$0</b>	<b>6.0</b>
SB 11-076	(7,944)	(7,944)	0	0	0	0.0
SB 11-247	<u>(77,034)</u>	<u>0</u>	<u>0</u>	<u>(77,034)</u>	<u>0</u>	<u>(1.0)</u>
<b>TOTAL</b>	<b>\$294,250</b>	<b>\$293,066</b>	<b>\$1,184</b>	<b>\$0</b>	<b>\$0</b>	<b>5.0</b>
<b>Increase/(Decrease)</b>	<b>(\$52,384)</b>	<b>(\$3,181)</b>	<b>(\$111)</b>	<b>(\$49,092)</b>	<b>\$0</b>	<b>(1.0)</b>
Percentage Change	(15.1)%	(1.1)%	(8.6)%	(100.0)%	n/a	(16.7)%

## FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-138 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to General Fund personal services line items.

For information on S.B. 11-247, see the "Recent Legislation" section at the end of this department.

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**General Fund reduction:** The appropriation includes a reduction of \$2,710 General Fund to certain line items.

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

## **Office of State Planning and Budgeting**

The Office of State Planning and Budgeting is responsible for the development of executive budget requests, the review and analysis of departmental expenditures, and preparation of revenue and economic forecasts for the state. The division is funded primarily with reappropriated funds from statewide indirect cost recoveries.

<b>Office of State Planning and Budgeting</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$1,501,347	\$25,000	\$0	\$1,476,347	\$0	19.5
SB 11-138	<u>(157,923)</u>	<u>0</u>	<u>0</u>	<u>(157,923)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,343,424</b>	<b>\$25,000</b>	<b>\$0</b>	<b>\$1,318,424</b>	<b>\$0</b>	<b>19.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$1,343,424	\$25,000	\$0	\$1,318,424	\$0	19.5
Annualize prior year funding	132,923	(25,000)	0	157,923	0	0.0
Restore one-time personal services reduction	30,932	0	0	30,932	0	0.0

Office of State Planning and Budgeting						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Personal services base reduction	(21,599)	0	0	(21,599)	0	0.0
Personal services reduction	(14,399)	0	0	(14,399)	0	0.0
<b>SB 11-209</b>	<b>\$1,471,281</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,471,281</b>	<b>\$0</b>	<b>19.5</b>
SB 11-076	<u>(32,365)</u>	<u>0</u>	<u>0</u>	<u>(32,365)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,438,916</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,438,916</b>	<b>\$0</b>	<b>19.5</b>
<b>Increase/(Decrease)</b>	\$95,492	(\$25,000)	\$0	\$120,492	\$0	0.0
Percentage Change	7.1%	(100.0)%	n/a	9.1%	n/a	0.0%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-138 included a decrease of \$0.2 million reappropriated funds due to a true-up of appropriations for central administrative programs affected by the federal American Recovery and Reinvestment Act of 2009 (ARRA).

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent base reduction for Personal Services line items.

**Personal services reduction:** The appropriation includes a reduction of \$14,399 reappropriated funds to certain line items.

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

### Economic Development Programs

The Office of Economic Development is the central coordination office for the state's business assistance, retention, expansion, and recruitment programs. The Division includes the Economic Development Commission, the Global Business Development Office, Small Business Development Centers, Colorado

Welcome Centers, Colorado Tourism Office, Creative Industries Council, and the Colorado Office of Film, Television, and Media. The Division also coordinates programs related to Bioscience Discovery Evaluation. The largest portion of the Division's funding is from various cash funds, which receive statutory transfers from the Limited Gaming Fund. Reappropriated funds in the Division are from the Department of Regulatory Agencies and statewide indirect cost assessments. Federal funds in the Division are from various sources, including the National Endowment for the Arts.

<b>Economic Development Programs</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$40,294,222	\$6,149,203	\$31,968,229	\$125,422	\$2,051,368	48.5
HB 10-1339	(8,376,178)	0	(8,376,178)	0	0	0.0
SB 11-138	<u>415,780</u>	<u>(18,382)</u>	<u>145,538</u>	<u>0</u>	<u>288,624</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$32,333,824</b>	<b>\$6,130,821</b>	<b>\$23,737,589</b>	<b>\$125,422</b>	<b>\$2,339,992</b>	<b>48.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$32,333,824	\$6,130,821	\$23,737,589	\$125,422	\$2,339,992	48.5
Restore one-time personal services reductions	79,148	57,189	16,875	1,719	3,365	0.0
Limited gaming revenue adjustment	(17,890,899)	0	(17,890,899)	0	0	(13.8)
Personal services base reduction	(43,006)	(32,660)	(601)	(1,718)	(8,027)	0.0
General Fund reduction	(18,382)	(18,382)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$14,460,685</b>	<b>\$6,136,968</b>	<b>\$5,862,964</b>	<b>\$125,423</b>	<b>\$2,335,330</b>	<b>34.7</b>
SB 11-076	(44,453)	(38,190)	(679)	(1,719)	(3,865)	0.0
SB 11-159	15,889,000	0	15,889,000	0	0	13.8
HB 11-1045	<u>35,398</u>	<u>0</u>	<u>35,398</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
<b>TOTAL</b>	<b>\$30,340,630</b>	<b>\$6,098,778</b>	<b>\$21,786,683</b>	<b>\$123,704</b>	<b>\$2,331,465</b>	<b>49.0</b>
<b>Increase/(Decrease)</b>	<b>(\$1,993,194)</b>	<b>(\$32,043)</b>	<b>(\$1,950,906)</b>	<b>(\$1,718)</b>	<b>(\$8,527)</b>	<b>0.5</b>
Percentage Change	(6.2)%	(0.5)%	(8.2)%	(1.4)%	(0.4)%	1.0%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-138 modified FY 2010-11 appropriations to:

- add \$0.5 million total funds to accommodate contributions, grants, and donations for international trade missions and reflect additional federal grant moneys;
- reduce \$79,000 total funds to make several minor funding adjustments; and

- reduce \$18,000 General Fund to apply a 1.0 percent reduction to General Fund personal services line items.

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Limited gaming revenue adjustment:** The appropriation aligns spending authority and FTE with current law. Note, S.B. 11-159 amends the Long Bill's FY 2011-12 appropriation of limited gaming moneys in this Division.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**General Fund reduction:** The appropriation includes a reduction of \$18,382 General Fund to certain line items.

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

## **Office of Information Technology**

The Governor's Office of Information Technology (OIT) oversees executive department technology initiatives and recommends strategies to maximize service delivery efficiency in a cost-effective manner through the application of enterprise technology solutions. OITs' responsibilities were expanded significantly by S.B. 08-155. The bill formally provided OIT with authority over the management and delivery of consolidated information technology (IT) services for executive departments. Additionally, between July 1, 2008 and July 1, 2012, statute allows for the transfer of any other information technology employees and functions to OIT as designated by the director of OIT, acting jointly with the affected agency's executive director, and the agency's chief information officer. The Department's FY 2010-11 budget includes the transfer of \$57.7 million and 680.7 FTE from state agencies to OIT as part of the consolidation process. As a result of the staff transfer, OIT's FY 2010-11 budget increased to \$121.3 million total funds and 895.9 FTE. Of the OIT's budget, 98.3 percent comes from reappropriated funds transferred from agencies for services provided by OIT.

<b>Office of Information Technology</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$120,662,440	\$0	\$1,923,462	\$118,617,978	\$121,000	895.9
HB 10-1119	65,000	0	0	0	65,000	0.0
HB 10-1146	490,000	0	0	490,000	0	0.0



Office of Information Technology						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 10-1384	45,761	0	0	45,761	0	0.0
SB 11-138	714,549	0	0	714,549	0	2.9
HB 11-1182	<u>3,256</u>	<u>0</u>	<u>0</u>	<u>3,256</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$121,981,006</b>	<b>\$0</b>	<b>\$1,923,462</b>	<b>\$119,871,544</b>	<b>\$186,000</b>	<b>898.8</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$121,981,006	\$0	\$1,923,462	\$119,871,544	\$186,000	898.8
Restore one-time personal services reduction	1,378,302	0	0	1,378,302	0	0.0
HCPF CBMS-related changes	255,272	0	0	255,272	0	0.0
Indirect cost assessment	233,152	0	0	233,152	0	0.0
Non-state agency revenue adjustment	48,600	0	48,600	0	0	0.0
Legal services adjustment	60	0	0	60	0	0.0
Refinance Public Safety Trust Fund	0	0	(721,134)	721,134	0	0.0
Annualize prior year funding	(5,675,360)	0	0	(5,610,360)	(65,000)	4.0
Eliminate empty spending authority	(2,458,615)	0	0	(2,458,615)	0	(2.0)
Personal services base reduction	(8,955)	0	0	(8,955)	0	0.0
<b>SB 11-209</b>	<b>\$115,753,462</b>	<b>\$0</b>	<b>\$1,250,928</b>	<b>\$114,381,534</b>	<b>\$121,000</b>	<b>900.8</b>
SB 11-037	2,960	0	0	2,960	0	0.0
SB 11-076	(1,565,936)	0	0	(1,565,936)	0	0.0
SB 11-102	29,600	0	0	29,600	0	0.0
SB 11-109	29,600	0	0	29,600	0	0.0
SB 11-169	23,680	0	0	23,680	0	0.0
SB 11-176	122,613	0	0	122,613	0	2.0
SB 11-184	20,720	0	0	20,720	0	0.0
SB 11-197	2,960	0	0	2,960	0	0.0
HB 11-1002	54,538	0	0	54,538	0	0.0
HB 11-1004	22,200	0	0	22,200	0	0.0
HB 11-1043	7,696	0	0	7,696	0	0.0
HB 11-1071	29,600	0	0	29,600	0	0.0
HB 11-1097	29,600	0	0	29,600	0	0.0
HB 11-1157	592	0	0	592	0	0.0

Office of Information Technology						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 11-1163	740	0	0	740	0	0.0
HB 11-1166	2,960	0	0	2,960	0	0.0
HB 11-1216	2,960	0	0	2,960	0	0.0
HB 11-1234	10,952	0	0	10,952	0	0.0
HB 11-1295	29,600	0	0	29,600	0	0.0
HB 11-1298	2,960	0	0	2,960	0	0.0
HB 11-1316	<u>6,660</u>	<u>0</u>	<u>0</u>	<u>6,660</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$114,620,717</b>	<b>\$0</b>	<b>\$1,250,928</b>	<b>\$113,248,789</b>	<b>\$121,000</b>	<b>902.8</b>
<b>Increase/(Decrease)</b>	(\$7,360,289)	\$0	(\$672,534)	(\$6,622,755)	(\$65,000)	4.0
Percentage Change	(6.0)%	n/a	(35.0)%	(5.5)%	(34.9)%	0.4%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-138 modifies FY 2010-11 appropriations to make several minor funding adjustments related to fund source changes and technical corrections due to prior year legislation technical errors.

For information on H.B. 11-1182, see the "Recent Legislation" section at the end of this department.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**HCPF CBMS-related changes:** The appropriation includes Colorado Benefits Management System (CBMS) changes to accommodate policy changes in programs administered by the Department of Health Care Policy and Financing (HCPF).

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Non-state agency revenue adjustment:** The appropriation includes an increase of \$48,600 cash funds collected by OIT from non-state agencies using the digital trunked radio system.

**Legal services adjustment:** The appropriation includes an adjustment to the legal services hourly rate.

**Refinance Public Safety Trust Fund:** The appropriation includes a decrease of \$721,134 cash funds from the Public Safety Trust Fund and an increase of \$721,134 reappropriated funds collected from state agencies.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Eliminate empty spending authority:** The appropriation includes the reduction of \$2.5 million reappropriated funds and 2.0 FTE from OIT that historically represented spending authority with no revenue source.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

## Recent Legislation

### 2010 Session Bills

**S.B. 10-180:** Creates the 11-member Colorado Smart Grid Task Force to gather information and report to the General Assembly and the Colorado Public Utilities Commission (PUC) on specified issues related to the development of a smart energy grid in Colorado. The task force's initial report is due January 20, 2011, and the task force is directed to meet at least annually thereafter to review and update the report. Funding for the activities of the task force is to come from gifts, grants and donations received by the Governor's Energy Office (GEO). If insufficient moneys have been received by June 1, 2010, the task force is disbanded and any funds returned to the original donor. Additionally, GEO is appropriated \$20,000 federal funds from the American Recovery and Reinvestment Act of 2009 (ARRA) State Energy Planning moneys to assist the task force.

**H.B. 10-1019:** Makes several changes to the reserved parking and enforcement program for persons with disabilities. Includes an appropriation of \$17,918 cash funds and 0.3 FTE to the Office of the Governor to oversee the implementation of the bill's training program requirements and to assist the Department of Revenue in developing forms and policies. For more information, see the "Recent Legislation" section at the end of the Department of Revenue.

**H.B. 10-1119:** Requires each state agency to present, on an annual basis, the department's strategic plan to the relevant committee of reference of the General Assembly. The presentation is to include a discussion of the department's goals and performance measures. Beginning with the 2012 legislative session, the chair of each committee of reference must appoint two committee members to serve as liaisons with the relevant departments concerning the budget process. The chair of the Joint Budget Committee (JBC) also appoints a liaison from that committee for the same purpose. Within 30 days of the department's presentation to the committee of reference, the committee is to provide the department with written recommendations concerning the strategic plan. The JBC is also required to hold a joint hearing with the relevant committee of reference. Also requires the Office of State Planning and Budgeting to publish an annual performance report. The report will include a summary of each department's strategic plan and must be written in an easily understood manner. The report is to be posted on the state website and the Governor's website. The Governor's Office of Information Technology (OIT) is appropriated \$65,000 federal funds for FY 2010-11 to conduct a feasibility study to determine the cost to build an electronic budgeting system for the state.

**H.B. 10-1146:** Modifies the eligibility requirements for the Home Care Allowance (HCA) program in the Department of Human Services. Also includes a FY 2010-11 appropriation to the Department of Human Services for FY 2010-11 for CBMS changes of \$490,000 total funds (includes funds appropriated and transferred from the Department of Health Care Policy and Financing) and reappropriates this amount to the Governor's Office of Information Technology (OIT). For more information, see the "Recent Legislation" section at the end of the Department of Human Services.

**H.B. 10-1333:** Creates a two-year pilot program called the Green Jobs Colorado Training Program to offer grants to entities to provide job training for wind, solar, renewable energy, and energy efficiency industries. Makes an appropriation of \$100,000 federal funds for FY 2010-11 from the American Recovery and Reinvestment Act of 2009 (ARRA) to the Governor's Energy Office (GEO). The funds are then transferred to the Department of Labor and Employment for implementation of the program. For more information, see the "Recent Legislation" section at the end of the Department of Labor and Employment.

**H.B. 10-1339:** Reduces the statutory transfers to be made at the end of FY 2009-10 from the Limited Gaming Fund to four cash funds that are used for a variety of programs in the Governor's Office of Economic Development and International Trade, increases the statutory transfer from the Limited Gaming Fund to the Innovative Higher Education Research Fund at the end of FY 2009-10, and eliminates the transfer of moneys from the Limited Gaming Fund to the Clean Energy Fund in FY 2009-10 for use in FY 2010-11. The bill assures that transfers to the four economic development cash funds and the Innovative Higher Education Research Fund, or a portion thereof pending revenue collection levels, will be made at the end of FY 2009-10 without consideration of forecasts of the General Fund revenues for the year. Additionally, the bill reduces the transfer from the Limited Gaming Fund to the Local Government Limited Gaming Impact Fund by \$2.0 million in FY 2009-10 for budget balancing purposes and transfers \$16.2 million to the General Fund. The table below summarizes the statutory transfers from the Limited Gaming Fund to various cash funds on June 30, 2010 for use in FY 2010-11.

House Bill 10-1339 Adjustments to Statutory Transfer Amounts from the Limited Gaming Fund				
Recipient Cash Fund of Moneys Transferred from Limited Gaming Fund	Agency Receiving Appropriation	Statutory Transfer Amount (Pre-H.B. 10-1339)	Amount Received (Post-H.B. 10-1339)	Net Change
Colorado Travel and Tourism Promotion Fund	Office of the Governor - Economic Development Programs	\$20,703,834	\$14,922,231	(\$5,781,603)
Clean Energy Fund	Office of the Governor - Governor's Energy Office	6,874,901	0	(6,874,901)
Local Government Limited Gaming Impact Fund	Department of Local Affairs - Division of Local Governments	5,915,000	3,915,000	(2,000,000)
Bioscience Discovery Evaluation Cash Fund	Office of the Governor - Economic Development Programs	5,500,000	5,500,000	0
New Jobs Incentives Cash Fund	Office of the Governor - Economic Development Programs	3,269,026	1,356,142	(1,912,884)

House Bill 10-1339 Adjustments to Statutory Transfer Amounts from the Limited Gaming Fund				
Recipient Cash Fund of Moneys Transferred from Limited Gaming Fund	Agency Receiving Appropriation	Statutory Transfer Amount (Pre-H.B. 10-1339)	Amount Received (Post-H.B. 10-1339)	Net Change
State Council on the Arts Cash Fund	Office of the Governor - Economic Development Programs	1,634,513	1,178,071	(456,442)
Innovative Higher Education Research Fund	Department of Higher Education - Colorado Commission on Higher Education	1,000,000	2,000,000	1,000,000
Office of Film, Television, and Media Operational Account Cash Fund	Office of the Governor - Economic Development Programs	653,805	428,556	(225,249)
<b>Total</b>		<b>\$45,551,079</b>	<b>\$29,300,000</b>	<b>(\$16,251,079)</b>

**H.B. 10-1349:** Creates the Re-energize Colorado Program in the Division of Parks and Outdoor Recreation in the Department of Natural Resources (DNR). The goal of the program is to generate or offset 100 percent of the Division's electrical consumption by 2020 using energy resources on land owned, leased, or controlled by the Division of Parks and Outdoor Recreation. To support the Re-energize Colorado Program's goal, the bill requires the Governor's Energy Office (GEO) to conduct a Geographic Information System (GIS) analysis to determine the optimum state park land for renewable energy development. GEO is appropriated \$50,000 federal funds for FY 2010-11 from the American Recovery and Reinvestment Act of 2009 (ARRA) to perform the GIS analysis. For more information, see the "Recent Legislation" section at the end of the Department of Natural Resources.

**H.B. 10-1376:** General appropriations act for FY 2010-11. Also includes supplemental adjustments to modify appropriations to the Office of the Governor included in the FY 2009-10 Long Bill.

**H.B. 10-1384:** Resolves conflicting state statutory provisions determining the eligibility of noncitizens for Colorado's Old Age Pension (OAP) program. Also includes an appropriation to the Department of Human Services for FY 2010-11 for CBMS changes of \$45,761 total funds (includes funds appropriated and transferred from the Department of Health Care Policy and Financing) and reappropriates this amount to the Governor's Office of Information Technology (OIT). For more information, see the "Recent Legislation" section at the end of the Department of Human Services.

## 2011 Session Bills

**S.B. 11-037:** Creates the "Veteran of World War II" special license plates to identify that the owner of the motor vehicle is a veteran of World War II. For FY 2011-12, appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account for the implementation. These moneys are reappropriated to the Governor's Office of Information Technology for computer programming services. For more information on S.B. 11-037, please see the "Recent Legislation" section in the Department of Revenue section of this document.

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the

member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$1,785,283 total funds, of which \$100,336 million is General Fund, \$4,054 is cash funds, \$1,601,444 is reappropriated funds, and \$79,449 is federal funds.

**S.B. 11-102:** Establishes a new voluntary donation line on income tax forms for the Families in Action for Mental Health Fund, which will go into a queue that is established in the bill that provides procedures for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. For FY 2011-12, appropriates \$29,600 from the Fund to the Department of Revenue for programming of computer systems to implement the voluntary contribution line, and reappropriates those moneys to the Governor's Office of Information Technology for such services. For more information on S.B. 11-102, please see the "Recent Legislation" section in the Department of Revenue section of this document.

**S.B. 11-109:** Establishes a new voluntary donation line on income tax forms for the Public Education Fund, which will go into a queue that has been established for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. For FY 2011-12, appropriates \$29,600 from the Fund for programming of computer systems to implement the voluntary contribution line, and reappropriates those moneys to the Governor's Office of Information Technology for such services. For more information on S.B. 11-109, please see the "Recent Legislation" section in the Department of Revenue section of this document.

**S.B. 11-138:** Supplemental appropriation to the Office of the Governor to modify FY 2010-11 appropriations.

**S.B. 11-159:** Repeals and reenacts statute related to the distribution of 50.0 percent of the balance remaining in the Limited Gaming Fund that is allocated to the General Fund or other funds (known as the "State share") at the end of FY 2010-11 and each fiscal year thereafter. Specifically, the bill places the following provisions in statute:

- The first \$19.2 million of the "State share" shall be transferred to the General Fund;
- Any amount of the "State share" that is greater than \$19.2 million, but less than \$48.5 million will be transferred as follows:
  - 50.0 percent to the Colorado Travel and Tourism Promotion Fund;
  - 18.0 percent to the Bioscience Discovery Evaluation Cash Fund;
  - 15.0 percent to the Local Government Limited Gaming Impact Fund;
  - 7.0 percent to the Innovative Higher Education Research Fund;
  - 5.0 percent to the New Jobs Incentives Cash Fund;
  - 4.0 percent to the Creative Industries Cash Fund for the purposes of the Council on Creative Industries; and
  - 1.0 percent to the Creative Industries Cash Fund for performance-based film incentives.
- Any amount of the "State share" that is greater than \$48.5 million will be transferred to the General Fund;
- Any moneys slated for transfer to programs that have been repealed or discontinued statutorily shall instead be transferred to the General Fund; and
- Appropriates \$15.9 million cash funds and 13.8 FTE to the Governor's Office for FY 2011-12.

**S.B. 11-164:** Transfers \$2.5 million from the Colorado Travel and Tourism Promotion Cash Fund to the General Fund on June 30, 2011. For additional information on this bill, see the "Recent Legislation" section for the Department of Labor and Employment.

**S.B. 11-169:** Continues a program in the Department of Regulatory Agencies that is set to repeal, effective July 1, 2011 that regulates individuals performing services within a physical therapists scope of practice. Appropriates \$23,680 reappropriated funds to the Governor's Office of Information Technology for programming services in FY 2011-12. For more information on S.B. 11-169, please see the "Recent Legislation" section in the Department of Regulatory Agencies section of this document.

**S.B. 11-176:** Permits the accrual of earned time for inmates who have been housed in administrative segregation for at least 90 days, provided they meet the statutory criteria for doing so. Appropriates \$20,720 reappropriated funds to the Governor's Office of Information Technology for programming services in FY 2011-12. For more information on S.B. 11-176, please see the "Recent Legislation" section in the Department of Corrections section of this document.

**S.B. 11-184:** Establishes a tax amnesty program from October 1, 2011 to November 15, 2011 that allows taxpayers who owe taxes to the State to pay those taxes without penalty and at an interest rate set at one-half of the established rate. Appropriates \$23,680 reappropriated funds to the Governor's Office of Information Technology for programming services in FY 2011-12. For more information on S.B. 11-184, please see the "Recent Legislation" section in the Department of Revenue section of this document.

**S.B. 11-197:** Establishes the "Girl Scout Centennial" special license plate. Appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming changes necessary to implement the license plate. For more information on S.B. 11-197, please see the "Recent Legislation" section in the Department of Revenue section of this document.

**S.B. 11-209:** General appropriations act for FY 2011-12.

**S.B. 11-247:** Repeals the Colorado Early Childhood Council Advisory Team (ECCAT) in the Office of the Lieutenant Governor and makes conforming amendments, including an appropriations reduction of \$77,034 reappropriated funds received from the Department of Human Services and 1.0 FTE in FY 2011-12 and a reduction of \$27,538 reappropriated funds in FY 2010-11.

**H.B. 11-1002:** Requires the Department of Transportation to develop and maintain a publicly accessible, searchable, online database of its revenue and expenditure data prior to July 1, 2012. Requires the new database to link to the state's existing Transparency Online Project (TOP) website and sets requirements for information to be included in the database. For FY 2011-12, appropriates \$54,538 reappropriated funds to the Governor's Office of Information Technology for computer programming services associated with this bill.

**H.B. 11-1004:** Exempts a vehicle that is used primarily for agriculture on a farm or ranch classified as agricultural land for property tax purposes and repeals the farm truck and tractor exemption from having to pay the motorist insurance identification fee. Appropriates \$22,200 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12 for implementation of bill. These moneys are reappropriated to the Governor's Office of Information Technology for computer programming services.

**H.B. 11-1043:** Revises statutes concerning medical marijuana. Appropriates \$7,696 cash funds from the Medical Marijuana License Cash Fund to the Department of Revenue, Information Technology Division for reprogramming the Department's computers systems, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming services. For more information on H.B. 11-1043, please see the "Recent Legislation" section at the end of the Department of Revenue and the Department of Human Services.

**H.B. 11-1045:** Continues and expands the Colorado Innovation Investment Tax Credit Program and creates the framework for future expansion of the Program contingent on additional moneys being available to backfill lost income tax revenue and to pay related administrative expenses. For FY 2011-12, provides \$35,398 cash funds and 0.5 FTE to the Governor's Office of Economic Development and International Trade for Program implementation.

**H.B. 11-1071:** Establishes a new voluntary donation line on income tax forms for the Roundup River Ranch Fund, which will go into a queue that has been established for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. For FY 2011-12, appropriates \$29,600 from the Fund to the Department of Revenue for programming of computer systems to implement the voluntary contribution line, and reappropriates the moneys to the Governor's Office of Information Technology for such services.

**H.B. 11-1097:** Establishes a new voluntary donation line on income tax forms for the Goodwill Industries Fund, which will go into a queue that is established in the bill that provides procedures for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. For FY 2011-12, appropriates \$29,600 from the Fund to the Department of Revenue for programming of computer systems to implement the voluntary contribution line, and reappropriates those moneys to the Governor's Office of Information Technology for such services.

**H.B. 11-1157:** Allows the owner of a diesel powered vehicle registered in a vehicle emissions program area, but primarily based outside of that area, to be exempt from the requirements of vehicles based in the program area. For FY 2011-12, appropriates \$6,000 cash funds from the Highway Users Tax Fund and \$592 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12 for implementation. \$592 is reappropriated to the Governor's Office of Information Technology for computer programming changes required for implementation.

**H.B. 11-1163:** Defines conditions under which the Department of Transportation may issue a "super-load" permit. Reappropriates \$740 to the Governor's Office of Information Technology in FY 2011-12 for programming services related to the implementation of the permit conditions. For more information on H.B. 11-1163, please see the "Recent Legislation" section in the Department of Transportation section of this document.

**H.B. 11-1166:** Establishes the "Type I Diabetes" special license plate. Appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming changes necessary to implement the license plate. For more information on H.B. 11-1166, please see the "Recent Legislation" section in the Department of Revenue section of this document.



**H.B. 11-1182:** Establishes a fee for registration of vehicles to support the Colorado State Titling and Registration Account of the Highway Users Tax Fund. Reappropriates \$3,256 from the Department of Revenue to the Governor's Office of Information Technology for computer programming services in FY 2010-11.

**H.B. 11-1216:** Authorizes public and private sales of unique combinations of letters and numbers on license plates by a license plate auction group created in the Governor's Office to raise money by auctioning off numbers and to create a market for the sale of registration numbers. The moneys raised are to be used to aid persons with disabilities obtain benefits and to augment the General Fund. For FY 2011-12, appropriates \$2,960 cash funds from the Colorado State Titling and Registration System to implement the bill. Those moneys are reappropriated to the Governor's Office for implementation of the bill. For more information on H.B. 11-1216, please see the "Recent Legislation" section in the Department of Human Services section of this document.

**H.B. 11-1234:** Creates a taxicab license plate which will be required of all vehicles engaged in the taxicab business and only those vehicles authorized to provide taxicab service. Specifies that the taxicab license plate is to be used for vehicles that are used as both a taxicab and luxury limousine. Appropriates \$8,880 cash funds from the Colorado State Titling and Registration Account and \$2,072 cash funds from the Licensing Services Cash Fund to the Department of Revenue in FY 2011-12 for programming changes to the Department's computer systems. These moneys are reappropriated to the Governor's Office of Information Technology. For more information on H.B. 11-1234, please see the "Recent Legislation" section in the Department of Revenue section of this document.

**H.B. 11-1295:** Establishes a new voluntary donation line on income tax forms for the Multiple Sclerosis Fund, which will go into a queue that is established in the bill that provides procedures for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. For FY 2011-12, appropriates \$29,600 from the Fund to the Department of Revenue for programming of computer systems to implement the voluntary contribution line, and reappropriates those moneys to the Governor's Office of Information Technology for such services.

**H.B. 11-1298:** Establishes the "Craig Hospital" special license plate to be sold to vehicle owners. Purchasers of the license plate must donate to Craig Hospital. Appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming changes necessary to implement the license plate. For more information on H.B. 11-1298, please see the "Recent Legislation" section in the Department of Revenue section of this document.

**H.B. 11-1316:** Establishes the Denver Nuggets and Colorado Avalanche special license plates to be sold to vehicle owners. Purchasers of the license plate must contribute to Kroenke Sports Charities. Appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming changes necessary to implement the license plate. For more information on H.B. 11-1316, please see the "Recent Legislation" section in the Department of Revenue section of this document.

# DEPARTMENT OF HEALTH CARE POLICY AND FINANCING

The Department of Health Care Policy and Financing provides health care services to approximately 912,450 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. The Medicaid, CICP, and CBHP programs are federal and state partnerships; therefore, the State receives approximately \$2.5 billion in federal matching funds for these programs. The Department transfers approximately 8.5 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 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund/1	\$1,579,411,116	\$1,151,038,412	\$1,266,754,982	\$1,669,164,241
Cash Funds	389,157,525	595,916,623	753,566,553	877,581,880
Reappropriated Funds	23,663,618	24,443,505	18,526,832	10,375,474
Federal Funds	<u>1,900,242,415</u>	<u>2,564,019,457</u>	<u>2,810,778,210</u>	<u>2,541,061,895</u>
<b>Total Funds</b>	<b>\$3,892,474,674</b>	<b>\$4,335,417,997</b>	<b>\$4,849,626,577</b>	<b>\$5,098,183,490</b>
Full Time Equiv. Staff	269.2	287.6	294.8	313.0

/1 Appropriations include General Fund Exempt.

## General Factors Driving the Budget

Funding for this department in FY 2011-12 consists of 49.8 percent federal funds, 32.7 percent General Fund, 17.2 percent cash funds, and 0.2 percent reappropriated funds. Some of the most important factors driving the Department's 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

managed care organizations (MCOs) 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 the 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. The current Medicaid caseload forecast is 558,307 clients in FY 2010-11 and 613,148 clients in FY 2011-12. Beginning in FY 2009-10, H.B. 09-1293 increased Medicaid eligibility for parents of eligible children from 60 percent of the federal poverty level to 100 percent of the federal poverty level. Beginning in FY 2011-12, H.B. 09-1293 will also provide continuous 12 month eligibility for children, add adults without dependent children up to 100 percent of the federal poverty level, and allow a Medicaid buy-in program for disabled adults up to 450 percent of poverty. Finally, beginning in FY 2013-14, federal health care reform will make Medicaid eligibility mandatory for all citizens and legal immigrants at or below 133 percent of the federal poverty level. The following table shows the Medicaid caseload history by aid category from FY 2007-08 through the current forecast period for FY 2011-12.

<b>Medicaid Caseload</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Estimate</b>	<b>FY 2011-12 Estimate</b>
Supplemental Security Income (SSI) Ages 65+	36,284	37,619	38,487	38,942	39,556
Supplemental Security Income (SSI) Ages 60 - 64	6,146	6,447	7,049	7,706	8,098
Partial Dual Eligibles	14,214	15,075	15,919	17,094	18,210
Disabled	49,933	51,355	53,264	56,032	57,841
Categorically Eligible Adults	44,555	49,147	57,661	60,881	64,432
Expansion Low-Income Adults	8,918	12,727	17,178	20,095	23,628
Baby Care Adults	6,288	6,976	7,222	7,867	7,657
Breast and Cervical Cancer Treatment	270	317	425	524	595
Low-Income Children	204,022	235,129	275,672	300,625	308,892
Foster Children	17,141	18,033	18,381	18,502	18,498
Non-Citizens	<u>4,191</u>	<u>3,987</u>	<u>3,693</u>	<u>3,098</u>	<u>3,082</u>
<b>Total Medicaid Caseload Prior to H.B. 09-1293</b>	<b>391,962</b>	<b>436,812</b>	<b>494,951</b>	<b>531,366</b>	<b>550,489</b>
H.B. 09-1293 Impact (all populations)	0	0	3,238	26,941	62,659
Impact of Federal Health Reform (none until FY 2013-14)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Medicaid Caseload with Health Care Reform</b>	<b>391,962</b>	<b>436,812</b>	<b>498,189</b>	<b>558,307</b>	<b>613,148</b>
<b>Annual Percent Change</b>	<b>(0.3)%</b>	<b>11.4%</b>	<b>14.1%</b>	<b>12.1%</b>	<b>9.8%</b>

### 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. The average overall per capita cost for the Medicaid program is influenced by case mix, utilization of services, and the price of those services. Recently, the overall per capita cost for the program has decreased because the caseload growth for the program has mainly been for lower cost clients (children and their parents) rather than in higher cost clients (the elderly and disabled). In addition, recent provider rate reductions have also lowered the per capita costs per client. The following table shows the average medical costs per Medicaid client from FY 2007-08 through the forecast period for FY 2011-12.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual /1	FY 2010-11 Estimate /1	FY 2011-12 Appropriation
Medical Service Cost Per Capita /2	\$5,681.77	\$5,742.79	\$5,116.67	\$4,991.11	\$4,797.02
Annual Percent Change	8.8%	1.1%	(10.9)%	(2.5)%	(3.9)%

/1 Adjusted to include the two week payment delay that occurred in FY 2009-10. In June 2010, the Executive Branch made the decision to delay two weeks of Medicaid payments until July 2010. Therefore, this action pushed payments that normally would have occurred in FY 2009-10 into FY 2010-11.

/2 Includes the costs for medical and long-term care services. Does not include supplemental hospital and nursing facility payments or other funding mechanism that are used to decrease the state obligation by increasing federal funding (these mechanism are referred to as "bottom-line financing").

### 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.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Estimate	FY 2011-12 Appropriation
Medicaid Mental Health Capitation Funding /1	\$196,011,033	\$215,860,937	\$223,368,053	\$248,120,971	\$272,492,157
Annual Dollar Change	\$11,370,465	\$19,849,904	\$7,507,116	\$24,752,918	\$24,371,186
Annual Percent Change	6.2%	10.1%	3.5%	11.1%	9.8%

	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Estimate</b>	<b>FY 2011-12 Appropriation</b>
Individuals Eligible for Medicaid Mental Health Services (Caseload)/2	373,557	417,750	478,577	538,115	591,856
Annual Caseload Change	(1,489)	44,193	60,827	59,538	53,741
Annual Percent Change	(0.4)%	11.8%	14.6%	12.4%	10.0%

/1 Does not include the fee-for-service payments.

/2 Not all Medicaid caseload aid categories are eligible for mental health services. The caseload reported in this table does not reflect the Partial Dual Eligible 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 217,900 under-insured or uninsured Coloradans through the Indigent Care Program (caseload is from FY 2009-10, the most recent year data is available). The Indigent Care Program is not an insurance program or an entitlement program. Funding for this program is based on policy decisions at the state and federal levels 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 mainly through General Fund appropriations, certifying public expenditures at hospitals (prior to FY 2009-10), the Hospital Provider Fee Cash Fund (beginning in FY 2009-10), and a Primary Care Fund transfer (beginning in FY 2009-10).

Due to the state revenue shortfall in recent years, the General Fund for these programs has been reduced from \$34.6 million in FY 2008-09 to approximately \$9.0 million in FY 2011-12. However, the overall funding for the program in FY 2011-12 of \$353.8 million is approximately the same amount of funding available for these line items in FY 2008-09 of \$353.3 million. The increase in the program in FY 2011-12 is due mainly to increases in the hospital reimbursements pursuant to H.B. 09-1293.

	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Appropriation/1</b>	<b>FY 2009-10 Appropriation</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Appropriation</b>
Safety Net Provider Payments	\$296,188,630	\$304,357,286	\$277,769,967	\$277,769,968	\$309,825,106
Clinic Based Indigent Care	6,119,760	6,119,760	6,119,760	6,119,760	6,119,760
Pediatric Specialty Hospital	8,439,487	12,829,721	14,913,994	14,821,994	11,799,938
Special Distribution (SB 06-044 or HB 10-1321, H.B. 10-1378 and S.B. 11-219)	<u>31,225,421</u>	<u>30,000,000</u>	<u>27,050,247</u>	<u>31,085,655</u>	<u>26,091,930</u>
<b>Total</b>	<b>\$341,973,298</b>	<b>\$353,306,767</b>	<b>\$325,853,968</b>	<b>\$329,797,377</b>	<b>\$353,836,734</b>

	FY 2007-08 Actual	FY 2008-09 Appropriation/1	FY 2009-10 Appropriation	FY 2010-11 Appropriation	FY 2011-12 Appropriation
General Fund	34,701,662	34,620,412	17,773,375	7,289,728	8,959,849
Cash Funds & Reappropriated Funds	135,668,119	139,831,861	125,063,786	137,062,097	169,249,483
Federal Funds	171,603,517	178,854,494	183,016,807	185,445,552	175,627,402
Total funding percent change	10.8%	3.3%	(7.8)%	1.2%	7.3%

/1 Federal fund offset to the General Fund expenditures in FY 2008-09 and FY 2009-10 distorts the funding allocation for these programs in FY 2008-09. Therefore, to give a better comparison of actual funding provided to the program, this chart uses the FY 2008-09 appropriation rather than the actual expenditure in FY 2008-09 and FY 2009-10.

## 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 Regular Session, the General Assembly passed H.B. 05-1262 to implement the provisions of Amendment 35. Among other provisions, 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. In FY 2007-08 and FY 2008-09 funding for this program was \$31.0 million, and \$31.3 million, respectively.

The Colorado Constitution allows the Amendment 35 moneys to be used for other health-related purposes if a two-thirds majority vote the General Assembly passes a fiscal emergency resolution. Due to the budget situation in FY 2009-10 through FY 2011-12, the General Assembly has passed emergency resolutions to transfer this funding to other programs and to offset General Fund needs. The chart below provides a five year history of the funding for this program.

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Appropriation	FY 2010-11 Appropriation	FY 2011-12 Appropriation
Primary Care Program	\$30,967,650	\$30,273,568	\$12,125,000	\$0	\$0

## 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.

Among other changes, H.B. 05-1262 increased eligibility for the CBHP for both children and women up to 200 percent of the FPL. During the 2007 legislative session, S.B. 07-097 expanded the program's eligibility to 205 percent FPL for FY 2007-08. During the 2008 legislative session, the program's eligibility was expanded to 225 percent FPL for children beginning in April 2009 and for pregnant women beginning in October 2009. Due to the current economic situation, S.B. 09-211 repealed the expansion to 225 percent FPL in FY 2008-09 and FY 2009-10. However, H.B. 09-1293 expanded CBHP to 250 percent FPL beginning in May 2010. The following table provides a five-year funding history for the CBHP medical and dental costs.

	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Appropriation</b>
Medical Services & Dental Services	<u>\$113,400,544</u>	<u>\$130,686,358</u>	<u>\$164,398,285</u>	<u>\$188,081,156</u>	<u>\$213,086,149</u>
General Fund	0	0	0	0	29,997,908
Cash Funds	39,874,379	46,115,911	55,285,838	58,971,526	44,582,245
Reappropriated Funds/1	0	0	2,500,000	6,856,880	0
Federal Funds	73,526,165	84,570,447	106,612,447	122,252,750	138,505,996
Total funding percent increase	17.5%	15.2%	25.8%	14.4%	13.3%

/1 Represents General Fund appropriations made into the Children's Basic Health Plan Trust Fund for use in the program line items.

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

	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Appropriation</b>
Children Caseload	57,795	61,582	68,725	68,448	75,811
Percent Change from prior year	22.9%	6.6%	11.6%	-0.4%	10.8%
Adult Pregnant Women Average Monthly Caseload	1,570	1,665	1,561	2,033	2,391
Percent Change from prior year	34.2%	6.1%	(6.2)%	30.2%	17.6%

### 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.

	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Appropriation</b>
Expenditures/ Appropriations	\$351,308,449	\$398,390,163	\$415,140,344	\$450,441,069	\$430,066,566
Annual percent change	5.5%	13.4%	4.2%	8.5%	(4.5)%

For detail regarding the changes in the Department of Human Services Medicaid-Funded programs, please see the Department of Human Services section of this report.

## Summary of FY 2010-11 and FY 2011-12 Appropriations

Department of Health Care Policy and Financing						
	Total Funds	General Fund /1, 2	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$4,849,626,577</b>	<b>\$1,266,754,982</b>	<b>\$753,566,553</b>	<b>\$18,526,832</b>	<b>\$2,810,778,210</b>	<b>294.8</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	130,087,549	35,993,244	14,873,898	1,901,915	77,318,492	294.8
Medical Services Premiums	3,344,294,974	874,013,997	487,857,054	7,414,327	1,975,009,596	0.0
Medicaid Mental Health Community Programs	251,590,109	93,544,002	11,651,632	13,000	146,381,475	0.0
Indigent Care Program	553,406,893	22,146,625	209,812,687	7,303,880	314,143,701	0.0
Other Medical Services	119,805,983	60,026,757	28,626,007	0	31,153,219	0.0
Department of Human Services Medicaid-Funded Programs	450,441,069	181,030,357	745,275	1,893,710	266,771,727	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	4,624,843,298	1,343,025,312	530,725,328	16,416,251	2,734,676,407	287.8
SB 10-061	102,570	0	51,285	0	51,285	0.0
SB 10-167	(1,062,209)	(414,513)	0	0	(647,696)	7.0
SB 10-169	0	(46,329,388)	46,329,388	0	0	0.0
HB 10-1005	123,270	0	47,348	0	75,922	0.0
HB 10-1027	25,000	0	12,500	0	12,500	0.0
HB 10-1033	870,155	334,227	0	0	535,928	0.0
HB 10-1053	75,000	0	37,500	0	37,500	0.0
HB 10-1146	(520,034)	(778,408)	818	0	257,556	0.0
HB 10-1338	75,209	28,887	0	0	46,322	0.0
HB 10-1378	6,345,655	(12,800,000)	0	0	19,145,655	0.0
HB 10-1379	(6,234,689)	(8,211,333)	5,806,343	0	(3,829,699)	0.0
HB 10-1380	0	(4,850,000)	4,850,000	0	0	0.0
HB 10-1381	0	(25,691,418)	21,200,983	4,490,435	0	0.0
HB 10-1382	(40,566,633)	(12,125,302)	(2,023,356)	(17,380)	(26,400,595)	0.0
HB 10-1384	17,220	8,539	76	0	8,605	0.0
SB 11-139	(24,790,931)	(64,659,222)	42,950,228	(4,100)	(3,077,837)	0.0
SB 11-209	290,323,696	99,217,601	103,578,112	(2,358,374)	89,886,357	0.0



<b>Department of Health Care Policy and Financing</b>						
	<b>Total Funds</b>	<b>General Fund /1, 2</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2011-12 Total Appropriation:</b>	<b>\$5,098,183,490</b>	<b>\$1,669,164,241</b>	<b>\$877,581,880</b>	<b>\$10,375,474</b>	<b>\$2,541,061,895</b>	<b>313.0</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	138,437,180	38,182,019	15,949,627	2,086,698	82,218,836	313.0
Medical Services Premiums	3,543,863,749	1,183,014,450	608,317,175	6,388,059	1,746,144,065	0.0
Medicaid Mental Health Community Programs	276,400,984	127,777,722	10,510,223	13,544	138,099,495	0.0
Indigent Care Program	571,817,293	39,230,251	215,780,182	0	316,806,860	0.0
Other Medical Services	137,597,718	68,074,667	27,010,155	0	42,512,896	0.0
Department of Human Services Medicaid-Funded Programs	430,066,566	212,885,132	14,518	1,887,173	215,279,743	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	5,086,626,060	1,778,737,640	780,942,590	7,535,223	2,519,410,607	312.2
SB 11-076	(1,630,244)	(714,347)	(56,118)	0	(859,779)	0.0
SB 11-125	31,054,411	30,000	15,497,206	0	15,527,205	0.0
SB 11-177	386,665	0	38,666	0	347,999	1.0
SB 11-210	(2,230,500)	(2,230,500)	0	0	0	0.0
SB 11-211	0	(33,000,000)	29,713,649	3,286,351	0	0.0
SB 11-212	0	(50,000,000)	50,000,000	0	0	0.0
SB 11-215	(8,865,830)	(4,432,915)	0	0	(4,432,915)	0.0
SB 11-216	(4,663,402)	(3,449,967)	(24,363)	(446,100)	(742,972)	(0.2)
SB 11-219	(2,607,170)	(15,775,670)	1,413,500	0	11,755,000	0.0
HB 11-1242	113,500	0	56,750	0	56,750	0.0
<b>Increase/(Decrease)</b>	<b>\$248,556,913</b>	<b>\$402,409,259</b>	<b>\$124,015,327</b>	<b>(\$8,151,358)</b>	<b>(\$269,716,315)</b>	<b>18.2</b>
Percentage Change	5.1%	31.8%	16.5%	(44.0)%	(9.6)%	6.2%

/1 Includes \$279,791,485 General Fund Exempt in FY 2010-11 and \$284,621,517 General Fund Exempt in FY 2011-12. See Division Detail for information on General Fund Exempt appropriations.

/2 Includes \$447,000 in FY 2010-11 and \$446,100 in FY 2011-12 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 24-22-117 (3), C.R.S.

## **FY 2010-11 Appropriation - Mid-year Adjustment Highlights**

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to:

1. Add \$230.1 million total funds (including \$88.9 million from the Hospital Provider Fee Cash Fund) to reflect the higher reimbursements available to hospitals through the Colorado Health Care Affordability Act. The hospital provider fee model is approved by the Centers for Medicare and Medicaid Services

(CMS) annually. The original FY 2010-11 appropriation did not include the most recent model information because the model was not approved by CMS until December 2010.

2. Add \$70.2 million total funds (including \$25.2 million General Fund) to pay FY 2009-10 claims in the Medical Services Premiums program that were rolled over into FY 2010-11 when payments from the Medicaid Management Information System were suspended for the last two weeks in June 2010.
3. Add \$72.1 million total funds (including \$67.1 million General Fund) and reduce federal funds by \$71.4 million to reflect a lower Federal Medical Assistance Program (FMAP) rate available through the American Recovery and Reinvestment Act (ARRA) in the FY 2010-11 Long Bill. The FY 2010-11 Long Bill assumed a FMAP rate of 61.59 percent while the FMAP rate based on final Congressional action was approximately 59.71 percent of qualified Medicaid expenditures.
4. Decrease total funds by \$37.5 million (including an increase of \$2.3 million General Fund) to adjust appropriations for updated caseload and expenditure estimates for the medical programs. This amount includes the following:
  - (a) An increase of \$40.6 million total funds (including \$16.2 million General Fund) for Medicaid programs administered by the Department of Human Services;
  - (b) A decrease of \$72.0 million total funds (including a decrease of \$13.1 million General Fund) for updated caseload and cost estimates for the Medicaid medical and mental health programs;
  - (c) A decrease of \$4.1 million total funds (no General Fund impact) to align expenditures in the Old Age Pension Medical program to anticipated expenditures;
  - (d) A decrease of \$1.2 million total funds (no General Fund impact) to align expenditures in the Children's Basic Health Plan (CBHP) program to anticipated expenditures; and
  - (e) A decrease of \$781,258 General Fund to align expenditures in the Medicare Modernization Act (MMA) State Contribution Payment to anticipated expenditures.

## **FY 2011-12 Appropriation Highlights**

The FY 2011-12 appropriation:

1. Increases total funds by \$17.7 million (including \$362.5 million General Fund) due to the end of the enhanced FMAP rate available under ARRA.
2. Increases total funds by \$289.1 million (including \$97.2 million General Fund) for the forecasted increase in caseload and associated expenditures in the medical programs administered by the Department including:
  - (a) An increase of \$254.2 million total funds (including \$95.8 million General Fund) for caseload and cost estimates for the Medicaid medical and mental health programs;

- (b) An increase of \$33.5 million total funds (no General Fund impact) for caseload and cost estimates for the CBHP program; and
  - (c) An increase of \$1.4 million General Fund for caseload and cost increases in the MMA State Contribution Payment.
3. Increases General Fund by \$66.9 million and decreases cash funds by \$66.9 million due to insufficient revenues in the Health Care Expansion Fund and in the Children's Basic Health Plan Trust.
  4. Increases General Fund by \$44.4 million and decreases cash funds by \$44.4 million cash funds to reverse one-time General Fund savings in FY 2010-11 that were achieved by using various cash funds to pay for Medicaid expenditures.
  5. Decreases total funds by \$91.7 million (including \$42.3 million General Fund) for various program adjustments including:
    - (a) A decrease of \$48.6 million total funds (including \$22.8 million General Fund) for benefit and reimbursement limits in the Medicaid medical and mental health programs;
    - (b) A decrease of \$19.4 million total funds (including \$12.0 million General Fund) to eliminate one-time appropriations into the CBHP Trust and for reimbursement and benefit limits in the CBHP program; and
    - (c) A decrease of \$19.3 million total funds (including \$5.2 million General Fund) for reductions in programs administered by the Department of Human Services.
  6. Decreases total funds by \$18.4 million (including \$108.9 million General Fund) through legislative changes.
  7. Includes an increase of 18.2 FTE. The majority of these FTE (17.4 FTE) were added to annualize the impacts of the Colorado Health Care Affordability Act (H.B. 09-1293). The additional FTE will provide administrative oversight such as auditing, rate setting, financial reviews, and customer support for the new Medicaid eligibility that is anticipated to be implemented in FY 2011-12.

## **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. The fund 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, the Hospital Provider Fee Cash Fund, and various other cash funds.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$128,885,227	\$35,675,473	\$14,772,613	\$1,849,603	\$76,587,538	287.8
SB 10-061	102,570	0	51,285	0	51,285	0.0
SB 10-167	1,328,361	503,705	0	0	824,656	7.0
HB 10-1027	25,000	0	12,500	0	12,500	0.0
HB 10-1053	75,000	0	37,500	0	37,500	0.0
SB 11-139	(328,609)	(185,934)	0	(4,276)	(138,399)	0.0
SB 11-209	<u>0</u>	<u>0</u>	<u>0</u>	<u>56,588</u>	<u>(56,588)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$130,087,549</b>	<b>\$35,993,244</b>	<b>\$14,873,898</b>	<b>\$1,901,915</b>	<b>\$77,318,492</b>	<b>294.8</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$130,087,549	\$35,993,244	\$14,873,898	\$1,901,915	\$77,318,492	294.8
Annualize Colorado Health Care Affordability Act of 2009	2,764,470	0	2,089,019	0	675,451	15.7
ARRA HITECH provider incentive payments	2,000,000	0	0	0	2,000,000	0.0
Expansion of Accountable Care Collaborative	1,293,241	641,747	0	0	651,494	0.0
Restore one-time personal services reductions	714,349	295,678	39,668	50,027	328,976	0.0
Centrally appropriated line items	665,468	204,814	66,843	(35,688)	429,499	0.0
Benefit reductions and limits	589,000	147,250	0	0	441,750	0.0
Statewide IT common policy adjustments	572,935	286,468	0	0	286,467	0.0
Annualize prior year budget actions	214,485	1,679	(171,956)	0	384,762	0.8
Reduce client overutilization	207,900	51,975	0	0	155,925	0.0
Implement national correct coding initiative	190,601	47,650	0	0	142,951	0.0
Nursing facility audit	24,840	0	12,420	0	12,420	0.0
Health Care Expansion Fund insolvency	0	958,131	(958,131)	0	0	0.0
Eliminate ARRA funding	0	0	0	292,271	(292,271)	0.0
Indirect cost assessment	0	(87,948)	55,014	(113,316)	146,250	0.0
Personal services base reduction	(410,453)	(141,110)	(33,417)	(8,511)	(227,415)	0.0
General Fund reduction	(79,443)	(79,443)	0	0	0	0.0
Reduction school-based health programs administrative funding	(9,114)	0	0	0	(9,114)	0.0

<b>Executive Director's Office</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Transfer prenatal plus administration	(1,557)	(779)	0	0	(778)	0.9
<b>SB 11-209</b>	<b>\$138,824,271</b>	<b>\$38,319,356</b>	<b>\$15,973,358</b>	<b>\$2,086,698</b>	<b>\$82,444,859</b>	<b>312.2</b>
SB 11-076	(589,698)	(194,072)	(56,118)	0	(339,508)	0.0
SB 11-125	60,000	30,000	0	0	30,000	0.0
SB 11-177	53,470	26,735	0	0	26,735	1.0
SB 11-216	(24,363)	0	(24,363)	0	0	(0.2)
HB 11-1242	<u>113,500</u>	<u>0</u>	<u>56,750</u>	<u>0</u>	<u>56,750</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$138,437,180</b>	<b>\$38,182,019</b>	<b>\$15,949,627</b>	<b>\$2,086,698</b>	<b>\$82,218,836</b>	<b>313.0</b>
<b>Increase/(Decrease)</b>	\$8,349,631	\$2,188,775	\$1,075,729	\$184,783	\$4,900,344	18.2
Percentage Change	6.4%	6.1%	7.2%	9.7%	6.3%	6.2%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-139 and S.B. 11-209 modified FY 2010-11 appropriations to:

- reduce expenditures for a 1.0 percent reduction to General Fund personal services and other technical adjustments to the Department's administrative funding line items; and
- reflect a lower Federal Medical Assistance Program (FMAP) rate available through the American Recovery and Reinvestment Act (ARRA) than originally assumed. The original appropriation assumed an FMAP of 61.59 percent while the FMAP based on final Congressional action is estimated at 59.71 percent of qualified Medicaid expenditures. A lower FMAP increases the amount of State funds needed for Medicaid expenditures by \$56,588 and lowers the amount of federal funds available by \$56,588.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Annualize Colorado Health Care Affordability Act of 2009:** The appropriation includes an increase of \$2.8 million total funds (including \$2.1 million from the Hospital Provider Fee Cash Fund) and 15.7 FTE to annualize the impacts from the Colorado Health Care Affordability Act of 2009 (H.B. 09-1293). The FTE increase includes 12.0 new FTE to provide program oversight for new Medicaid eligibility expansions in FY 2011-12 and 3.7 FTE to annualize positions partially funded in FY 2010-11. The appropriation also eliminates one-time costs for capital outlay and computer system changes; increases funding for eligibility determinations and client service functions; and increases funding for utilization reviews. The table below summarizes how the FY 2011-12 funding will be used.

<b>Colorado Health Care Affordability Act of 2009 Administrative Costs Annualized</b>	<b>Cash Funds</b>	<b>Federal Funds</b>	<b>Total Funds</b>
Employees and Related Expenses (15.7 FTE)	\$503,410	\$503,409	\$1,006,819
Operating and General Administration	25,768	25,769	51,537
Consulting and Actuary Services	75,000	75,000	150,000
Changes to the Medicaid Management Information System	(666,659)	(2,382,490)	(3,049,149)
Eligibility Determinations	2,106,753	2,372,536	4,479,289
Client Services	15,857	15,857	31,714
Utilization Reviews	<u>28,890</u>	<u>65,370</u>	<u>94,260</u>
Total Appropriation	\$2,089,019	\$675,451	\$2,764,470

**ARRA HITECH provider incentive payments:** The appropriation includes an increase of \$2.0 million federal funds to implement the Health Information Technology for Economic and Clinical Health (HITECH) program authorized by the American Recovery and Reinvestment Act of 2009 (ARRA). ARRA established incentive payments to eligible medical professionals, hospitals, and managed care organizations to promote the adoption of health information technology. Under the HITECH program, the Department receives a 90.0 percent federal match for expenditures related to promoting and developing health information technologies and a 100.0 percent federal match for any incentive payments to qualified medical providers. The appropriation adjusts the Department's funding to reflect the enhanced Federal Medical Assistance Program (FMAP) percentage available for these activities.

**Expansion of Accountable Care Collaborative:** The appropriation includes an increase of \$1.3 million total funds (including \$641,747 General Fund) for the administrative costs associated with implementing and expanding the Accountable Care Collaborative managed care pilot program. These administrative costs are offset by projected medical care savings in the Medical Services Premiums section.

**Restore one-time personal services reductions:** The Long Bill appropriation restores \$714,349 total funds (including \$295,678 General Fund) for one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Centrally appropriated line items:** The appropriation includes an increase of \$665,468 total funds (including \$204,814 General Fund) for adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; workers' compensation; legal services; administrative law judges; payments to risk management and property funds; and Capitol complex leased space.

**Benefit reductions and limits:** The appropriation includes an increase of \$589,000 total funds (including \$147,250 General Fund) for administrative costs associated with implementing Medicaid and Children's Basic Health Plan benefit reductions described in the Medical Services Premiums and Indigent Care Program

sections. These administrative costs will be offset by projected savings in medical costs for these programs.

**Statewide IT common policy adjustments:** The appropriation includes an increase of \$572,935 total funds (including \$286,468 General Fund) for adjustments to line items appropriated for: purchase of services from the computer center; multi-use network payments; and management and administration of the Governor's Office of Information Technology.

**Annualize prior year budget actions:** The appropriation includes an increase of \$214,485 total funds (including \$1,679 General Fund) and 0.8 FTE to annualize various prior year legislation and budget actions.

**Reduce client overutilization:** The appropriation includes an increase of \$207,900 total funds (including \$51,975 General Fund) for changes to the Medicaid Management Information System (MMIS) to lock certain clients with high utilization patterns into one primary care physician and pharmacy. The General Fund increase is anticipated to be offset by cost savings in the Medical Services Premiums section.

**Implement national correct coding initiative:** The appropriation includes an increase of \$190,601 total funds (including \$47,650 General Fund) to make system changes to the MMIS in order to comply with the National Correct Coding Initiative. This federal initiative requires states to reduce the amount of improper coding that leads to incorrect payments in the fee-for-service Medicaid programs. This increase is anticipated to be offset by eventual savings in the Medical Services Premiums section once all system edits are made to the MMIS.

**Nursing facility audit:** The appropriation includes an increase of \$24,840 total funds (including \$12,420 from the Nursing Facility Cash Fund) to audit supplemental payments made to nursing facilities through the H.B. 08-1114 Nursing Facility Provider Fee program. The supplemental payments and provider fees are calculated on non-Medicare days reported by nursing facilities. Currently, this data is unaudited. This appropriation will provide additional resources to audit this data and is anticipated to be offset by savings in the Medical Services Premiums section.

**Health Care Expansion Fund insolvency:** The appropriation includes an increase of \$958,131 General Fund and a corresponding decrease of \$958,131 cash funds due to insufficient revenues in the Health Care Expansion Fund to support the program requirements in Section 24-22-117 (2) (a) (II), C.R.S.

**Eliminate ARRA funding:** The appropriation reflects an increase of \$292,271 reappropriated funds and a corresponding decrease of \$292,271 federal funds due to the end of the enhanced FMAP rate available under ARRA.

**Indirect cost assessment:** The appropriation includes a net zero total fund change (including a \$87,948 General Fund decrease) for indirect cost assessments.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items. This results in savings of \$410,453 total funds (including \$141,110 General Fund).

**General Fund reduction:** The appropriation includes a reduction of \$79,443 General Fund to various line items.

**Reduce school-based health programs administrative funding:** The appropriation reflects a decrease of \$9,114 federal funds resulting from reductions made administrative costs for the Public School Health Services program.

**Transfer prenatal plus administration:** The appropriation includes a decrease of \$1,557 total funds (including \$779 General Fund) and an increase of 0.9 FTE to transfer the administration of the Prenatal Plus program from the Department of Public Health and Environment (DPHE) to the Department of Health Care Policy and Financing (HCPF).

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

## Medical Services Premiums

This division provides the health care funding for an estimated 613,148 Medicaid clients in FY 2011-12. Medical services include medical care services (*i.e.* physician visits, prescription drugs, hospitalization) and long-term care services (*i.e.* nursing home care and community-based services). Significant sources of cash funds include the Health Care Expansion Fund, provider fees from hospitals and nursing facilities and funds certified at public hospitals as the state match for federal funds. The majority of reappropriated funds are transferred from the Department of Public Health and Environment. Federal funds represent the federal funds available for the Medicaid program through the federal medical assistance program (FMAP).

Medical Services Premiums						
	Total Funds	General Fund /1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$3,158,315,617	\$976,066,783	\$250,622,514	\$3,122,188	\$1,928,504,132	0.0
SB 10-167	(2,390,570)	(918,218)	0	0	(1,472,352)	0.0
SB 10-169	0	(46,329,388)	46,329,388	0	0	0.0
HB 10-1005	123,270	0	47,348	0	75,922	0.0
HB 10-1033	870,155	334,227	0	0	535,928	0.0
HB 10-1146	(704,421)	(869,842)	0	0	165,421	0.0
HB 10-1378	0	(12,800,000)	12,800,000	0	0	0.0
HB 10-1379	(6,234,689)	(8,211,333)	5,806,343	0	(3,829,699)	0.0
HB 10-1380	0	(4,850,000)	4,850,000	0	0	0.0
HB 10-1381	0	(25,691,418)	21,200,983	4,490,435	0	0.0
HB 10-1382	(43,121,235)	(14,679,904)	(2,023,356)	(17,380)	(26,400,595)	0.0
SB 11-139	0	(51,000,000)	51,000,000	0	0	0.0
SB 11-209	<u>237,436,847</u>	<u>62,963,090</u>	<u>97,223,834</u>	<u>(180,916)</u>	<u>77,430,839</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,344,294,974</b>	<b>\$874,013,997</b>	<b>\$487,857,054</b>	<b>\$7,414,327</b>	<b>\$1,975,009,596</b>	<b>0.0</b>



Medical Services Premiums						
	Total Funds	General Fund /1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$3,344,294,974	\$874,013,997	\$487,857,054	\$7,414,327	\$1,975,009,596	0.0
<i><b>Base Issues</b></i>						
Medicaid Forecast	225,647,739	94,331,115	51,579,544	177,816	79,559,264	0.0
Eliminate ARRA funding	0	283,146,100	12,318,999	0	(295,465,099)	0.0
Adjustment for one-time savings	0	44,363,250	(39,872,815)	(4,490,435)	0	0.0
Health Care Expansion Fund insolvency	0	16,000,000	(16,000,000)	0	0	0.0
<i><b>Policy Issues</b></i>						
Reallocate Medicaid funding for youth corrections	372,956	186,478	0	0	186,478	0.0
Benefit reductions and limits	(30,010,948)	(14,929,554)	(75,920)	0	(15,005,474)	0.0
Provider reimbursement reductions	(13,972,404)	(6,178,364)	(732,958)	0	(7,061,082)	0.0
Expansion of Accountable Care Collaborative	(4,768,904)	(2,384,452)	0	0	(2,384,452)	0.0
Reduce client overutilization	(136,600)	(68,300)	0	0	(68,300)	0.0
Nursing facility audit	(24,840)	0	(12,420)	0	(12,420)	0.0
<b>SB 11-209</b>	<b>\$3,521,401,973</b>	<b>\$1,288,480,270</b>	<b>\$495,061,484</b>	<b>\$3,101,708</b>	<b>\$1,734,758,511</b>	<b>0.0</b>
SB 11-125	30,994,411	0	15,497,206	0	15,497,205	0.0
SB 11-177	333,195	(26,735)	38,666	0	321,264	0.0
SB 11-210	0	(2,230,500)	2,230,500	0	0	0.0
SB 11-211	0	(33,000,000)	29,713,649	3,286,351	0	0.0
SB 11-212	0	(50,000,000)	50,000,000	0	0	0.0
SB 11-215	(8,865,830)	(4,432,915)	0	0	(4,432,915)	0.0
SB 11-219	<u>0</u>	<u>(15,775,670)</u>	<u>15,775,670</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,543,863,749</b>	<b>\$1,183,014,450</b>	<b>\$608,317,175</b>	<b>\$6,388,059</b>	<b>\$1,746,144,065</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$199,568,775	\$309,000,453	\$120,460,121	(\$1,026,268)	(\$228,865,531)	0.0
Percentage Change	6.0%	35.4%	24.7%	(13.8)%	(11.6)%	n/a

1/ Includes General Fund Exempt amounts in FY 2011-12 related to the passage of Referendum C. Please see the table and explanation below.

<b>General Fund Summary</b>	<b>Total General Fund</b>	<b>General Fund</b>	<b>General Fund Exempt</b>
FY 2010-11 Appropriation	\$874,013,997	\$594,669,512	\$279,344,485
General Fund adjustments	<u>309,000,453</u>	<u>304,169,521</u>	<u>4,830,932</u>
FY 2011-12 Appropriation	\$1,183,014,450	\$898,839,033	\$284,175,417

## **General Fund Exempt**

Referendum C, passed by Colorado voters in November 2005, allows the State to retain and spend all revenue that is collected in excess of the TABOR limit for FY 2005-06 through FY 2009-10. For FY 2010-11 and subsequent fiscal years, Referendum C allows the State to retain all revenues that are in excess of the TABOR limit, but less than the excess state revenues cap<sup>1</sup>, for that fiscal year. This revenue must be placed in the General Fund Exempt Account. The above table shows the amount of General Fund Exempt that is appropriated for FY 2010-11 and FY 2011-12 from the General Fund Exempt Account for the 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.

## **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-139 and S.B. 11-209 modified FY 2010-11 appropriations to:

- offset \$51.0 million in General Fund expenditures with Health Care Expansion Fund;
- adjust the FY 2010-11 Medicaid appropriations to reflect a lower Federal Medical Assistance Program (FMAP) rate available through the American Recovery and Reinvestment Act (ARRA) than originally assumed. The original appropriation assumed an FMAP of 61.59 percent while the FMAP based on final Congressional action is estimated at 59.71 percent of qualified Medicaid expenditures. A lower FMAP increases the amount of State funds needed for Medicaid expenditures by \$55.3 million and lowers the amount of federal funds available by \$55.3 million;
- adjust the Medicaid caseload and cost forecast;
- reflect higher than anticipated hospital reimbursements under the Colorado Health Care Affordability Act (HCAA) based on an updated model approved by the Centers for Medicare and Medicaid Services in December 2010 (the higher reimbursements are retroactive to October 2010);
- adjust appropriations to reflect a two-week Medicaid payment delay in FY 2009-10 that pushed costs into FY 2010-11; and
- reflect anticipated recoupments and recoveries within the appropriation instead of off-budget, based on a recommendation from the State Auditor's Office.

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<sup>1</sup> The "excess state revenues cap" is equal to the highest annual total state revenues from FY 2005-06 through FY 2009-10, adjusted each subsequent fiscal year for inflation, the percentage change in state population, enterprises, and debt service changes.

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Base Issues:** These issue include appropriation adjustments to fund the federal and state requirements for the Medicaid program before any policy changes are enacted.

**Medicaid Forecast:** The FY 2011-12 appropriation supports medical services for an estimated 613,148 Medicaid clients. The FY 2011-12 caseload forecast reflects an increase of 54,841 clients (9.8 percent) from the final appropriated FY 2010-11 caseload forecast. The majority of the caseload increase is anticipated in the low-income categorical eligible adults and children. Table 1 shows the projected caseload growth from the final estimate for FY 2010-11 to FY 2011-12.

Table 1: FY 2010-11 Medicaid Caseload Forecast				
Eligibility Category	FY 2010-11	FY 2011-12	# Change	%
<b>Elderly Caseloads</b>				
Adults 65 Years of Age and Older	38,942	39,556	614	1.6%
<b>Disabled Caseload</b>				
Disabled Adults 60 to 64 Years of Age	7,706	8,098	392	5.1%
Disabled Individuals up to 59 Years of Age	56,032	57,841	1,809	3.2%
HCAA Medicaid Buy-In Program	0	4,329	4,329	n/a
<b>Low-Income Adults</b>				
Categorical Eligible Adults up to 34% of Federal Poverty Level (FPL)	60,881	64,432	3,551	5.8%
Pregnant Adults up to 133% FPL	7,867	7,657	(210)	(2.7)%
Expansion Adults up to 60% FPL	20,095	23,628	3,533	17.6%
HCAA Expansion Adults between 61% and 100% FPL	26,941	34,050	7,109	26.4%
HCAA Adults without dependent children up to 100% FPL	0	16,400	16,400	n/a
Breast and Cervical Cancer Treatment and Prevention Program	524	595	71	13.6%
<b>Children</b>				
Categorical Eligible Children	300,625	308,892	8,267	2.8%
HCAA Expansion Children Continuous Eligibility	0	7,500		
Foster Children	18,502	18,878	376	2.0%
<b>Other</b>				
Qualified Medicare clients (Partial Dual Eligibles)	17,094	18,210	1,116	6.5%
Non-Citizens (emergency care)	<u>3,098</u>	<u>3,082</u>	<u>(16)</u>	<u>(0.5)%</u>
<b>Total Caseload Forecast</b>	<b>558,307</b>	<b>613,148</b>	<b>54,841</b>	<b>9.8%</b>

After the caseload forecast is established, the base service costs are calculated. The base service costs are the amount of funding needed for the Medicaid program under current law before any policy issues are added. The base service costs are a function of both the caseload forecast and the forecast for the cost of medical services based on prior year utilization patterns and rates. The base service costs include the following major groupings

of medical services: (1) the cost of medical care, community long-term care, institutional long-term care, supplemental insurance, and medical administrative costs; (2) the mix of services used by the different caseload aid categories described above; and (3) the acuity level of the caseload using the various services.

Table 2 compares the final FY 2010-11 estimated costs with the FY 2011-12 base service cost Long Bill appropriation for each service category. The table also reflects eliminating one-time FY 2010-11 costs associated with the FY 2009-10 two-week payment delay.

<b>Table 2: FY 2011-12 Medical Services Costs</b>				
<b>Service Category</b>	<b>FY 2010-11</b>	<b>FY 2011-12<sup>1</sup></b>	<b>\$ Change</b>	<b>%</b>
Medical Care Services	\$1,671,099,247	\$1,860,326,938	\$189,227,691	11.3%
Community Long-Term Care Services	313,542,788	347,254,664	33,711,876	10.8%
Long-Term Care	576,157,489	606,274,757	30,117,268	5.2%
Insurance Premiums (Medicare & Buy-In)	118,964,577	134,641,576	15,676,999	13.2%
Medical Administrative Costs	33,411,741	48,272,565	14,860,824	44.5%
Supplemental Payments	557,725,706	570,011,273	12,285,567	2.2%
Total Service Costs	\$3,270,901,548	\$3,566,781,773	\$295,880,225	9.0%
FY 2009-10 Payment Delay	\$70,232,486	\$0	(\$70,232,486)	(100.0)%
<b>TOTAL</b>	<b>\$3,341,134,034</b>	<b>\$3,566,781,773</b>	<b>\$225,647,739</b>	<b>6.8%</b>

<sup>1</sup> The FY 2011-12 amount does not include any policy changes. Those items are discussed as separate issues.

Table 3 provides the estimate for how much of the base FY 2011-12 Medicaid cost is the result of caseload increases and how much is the result of service cost changes.

<b>Table 3: Analysis of Cost Drivers for FY 2011-12 <u>BASE</u> Increase</b>						
<b>Eligibility Category (shortened titles from Table 1)</b>	<b>Caseload Change</b>	<b><u>Net</u> Cost Per Client Change</b>	<b>Cost Associated with Higher Caseload Estimate</b>	<b>Cost Associated with Change to Per Client Cost</b>	<b>Compounding Effect</b>	<b>Total Costs</b>
Adults 65+	614	(\$799.61)	\$13,335,091	(\$31,138,424)	(\$490,645)	(\$18,293,978)
Disabled Adults 60 to 64	392	(\$534.32)	6,370,581	(4,117,630)	(209,276)	2,043,675
Disabled Individuals < 60	1,809	\$86.52	13,494,994	5,004,294	548,185	19,047,473
HCAA Medicaid Buy-In	4,329	\$16,799.16	72,723,564	0	0	72,723,564
Categorical Eligible Adults	3,551	(\$82.27)	12,982,720	(5,008,711)	(292,102)	7,681,907
Pregnant Adults 133% FPL	(210)	\$195.92	(1,898,260)	1,541,227	(41,169)	(398,202)
Expansion Adults 60% FPL	3,533	\$106.71	4,817,748	2,521,268	1,449,561	8,788,576
HCAA Expansion Adults	7,109	\$773.31	20,608,958	3,633,365	2,088,943	26,331,267
HCAA Adults w/o children	16,400	\$3,202.10	52,514,422	0	0	52,514,422
BCCTP Program	71	(\$1,468.33)	1,340,364	(768,757)	(104,381)	467,226

**Table 3: Analysis of Cost Drivers for FY 2011-12 BASE Increase**

Eligibility Category (shortened titles from Table 1)	Caseload Change	<u>Net</u> Cost Per Client Change	Cost Associated with Higher Caseload Estimate	Cost Associated with Change to Per Client Cost	Compounding Effect	Total Costs
Eligible Children	15,767	(\$1.40)	25,810,492	(422,200)	(22,143)	25,366,149
Foster Children	376	105	1,447,695	1,934,332	39,372	3,421,399
Partial Dual Eligibles	1,116	80	1,510,285	1,369,697	89,468	2,969,450
Non-Citizens	(16)	2,321	(263,068)	7,190,115	(37,991)	6,889,056
Total	54,841	n/a	\$224,795,586	(\$18,261,424)	\$3,017,822	\$209,551,984
Deduct FY 2009-10 Payment Delay From FY 2011-12 Costs						(\$70,232,486)
Increase to Supplemental Payments						\$86,328,241
<b>TOTAL FY 2011-12 BASE INCREASE</b>						<b>\$225,647,739</b>

**Eliminate ARRA funding:** The appropriation reflects an increase of \$295.5 million State funds (including \$283.1 million General Fund) and a corresponding decrease of \$295.5 million federal funds due to the end of the enhanced FMAP rate available under ARRA.

**Adjustment for one-time savings:** The appropriation reverses one-time savings contained in budget balancing legislation passed by the General Assembly in 2010 as shown in the table below.

<b>Table 4: Reverse FY 2010-11 One-time Budget Balancing Legislation</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>
Reverse savings from HB 10-1324 (Medicaid Nursing Facility Per Diem Rates)	\$0	\$4,021,832	(\$4,021,832)	\$0
Reverse savings from HB 10-1378 (2010 Transfers for Health Care Services)	0	12,800,000	(12,800,000)	0
Reverse savings from HB 10-1380 (Use Supplemental Old Age Pension Health Fund for Medicaid)	0	1,850,000	(1,850,000)	0
Reverse savings from HB 10-1381 (Tobacco Revenues Offset Medical Services)	0	25,691,418	(21,200,983)	(4,490,435)
<b>Total one-time legislation impacts reversed</b>	<b>\$0</b>	<b>\$44,363,250</b>	<b>(\$39,872,815)</b>	<b>(\$4,490,435)</b>

/1 This table reflects only legislation with one-time cash fund offsets to the General Fund that are reversed in FY 2011-12 Long Bill (SB 10-169 is included in the Eliminate ARRA issue and the impacts of HB 10-1379 are included in the Medicaid forecast issue).

**Health Care Expansion Fund insolvency:** The appropriation includes an increase of \$16.0 million General Fund and a corresponding decrease of \$16.0 million cash funds due to insufficient revenues in the Health Care Expansion Fund to support the program requirements in Section 24-22-117 (2) (a) (II), C.R.S.

After making the base adjustments above, the funding sources for the Medical Services Premiums line item are calculated. Certain populations and programs are funded through different funding sources (*e.g.* some adults and children on Medicaid can be funded from the Health Care Expansion Fund or Hospital Provider Fee Cash

Fund). Table 5 shows the funding sources for the Medical Services Premiums line item for FY 2010-11 compared to FY 2011-12 (before policy changes).

<b>Table 5: Fund Splits for FY 2011-12 Long Bill Medical Services Premiums</b>			
<b>Fund</b>	<b>FY 2010-11 Appropriation</b>	<b>FY 2011-12 Appropriation /1</b>	<b>Difference</b>
General Fund and General Fund Exempt	\$874,013,997	\$1,311,854,462	\$437,840,465
CF - Hospital Provider Fee	263,064,535	354,918,568	91,854,033
CF - Health Care Expansion Fund	112,966,384	68,840,304	(44,126,080)
CF - Nursing Facility Cash Fund	29,831,870	27,439,629	(2,392,241)
CF - Recoupments and Recoveries	22,287,109	23,401,465	1,114,356
CF - Certified Funds	17,254,496	7,629,150	(9,625,346)
CF - Primary Care Fund	12,800,000	0	(12,800,000)
CF - Old Age Pension Supplemental Health and Medical Fund	4,850,000	3,000,000	(1,850,000)
CF - Breast and Cervical Cancer Fund	2,632,530	2,765,909	133,379
CF - Autism Fund	719,148	878,625	159,477
CF - Coordinated Care For People with Disabilities	200,335	200,335	0
CF - Home Health Telemedicine Fund	49,665	170,575	120,910
CF - Various Cash Funds used to Offset General Fund	21,200,982	0	(21,200,982)
CF - Medicaid Buy-In Cash Fund	0	6,638,222	6,638,222
RF - Transfer from DPHE	7,414,327	3,101,708	(4,312,619)
Federal Funds	<u>1,975,009,596</u>	<u>1,759,103,761</u>	<u>(215,905,835)</u>
<b>TOTAL FUNDS</b>	<b>\$3,344,294,974</b>	<b>\$3,569,942,713</b>	<b>\$225,647,739</b>

<sup>/1</sup> FY 2011-12 reflects only the Long Bill estimates for the base calculations before policy changes. These amounts do not include impacts from separate legislation passed during the 2011 Session.

**Policy Issues:** *Includes issues that can be made without law change but are not part of the base issues above.*

**Reallocate Medicaid funding for youth corrections:** The appropriation transfers appropriations for Medicaid medical and mental health services for youth at the Ridge View Youth Corrections Facility from the Department of Human Services Medicaid-funded Programs section to the Medicaid Premiums and Medicaid Mental Health Capitation line items. This change has a net zero fiscal impact on appropriations.

**Benefit reductions and limits:** The appropriation includes a decrease of \$30.0 million total funds (\$14.9 million General Fund) for Medicaid program benefit and reimbursement limits as shown in Table 6 below.

<b>Table 6: FY 2011-12 Benefit Reductions and Reimbursement Limits</b>		
<b>Issue</b>	<b>Total Amount</b>	<b>Description</b>
Limit Fluoride Application	(\$33,798)	The appropriation limits fluoride applications to three applications per year.

**Table 6: FY 2011-12 Benefit Reductions and Reimbursement Limits**

<b>Issue</b>	<b>Total Amount</b>	<b>Description</b>
Limit Dental Cleaning Benefit	(176,658)	The appropriation limits dental cleaning to no more than two times a year.
Eliminate Oral Hygiene Instruction Reimbursement	(4,626,574)	The appropriation eliminates reimbursement for time spent providing clients with dental hygiene instruction.
Limit Physical and Occupational Therapies	(504,744)	The appropriation limits the number of outpatient physical and occupational therapy visits for adults to no more than 48 total without prior authorization.
Home Health Billing Changes	(2,739,756)	The appropriation changes billing practices to more accurately match the amount of services provided.
Pharmacy State Maximum	(1,833,334)	The appropriation increases the number of drugs that are included under the State's Maximum Allowable Cost (SMAC) pricing program.
Reduce reimbursement rate for certain diabetes supplies	(919,340)	The appropriation reduces the reimbursement for blood glucose/reagent strips from \$31.80 per box of 50 strips to approximately \$18.00 per box.
Reduce payments for uncomplicated cesarean section deliveries	(6,846,550)	The appropriation reduces uncomplicated cesarean section delivery reimbursement to the same amount that the Medicaid program pays for complicated vaginal deliveries.
Reduce payments for inpatient renal dialysis	(2,366,947)	The appropriation reduces reimbursement for inpatient renal dialysis to 1.2 inpatient days instead of 3.2 days based on actual length of stay rather than the amount assumed under the current diagnostic related group code.
Deny reimbursement for hospital readmission within 48 hours	(2,700,456)	Under the provisions of the appropriation, the Medicaid program will no longer make a separate payment to hospitals for clients who are readmitted within 48 hours to the same hospital for a related condition. The current policy is to deny new payment for readmission within 24 hours.
Prior authorize certain radiology services at outpatient hospitals	(672,136)	The appropriation assumes savings from requiring prior authorizations for certain MRI, CT scans, PET scans and SPECT scans. Prior authorization would not be required for emergency circumstances.
Cap consumer directed attendant support services wage rates	(1,549,846)	The appropriation would cap wages paid for personal care, homemaker and health maintenance in the consumer directed care waiver to the same wages paid under the Home and Community-based Services - Elderly, Blind and Disabled waiver.
Enforce home health acute services limits	(1,234,424)	The appropriation will require prior authorization for any clients needing acute home health services after a 60-day limit.
Money follows the clients program expansion	(625,704)	The appropriation assumes savings from expanded efforts to relocate clients in nursing facility care to community settings.
Negative wound therapy	(100,000)	Reduces the reimbursement rate for negative pressure wound therapy.
Eliminate circumcision as a covered benefit	(373,000)	The appropriation will eliminate circumcision as a covered benefit.
Managed Care Impact	(2,707,681)	The above benefit and reimbursement changes will also impact the rates paid to managed care organizations as reflected in the reduction.
<b>TOTAL</b>	<b>(\$30,010,948)</b>	
<b>General Fund</b>	<b>(\$14,929,554)</b>	
<b>Cash Funds</b>	<b>(\$75,920)</b>	
<b>Federal Funds</b>	<b>(\$15,005,474)</b>	

**Provider reimbursement reductions:** The appropriation includes a decrease of \$14.0 million total funds (\$6.2 million General Fund) to reduce provider rates in addition to the 5.5 percent reduction that have already been applied since the economic downturn began. The rate reductions are as follows:

- (1) \$11.7 million total funds savings (including \$5.1 million General Fund) from a 0.75 percent reimbursement reduction for most Medicaid providers; and
- (2) \$2.3 million total funds (including \$1.1 million General Fund) from a 0.5 percent reimbursement reduction to home and community-based long-term care waiver services.

**Expansion Accountable Care Collaborative:** The appropriation includes a reduction of \$4.8 million total funds (including \$2.4 million General Fund) from anticipated savings from increasing the number of clients eligible to participate in the Accountable Care Collaborative (ACC) pilot program. These savings are partially offset by increased administrative costs in the Executive Director's Office section. Under the ACC pilot program, seven Regional Care Coordination Organizations throughout the state will be responsible for managing and coordinating the care of clients assigned in their geographical area. The pilot program is an attempt to reduce Medicaid costs related to: duplicated outpatient services, pharmacy utilization, and emergency room utilization for conditions that can be treated in an outpatient setting.

**Reduce client overutilization:** The appropriation reduces \$136,600 total funds (including \$68,300 General Fund) based on increasing the number of clients in the Department's overutilization program. Because of administrative costs in the Executive Director's Office section for this issue, the net General Fund savings for this initiative is anticipated to be \$16,325. The overutilization program identifies patterns of misuse and overuse by Medicaid clients. Clients in the program are "locked-in" with one primary care physician, pharmacy, or managed care organization in order to better manage and monitor their medical use and care.

**Nursing facility audit:** The appropriation includes a reduction of \$24,840 total funds (\$12,420 cash funds from the Nursing Facility Cash Fund) from savings that are anticipated due to auditing the number Medicare bed days provided at nursing facilities. Medicare bed days are the basis for the supplemental payment distributions that are made pursuant to H.B. 08-1114.

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

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## Medicaid Mental Health Community Programs

This division provides mental health services through the purchase of services from five regional Behavioral Health Organizations (BHOs), which manage service delivery 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 services not covered within the capitation contracts and rates. The funding for this division is primarily General Fund and federal funds. The major source of the cash funds is the Health Care Expansion Fund and hospital provider fee.



Medicaid Mental Health Community Programs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$250,582,216	\$87,070,304	\$9,555,600	\$12,046	\$153,944,266	0.0
SB 11-209	<u>1,007,893</u>	<u>6,473,698</u>	<u>2,096,032</u>	<u>954</u>	<u>(7,562,791)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$251,590,109</b>	<b>\$93,544,002</b>	<b>\$11,651,632</b>	<b>\$13,000</b>	<b>\$146,381,475</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$251,590,109	\$93,544,002	\$11,651,632	\$13,000	\$146,381,475	0.0
Medicaid mental health capitation forecast	30,410,016	4,334,274	7,194,077	820	18,880,845	0.0
Reallocate Medicaid funding for youth corrections	616,044	308,022	0	0	308,022	0.0
Medicaid mental health fee-for-service forecast	439,689	269,813	0	0	169,876	0.0
Eliminate ARRA funding	0	22,190,680	1,996,437	0	(24,187,117)	0.0
Health Care Expansion Fund insolvency	0	9,915,080	(9,915,080)	0	0	0.0
Benefit reductions and limits	(5,570,619)	(2,367,687)	(416,843)	(276)	(2,785,813)	0.0
Recoupments	(1,084,255)	(416,462)	0	0	(667,793)	0.0
<b>SB 11-209</b>	<b><u>\$276,400,984</u></b>	<b><u>\$127,777,722</u></b>	<b><u>\$10,510,223</u></b>	<b><u>\$13,544</u></b>	<b><u>\$138,099,495</u></b>	<b><u>0.0</u></b>
<b>TOTAL</b>	<b>\$276,400,984</b>	<b>\$127,777,722</b>	<b>\$10,510,223</b>	<b>\$13,544</b>	<b>\$138,099,495</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$24,810,875	\$34,233,720	(\$1,141,409)	\$544	(\$8,281,980)	0.0
Percentage Change	9.9%	36.6%	(9.8)%	4.2%	(5.7)%	n/a

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-209 made the following modifications to the FY 2010-11 appropriation:

- adds \$2.7 million total funds to reflect the most recent Medicaid caseload and mental health cost forecasts. This increase was partially offset by a decrease of \$1.8 million total funds that result from additional recoupments from Behavioral Health Organizations (BHOs). Senate Bill 11-209 also made various other technical changes; and
- adjusts the FY 2010-11 Medicaid appropriations to reflect a lower Federal Medical Assistance Program (FMAP) rate available through the American Recovery and Reinvestment Act (ARRA) than originally assumed. The original appropriation assumed an FMAP of 61.59 percent while the FMAP based on final Congressional action is estimated at 59.71 percent of qualified Medicaid expenditures. A lower FMAP increases the amount of State funds needed for Medicaid expenditures by \$4.6 million and lowers the amount of federal funds available by \$4.6 million;

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Medicaid mental health capitation forecast:** The appropriation includes a total fund increase of \$28.1 million (\$5.6 million General Fund) for FY 2011-12 in order to fund the Medicaid mental health program's forecasted caseload and capitation costs. Table 1 compares the projected costs for the mental health program by aid category in FY 2010-11 to the estimates for FY 2011-12.

Table 1: Final FY 2010-11 Estimates Compared to FY 2011-12 Long Bill Appropriation /1							
Eligible Medicaid Mental Health Caseload -- ONLY	FY 2010-11 Caseload	FY 2010-11 Est. Capitation Rate for Aid Category	FY 2010-11 Cost Estimate	FY 2011-12 Caseload	FY 2011-12 Capitation Rate for Aid Category	FY 2011-12 Cost Estimate	Cost Difference
Adults 65+	38,942	\$154.89	\$6,031,723	39,556	\$159.42	\$6,305,918	\$274,195
Disabled Adults 60-64	7,706	1,768.35	13,626,885	8,098	1,960.02	15,872,275	2,245,390
All Disabled Individuals < 60	56,033	1,766.37	98,975,199	62,171	1,822.91	113,331,855	14,356,656
Categorical Eligible Adults	60,881	266.11	16,200,959	64,431	282.33	18,190,550	1,989,591
All Expansion Adults	47,036	266.08	12,515,200	74,078	220.13	16,306,688	3,791,488
Pregnant Adults	7,867	265.84	2,091,377	7,657	282.31	2,161,613	70,236
Breast and Cervical Cancer Treatment Adults	524	265.31	139,024	595	282.04	167,815	28,791
Eligible Children	300,625	188.37	56,630,173	316,392	199.06	62,981,849	6,351,676
Foster Children	<u>18,502</u>	<u>2,362.14</u>	<u>43,704,223</u>	<u>18,879</u>	<u>2,288.91</u>	<u>43,212,424</u>	<u>(491,799)</u>
<b>Total Capitation Base</b>	<b>538,116</b>	<b>n/a</b>	<b>\$249,914,763</b>	<b>591,857</b>	<b>n/a</b>	<b>\$278,530,987</b>	<b>\$28,616,224</b>
<b>FY 2010-11 Other Adjustments /1</b>			<b><u>(\$1,793,792)</u></b>			<b><u>\$0</u></b>	<b><u>\$1,793,792</u></b>
<b>Total Capitation Base</b>			<b>\$248,120,971</b>			<b>\$278,530,987</b>	<b>\$30,410,016</b>

<sup>/1</sup> The FY 2011-12 Long Bill appropriation does not include any policy changes. Those items are discussed as separate issues below.

**Reallocate Medicaid funding for youth corrections:** The appropriation transfers appropriations for Medicaid medical and mental health services for youth at the Ridge View youth corrections facility from the Department of Human Services Medicaid-funded Programs section to the Medicaid Premiums and Medicaid Mental Health Capitation line items. This change has a net zero fiscal impact.

**Medicaid mental health fee-for-service forecast:** The appropriation includes an increase of \$943,069 (including \$471,535 General Fund) for the increase for these services based primarily on the estimated increase in the Medicaid caseload. Certain Medicaid mental health costs are excluded from the Behavioral Health Organization's capitation contracts and are paid for on a fee-for-service basis.

**Eliminate ARRA funding:** The appropriation reflects an increase of \$24.2 million state funds (including \$22.2 million General Fund) and a corresponding decrease of \$24.2 million federal funds due to the end of the enhanced FMAP rate available under ARRA.

**Health Care Expansion Fund insolvency:** The appropriation includes an increase of \$9.9 million General Fund and a corresponding decrease of \$9.9 million cash funds due to insufficient revenues in the Health Care Expansion Fund.

**Benefit reductions and limits:** The appropriation includes a decrease of \$5.6 million total funds (including \$2.4 million General Fund) based on the Department implementing a benefit or service reduction plan in January 2011 that will continue in FY 2011-12.

**Recoupments:** The appropriation includes a decrease in mental health capitation payments to account for recoupments derived from capitated payments made for clients later found to be ineligible for Medicaid.

## 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 217,900 Coloradans at 45 participating hospitals and 16 participating clinics. Funding sources for these programs include the General Fund, cash funds that include funds certified at public hospitals and 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 205.0 percent of federal poverty level. Pursuant to H.B. 09-1293, eligibility for the CBHP programs was increased to 250.0 percent of the federal poverty level beginning in May 2010. The program is forecasted to serve 75,811 children and 2,391 adult pregnant women in FY 2011-12. Funding sources for this program include the CBHP Trust Fund, the Health Care Expansion Fund, the Hospital Provider Fee Cash Fund 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 fees assessed on participating hospitals and federal funds.

Indigent Care Program						
	Total Funds	General Fund /1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$556,052,141	\$14,593,608	\$224,851,294	\$7,303,880	\$309,303,359	0.0
HB 10-1378	6,345,655	0	(12,800,000)	0	19,145,655	0.0

Indigent Care Program						
	Total Funds	General Fund /1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 10-1382	2,554,602	2,554,602	0	0	0	0.0
SB 11-139	(25,636,826)	0	(8,324,723)	0	(17,312,103)	0.0
SB 11-209	<u>14,091,321</u>	<u>4,998,415</u>	<u>6,086,116</u>	<u>0</u>	<u>3,006,790</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$553,406,893</b>	<b>\$22,146,625</b>	<b>\$209,812,687</b>	<b>\$7,303,880</b>	<b>\$314,143,701</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$553,406,893	\$22,146,625	\$209,812,687	\$7,303,880	\$314,143,701	0.0
Children's Basic Health Plan (CBHP) forecast	33,532,290	0	11,736,301	0	21,795,989	0.0
Maximize upper payment limit for safety net provider payments	15,896,239	0	7,948,120	0	7,948,119	0.0
Annualize Colorado Health Care Affordability Act	4,044,632	0	2,021,581	0	2,023,051	0.0
Comprehensive Primary and Preventative Care Grant program	2,706,995	0	2,706,995	0	0	0.0
Health Care Expansion Fund insolvency	0	27,163,239	(27,163,239)	0	0	0.0
Eliminate ARRA funding	0	2,033,445	16,954,212	0	(18,987,657)	0.0
Eliminate one-time appropriations into the CBHP Trust	(10,911,482)	(9,411,482)	(1,500,000)	0	0	0.0
CBHP reductions	(8,527,297)	(2,580,428)	(404,126)	0	(5,542,743)	0.0
Annualize health clinic funding	(4,942,145)	0	9,875,427	0	(14,817,572)	0.0
CBHP Trust insolvency	(4,604,711)	4,086,747	(1,834,578)	(6,856,880)	0	0.0
Pediatric specialty hospital reduction	(1,514,056)	(757,028)	0	0	(757,028)	0.0
Tobacco funding revenue adjustments	(23,856)	(900)	(11,028)	(900)	(11,028)	0.0
<b>SB 11-209</b>	<b>\$579,063,502</b>	<b>\$42,680,218</b>	<b>\$230,142,352</b>	<b>\$446,100</b>	<b>\$305,794,832</b>	<b>0.0</b>
SB 11-216	(4,639,039)	(3,449,967)	0	(446,100)	(742,972)	0.0
SB 11-219	<u>(2,607,170)</u>	<u>0</u>	<u>(14,362,170)</u>	<u>0</u>	<u>11,755,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$571,817,293</b>	<b>\$39,230,251</b>	<b>\$215,780,182</b>	<b>\$0</b>	<b>\$316,806,860</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$18,410,400	\$17,083,626	\$5,967,495	(\$7,303,880)	\$2,663,159	0.0
Percentage Change	3.3%	77.1%	2.8%	(100.0)%	0.8%	n/a

/1 This amount includes a General Fund Exempt appropriation. For FY 2010-11, the General Fund includes \$447,000 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 21, Article X of the State Constitution and Section 24-22-117 (1) (c) (I) (B), C.R.S. For FY 2011-12, the General Fund includes \$446,100 that is exempt from the statutory limit on state General Fund appropriations pursuant to Section 21, Article X of the State Constitution and Section 24-22-117 (1) (c) (I) (B), C.R.S.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
FY 2010-11 Adjusted Appropriation	\$22,146,625	\$21,699,625	\$447,000
Program General Fund Issues	20,534,493	20,534,493	0
Tobacco Tax Revenue adjustment	<u>(900)</u>	<u>0</u>	<u>(900)</u>
Total FY 2011-12 Long Bill Appropriation	\$42,680,218	\$42,234,118	\$446,100

## General Fund Exempt

In November 2004, the Colorado voters passed Amendment 35 to the Colorado Constitution. Amendment 35 requires that 3.0 percent of the 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 are categorized as General Fund Exempt. Pursuant to Section 24-22-117 (1) (c) (I) (B), C.R.S., 50.0 percent of the tobacco tax revenues appropriated to the General Fund must be appropriated to the Pediatric Specialty Hospital Fund.

## FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-139 and S.B. 11-209 modified FY 2010-11 appropriations to:

- transfer \$1.5 million from the Health Care Expansion Fund into the Children's Basic Health Plan (CBHP) Trust to ensure the solvency of the CBHP Trust in FY 2010-11;
- adjust the FY 2010-11 Medicaid appropriations to reflect a lower Federal Medical Assistance Program (FMAP) rate available through the American Recovery and Reinvestment Act (ARRA) than originally assumed. The original appropriation assumed an FMAP of 61.59 percent while the FMAP based on final Congressional action is estimated at 59.71 percent of qualified Medicaid expenditures. A lower FMAP increases the amount of State funds needed for Medicaid expenditures by \$2.7 million and lowers the amount of federal funds available by \$4.2 million. In this section, the federal funds are reduced in the Health Care Services program but no increase to the State appropriations were made because the state funds are capped in statute; and
- add \$12.1 million total funds (including \$4.1 million from the Hospital Provider Fee Cash Fund) for higher than anticipated hospital reimbursements under the Colorado Health Care Affordability Act (HCAA) based on an updated model approved by the Centers for Medicare and Medicaid Services in December 2010 (retroactive to October 2010); and

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Children's Basic Health Plan (CBHP) forecast:** The appropriation includes a total funds increase of \$33.5 million for the forecasted caseload and per-capita-cost increases for the Children's Basic Health Plan program. The FY 2011-12 changes from the FY 2010-11 appropriation for the CBHP program are based on the following assumptions: (1) an overall increase to the children's caseload of 7,363 or 10.8 percent; (2) an increase in the adult prenatal program caseload of 358 clients or 17.6 percent; (3) an increase in the per capita rate for the children's medical program of \$123.21 or 5.7 percent; (4) an increase in the adult prenatal program's

per capita costs of \$626.78 or 4.4 percent; and (5) an increase in the per capita rate for the children's dental program of \$6.58 or 4.0 percent. The per capita rate changes result from an actuary recommendation based on current health care trends in the community and for the program.

Table 1 below shows the FY 2010-11 caseload assumptions and per-capita costs compared to the final caseload and per-capita costs for FY 2011-12.

<b>Table 1: Final FY 2010-11 Estimates Compared to FY 2011-12 Long Bill Appropriation</b>							
<b>Eligible Caseload</b>	<b>FY 2010-11 Caseload</b>	<b>FY 2010-11 Est. Capitation Rate for Aid Category</b>	<b>FY 2010-11 Cost Estimate</b>	<b>FY 2011-12 Caseload</b>	<b>FY 2011-12 Capitation Rate for Aid Category</b>	<b>FY 2011-12 Cost Estimate</b>	<b>Cost Difference</b>
Children - Medical	68,448	\$2,165.00	\$148,189,921	75,811	\$2,288.21	\$173,471,487	\$25,281,566
Children - Dental	68,488	\$164.46	\$11,256,958	75,811	\$171.04	\$12,966,713	\$1,709,755
Adult Prenatal - Medical	2,033	\$14,084.74	\$28,634,276	2,391	\$14,711.52	\$35,175,244	\$6,540,968
<b>Total Caseload Impacts</b>	<b>70,481</b>	<b>n/a</b>	<b>\$188,081,156</b>	<b>78,202</b>	<b>n/a</b>	<b>\$221,613,445</b>	<b>\$33,532,290</b>

**Maximize upper payment limit for safety net provider payments:** The appropriation includes an increase of \$15.9 million total funds (including \$7.9 million cash funds from certified public expenditures at public hospitals) to increase reimbursements to public hospitals participating in the Indigent Care Program. Because the Medicaid program does not reimbursement hospitals at the maximum allowed under federal law (Upper Payment Limit), the State can certify expenditures at public hospitals in order to draw down additional federal funding. The additional federal funding can then be used to make supplemental payments to providers that participate in the Medicaid and Indigent Care Program to help reimburse the providers for uncompensated costs for caring for uninsured and under insured patients.

**Annualize Colorado Health Care Affordability Act:** The appropriation includes an increase of \$4.0 million total funds (\$2.0 million from the Hospital Provider Fee Cash Fund) to increase payments to hospitals pursuant the provisions in the Colorado Health Care Affordability Act (H.B. 09-1293). Under the reimbursement model currently approved by the Centers for Medicare and Medicaid Services (CMS), in FY 2011-12 the Department will make the following supplemental payments to hospitals participating in the Colorado Indigent Care Program (CICP):

- (1) For qualifying hospitals participating in the CICP program, the sum of supplemental payments will equal CICP write-off costs multiplied by 90.0 percent for most hospitals. High Volume Medicaid and CICP hospitals will receive 75.0 percent and rural and Critical Access Hospitals will receive 100.0 percent of their write-off costs.
- (2) For qualifying hospitals participating under the Disproportionate Share Hospital (DSH) program, the supplemental payments will equal uncompensated charity costs multiplied by 42.7 percent.

**Comprehensive Primary and Preventative Care Grant program:** The appropriation includes an increase of \$2.7 million cash funds for the Comprehensive Primary and Preventative Care Grant program. Pursuant to

H.B. 10-1323 the Comprehensive Primary and Preventative Care Grant program was suspended in FY 2009-10 and FY 2010-11, and the funding for this program was transferred to the General Fund. Under current law, this program and appropriation is reinstated in FY 2011-12.

**Health Care Expansion Fund insolvency:** The appropriation includes an increase of \$27.2 million General Fund and a corresponding decrease of \$27.2 million cash funds due to insufficient revenues in the Health Care Expansion Fund to support the program requirements in Section 24-22-117 (2) (a) (II), C.R.S.

**Eliminate ARRA funding:** The appropriation reflects an increase of \$19.0 million State funds (including \$2.0 million General Fund) and a corresponding decrease of \$19.0 million federal funds due to the end of the enhanced FMAP rate available under ARRA.

**Eliminate one-time appropriations into the CBHP Trust:** The appropriation reflects a decrease of \$10.9 million total funds (including \$9.4 million General Fund) to eliminate one-time revenue transfers into the Children's Basic Health Plan Trust (CBHP). Rather than appropriate moneys into the CBHP Trust and then reappropriate moneys into the CBHP program line items, the appropriation appropriates funding directly into the program lines.

**CBHP reductions:** The appropriation includes a decrease of \$8.5 million total funds (including \$2.6 million General Fund) for CBHP benefit and reimbursement reductions. The table below describes the reductions associated with this issue.

FY 2011-12 Benefit and Reimbursement Reductions for the Children's Basic Health Plan		
Issue	Total Fund Amount	Description
Eliminate Reinsurance	(\$1,094,850)	In order to manage the risk in the State's self-funded managed care network (SMCN), the Department has purchased reinsurance to mitigate any extraordinary claims. However, based on recent changes to the program, the State is no longer receiving a positive return on investment from purchasing reinsurance. Therefore, the appropriation includes eliminating the reinsurance contract and managing risk internally.
3.0 Percent Reimbursement Reduction to the HMO Rates	(2,734,447)	The appropriation includes a 3.0 percent provider rate reduction for the HMO program.
Other benefit changes	<u>(4,698,000)</u>	The appropriation includes savings from (1) eliminating out-of-network reimbursement without prior authorization for the SMCN; (2) shortening the amount of time children are enrolled in the SMCN before being assigned to an HMO plan; and (3) eliminating the inpatient coverage for CBHP adult pregnant women for the presumptive eligibility time period. If the woman is later found eligible, the claims will be paid.
<b>TOTAL</b>	<b>(\$8,527,297)</b>	
<b>General Fund</b>	<b>(\$2,580,428)</b>	
<b>Cash Funds</b>	<b>(\$404,126)</b>	
<b>Federal Funds</b>	<b>(\$5,542,743)</b>	

**Annualize health clinic funding:** Upon declaring a fiscal emergency in FY 2010-11, the General Assembly transferred funding from the Primary Care Fund into the Health Care Services Fund and Primary Care Special Distribution Fund in order to reduce General Fund expenditures to maximize the amount of federal funding

available health care clinics. However, because a fiscal emergency can only be declared for one fiscal year at time, this practice could not continue in FY 2011-12 unless the General Assembly declares another fiscal emergency. Therefore, the Long Bill appropriation reinstated and eliminated the following programs as required under current law. In addition, to the impacts in this division, the General Fund savings in the Medical Services Premiums line item of \$12.8 million was reinstated with the expiration of the fiscal emergency.

Funding Adjustments Due to H.B. 10-1378 Expiring in FY 2011-12			
	Total Funds	Cash Funds	Federal Funds
Health Care Services Fund Program	(29,635,145)	(14,817,573)	(14,817,572)
Primary Care Fund Program	28,253,000	28,253,000	0
Special Distribution from the Primary Care Fund	<u>(3,560,000)</u>	<u>(3,560,000)</u>	<u>0</u>
<b>Total Department</b>	<b>(\$4,942,145)</b>	<b>\$9,875,427</b>	<b>(\$14,817,572)</b>

See S.J.R. 11-009 and S.B. 11-219 for more adjustments to these programs.

**CBHP Trust insolvency:** The appropriation includes a \$4.6 million total fund decrease (including an increase of \$4.1 million General Fund) due to insufficient revenues in the Children's Basic Health Plan Trust to support the program expenditures.

**Pediatric specialty hospital reduction:** The appropriation includes a decrease of \$1.5 million total funds (including \$757,028 General Fund) to reduce supplemental payments made to The Children's Hospital. These are optional payments that are used to mitigate the financial burden the hospital experiences as a high volume Medicaid and CBHP provider.

**Tobacco funding revenue adjustments:** The appropriation includes a decrease of \$23,856 total funds (including \$900 from the General Fund) to reflect lower revenue estimates for the tobacco taxes collected pursuant to Article X, Section 21 of the State Constitution and for the tobacco Master Settlement Agreement.

**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 programs not administered by the Department through the Medicaid or Indigent Care Programs. Six of the line items receive Medicaid funding but are administered by other state departments, commissions, or hospitals. Two of the line items relate to the Old Age Pension State-Only Medical Program. Finally, this section also includes the State Contribution Payment for the Medicare Part D Benefit. Funding sources for these programs include the General Fund, cash funds for certified expenditures at school districts and Old Age Pension Medical and Supplemental Medical Fund, reappropriated funds from Amendment 35 tobacco taxes and matching federal funds.



Other Medical Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$122,603,094	\$72,331,577	\$30,474,490	\$2,235,000	\$17,562,027	0.0
SB 11-139	0	(13,671,043)	0	0	13,671,043	0.0
SB 11-209	<u>(2,797,111)</u>	<u>1,366,223</u>	<u>(1,848,483)</u>	<u>(2,235,000)</u>	<u>(79,851)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$119,805,983</b>	<b>\$60,026,757</b>	<b>\$28,626,007</b>	<b>\$0</b>	<b>\$31,153,219</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$119,805,983	\$60,026,757	\$28,626,007	\$0	\$31,153,219	0.0
Eliminate ARRA funding	17,749,767	18,162,183	0	0	(412,416)	0.0
Medicare Modernization Act State Contribution Payment	1,420,410	1,420,410	0	0	0	0.0
Public school health services	1,247,799	0	619,148	0	628,651	0.0
Estimated Children's Health Insurance Program Reauthorization Act bonus payment	0	(11,339,062)	0	0	11,339,062	0.0
Family medicine residency program reductions	(391,241)	(195,621)	0	0	(195,620)	0.0
Tobacco funding revenue adjustment	(4,500)	0	(4,500)	0	0	0.0
<b>SB 11-209</b>	<b>\$139,828,218</b>	<b>\$68,074,667</b>	<b>\$29,240,655</b>	<b>\$0</b>	<b>\$42,512,896</b>	<b>0.0</b>
SB 11-210	<u>(2,230,500)</u>	<u>0</u>	<u>(2,230,500)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$137,597,718</b>	<b>\$68,074,667</b>	<b>\$27,010,155</b>	<b>\$0</b>	<b>\$42,512,896</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$17,791,735	\$8,047,910	(\$1,615,852)	\$0	\$11,359,677	0.0
Percentage Change	14.9%	13.4%	(5.6)%	n/a	36.5%	n/a

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-139 and S.B. 11-209 modified FY 2010-11 appropriations to:

- offset \$13.7 million General Fund in the Medicare Modernization Act State Contribution Payment line item with the \$13.7 million in additional federal funds the State received through the Children's Health Insurance Program Reauthorization Act bonus payment;
- adjust the FY 2010-11 Medicaid appropriations to reflect a lower Federal Medical Assistance Program (FMAP) rate available through the American Recovery and Reinvestment Act (ARRA) than originally assumed. The original appropriation assumed an FMAP of 61.59 percent while the FMAP based on final Congressional action is estimated at 59.71 percent of qualified Medicaid expenditures. A lower FMAP

increases the amount of State funds needed for Medicaid expenditures by \$2.1 million and lowers the amount of federal funds available by \$79,851. In this section, the General Fund appropriation for the Medicare Modernization Act State (MMA) Contribution Payment is increased without a corresponding increase in federal funds because the federal funds for this program are provided through the federal Medicare program;

- decrease \$4.1 million cash and reappropriated funds in the Old Age Pension State Medical program to align the current appropriation with anticipated expenditures from the program. Currently, the program is appropriated \$15.0 million total funds but is only anticipated to expend \$11.0 million total funds in FY 2010-11; and
- decrease \$781,258 General Fund to adjust appropriations for the MMA State Contribution Payment to forecasted expenditures in FY 2010-11.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Eliminate ARRA funding:** The appropriation reflects a net increase of \$17.7 million total funds (including \$18.2 million General Fund) due to the end of the enhanced FMAP rate available under ARRA. The increase is mainly in the MMA State Contribution Payment and, therefore, there is no corresponding decrease in federal funds.

**Medicare Modernization Act State Contribution Payment:** The appropriation includes a General Fund increase of \$1.4 million for caseload and cost increases associated with the MMA State Contribution Payment. The MMA State Contribution Payment is the State's contribution to the Medicare Part D benefit (prescription drugs) for Medicaid clients who are eligible for both the Medicaid and Medicare programs. The total payment is anticipated to be \$91.2 million in FY 2011-12.

**Public school health services:** The appropriation includes an increase of \$1.2 million total funds (including \$619,148 in public expenditures from school districts) for increased reimbursement to school districts participating in the Public School Health Services program. Under this program, school districts are able to bill Medicaid for health care services that the districts provide to Medicaid eligible children. In FY 2011-12, school districts are anticipated to receive a total of \$14.4 million in federal funds (\$628,651 more than the amount anticipated for FY 2010-11) to use for the Public School Health Services program.

**Estimated Children's Health Insurance Program Reauthorization Act bonus payment:** The appropriation includes a decrease of \$11.3 million General Fund and a corresponding increase of \$11.3 million federal funds to reflect the anticipated bonus payment from the Children's Health Insurance Program Reauthorization Act (CHIPR). The \$11.3 million increase to the CHIPR bonus reflects the difference between the \$13.7 million the State received in FY 2010-11 and the \$25.0 million the State is anticipated to receive in FY 2011-12. The CHIPR bonus payment is based on projected caseload for children eligible for the Medicaid program. The CHIPR bonus is appropriated in the MMA State Contribution Payment line item in order to reduce the required General Fund expenditures for that program.

**Family medicine residency program reductions:** The appropriation includes a decrease of \$391,241 total funds (including \$195,621 General Fund) to the Commission on Family Medicine Residency Training Programs line item. With this change and previous year reductions, the family medicine residency programs will have had state appropriations reduced by 30.0 percent since the economic downturn began in FY 2008-09.

**Tobacco funding revenue adjustment:** The appropriation includes a decrease of \$4,500 cash funds to reflect lower revenue estimates for the tobacco taxes collected pursuant to Article X, Section 21 of the State Constitution.

**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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$408,405,003	\$157,287,567	\$448,817	\$1,893,534	\$248,775,085	0.0
HB 10-1146	184,387	91,434	818	0	92,135	0.0
HB 10-1338	75,209	28,887	0	0	46,322	0.0
HB 10-1384	17,220	8,539	76	0	8,605	0.0
SB 11-139	1,174,504	197,755	274,951	176	701,622	0.0
SB 11-209	<u>40,584,746</u>	<u>23,416,175</u>	<u>20,613</u>	<u>0</u>	<u>17,147,958</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$450,441,069</b>	<b>\$181,030,357</b>	<b>\$745,275</b>	<b>\$1,893,710</b>	<b>\$266,771,727</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$450,441,069	\$181,030,357	\$745,275	\$1,893,710	\$266,771,727	0.0
Health Care Expansion Fund insolvency	1	554,082	(554,081)	0	0	0.0
Eliminate ARRA funding	0	37,014,060	106,462	0	(37,120,522)	0.0
<i>Program changes in the Department of Human Services with Medicaid impacts</i>						
Executive Director's Office	1,292,271	661,960	0	(388)	630,699	0.0
Office of Operations	76,521	35,663	0	0	40,858	
Services for People with Disabilities	(17,103,578)	(4,563,880)	0	0	(12,539,698)	0.0
Information Technology Services	(1,834,918)	(628,501)	(283,138)	(6,149)	(917,130)	0.0
Division of Youth Corrections	(1,194,073)	(614,533)	0	0	(579,540)	0.0
Mental Health and Alcohol and Drug Abuse Services	(380,078)	(23,650)	0	0	(356,428)	0.0
Division of Child Welfare	(189,614)	(59,907)	0	0	(129,707)	0.0

Department of Human Services Medicaid-Funded Programs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Office of Self Sufficiency	(489)	(244)	0	0	(245)	0.0
<b>SB 11-209</b>	<b>\$431,107,112</b>	<b>\$213,405,407</b>	<b>\$14,518</b>	<b>\$1,887,173</b>	<b>\$215,800,014</b>	<b>0.0</b>
SB 11-076	<u>(1,040,546)</u>	<u>(520,275)</u>	<u>0</u>	<u>0</u>	<u>(520,271)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$430,066,566</b>	<b>\$212,885,132</b>	<b>\$14,518</b>	<b>\$1,887,173</b>	<b>\$215,279,743</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(20,374,503)	\$31,854,775	(\$730,757)	(\$6,537)	(\$51,491,984)	0.0
Percentage Change	(4.5)%	17.6%	(98.1)%	(0.3)%	(19.3)%	n/a

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-139 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to General Fund personal services line items in the Department of Human Services.

Senate Bill 11-209 modified FY 2010-11 appropriations primarily to:

- adjust funding for community services for people with developmental disabilities, based on revised Medicaid expenditure estimates (an increase of \$40.2 million, including \$16.1 million General Fund); and
- adjust fund splits to reflect final Congressional action on Medicaid federal financial participation available under the American Recovery and Reinvestment Act (an increase of \$7.2 million General and federal funds decrease of the same amount).

Senate Bill 11-209 also included smaller adjustments to reflect the impact in FY 2010-11 of a two-week Medicaid payment delay in FY 2009-10 and to reflect a decline in the FY 2010-11 caseload in the Division of Youth Corrections.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Health Care Expansion Fund insolvency:** The appropriation includes an increase of \$554,082 General Fund and a corresponding decrease of \$554,082 cash funds due to insufficient revenues in the Health Care Expansion Fund to support the program requirements in Section 24-22-117 (2) (a) (II), C.R.S.

**Eliminate ARRA funding:** The appropriation reflects an increase of \$37.1 million total funds (including \$37.1 million General Fund) due to the end of the enhanced FMAP rate available under ARRA. The enhanced FMAP expires on June 30, 2011.

### *Program changes in the Department of Human Services with Medicaid impacts:*

**Executive Director's Office:** The appropriation reflects the Medicaid impact of changes to centrally-appropriated line items in the Department of Human Services, including increased funding for health, life, and dental benefits, among other adjustments.

**Office of Operations:** The appropriation reflects the net impact of various small adjustments to Medicaid funding in this division.

**Services for People with Disabilities:** The appropriation primarily reflects changes to the fee structure for community-based services for people with developmental disabilities that will be implemented by the Department to address issues that contributed to the projected increase in FY 2010-11 Medicaid expenditures.

**Information Technology Services:** The appropriation includes a reduction of \$1.8 million total funds (including \$0.6 million General Fund) due to the conclusion of several enhancement projects to the Colorado Benefits Management System during FY 2010-11.

**Division of Youth Corrections:** The appropriation reflects the transfer of \$1.0 million Medicaid funds from this section of the Health Care Policy and Financing budget to other divisions (net \$0 impact department-wide). The balance of the reduction is based on a decline in the youth corrections commitment caseload.

**Mental Health and Alcohol and Drug Abuse Services:** The appropriation includes a reduction of \$0.4 million total funds (including \$23,650 General Fund) due to a revenue adjustment at the mental health institutes and a reduction for Personal Services line items containing General Fund.

**Division of Child Welfare:** The appropriation reflects eliminating one-time FY 2010-11 appropriations, among other adjustments.

**Office of Self Sufficiency:** The appropriation reflects the Medicaid impact of reductions to Personal Services line items in the Department of Human Services.

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

## Recent Legislation

### 2010 Session Bills

**S.B. 10-061:** Requires the state Medicaid program, administered by the Department of Health Care Policy and Financing (DHCPF), to do the following:

- pay class 1 nursing facilities directly for the room and board costs of a person who is receiving hospice care while in such a nursing facility; and
- pay the room and board costs of a hospice patient in a licensed hospice inpatient facility.

These changes are conditional upon: (1) federal approval to implement such payments; and (2) the receipt of sufficient gifts, grants, and donations to fund the department's approval process. Under current law, room and board expenses are only paid for patients receiving hospice care in a nursing facility. Hospice providers submit claims for these room and board expenses and then reimburse the nursing facilities.

The bill also creates the Hospice Care Account in the DHCPF Cash Fund and allows the department to seek and accept gifts, grants, and donations for the purpose of implementing the bill. Funds in the cash fund account are subject to annual appropriation. For FY 2010-11, the bill appropriates \$51,285 cash funds and \$51,285 federal funds for the costs of seeking a waiver.

**S.B. 10-167:** This bill creates the Colorado Medicaid False Claims Act and requires the Department to pursue other administrative cost savings including:

- appointing an internal auditor and to ensure that duplicate benefits are not being paid by other states to clients enrolled in DHCPF programs;
- implementing an automated, pre-payment review system to reduce medical services coding errors in Medicaid claims and requiring a report annually on its implementation and identified errors; and
- purchasing private health insurance coverage through the Health Insurance Buy-In Program for up to 2,000 eligible clients to create cost savings for the state.

Five years after becoming law, the legislative services agencies of the General Assembly are required to conduct a post-enactment review of the implementation of the bill. For FY 2010-11, the bill assumes savings of \$1.1 million total funds (including \$414,500 in General Fund).

**S.B. 10-169:** Allows the Hospital Provider Fee Cash Fund to offset General Fund expenditures in the amount of the additional federal revenue received under the American Recovery and Reinvestment Act (ARRA) Enhanced FMAP program for the Hospital Provider Fee Program once a transfer from the Health Care Expansion Fund to the General Fund pursuant to H.B. 10-1320 is repaid. In FY 2009-10, the Hospital Provider Fee is anticipated to offset \$4.9 million in General Fund appropriations otherwise required and to repay the Health Care Expansion Fund through a transfer of \$42.7 million. In FY 2010-11, the Hospital Provider Fee is anticipated to offset \$46.3 million in General Fund appropriations otherwise required.

**S.J.R. 10-010:** Declares a state fiscal emergency for FY 2010-11, which allows Amendment 35 tobacco-tax revenues to be used in that year for any health-related purpose. See the description of H.B. 10-1381 for a list of related adjustments to appropriations (both in this Department and the Department of Public Health and Environment).

**H.B. 10-1005:** Makes the following changes to the provision of home health telemedicine services established in S.B. 07-196:

- telemedicine services are now eligible for Medicaid reimbursement;
- reimbursement rates are no longer required to be budget-neutral;
- reductions in travel costs by home health care and home- and community-based service providers are no longer required to be considered when setting reimbursement rates; and
- incorrect references to the way reimbursement payments are made are removed.

The bill makes payment of telemedicine reimbursements contingent upon the receipt of gifts, grants, and donations in the newly created Home Health Telemedicine Cash Fund. In FY 2010-11, the bill contains an appropriation of \$123,300 total funds (no General Fund impact).

**H.B. 10-1027:** Under current law, Colorado requires a certified medical prognosis of life expectancy of six months or less for a patient to receive hospice care in the Medicaid program. This bill changes the time requirement from six months to nine months, contingent upon the Department of Health Care Policy and Financing receiving federal approval to make such a change. If approved, the department is required to notify the Revisor of Statutes within 60 days after receipt of federal approval. In FY 2010-11 the bill appropriates \$12,500 cash funds and \$12,500 federal funds to the Department for the costs associated with applying for the waiver.

**H.B. 10-1033:** Adds screening, brief intervention, and referral for treatment (SBIRT) for substance abuse to the list of optional services covered by Medicaid. The bill is contingent upon enactment of and revenue from H.B.10-1284 (Medical Marijuana Regulations), which is anticipated to generate a sufficient amount of sales and use tax to meet the General Fund requirements of the bill. In FY 2010-11, the bill appropriates \$870,155 total funds (including \$334,227 General Fund) for the costs associated with the SBIRT program.

**H.B. 10-1053:** Requires that two studies be conducted, if sufficient gifts, grants, and donations are received. Specifically, the bill requires that:

- the Department of Health Care Policy and Financing (DHCPF) contract for a study of long-term care under home- and community-based services (HCBS) waivers; and
- the Department of Human Services (DHS) contract for a study of additional services and potential cost savings under the Older Coloradans Program, and develop a strategic plan for implementing potential cost saving measures.

The bill also authorizes the departments to accept gifts, grants, and donations for any additional studies that may be required, based on the strategic plans developed as a result of these two studies. In FY 2010-11 the bill appropriates \$75,000 to the Department of Health Care Policy and Financing to conduct the HCBS waiver study and \$200,000 to the Department of Human Services to conduct the Older Coloradans Program study.

**H.B. 10-1146:** Transfers the Single Entry Point (SEP) contract for Home Care Allowance clients from the Department of Health Care Policy and Financing to the Department of Human Services. For information on H.B. 10-1146, see also the "Recent Legislation" section at the end of the Department of Human Services.

**H.B. 10-1322:** Repeals the statutory provisions requiring the Department of Health Care Policy and Financing to conduct a pilot program on the use of telemedicine. The Department has a contract for the telemedicine program within their Medical Services Premiums line item. The FY 2010-11, the savings are \$380,000 (including \$190,000 from the General Fund).

**H.B. 10-1323:** In FY 2010-11, this bill transfers: (1) all of the moneys from the Comprehensive Primary Care Grant Program to the General Fund, and (2) the distribution that formerly went to the Supplemental Tobacco Litigation Settlement Money Account of the Comprehensive Primary and Preventative Care Fund into the Children's Basic Health Plan Trust Fund.

Provides that moneys in the AIDS and HIV Prevention Fund, which supports the Department of Public Health and Environment's AIDS and HIV Prevention Program, to be appropriated to the Department of Public Health and Environment's AIDS Drug Assistance Program in FY 2010-11.

In FY 2010-11, the General Fund will be increased by \$2.9 million by transfers from the Comprehensive Primary and Preventative Care Fund. In FY 2010-11, the Children's Basic Health Plan Trust Fund will receive an increased distribution from the Master Tobacco Tax Settlement moneys of approximately \$2.2 million. This will offset anticipated General Fund expenditures in the Children's Basic Health Plan in FY 2010-11.

Revenue Impacts for H.B. 10-1323			
	General Fund	Cash Fund	Total Funds
FY 2010-11			
Transfer Comprehensive Primary and Preventative Care Fund	\$2,880,957	(\$2,880,957)	\$0
Decrease to Supplemental Tobacco Litigation Settlement Money Account of the Comprehensive Primary and Preventive Care Fund	0	(2,245,000)	(2,245,000)
Increase to Children's Basic Health Plan Trust Fund	<u>0</u>	<u>2,245,000</u>	2,245,000
<b>Total FY 2010-11 Revenue Impact</b>	<b>\$2,880,957</b>	<b>(\$2,880,957)</b>	<b>\$0</b>

**H.B. 10-1338:** The bill increases appropriations in the Department by \$75,209 (including \$28,887 General Fund). For information on H.B. 10-1146, see also the "Recent Legislation" section at the end of the Judicial Department.

**H.B. 10-1376:** General Appropriations Act for FY 2010-11.

**H.B. 10-1378:** Senate Joint Resolution 10-010 declared a fiscal emergency for FY 2010-11 (pursuant to Section 21 (7) of Article X of the State Constitution). Declaring a fiscal emergency allows for tobacco tax revenues collected pursuant to Section 21 of Article X of the State Constitution to be used for purposes other than those intended in the State Constitution. Associated with fiscal emergency, this bill contained the following appropriation adjustments to the Department of Health Care Policy and Financing.

FY 2010-11 Appropriation Impacts from H.B. 10-1378					
Line Items	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	Total Funds
Medical Service Premiums	(\$12,800,000)	\$12,800,000	\$0	\$0	\$0
Health Care Services Fund	0	11,940,000	0	19,145,655	31,085,655
Primary Care Special Distribution Fund	0	3,560,000	0	0	3,560,000
Primary Care Fund	<u>0</u>	<u>(28,300,000)</u>	<u>0</u>	<u>0</u>	<u>(28,300,000)</u>
<b>TOTAL</b>	<b>(\$12,800,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$19,145,655</b>	<b>\$6,345,655</b>



**H.B. 10-1379:** Under current law, in FY 2010-11 nursing facility Medicaid reimbursement rates are reduced by 1.5 percent below the standard calculated amount. House Bill 10-1379 further reduces reimbursement rates to 2.5 percent below the standard calculation. This rate reduction is temporary and does not apply to rates developed in FY 2011-12 or thereafter.

House Bill 10-1379 also reduces the allowable General Fund increase for per diem rates from up to five percent per year to up to 1.9 percent per year in FY 2010-11. For fiscal years after FY 2010-11, the allowable General Fund growth returns to the current law cap of up to 3.0 percent per year.

For FY 2010-11 total state expenditures for the Department of Health Care Policy and Financing are anticipated to decrease by \$6.2 million total funds as a result of this bill as shown in the table below.

Total Expenditure Impact of H.B. 10-1379				
	General Fund	Cash Funds	Federal Funds	Total Funds
Class 1 Nursing Facilities	(\$7,905,850)	\$5,806,343	(\$3,366,535)	(\$5,466,042)
Class 2 Nursing Facilities	(8,809)	0	(14,125)	(22,934)
PACE	<u>(296,674)</u>	<u>0</u>	<u>(449,039)</u>	<u>(745,713)</u>
<b>Total</b>	<b>(\$8,211,333)</b>	<b>\$5,806,343</b>	<b>(\$3,829,699)</b>	<b>(\$6,234,689)</b>

This bill only impacts nursing facility rate calculations for FY 2010-11. In FY 2011-12 rate calculations will return to the standard methodology.

**H.B. 10-1380:** Allows funds from the Supplemental Old Age Pension Health and Medical Care Fund to be used to offset General Fund costs for persons 65 years of age or older who are served through the State's Medicaid program. The purpose is to offset General Fund costs for providing the services.

Allows up to \$4,850,000 for FY 2010-11 to be used from the Supplemental Old Age Pension Health and Medical Care Fund for the purpose of providing services for participants in the State's Medicaid program who are 65 years of age or older.

**H.B. 10-1381:** This bill is a companion to Senate Joint Resolution 10-010, which declares a state fiscal emergency and thus allows Amendment 35 tobacco-tax revenues to be used for any health related purpose. Because a declared state fiscal emergency only lasts for one year, this bill only alters the distribution of Amendment 35 revenue for FY 2010-11.

Appropriates \$25.7 million of Amendment 35 money to the Department of Health Care Policy and Financing (HCPF) to support Medical Services Premiums. Of this appropriation, \$15.5 million is from the Tobacco Education Programs Fund, \$5.7 million is from the Prevention, Early Detection and Treatment Fund, and \$4.5 million is from the Health Disparities Grant Program Fund. These appropriations allow the General Fund appropriation for Medical Services Premiums to be reduced by \$25.7 million. For additional information on H.B. 10-1381, see also the "Recent Legislation" section at the end of the Department of Public Health and Environment.

**H.B. 10-1382:** Senate Bill 09-265 authorized the Department of Health Care Policy and Financing to delay the last Medicaid fee-for-service payment cycle in FY 2009-10. In addition, the bill authorized that capitation

payments made to Medicaid managed care organizations (MCOs) would only be paid following the first day of the month following a client's enrollment into a MCO. With these provisions in effect, only 51 weeks of fee-for-service payments and 11 months of MCO payments would be made in FY 2009-10. House Bill 10-1382 repeals S.B. 09-265. Thus, the normal payment cycle will be followed in FY 2009-10.

House Bill 10-1382 also has a FY 2010-11 impact. The FY 2010-11 Long Bill (H.B. 10-1376) assumes current law provisions. Therefore, in the base assumptions for H.B. 10-1376 was the assumption that 53 weeks of fee-for-service payments would be made during FY 2010-11. Because H.B. 10-1382 eliminated the one week of payment delay contained in FY 2009-10, only 52 weeks of fee-for-service payments in FY 2010-11 are necessary. This reduces appropriations by \$43.1 million total funds for the Medical Services Premiums program. However, because the MCO payments were not delayed in FY 2009-10, the Children's Basic Health Plan Trust Fund will be depleted more than anticipated under S.B. 09-265 and will need additional funding in order to maintain a positive fund balance in FY 2010-11. Therefore, \$2.6 million General Fund is deposited into the CBHP Trust Fund to support the CBHP program in FY 2010-11. Table 2 shows the FY 2010-11 impacts from H.B. 10-1382.

Table 2: FY 2010-11 Fiscal Impacts					
Line Item	General Fund	Cash Funds	Reappropriated Funds	Federal Fund	Total Funds
Medical Services Premiums	(\$14,679,904)	(\$2,023,356)	(\$17,380)	(\$26,400,595)	(\$43,121,235)
Children's Basic Health Plan Trust	<u>2,554,602</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,554,602</u>
<b>Total Impact</b>	<b>(\$12,125,302)</b>	<b>(\$2,023,356)</b>	<b>(\$17,380)</b>	<b>(\$26,400,595)</b>	<b>(\$40,566,633)</b>

**H.B. 10-1384:** Resolves conflicting state statutory provisions determining the eligibility of noncitizens for Colorado's Old Age Pension (OAP) program. Effective July 1, 2010, bars qualified aliens from accessing the OAP program for five years after their date of entry into the United States with certain exceptions. Effective January 1, 2014, requires that the income and resources of a qualified alien's sponsor be considered when determining OAP eligibility with certain exceptions. Among other appropriations, provides funding for changes to the Colorado Benefits Management System in FY 2009-10 and FY 2010-11. This includes appropriations to the Department of Health Care Policy and Financing, Department of Human Services Medicaid-Funded Programs for the Colorado Benefits Management System of \$17,309 total funds for FY 2009-10 and \$17,220 total funds for FY 2010-11. For additional information on H.B. 10-1384, see the "Recent Legislation" section at the end of the Department of Human Services.

## 2011 Session Bills

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$1,630,244 total funds, of which \$714,347 is General Fund, \$56,118 is cash funds, and \$859,779 is federal funds.

**S.B. 11-125:** Beginning in FY 2011-12, this bill increases the provider fee assessed on nursing facilities \$7.75 to a cap of \$12.00 per non Medicare-resident day. The cap can be adjusted by inflation on an annual basis. The

bill also reorders the priorities for the supplemental payments paid from the nursing facility fee to nursing facilities: (1) the administrative costs of the program; (2) payments for acuity or case-mix of the residents; and (3) payments to keep the General Fund growth under 3.0 percent. The bill increases appropriations to the Department by \$31,054,411. Of this amount, \$30,000 is General Fund, \$15,497,206 is cash funds from the Nursing Facility Cash Fund, and \$15,527,205 is federal funds.

**S.B. 11-139:** Supplemental appropriation to the Department of Health Care Policy and Financing to modify the FY 2010-11 appropriations contained in the FY 2010-11 Long Bill (H.B. 10-1376). Lastly, the bill also released over-expenditures that occurred in the Department's programs in FY 2009-10.

**S.B. 11-177:** This bill extends the repeal date of the Teen Pregnancy and Dropout Prevention Program from July 1, 2011, to September 1, 2016. The bill also expands the requirements of the program to include better collaboration between state agencies and stakeholders. Pursuant to S.B. 11-177, providers are directed to survey participating at specific intervals and report required data elements to the Department. The bill increases appropriations to the Department by \$386,665 total funds. Of this amount, \$38,666 is local funds and \$347,999 is federal funds.

**S.B. 11-209:** General Appropriations Act for FY 2011-12.

**S.B. 11-210:** The bill provides that in FY 2011-12, \$2,230,000 million from the Tobacco Tax Cash fund shall be appropriated to fund the health-related costs of Old Age Pension (OAP) clients served through the Medicaid program. This appropriation replaces a \$2,230,000 cash fund appropriation from the Tobacco Tax Cash Fund to fund the health-related costs of OAP clients served through the Supplemental OAP Health and Medical Care Program.

The bill also transfers any fund balance in the Supplemental OAP Health and Medical Care Fund to the General Fund on June 30, 2012. Effective July 1, 2012 (FY 2012-13), the bill: (a) eliminates the annual transfer of \$2,850,000 sales tax revenue to the Supplemental OAP Health and Medical Care Fund; and (b) repeals the Supplemental OAP Health and Medical Care Fund and the Supplemental OAP Health and Medical Care Program.

**S.B. 11-211:** Senate Bill 11-211 is a companion bill to S.J.R. 11-009, which declares a state fiscal emergency and thus, pursuant to Section 20 of Article X of the State Constitution, allows Amendment 35 tobacco-tax revenues to be used for any health related purpose. This bill allows Amendment 35 tobacco-tax moneys that normally support grants and programs in the Department of Public Health and Environment to be used to offset General Fund appropriations in the Department of Health Care Policy and Financing (HCPF). Specifically, the bill appropriates \$33.0 million of Amendment 35 money to HCPF for Medical Services Premiums. Of this amount, \$17.8 million is from the Tobacco Education Programs Fund, \$12.0 million is from the Prevention, Early Detection and Treatment Fund, and \$3.3 million is from the Health Disparities Grant Program Fund. These appropriations allow HCPF General Fund appropriations to be reduced by \$33.0 million. For more information on this bill, please see the Recent Legislation Section in the Department of Public Health and Environment.

**S.B. 11-212:** For FY 2011-12 and FY 2012-13, S.B. 11-212 authorizes the use of \$50.0 million and \$25.0 million, respectively, from the Hospital Provider Fee Cash Fund to offset General Fund expenditures in the Medicaid program.

**S.B. 11-215:** This bill reduces the per diem rates paid to class I nursing facilities by 1.5 percent. The bill also allows the Department to increase the supplemental Medicaid payments made to providers due to this reduction. This would allow the nursing facilities to use their provider fee to reduce the overall impact of the reduction. In FY 2011-12, a 1.5 percent per diem rate reduction to nursing facilities results in savings of \$8,865,830 total funds. Of this amount, \$4,432,915 is General Fund and \$4,432,915 is federal funds.

**S.B. 11-216:** The bill changes the distribution of master tobacco settlement moneys to decrease moneys provided to various cash-funded programs. Beginning in FY 2011-12, these moneys are redirected to the Children's Basic Health Plan (CBHP) Trust Fund to offset the program's General Fund costs. Specifically the bill does the following:

- reallocates an additional 3 percent of the Tier 1 distribution of master tobacco settlement moneys to the CBHP program instead of the Comprehensive Primary and Preventative Care Grant (CPPCG) program;
- reallocates an additional 1 percent of the Tier 2 distribution of master tobacco settlement moneys to the CBHP program instead of the Pediatric Specialty Hospital Fund;
- eliminates the transfer of moneys from the Tobacco Tax Cash Fund to the Pediatric Specialty Hospital Fund and redirects this money to the CBHP Trust Fund; and
- eliminates the CPPCG Fund and the Pediatric Specialty Hospital Fund, as these cash funds no longer have any sources of revenue.

In FY 2011-12, the bill reduces appropriations to the Department by \$4,663,402 total funds and 0.2 FTE. Of this amount, \$3,449,967 is General Fund, \$24,363 is cash funds, \$446,100 is reappropriated funds, and \$742,972 is federal funds.

**S.B. 11-219:** This bill makes several transfers between funds to increase the amount of federal moneys that can be drawn down and used to offset General Fund expenditures in the Medicaid program. Specifically, the bill authorizes the following amounts to be appropriated from tobacco tax revenues that would normally be credited to the Primary Care Fund:

- \$15,775,670 for health-related purposes, and to serve populations enrolled in the Children's Basic Health Plan and the Colorado Medical Assistance Program;
- \$21,510,000 to the Colorado Health Care Services Fund; and
- \$1,722,330 to the Primary Care Special Distribution Fund.

These transfers were only allowed because the General Assembly enacted S.J.R. 11-009, which declared a fiscal emergency to allow cigarette tax revenue to be used for any health related purpose.

**S.J.R. 11-009:** Declares a state fiscal emergency for FY 2011-12, which allows Amendment 35 tobacco-tax revenues to be used in that year for any health-related purpose. See the description of S.B. 11-211 for a list of related adjustments to appropriations (both in this Department and the Department of Public Health and Environment).

**H.B. 11-1242:** This bill requires the Department to study issues concerning the integrated delivery of mental and physical health. The Department, with input from behavior health organizations, community mental health centers, and other health care providers, is required to review existing regulations, reimbursement policies, barriers, and incentives that affect the integrated delivery of health care. The study is to be paid for with gifts, grants, and donations, and matching federal moneys. The Department is required to report its findings to the Joint Budget Committee and legislative committees. In FY 2011-12, the bill appropriates \$113,500 total funds to the Department. Of this amount, \$56,750 is cash funds from gifts, grants, and donations and \$56,750 is federal funds.

# DEPARTMENT OF HIGHER EDUCATION

The 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 College Assist and CollegeInvest, which are both statutorily authorized state enterprises with responsibilities related to student loans and college savings programs.

The College Opportunity Fund Program provides stipends for undergraduate resident students to attend public colleges and participating private colleges in Colorado. 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 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund/1	\$661,973,800	\$428,761,033	\$705,108,145	\$623,962,700
Cash Funds	1,224,926,051	1,433,870,516	1,614,730,367	1,699,158,727
Reappropriated Funds	582,085,866	362,747,643	643,769,858	539,636,738
Federal Funds	<u>170,906,168</u>	<u>402,284,178</u>	<u>49,455,658</u>	<u>19,014,815</u>
<b>Total Funds</b>	<b>\$2,639,891,885</b>	<b>\$2,627,663,370</b>	<b>\$3,013,064,028</b>	<b>\$2,881,772,980</b>
Full Time Equiv. Staff	19,803.3	20,954.9	21,397.0	21,490.8

/1 Includes General Fund Exempt.

# General Factors Driving the Budget

## Overview and Organization

The public higher education system serves roughly 210,000 students from Colorado annually. Approximately 45.0 percent of the students attend 2-year and certificate institutions. These include state-operated community colleges, local district junior colleges that receive regional property tax revenues in addition to state funding, and area vocational schools that offer occupational certificates and serve both secondary and post-secondary students. Students attending institutions that offer baccalaureate and higher degrees are concentrated at the University of Colorado, Colorado State University, and Metropolitan State College of Denver.

The Colorado Commission on Higher Education (Commission) coordinates the higher education delivery system, including requests for state funding. The Commission has some regulatory authority over the public higher education institutions in areas such as role and mission, degree programs, the transfer of credits, and performance reporting. However, each institution has a governing board that makes policy and budget decisions for the institution.

The General Assembly has delegated significant budgetary control to the governing boards of the higher education institutions. The members of the governing boards are appointed by the Governor, except at the University of Colorado, which has an elected Board of Regents. Within broad parameters the governing boards are allowed to determine how to spend the revenue they earn, and they can retain unspent funds at the end of each fiscal year for future initiatives.

## Individual versus Public Responsibility for Funding Higher Education

A key factor driving the budget for the Department of Higher Education is how much policy makers view paying for higher education as an individual versus public responsibility. Opinions vary on when the cost of higher education represents a hardship for students, and to what extent the state has an obligation, if any, to alleviate that hardship in order to provide opportunity and access for students seeking a higher education. There are no statutes, constitutional provisions, or federal guidelines requiring specific amounts of state funding per student.

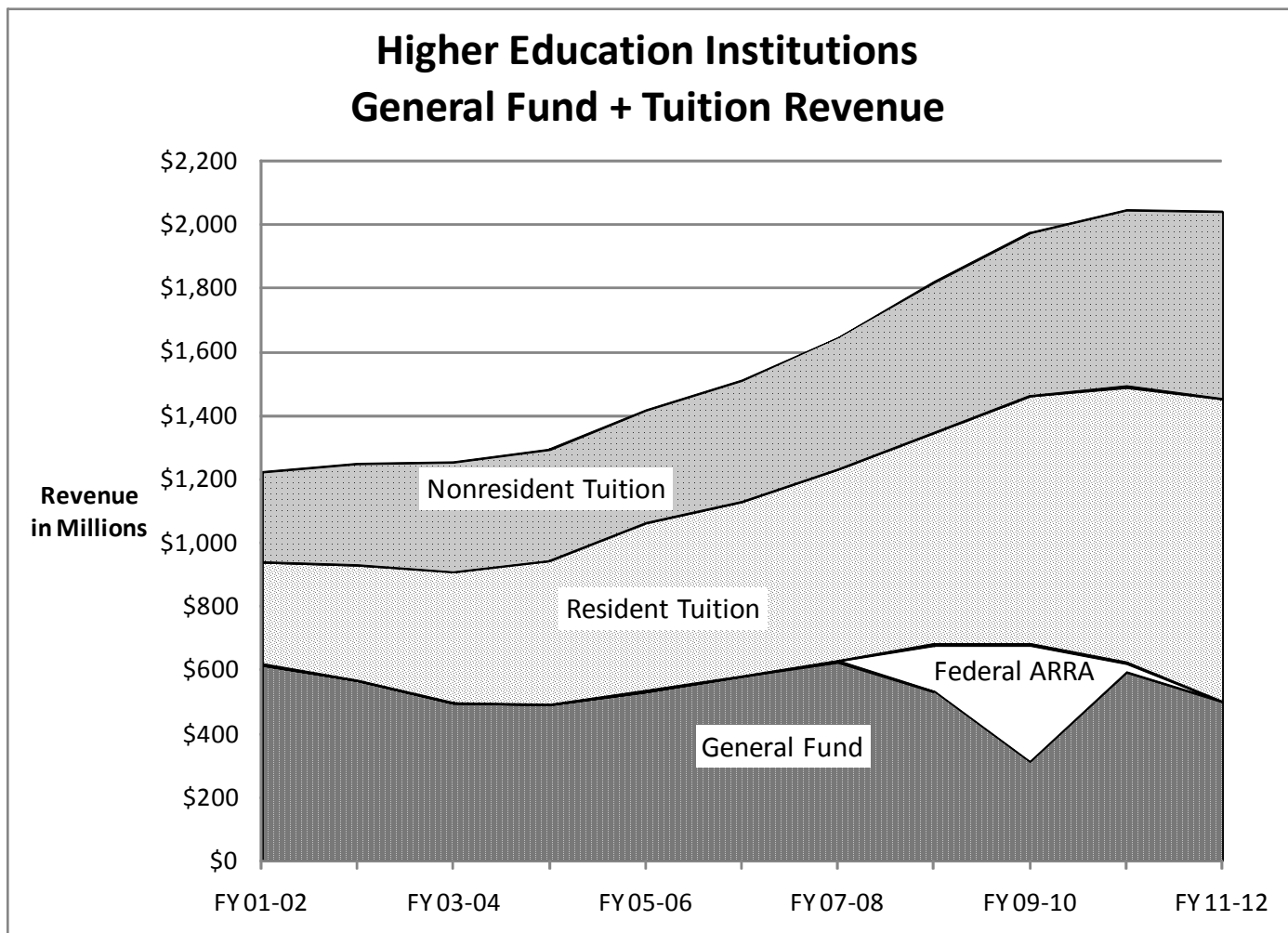
In addition to any state responsibility to provide opportunity and access, there are perceived public benefits from encouraging higher education. An educated populous may attract businesses and cultural resources to the community and is associated with higher wages, lower unemployment, and lower dependence on public resources. It may also be part of strategies to fill unmet needs in the community, such as nurses or teachers or engineers. Subsidizing higher education is frequently described as a form of economic development for the community.

Perceptions about the individual versus public responsibility for higher education can change based on the quality and level of education a student seeks. Students wanting more than just the basics may be expected to contribute more to the cost of their education, but this gets balanced against concerns about relegating low-income students to basic skills institutions. Students pursuing high demand degrees who are projected to earn significant amounts upon graduation may be expected to contribute more to their education, but this may get balanced against economic development goals of encouraging more students in a profession.

## Impact of the Statewide Budget Outlook

Statewide General Fund revenues significantly impact higher education appropriations, as evidenced by the sharp declines in General Fund appropriations for higher education during economic downturns in FY 2002-03 through FY 2004-05, and again in FY 2008-09 and FY 2009-10. The decreases in General Fund appropriations for higher education were disproportionately larger than decreases for other state agencies during the same time frames.

The following chart illustrates how federal ARRA funds and tuition augment General Fund revenues for the higher education institutions, and may provide a portion of the explanation for why higher education has historically been such a big part of budget balancing efforts in Colorado and other states during recessions. It should be noted that the chart does not include adjustments for changes in the number of students served, inflationary factors impacting the cost of providing services, or analysis of whether resources are being used optimally by the higher education institutions, and thus the chart is not intended to draw conclusions about the adequacy of General Fund and tuition resources. It is fair, however, to observe from the chart that increases in tuition and decreases in General Fund have transferred more of the burden for funding higher education from state tax revenues to students and their families.





The availability of alternative fund sources for higher education may partly explain the disproportionate reductions for higher education. During these years tuition charges increased significantly, and from FY 2008-09 through FY 2010-11 federal money available through the American Recovery and Reinvestment Act of 2009 (ARRA) was used to offset General Fund reductions.

As a condition of accepting the ARRA federal funds for education, the federal government required states to maintain at least the FY 2005-06 General Fund appropriation level for higher education institutions through FY 2010-11. In FY 2009-10 Colorado qualified for a waiver from this maintenance of effort requirement, but not in FY 2010-11. This explains the sharp decrease and subsequent restoration of General Fund in FY 2009-10 and FY 2010-11

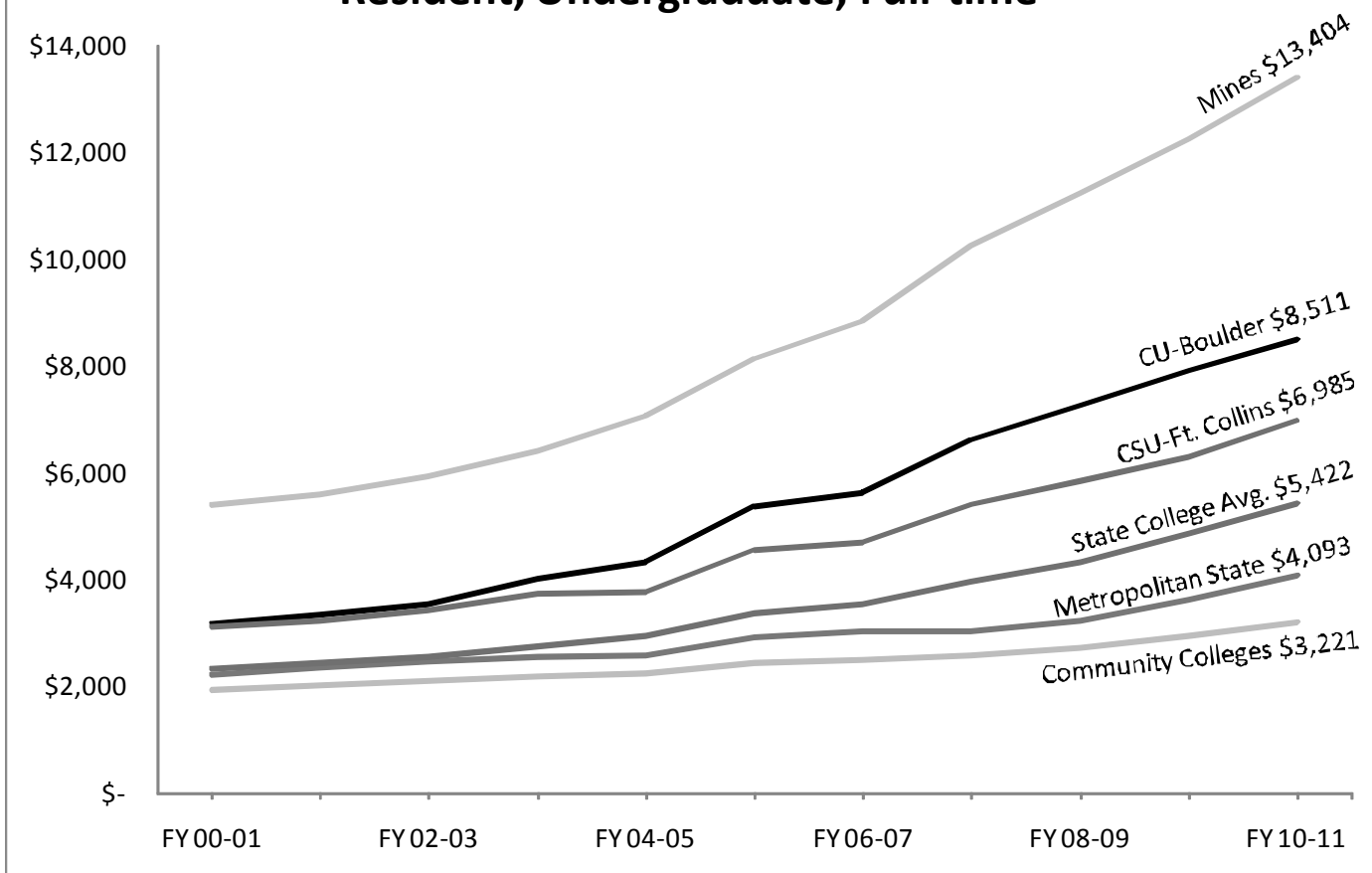
## **Tuition and Fees**

Tuition and fee rates are a central consideration in discussions about access and affordability. Projected tuition and fee revenue for the governing boards influences legislative decisions about how much General Fund to appropriate for stipends and fee-for-service contracts.

Senate Bill 10-003 temporarily delegated tuition authority to higher education governing boards from FY 2011-12 through FY 2015-16 (five years). During this time frame, governing boards may increase resident undergraduate tuition rates up to 9.0 percent per year, and they may submit a plan to ensure access and affordable tuition for low- and middle-income students to the Commission for permission to implement larger rate increases. When the provisions of S.B. 10-003 expire, the responsibility to set tuition spending authority reverts to the General Assembly [Section 23-5-129 (10), C.R.S.], and the tuition increases used to derive the total spending authority for each governing board will be detailed in a footnote to the Long Bill [Section 23-18-202 (3) (b), C.R.S.].

At the time of this publication, rates for the 2011-12 academic year had not yet been set by all governing boards, and so the chart below shows rates through FY 2010-11. All rates are for students who are full-time (30 credit hours per year), beginning their studies, Colorado resident, undergraduate, and taking liberal arts and sciences courses.

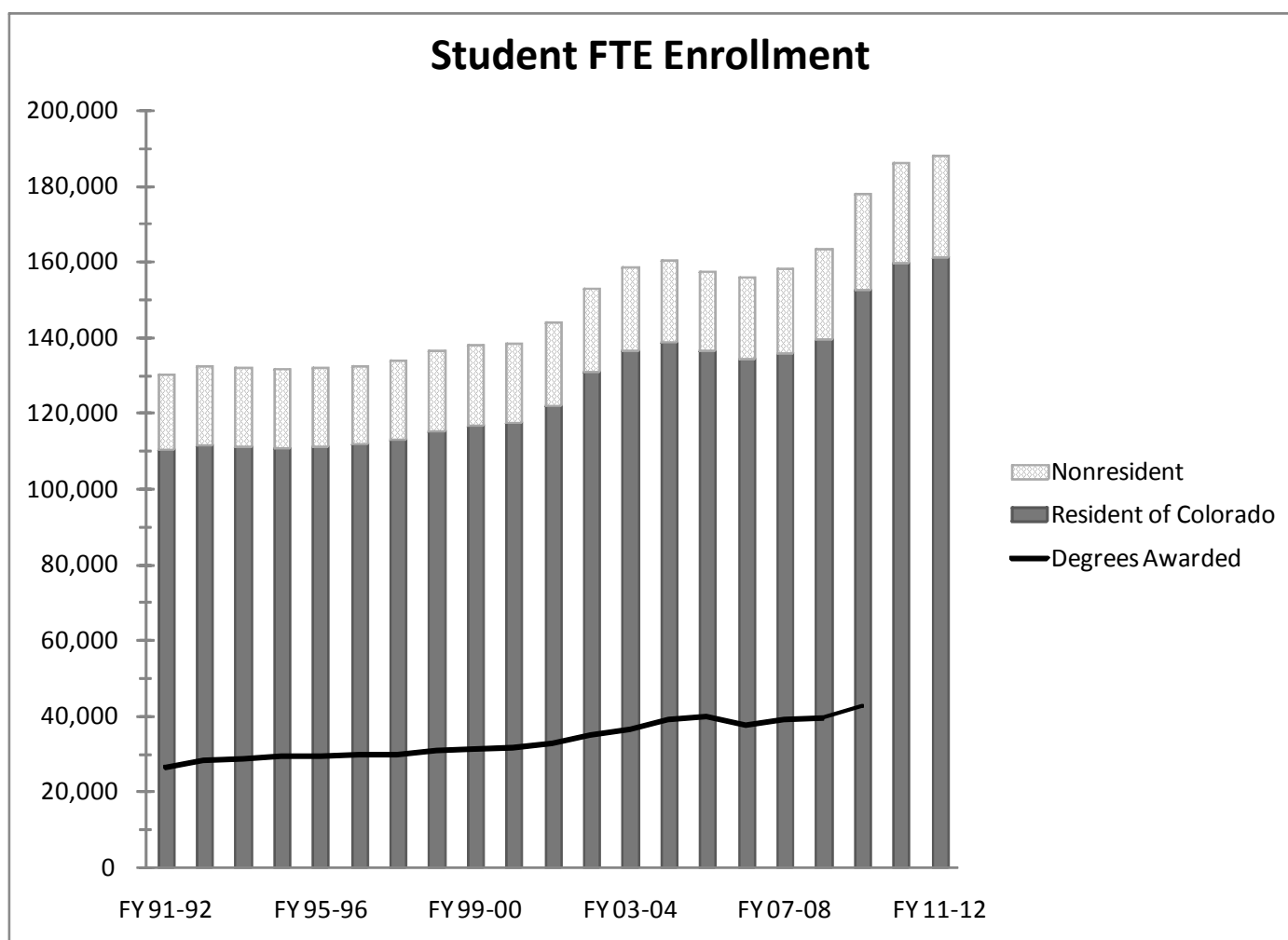
## Tuition and Mandatory Fees Resident, Undergraduate, Full-time



### Enrollment

Enrollment is both a workload and performance measure for campuses, and it affects tuition and fee revenue. For a few schools, nonresident enrollment is important because nonresident tuition helps subsidize resident education. Increases in enrollment drive costs for faculty, advising, and general operating.

Enrollment tends to be counter-cyclical. In other words, when the economy slows, higher education enrollment grows more rapidly. The following chart reports student FTE over the last 20 years. Thirty credit hours in a year equals one full-time-equivalent student. The chart also includes a trend line for degrees awarded through the most recent year of data (FY 2009-10). This is an unduplicated count of graduates. The relatively modest enrollment growth in the 1990's and significant growth in the 2000's correlate closely with the economic circumstances of the state during those time frames.



## Personnel

Higher education governing boards are allowed by statute to determine the number of employees they need, but the appropriations reflect estimates provided by the governing boards of the number of employees at their institutions, which for FY 2011-12 total 21,119.7 FTE. This doesn't include employees of self-supporting auxiliary programs such as food services, book stores, or housing.

Of the amount state-operated institutions spend on education, approximately two-thirds is spent on salaries and benefits and most of this (60 percent) is spent on instructional faculty. Of total personnel costs, roughly 23 percent are associated with classified staff where the salaries and benefits are defined by the state personnel system and policies of the General Assembly, and the other 77 percent are for exempt staff where the governing boards have control of compensation. The market for tenure-track faculty is national. Pressure to offer compensation to professors that is competitive with peer institutions in other states, and for some degree programs competitive with the private sector, is a significant factor in higher education institution expenditures.

## College Opportunity Fund Program

Colorado uses a method of distributing higher education funding that is unique from other states. Instead of appropriating General Fund directly to the institutions for their day-to-day operations, the General Assembly appropriates money into a fund that provides stipends to eligible undergraduate students. In addition, the General Assembly appropriates money for differences in the cost of programs at each institution. This second

appropriation for cost differentials gets to the institutions through what are called fee-for-service contracts between the Commission and the governing boards.

It may be helpful to focus on the sum of stipends and fee-for-service contracts, rather than each separately. In practice, once stipends and fee-for-service contracts are paid to a higher education institution the institution makes no distinction between them. The sum of stipends and fee-for-service contracts is the state General Fund support provided to each institution for their operations.

The bill that authorized stipends and fee-for-service contracts (S.B. 04-189) also provided a mechanism for designating qualifying state higher education institutions as enterprises under Article X, Section 20 of the Colorado Constitution (TABOR). Revenue, such as tuition, that is generated by enterprises is exempt from the limits imposed by TABOR and has no impact on any refund that may be due pursuant to 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. Stipends and fee-for-service contracts are defined in statute as different from a state grant. All of the institutions have been designated as TABOR enterprises.

## **Financial Aid**

Of the General Fund appropriations for higher education in FY 2011-12, \$103.6 million (16.6 percent) are for financial aid. The majority of the money goes for need based aid and work study. There are also a number of smaller, special purpose financial aid programs. Financial aid funds are appropriated to the Commission and then allocated to the institutions, including approximately \$8 million per year for private institutions, based on formulas that consider financial need at the schools, total student enrollment, and program eligibility criteria.

The federal government also provides a significant amount of financial aid for students. The majority of federal grants come through the Pell program for the neediest students. Federal legislation recently increased the maximum Pell grant for a full-time student to \$5,550 in FY 2010-11, from \$4,731 in FY 2008-09. The legislation also expanded eligibility for the Pell grant. In FY 2009-10 the average adjusted gross income of the families of dependent students receiving the full Pell award was \$18,352, compared to \$14,118 in FY 2008-09, and the average of students receiving any Pell award was \$37,881, compared to \$25,720 in FY 2008-09.

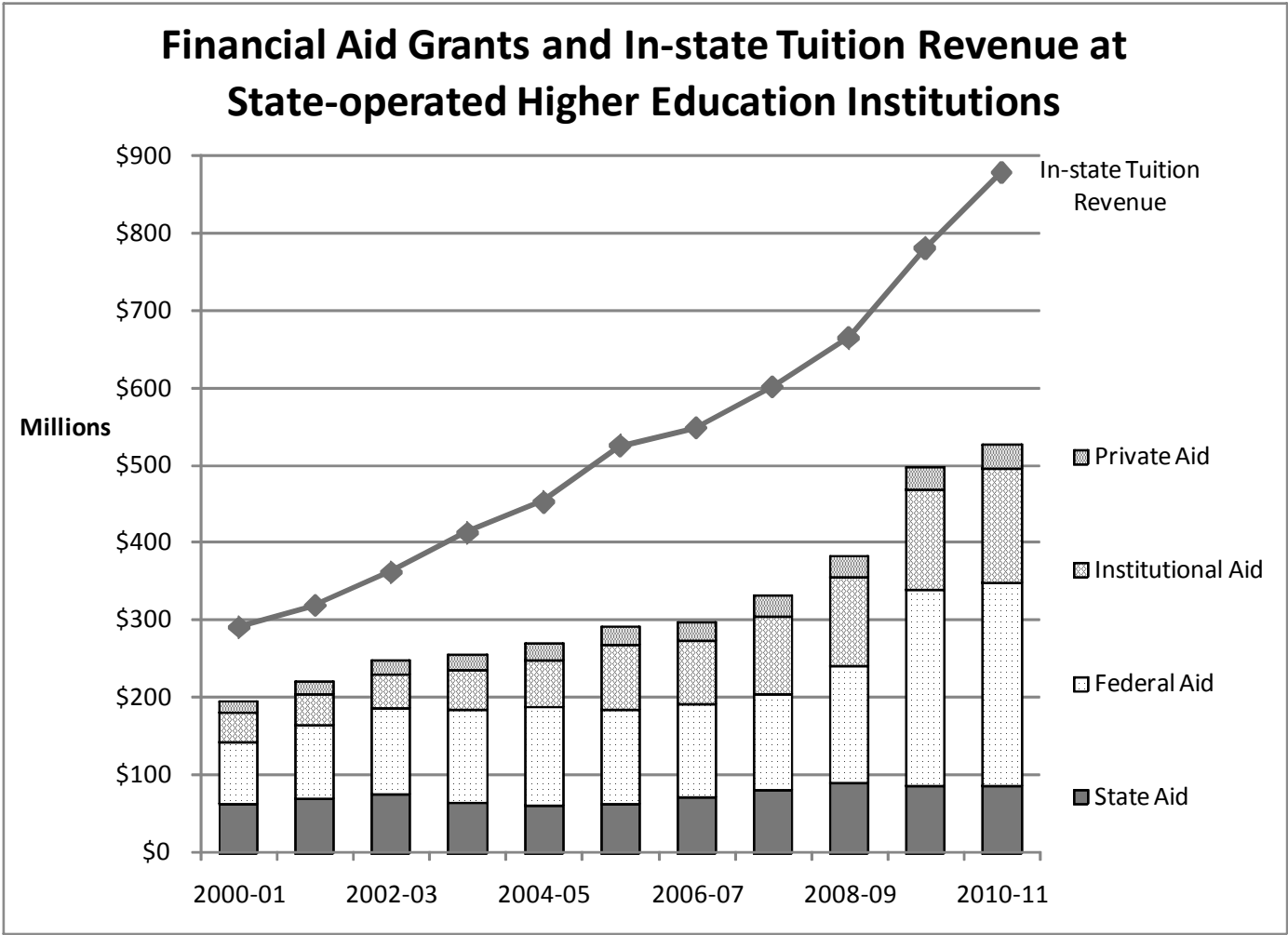
The federal government also provides low-interest guaranteed loans and tax credits and deductions for tuition. Sixty-five percent of students completing a bachelor's degree in FY 2009-10 from public institutions graduated with the support of federal student loans, and the average amount of federal loans for people graduating with debt was \$22,084.

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 following table shows financial aid grants from various sources awarded to students attending state-operated higher education institutions. As an indication of the buying power of financial aid grants, the chart also provides information on total resident tuition revenues collected. 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. Depending on the institution, these other costs of attendance can dwarf the price of tuition. 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.

Between FY 2008-09 and FY 2009-10 there were changes in the Pell eligibility criteria, an increase in the maximum Pell award, and increases in the number of low-income students qualifying for Pell awards. These changes account for the significant increase in federal funds granted that fiscal year.



## Summary of FY 2010-11 and FY 2011-12 Appropriations

Department of Higher Education						
	Total Funds	General Fund/1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$3,013,064,028</b>	<b>\$705,108,145</b>	<b>\$1,614,730,367</b>	<b>\$643,769,858</b>	<b>\$49,455,658</b>	<b>21,397.0</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Department Administrative Office	2,278,617	0	1,424,654	722,007	131,956	0.0
Colorado Commission on Higher Education	26,559,211	0	23,328,130	2,855,023	376,058	38.8
Colorado Commission on Higher Education Financial Aid	106,139,746	88,511,228	15,400,000	328,518	1,900,000	0.0
College Opportunity Fund Program	593,976,181	593,976,181	0	0	0	0.0
Governing Boards	2,169,702,606	0	1,546,440,123	595,272,912	27,989,571	21,034.0
Local District Junior College Grants	15,467,729	13,967,735	836,339	0	663,655	0.0
Division of Occupational Education	52,843,669	8,450,501	0	26,921,146	17,472,022	32.0
Auraria Higher Education Center	17,670,252	0	0	17,670,252	0	166.3
State Historical Society	28,426,017	202,500	27,301,121	0	922,396	125.9
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	2,941,566,190	660,270,589	1,585,645,937	586,167,393	109,482,271	21,397.1
SB 10-064	(403,868)	0	(403,868)	0	0	0.0
SB 10-108	36,820	0	36,820	0	0	0.4
HB 10-1339	1,000,000	0	1,000,000	0	0	0.0
HB 10-1383	0	(15,400,000)	15,400,000	0	0	0.0
SB 11-140	2,841,650	248,310	2,593,340	0	0	0.0
SB 11-157	57,602,465	60,026,613	0	57,602,465	(60,026,613)	0.0
SB 11-209	10,458,138	0	10,458,138	0	0	0.0
HB 11-1155	(37,367)	(37,367)	0	0	0	(0.5)
<b>FY 2011-12 Total Appropriation:</b>	<b>\$2,881,772,980</b>	<b>\$623,962,700</b>	<b>\$1,699,158,727</b>	<b>\$539,636,738</b>	<b>\$19,014,815</b>	<b>21,490.8</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Department Administrative Office	2,344,654	0	1,450,199	723,624	170,831	0.0
Colorado Commission on Higher Education	7,438,367	0	4,383,172	2,683,149	372,046	38.3
Colorado Commission on Higher Education Financial Aid	104,769,698	103,640,706	0	528,992	600,000	0.0

<b>Department of Higher Education</b>						
	<b>Total Funds</b>	<b>General Fund/1</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
College Opportunity Fund Program	489,524,470	489,524,470	0	0	0	0.0
Governing Boards	2,166,127,259	11,020,202	1,664,285,856	490,821,201	0	21,119.7
Local District Junior College Grants	12,506,424	11,909,951	596,473	0	0	0.0
Division of Occupational Education	51,832,153	7,664,871	0	27,209,520	16,957,762	32.0
Auraria Higher Education Center	17,670,252	0	0	17,670,252	0	172.9
State Historical Society	29,559,703	202,500	28,443,027	0	914,176	127.9
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	2,880,159,837	624,242,230	1,697,240,594	539,636,738	19,040,275	21,489.8
SB 11-052	0	0	0	0	0	2.0
SB 11-076	(199,811)	(41,484)	(132,867)	0	(25,460)	0.0
SB 11-159	2,051,000	0	2,051,000	0	0	0.0
HB 11-1155	(76,446)	(76,446)	0	0	0	(1.0)
HB 11-1281	(161,600)	(161,600)	0	0	0	0.0
<b>Increase/(Decrease)</b>	<b>(\$131,291,048)</b>	<b>(\$81,145,445)</b>	<b>\$84,428,360</b>	<b>(\$104,133,120)</b>	<b>(\$30,440,843)</b>	<b>93.8</b>
<b>Percentage Change</b>	<b>(4.4)%</b>	<b>(11.5)%</b>	<b>5.2%</b>	<b>(16.2)%</b>	<b>(61.6)%</b>	<b>0.4%</b>

/1 Includes \$219,166,667 General Fund Exempt in FY 2010-11 and \$226,733,333 General Fund Exempt in FY 2011-12. See division detail for more information.

## **FY 2010-11 Appropriation - Mid-year Adjustment Highlights**

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to:

1. Increase General Fund for fee-for-service contracts and for local district junior colleges and area vocational schools by \$60 million and reduce federal funds from the American Recovery and Reinvestment Act of 2009 by a like amount.
2. Increase the stipends for students attending state-operated institutions by \$1.4 million General Fund to reflect a projected increase in the eligible population over the appropriated level, and reduce the General Fund for fee-for-service contracts by a like amount to offset the increased cost of the stipends.
3. Provide an additional \$14.2 million cash funds spending authority for academic fees while reducing tuition spending authority by a net \$1.1 million cash funds based on a more recent projection of revenue.
4. Increase the General Fund Exempt appropriation by \$117.9 million and reduce the General Fund appropriation by the same amount.

5. Reduce \$37,000 General Fund and 0.5 FTE to reflect the appointment of the Lieutenant Governor as director of the Department.

## **FY 2011-12 Appropriation Highlights**

The FY 2011-12 appropriation:

1. Reduces state and federal support for the higher education institutions by \$125.4 million (\$96.3 million General Fund), or 19.5 percent, from FY 2010-11 levels. These reductions were distributed according to a three-part formula developed by the Colorado Commission on Higher Education that considers each institution's share of total funding (including tuition), each institution's share of state and federal funding, and enrollment increases since FY 2005-06.
2. Provides \$15.4 million General Fund to replace one-time cash funds for need based aid, and reallocates money between financial aid programs to reflect increased costs for Native American tuition waivers at Fort Lewis College and the end of a federal grant program that required a state match.
3. Includes \$114.1 million additional cash funds for tuition to reflect projected revenue with a 9.0 percent increase in Colorado resident tuition rates and a 5.0 percent increase in nonresident tuition rates, and changes in the enrollment forecast. Pursuant to S.B. 10-003, higher education governing boards may increase resident undergraduate tuition rates by up to 9.0 percent without legislative review or approval and may increase resident undergraduate tuition rates by more than 9.0 percent if the Colorado Commission on Higher Education approves a financial accountability plan submitted by the governing board ensuring access and accountability.
4. Increases cash funds spending authority for academic fees by \$6.8 million based on projected enrollment and scheduled escalators in facility fees.
5. Converts the fee-for-service contract with the Colorado School of Mines to a direct grant, pursuant to S.B. 10-003, resulting in a net reduction of \$11.0 million reappropriated funds.
6. Reflects, for informational purposes, the estimate by each governing board and the Auraria Higher Education Center of current year FTE.
7. Provides cash funds spending authority for 2.0 FTE, contract services, supplies, and utilities for maintenance of the new History Colorado Center in Denver at Broadway and 12th Avenue.

## **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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$2,278,617</u>	<u>\$0</u>	<u>\$1,424,654</u>	<u>\$722,007</u>	<u>\$131,956</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,278,617</b>	<b>\$0</b>	<b>\$1,424,654</b>	<b>\$722,007</b>	<b>\$131,956</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$2,278,617	\$0	\$1,424,654	\$722,007	\$131,956	0.0
Centrally appropriated line items	66,037	0	25,545	1,617	38,875	0.0
<b>SB 11-209</b>	<b><u>\$2,344,654</u></b>	<b><u>\$0</u></b>	<b><u>\$1,450,199</u></b>	<b><u>\$723,624</u></b>	<b><u>\$170,831</u></b>	<b><u>0.0</u></b>
<b>TOTAL</b>	<b>\$2,344,654</b>	<b>\$0</b>	<b>\$1,450,199</b>	<b>\$723,624</b>	<b>\$170,831</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$66,037	\$0	\$25,545	\$1,617	\$38,875	0.0
Percentage Change	2.9%	n/a	1.8%	0.2%	29.5%	n/a

#### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; workers' compensation; legal services; and payments to risk management and property funds.

#### **Colorado Commission on Higher Education**

This division includes funding for the Commission's staff, the Division of Private Occupational Schools, and special purpose initiatives of the Department. The sources of cash funds include indirect cost recoveries, fees paid to the Division of Private Occupational Schools, and portions of waste tire fees and of limited gaming revenues that are used for competitive research grants. The primary source of reappropriated funds is indirect cost recoveries.

Colorado Commission on Higher Education						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$25,559,758	\$0	\$22,291,310	\$2,892,390	\$376,058	38.9

Colorado Commission on Higher Education						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 10-108	36,820	0	36,820	0	0	0.4
HB 10-1339	1,000,000	0	1,000,000	0	0	0.0
HB 11-1155	<u>(37,367)</u>	<u>0</u>	<u>0</u>	<u>(37,367)</u>	<u>0</u>	<u>(0.5)</u>
<b>TOTAL</b>	<b>\$26,559,211</b>	<b>\$0</b>	<b>\$23,328,130</b>	<b>\$2,855,023</b>	<b>\$376,058</b>	<b>38.8</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$26,559,211	\$0	\$23,328,130	\$2,855,023	\$376,058	38.8
Restore one-time personal services reduction	57,467	0	9,090	39,849	8,528	0.0
Annualize H.B. 11-1155	37,367	0	0	37,367	0	0.5
Fund source adjustment	0	0	12,009	(12,009)	0	0.0
Enrollment contingency	(20,000,000)	0	(20,000,000)	0	0	0.0
Technology grants	(1,000,000)	0	(1,000,000)	0	0	0.0
15.0 percent from administration	(343,321)	0	0	(343,321)	0	(2.0)
Personal services base reduction	(34,600)	0	(7,001)	(27,599)	0	0.0
<b>SB 11-209</b>	<b>\$5,276,124</b>	<b>\$0</b>	<b>\$2,342,228</b>	<b>\$2,549,310</b>	<b>\$384,586</b>	<b>37.3</b>
SB 11-052	251,769	0	0	251,769	0	2.0
SB 11-076	(64,080)	0	(10,056)	(41,484)	(12,540)	0.0
SB 11-159	2,051,000	0	2,051,000	0	0	0.0
HB 11-1155	<u>(76,446)</u>	<u>0</u>	<u>0</u>	<u>(76,446)</u>	<u>0</u>	<u>(1.0)</u>
<b>TOTAL</b>	<b>\$7,438,367</b>	<b>\$0</b>	<b>\$4,383,172</b>	<b>\$2,683,149</b>	<b>\$372,046</b>	<b>38.3</b>
<b>Increase/(Decrease)</b>	(\$19,120,844)	\$0	(\$18,944,958)	(\$171,874)	(\$4,012)	(0.5)
Percentage Change	(72.0)%	n/a	(81.2)%	(6.0)%	(1.1)%	(1.3)%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Annualize H.B. 11-1155:** The appropriation annualizes the fiscal impact of H.B. 11-1155.

**Fund source adjustment:** The appropriation changes fund sources to match statewide indirect cost recoveries paid as cash funds by CollegeInvest and College Access versus reappropriated funds from the higher education institutions and other agencies in the Department.

**Enrollment contingency:** The appropriation eliminates a line item that provided spending authority that the Department could transfer to any of the governing boards in the event that enrollment increased above projected levels, resulting in greater revenue than expected. The line item is no longer necessary with the delegation of tuition setting authority to the higher education governing boards pursuant to S.B. 10-003.

**Technology grants:** The appropriation reflects discontinuation of a one-time distribution from limited gaming funds for technology grants pursuant to H.B. 10-1383. For FY 2011-12, S.B. 11-159 establishes a new distribution for limited gaming funds that includes money for technology grants.

**15.0 percent from administration:** The appropriation reduces 15.0 percent of the indirect cost recoveries for the Department's administration and 2.0 FTE and reallocates the funding to need based grants.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**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 the Commission. The source of cash funds in FY 2010-11 is a one-time appropriation from the CollegeInvest Scholarship Trust Fund to refinance General Fund for need-based grants. The source of reappropriated funds is indirect cost recoveries.

Colorado Commission on Higher Education Financial Aid						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$106,139,746	\$103,948,595	\$0	\$291,151	\$1,900,000	0.0
HB 10-1383	0	(15,400,000)	15,400,000	0	0	0.0
HB 11-1155	<u>0</u>	<u>(37,367)</u>	<u>0</u>	<u>37,367</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$106,139,746</b>	<b>\$88,511,228</b>	<b>\$15,400,000</b>	<b>\$328,518</b>	<b>\$1,900,000</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$106,139,746	\$88,511,228	\$15,400,000	\$328,518	\$1,900,000	0.0
Native American tuition waivers	1,354,631	1,326,272	0	28,359	0	0.0
Need based grants	371,719	15,771,719	(15,400,000)	0	0	0.0
Transfer from administration	343,321	0	0	343,321	0	0.0

Colorado Commission on Higher Education Financial Aid						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Annualize H.B. 11-1155	0	37,367	0	(37,367)	0	0.0
Leveraging Educational Assistance Program	(3,026,350)	(1,726,350)	0	0	(1,300,000)	0.0
<b>SB 11-209</b>	<b>\$105,183,067</b>	<b>\$103,920,236</b>	<b>\$0</b>	<b>\$662,831</b>	<b>\$600,000</b>	<b>0.0</b>
SB 11-052	(251,769)	0	0	(251,769)	0	0.0
SB 11-076	0	(41,484)	0	41,484	0	0.0
HB 11-1155	0	(76,446)	0	76,446	0	0.0
HB 11-1281	<u>(161,600)</u>	<u>(161,600)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$104,769,698</b>	<b>\$103,640,706</b>	<b>\$0</b>	<b>\$528,992</b>	<b>\$600,000</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$1,370,048)	\$15,129,478	(\$15,400,000)	\$200,474	(\$1,300,000)	0.0
Percentage Change	(1.3)%	17.1%	(100.0)%	61.0%	(68.4)%	n/a

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Native American tuition waivers:** The appropriation increases payments to Fort Lewis College for Native American student tuition waivers provided in FY 2010-11, pursuant to Section 23-52-105, C.R.S. It also adjusts the source of funds based on available indirect cost recoveries to offset the need for General Fund.

**Need based grants:** The appropriation refinances need based grants with General Fund due to the end of one-time cash funds from the CollegeInvest Scholarship Trust Fund and applies a portion of the savings from the end of the Leveraging Educational Assistance Program to increase need based grants.

**Transfer from administration:** The appropriation adds to need based grants the savings generated from reducing 15.0 percent of the indirect cost recoveries from the Department's administration.

**Annualize H.B. 11-1155:** The appropriation annualizes the fiscal impact of H.B. 11-1155.

**Leveraging Educational Assistance Program:** The appropriation reallocates General Fund previously used to match the discontinued federal Leveraging Educational Assistance Program to need based grants and Native American tuition waivers.

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

### **College Opportunity Fund Program**

This section provides funding for student stipend payments for resident students attending state-operated higher education institutions and resident students attending certain private institutions located in the state, and for fee-

for-service contracts between the Commission and the institutions. *For a summary of the impact of these changes by governing board, see the Governing Boards section.*

<b>College Opportunity Fund Program</b>						
	<b>Total Funds</b>	<b>General Fund/1</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$536,125,406	\$536,125,406	\$0	\$0	\$0	0.0
SB 10-064	0	0	0	0	0	0.0
SB 11-140	248,310	248,310	0	0	0	0.0
SB 11-157	57,602,465	57,602,465	0	0	0	0.0
SB 11-209	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$593,976,181</b>	<b>\$593,976,181</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$593,976,181	\$593,976,181	\$0	\$0	\$0	0.0
Stipends State-operated institutions	4,724,400	4,724,400	0	0	0	0.0
Fee-for-service contracts	(98,155,909)	(98,155,909)	0	0	0	0.0
Convert fee-for-service contract with Mines to a direct appropriation	(11,020,202)	(11,020,202)	0	0	0	0.0
<b>SB 11-209</b>	<b><u>\$489,524,470</u></b>	<b><u>\$489,524,470</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>0.0</u></b>
<b>TOTAL</b>	<b>\$489,524,470</b>	<b>\$489,524,470</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	<b>(\$104,451,711)</b>	<b>(\$104,451,711)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
Percentage Change	(17.6)%	(17.6)%	n/a	n/a	n/a	n/a

/1 This amount includes a General Fund Exempt appropriation that is detailed in the following table

<b>General Fund Summary</b>	<b>Total General Fund</b>	<b>General Fund</b>	<b>General Fund Exempt</b>
<b>FY 2010-11 Appropriation</b>	<b>\$593,976,181</b>	<b>\$492,709,514</b>	<b>\$101,266,667</b>
Fee-for-service contracts	<u>0</u>	<u>(117,900,000)</u>	<u>117,900,000</u>
<b>FY 2010-11 Adjusted Appropriation</b>	<b>\$593,976,181</b>	<b>\$374,809,514</b>	<b>\$219,166,667</b>
Stipend payments	4,724,400	(7,604,503)	12,328,903
Fee-for-service contracts	<u>(109,176,111)</u>	<u>(104,413,874)</u>	<u>(4,762,237)</u>
<b>Total FY 2011-12 Long Bill Appropriation</b>	<b>\$489,524,470</b>	<b>\$262,791,137</b>	<b>\$226,733,333</b>

## General Fund Exempt

Referendum C, passed by Colorado voters in November 2005, allows the State to retain and spend all revenue that is collected in excess of the TABOR limit for FY 2005-06 through FY 2009-10. For FY 2010-11 and subsequent fiscal years, Referendum C allows the State to retain all revenues that are in excess of the TABOR limit, but less than the excess state revenues cap<sup>1</sup>, for that fiscal year. This revenue must be placed in the General Fund Exempt Account. The above table shows the amount of General Fund Exempt appropriated from the General Fund Exempt Account for higher education pursuant to Sections 24-77-103.6 (2) (b) and 24-77-104.5 (1) (b) (III), C.R.S.

## FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-140 and S.B. 11-209 modify FY 2010-11 appropriations to increase the stipends for students attending private and state-operated institutions to reflect a projected increase in the eligible population over the appropriated level, and reduce the General Fund for fee-for-service contracts by a like amount to offset the increased cost of the stipends. Also, Senate Bill 11-209 increases the General Fund Exempt appropriation by \$117.9 million and reduces the General Fund appropriation by the same amount.

Senate Bill 11-157 moves a total of \$60 million General Fund from the Department of Education to the Department of Higher Education and a total of \$60 million federal funds from the Department of Higher Education to the Department of Education. For more detail, see the bill description in the Department of Education section of this report.

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Stipends State-operated institutions:** The appropriation provides funding for a projected 1.8 percent increase in the stipend-eligible student FTE (from 144,794 FTE to 147,334 FTE). For more detail of the impact by institution, see the Governing Boards section below.

**Fee-for-service contracts:** The appropriation reduces state and federal funding for the higher education institutions (including the Governing Boards, Local District Junior Colleges, and Area Vocational Schools) by \$125.4 million, or 19.5 percent. The reduction is distributed according to a three-part formula developed by the Colorado Commission on Higher Education that considers each institution's share of total funding (including tuition), each institution's share of state and federal funding, and enrollment increases since FY 2005-06. The amount for fee-for-service contracts represents the difference between the total targeted state and federal funds in the CCHE distribution formula for each governing and the projected stipends for each governing board. For more detail of the impact by institution, see the Governing Boards section.

**Convert fee-for-service contract with Mines to a direct appropriation:** The appropriation converts the fee-for-service contract with the Colorado School of Mines to a direct appropriation pursuant to S.B. 10-003. This moves the General Fund from the College Opportunity Fund Program division to the Governing Boards division, with no net change in the total General Fund, and eliminates a reappropriated funds appropriation in the Governing Boards division.

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<sup>1</sup> The "excess state revenues cap" is equal to the highest annual total state revenues from FY 2005-06 through FY 2009-10, adjusted each subsequent fiscal year for inflation, the percentage change in state population, enterprises, and debt service changes.

**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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$2,157,054,996	\$0	\$1,533,792,513	\$537,670,447	\$85,592,036	21,034.0
SB 10-064	(403,868)	0	(403,868)	0	0	0.0
SB 11-140	2,593,340	0	2,593,340	0	0	0.0
SB 11-157	0	0	0	57,602,465	(57,602,465)	0.0
SB 11-209	<u>10,458,138</u>	<u>0</u>	<u>10,458,138</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,169,702,606</b>	<b>\$0</b>	<b>\$1,546,440,123</b>	<b>\$595,272,912</b>	<b>\$27,989,571</b>	<b>21,034.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$2,169,702,606	\$0	\$1,546,440,123	\$595,272,912	\$27,989,571	21,034.0
Tuition	114,104,371	0	114,104,371	0	0	0.0
Academic fees	6,786,099	0	6,786,099	0	0	0.0
Convert fee-for-service contract with Mines to a direct appropriation	0	11,020,202	0	(11,020,202)	0	0.0
FTE Adjustment	0	0	0	0	0	85.7
State and federal support	(121,421,080)	0	0	(93,431,509)	(27,989,571)	0.0
Limited gaming	(1,586,979)	0	(1,586,979)	0	0	0.0
Tobacco	(1,457,758)	0	(1,457,758)	0	0	0.0
<b>SB 11-209</b>	<b><u>\$2,166,127,259</u></b>	<b><u>\$11,020,202</u></b>	<b><u>\$1,664,285,856</u></b>	<b><u>\$490,821,201</u></b>	<b><u>\$0</u></b>	<b><u>21,119.7</u></b>
<b>TOTAL</b>	<b>\$2,166,127,259</b>	<b>\$11,020,202</b>	<b>\$1,664,285,856</b>	<b>\$490,821,201</b>	<b>\$0</b>	<b>21,119.7</b>
<b>Increase/(Decrease)</b>	(\$3,575,347)	11,020,202	\$117,845,733	(\$104,451,711)	(\$27,989,571)	85.7
Percentage Change	(0.2)%	n/a	7.6%	(17.5)%	(100.0)%	0.4%

## FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-140 and S.B. 11-209 modify FY 2010-11 appropriations to increase the stipends for students attending state-operated institutions to reflect a projected increase in the eligible population over the appropriated level, and to reduce the General Fund for fee-for-service contracts by a like amount to offset the increased cost of the stipends. Also, the bills provided an additional \$14.2 million cash funds spending authority for academic fees and reduced tuition spending authority by a net \$1.1 million cash funds based on a more recent projection of revenue.

Senate Bill 11-157 moves a total of \$60 million General Fund from the Department of Education to the Department of Higher Education and a total of \$60 million federal funds from the Department of Higher Education to the Department of Education. For more detail, see the bill description in the Department of Education section of this report.

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Tuition:** The appropriation reflects the projected tuition if institutions increase Colorado resident tuition rates by 9.0 percent and nonresident rates by 5.0 percent. Pursuant to S.B. 10-003, higher education governing boards may increase resident undergraduate tuition rates by up to 9.0 percent without legislative review or approval, and may increase resident undergraduate tuition rates by more than 9.0 percent if the Colorado Commission on Higher Education approves a financial accountability plan submitted by the governing board ensuring access and accountability. There are no statutory limits on graduate and nonresident tuition rate increases.

	Tuition Spending Authority			FY 2010-11 Colorado Resident Undergraduate Full-time (30 credits)**		
	FY 2010-11 Appropriation*	Projected Increases	FY 2011-12 Appropriation	Tuition	Mandatory Fees	Tuition & Fees
Adams	\$14,090,680	\$1,814,211	\$15,904,891	\$2,952	\$2,019	\$4,971
Mesa	41,740,399	4,906,667	46,647,066	5,480	768	6,248
Metro	69,381,161	7,244,365	76,625,526	3,107	986	4,093
Western	9,929,989	722,228	10,652,217	3,422	1,354	4,776
CSU System	247,683,295	19,673,697	267,356,992	5,256	1,729	6,985
Fort Lewis	29,487,811	1,294,753	30,782,564	3,380	1,544	4,924
CU Regents	635,490,952	42,749,949	678,240,901	7,018	1,493	8,511
Mines	75,801,539	6,721,847	82,523,386	11,550	1,854	13,404
UNC	68,411,531	5,122,474	73,534,005	4,680	1,317	5,997
Community Colleges	231,530,059	23,854,180	255,384,239	2,888	333	3,221
<b>TOTAL</b>	<b>\$1,423,547,416</b>	<b>\$114,104,371</b>	<b>\$1,537,651,787</b>			

\* As adjusted by supplemental bills

\*\* FY 2011-12 tuition and fees were not yet set by all higher education governing boards at the time of this publication.

**Academic fees:** The appropriation reflects projected academic 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 by the General Assembly. The fee projections for Adams State College and Metropolitan State College of Denver and for the Community College of Denver within the Community College system reflect



scheduled escalators on facility bond fees implemented in prior years. The remainder of the projected increases are attributable to enrollment.

Academic Fees				
	FY 2010-11 Appropriation*	FY 2011-12 Appropriation	Change	Percent
Adams	\$2,210,000	\$2,951,165	\$741,165	33.5%
Mesa	610,831	632,210	21,379	3.5%
Metro	13,082,847	17,511,694	4,428,847	33.9%
Western	1,268,153	1,231,492	(36,661)	-2.9%
CSU System	16,612,733	16,753,193	140,460	0.8%
Fort Lewis	1,085,955	1,096,815	10,860	1.0%
CU Regents	44,800,859	45,000,000	199,141	0.4%
Mines	3,875,013	4,203,414	328,401	8.5%
UNC	5,074,400	5,117,140	42,740	0.8%
Community Colleges	10,742,639	11,652,406	909,767	8.5%
<b>TOTAL</b>	<b>\$99,363,430</b>	<b>\$106,149,529</b>	<b>\$6,786,099</b>	<b>6.8%</b>

\* As adjusted by supplemental bills.

**Convert fee-for-service contract with Mines to a direct appropriation:** The appropriation converts the fee-for-service contract with the Colorado School of Mines to a direct appropriation, pursuant to S.B. 10-003. This moves the General Fund from the College Opportunity Fund Program division to the Governing Boards division, with no net change in the total General Fund, and eliminates a reappropriated funds appropriation in the Governing Boards division.

**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. Historically, projections submitted by the schools of employment in the current year have been used in the Long Bill. Thus, the FTE reported lags funding decisions.

FTE				
	FY 2010-11 Appropriation	FY 2011-12 Estimate	Change	Percent
Adams	274.0	294.7	20.7	7.6%
Mesa	519.2	534.5	15.3	2.9%
Metro	1,266.1	1,299.0	32.9	2.6%
Western	243.2	231.9	(11.3)	-4.6%
CSU System	4,136.9	4,037.8	(99.1)	-2.4%
Fort Lewis	418.2	417.8	(0.4)	-0.1%
CU Regents	6,920.9	6,797.7	(123.2)	-1.8%
Mines	684.2	766.6	82.4	12.0%
UNC	986.9	1,003.1	16.2	1.6%
Community Colleges	5,584.0	5,736.6	152.6	2.7%
<b>TOTAL</b>	<b>21,033.6</b>	<b>21,119.7</b>	<b>86.1</b>	<b>0.4%</b>

**State and federal support:** The appropriation reduces state and federal funding for the higher education institutions (including the Governing Boards, Local District Junior Colleges, and Area Vocational Schools) by

\$125.4 million, or 19.5 percent. The reduction is distributed according to a three-part formula developed by the Colorado Commission on Higher Education that considers each institution's share of total funding (including tuition), each institution's share of state and federal funding, and enrollment increases since FY 2005-06.

State and Federal Support				
Institution	FY 2010-11*	FY 2011-12	Difference	Percent
<b>Adams</b>	<b><u>\$13,447,945</u></b>	<b><u>\$11,190,415</u></b>	<b><u>(\$2,257,530)</u></b>	<b><u>-16.8%</u></b>
Stipends	2,894,160	2,944,380	50,220	1.7%
Fee-for-service	10,129,120	8,246,035	(1,883,085)	-18.6%
Federal ARRA	424,665	0	(424,665)	-100.0%
<b>Mesa</b>	<b><u>22,087,052</u></b>	<b><u>18,500,575</u></b>	<b><u>(3,586,477)</u></b>	<b><u>-16.2%</u></b>
Stipends	11,130,240	11,437,140	306,900	2.8%
Fee-for-service	10,237,825	7,063,435	(3,174,390)	-31.0%
Federal ARRA	718,987	0	(718,987)	-100.0%
<b>Metro</b>	<b><u>44,067,731</u></b>	<b><u>36,961,479</u></b>	<b><u>(7,106,252)</u></b>	<b><u>-16.1%</u></b>
Stipends	32,949,900	33,515,340	565,440	1.7%
Fee-for-service	9,715,226	3,446,139	(6,269,087)	-64.5%
Federal ARRA	1,402,605	0	(1,402,605)	-100.0%
<b>Western</b>	<b><u>11,208,881</u></b>	<b><u>9,344,247</u></b>	<b><u>(1,864,634)</u></b>	<b><u>-16.6%</u></b>
Stipends	2,414,280	2,497,980	83,700	3.5%
Fee-for-service	8,364,014	6,846,267	(1,517,747)	-18.1%
Federal ARRA	430,587	0	(430,587)	-100.0%
<b>CSU System</b>	<b><u>132,060,260</u></b>	<b><u>106,476,533</u></b>	<b><u>(25,583,727)</u></b>	<b><u>-19.4%</u></b>
Stipends	38,634,060	39,089,760	455,700	1.2%
Fee-for-service	87,396,034	67,386,773	(20,009,261)	-22.9%
Federal ARRA	6,030,166	0	(6,030,166)	-100.0%
<b>Fort Lewis</b>	<b><u>11,503,271</u></b>	<b><u>9,323,117</u></b>	<b><u>(2,180,154)</u></b>	<b><u>-19.0%</u></b>
Stipends	4,274,280	4,283,580	9,300	0.2%
Fee-for-service	6,331,198	5,039,537	(1,291,661)	-20.4%
Federal ARRA	897,793	0	(897,793)	-100.0%
<b>CU Regents</b>	<b><u>192,465,520</u></b>	<b><u>145,775,732</u></b>	<b><u>(46,689,788)</u></b>	<b><u>-24.3%</u></b>
Stipends	51,549,900	53,164,380	1,614,480	3.1%
Fee-for-service	130,006,017	92,611,352	(37,394,665)	-28.8%
Federal ARRA	10,909,603	0	(10,909,603)	-100.0%
<b>Mines</b>	<b><u>21,456,245</u></b>	<b><u>16,254,242</u></b>	<b><u>(5,202,003)</u></b>	<b><u>-24.2%</u></b>
Stipends	5,254,500	5,234,040	(20,460)	-0.4%
Fee-for-service	15,331,038	11,020,202	(4,310,836)	-28.1%
Federal ARRA	870,707	0	(870,707)	-100.0%
<b>UNC</b>	<b><u>40,624,090</u></b>	<b><u>32,806,606</u></b>	<b><u>(7,817,484)</u></b>	<b><u>-19.2%</u></b>
Stipends	14,987,880	14,935,800	(52,080)	-0.3%
Fee-for-service	23,854,910	17,870,806	(5,984,104)	-25.1%
Federal ARRA	1,781,300	0	(1,781,300)	-100.0%
<b>Community Colleges</b>	<b><u>131,965,957</u></b>	<b><u>112,832,926</u></b>	<b><u>(19,133,031)</u></b>	<b><u>-14.5%</u></b>
Stipends	105,227,640	106,938,840	1,711,200	1.6%
Fee-for-service	22,215,159	5,894,086	(16,321,073)	-73.5%
Federal ARRA	4,523,158	0	(4,523,158)	-100.0%

State and Federal Support				
Institution	FY 2010-11*	FY 2011-12	Difference	Percent
<b>Governing Boards</b>	<b><u>\$620,886,952</u></b>	<b><u>\$499,465,872</u></b>	<b><u>(\$121,421,080)</u></b>	<b><u>-19.6%</u></b>
Stipends	269,316,840	274,041,240	4,724,400	1.8%
Fee-for-service	323,580,541	225,424,632	(98,155,909)	-30.3%
Federal ARRA	27,989,571	0	(27,989,571)	-100.0%
<b>Local District Junior Colleges</b>	<b><u>\$14,631,390</u></b>	<b><u>\$11,909,951</u></b>	<b><u>(\$2,721,439)</u></b>	<b><u>-18.6%</u></b>
Direct grants	13,967,735	11,909,951	(2,057,784)	-14.7%
Federal ARRA	663,655	0	(663,655)	-100.0%
<b>Area Vocational Schools</b>	<b><u>\$8,964,761</u></b>	<b><u>\$7,664,871</u></b>	<b><u>(\$1,299,890)</u></b>	<b><u>-14.5%</u></b>
Direct grants	8,450,501	7,664,871	(785,630)	-9.3%
Federal ARRA	514,260	0	(514,260)	-100.0%
<b>Higher Education Institutions</b>	<b><u>\$644,483,103</u></b>	<b><u>\$519,040,694</u></b>	<b><u>(\$125,442,409)</u></b>	<b><u>-19.5%</u></b>
Stipends	269,316,840	274,041,240	4,724,400	1.8%
Fee-for-service/direct grants	345,998,777	244,999,454	(100,999,323)	-29.2%
Federal ARRA	29,167,486	0	(29,167,486)	-100.0%

\* As adjusted by supplemental bills.

**Limited gaming:** The appropriation includes an estimate of the limited gaming funds that will be distributed to higher education institutions with a 2-year mission pursuant to 12-47.1-701.5 (3) (c) (I), C.R.S.

Estimated Allocation of Amendment 50 Moneys by Institution			
Institution	Estimated Eligible FTE	Percentage of Total	FY11-12 Projected Allocation
Arapahoe	5,660.1	8.3%	\$543,751
Colorado Northwestern	758.6	1.1%	72,877
Aurora	4,223.8	6.2%	405,770
Denver	7,972.7	11.7%	765,917
Front Range	13,173.2	19.4%	1,265,515
Lamar	682.1	1.0%	65,528
Morgan	1,294.5	1.9%	124,359
Northeastern	1,483.1	2.2%	142,478
Otero	1,193.3	1.8%	114,637
Pikes Peak	10,286.6	15.1%	988,207
Pueblo	4,922.2	7.2%	472,863
Red Rocks	6,269.5	9.2%	602,295
Trinidad State	1,446.2	2.1%	138,933
<b>Community Colleges</b>	<b>59,365.9</b>	<b>87.3%</b>	<b>5,703,130</b>
Aims	3,492.9	5.1%	335,554
Colorado Mountain College	2,716.0	4.0%	260,919
<b>Local District Total</b>	<b>6,208.9</b>	<b>9.1%</b>	<b>596,473</b>
Adams State College	248.7	0.4%	23,892
Colorado Mesa University	2,194.2	3.2%	210,791
<b>Total</b>	<b>68,017.7</b>	<b>100.0%</b>	<b>\$6,534,284</b>

**Tobacco:** The appropriation reflects the projection of tobacco revenues distributed by statute to the University of Colorado Health Sciences Center.

### 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. These two institutions have special property tax districts that 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. The source of cash funds is limited gaming money and the source of federal funds is the American Recovery and Reinvestment Act of 2009.

Local District Junior College Grants Pursuant to Section 23-71-301, C.R.S.						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$15,467,729	\$12,601,934	\$836,339	\$0	\$2,029,456	0.0
SB 11-157	<u>0</u>	<u>1,365,801</u>	<u>0</u>	<u>0</u>	<u>(1,365,801)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$15,467,729</b>	<b>\$13,967,735</b>	<b>\$836,339</b>	<b>\$0</b>	<b>\$663,655</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$15,467,729	\$13,967,735	\$836,339	\$0	\$663,655	0.0
State and federal support	(2,721,439)	(2,057,784)	0	0	(663,655)	0.0
Limited gaming	(239,866)	0	(239,866)	0	0	0.0
<b>SB 11-209</b>	<b><u>\$12,506,424</u></b>	<b><u>\$11,909,951</u></b>	<b><u>\$596,473</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>0.0</u></b>
<b>TOTAL</b>	<b>\$12,506,424</b>	<b>\$11,909,951</b>	<b>\$596,473</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$2,961,305)	(\$2,057,784)	(\$239,866)	\$0	(\$663,655)	0.0
Percentage Change	(19.1)%	(14.7)%	(28.7)%	n/a	(100.0)%	n/a

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-157 moves a total of \$60 million General Fund from the Department of Education to the Department of Higher Education and a total of \$60 million federal funds from the Department of Higher Education to the Department of Education. For more detail, see the bill description in the Department of Education section of this report.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**State and federal support:** The appropriation reduces state and federal funding for the higher education institutions (including the Governing Boards, Local District Junior Colleges, and Area Vocational Schools) by \$125.4 million, or 19.5 percent. The reduction is distributed according to a three-part formula developed by

the Colorado Commission on Higher Education that considers each institution's share of total funding (including tuition), each institution's share of state and federal funding, and enrollment increases since FY 2005-06. For more detail of the impact by institution, see the Governing Boards section.

**Limited gaming:** The appropriation includes an estimate of the limited gaming funds that will be distributed to higher education institutions with a two-year mission pursuant to 12-47.1-701.5 (3) (c) (I), C.R.S.

## Division of Occupational Education

This division supervises and administers state occupational education programs 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. The primary source of reappropriated funds is a transfer from the Department of Education for career and technical education, but there is also a smaller transfer from the Governor's Office for training related to economic development, and indirect cost recoveries. The federal funds are from the American Recovery and Reinvestment Act, grants from the Carl D. Perkins Vocational and Technical Education Act, and miscellaneous smaller grants.

Division of Occupational Education						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$52,843,669	\$7,392,154	\$0	\$26,921,146	\$18,530,369	32.0
SB 11-157	<u>0</u>	<u>1,058,347</u>	<u>0</u>	<u>0</u>	<u>(1,058,347)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$52,843,669</b>	<b>\$8,450,501</b>	<b>\$0</b>	<b>\$26,921,146</b>	<b>\$17,472,022</b>	<b>32.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$52,843,669	\$8,450,501	\$0	\$26,921,146	\$17,472,022	32.0
Career and Technical Education	288,374	0	0	288,374	0	0.0
State and federal support	(1,299,890)	(785,630)	0	0	(514,260)	0.0
<b>SB 11-209</b>	<b><u>\$51,832,153</u></b>	<b><u>\$7,664,871</u></b>	<b><u>\$0</u></b>	<b><u>\$27,209,520</u></b>	<b><u>\$16,957,762</u></b>	<b><u>32.0</u></b>
<b>TOTAL</b>	<b>\$51,832,153</b>	<b>\$7,664,871</b>	<b>\$0</b>	<b>\$27,209,520</b>	<b>\$16,957,762</b>	<b>32.0</b>
<b>Increase/(Decrease)</b>	<b>(\$1,011,516)</b>	<b>(\$785,630)</b>	<b>\$0</b>	<b>\$288,374</b>	<b>(\$514,260)</b>	<b>0.0</b>
Percentage Change	(1.9)%	(9.3)%	n/a	1.1%	(2.9)%	0.0%

## FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-157 moves a total of \$60 million General Fund from the Department of Education to the Department of Higher Education and a total of \$60 million federal funds from the Department of Higher

Education to the Department of Education. For more detail, see the bill description in the Department of Education section of this report.

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Career and Technical Education:** The appropriation includes a \$288,374, or 1.2 percent, increase in the transfer from the Department of Education to secondary career and technical education programs. The reappropriated funds originate as General Fund or State Education Funds in the Department of Education.

**State and federal support:** The appropriation reduces state and federal funding for the higher education institutions (including the Governing Boards, Local District Junior Colleges, and Area Vocational Schools) by \$125.4 million, or 19.5 percent. The reduction is distributed according to a three-part formula developed by the Colorado Commission on Higher Education that considers each institution's share of total funding (including tuition), each institution's share of state and federal funding, and enrollment increases since FY 2005-06. For more detail of the impact by institution, see the Governing Boards section.

### **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 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.

<b>Auraria Higher Education Center</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$17,670,252</u>	<u>\$0</u>	<u>\$0</u>	<u>\$17,670,252</u>	<u>\$0</u>	<u>166.3</u>
<b>TOTAL</b>	<b>\$17,670,252</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,670,252</b>	<b>\$0</b>	<b>166.3</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$17,670,252	\$0	\$0	\$17,670,252	\$0	166.3
FTE adjustment	0	0	0	0	0	6.6
<b>SB 11-209</b>	<b><u>\$17,670,252</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$17,670,252</u></b>	<b><u>\$0</u></b>	<b><u>172.9</u></b>
<b>TOTAL</b>	<b>\$17,670,252</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,670,252</b>	<b>\$0</b>	<b>172.9</b>
<b>Increase/(Decrease)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>6.6</b>
Percentage Change	0.0%	n/a	n/a	0.0%	n/a	4.0%

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**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. Historically, projections submitted by the schools of employment in the current year have been used in the Long Bill. Thus, the FTE reported lags funding decisions.

### 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$28,426,017</u>	<u>\$202,500</u>	<u>\$27,301,121</u>	<u>\$0</u>	<u>\$922,396</u>	<u>125.9</u>
<b>TOTAL</b>	<b>\$28,426,017</b>	<b>\$202,500</b>	<b>\$27,301,121</b>	<b>\$0</b>	<b>\$922,396</b>	<b>125.9</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$28,426,017	\$202,500	\$27,301,121	\$0	\$922,396	125.9
Maintenance for new museum	716,553	0	716,553	0	0	2.0
Statewide preservation grant program	371,631	0	371,631	0	0	0.0
Gaming cities distribution	144,332	0	144,332	0	0	0.0
Restore one-time personal services reduction	128,104	0	114,919	0	13,185	0.0
Personal services base reduction	(91,203)	0	(82,718)	0	(8,485)	0.0
<b>SB 11-209</b>	<b>\$29,695,434</b>	<b>\$202,500</b>	<b>\$28,565,838</b>	<b>\$0</b>	<b>\$927,096</b>	<b>127.9</b>
SB 11-076	<u>(135,731)</u>	<u>0</u>	<u>(122,811)</u>	<u>0</u>	<u>(12,920)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$29,559,703</b>	<b>\$202,500</b>	<b>\$28,443,027</b>	<b>\$0</b>	<b>\$914,176</b>	<b>127.9</b>
<b>Increase/(Decrease)</b>	\$1,133,686	\$0	\$1,141,906	\$0	(\$8,220)	2.0
Percentage Change	4.0%	0.0%	4.2%	n/a	(0.9)%	1.6%

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Maintenance for new museum:** The appropriation provides cash funds spending authority for 2.0 FTE, contract services, supplies, and utilities for maintenance of the new History Colorado Center in Denver at Broadway and 12th Avenue. Of the total, \$380,251 will come from increased admission fees and projected event revenue, and \$336,262 will come from limited gaming funds deposited in the State Historical Fund for statewide historic preservation.

**Statewide preservation grant program:** The appropriation reflects anticipated 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 reflects anticipated distributions to gaming cities for historic preservation based on projected gaming revenues and the constitutional distribution formula.

**Restore one-time personal services reduction:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

## **Recent Legislation**

### **2010 Session Bills**

**S.B. 10-003:** Temporarily removes statutory provisions providing that the General Assembly annually set limits on tuition increases and replaces those provisions with authority for governing boards to increase tuition, but increases greater than 9.0 percent require approval from the Colorado Commission on Higher Education (CCHE). To obtain approval for increases greater than 9.0 percent, institutions must provide a 4-year financial and accountability plan specifying:

- The amount of increase;
- The manner in which the school will ensure access and affordable tuition for low- and middle-income students and disadvantaged students;
- The manner in which the school is implementing flexibility with state fiscal rules; and
- Measures the school will implement to ensure service levels and quality academic programs.

This delegated tuition authority lasts for five years, from FY 2011-12 through FY 2015-16, after which the authority to limit tuition revenues reverts to the General Assembly.

In addition, the bill:



- Requires CCHE to submit a master plan for higher education by December 15, 2010;
- Requires each governing board to submit plans by November 10, 2010 to fund the schools under its control in the following fiscal year if the General Assembly reduces overall state funding for higher education by 50 percent;
- Reduces requirements for the University of Colorado and Colorado State University regarding the percentage of students who must be residents, if the institutions admit all qualified resident first-time freshmen applicants, among other requirements;
- Permits higher education institutions to distribute financial aid allocated to them by CCHE according to their own policies and procedures;
- Permits schools to adopt their own fiscal procedures and be exempt from the fiscal rules of the state controller and from participation in central services (e.g., printing, document management, mail-related services);
- Reduces CCHE's duties to review acquisitions of real property;
- Allows schools to provide post-employment compensation regardless of the length of employment; and,
- Provides for a new performance contract with the Colorado School of Mines, and for appropriations through this performance contract in lieu of a fee-for-service contract.

**S.B. 10-064:** Permits an institution of higher education to make an application for the College Opportunity Fund on behalf of an enrolled student, if the student gives his or her permission. Increases stipend spending authority by \$403,868 General Fund and reduces tuition spending authority by the same amount based on projected increases in the number of students authorizing the stipend. Also, reduces fee-for-service contracts by \$403,868 General Fund to offset the General Fund cost of the increased stipends.

<b>Impact of S.B. 10-064 by Governing Board</b>				
<b>Governing Board</b>	<b>TOTAL</b>	<b>Stipends</b>	<b>Fee-for-service</b>	<b>Tuition</b>
Adams State College	(\$1,612)	\$1,612	(\$1,612)	(\$1,612)
Mesa State College	(1,674)	1,674	(1,674)	(1,674)
Metropolitan State College of Denver	(218,922)	218,922	(218,922)	(218,922)
Colorado State University System	(177,196)	177,196	(177,196)	(177,196)
Fort Lewis College	(4,464)	4,464	(4,464)	(4,464)
<b>TOTAL</b>	<b>(\$403,868)</b>	<b>\$403,868</b>	<b>(\$403,868)</b>	<b>(\$403,868)</b>

**S.B. 10-108:** Allows nonpublic institutions to request that the Department of Higher Education review courses for whether they meet general education requirements for inclusion in the statewide guaranteed transfer agreement between institutions through the "gtPATHWAYS" program. Appropriates \$36,820 cash funds and 0.4 FTE from a review fee to cover all direct and indirect costs.

**H.B. 10-1327:** Makes the following transfers from cash funds to the General Fund in FY 2009-10 to augment FY 2009-10 General Fund revenue:

<b>Cash Fund Transfers in H.B. 10-1327</b>		
<b>Cash Funds</b>	<b>Department</b>	<b>Amount</b>
Higher Education Maintenance and Reserve Fund	Department of Higher Education	2,300,000
Motor Fleet Management Fund	Department of Personnel and Administration	397,143
Waste Tire Cleanup Fund	Department of Local Affairs	1,900,000
Public Safety Communications Trust Fund	Governor's Office	230,520
Capital Construction Fund - Emergency Controlled Maintenance Account	Department of Personnel and Administration	335,000
Processors and End Users of Waste Tires Cash Fund	Department of Local Affairs	500,000
Local Government Permanent Fund	Department of Local Affairs	14,305,697
Perpetual Base Account of the Severance Tax Trust Fund	Department of Natural Resources	\$2,000,000
Operational Account of the Severance Tax Trust Fund	Department of Natural Resources	11,000,000
Local Government Severance Tax Fund	Department of Local Affairs	50,327,796
Law Enforcement Assistance Fund	Department of Transportation	1,560,315
<b>Total</b>		<b>\$84,856,471</b>

**H.B. 10-1339:** Makes changes to the distribution of limited gaming funds, including providing \$2.0 million for distribution to the Higher Education Competitive Research Authority in FY 2009-10. Provides an increase of \$1.0 million cash funds over the appropriation in the Long Bill for the Department to expend the money in FY 2010-11. Without H.B. 10-1339, distributions to the Higher Education Competitive Research Authority were not expected to occur in FY 2009-10, based on statutory triggers tied to revenue forecasts. For more information, see the "Recent Legislation" section at the end of the Governor - Lieutenant Governor - State Planning and Budgeting.

**H.B. 10-1376:** General appropriations act for FY 2010-11. Contains supplemental adjustments to FY 2009-10 and FY 2008-09 appropriations.

**H.B. 10-1383:** Refinances \$15.4 million General Fund appropriated in the Long Bill for need-based financial aid with cash funds from the CollegeInvest Scholarship Trust Fund. Transfers \$29.8 million from the CollegeInvest Scholarship Trust Fund to the General Fund. Provides a one-year exception during FY 2010-11 to a statutory requirement that appropriations for financial aid increase by at least the same percentage increase as appropriations for the higher education institutions.

## 2011 Session Bills

**S.B. 11-052:** Extends the deadline for developing a systemwide master plan for higher education until September 1, 2012, adds new goals to be addressed in the master plan, and provides direction regarding the process for developing the master plan. Requires the Colorado Commission on Higher Education to develop a performance-based funding plan by December 1, 2013. Appropriates \$251,769 General Fund and 2.0 FTE to the department.

**S.B. 11-076:** For FY 2011-12 only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution

adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$199,811 total funds, of which \$41,484 is General Fund, \$132,867 is cash funds, and \$25,460 is federal funds.

**S.B. 11-157:** Adjusts appropriations to the Departments of Education and Higher Education for FY 2010-11 to reflect the availability of federal Education Jobs Funds and save \$156.3 million General Fund. With respect to the Department of Higher Education, the bill shifts \$60.0 million federal American Recovery and Reinvestment Act of 2009 (ARRA) moneys from higher education to K-12 education, and shifts \$60.0 million General Fund from K-12 education to higher education. These federal moneys must be allocated proportionally between K-12 and higher education based on the relative shortfall in state funding compared to FY 2008-09 appropriations. For more information, see the bill description in the Department of Education section of this report.

**S.B. 11-159:** Repeals and reenacts statute related to the distribution of 50.0 percent of the balance remaining in the Limited Gaming Fund that is allocated to the General Fund or other funds (known as the "State share") at the end of FY 2010-11 and each fiscal year thereafter. For more information, see the bill description in the Governor's Office section of this report.

**S.B. 11-209:** General appropriations act for FY 2011-12.

**H.B. 11-1155:** Allows the Lieutenant Governor to concurrently serve as the head of a department and be compensated for the performance of additional duties and functions. Reduces appropriations for the Department of Higher Education by \$37,367 General Fund and 0.5 FTE in FY 2010-11 and \$76,446 General Fund and 1.0 FTE in FY 2011-12 to reflect appointment of the Lieutenant Governor as the executive director for the Department of Higher Education.

**H.B. 11-1281:** Consolidates the Department of Higher Education's Nursing Teacher Loan Forgiveness Program into the Health Service Corps, a loan forgiveness program for health professionals that is operated by the Department of Public Health and Environment's Primary Care Office. Allows the Department of Higher Education to administer remaining obligations of the Nursing Teacher Loan Forgiveness Program until they are paid and retains a \$227,000 balance in the Nursing Teacher Loan Forgiveness Fund (Fund) for this purpose. At the end of FY 2010-11 transfers any Fund balance in excess of \$227,000 to the General Fund, a transfer that is projected to equal \$470,592. Eliminates a \$161,600 General Fund appropriation to the Department of Higher Education for the Nursing Teacher Loan Forgiveness Program that is contained in the FY 2011-12 Long Bill. For more information, see the bill description in the Department of Public Health and Environment section of this report.

# DEPARTMENT OF HUMAN SERVICES

The Department of Human Services is responsible for the administration and supervision of all non-medical public assistance and welfare activities of the State, including assistance payments, the Supplemental Nutrition Assistance Program (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 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$680,013,238	\$651,948,502	\$623,196,849	\$614,650,877
Cash Funds	350,103,548	351,463,783	341,382,102	327,959,886
Reappropriated Funds	429,630,630	438,101,302	469,989,726	449,772,764
Federal Funds	<u>680,176,054</u>	<u>703,213,520</u>	<u>704,693,428</u>	<u>669,003,071</u>
<b>Total Funds</b>	<b>\$2,139,923,470</b>	<b>\$2,144,727,107</b>	<b>\$2,139,262,105</b>	<b>\$2,061,386,598</b>
Full Time Equiv. Staff	5,528.1	5,491.1	5,177.4	4,870.9

## General Factors Driving the Budget

Department funding in FY 2011-12 consists of 29.8 percent General Fund, 15.9 percent cash funds, 21.8 percent reappropriated funds, and 32.5 percent federal funds. Some of the most important factors driving the budget are reviewed below.

### Employee Salaries and Benefits

Consistent with statewide policy, the Department of Human Services receives appropriations for staff salaries, health, life, and dental benefits, and the Public Employees' Retirement Association (PERA) pension fund. Funding for staff salaries and benefits is particularly significant for the Department of Human Services, due to the large number of employees. Many of these employees work in 24-hour institutional facilities such as the mental health institutes, regional centers for people with developmental disabilities, and youth corrections facilities.

Employee salaries and benefits typically drive major annual funding increases. However, in FY 2011-12, statewide budget-reduction measures limit growth over FY 2010-11 appropriation levels. The following adjustments were consistent with statewide policy.

- No funding was provided for staff salary increases for FY 2011-12. In FY 2008-09 (the last year in which salary increases were budgeted), the Department was appropriated \$13.4 million total funds, including \$9.3 million General Fund, for salary survey and performance pay awards.
- Pursuant to S.B. 11-076, state employees continue to contribute an additional 2.5 percent of their salaries to the Public Employees Retirement Association (PERA) pension fund, with a matching reduction to the employer contribution. This provides Department savings of \$5.2 million total funds, including \$3.0 million General Fund, for FY 2011-12.
- All personal services line items are reduced to account for savings due to position vacancies and potentially lower salaries for some newly hired staff. Reductions range from 0.2 percent for some line items that fund 24-hour staff to 2.5 percent for some other General Fund personal services line items. This provides FY 2011-12 Department savings of \$4.0 million total funds, including \$2.7 million General Fund, which are expected to be ongoing.
- Funding for "shift-differential" (enhanced salary for individuals who staff night-shifts at 24-hour care facilities) is funded at 60.0 percent of FY 2009-10 actual expenditures, rather than the 80.0 percent level funded in FY 2010-11 and prior years. This provides Department savings of \$0.6 million, including \$0.4 million General Fund in FY 2011-12.

Savings derived from the measures above are partially offset by an increase of \$2.3 million total funds, including \$1.4 million General Fund, for health, life, and dental benefits and an increase of \$1.8 million total funds, including \$1.0 million General Fund, for line items that support PERA's long-term solvency.

## Community Provider Rates

The Department contracts 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. The following Department programs have typically received COLAs: County Administration, Child Welfare, Child Care, Mental Health Community Programs, Developmental Disability Services, Vocational Rehabilitation, and community programs in Youth Corrections.

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10*	FY 2010-11*	FY 2011-12**
Provider Rate Increase/(Decrease)	3.3%	1.5%	1.5%	see note	(2.0)% to (2.5)%	0.0%

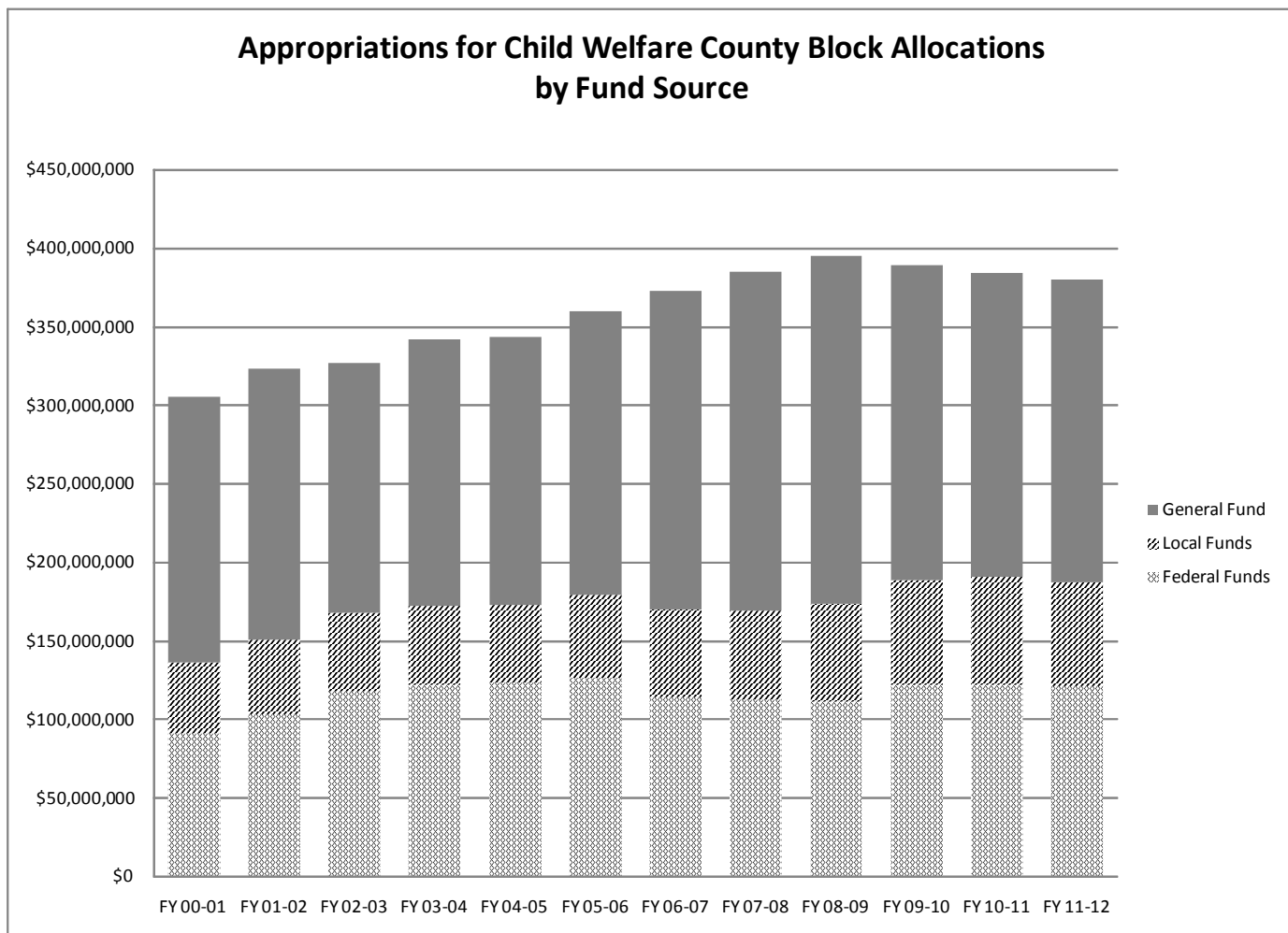
\*Some developmental disability providers were reduced by 2.5 percent and some youth corrections providers were reduced by 2.0 percent mid-year in FY 2009-10. Reductions for these providers were continued at this level in FY 2010-11 while providers not previously cut were reduced 2.0 percent.

\*\*Some rates for developmental disability services may be reduced due to cost-containment measures. Exact rate reductions were not specified.

Fiscal year 2011-12 provider rates were continued at FY 2010-11 levels with no statewide or department-wide increases or decreases. This follows two years of rate reductions. During FY 2009-10, mid-year rate reductions were applied to Medicaid developmental disability providers (2.5 percent) and to youth corrections contract placements (2.0 percent). These cuts were continued in FY 2010-11, and rates for other community providers not affected in FY 2009-10 were reduced by 2.0 percent for FY 2010-11. The full-year impact of these reductions was \$24.3 million, including \$6.8 million General Fund and \$14.4 million Medicaid reappropriated funds (Medicaid funds typically originate as 50 percent General Fund and 50 percent federal funds in the Department of Health Care Policy and Financing). As a result, on average, FY 2010-11 and FY 2011-12 rates are 0.5 to 1.0 percent below FY 2007-08 levels.

## Child Welfare Services

County departments of social services receive and respond to reports of potential child abuse or neglect under the supervision of the Department. Appropriations for child welfare programs for FY 2011-12 (\$406.7 million) consist of 48.9 percent General Fund, 32.9 percent federal funds, and 18.1 percent county funds and various cash fund sources.<sup>1</sup> The vast majority of funds appropriated for child welfare (over 97 percent) are made available to county departments as "block allocations" for the provision of child welfare services.



<sup>1</sup>General Fund and federal funds amounts include Medicaid funds appropriated in the Department of Health Care Policy and Financing that are transferred to the Department of Human Services.

The chart above provides the history of appropriations for county block allocations by fund source and reflects recent declines.

Counties are required to cover 20 percent of most child welfare costs, and this share is included in county child welfare allocations. In addition, if counties spend *more* than the capped allocations, they are responsible for covering any shortfall with other funds, which may include federal Temporary Assistance for Needy Families (TANF) block grant funds or county tax revenue. The table below compares annual child welfare appropriations with such county over-expenditures. As reflected in the table, county expenditures in excess of capped allocations have been declining since FY 2007-08.

<b>County Allocations for Child Welfare Services Appropriations and County Over-expenditures</b>						
	<b>FY 2004-05</b>	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>
Child Welfare Services and Family and Children's Programs line item appropriations (\$ millions)	\$343.2	\$360.0	\$370.4	\$384.9	\$394.9	\$389.4
County Expenditures In Excess of Capped Allocations (\$ millions)	\$12.4	\$14.2	\$12.2	\$20.4	\$16.6	\$12.8
<i>Expenditures in Excess of Cap as Percent of appropriations</i>	<i>3.6%</i>	<i>3.9%</i>	<i>3.3%</i>	<i>5.3%</i>	<i>4.2%</i>	<i>3.3%</i>

The decline in funding for child welfare services, both from state appropriations and from "excess" county expenditures, largely reflects statewide revenue constraints. However, counties are able to manage to lower funding levels because they have considerable control over their child welfare expenditures. Over the last several years, counties have made significant changes in how they respond to allegations of abuse and neglect and the kinds of services they offer, based on funding constraints and on changes in what is considered to be best practice.

At the county level, expenditures for child welfare services are driven by:

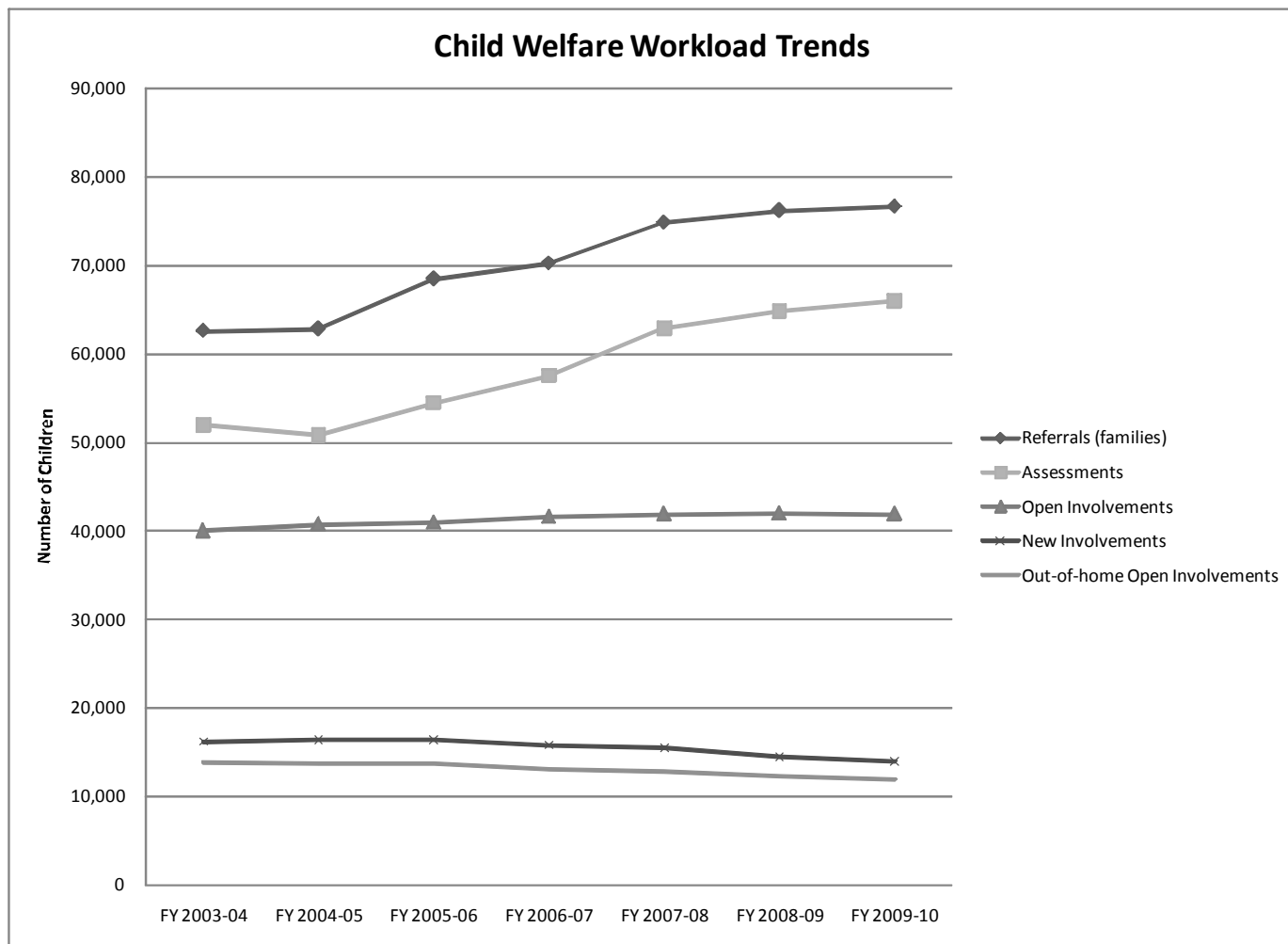
- the number of reports of abuse or neglect received;
- the number of reports that the county determines require further investigation (assessments);
- the number of children requiring child welfare services (open involvements);
- the number of children with open child welfare cases who receive residential services versus alternative services; and
- the costs of the various services provided.

Among these drivers, certain elements are largely beyond county control, such as the number of reports of abuse or neglect, the number of reports that require a child welfare case to be opened based on the severity of an incident and risk to a child, and judicial decisions regarding client placements. Other drivers are within county control, such as the types of services offered and the rates paid for services.

The trends in county child welfare workload are reflected in the chart below.

As shown in the chart, referrals and assessments have increased sharply, but the number of open child welfare cases has increased very little, and new child welfare involvements and out-of-home placements have declined.

Thus, the percentage of reports of abuse or neglect that result in county intervention through the child welfare system has declined. These trends are likely to continue based on new approaches for responding to allegations of abuse and neglect. However, how these trends will affect future funding needs and appropriations is still uncertain.



## Services for People with Developmental Disabilities

The State funds residential and support services for people with developmental disabilities who are unable to care for themselves without assistance. Most of these services are locally coordinated by 20 non-profit agencies known as community centered boards (CCBs). In addition the Department operates three residential facilities, known as regional centers. 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 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 50.0 percent state General Fund and 50.0 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.



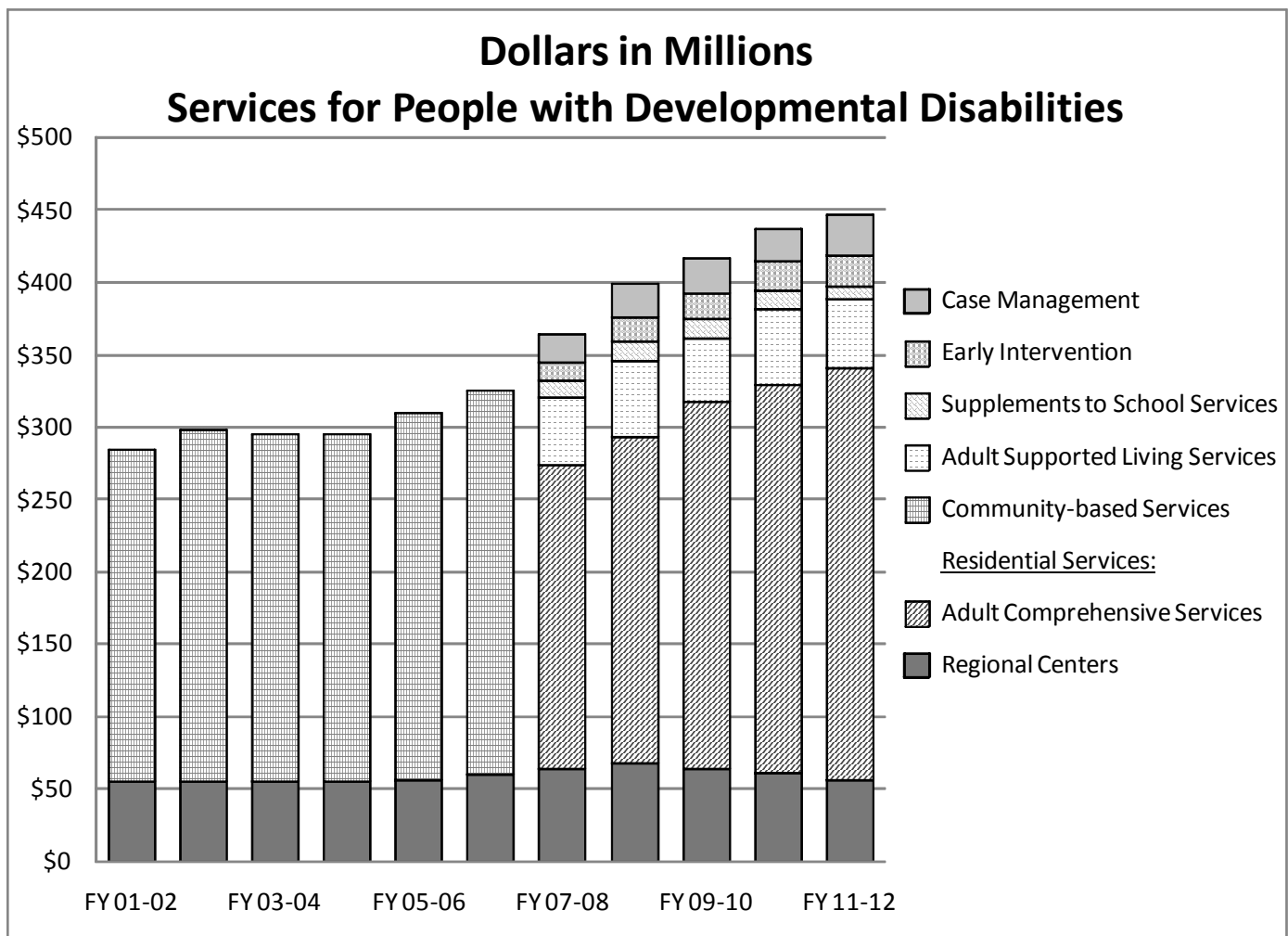
All institutional funding and the majority of funding for community-based services for persons with developmental disabilities are for residential services for adults with developmental disabilities. The table below reflects, for FY 2011-12, the total number of full-year participants ("resources") funded, associated dollars, average cost per participant, and waiting lists for community programs for persons with disabilities.

Services for People with Developmental Disabilities					
Service	FY 2011-12 Appropriation	Number Served		Avg. Cost per Number Served	Waiting List March 2011*
Early Intervention	<u>\$24,968,383</u>				
Outreach & Coordination - FF	\$1,068,179				
Direct Services - estimate	<u>\$23,900,204</u>	11,369	annual unduplicated	\$2,102	N.A.
General Fund - appropriation	14,960,930				
Private Insurance - estimate	2,957,477				
Federal Funds - estimate	5,981,797				
School Age Children					
Children's Extensive Support - Medicaid	\$7,873,966	393	full-year participants	\$20,036	331
Family Support Services - GF	\$2,169,079	4,583	annual unduplicated average last 3 years	\$473	5,231
Adult					
Residential					
Adult Comprehensive Services - GF/Medicaid	\$294,416,214	4,333	full-year participants	\$67,947	1,633
Regional Centers - Medicaid**	\$56,122,469	302	full-year participants	\$185,836	N.A.
Nonresidential					
Supported Living Services - GF/Medicaid	\$41,530,106	3,990	full-year participants	\$10,409	1,546
Case Management - GF/Medicaid	\$26,232,565			N.A.	N.A.

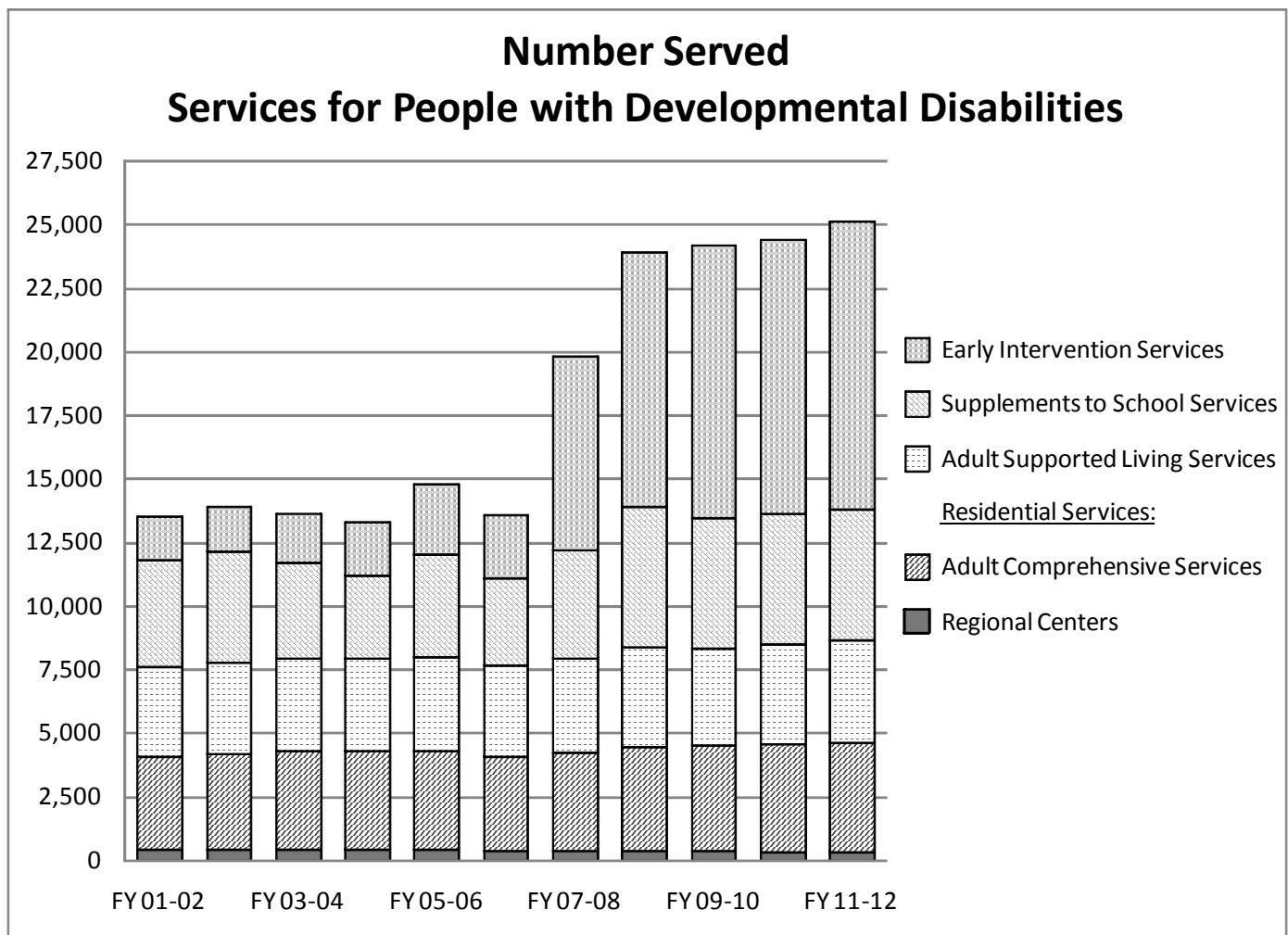
\* People requesting services within two years.

\*\* Includes estimated indirect costs appropriated in the Office of Operations, Office of Information Technology, and Executive Director's Office.

The next chart shows increases in actual expenditures and appropriations for services for people with developmental disabilities. Due to changes in the appropriation format and the accounting for services for people with developmental disabilities, funding for all community-based services is lumped together prior to FY 2007-08. Community-based services are appropriated in a single subsection of the Long Bill called "Program Costs" and the Department has authority to move money between line items within the Program Costs subsection.



The chart below reflects changes in the number of persons served and funded.



## Division of Youth Corrections

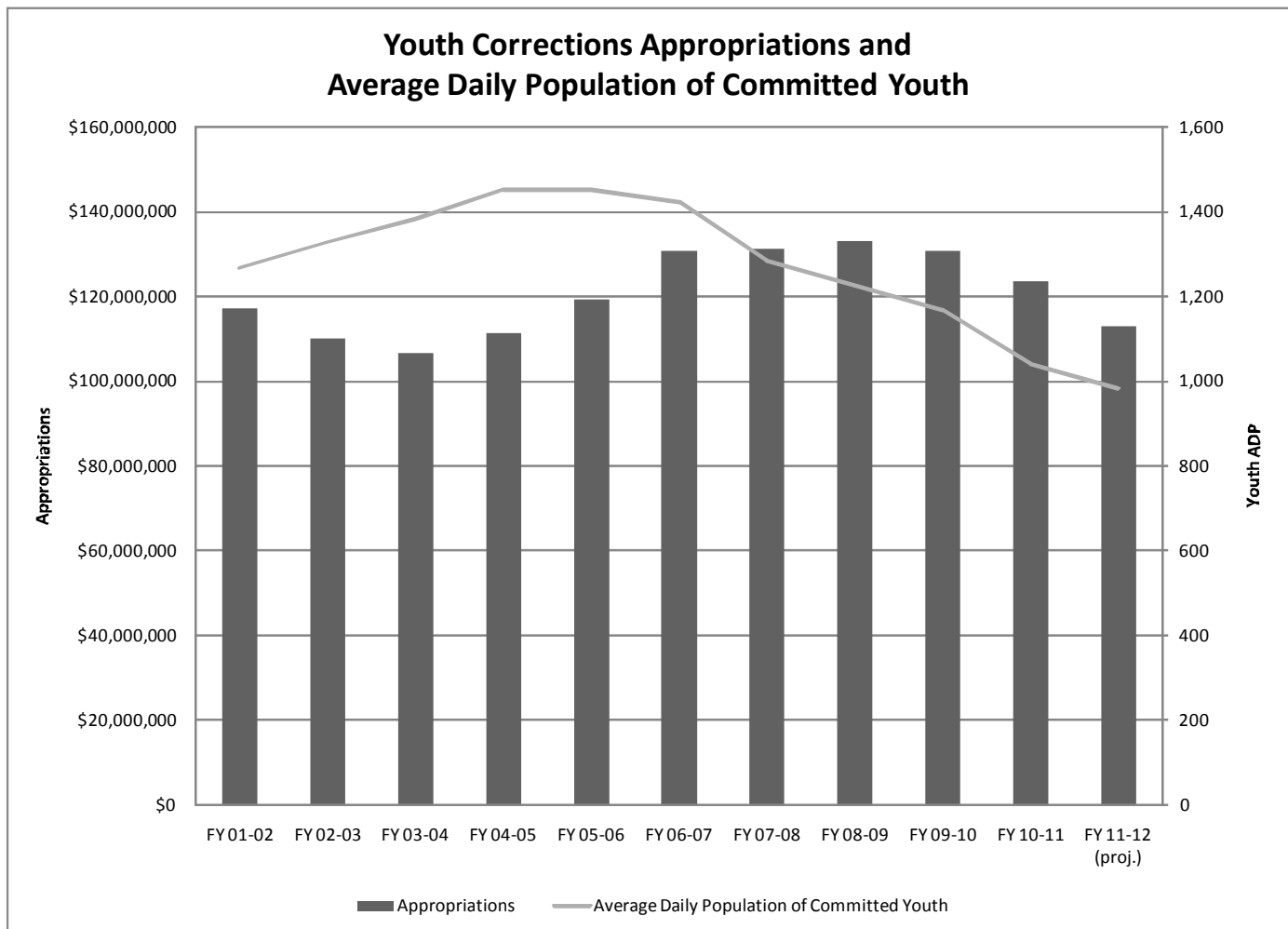
The Division of Youth Corrections provides for the housing of juveniles who are detained while awaiting adjudication (similar to adult jail), or committed for a period of time as a result of a juvenile delinquent adjudication (similar to adult prison). The Division also supervises juveniles during a mandatory parole period following all commitment sentences. The vast majority of the appropriation is from the General Fund.

The size of the population of detained, committed and paroled juveniles significantly affects funding requirements. However, as shown in the chart below, funding increases and declines have not always aligned with population changes.

- From FY 2000-01 through FY 2003-04, appropriations declined, despite increases in the population of committed youth, in response to state revenue constraints. Parole services and funding for alternatives to secure detention were cut due to the revenue shortfall. For detained (as opposed to committed) youth, S.B. 03-286 capped the youth detention population at 479, limiting any further funding increases associated with growth in the detention population.
- From FY 2006-07 through FY 2009-10, appropriations remained relatively flat, despite sharp declines in the population of committed youth, based on the redirection of funds within the Division's budget. During this period, savings derived from a reduction in the commitment population were in part used

to increase services for youth transitioning to parole, and funding was provided for other program enhancements.

- Beginning in mid-FY 2010-11 and continuing in FY 2011-12, reductions were taken in response to the sharp declines in the population of committed and detained youth, as well as in response to statewide revenue constraints. Division funding was more closely aligned with the youth population, and cuts were taken in parole program services and in funding for alternatives to secure placements. In addition, pursuant to S.B. 11-217, the detention cap was lowered to 422, based on lower arrest rates and the number of youth in secure detention.



Figures in the table below are based on the actual average daily population (ADP) and population projections for ADP.

Youth Corrections Average Daily Population						
	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Actual (6/10-3/11)	FY 2011-12 Projection
Commitment/1	1,425	1,286	1,228	1,171	1,044	984
Percent Change	(2.0)%	(9.8)%	(4.5)%	(4.6)%	(10.8)%	(5.8)%

Youth Corrections Average Daily Population						
	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Actual (6/10-3/11)	FY 2011-12 Projection
Parole/1	517	508	435	443	426	415
<i>Percent Change</i>	2.8%	(1.7)%	(14.4)%	1.8%	(3.8)%	(2.6)%
Detention	415	409	399	363	351	not available
<i>Percent Change</i>	(2.7)%	(1.4)%	(2.4)%	(9.0)%	(3.3)%	

/1 Population projection figures for FY 2011-12 reflect the average of the Legislative Council Staff and Department of Public Safety, Division of Criminal Justice forecast amounts (December 2010 forecasts).

## The Mental Health Institutes

The Department of Human Services operates two State Mental Health Institutes providing inpatient hospitalization for individuals with serious mental illness. The Colorado Mental Health Institute at Fort Logan (Fort Logan), located in southwest Denver County, is organized into a series of adult treatment divisions with 94 total beds. The Colorado Mental Health Institute at Pueblo (CMHIP) is organized into five treatment divisions (adolescent, adult, geriatric, co-occurring mental illness and substance use disorders, and forensics) with 449 total beds. Of the 449 beds at CMHIP, 305 are for forensic patients placed in the legal custody of the Department by the courts for competency evaluations and restoration to competency services. The forensics treatment division also provides services to individuals found not guilty by reason of insanity (NGRI). The forensics treatment division is formally known as the Institute for Forensic Psychiatry (IFP).

The Mental Health Institutes play an important role in the continuum of care in the mental health system in Colorado. Over time, the Institutes have moved away from housing mentally ill patients to providing active treatment in a secure setting with the goal of reintegrating severely mentally ill individuals back into the community. The majority of the patients are currently referred to the Institutes by Community Mental Health Centers (CMHCs) when the patient is too unstable for community services to be effective. The Institutes, therefore, have become the provider of short-term secure stabilization services to the State's most severely mentally ill citizens.

The Institutes' FY 2011-12 combined budget is \$87.8 million, a decrease of \$1.7 from the previous fiscal year. During FY 2011-12, the Department closed the Therapeutic Residential Child Care Facility at Fort Logan, resulting in a savings of \$1.7 million total funds and 29.6 FTE.

Mental Health Institutes					
	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Approp.
Institute Budget	\$94,443,534	\$97,979,967	\$95,438,279	\$89,483,169	\$87,756,175
FTE (staff)	1,249.1	1,247.8	1,194.5	1,182.9	1,149.2
Ft. Logan Avg. Daily Census (patients)	149	143	113	98	n/a
CMHIP Avg. Daily Census	<u>404</u>	<u>402</u>	<u>402</u>	<u>402</u>	<u>n/a</u>
Total Avg. Daily Census	553	545	515	500	n/a

Mental Health Institutes					
	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Approp.
Change in Funding	n/a	\$3,536,433	(\$2,541,688)	(\$5,955,110)	(\$1,726,994)
Change in FTE	n/a	(1.3)	(53.3)	(11.6)	(33.7)
Change in Census	n/a	(8)	(30)	(15)	n/a

## Assistance for Low-income Families and Disabled and Elderly Adults

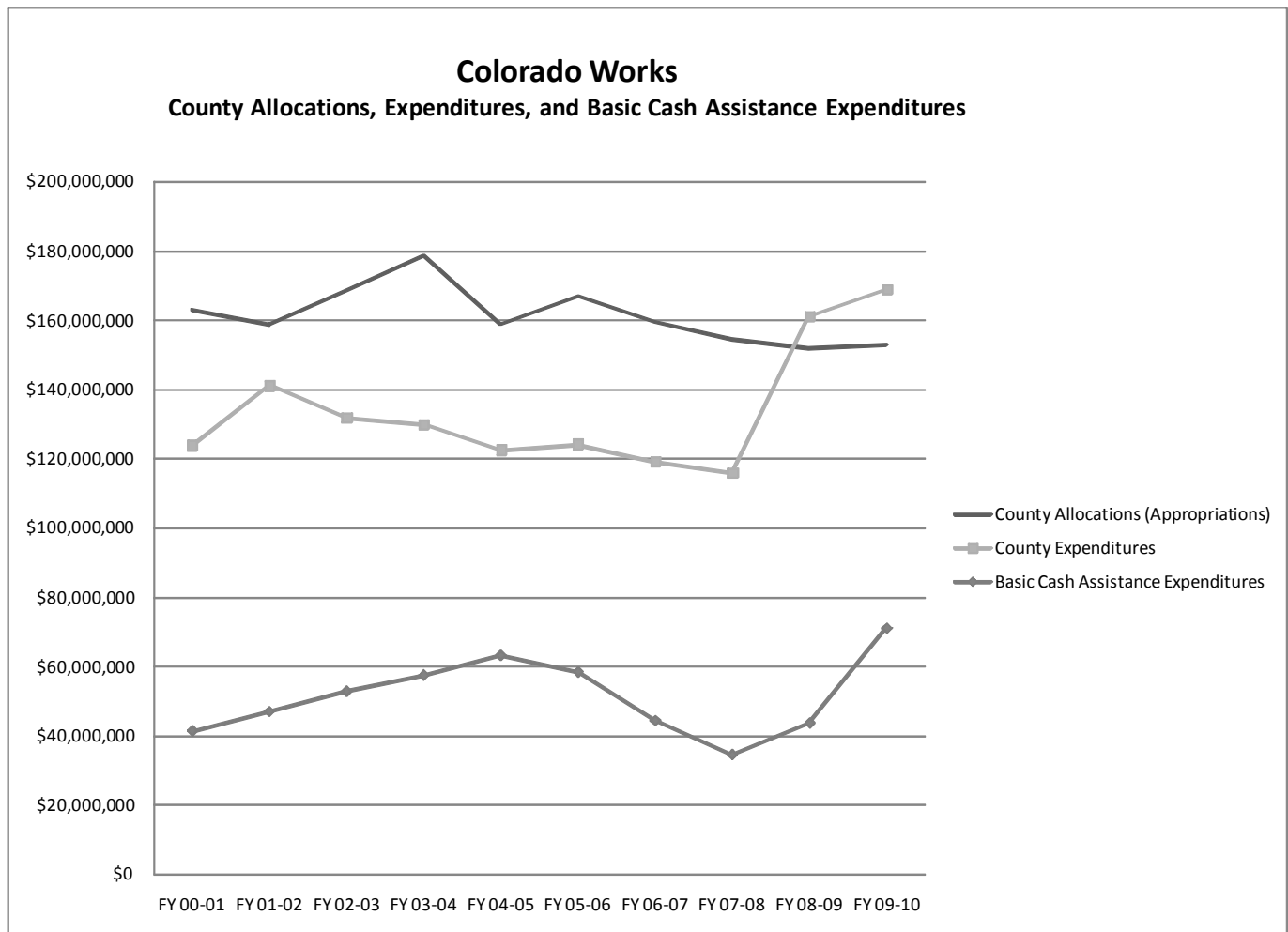
A wide variety of programs to support low-income families and elderly and disabled adults are included in the budget for the Department of Human Services. This includes programs located in the County Administration, Self Sufficiency, Child Care, and Adult Assistance budget sections. Most of these programs are administered at the county level, under the supervision of the Department. The largest share of funding for these programs is from federal sources, including funding shown in the state budget for informational purposes and federal funds that are appropriated by the state General Assembly pursuant to federal law. The budget also includes some state-funded programs for low-income populations. The sections below describe the budget and caseload trends for some of the most significant programs from a state budget perspective.

### *Colorado Works and the Temporary Assistance to Needy Families Block Grant*

The Colorado Works Program implements the federal Temporary Assistance for Needy Families (TANF) block grant program. The program provides financial and other assistance to families to enable children to be cared for in their own homes and to assist needy parents in achieving self-sufficiency. In Colorado, the majority of the TANF block grant funds received each year (about \$135 million of the approximately \$150 million) is appropriated as block allocations to counties for the Colorado Works program. Federal TANF funds are also used by the State and counties to support related programs that assist needy families, including child welfare and child care subsidy programs.

Recent-year trends reflect:

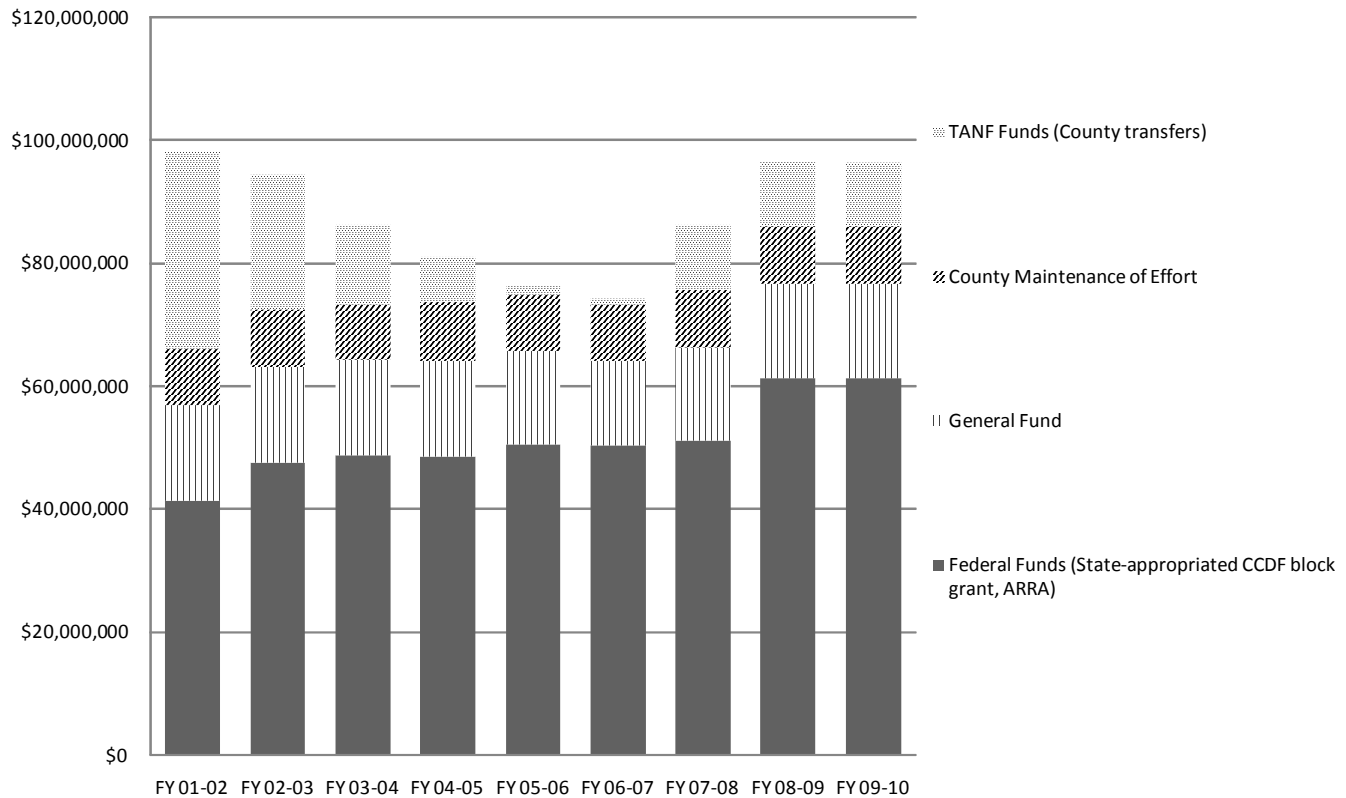
- Flat or declining appropriations for the Colorado Works program (consisting of federal TANF and county cash funds), but increases in spending, as counties have used their county-controlled TANF reserves to address increases in program demand for basic cash assistance caused by the recession. This is shown in the chart below.
- Increased appropriations from the TANF block grant to support child welfare programs. This has been achieved based on the use of state-controlled reserves and via cuts to some self sufficiency programs that were previously supported with TANF funds. As of FY 2011-12, \$11.0 million General Fund in the Division of Child Welfare had been refinanced with TANF funds on an ongoing basis through reductions in TANF appropriations in the Office of Self Sufficiency. In addition, \$12.5 million General Fund in the Division of Child Welfare had been refinanced on a temporary basis, using TANF reserves.
- A temporary one-time FY 2009-10 increase in TANF appropriations due to additional federal funds available under the American Recovery and Reinvestment Act of 2009 (ARRA). Additional appropriations included \$11.3 million in one-time funding for TANF-Supported Subsidized Employment, \$8.6 million in TANF funding for Low-income Energy Assistance, \$4.8 million for TANF-funded Homeless Prevention, and \$4.4 million for TANF-funded Refugee Services. The additional funding was not continued in FY 2010-11 or FY 2011-12.



#### *Child Care Assistance Program*

The Colorado Child Care Assistance Program (CCCAP) provides subsidized child care for low income families and those transitioning from the Colorado Works program, subject to available appropriations. The majority of appropriations are comprised of federal Child Care Development block grant funds, which are subject to appropriation by the General Assembly under federal law. Funding for CCCAP is allocated to counties, which are responsible for administering the program. In addition to appropriated amounts, counties may transfer a portion of their TANF block grant funding to support child care programs. Such transfers are not reflected in the appropriation, but are a major driver of overall program expenditures. For FY 2010-11 and FY 2011-12, actual county expenditures are expected to decline, as one-time federal funding of over \$10 million per year that was available in FY 2008-09 and FY 2009-10 under ARRA is no longer available, and counties are under financial pressure to use their TANF funds on basic cash assistance and other recession-related Colorado Works program costs.

### Colorado Child Care Assistance Program Actual Expenditures by Fund Source



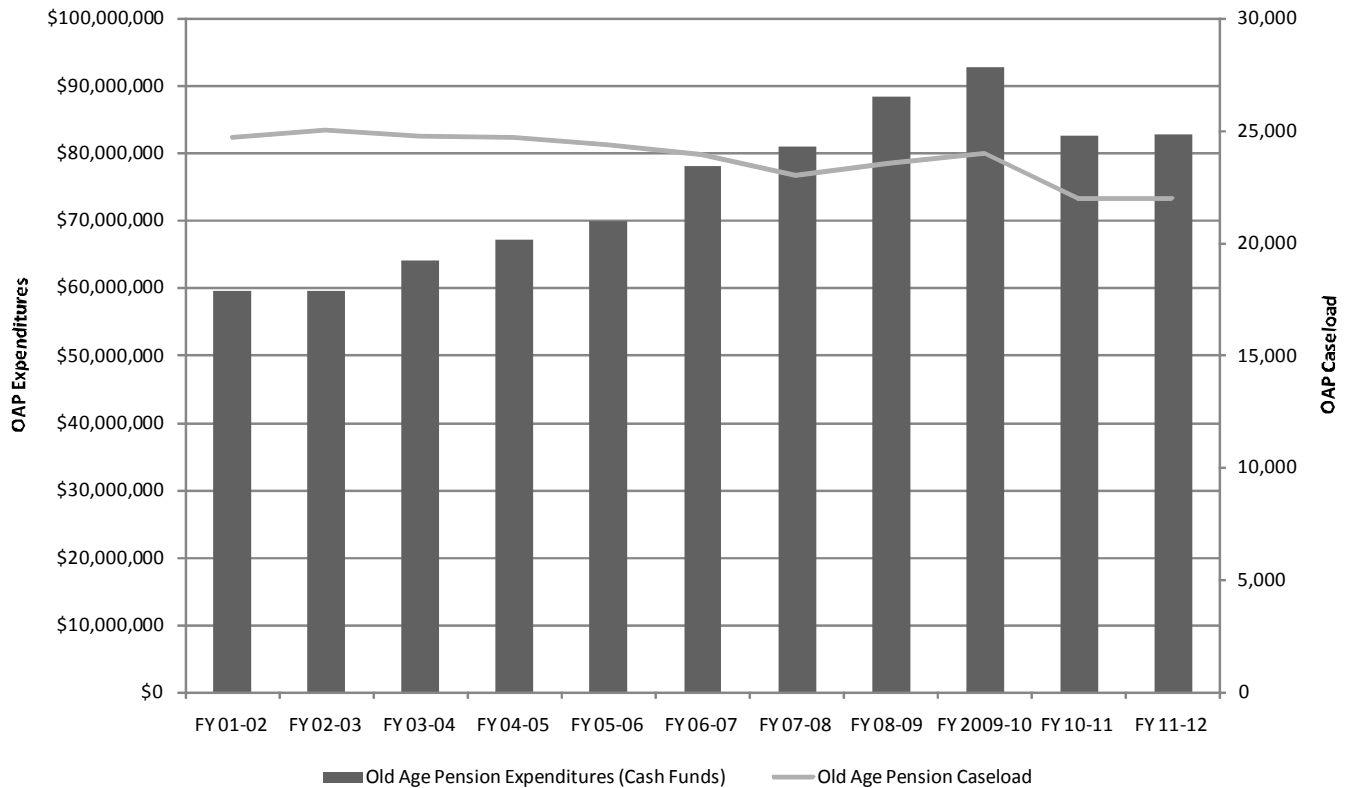
#### Old Age Pension Program

The Old Age Pension (OAP) Program, authorized by the State Constitution, provides cash assistance to low-income individuals ages 60 and over. It is funded through excise and state sales taxes which are deposited to the OAP cash fund in lieu of the General Fund. Costs for this program are driven by the size of the benefit and the number of qualified individuals. The General Assembly has limited control over OAP expenditures, as benefit levels are set by the State Board of Human Services, and the funds are continuously appropriated by the State Constitution. The Long Bill appropriation reflects anticipated expenditures and is shown for informational purposes.

Increases in expenditures through FY 2008-09 were driven primarily by cost-of-living increases approved by the State Board of Human Services, while the caseload remained flat or declining between 24,000 and 23,000. Since January 2009, no cost-of-living increases have been approved, and expenditures were significantly reduced starting in FY 2010-11 by S.B. 10-1384, which imposed a five year waiting period for most new legal immigrants to become eligible for OAP benefits.



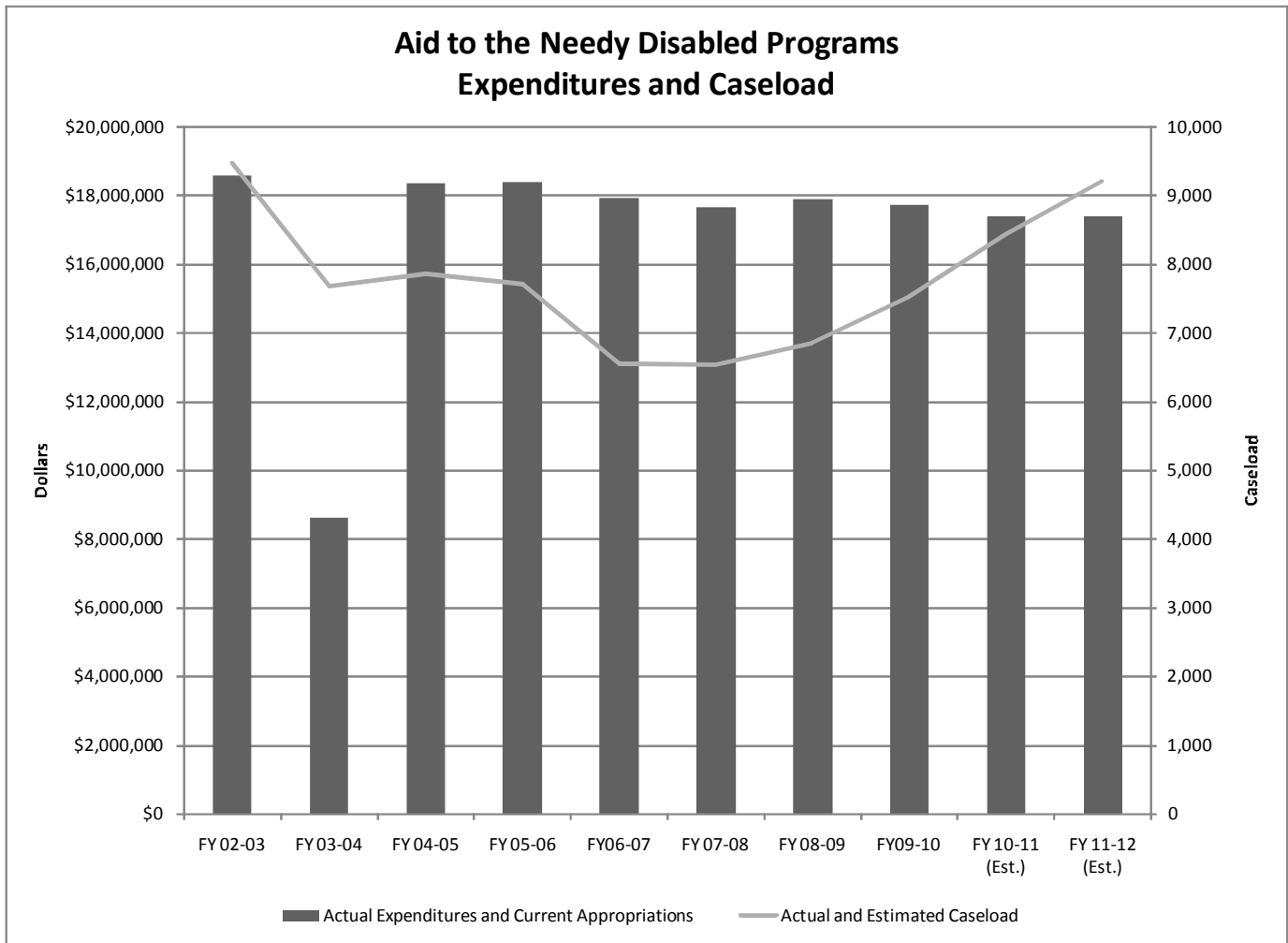
### Old Age Pension Actual and Estimated Expenditures and Caseload



#### *Aid to the Needy Disabled and Home Care Allowance Programs*

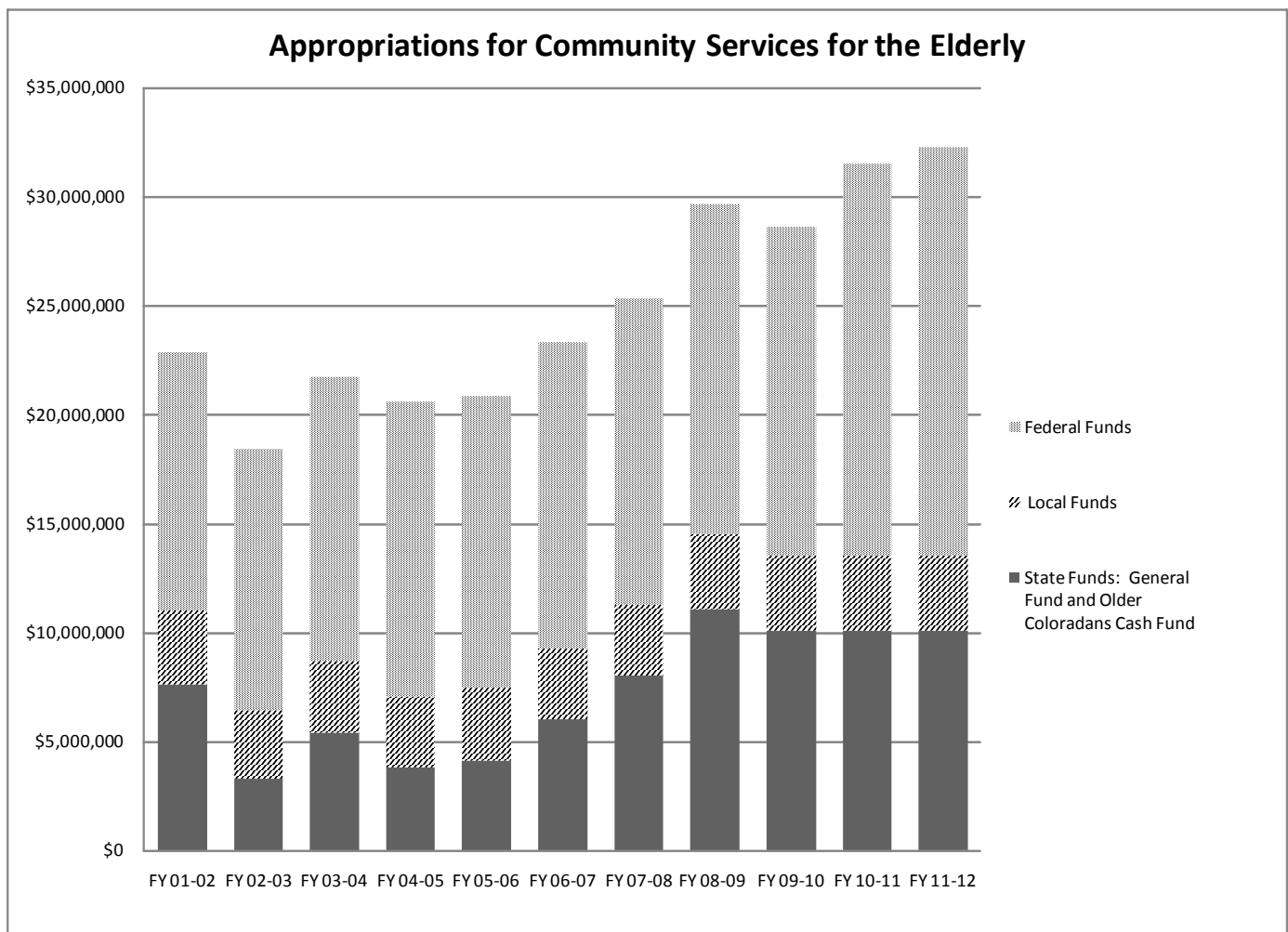
The Aid to the Needy Disabled (AND) and Home Care Allowance (HCA) programs provide cash assistance for low income individuals with disabilities. For some beneficiaries, these funds supplement federal Supplemental Security Income (SSI) payments. Other beneficiaries either do not qualify for federal SSI or have pending applications for federal SSI. Funding for these programs is comprised of General Fund, county match, and federal reimbursements for payments to individuals who initially receive a state-only subsidy but are ultimately deemed eligible for federal SSI.

In the last few years, the programs' appropriations have remained relatively flat, and benefits have been adjusted by the Department so that total expenditures remain within appropriated levels. However, some funding adjustments have been required to ensure that the State complies with a federal maintenance-of-effort (MOE) agreement with the Social Security Administration. The MOE applies to state spending for those individuals who receive federal SSI payments. Spending for the population that is *not* SSI-eligible has been reduced in the past (most notably in FY 2003-04) in response to state revenue shortfalls.



#### *Community Services for the Elderly*

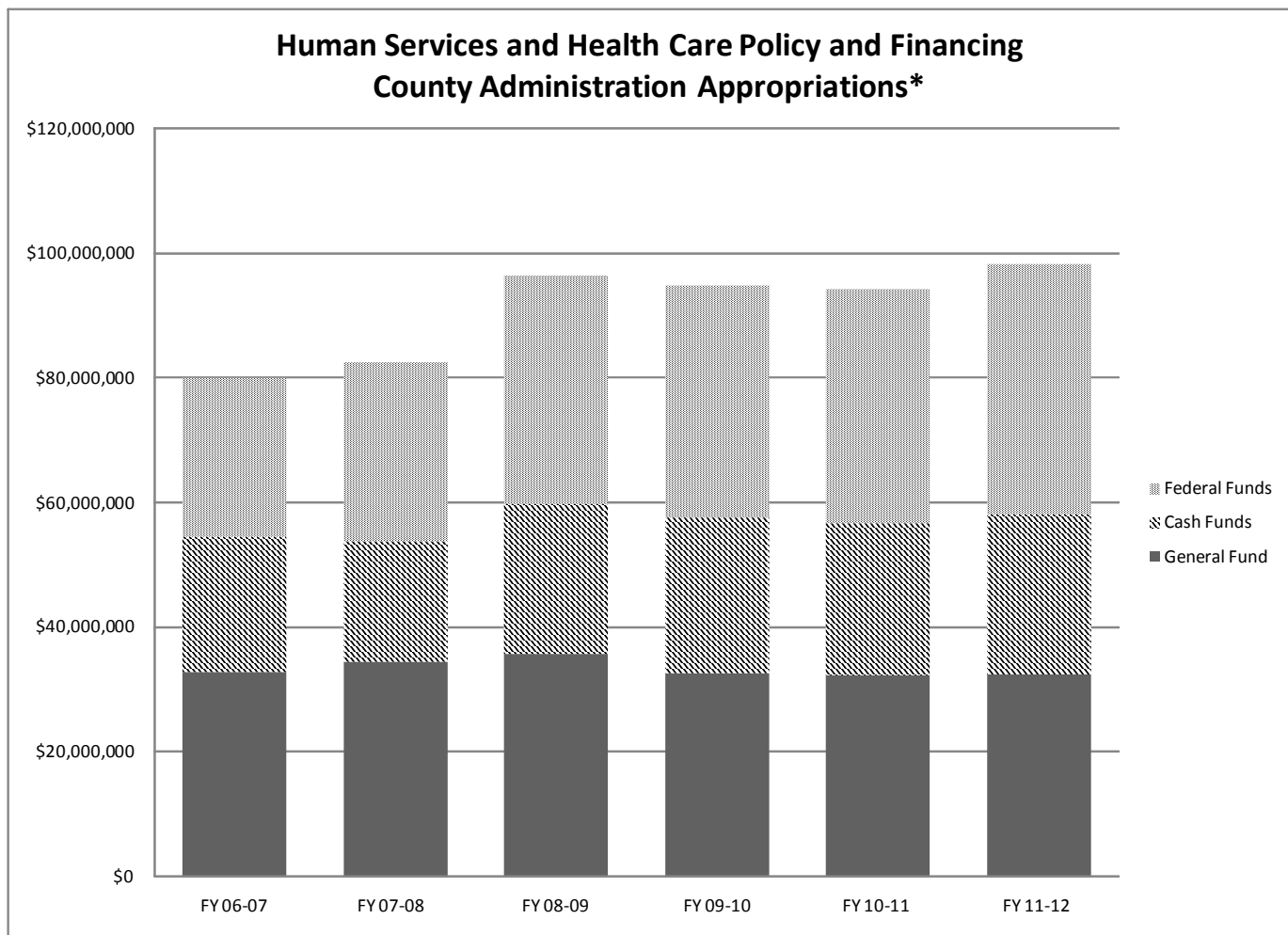
The State distributes state and federal funds to Area Agencies on Aging, which provide a variety of community services for the elderly such as transportation, congregate meals, "meals on wheels", and in-home support services. Funding levels are adjusted based on available federal and state funding. Funding from state sources increased significantly through FY 2008-09 based on statutory changes to increase funding from the Older Coloradans Cash Fund, which originates as state sales and excise taxes. More recently, state and local funding has remained relatively flat, while total funding has increased based on additional federal funds available.



### *County Administration*

The majority of public welfare programs in Colorado are state-supervised and county administered. The County Administration Division includes funding for eligibility determination for the Supplemental Nutrition Assistance Program (food stamps) and some other benefits programs, as well as funding to assist some poorer counties in maintaining program operations. Funding provided by the State for county administration is capped, and county costs and caseload only affect appropriations to the extent the General Assembly chooses to make related adjustments. Many counties supplement state appropriations with county tax revenues.

Recent-year changes to state funding have often transferred funds among line items within the County Administration section, to other Department of Human Services sections, and to the Department of Health Care Policy and Financing to draw down additional federal dollars without increasing total General Fund support. The table below combines appropriations for county administration from the Departments of Human Services and Health Care Policy and Financing, as both departments' appropriations primarily support eligibility determination by county staff using the Colorado Benefits Management System.



\*This chart reflects funding for the Department of Human Services County Administration section (\$64.8 million in FY 2011-12) and the Department of Health Care Policy and Financing County Administration line item (\$33.5 million in FY 2011-12). It excludes county administration appropriations in other sections of the Department of Human Services.

## Information Technology Systems

The Department makes significant expenditures to support the large information technology systems required to manage social services programs in Colorado. These systems include: the County Financial Management System (CFMS), which tracks county expenditures for social services; Colorado Trails, which provides case management and tracking for the Division of Youth Corrections and county and state child welfare services workers; and the 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. The system is involved in the distribution of over \$2 billion in benefits to over 500,000 individual clients annually. Each month, CBMS is used to process approximately 30,000 new client applications and 40,000 client reauthorizations. In addition to these client-side functions, CBMS communicates with over 100 external systems. The external systems with which CBMS communicates include other state systems, systems operated by other states, and federal systems. For FY 2011-12, CBMS is appropriated \$24.6 million total funds for operating and personal services expenses.

## Summary of FY 2010-11 and FY 2011-12 Appropriations

Department of Human Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$2,139,262,105</b>	<b>\$623,196,849</b>	<b>\$341,382,102</b>	<b>\$469,989,726</b>	<b>\$704,693,428</b>	<b>5,177.4</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	61,749,045	33,714,491	2,957,930	14,913,018	10,163,606	150.0
Office of Information Technology Services	58,363,510	21,604,217	1,579,616	11,823,329	23,356,348	0.0
Office of Operations	39,952,307	23,089,538	2,535,504	9,557,719	4,769,546	456.3
County Administration	61,320,376	22,422,214	17,798,893	0	21,099,269	0.0
Division of Child Welfare	404,064,261	193,427,448	70,899,442	14,651,811	125,085,560	57.0
Division of Child Care	89,536,665	16,836,239	9,950,708	0	62,749,718	66.0
Office of Self Sufficiency	348,862,274	5,794,725	29,119,420	34,440	313,913,689	256.2
Mental Health and Alcohol and Drug Abuse Services	216,349,027	129,409,393	17,580,405	11,577,564	57,781,665	1,268.8
Services for People with Disabilities	591,077,312	35,141,531	87,727,807	403,091,589	65,116,385	1,896.2
Adult Assistance Programs	144,378,390	24,775,085	101,141,238	105,817	18,356,250	28.5
Division of Youth Corrections	123,608,938	116,981,968	91,139	4,234,439	2,301,392	998.4
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	2,161,358,509	637,144,282	357,503,922	429,694,417	737,015,888	5,177.4
SB 10-068	966,000	0	0	0	966,000	0.0
SB 10-171	175,000	175,000	0	0	0	0.0
HB 10-1035	249,700	0	0	0	249,700	0.0
HB 10-1053	200,000	0	200,000	0	0	0.0
HB 10-1146	1,130,357	761,227	22,822	184,387	161,921	0.0
HB 10-1284	334,227	334,227	0	0	0	0.0
HB 10-1338	1,719,794	991,919	343,959	75,209	308,707	0.0
HB 10-1369	0	13,439	0	(13,439)	0	0.0
HB 10-1384	(13,394,226)	11,288	(13,437,855)	17,220	15,121	0.0
HB 10-1413	371,880	371,880	0	0	0	0.0
SB 11-124	685,772	0	0	0	685,772	0.0
SB 11-141	(35,842,745)	(3,640,809)	2,867,508	(552,814)	(34,516,630)	0.0
SB 11-209	24,557,837	(12,965,604)	(2,868,254)	40,584,746	(193,051)	0.0

<b>Department of Human Services</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
SB 11-226	(3,250,000)	0	(3,250,000)	0	0	0.0
<b>FY 2011-12 Total Appropriation:</b>	<b>\$2,061,386,598</b>	<b>\$614,650,877</b>	<b>\$327,959,886</b>	<b>\$449,772,764</b>	<b>\$669,003,071</b>	<b>4,870.9</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	65,626,835	36,369,037	2,639,940	15,982,138	10,635,720	140.5
Office of Information Technology Services	53,834,887	20,984,449	1,547,043	9,997,765	21,305,630	0.0
Office of Operations	39,286,559	22,579,668	2,631,135	9,538,460	4,537,296	441.9
County Administration	64,757,619	22,237,964	19,062,746	0	23,456,909	0.0
Division of Child Welfare	401,595,378	191,356,886	71,244,644	14,459,476	124,534,372	57.0
Division of Child Care	88,161,602	16,309,410	9,960,653	0	61,891,539	66.4
Office of Self Sufficiency	332,498,706	5,708,127	27,641,659	33,211	299,115,709	246.2
Mental Health and Alcohol and Drug Abuse Services	195,482,099	129,475,124	16,785,674	11,592,127	37,629,174	1,211.1
Services for People with Disabilities	560,662,550	36,784,145	74,177,533	385,034,237	64,666,635	1,693.8
Adult Assistance Programs	146,258,465	24,857,534	102,178,463	105,209	19,117,259	28.5
Division of Youth Corrections	113,221,898	107,988,533	90,396	3,030,141	2,112,828	985.5
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	2,091,045,838	618,764,498	331,395,230	450,969,434	689,916,676	4,883.8
SB 11-076	(5,248,580)	(3,034,793)	(204,655)	(1,196,670)	(812,462)	0.0
SB 11-217	(1,078,828)	(1,078,828)	0	0	0	(8.3)
SB 11-226	(3,250,000)	0	(3,250,000)	0	0	0.0
HB 11-1043	0	0	0	0	0	14.5
HB 11-1145	19,311	0	19,311	0	0	0.4
HB 11-1230	(20,101,143)	0	0	0	(20,101,143)	(19.5)
<b>Increase/(Decrease)</b>	<b>(\$77,875,507)</b>	<b>(\$8,545,972)</b>	<b>(\$13,422,216)</b>	<b>(\$20,216,962)</b>	<b>(\$35,690,357)</b>	<b>(306.5)</b>
Percentage Change	(3.6)%	(1.4)%	(3.9)%	(4.3)%	(5.1)%	(5.9)%

## FY 2010-11 Appropriation - Mid-year Adjustment Highlights

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to:

1. Add \$35.5 million total funds, including \$11.4 million net General Fund, for projected increases in Medicaid expenditures for community-based services for people with developmental disabilities.

2. Reduce \$8.6 million total funds, including \$8.2 million General Fund, for the Division of Youth Corrections based on the December 2010 Legislative Council Staff caseload forecast for committed youth.
3. Reduce \$3.25 million cash funds for the impact of S.B. 11-226, which eliminated funding from the Operational Account of the Severance Tax Trust Fund for the Low Income Energy Assistance Program.

## **FY 2011-12 Appropriation Highlights**

The FY 2011-12 appropriation:

### Executive Director's Office, Office of Information Technology Services, Office of Operations

1. Adds \$4.7 million total funds, including \$3.0 million General Fund, for centrally-appropriated line items in the Executive Director's Office and the Office of Operations including appropriations for employee benefits. Also adds \$1.0 million total funds, including \$0.5 million General Fund, for statewide information technology common policy.
2. Reduces \$5.9 million total funds, including \$1.0 million General Fund, for the annualization of prior year legislation and budget actions in the Office of Information Technology Services. Among other adjustments, this includes a reduction of \$6.4 million total funds, including \$1.0 million General Fund, to eliminate one-time FY 2010-11 appropriations for changes to the Colorado Benefits Management System (CBMS).
3. Eliminates \$0.2 million total funds (\$0.1 million General Fund) and 5.0 FTE for base staffing reductions in the Executive Director's Office, including eliminating 3.0 FTE human resources, 1.0 FTE field services, and 1.0 FTE administrative review positions.
4. Eliminates 5.0 FTE unused FTE authority for Employment and Regulatory Affairs with no associated funding reduction.

### County Administration

5. Adds \$4.7 million total funds, including \$1.4 million General Fund, for county administration of the Supplemental Nutrition Assistance Program (Food Stamps) due to caseload increases.
6. Reduces \$1.6 million General Fund for County Tax Base Relief, a program that assists counties that have relatively high expenditures for human services programs and a low property tax base.

### Division of Child Welfare

7. Refinances \$4.0 million General Fund in the Division of Child Welfare with Temporary Assistance for Needy Families (TANF) federal funds. This change is feasible due to eliminating a TANF appropriation in the Office of Self Sufficiency for the Statewide Strategic Uses Fund.
8. Refinances \$2.0 million General Fund in the Division of Child Welfare with federal funds, based on projected receipt of Title IV-E federal funds.

9. Reduces funding for Child Welfare Services by \$2.0 million total funds due to the end of the enhanced federal match rate (FMAP) for the Title IV-E foster care and adoption programs. The net change includes a federal and cash funds reduction of \$5.9 million, partially offset by a General Fund increase of \$3.9 million. The enhanced FMAP was available in FY 2008-09, FY 2009-10, and FY 2010-11 pursuant to the federal American Recovery and Reinvestment Act of 2009 (ARRA).
10. Reduces \$0.4 million, including \$0.2 million General Fund, for the Child Welfare Training Academy, based on offering caseworker pre-employment training every three weeks, rather than every two weeks.

#### Office of Self Sufficiency and Division of Child Care

11. Reduces cash and federal funds for the Low Income Energy Assistance Program (LEAP), based on funds anticipated to be available. This includes a reduction of \$9.4 million in federal Low Income Home Energy Assistance block grant funds and a reduction of \$1.1 million in cash funds from Energy Outreach Colorado.
12. Eliminates the \$4.0 million TANF federal funds appropriation for the Colorado Works Statewide Strategic Uses Fund to facilitate refinancing \$4.0 million General Fund in the Division of Child Welfare.
13. Reduces \$0.5 million General Fund for Early Childhood Councils.
14. Eliminates 10.0 FTE unused FTE authority for Disability Determination Services with no associated funding reduction.

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

15. Adds \$1.0 million General Fund and 32.0 FTE to annualize staff-to-patient increases at the Colorado Mental Health Institutes that were begun in FY 2010-11.
16. Pursuant to H.B. 11-1230, transfers \$20.1 million federal funds and 19.5 FTE from the Department of Human Services to the Department of Local Affairs to consolidate housing assistance programs in the Department of Local Affairs.
17. Reduces \$1.7 million total funds (including \$0.8 million General Fund) and 29.6 FTE as part of the closure of the "Mountain Star" Therapeutic Residential Child Care Facility at the Colorado Mental Health Institute at Fort Logan. This 20-bed treatment division provided inpatient mental health services to adolescents in the custody of county departments of social services or the Department of Human Services' Division of Youth Corrections.
18. Reduces, in the Long Bill, \$1.0 million General Fund and 14.5 FTE for the Circle treatment division at the Colorado Mental Health Institute at Pueblo. Reinstates this funding and FTE through H.B. 11-1043. This 20-bed treatment division provides 90-day, inpatient treatment services to adults with co-occurring mental health and substance use disorder issues.
19. Eliminates 37.0 FTE unused FTE authority with no associated funding reduction. This includes reductions of 5.0 FTE for Federal Programs and Grants, 20.0 FTE for the Mental Health Institute at Fort Logan, and 12.0 FTE for the Mental Health Institute at Pueblo.



### Services for People with Disabilities

20. Adds \$3.3 million General Fund for a projected increase in the eligible population for early intervention services for children under age three displaying developmental delays. The bill also restates and updates the informational appropriation of estimated private insurance funds available from the Early Intervention Services Trust Fund to reflect expected annual expenditures, rather than revenues. The bill also reflects discontinuation of one-time federal funds from ARRA that supplemented annual federal grants for early intervention services.
21. Adds \$3.2 million total funds, including \$1.6 million net General Fund, for 131 new community-based services for people with developmental disabilities to serve 66 youth transitioning from foster care, 35 youth transitioning from Children's Extensive Support, and 30 individuals requiring an emergency placement.
22. Reduces \$15.7 million total funds, including \$8.3 million net General Fund, for changes to the fee structure for community-based services for people with developmental disabilities that will be implemented by the Department to address issues that contributed to the anticipated increase in FY 2010-11 Medicaid expenditures.
23. Reduces \$6.3 million total funds and 142.4 FTE to reflect more recent expenditure projections for the State and Veterans Nursing Homes. The change is largely attributable to the sale of the Trinidad State Nursing Home.
24. Eliminates 60.0 FTE unused FTE authority with no associated funding reduction. This includes reductions of 40.0 FTE for the Regional Centers and 20.0 FTE for the Division of Vocational Rehabilitation.

### Division of Youth Corrections

25. Reduces \$5.2 million total funds, including \$4.8 million General Fund, based on a decline in the projected FY 2011-12 youth commitment caseload. The caseload estimate (983.7 average daily population) is based on the average of the commitment forecasts prepared by the Legislative Council Staff and Department of Public Safety, Division of Criminal Justice in December 2010 and the assumption that state-operated facilities will operate at 110.0 percent of capacity as they have historically. The bill includes a footnote that provides the Division with flexibility to transfer moneys between appropriations for state-operated and contracted placements.
26. Reduces \$1.2 million General Fund for Parole Program Services based on recent declines in the youth corrections commitment and parole populations, as well as statewide budget constraints.
27. Pursuant to S.B. 11-217, reduces \$1.1 million General Fund based on lowering the juvenile detention bed cap from 479 beds to 422 beds as of July 1, 2011.
28. Reduces funding for the S.B. 91-94 program by \$1.0 million General Fund in light of declines in the number of youth who are arrested and detained.
29. Reduces \$0.7 million General Fund and 9.6 FTE client managers, based on recent declines in the youth corrections commitment and parole populations.

## 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:

- the Juvenile Parole Board;
- the Developmental Disabilities Council;
- the Colorado Commission for the Deaf and Hard of Hearing;
- the Colorado Commission for Individuals Who are Blind or Visually Impaired;
- compliance with the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA); and
- the child welfare administrative review unit, which performs case reviews of children and youth who are placed in out-of-home residential care.

Cash funds include patient payments collected by the mental health institutes, in addition to other sources. Reappropriated funds are primarily 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, and the Substance Abuse Prevention and Treatment Block Grant, among other sources.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$61,424,888	\$33,581,059	\$1,867,315	\$15,812,908	\$10,163,606	150.0
SB 10-171	175,000	175,000	0	0	0	0.0
HB 10-1053	200,000	0	200,000	0	0	0.0
SB 11-141	<u>(50,843)</u>	<u>(41,568)</u>	<u>890,615</u>	<u>(899,890)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$61,749,045</b>	<b>\$33,714,491</b>	<b>\$2,957,930</b>	<b>\$14,913,018</b>	<b>\$10,163,606</b>	<b>150.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$61,749,045	\$33,714,491	\$2,957,930	\$14,913,018	\$10,163,606	150.0
Centrally appropriated line items	4,687,005	2,958,717	(90,555)	1,159,918	658,925	0.0
Restore one-time personal services reductions	274,519	134,562	12,894	41,140	85,923	0.0
Annualize S.B. 10-171	195,000	195,000	0	0	0	0.0
Eliminate unused FTE authority	0	0	0	0	0	(5.0)
Personal services base reduction	(219,671)	(105,800)	(13,297)	(36,199)	(64,375)	0.0

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Eliminate one-time funding	(200,000)	0	(200,000)	0	0	0.0
Close CMHI Ft. Logan TRCCF unit	(192,201)	(192,201)	0	0	0	0.0
Reduce Human Resources FTE	(140,587)	(53,320)	(6,517)	(21,499)	(59,251)	(3.0)
Reduce Field Services FTE	(72,491)	(23,534)	(3,714)	(11,270)	(33,973)	(1.0)
Reduce Administrative Review FTE	(69,295)	(45,042)	0	0	(24,253)	(1.0)
Reduce HIPAA Security Remediation operating expenses	(47,279)	(35,089)	(42)	(9,260)	(2,888)	0.0
Commission for the Deaf FTE	(24,503)	0	0	(24,503)	0	0.5
<b>SB 11-209</b>	<b>\$65,939,542</b>	<b>\$36,547,784</b>	<b>\$2,656,699</b>	<b>\$16,011,345</b>	<b>\$10,723,714</b>	<b>140.5</b>
SB 11-076	(220,447)	(86,487)	(16,759)	(29,207)	(87,994)	0.0
SB 11-217	<u>(92,260)</u>	<u>(92,260)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$65,626,835</b>	<b>\$36,369,037</b>	<b>\$2,639,940</b>	<b>\$15,982,138</b>	<b>\$10,635,720</b>	<b>140.5</b>
<b>Increase/(Decrease)</b>	\$3,877,790	\$2,654,546	(\$317,990)	\$1,069,120	\$472,114	(9.5)
Percentage Change	6.3%	7.9%	(10.8)%	7.2%	4.6%	(6.3)%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-141 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to General Fund personal services line items and to make fund source adjustments.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; workers' compensation; legal services; administrative law judges; and payments to risk management and property funds.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Annualize S.B. 10-171:** The appropriation annualizes funding for the new Child Protection Ombudsman program created in S.B. 10-171.

**Eliminate unused FTE authority:** The appropriation eliminates unused FTE authority to more closely align appropriations with actual FTE usage for the Employment and Regulatory Affairs line item.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items and an additional 1.0 percent reduction to some General Fund Personal Services line items.

**Eliminate one-time funding:** The appropriation eliminates one-time funding for the Older Coloradans Study (required by H.B. 10-1053).

**Close CMHI Ft. Logan TRCCF unit:** The appropriation reduces funding for centrally appropriated line items associated with the closure of the Therapeutic Residential Child Care Facility (TRCCF) at the Colorado Mental Health Institute (CMHI) at Fort Logan.

**Reduce Human Resources FTE:** The appropriation eliminates 3.0 FTE and associated funding due to department downsizing.

**Reduce Field Services FTE:** The appropriation eliminates 1.0 FTE and associated funding.

**Reduce Administrative Review FTE:** The appropriation eliminates 1.0 FTE and associated funding.

**Reduce HIPAA Security Remediation operating expenses:** The appropriation includes a reduction for operating expenditures.

**Commission for the Deaf FTE:** The appropriation includes a reduction in funding and an increase of 0.5 FTE associated with converting contractual services to FTE for the Telecommunications Equipment Distribution Program.

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

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## Office of Information Technology Services

The Office of Information Technology Services (OITS) is responsible for developing and maintaining the major centralized computer systems of the Department, including systems that link to all counties in the state. The OITS supports centralized databases and provides support and training to users, including county staff and private social service providers. It also helps to set policies and strategic directions for de-centralized information technology systems that are operated by individual divisions within the Department. Major systems funded in this section of the budget include the Colorado Benefits Management System, the Colorado Financial Management System, and the Colorado Trails information system. The primary source of cash funds is the Old Age Pension Fund. The primary source of reappropriated funds is Medicaid funds transferred from the Department of Health Care Policy and Financing. Major sources of federal funds include Title IV-E of the Social Security Act and the Temporary Assistance for Needy Families block grant.

In FY 2010-11, all information technology staff in OITS were transferred to the Governor's Office of Information Technology (OIT) as part of the statewide consolidation of information technology staff resources. Services provided by OIT staff to the Department are now billed back to the Department through line items in this Division.

Office of Information Technology Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$56,387,826	\$21,472,059	\$1,513,426	\$11,633,448	\$21,768,893	0.0
SB 10-068	966,000	0	0	0	966,000	0.0
HB 10-1035	249,700	0	0	0	249,700	0.0
HB 10-1146	490,000	120,870	22,822	184,387	161,921	0.0
HB 10-1384	45,761	11,288	2,132	17,220	15,121	0.0
SB 11-141	<u>224,223</u>	<u>0</u>	<u>41,236</u>	<u>(11,726)</u>	<u>194,713</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$58,363,510</b>	<b>\$21,604,217</b>	<b>\$1,579,616</b>	<b>\$11,823,329</b>	<b>\$23,356,348</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$58,363,510	\$21,604,217	\$1,579,616	\$11,823,329	\$23,356,348	0.0
Statewide IT common policy adjustments	1,120,363	545,780	53,494	(14,864)	535,953	0.0
HCPF CBMS-related changes	255,272	9,955	1,880	230,104	13,333	0.0
CBMS refinance	0	(177,704)	186,415	(247,916)	239,205	0.0
Annualize prior year funding	(5,854,654)	(963,261)	(273,965)	(1,788,032)	(2,829,396)	0.0
Operating adjustments	(41,050)	(32,439)	0	(1,687)	(6,924)	0.0
Personal services base reduction	(8,554)	(2,099)	(397)	(3,169)	(2,889)	0.0
<b>SB 11-209</b>	<b><u>\$53,834,887</u></b>	<b><u>\$20,984,449</u></b>	<b><u>\$1,547,043</u></b>	<b><u>\$9,997,765</u></b>	<b><u>\$21,305,630</u></b>	<b><u>0.0</u></b>
<b>TOTAL</b>	<b>\$53,834,887</b>	<b>\$20,984,449</b>	<b>\$1,547,043</b>	<b>\$9,997,765</b>	<b>\$21,305,630</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$4,528,623)	(\$619,768)	(\$32,573)	(\$1,825,564)	(\$2,050,718)	0.0
Percentage Change	(7.8)%	(2.9)%	(2.1)%	(15.4)%	(8.8)%	n/a

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-141 modified FY 2010-11 appropriations to:

- add \$195,000 federal funds for FTE costs and software license fees for the operation of the Child Care Automated Tracking System (CHATS); and
- add \$30,000 total funds to make several minor funding and technical adjustments.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Statewide IT common policy adjustments:** The appropriation includes adjustments to line items appropriated for: purchase of services from the computer center; multiuse network payments; management and

administration of the Governor's Office of Information Technology (OIT); and communication services payments.

**HCPF CBMS-related changes:** The appropriation provides funding for Colorado Benefits Management System (CBMS) changes to accommodate policy changes in programs administered by the Department of Health Care Policy and Financing (HCPF).

**CBMS refinance:** The appropriation adjusts fund sources based on updated CBMS usage data.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Operating adjustments:** The appropriation includes a decrease for central operating expenses.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

## Office of Operations

This section of the budget contains appropriations for various central Departmental functions, and incorporates four department units: Facilities Management, Accounting, Procurement, and Contract Management. The largest of these units, the Division of Facilities Management, is responsible for operating, cleaning, and maintaining an estimated 301 Department buildings and facilities, including ten youth correctional facilities, two state mental health institute campuses, and three regional centers for the developmentally disabled, in addition to Department office buildings. The Department's leased space, vehicle leases and facility utility costs are also managed by this division. The Division of Accounting manages all the Department's financial operations and resources, including payments to counties and service providers, overall accounts and controls over expenditures and revenues from multiple state and federal sources, and private party billing for the Department's various community and institutional programs. The Procurement Division purchases goods and services for the Department's programs, and operates warehouses and distribution centers for all departmental residential facilities. 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.

Cash funds, reappropriated funds, and federal funds appropriated to this section of the budget are from indirect cost recoveries, among other sources. Reappropriated funds also include Medicaid funds transferred from the Department of Health Care Policy and Financing.

Office of Operations						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$40,019,638	\$23,274,893	\$2,012,407	\$10,048,378	\$4,683,960	456.3
SB 11-141	<u>(67,331)</u>	<u>(185,355)</u>	<u>523,097</u>	<u>(490,659)</u>	<u>85,586</u>	<u>0</u>
<b>TOTAL</b>	<b>\$39,952,307</b>	<b>\$23,089,538</b>	<b>\$2,535,504</b>	<b>\$9,557,719</b>	<b>\$4,769,546</b>	<b>456.3</b>

Office of Operations						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$39,952,307	\$23,089,538	\$2,535,504	\$9,557,719	\$4,769,546	456.3
Restore one-time personal services reductions	654,754	352,594	41,991	222,658	37,511	0.0
Centrally appropriated line items	41,836	(25,380)	47,145	93,124	(73,053)	0.0
Eliminate unused FTE authority	0	0	0	0	0	(13.0)
Fund source adjustments	0	(50,000)	71,327	(21,327)	0	0.0
Personal services base reduction	(488,296)	(305,604)	(27,205)	(125,951)	(29,536)	0.0
Eliminate temporary operating expenses increase	(164,250)	(164,250)	0	0	0	0.0
Reduce leased space appropriation	(126,890)	(30,987)	(847)	(2,308)	(92,748)	0.0
Close CMHI Ft. Logan TRCCF unit	(41,906)	0	0	(41,906)	0	(0.9)
<b>SB 11-209</b>	<b>\$39,827,555</b>	<b>\$22,865,911</b>	<b>\$2,667,915</b>	<b>\$9,682,009</b>	<b>\$4,611,720</b>	<b>442.4</b>
SB 11-076	(511,681)	(286,243)	(36,780)	(143,549)	(45,109)	0.0
SB 11-1230	<u>(29,315)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(29,315)</u>	<u>(0.5)</u>
<b>TOTAL</b>	<b>\$39,286,559</b>	<b>\$22,579,668</b>	<b>\$2,631,135</b>	<b>\$9,538,460</b>	<b>\$4,537,296</b>	<b>441.9</b>
<b>Increase/(Decrease)</b>	(\$665,748)	(\$509,870)	\$95,631	(\$19,259)	(\$232,250)	(14.4)
Percentage Change	(1.7)%	(2.2)%	3.8%	(0.2)%	(4.9)%	(3.2)%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-141 modified FY 2010-11 appropriations to provide for a 1.0 percent reduction to General Fund personal services line items, to make a fund source adjustment, and to update vehicle replacement payments.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for vehicle lease payments and Capitol complex leased space.

**Eliminate unused FTE authority:** The appropriation eliminates unused FTE authority to more closely align appropriations with actual FTE usage.

**Fund source adjustments:** The appropriation uses \$50,000 cash funds from the Buildings and Grounds Cash Fund to offset General Fund otherwise required for utility costs and makes a technical adjustment to reclassify \$21,237 reappropriated funds as cash funds.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items and an additional 1.0 percent reduction to some General Fund Personal Services line items.

**Eliminate temporary operating expenses increase:** The appropriation eliminates a temporary two-year increase in operating expense funding.

**Reduce leased space appropriation:** The appropriation reduces the appropriation for leased space based on recent actual expenditures and declining market rates.

**Close CMHI Ft. Logan TRCCF unit:** The appropriation eliminates housekeeping, maintenance, and utility appropriations associated with the closure of the Therapeutic Residential Child Care Facility (TRCCF) at the Colorado Mental Health Institute (CMHI) at Fort Logan.

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

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## County Administration

This section contains appropriations for 64 county departments of social services to administer the following programs:

- Supplemental Nutrition Assistance Program (formerly called food stamps);
- Adult Cash Assistance Programs (except Old Age Pension);
- Adult Protection;
- Low Income Energy Assistance; and
- Child Support Enforcement.

Counties also administer the Colorado Works Program and the state's child welfare and child care assistance programs; however, associated administrative funding is currently appropriated as part of the Works Program (in the Office of Self Sufficiency), and in the Divisions of Child Welfare and Child Care, respectively. The County Administration section also includes appropriations to assist counties with high human services program costs relative to their county property tax bases. Cash funds sources in this section include retained child support collections, fraud refunds, and state revenue intercepts. Federal funds are from the U.S. Department of Agriculture for the Supplemental Nutrition Assistance Program and the Title XX Social Services Block Grant, among other sources.



County Administration						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$61,422,230	\$22,524,068	\$17,798,893	\$0	\$21,099,269	0.0
SB 11-209	<u>(101,854)</u>	<u>(101,854)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$61,320,376</b>	<b>\$22,422,214</b>	<b>\$17,798,893</b>	<b>\$0</b>	<b>\$21,099,269</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$61,320,376	\$22,422,214	\$17,798,893	\$0	\$21,099,269	0.0
Food Assistance Administration	4,715,280	1,414,584	943,056	0	2,357,640	0.0
Restore county incentive payments	320,797	0	320,797	0	0	0.0
Reduce County Tax Base Relief	(1,598,834)	(1,598,834)	0	0	0	0.0
<b>SB 11-209</b>	<b><u>\$64,757,619</u></b>	<b><u>\$22,237,964</u></b>	<b><u>\$19,062,746</u></b>	<b><u>\$0</u></b>	<b><u>\$23,456,909</u></b>	<b><u>0.0</u></b>
<b>TOTAL</b>	<b>\$64,757,619</b>	<b>\$22,237,964</b>	<b>\$19,062,746</b>	<b>\$0</b>	<b>\$23,456,909</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$3,437,243	(\$184,250)	\$1,263,853	\$0	\$2,357,640	0.0
Percentage Change	5.6%	(0.8)%	7.1%	n/a	11.2%	n/a

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-209 reduced FY 2010-11 appropriations for County Tax Base Relief to align with projected expenditures for "Tier I" (highest need) counties.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Food Assistance Administration:** The appropriation includes an increase for county administration of the Supplemental Nutrition Assistance Program based on caseload increases for the program. This additional funding is anticipated to be required through FY 2012-13.

**Restore county incentive payments:** The appropriation restores incentive payments to counties for child support enforcement. Funds had been temporarily redirected to statewide child support enforcement initiatives.

**Reduce County Tax Base Relief:** The appropriation reduces financial assistance to counties with relatively high human services program costs and low property tax bases.

### Division of Child Welfare

This section provides funding for programs that protect children from harm and assist families in caring for and protecting their children. Over 97 percent of funding in this division is allocated to counties, which are responsible for administering child welfare services under the supervision of the Department. In FY 2009-10,

41,848 children were served in open child welfare cases. 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	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$405,014,890	\$192,462,331	\$73,423,737	\$14,351,969	\$124,776,853	57.0
HB 10-1338	1,719,794	991,919	343,959	75,209	308,707	0.0
SB 11-141	(28,081)	(26,802)	0	(1,279)	0	0.0
SB 11-209	<u>(2,642,342)</u>	<u>0</u>	<u>(2,868,254)</u>	<u>225,912</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$404,064,261</b>	<b>\$193,427,448</b>	<b>\$70,899,442</b>	<b>\$14,651,811</b>	<b>\$125,085,560</b>	<b>57.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$404,064,261	\$193,427,448	\$70,899,442	\$14,651,811	\$125,085,560	57.0
Leap year adjustment	492,709	297,338	74,334	35,266	85,771	0.0
Restore one-time personal services reductions	110,656	76,500	0	4,304	29,852	0.0
Reflect federal CAPTA funds	50,027	0	0	0	50,027	0.0
Refinance Family and Children's Programs	0	(4,000,000)	0	0	4,000,000	0.0
Title IV-E- fund source adjustment	0	(2,000,000)	1,000,000	0	1,000,000	0.0
Eliminate ARRA enhanced federal match rate	(1,983,503)	3,911,137	(398,301)	0	(5,496,339)	0.0
Reduce training academy courses	(411,350)	(230,356)	0	0	(180,994)	0.0
Collaborative Management Incentives	(330,831)	0	(330,831)	0	0	0.0
Eliminate one-time funding	(225,912)	0	0	(225,912)	0	0.0
Personal services base reduction	(87,610)	(68,242)	0	(3,272)	(16,096)	0.0
<b>SB 11-209</b>	<b>\$401,678,447</b>	<b>\$191,413,825</b>	<b>\$71,244,644</b>	<b>\$14,462,197</b>	<b>\$124,557,781</b>	<b>57.0</b>
SB 11-076	<u>(83,069)</u>	<u>(56,939)</u>	<u>0</u>	<u>(2,721)</u>	<u>(23,409)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$401,595,378</b>	<b>\$191,356,886</b>	<b>\$71,244,644</b>	<b>\$14,459,476</b>	<b>\$124,534,372</b>	<b>57.0</b>
<b>Increase/(Decrease)</b>	<b>(\$2,468,883)</b>	<b>(\$2,070,562)</b>	<b>\$345,202</b>	<b>(\$192,335)</b>	<b>(\$551,188)</b>	<b>0.0</b>
Percentage Change	(0.6)%	(1.1)%	0.5%	(1.3)%	(0.4)%	0.0%

## **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-141 modified FY 2010-11 appropriations to provide for a 1.0 percent reduction to General Fund personal services line items.

Senate Bill 11-209 adjusted FY 2010-11 appropriations to more accurately reflect the local county share of funding required for child welfare services. This technical correction reduced the cash funds appropriation to the Division of Child Welfare by \$2.9 million, but did not change amounts actually collected and spent by counties. Senate Bill 11-209 also provided for an increase of \$226,000 reappropriated funds due to the two-week delay of Medicaid payments in FY 2009-10 and the resulting increase in payments in FY 2010-11.

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Leap year adjustment:** The appropriation includes a temporary increase for costs associated with an additional one day of services in FY 2011-12 due to the leap year.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Reflect federal CAPTA funds:** The appropriation reflects an increase in federal funds anticipated to be received for the Child Abuse Protection and Treatment Act Grant (CAPTA).

**Refinance Family and Children's Programs:** The appropriation reduces General Fund appropriations for Family and Children's Programs and increases federal Temporary Assistance for Needy Families (TANF) block grant appropriations by the same amount. This is feasible due to the elimination of the Statewide Strategic Uses Fund TANF appropriation in the Office of Self Sufficiency.

**Title IV-E fund source adjustment:** The appropriation reduces the General Fund appropriation for Child Welfare Services by \$1.0 million and increases the federal funds appropriation by the same amount. It also eliminates the \$1.0 million General Fund appropriation for Federal Title IV-E Related County Administrative Functions and replaces this with a \$1.0 million cash funds appropriation for Excess Federal Title IV-E Distributions for Related County Administrative Functions.

**Eliminate ARRA enhanced federal match rate:** The appropriation eliminates temporary funding available in FY 2008-09, FY 2009-10, and FY 2010-11 under the federal American Recovery and Reinvestment Act of 2009 (ARRA).

**Reduce Training Academy courses:** The appropriation reduces funding for child welfare caseworker training to reflect an expectation that child welfare training academy pre-employment training will be offered every three weeks, rather than every two weeks.

**Collaborative Management Incentives:** The appropriation reduces funding for collaborative management incentives based on the revenue projection for the Collaborative Management Incentives Cash Fund.

**Eliminate one-time funding:** The appropriation eliminates one-time funding associated with the two-week delay of Medicaid payments in FY 2009-10.

**Personal services base reduction:** The appropriation includes a 1.5 percent base reduction for Personal Services line items and an additional 1.0 percent reduction to some General Fund Personal Services line items.

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

## Division of Child Care

This division includes funding associated with the state supervision and the county administration of the Colorado Child Care Assistance Program (CCCAP). Through CCCAP, counties provide child care subsidies to low income families and families transitioning from the Colorado Works Program. An estimated 19,270 children per month will receive CCCAP assistance in FY 2011-12. In addition, this division is responsible for licensing and monitoring child care facilities and for administering various child care grant programs. An estimated 7,088 child care homes and facilities will be licensed by the Division in FY 2011-12. Cash funds sources shown reflect county tax revenues and fees and fines paid by child care facilities. Federal fund sources primarily reflect Child Care Development Funds.

Division of Child Care						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$90,062,264	\$17,361,838	\$9,950,708	\$0	\$62,749,718	66.0
SB 11-141	<u>(525,599)</u>	<u>(525,599)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$89,536,665</b>	<b>\$16,836,239</b>	<b>\$9,950,708</b>	<b>\$0</b>	<b>\$62,749,718</b>	<b>66.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$89,536,665	\$16,836,239	\$9,950,708	\$0	\$62,749,718	66.0
Restore one-time personal services reductions	110,155	63,690	12,755	0	33,710	0.0
Move Child Care Automated Tracking System to ITS	(825,980)	0	0	0	(825,980)	0.0
Reduce Early Childhood Councils	(500,000)	(500,000)	0	0	0	0.0
Personal services base reduction	(86,860)	(49,700)	(9,328)	0	(27,832)	0.0
<b>SB 11-209</b>	<b>\$88,233,980</b>	<b>\$16,350,229</b>	<b>\$9,954,135</b>	<b>\$0</b>	<b>\$61,929,616</b>	<b>66.0</b>
SB 11-076	(91,689)	(40,819)	(12,793)	0	(38,077)	0.0
HB 11-1145	<u>19,311</u>	<u>0</u>	<u>19,311</u>	<u>0</u>	<u>0</u>	<u>0.4</u>
<b>TOTAL</b>	<b>\$88,161,602</b>	<b>\$16,309,410</b>	<b>\$9,960,653</b>	<b>\$0</b>	<b>\$61,891,539</b>	<b>66.4</b>

Division of Child Care						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>Increase/(Decrease)</b>	(\$1,375,063)	(\$526,829)	\$9,945	\$0	(\$858,179)	0.4
Percentage Change	(1.5)%	(3.1)%	0.1%	n/a	(1.4)%	0.6%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-141 modified FY 2010-11 appropriations to eliminate the General Fund appropriation for early childhood councils (\$506,151) and to provide for a 1.0 percent reduction to General Fund personal services line items.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Move Child Care Automated Tracking System to ITS:** The appropriation reflects funding adjustments due to the roll-out of a new Child Care Automated Tracking System in December 2010. The appropriation reduces funding for the Child Care Assistance Program and transfers these amounts to the Office of Information Technology Services for ongoing support of the computer system.

**Reduce Early Childhood Councils:** The appropriation reduces the appropriation of federal Child Care Development Funds for Child Care Councils by \$500,000 and uses this federal amount to offset General Fund otherwise required for the Colorado Child Care Assistance Program.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items and an additional 1.0 percent reduction to some General Fund Personal Services line items.

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

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### **Office of Self Sufficiency**

This section contains appropriations for cash assistance programs for specific populations, including the Colorado Works program, the Low-income Energy Assistance Program (LEAP), child support enforcement, and disability determination programs. Funding changes for each of these programs are described in the relevant subsections below.

<b>Office of Self Sufficiency</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$388,218,547	\$5,731,428	\$32,265,728	\$34,766	\$350,186,625	256.2
SB 11-124	685,772	0	0	0	685,772	0.0
SB 11-141	(36,792,045)	63,297	103,692	(326)	(36,958,708)	0.0
SB 11-226	<u>(3,250,000)</u>	<u>0</u>	<u>(3,250,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$348,862,274</b>	<b>\$5,794,725</b>	<b>\$29,119,420</b>	<b>\$34,440</b>	<b>\$313,913,689</b>	<b>256.2</b>
<b>FY 2011-12 Appropriation:</b>						
SB 11-209	\$336,091,949	\$5,751,782	\$30,900,225	\$33,951	\$299,405,991	246.2
SB 11-076	(343,243)	(43,655)	(8,566)	(740)	(290,282)	0.0
SB 11-226	<u>(3,250,000)</u>	<u>0</u>	<u>(3,250,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$332,498,706</b>	<b>\$5,708,127</b>	<b>\$27,641,659</b>	<b>\$33,211</b>	<b>\$299,115,709</b>	<b>246.2</b>
<b>Increase/(Decrease)</b>	<b>(\$16,363,568)</b>	<b>(\$86,598)</b>	<b>(\$1,477,761)</b>	<b>(\$1,229)</b>	<b>(\$14,797,980)</b>	<b>(10.0)</b>
Percentage Change	(4.7)%	(1.5)%	(5.1)%	(3.6)%	(4.7)%	(3.9)%

### *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.

<b>Administration</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$1,771,427	\$764,501	\$0	\$0	\$1,006,926	22.0
SB 11-141	<u>(7,123)</u>	<u>(7,123)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,764,304</b>	<b>\$757,378</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,006,926</b>	<b>22.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$1,764,304	\$757,378	\$0	\$0	\$1,006,926	22.0
Restore one-time personal services reductions	39,396	39,396	0	0	0	0.0

<i>Administration</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Personal services base reduction	(33,368)	(18,615)	0	0	(14,753)	0.0
<b>SB 11-209</b>	<b>\$1,770,332</b>	<b>\$778,159</b>	<b>\$0</b>	<b>\$0</b>	<b>\$992,173</b>	<b>22.0</b>
SB 11-076	<u>(32,881)</u>	<u>(13,808)</u>	<u>0</u>	<u>0</u>	<u>(19,073)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,737,451</b>	<b>\$764,351</b>	<b>\$0</b>	<b>\$0</b>	<b>\$973,100</b>	<b>22.0</b>
<b>Increase/(Decrease)</b>	(26,853)	\$6,973	\$0	\$0	(\$33,826)	0.0
Percentage Change	(1.5)%	0.9%	n/a	n/a	(3.4)%	0.0%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-141 modified FY 2010-11 appropriations to provide for a 1.0 percent reduction to General Fund personal services line items.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent base reduction for Personal Services line items and an additional 1.0 percent reduction to some General Fund Personal Services line items.

**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 for the Colorado Works Program. This is a state- supervised, county-administered program, through which counties provide cash and other benefits and services intended to promote sustainable employment for low income families with children. Counties are projected to provide basic cash assistance for an average monthly caseload of 16,000 families in FY 2011-12.

The primary source of funding for Colorado Works is federal Temporary Assistance for Needy Families (TANF) funds. Cash funds sources for this division include county tax revenues, as well as the state and county shares of retained child support collections and refunds. Counties are authorized to retain a balance in their TANF accounts at the end of each fiscal year of up to 40.0 percent of their annual Colorado Works allocation.

<b>Colorado Works Program</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$261,343,853	\$72,222	\$23,993,966	\$0	\$237,277,665	23.7
SB 11-124	685,772	0	0	0	685,772	0.0
SB 11-141	<u>(37,053,636)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(37,053,636)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$224,975,989</b>	<b>\$72,222</b>	<b>\$23,993,966</b>	<b>\$0</b>	<b>\$200,909,801</b>	<b>23.7</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$224,975,989	\$72,222	\$23,993,966	\$0	\$200,909,801	23.7
Restore one-time personal services reduction	38,020	0	3,333	0	34,687	0.0
Eliminate Statewide Strategic Uses Fund	(4,000,000)	0	0	0	(4,000,000)	0.0
Fatherhood Grant reduction	(1,549,459)	(54,222)	0	0	(1,495,237)	0.0
Eliminate one-time appropriation	(685,772)	0	0	0	(685,772)	0.0
Reduce Works Program Evaluation	(255,007)	0	0	0	(255,007)	0.0
Personal services base reduction	(27,390)	0	(2,512)	0	(24,878)	0.0
<b>SB 11-209</b>	<b>\$218,496,381</b>	<b>\$18,000</b>	<b>\$23,994,787</b>	<b>\$0</b>	<b>\$194,483,594</b>	<b>23.7</b>
SB 11-076	<u>(37,775)</u>	<u>0</u>	<u>(4,277)</u>	<u>0</u>	<u>(33,498)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$218,458,606</b>	<b>\$18,000</b>	<b>\$23,990,510</b>	<b>\$0</b>	<b>\$194,450,096</b>	<b>23.7</b>
<b>Increase/(Decrease)</b>	<b>(\$6,517,383)</b>	<b>(\$54,222)</b>	<b>(\$3,456)</b>	<b>\$0</b>	<b>(\$6,459,705)</b>	<b>0.0</b>
Percentage Change	(2.9)%	(75.1)%	0.0%	n/a	(3.2)%	0.0%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-141 modified FY 2010-11 appropriations to reflect the amount of county TANF reserves as of September 30, 2010.

For information on S.B. 11-124, see the "Recent Legislation" section at the end of this department.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reduction:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.



**Eliminate Statewide Strategic Uses Fund:** The appropriation eliminates the appropriation of federal TANF funds for the Colorado Works Statewide Strategic Use Fund to allow for a refinance of \$4.0 million General Fund in the Division of Child Welfare.

**Fatherhood Grant reduction:** The appropriation reduces funding for the Promoting Responsible Fatherhood Grant, based on the end of the federal grant during FY 2011-12.

**Eliminate one-time appropriation:** The appropriation eliminates a one-time FY 2010-11 increase to Colorado Works county allocations included in S.B. 11-124.

**Reduce Works Program Evaluation:** The appropriation reduces funding for study and evaluation of the Colorado Works program.

**Personal services base reduction:** The appropriation includes a 1.5 percent base reduction for Personal Services line items and an additional 1.0 percent reduction to some General Fund Personal Services line items.

**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) systems.

Cash funds sources include: fees paid by agencies participating in the food distribution program, county matching funds, funds from Energy Outreach Colorado for energy assistance, other local funds, and in-kind donations. Reappropriated funds include transfers from the Department of Health Care Policy and Financing for SAVE services. Federal funds are from the Office of Energy Assistance, the U.S. Department of Agriculture, the Temporary Assistance to Needy Families block grant, and various other sources.

<i>Special Purpose Welfare Programs</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$94,834,874	\$1,201,532	\$7,077,026	\$34,766	\$86,521,550	37.4
SB 11-141	354,297	99,519	103,692	(326)	151,412	0.0
SB 11-226	<u>(3,250,000)</u>	<u>0</u>	<u>(3,250,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$91,939,171</b>	<b>\$1,301,051</b>	<b>\$3,930,718</b>	<b>\$34,440</b>	<b>\$86,672,962</b>	<b>37.4</b>

<i>Special Purpose Welfare Programs</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$91,939,171	\$1,301,051	\$3,930,718	\$34,440	\$86,672,962	37.4
Restore one-time LEAP reduction	3,250,000	0	3,250,000	0	0	0.0
Refugee services federal funds adjustment	1,735,122	0	0	0	1,735,122	0.0
Restore one-time personal services reductions	44,111	12,610	5,514	326	25,661	0.0
Reflect LEAP reduction	(10,501,802)	0	(1,149,832)	0	(9,351,970)	0.0
Personal services base reduction	(27,538)	(10,637)	(4,901)	(815)	(11,185)	0.0
<b>SB 11-209</b>	<b>\$86,439,064</b>	<b>\$1,303,024</b>	<b>\$6,031,499</b>	<b>\$33,951</b>	<b>\$79,070,590</b>	<b>37.4</b>
SB 11-076	(42,532)	(9,038)	(4,289)	(740)	(28,465)	0.0
SB 11-226	<u>(3,250,000)</u>	<u>0</u>	<u>(3,250,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$83,146,532</b>	<b>\$1,293,986</b>	<b>\$2,777,210</b>	<b>\$33,211</b>	<b>\$79,042,125</b>	<b>37.4</b>
<b>Increase/(Decrease)</b>	(\$8,792,639)	(\$7,065)	(\$1,153,508)	(\$1,229)	(\$7,630,837)	0.0
Percentage Change	(9.6)%	(0.5)%	(29.3)%	(3.6)%	(8.8)%	0.0%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-141 modified FY 2010-11 appropriations to increase funding for the Electronic Benefits Transfer Service (EBTS) by \$359,000, including \$104,000 General Fund, \$104,000 local cash funds, and \$151,000 federal funds, based on an increase in the caseload for benefits programs. It also adjusted appropriations for a 1.0 percent reduction to General Fund personal services line items.

For information on S.B. 11-226, see the "Recent Legislation" section at the end of this department.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time LEAP reduction:** The Long Bill appropriation restores \$3.25 million cash funds reduced from the Low Income Energy Assistance Program (LEAP) in FY 2010-11 pursuant to S.B. 11-226. (Note, however, that S.B. 11-226 eliminates \$3.25 million cash funds for the LEAP program in *both* FY 2010-11 and FY 2011-12. Thus, the LEAP funding restoration reflected here has no practical impact.)

**Refugee services federal funds adjustment:** The appropriation includes an increase to reflect funds anticipated to be received from the federal Office of Refugee Resettlement. The adjustment for FY 2011-12 is based on federal funds anticipated to be received in FY 2010-11.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to

S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Reflect LEAP reduction:** The appropriation includes a decrease to reflect funding projected to be available for the Low Income Energy Assistance Program (LEAP). The adjustment for FY 2011-12 is based on federal Low-income Home Energy Assistance federal block grant funds and Energy Outreach Colorado cash funds anticipated to be received for FY 2010-11.

**Personal services base reduction:** The appropriation includes a 1.5 percent base reduction for Personal Services line items and an additional 1.0 percent reduction to some General Fund Personal Services line items.

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

### *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. An estimated \$315 million in child support payments will be collected through county child support enforcement programs in FY 2010-11. Cash funds are from the Family Support Registry Fund and from retained child support collections and fraud refunds. Federal funds are from Title IV-D of the Social Security Act.

<i>Child Support Enforcement</i>						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$13,546,887	\$3,693,173	\$1,194,736	\$0	\$8,658,978	41.4
SB 11-141	<u>(85,583)</u>	<u>(29,099)</u>	<u>0</u>	<u>0</u>	<u>(56,484)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$13,461,304</b>	<b>\$3,664,074</b>	<b>\$1,194,736</b>	<b>\$0</b>	<b>\$8,602,494</b>	<b>41.4</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$13,461,304	\$3,664,074	\$1,194,736	\$0	\$8,602,494	41.4
Restore one-time personal services reductions	182,638	62,098	0	0	120,540	0.0
Eliminate one-time funding	(943,521)	0	(320,797)	0	(622,724)	0.0
Personal services base reduction	(216,387)	(73,573)	0	0	(142,814)	0.0
<b>SB 11-209</b>	<b>\$12,484,034</b>	<b>\$3,652,599</b>	<b>\$873,939</b>	<b>\$0</b>	<b>\$7,957,496</b>	<b>41.4</b>
SB 11-076	<u>(61,202)</u>	<u>(20,809)</u>	<u>0</u>	<u>0</u>	<u>(40,393)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$12,422,832</b>	<b>\$3,631,790</b>	<b>\$873,939</b>	<b>\$0</b>	<b>\$7,917,103</b>	<b>41.4</b>

<i>Child Support Enforcement</i>						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>Increase/(Decrease)</b>	(\$1,038,472)	(\$32,284)	(\$320,797)	\$0	(\$685,391)	0.0
Percentage Change	(7.7)%	(0.9)%	(26.9)%	n/a	(8.0)%	0.0%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-141 modified FY 2010-11 appropriations to provide for a 1.0 percent reduction to General Fund personal services line items.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Eliminate one-time funding:** The appropriation eliminates a one-time increase in FY 2010-11 that was based on redirecting a portion of the state share of child support recoveries from the county administration section to the state child support enforcement program and drawing down matching federal funds.

**Personal services base reduction:** The appropriation includes a 1.5 percent base reduction for Personal Services line items and an additional 1.0 percent reduction to some General Fund Personal Services line items.

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

### *Disability Determination Services*

This subsection of the Office of Self Sufficiency provides medical disability decisions to the federal Social Security Administration for Colorado residents applying for federal 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$16,721,506</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$16,721,506</u>	<u>131.7</u>
<b>TOTAL</b>	<b>\$16,721,506</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,721,506</b>	<b>131.7</b>

<i>Disability Determination Services</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$16,721,506	\$0	\$0	\$0	\$16,721,506	131.7
Restore one-time personal services reduction	180,632	0	0	0	180,632	0.0
Eliminate unused FTE authority	0	0	0	0	0	(10.0)
<b>SB 11-209</b>	<b>\$16,902,138</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,902,138</b>	<b>121.7</b>
SB 11-076	<u>(168,853)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(168,853)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$16,733,285</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,733,285</b>	<b>121.7</b>
<hr/>						
<b>Increase/(Decrease)</b>	\$11,779	\$0	\$0	\$0	\$11,779	(10.0)
Percentage Change	0.1%	n/a	n/a	n/a	0.1%	(7.6)%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reduction:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Eliminate unused FTE authority:** The appropriation eliminates unused FTE authority to more closely align appropriations with actual FTE usage.

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

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

This Division includes the Supportive Housing and Homeless Program, non-Medicaid community mental health services, the mental health institutes, and the Alcohol and Drug Abuse Division. Funding changes for each of these programs are described in the relevant subsections below.

<b>Mental Health and Alcohol and Drug Abuse Services</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$215,602,443	\$131,269,029	\$16,271,537	\$10,280,212	\$57,781,665	1,268.8
HB 10-1284	334,227	334,227	0	0	0	0.0
HB 10-1369	0	13,439	0	(13,439)	0	0.0

<b>Mental Health and Alcohol and Drug Abuse Services</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
SB 11-141	64,107	(2,207,302)	1,308,868	962,541	0	0.0
SB 11-209	<u>348,250</u>	<u>0</u>	<u>0</u>	<u>348,250</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$216,349,027</b>	<b>\$129,409,393</b>	<b>\$17,580,405</b>	<b>\$11,577,564</b>	<b>\$57,781,665</b>	<b>1,268.8</b>
<b>FY 2011-12 Appropriation:</b>						
SB 11-209	\$217,087,976	\$130,710,571	\$16,901,187	\$11,707,268	\$57,768,950	1,215.6
SB 11-076	(1,534,049)	(1,235,447)	(115,513)	(115,141)	(67,948)	0.0
HB 11-1043	0	0	0	0	0	14.5
HB 11-1230	<u>(20,071,828)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(20,071,828)</u>	<u>(19.0)</u>
<b>TOTAL</b>	<b>\$195,482,099</b>	<b>\$129,475,124</b>	<b>\$16,785,674</b>	<b>\$11,592,127</b>	<b>\$37,629,174</b>	<b>1,211.1</b>
<b>Increase/(Decrease)</b>	(\$20,866,928)	\$65,731	(\$794,731)	\$14,563	(\$20,152,491)	(57.7)
Percentage Change	(9.6)%	0.1%	(4.5)%	0.1%	(34.9)%	(4.5)%

### *Administration*

The Administration section contains appropriations for the administration of behavioral health programs for adults and children. It also includes funds for federal housing programs for low-income and indigent persons who require specialized care. The cash funds in this section are from the State's tobacco settlement moneys and patient revenues collected by the State's two mental health institutes. The reappropriated funds are Medicaid dollars transferred from the Department of Health Care Policy and Financing. The primary source of the federal funds is the United States Department of Housing and Urban Development.

<b>Administration</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$24,917,023	\$960,118	\$232,909	\$336,828	\$23,387,168	55.1
SB 11-141	<u>(12,603)</u>	<u>(9,343)</u>	<u>0</u>	<u>(3,260)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$24,904,420</b>	<b>\$950,775</b>	<b>\$232,909</b>	<b>\$333,568</b>	<b>\$23,387,168</b>	<b>55.1</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$24,904,420	\$950,775	\$232,909	\$333,568	\$23,387,168	55.1
Administrative functions consolidation	3,179,055	283,226	156,859	493,459	2,245,511	30.8

<i>Administration</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Restore one-time personal services reductions	102,869	44,453	0	14,963	43,453	0.0
Eliminate unused FTE authority	0	0	0	0	0	(5.0)
Personal services base reduction	(70,811)	(24,235)	(3,002)	(8,442)	(35,132)	0.0
Annualize prior year funding	(28,094)	0	(28,094)	0	0	0.0
Operating adjustments	(8,482)	(8,482)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$28,078,957</b>	<b>\$1,245,737</b>	<b>\$358,672</b>	<b>\$833,548</b>	<b>\$25,641,000</b>	<b>80.9</b>
SB 11-076	(109,985)	(23,034)	(6,286)	(12,717)	(67,948)	0.0
HB 11-1230	<u>(20,071,828)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(20,071,828)</u>	<u>(19.0)</u>
<b>TOTAL</b>	<b>\$7,897,144</b>	<b>\$1,222,703</b>	<b>\$352,386</b>	<b>\$820,831</b>	<b>\$5,501,224</b>	<b>61.9</b>
<b>Increase/(Decrease)</b>	(\$17,007,276)	\$271,928	\$119,477	\$487,263	(\$17,885,944)	6.8
<b>Percentage Change</b>	(68.3)%	28.6%	51.3%	146.1%	(76.5)%	12.3%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-141 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to General Fund personal services line items.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Administrative functions consolidation:** The appropriation consolidates funding for personal services and operating expenses of the Alcohol and Drug Abuse Division and the Office of Behavioral Health and Housing.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Eliminate unused FTE authority:** The appropriation eliminates unused FTE authority to more closely align appropriations with actual FTE usage for the Federal Programs and Grants line item.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Operating adjustments:** The appropriation includes a decrease for operating expenses.

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

### *Mental Health Community Programs*

This section funds mental health services for the medically indigent population, which is defined as individuals with an income is less than 300.0 percent of the federal poverty level, who are not eligible for Medicaid, and who do not receive mental health services from any other system. These services are delivered primarily by community mental health centers, and serve approximately 12,635 indigent mentally ill clients per year. The average annual cost per client is approximately \$3,100 in FY 2010-11 and FY 2011-12. Cash funds sources include tobacco settlement moneys and local funds from treatment providers. 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$51,445,623</u>	<u>\$39,979,488</u>	<u>\$4,953,817</u>	<u>\$278,749</u>	<u>\$6,233,569</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$51,445,623</b>	<b>\$39,979,488</b>	<b>\$4,953,817</b>	<b>\$278,749</b>	<b>\$6,233,569</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$51,445,623	\$39,979,488	\$4,953,817	\$278,749	\$6,233,569	0.0
Tobacco litigation settlement revenue adjustment	(357,002)	0	(357,002)	0	0	0.0
Annualize prior year funding	(196,154)	0	(196,154)	0	0	0.0
<b>SB 11-209</b>	<b><u>\$50,892,467</u></b>	<b><u>\$39,979,488</u></b>	<b><u>\$4,400,661</u></b>	<b><u>\$278,749</u></b>	<b><u>\$6,233,569</u></b>	<b><u>0.0</u></b>
<b>TOTAL</b>	<b>\$50,892,467</b>	<b>\$39,979,488</b>	<b>\$4,400,661</b>	<b>\$278,749</b>	<b>\$6,233,569</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$553,156)	\$0	(\$553,156)	\$0	\$0	0.0
Percentage Change	(1.1)%	0.0%	(11.2)%	0.0%	0.0%	n/a

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Tobacco litigation settlement revenue adjustment:** The appropriation reflects a decrease in the amount of tobacco litigation settlement dollars that the State is anticipated to receive for FY 2011-12.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.



### *Mental Health Institutes*

The Department of Human Services operates two State mental health institutes providing inpatient hospitalization for individuals with serious mental illnesses. The Colorado Mental Health Institute at Fort Logan (Fort Logan), located in southwest Denver, is organized into two treatment divisions (adult and Therapeutic Residential Child Care Facility) with 114 total beds. The Colorado Mental Health Institute at Pueblo (CMHIP) is organized into six treatment divisions (adolescent, adult, geriatric, co-occurring mental illness and substance abuse disorders, special needs unit, and forensics) with 454 total beds. Of the 454 beds at CMHIP, 310 are for forensic patients placed in the legal custody of the Department by the courts for competency evaluations and restoration to competency services. The forensics treatment division also provides services to individuals found not guilty by reason of insanity. The forensics treatment division is formally known as the Institute for Forensic Psychiatry (IFP).

During FY 2009-10, the Department closed the geriatric, adolescent, and children's treatment divisions at Fort Logan. The treatment division closures, which included the elimination of 59 beds, resulted in a savings of \$7.2 million total funds and 96.8 FTE in FY 2010-11.

<i><b>Mental Health Institutes</b></i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$89,055,212	\$75,565,801	\$6,941,293	\$6,548,118	\$0	1,182.9
HB 10-1369	0	13,439	0	(13,439)	0	0.0
SB 11-141	79,707	(2,195,493)	1,308,868	966,332	0	0.0
SB 11-209	<u>348,250</u>	<u>0</u>	<u>0</u>	<u>348,250</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$89,483,169</b>	<b>\$73,383,747</b>	<b>\$8,250,161</b>	<b>\$7,849,261</b>	<b>\$0</b>	<b>1,182.9</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$89,483,169	\$73,383,747	\$8,250,161	\$7,849,261	\$0	1,182.9
Restore one-time personal services reductions	1,711,371	1,707,042	0	4,329	0	0.0
Annualize prior year funding	628,346	958,915	0	(330,569)	0	32.0
Eliminate unused FTE authority	0	0	0	0	0	(32.0)
Therapeutic Residential Child Care Facility closure	(1,480,998)	(551,660)	(528,825)	(400,513)	0	(28.7)
Circle program reduction	(1,000,000)	(1,000,000)	0	0	0	(14.5)
Personal services base reduction	(612,884)	(529,758)	(39,275)	(43,851)	0	0.0
Transfer Sol Vista FTE	(548,765)	0	0	(548,765)	0	(5.0)
<b>SB 11-209</b>	<b>\$88,180,239</b>	<b>\$73,968,286</b>	<b>\$7,682,061</b>	<b>\$6,529,892</b>	<b>\$0</b>	<b>1,134.7</b>
SB 11-076	(1,424,064)	(1,212,413)	(109,227)	(102,424)	0	0.0
HB 11-1043	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14.5</u>

<i>Mental Health Institutes</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>TOTAL</b>	<b>\$87,756,175</b>	<b>\$73,755,873</b>	<b>\$7,572,834</b>	<b>\$6,427,468</b>	<b>\$0</b>	<b>1,149.2</b>
<b>Increase/(Decrease)</b>	(\$1,726,994)	\$372,126	(\$677,327)	(\$1,421,793)	\$0	(33.7)
<b>Percentage Change</b>	(1.9)%	0.5%	(8.2)%	(18.1)%	n/a	(2.8)%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-141 and S.B. 11-209 modified FY 2010-11 appropriations to:

- add \$0.3 million reappropriated funds due to the two-week delay of Medicaid payments in FY 2009-10 and the resulting increase in payments in FY 2010-11;
- add \$0.2 million General Fund to increase direct care nursing staff-to-patient ratios;
- refinance \$2.3 million General Fund with cash and reappropriated funds based on anticipated patient revenues; and
- reduce \$0.1 million total funds (including \$0.1 million General Fund) to apply a 1.0 percent reduction to General Fund personal services line items.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Eliminate unused FTE authority:** The appropriation eliminates unused FTE authority to more closely align appropriations with actual FTE usage. The bill includes a reduction of 20.0 FTE for the Mental Health Institute at Fort Logan and a reduction of 12.0 FTE for the Mental Health Institute at Pueblo.

**Therapeutic Residential Child Care Facility closure:** The appropriation reflects the closure of the "Mountain Star" Therapeutic Residential Child Care Facility (TRCCF) at the Colorado Mental Health Institute at Fort Logan. This 20-bed treatment division provided inpatient mental health services to adolescents in the custody of county departments of social services or the Department of Human Services' Division of Youth Corrections.

**Circle program reduction:** The Long Bill appropriation reduces General Fund and FTE for the Circle treatment division at the Colorado Mental Health Institute at Pueblo. However, associated funding and FTE is reinstated through H.B. 11-1043. This 20-bed treatment division provides 90-day, inpatient treatment services to adults with co-occurring mental health and substance use disorder issues.

**Personal services base reduction:** The appropriation includes a 1.5 percent base reduction for Personal Services line items for non-essential employees, a 0.2 percent reduction for Personal Services line items for essential employees, and an additional 1.0 percent reduction to some General Fund Personal Services line items.

**Transfer Sol Vista FTE:** The appropriation transfers 5.0 FTE from CMHIP to the Division of Youth Corrections and eliminates the reappropriated funds associated with these FTE from the CMHIP appropriation. These FTE are employed at the Youth Corrections Sol Vista facility on the Pueblo campus.

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

### *Alcohol and Drug Abuse Division*

This section contains appropriations for alcohol and drug abuse prevention, intervention, and treatment services. Treatment, prevention, and detoxification services are provided primarily through six managed care service organizations, each of which is responsible for managing the provision of services within a specific geographic area. Cash fund sources include moneys in the Drug Offender Surcharge Fund, the Law Enforcement Assistance Fund, and the Persistent Drunk Driver Cash Fund. The Substance Abuse Prevention and Treatment Block Grant is the primary source of federal funds.

<i>Alcohol and Drug Abuse Division</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$50,184,585	\$14,763,622	\$4,143,518	\$3,116,517	\$28,160,928	30.8
SB 11-141	<u>(2,997)</u>	<u>(2,466)</u>	<u>0</u>	<u>(531)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$50,181,588</b>	<b>\$14,761,156</b>	<b>\$4,143,518</b>	<b>\$3,115,986</b>	<b>\$28,160,928</b>	<b>30.8</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$50,181,588	\$14,761,156	\$4,143,518	\$3,115,986	\$28,160,928	30.8
Persistent drunk driver funding	564,188	0	564,188	0	0	0.0
Restore one-time personal services reductions	46,923	46,392	0	531	0	0.0
Administrative functions consolidation	(3,179,055)	(283,226)	(156,859)	(493,459)	(2,245,511)	(30.8)
Tobacco litigation settlement revenue adjustment	(89,250)	0	(89,250)	0	0	0.0
Personal services base reduction	(38,081)	(7,262)	(1,804)	(7,979)	(21,036)	0.0
<b>SB 11-209</b>	<b><u>\$47,486,313</u></b>	<b><u>\$14,517,060</u></b>	<b><u>\$4,459,793</u></b>	<b><u>\$2,615,079</u></b>	<b><u>\$25,894,381</u></b>	<b><u>0.0</u></b>
<b>TOTAL</b>	<b>\$47,486,313</b>	<b>\$14,517,060</b>	<b>\$4,459,793</b>	<b>\$2,615,079</b>	<b>\$25,894,381</b>	<b>0.0</b>

<i>Alcohol and Drug Abuse Division</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>Increase/(Decrease)</b>	(\$2,695,275)	(\$244,096)	\$316,275	(\$500,907)	(\$2,266,547)	(30.8)
Percentage Change	(5.4)%	(1.7)%	7.6%	(16.1)%	(8.0)%	(100.0)%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-141 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to General Fund personal services line items.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Persistent drunk driver funding:** The appropriation includes an increase in cash fund spending authority in the Department of Human Services which is offset by a decrease in cash fund spending authority in the Judicial Department.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146.

**Administrative functions consolidation:** The appropriation consolidates the personal services and operating expenses of the Alcohol and Drug Abuse Division and the Office of Behavioral Health and Housing in the Administration subsection of the Mental Health and Alcohol and Drug Abuse Services Division.

**Tobacco litigation settlement revenue adjustment:** The appropriation reflects a decrease in the amount of tobacco litigation settlement dollars that the State is anticipated to receive for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

### *Co-occurring Behavioral Health Services*

This section was created in H.B. 10-1284 to fund mental health and substance abuse services for juveniles and adults at risk of becoming or currently involved in the criminal justice system. Reappropriated funds are transferred from the Judicial Department for substance use disorder offender services.

<i>Co-occurring Behavioral Health Services</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$0	\$0	\$0	\$0	\$0	0.0
HB 10-1284	<u>334,227</u>	<u>334,227</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$334,227</b>	<b>\$334,227</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

<i>Co-occurring Behavioral Health Services</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$334,227	\$334,227	\$0	\$0	\$0	0.0
Annualize prior year funding	1,450,000	0	0	1,450,000		0.0
Revenue adjustment	665,773	665,773	0	0	0	0.0
<b>SB 11-209</b>	<b>\$2,450,000</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$1,450,000</b>	<b>\$0</b>	<b>0.0</b>
HB 11-1043	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,450,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,450,000</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$1,115,773	(\$334,227)	\$0	\$1,450,000	\$0	0.0
Percentage Change	333.8%	(100.0)%	n/a	n/a	n/a	n/a

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Revenue adjustment:** The appropriation reflects an increase in the amount of medical marijuana tax revenue the State is anticipated to receive for FY 2011-12 that is dedicated to co-occurring behavioral health services.

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

### **Services for People with Disabilities**

This section includes funding for Community Services for People with Developmental Disabilities, Regional Centers for People with Developmental Disabilities, the Work Therapy Program, the Division of Vocational Rehabilitation, and Homelake Domiciliary and the State and Veterans Nursing Homes. Funding changes to these areas are described in the relevant subsections below.

<b>Services for People with Disabilities</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriations</b>						
HB 10-1376	\$555,822,985	\$39,882,497	\$87,727,807	\$362,987,333	\$65,225,348	1,896.2
SB 11-141	(252,623)	(32,644)	0	(111,016)	(108,963)	0.0
SB 11-209	<u>35,506,950</u>	<u>(4,708,322)</u>	<u>0</u>	<u>40,215,272</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$591,077,312</b>	<b>\$35,141,531</b>	<b>\$87,727,807</b>	<b>\$403,091,589</b>	<b>\$65,116,385</b>	<b>1,896.2</b>
<b>FY 2011-12 Appropriations</b>						
SB 11-209	\$561,877,683	\$36,853,990	\$74,182,277	\$385,932,296	\$64,909,120	1,693.8
SB 11-076	<u>(1,215,133)</u>	<u>(69,845)</u>	<u>(4,744)</u>	<u>(898,059)</u>	<u>(242,485)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$560,662,550</b>	<b>\$36,784,145</b>	<b>\$74,177,533</b>	<b>\$385,034,237</b>	<b>\$64,666,635</b>	<b>1,693.8</b>
<b>Increase/(Decrease)</b>	(\$30,414,762)	\$1,642,614	(\$13,550,274)	(\$18,057,352)	(\$449,750)	(202.4)
Percentage Change	(5.1)%	4.7%	(15.4)%	(4.5)%	(0.7)%	(10.7)%

### *Community Services for People with Developmental Disabilities*

This subsection 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 about 12,000 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. The sources of cash funds are client fees and private insurance contributions to the Early Intervention Services Trust Fund. Most reappropriated funds are Medicaid funds transferred from the Department of Health Care Policy and Financing (HCPF), where these funds originate as General Fund and federal funds.

<b><i>Community Services for People with Developmental Disabilities</i></b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$389,966,665	\$33,222,144	\$38,658,366	\$309,423,108	\$8,663,047	42.5
SB 11-141	(28,651)	(2,292)	0	(26,359)	0	0.0
SB 11-209	<u>35,506,950</u>	<u>(4,708,322)</u>	<u>0</u>	<u>40,215,272</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$425,444,964</b>	<b>\$28,511,530</b>	<b>\$38,658,366</b>	<b>\$349,612,021</b>	<b>\$8,663,047</b>	<b>42.5</b>

***Community Services for People with Developmental Disabilities***

	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$425,444,964	\$28,511,530	\$38,658,366	\$349,612,021	\$8,663,047	42.5
State funding for early intervention	3,270,663	3,094,635	0	176,028	0	0.0
New resources for emergencies and transitions	3,248,006	0	0	3,248,006	0	0.0
Leap year adjustment	707,335	0	0	707,335	0	0.0
Annualize FY 2010-11 funded resources	388,265	(502,333)	0	890,598	0	0.0
Restore one-time personal services reductions	88,883	8,205	1,826	78,852	0	0.0
Cost containment measures	(15,655,510)	(901,129)	0	(14,754,381)	0	0.0
Insurance and federal grants for early intervention	(5,160,589)	0	(4,347,734)	0	(812,855)	0.0
Eliminate one-time funding	(4,745,219)	0	0	(4,745,219)	0	0.0
One-time catch-up payments for changes in provider billing habits	(3,500,000)	0	0	(3,500,000)	0	0.0
Personal services base reduction	(74,311)	(5,878)	(1,223)	(67,210)	0	0.0
Needs assessments	(9,663)	0	0	(9,663)	0	0.0
<b>SB 11-209</b>	<b>\$404,002,824</b>	<b>\$30,205,030</b>	<b>\$34,311,235</b>	<b>\$331,636,367</b>	<b>\$7,850,192</b>	<b>42.5</b>
SB 11-076	<u>(56,353)</u>	<u>(5,703)</u>	<u>0</u>	<u>(50,650)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$403,946,471</b>	<b>\$30,199,327</b>	<b>\$34,311,235</b>	<b>\$331,585,717</b>	<b>\$7,850,192</b>	<b>42.5</b>
<b>Increase/(Decrease)</b>	(\$21,498,493)	\$1,687,797	(\$4,347,131)	(\$18,026,304)	(\$812,855)	0.0
Percentage Change	(5.1)%	5.9%	(11.2)%	(5.2)%	(9.4)%	0.0%

**FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-141 and S.B. 11-209 modified FY 2010-11 appropriations to:

- reflect a projected \$39.5 million increase in Medicaid expenditures for Adult Comprehensive Services and Children's Extensive Support Services, attributable primarily to higher than expected needs assessments and lower than expected vacancies;
- reflect a projected \$5.1 million increase in Medicaid expenditures for Case Management, due in part to more billed units for Early Intervention clients;
- add \$4.7 million associated with the two-week delay of Medicaid payments in FY 2009-10 and the resulting increase in payments in FY 2010-11;

- reflect a projected \$9.6 million reduction in Medicaid expenditures for Supported Living Services, due to lower than expected utilization of services within authorization limits;
- reduce \$3.1 million General Fund for Family Support Services to mitigate a portion of the cost of the projected Medicaid overexpenditures for Adult Comprehensive Services and Case Management;
- reduce \$844,000 total funds to eliminate 66 General Fund resources<sup>2</sup> in the Adult Comprehensive Services program, as of October 2010, and increase 16 Medicaid-funded resources for the same program, for a net reduction of 50 resources, as part of efforts to mitigate the General Fund cost of the projected increase in Medicaid expenditures;
- reduce \$269,000 General Fund based on a 4.5 percent decrease in reimbursement rates for providers of certain Supported Living Services as of October 2010; and
- reduce \$29,000 from selected personal services line items.

In addition to these changes, S.B. 11-209 adjusted the Medicaid match rate for funds that first appear in HCPF and are transferred to this division as Medicaid funds. The total impact of all of the above changes is a \$17.1 million increase in statewide net General Fund appropriations, including General Fund appropriations to the Department of Human Services for this division and General Fund appropriations to HCPF for transfer to this division.

#### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**State funding for early intervention:** The appropriation includes funding for a projected 6.5 percent increase in the average monthly population receiving early intervention services, from 6,035 to 6,427. The amount from state funds takes into account the Department's projections of available funds from private insurance and federal funds.

**New resources for emergencies and transitions:** The appropriation provides an additional 96 Adult Comprehensive Services resources and 35 Supported Living Services resources. This includes 66 Adult Comprehensive Services resources for people who will transition from foster care during FY 2011-12, 30 Adult Comprehensive Services resources for emergency placements, and 35 Supported Living Services resources for people transitioning from the Children's Extensive Support program.

**Leap year adjustment:** The appropriation includes a temporary increase for costs associated with an additional one day of services in FY 2011-12 due to the leap year.

**Annualize FY 2010-11 funded resources:** The appropriation annualizes changes in the funded resources that took effect in the middle of FY 2010-11, including a reduction of 66 General Fund resources effective October 2010 and an increase of 16 Medicaid resources effective March 2011 for Adult Comprehensive Services.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to

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<sup>2</sup>A "resource" is a developmental disability placement. Funding for one resource represents sufficient funds to serve one developmental disability client for one year.



S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Cost containment measures:** The appropriation reflects measures the Department will implement to contain costs in FY 2011-12 and to address issues that contributed to the anticipated increase in FY 2010-11 Medicaid expenditures. These measures include an additional \$900,000 reduction to Family Support Services and a combination of rate reductions, service plan modifications, and stricter enforcement of existing service criteria.

**Insurance and federal grants for early intervention:** The appropriation restates and updates the informational appropriation that reflects estimated private insurance funds available from the Early Intervention Services Trust Fund. The appropriation now reflects expected annual expenditures, rather than revenue. The appropriation also reflects the discontinuation of federal funds from the federal American Recovery and Reinvestment Act of 2009 that supplemented annual federal grants for early intervention.

**Eliminate one-time funding:** The appropriation eliminates one-time funding associated with the two-week delay of Medicaid payments in FY 2009-10.

**One-time catch-up payments for changes in provider billing habits:** The appropriation reflects a one-time catch-up payment in FY 2010-11 for a large provider that started submitting Medicaid bills in a more timely fashion.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items totaling \$45,076 total funds and an additional 1.0 percent reduction to some General Fund Personal Services line items totaling \$29,235 total funds.

**Needs assessments:** The appropriation reduces Medicaid funding for training and audit costs as more staff become familiar with proper administration of the Supports Intensity Scale (SIS) that is used for determining the needs of clients.

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

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### *Regional Centers for People with Developmental Disabilities*

This subsection contains appropriations for three regional centers operated by the Department for adults with developmental disabilities. The approximately 300 persons served by the regional centers at Wheat Ridge, Grand Junction, and Pueblo typically 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 when 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 source of cash funds is client fees and the source of reappropriated funds is Medicaid funds transferred from the Department of Health Care Policy and Financing.

<i>Regional Centers for People with Developmental Disabilities</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$49,035,103	\$86,089	\$2,060,389	\$46,888,625	\$0	927.6
SB 11-141	<u>(85,518)</u>	<u>(861)</u>	<u>0</u>	<u>(84,657)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$48,949,585</b>	<b>\$85,228</b>	<b>\$2,060,389</b>	<b>\$46,803,968</b>	<b>\$0</b>	<b>927.6</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$48,949,585	\$85,228	\$2,060,389	\$46,803,968	\$0	927.6
Restore one-time personal services reductions	1,048,014	2,781	0	1,045,233	0	0.0
Eliminate unused FTE authority	0	0	0	0	0	(40.0)
Personal services base reduction	(175,356)	(2,200)	0	(173,156)	0	0.0
<b>SB 11-209</b>	<b>\$49,822,243</b>	<b>\$85,809</b>	<b>\$2,060,389</b>	<b>\$47,676,045</b>	<b>\$0</b>	<b>887.6</b>
SB 11-076	<u>(848,165)</u>	<u>(1,920)</u>	<u>0</u>	<u>(846,245)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$48,974,078</b>	<b>\$83,889</b>	<b>\$2,060,389</b>	<b>\$46,829,800</b>	<b>\$0</b>	<b>887.6</b>
<b>Increase/(Decrease)</b>	\$24,493	(\$1,339)	\$0	\$25,832	\$0	(40.0)
Percentage Change	0.1%	(1.6)%	0.0%	0.1%	n/a	(4.3)%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-141 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to selected General Fund personal services line items and to make fund source adjustments.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Eliminate unused FTE authority:** The appropriation eliminates unused FTE authority to more closely align appropriations with actual FTE usage.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items totaling \$87,898 and an additional 1.0 percent reduction to some General Fund Personal Services line items totaling \$87,458.

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

### *Work Therapy Program*

This subsection contains appropriations from 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>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$467,116</u>	<u>\$0</u>	<u>\$467,116</u>	<u>\$0</u>	<u>\$0</u>	<u>1.5</u>
<b>TOTAL</b>	<b>\$467,116</b>	<b>\$0</b>	<b>\$467,116</b>	<b>\$0</b>	<b>\$0</b>	<b>1.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$467,116	\$0	\$467,116	\$0	\$0	1.5
None	0	0	0	0	0	0.0
<b>SB 11-209</b>	<b><u>\$467,116</u></b>	<b><u>\$0</u></b>	<b><u>\$467,116</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>1.5</u></b>
<b>TOTAL</b>	<b>\$467,116</b>	<b>\$0</b>	<b>\$467,116</b>	<b>\$0</b>	<b>\$0</b>	<b>1.5</b>
<b>Increase/(Decrease)</b>	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	0.0%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**None:** The appropriation includes no changes for FY 2011-12.

### *Division of Vocational Rehabilitation*

This subsection contains appropriations to assist persons with physical and mental disabilities in overcoming barriers to employment. Vocational counseling services are provided statewide through satellite offices, and associated educational and medical services are purchased for program participants. In addition to providing vocational services, the Division assists persons with disabilities in living independently and integrating successfully into 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. Cash and reappropriated funds are from various local and government sources, including school districts.

<i>Division of Vocational Rehabilitation</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$60,939,960	\$5,588,134	\$4,088,087	\$6,675,600	\$44,588,139	251.2
SB 11-141	<u>(138,454)</u>	<u>(29,491)</u>	<u>0</u>	<u>0</u>	<u>(108,963)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$60,801,506</b>	<b>\$5,558,643</b>	<b>\$4,088,087</b>	<b>\$6,675,600</b>	<b>\$44,479,176</b>	<b>251.2</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$60,801,506	\$5,558,643	\$4,088,087	\$6,675,600	\$44,479,176	251.2
Restore one-time personal services reductions	437,810	90,239	3,429	1,074	343,068	0.0
Eliminate unused FTE authority	0	0	0	0	0	(20.0)
One-time federal funds	(2,136,279)	0	0	0	(2,136,279)	0.0
Personal services base reduction	(622,684)	(71,861)	(6,196)	(56,790)	(487,837)	0.0
<b>SB 11-209</b>	<b>\$58,480,353</b>	<b>\$5,577,021</b>	<b>\$4,085,320</b>	<b>\$6,619,884</b>	<b>\$42,198,128</b>	<b>231.2</b>
SB 11-076	<u>(310,615)</u>	<u>(62,222)</u>	<u>(4,744)</u>	<u>(1,164)</u>	<u>(242,485)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$58,169,738</b>	<b>\$5,514,799</b>	<b>\$4,080,576</b>	<b>\$6,618,720</b>	<b>\$41,955,643</b>	<b>231.2</b>
<b>Increase/(Decrease)</b>	<b>(\$2,631,768)</b>	<b>(\$43,844)</b>	<b>(\$7,511)</b>	<b>(\$56,880)</b>	<b>(\$2,523,533)</b>	<b>(20.0)</b>
Percentage Change	(4.3)%	(0.8)%	(0.2)%	(0.9)%	(5.7)%	(8.0)%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-141 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to selected General Fund personal services line items and to make fund source adjustments.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Eliminate unused FTE authority:** The appropriation eliminates unused FTE authority to more closely align appropriations with actual FTE usage. The bill includes a reduction of 13.0 FTE for the Rehabilitation Programs - General Fund Match line item and 7.0 FTE for the Rehabilitation Programs - Local Funds Match line item.

**One-time federal funds:** The appropriation reflects the discontinuation of one-time federal funds for Independent Living Centers made available by the federal American Recovery and Reinvestment Act of 2009.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items totaling \$481,378 and an additional 1.0 percent reduction to some General Fund Personal Services line items totaling \$141,306.

**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 section reflects funding for: (1) Homelake Domiciliary, 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. Homelake Domiciliary and the State and Veterans Nursing Homes are enterprises that have been granted continuous spending authority; therefore, with the exception of any General Fund appropriations, amounts are shown for informational purposes only. Cash funds amounts reflect estimated resident payments for services; federal funds amounts reflect estimated federal Veteran's Administration per diem support.

<i>Homelake Domiciliary and State and Veterans Nursing Homes</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$55,414,141</u>	<u>\$986,130</u>	<u>\$42,453,849</u>	<u>\$0</u>	<u>\$11,974,162</u>	<u>673.4</u>
<b>TOTAL</b>	<b>\$55,414,141</b>	<b>\$986,130</b>	<b>\$42,453,849</b>	<b>\$0</b>	<b>\$11,974,162</b>	<b>673.4</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$55,414,141	\$986,130	\$42,453,849	\$0	\$11,974,162	673.4
Updated expenditure projection	(6,308,994)	0	(9,195,632)	0	2,886,638	(142.4)
<b>SB 11-209</b>	<b><u>\$49,105,147</u></b>	<b><u>\$986,130</u></b>	<b><u>\$33,258,217</u></b>	<b><u>\$0</u></b>	<b><u>\$14,860,800</u></b>	<b><u>531.0</u></b>
<b>TOTAL</b>	<b>\$49,105,147</b>	<b>\$986,130</b>	<b>\$33,258,217</b>	<b>\$0</b>	<b>\$14,860,800</b>	<b>531.0</b>
<b>Increase/(Decrease)</b>	<b>(\$6,308,994)</b>	<b>\$0</b>	<b>(\$9,195,632)</b>	<b>\$0</b>	<b>\$2,886,638</b>	<b>(142.4)</b>
Percentage Change	(11.4)%	0.0%	(21.7)%	n/a	24.1%	(21.1)%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Updated expenditure projection:** The appropriation reflects the projected annual expenditures and FTE. The projected net decrease in expenditures and FTE for FY 2011-12 is primarily attributable to the sale of the Trinidad State Nursing Home to a private provider during FY 2010-11.

## 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. Funding changes for each program area are described in the relevant subsections below.

<b>Adult Assistance Programs</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$154,910,041	\$24,137,491	\$114,581,225	\$105,817	\$16,085,508	28.5
HB 10-1146	640,357	640,357	0	0	0	0.0
HB 10-1384	(13,439,987)	0	(13,439,987)	0	0	0.0
SB 11-141	<u>2,267,979</u>	<u>(2,763)</u>	<u>0</u>	<u>0</u>	<u>2,270,742</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$144,378,390</b>	<b>\$24,775,085</b>	<b>\$101,141,238</b>	<b>\$105,817</b>	<b>\$18,356,250</b>	<b>28.5</b>
<b>FY 2011-12 Appropriation:</b>						
SB 11-209	\$146,282,453	\$24,861,299	\$102,186,828	\$105,750	\$19,128,576	28.5
SB 11-076	<u>(23,988)</u>	<u>(3,765)</u>	<u>(8,365)</u>	<u>(541)</u>	<u>(11,317)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$146,258,465</b>	<b>\$24,857,534</b>	<b>\$102,178,463</b>	<b>\$105,209</b>	<b>\$19,117,259</b>	<b>28.5</b>
<b>Increase/(Decrease)</b>	\$1,880,075	\$82,449	\$1,037,225	(\$608)	\$761,009	0.0
Percentage Change	1.3%	0.3%	1.0%	(0.6)%	4.1%	0.0%

## Administration

This subsection of Adult Assistance Programs includes funding and staffing for management of all programs within Adult Assistance and for oversight of programs within the Other Grant Programs subsection. Reappropriated and federal funds are from various sources, including indirect cost recoveries.

<b>Administration</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$585,112	\$103,427	\$0	\$104,017	\$377,668	6.0
SB 11-141	<u>(1,034)</u>	<u>(1,034)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$584,078</b>	<b>\$102,393</b>	<b>\$0</b>	<b>\$104,017</b>	<b>\$377,668</b>	<b>6.0</b>

<i>Administration</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$584,078	\$102,393	\$0	\$104,017	\$377,668	6.0
Restore one-time personal services reductions	9,597	2,541	0	1,516	5,540	0.0
Personal services base reduction	(9,450)	(2,623)	0	(1,583)	(5,244)	0.0
<b>SB 11-209</b>	<b>\$584,225</b>	<b>\$102,311</b>	<b>\$0</b>	<b>\$103,950</b>	<b>\$377,964</b>	<b>6.0</b>
SB 11-076	<u>(3,048)</u>	<u>(539)</u>	<u>0</u>	<u>(541)</u>	<u>(1,968)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$581,177</b>	<b>\$101,772</b>	<b>\$0</b>	<b>\$103,409</b>	<b>\$375,996</b>	<b>6.0</b>
<b>Increase/(Decrease)</b>	(\$2,901)	(\$621)	\$0	(\$608)	(\$1,672)	0.0
Percentage Change	(0.5)%	(0.6)%	n/a	(0.6)%	(0.4)%	0.0%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-141 modified FY 2010-11 appropriations to provide for a 1.0 percent reduction to General Fund personal services line items.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items and an additional 1.0 percent reduction to some General Fund Personal Services line items.

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

### *Old Age Pension Program*

This subsection of Adult Assistance Programs, authorized by the Colorado Constitution, provides cash assistance, up to a maximum of \$699 per person per month, to eligible individuals age 60 and older. The projected FY 2011-12 average monthly caseload for the program is 22,000. Revenue for the Old Age Pension Fund (OAP) is generated through 85.0 percent of license fees, liquor and excise taxes. Revenue that is not used for the OAP Program "spills over" into the General Fund. As funding for the OAP is continuously appropriated by the Colorado Constitution, the budget reflects anticipated program expenditures for informational purposes only.

<i>Old Age Pension Program</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$96,106,025	\$0	\$96,106,025	\$0	\$0	14.0
HB 10-1384	<u>(13,439,987)</u>	<u>0</u>	<u>(13,439,987)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$82,666,038</b>	<b>\$0</b>	<b>\$82,666,038</b>	<b>\$0</b>	<b>\$0</b>	<b>14.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$82,666,038	\$0	\$82,666,038	\$0	\$0	14.0
OAP caseload and average payment projection	41,670	0	41,670	0	0	0.0
Restore one-time personal services reduction	17,933	0	17,933	0	0	0.0
Personal services base reduction	(14,013)	0	(14,013)	0	0	0.0
<b>SB 11-209</b>	<b>\$82,711,628</b>	<b>\$0</b>	<b>\$82,711,628</b>	<b>\$0</b>	<b>\$0</b>	<b>14.0</b>
SB 11-076	<u>(8,365)</u>	<u>0</u>	<u>(8,365)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$82,703,263</b>	<b>\$0</b>	<b>\$82,703,263</b>	<b>\$0</b>	<b>\$0</b>	<b>14.0</b>
<b>Increase/(Decrease)</b>	\$37,225	\$0	\$37,225	\$0	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	0.0%

#### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**OAP caseload and average payment projection:** The appropriation includes an increase for the projected caseload and average payment per case.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items and an additional 1.0 percent reduction to some General Fund Personal Services line items.

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

#### *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. These programs



include the Aid to the Needy Disabled (AND) and Home Care Allowance programs, among others. Some of these programs provide supplementary funding for individuals who qualify for federal Supplemental Security Income (SSI) income assistance, while others serve those ineligible for federal SSI assistance or whose federal application is pending. The AND-State Only program (the largest of the AND programs) is projected to serve an average monthly caseload of 7,317 and to provide an average monthly payment per person of \$175 in FY 2011-12. Cash funds sources include county matching funds and interim assistance reimbursements from the federal government for individuals who become eligible for SSI.

<i>Other Grant Programs</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$28,974,375	\$22,310,442	\$6,663,933	\$0	\$0	0.0
HB 10-1146	<u>640,357</u>	<u>640,357</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$29,614,732</b>	<b>\$22,950,799</b>	<b>\$6,663,933</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$29,614,732	\$22,950,799	\$6,663,933	\$0	\$0	0.0
Reflect SSI Stabilization Fund Programs	1,000,000	0	1,000,000	0	0	0.0
Annualize HB 10-1146	86,248	86,248	0	0	0	0.0
<b>SB 11-209</b>	<b><u>\$30,700,980</u></b>	<b><u>\$23,037,047</u></b>	<b><u>\$7,663,933</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>0.0</u></b>
<b>TOTAL</b>	<b>\$30,700,980</b>	<b>\$23,037,047</b>	<b>\$7,663,933</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$1,086,248	\$86,248	\$1,000,000	\$0	\$0	0.0
Percentage Change	3.7%	0.4%	15.0%	n/a	n/a	n/a

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Reflect SSI Stabilization Fund Programs:** The appropriation reflects anticipated expenditures from the Supplemental Security Income (SSI) Stabilization Fund for informational purposes. These amounts are continuously appropriated for expenditures that assist the State in complying with federal SSI maintenance of effort requirements.

**Annualize H.B. 10-1146:** The appropriation reflects the second year of implementing H.B. 10-1146, which modified the Home Care Allowance (HCA) program and transferred responsibility for the HCA single entry point contract from the Department of Health Care Policy and Financing to the Department of Human Services.

### *Community Services for the Elderly*

This subsection of Adult Assistance Programs includes appropriations for programs associated with the federal Older Americans Act, including the Older Coloradans Program. These programs are administered by 16 Area Agencies on Aging located throughout the State. Services include supportive services, senior centers, nutrition

services, in-home services for persons with incomes above the eligibility thresholds for Medicaid, and disease prevention and health promotion services. The cash funds sources are the Older Coloradans Cash Fund and local funds. The Older Coloradans Cash Fund is derived from excise and sales tax revenues which are credited to the Fund in lieu of the General Fund. The federal funds are from Older Americans Act grants.

<i>Community Services for the Elderly</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$29,244,529	\$1,723,622	\$11,811,267	\$1,800	\$15,707,840	8.5
SB 11-141	<u>2,269,013</u>	<u>(1,729)</u>	<u>0</u>	<u>0</u>	<u>2,270,742</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$31,513,542</b>	<b>\$1,721,893</b>	<b>\$11,811,267</b>	<b>\$1,800</b>	<b>\$17,978,582</b>	<b>8.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$31,513,542	\$1,721,893	\$11,811,267	\$1,800	\$17,978,582	8.5
Federal funds increase	769,463	0	0	0	769,463	0.0
Restore one-time personal services reductions	14,298	4,437	0	0	9,861	0.0
Personal services base reduction	(11,683)	(4,389)	0	0	(7,294)	0.0
<b>SB 11-209</b>	<b>\$32,285,620</b>	<b>\$1,721,941</b>	<b>\$11,811,267</b>	<b>\$1,800</b>	<b>\$18,750,612</b>	<b>8.5</b>
SB 11-076	<u>(12,575)</u>	<u>(3,226)</u>	<u>0</u>	<u>0</u>	<u>(9,349)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$32,273,045</b>	<b>\$1,718,715</b>	<b>\$11,811,267</b>	<b>\$1,800</b>	<b>\$18,741,263</b>	<b>8.5</b>
<b>Increase/(Decrease)</b>	<b>\$759,503</b>	<b>(\$3,178)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$762,681</b>	<b>0.0</b>
Percentage Change	2.4%	(0.2)%	0.0%	0.0%	4.2%	0.0%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-141 modified FY 2010-11 appropriations to transfer \$133,573 General Fund from the State Funding for Senior Services line item to the Older Americans Act Programs line item, thus providing the required General Fund match to access an additional \$2.3 million federal funds for Older Americans Act Programs and the Area Agencies on Aging. This bill also adjusted appropriations for a 1.0 percent reduction to General Fund personal services line items.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Federal funds increase:** The appropriation reflects an increase of \$369,583 federal funds anticipated to be available for Senior Community Services Employment. It also reallocates \$21,046 General Fund from the State Funding for Senior Services line item to the Older Americans Act Programs line item (both line items within this section) to allow the State to draw down \$399,880 additional federal funds to support Older Americans Act programs and the Area Agencies on Aging.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent base reduction for Personal Services line items and an additional 1.0 percent reduction to some General Fund Personal Services line items.

**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. 91-094 program that provides alternatives to detention and/or commitment. The Division maintains secure institutional centers and augments this capacity with contracts for community placements, staff secure placements, and detention placements. Reappropriated funds include amounts transferred from the Department of Education for the school breakfast and lunch program and Medicaid funds transferred from the Department of Health Care Policy and Financing, among other sources.

Division of Youth Corrections						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$132,472,757	\$125,447,589	\$91,139	\$4,439,586	\$2,494,443	998.4
HB 10-1413	371,880	371,880	0	0	0	0.0
SB 11-141	(682,532)	(682,073)	0	(459)	0	0.0
SB 11-209	<u>(8,553,167)</u>	<u>(8,155,428)</u>	<u>0</u>	<u>(204,688)</u>	<u>(193,051)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$123,608,938</b>	<b>\$116,981,968</b>	<b>\$91,139</b>	<b>\$4,234,439</b>	<b>\$2,301,392</b>	<b>998.4</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$123,608,938	\$116,981,968	\$91,139	\$4,234,439	\$2,301,392	998.4
Restore one-time personal services reductions	1,437,040	1,428,452	1,166	1,449	5,973	0.0
Annualize H.B. 10-1413	371,881	371,881	0	0	0	0.0
Leap year adjustment	80,602	74,659	0	3,303	2,640	0.0
Restore temporary IMPACT reduction	71,421	71,421	0	0	0	0.0

Division of Youth Corrections						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Transfer Sol Vista FTE	0	0	0	0	0	5.0
Caseload adjustment	(5,201,047)	(4,805,029)	0	(208,653)	(187,365)	0.0
Reduce parole program services	(1,183,076)	(1,183,076)	0	0	0	0.0
Personal services base reduction	(1,105,508)	(1,096,078)	(774)	(4,685)	(3,971)	0.0
Reduce S.B. 91-94 funding	(1,000,000)	(1,000,000)	0	0	0	0.0
Transfer Medicaid appropriation	(989,000)	0	0	(989,000)	0	0.0
Reduce client management FTE	(657,504)	(657,504)	0	0	0	(9.6)
<b>SB 11-209</b>	<b>\$115,433,747</b>	<b>\$110,186,694</b>	<b>\$91,531</b>	<b>\$3,036,853</b>	<b>\$2,118,669</b>	<b>993.8</b>
SB 11-076	(1,225,281)	(1,211,593)	(1,135)	(6,712)	(5,841)	0.0
SB 11-217	<u>(986,568)</u>	<u>(986,568)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(8.3)</u>
<b>TOTAL</b>	<b>\$113,221,898</b>	<b>\$107,988,533</b>	<b>\$90,396</b>	<b>\$3,030,141</b>	<b>\$2,112,828</b>	<b>985.5</b>
<b>Increase/(Decrease)</b>	<b>(\$10,387,040)</b>	<b>(\$8,993,435)</b>	<b>(\$743)</b>	<b>(\$1,204,298)</b>	<b>(\$188,564)</b>	<b>(12.9)</b>
Percentage Change	(8.4)%	(7.7)%	(0.8)%	(28.4)%	(8.2)%	(1.3)%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-141 modified FY 2010-11 appropriations to reduce funding for parole program services by \$500,000, based on the decline in the youth corrections population. It also provided for a 1.0 percent reduction to General Fund personal services line items.

Senate Bill 11-209 included a reduction of \$8.6 million based on the December 2010 Legislative Council Staff caseload forecast for committed youth for FY 2010-11. The final FY 2010-11 appropriation was based on the assumption that state-operated facilities would operate for nine months of FY 2010-11 at 100 percent of capacity and three months at 110 percent of capacity. The Division was provided flexibility to transfer moneys between appropriations for state-operated and contracted placements through a footnote.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Annualize H.B. 10-1413:** The appropriation includes an increase of \$371,881 General Fund for the youth corrections commitment population increase projected in H.B. 10-1413. As this bill raised the age limit at which a youth could be charged as an adult for certain crimes, it was expected to result in an increase in the youth corrections caseload.

**Leap year adjustment:** The appropriation includes an increase for costs associated with an additional one day of services in FY 2011-12 due to the leap year.

**Restore temporary IMPACT reduction:** The appropriation restores a temporary FY 2009-10 and FY 2010-11 reduction in funding for the Managed Care Pilot Program (called Boulder IMPACT).

**Transfer Sol Vista FTE:** The appropriation transfers 5.0 FTE from the Colorado Mental Health Institute at Pueblo (CMHIP) to the Division of Youth Corrections. These FTE are employed at the Youth Corrections Sol Vista facility on the Pueblo campus.

**Caseload adjustment:** The appropriation reflects the contract beds required based on an FY 2011-12 commitment caseload estimate of 983.7 average daily population. This figure is based on average of the commitment forecasts prepared by Legislative Council Staff and the Department of Public Safety, Division of Criminal Justice in December 2010 and the assumption that state-operated facilities will operate at 110 percent of capacity as they have historically. The appropriation includes a footnote that provides the Division with flexibility to transfer moneys between appropriations for state-operated and contracted placements.

**Reduce parole program services:** The appropriation includes a reduction for Parole Program Services based on recent declines in the commitment and parole populations, as well as statewide budget constraints.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items and an additional 1.0 percent reduction to some General Fund Personal Services line items.

**Reduce S.B. 91-94 funding:** The appropriation reduces funding for the S.B. 91-94 program, which supports alternatives to secure detention and commitment placements, in light of declines in the number of youth who are arrested and detained.

**Transfer Medicaid appropriation:** The appropriation transfers amounts for Medicaid medical and mental health services for youth at the Ridge View youth corrections facility from the Division of Youth Corrections to the Medicaid Premiums and Medicaid Mental Health Capitation line items in the Department of Health Care Policy and Financing. This results in a reduction to the reappropriated funds appropriation in the Department of Human Services but has a net \$0 General Fund impact statewide.

**Reduce client management FTE:** The appropriation reflects a reduction of 9.6 FTE ( 8.6 FTE client managers and 1.0 FTE client management supervisor) based on recent declines in the youth corrections commitment population. The reduction is associated with applying ratios of one client manager to 25 youth for those youth in residential placement and one client manager to 18 youth for youth on parole.

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

## Recent Legislation

### 2010 Session Bills

**S.B. 10-068:** Makes a number of statutory changes aimed at streamlining eligibility requirements for the Colorado Works Program, including removing the asset test, removing the standard of need calculation from statute and instead requiring the State Board of Human Services to promulgate rules, making assistance available upon verification of pregnancy instead of the sixth month, and eliminating verification of immunizations as a condition of eligibility, among other changes. Provides a one-time appropriation of \$966,000 federal Temporary Assistance to Needy Families funds to the Department of Human Services for FY 2010-11 for changes to the Colorado Benefits Management System.

**S.B. 10-149:** Temporarily modifies the county tax base relief program, which provides additional General Fund support for counties with a relatively low county property tax base and high human services program costs. Limits the relief to those counties that qualify under "Tier I" of the program (lowest tax base/highest cost counties) for FY 2009-10, FY 2010-11, and FY 2011-12. Associated FY 2010-11 budget reductions (\$2.95 million General Fund) were included in the Department of Human Services supplemental bill (H.B. 10-1302).

**S.B. 10-171:** Requires the Department of Human Services to establish and administer a Child Protection Ombudsman Program by contract with a public agency or private nonprofit organization. The program is required to: (1) receive and review complaints; (2) investigate and resolve cases when appropriate; (3) evaluate and make recommendations for the creation of a statewide grievance policy; (4) make recommendations to improve the child welfare system; (5) promote best practices, and (6) report to the Governor and the General Assembly. Provides an appropriation of \$175,000 General Fund to the Department of Human Services for FY 2010-11; this increases to \$370,000 General Fund for FY 2011-12.

**S.B. 10-195:** Creates in state law the Early Childhood Leadership Commission in the Governor's Office and specifies its membership, purpose, and duties. No appropriation is provided; however, it is anticipated that up to \$1.3 million federal funds will be received and deposited in the Early Childhood Leadership Commission Cash Fund to support the Commission's work.

**H.B. 10-1035:** Modifies the eligibility determination process for the Colorado Child Care Assistance Program in the Department of Human Services. Among other changes: (1) extends the eligibility redetermination period for all program participants from six months to twelve months; (2) eliminates the requirement that a parent report income and activity changes during the twelve-month eligibility period, unless the changes puts the family's income above 85 percent of the median state income; and (3) aligns the eligibility redetermination period for children who are enrolled in Head Start so that child care assistance and Head Start eligibility are redetermined at the same time. Provides a one-time appropriation of \$249,700 federal Child Care Development Funds to the Department of Human Services for FY 2010-11 for changes to the Child Care Assistance and Tracking System.

**H.B. 10-1053:** Requires that the State conduct two studies (one by the Department of Human Services and one by the Department of Health Care Policy and Financing) contingent upon the receipt of sufficient gifts, grants, and donations to support the studies. Requires the Department of Human Services to contract for a study of additional services and potential cost savings under the Older Coloradans Program and to develop a strategic plan for implementing potential cost saving measures. Includes a FY 2010-11 appropriation to the Department of Human Services for \$200,000 from the Older Coloradans Study Cash Fund, among other appropriations.

For additional information, see the "Recent Legislation" section at the end of the Department of Health Care Policy and Financing.

**H.B. 10-1106:** Brings several aspects of Colorado law concerning child welfare into compliance with federal law. Includes changes for finger-print background check requirements for group home parents and staff; requires a child's best interest be the primary consideration when determining where to place a child for adoption; specifies that preference be given to a child's relative when making a foster care or pre-adoptive placement, if the relative can safely meet the child's needs; and requires that child placement agencies recruit and retain foster and adoptive parents who reflect the racial, ethnic, cultural, and linguistic background of children in the agency's care. Allows the race, ethnicity, or national origin of a child and potential adoptive or foster families to be considered under extraordinary circumstances, but states that a placement shall not be delayed due to these factors. Provides an appropriation of \$56,308 from the Colorado Bureau of Investigation Identification Unit Cash Fund and 0.3 FTE for FY 2010-11 to the Department of Public Safety, Colorado Bureau of Investigation. This amount decreases to \$23,336 cash funds and 0.1 FTE for FY 2011-12.

**H.B. 10-1146:** Modifies the eligibility requirements for the Home Care Allowance (HCA) program. As of January 1, 2011, prohibits individuals receiving Medicaid home- and community-based services from receiving HCA. As of January 1, 2014, eliminates Old Age Pension (OAP) as a HCA recipient category, except for qualified OAP recipients enrolled in HCA prior to December 31, 2013, who are "grandfathered" into the program. Transfers responsibility for the HCA's single entry point contract from the Department of Health Care Policy and Financing to the Department of Human Services. Provides for multiple appropriation changes for FY 2010-11 to the Departments of Human Services and Health Care Policy and Financing as reflected in the table below. Appropriations reflect the expectation that as some individuals lose eligibility for the HCA program, most HCA funding will be redirected to other individuals, including those eligible for federal Supplemental Security Income (SSI).

<b>FY 2010-11 Appropriations and FY 2011-12 Estimates for H.B. 10-1146</b>		
	<b>FY 2010-11</b>	<b>FY 2011-12</b>
<b>Department of Human Services</b>		
Home Care Allowance - General Fund	(\$360,545)	(\$336,654)
Single Entry Point Contract - General Fund	1,000,902	1,063,259
Colorado Benefits Management System Modifications	<u>490,000</u>	<u>0</u>
General Fund	120,870	0
Cash Funds - Old Age Pension Cash Fund	22,822	0
Reappropriated Funds from the Dept. of Health Care Policy and Financing	184,387	0
Federal Funds	161,921	0
<b>Department of Health Care Policy and Financing</b>		
Medicaid Premiums for Home & Community Based Services	<u>296,481</u>	<u>673,308</u>
General Fund	131,060	336,654
Federal Funds	165,421	336,654
Single Entry Point Contract - General Fund	(1,000,902)	(1,063,259)
Colorado Benefits Management System Modifications	<u>184,387</u>	<u>0</u>
General Fund	91,434	0
Cash Funds - Old Age Pension Cash Fund	441	0
Cash Funds - Children's Basic Health Plan Trust Cash Fund	377	0
Federal Funds	92,135	0

FY 2010-11 Appropriations and FY 2011-12 Estimates for H.B. 10-1146		
	FY 2010-11	FY 2011-12
<b>Governor's Office</b>		
Colorado Benefits Management System Modifications Reappropriated Funds from Department of Human Services	490,000	0
<b>TOTAL - All Departments</b>	<u>\$1,100,323</u>	<u>\$336,654</u>
General Fund	(17,181)	0
Cash Funds	23,640	0
Reappropriated Funds	674,387	0
Federal Funds	419,477	336,654

**H.B. 10-1284:** Regulates medical marijuana by creating a state and local medical marijuana licensing authority. Amends the statute concerning the medical marijuana program to regulate the role of care givers. Includes an appropriation to the Department of Human Services of \$334,227 General Fund for mental health and substance abuse services for juveniles and adults at risk of becoming or currently involved in the criminal justice system. For more information, see the "Recent Legislation" section at the end of the Department of Revenue.

**H.B. 10-1338:** Allows a person who has two or more prior felony convictions to be eligible for probation, with certain exceptions. Among other adjustments, increases the appropriation to the Department of Human Services for FY 2010-11 for child welfare services by \$1,719,794 to mitigate the reduction in funding for county staff salaries and benefits, community provider rates, and Medicaid treatment rates (including \$991,919 General Fund, \$343,959 local cash funds, \$308,707 federal Title IV-E funds, and \$75,209 reappropriated funds transferred from the Department of Health Care Policy and Financing. For additional information, see the "Recent Legislation" section at the end of the Judicial Department.

**H.B. 10-1369:** Amends the "Public School Finance Act of 1994" to modify the funding for K-12 public schools in FY 2010-11. Includes a refinance of \$13,439 reappropriated funds with \$13,439 General Fund for educational programs at the state mental health institutes. For more information, see the "Recent Legislation" section at the end of the Department of Education.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

**H.B. 10-1384:** Resolves conflicting state statutory provisions determining the eligibility of noncitizens for Colorado's Old Age Pension (OAP) program. More closely aligns state eligibility criteria for this program with federal policy on the provision of public assistance to noncitizens. Discontinues benefits for any OAP recipient or applicant found ineligible under the new provisions. Effective July 1, 2010, bars qualified aliens from accessing the OAP program for five years after their date of entry into the United States, with certain exceptions. Effective January 1, 2014, requires that the income and resources of a qualified alien's sponsor be considered when determining OAP eligibility, with certain exceptions.

Includes an appropriation to the Department of Human Services for Colorado Benefits Management System (CBMS) changes of \$46,000 total funds for FY 2009-10 (includes funds appropriated to and then transferred from the Department of Health Care Policy and Financing). Also includes an appropriation to the Department of Human Services for FY 2010-11 for CBMS changes of \$45,761 total funds (includes funds appropriated to and then transferred from the Department of Health Care Policy and Financing) and reappropriates this amount to the Governor's Office. Reduces the appropriation to the Department of Human Services by \$13.4 million OAP cash funds for FY 2010-11 in anticipation of reduced expenditures for OAP benefits. Savings



at this level are anticipated to continue in FY 2011-12. Reduced OAP cash fund expenditures result in a General Fund revenue increase, as the OAP cash fund is comprised of sales and excise taxes. Funds not needed for the OAP program "spill over" to the General Fund.

**H.B. 10-1413:** Raises the minimum age for filing criminal charges against a juvenile in district court (a process known as "direct filing"). Raises the minimum age for direct filing from 14 to 16, except in cases of first- or second-degree murder or a sex offense combined with an aggravating condition or history (*e.g.*, crime of violence, habitual juvenile offender). Includes the following appropriations for FY 2010-11: (1) \$371,880 General Fund to the Department of Human Services, Division of Youth Corrections; and (2) \$135,678 General Fund to the Department of Corrections, Youthful Offender System. Partially offsets these increases with a \$266,803 General Fund reduction for the Department of Corrections' External Capacity Subprogram. Results in a net appropriations increase of \$240,755 General Fund for FY 2010-11. Specifies that enactment of H.B. 10-1413 is contingent upon whether the enactment of H.B. 10-1360 (concerning parole placement for a technical violation) results in a General Fund savings for FY 2010-11 that is equal to or greater than the General Fund appropriations in H.B. 10-1413. (Based on the final fiscal assessment for H.B. 10-1360, H.B. 10-1413 took effect.)

## 2011 Session Bills

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$5,248,580 total funds, of which \$3,034,793 is General Fund, \$204,655 is cash funds, \$1,196,670 is reappropriated funds, and \$812,462 is federal funds.

**S.B. 11-124:** Beginning in FY 2010-11, the bill changes the cap on Temporary Assistance to Needy Families (TANF) reserves that may be retained by counties to 40 percent of the county block grant at the end of the fiscal year, except for counties with block grants of less than \$200,000 per year, which may maintain a reserve of up to \$100,000. (The reserve cap was previously 40 percent for FY 2010-11 and 30 percent for FY 2011-12.) In addition, authorizes the Works Allocation Committee (WAC) to transfer unspent county reserves in excess of the reserve cap to other counties based on the criteria determined by the WAC and outlines criteria for prioritizing and implementing such transfers. Provides an appropriation of \$685,772 federal TANF funds for Colorado Works county allocations for FY 2010-11, to restore amounts previously reverted to the control of the Department of Human Services.

**S.B. 11-141:** Supplemental appropriation to the Department of Human Services to modify FY 2010-11 appropriations.

**S.B. 11-209:** General appropriations act for FY 2011-12. Also includes supplemental adjustments to modify FY 2010-11 appropriations to the Department of Human Services.

**S.B. 11-217:** Reduces the juvenile detention bed cap for the Division of Youth Corrections in the Department of Human Services from 479 beds to 422 beds beginning in FY 2011-12. Reduces the appropriation to the Department for FY 2011-12 by \$1,078,828 General Fund and 8.3 FTE, including a reduction of \$986,568 General Fund for the Division of Youth Corrections and \$92,260 for centrally-appropriated line items. This is expected to annualize to a reduction of \$1,087,000 General Fund and 10.0 FTE to the Division of Youth Corrections in FY 2012-13.

**S.B. 11-226:** Requires the state treasurer to transfer amounts from various cash funds to the General Fund for purposes of augmenting the General Fund for FY 2010-11 and FY 2011-12. Includes the following adjustments in the Department of Human Services:

- Transfers any unexpended and unencumbered moneys remaining in the Child Welfare Action Committee (CWAC) Cash Fund to the General Fund, effective July 1, 2011 (\$155,104). Funding in the CWAC Cash Fund is derived from funds that the Department of Human Services would have reverted to the General Fund at the end of FY 2007-08 but that were instead deposited to the CWAC Cash Fund pursuant to H.B. 08-1404. The CWAC completed its work in 2010.
- Transfers \$3.25 million from the Low Income Energy Assistance Fund to the General Fund in FY 2010-11 (June 30, 2011) and again in FY 2011-12 (January 5, 2012). Amounts in the Low Income Energy Assistance Fund derive from statutory transfers from the Operational Account of the Severance Tax Trust Fund. Also reduces the informational appropriations in the Long Bill for the Low Income Energy Assistance Program by \$3,250,000 million cash funds, respectively, in FY 2010-11 and FY 2011-12, consistent with the transfers from the Low Income Energy Assistance Fund to the General Fund.

For additional information on this bill, see the "Recent Legislation" section for the Department of Education.

**S.B. 11-228:** Changes how funds for county tax base relief are distributed to qualified counties when appropriations are insufficient to fully fund a county tax base relief funding tier. Previously, allocations were prorated on the basis of total claims submitted in proportion to moneys available. As modified, amounts are allocated so that each eligible county has the same proportion of the county's obligations paid through the combination of its available property tax revenue and county tax base relief appropriations.

**H.B. 11-1043:** Clarifies a number of provisions in the Colorado Medical Marijuana Code for licensure, licensee operations, sales and use taxes, access to records, patients, physicians and caregivers, research and development, and disposition of marijuana. For FY 2011-12, reduces General Fund appropriations by \$1,000,000 for co-occurring behavioral health services and increases General Fund appropriations by \$1,000,000 and 14.5 FTE for the Colorado Mental Health Institute at Pueblo's Circle Treatment Program. Additionally, the bill appropriates \$7,696 for FY 2011-12 to the Department of Revenue's Information Technology Division and reappropriates the amount to the Governor's Office of Information Technology for programming services.

**H.B. 11-1145:** Requires all child care workers hired on or after August 10, 2011 to have a fingerprint-based criminal history record check through both the Federal Bureau of Investigation (FBI) and the Colorado Bureau of Investigation. For FY 2011-12, includes an appropriation of \$19,311 cash funds from the Child Care Licensing Cash Fund and 0.4 FTE for the Division of Child Care in the Department of Human Services for staff to review the results of the additional background checks and to issue clearance letters to child care facilities. Also for FY 2011-12, appropriates \$151,800 cash funds, derived from fees paid by child care workers, to the Department of Public Safety for pass-through to the FBI to complete the additional background checks.

**H.B. 11-1196:** Increases county flexibility in funding for family services.

- Allows counties to provide family preservation services based on a report of suspected abuse or neglect (rather than a finding of abuse or neglect) if the county determines that the family, without appropriate intervention services, may become involved in the child welfare, mental health, and juvenile justice

systems. Requires such expenditures be considered when determining the annual child welfare funding allocation to counties.

- Allows county departments of social services to draw down additional federal funding, subject to state approval and other conditions, for expenditures for qualified social services provided by other organizations and the administrative costs of certifying such expenditures as eligible for federal reimbursement. Allows the Department of Human Services to retain five percent of any federal funds received by a county under these provisions.

**H.B. 11-1230:** Consolidates housing assistance programs in the Department of Human Services into the Department of Local Affairs. The bill specifies that the consolidation is to occur no later than July 1, 2011. The bill transfers \$20,101,143 federal funds and 19.5 FTE from the Department of Human Services to the Department of Local Affairs.

# JUDICIAL DEPARTMENT

The Colorado Constitution vests the judicial power of the State in the Judicial Branch, which consists of the Supreme Court, the Court of Appeals, district courts, the Denver probate and juvenile courts, county courts, and municipal courts. All of these courts are funded by the State, with the exception of municipal courts and Denver's county courts, which are funded by their respective governments. The components of the state Judicial Department are described below.

- The *Supreme Court* and *Court of Appeals* provide appellate review of decisions of trial courts as well as those of several state agencies. The Supreme Court is also responsible for overseeing the regulation of attorneys and the practice of law. The Supreme Court Justices select a Chief Justice to serve as the executive head of the Department, and appoint a State Court Administrator to oversee the administration of the Department and provide administrative and technical support to the courts and probation.
- *Trial courts* consist of district courts, water courts, and county courts. District courts primarily preside over felony criminal matters, civil claims, juvenile matters, probate, mental health, and divorce proceedings. Water courts have exclusive jurisdiction over cases involving the determination of water rights and the use and administration of water. County courts primarily handle misdemeanor cases, civil actions involving smaller dollar amounts, civil and criminal traffic infractions, and felony complaints.
- *Probation* services, which are provided through each judicial district, include supervising juvenile and adult offenders who are sentenced to probation, preparing presentence investigation reports for the courts, and providing victim notification and assistance.

The Judicial Department also includes four independent agencies. The *Office of the State Public Defender (OSPD)* and the *Office of Alternate Defense Counsel* provide legal representation for indigent criminal defendants. These cases are first assigned to the OSPD, and then referred to the Alternate Defense Counsel if the OSPD has an ethical conflict of interest. The *Office of the Child's Representative* provides legal services to children entitled to legal representation at state expense. Finally, the *Independent Ethics Commission* hears complaints and issues findings and advisory opinions on ethics-related matters that arise concerning public officers, members of the General Assembly, local government officials, or government employees.

## Department Budget: Recent Appropriations

Funding Source	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$327,079,558	\$323,814,931	\$327,054,402	\$340,243,578
Cash Funds	98,439,018	105,630,825	108,141,846	113,517,658
Reappropriated Funds	5,966,106	7,718,876	8,572,957	14,743,488
Federal Funds	<u>2,290,265</u>	<u>4,430,420</u>	<u>6,814,742</u>	<u>5,210,298</u>
<b>Total Funds</b>	<b>\$433,774,947</b>	<b>\$441,595,052</b>	<b>\$450,583,947</b>	<b>\$473,715,022</b>
Full Time Equiv. Staff	4,084.7	3,947.8	4,047.4	4,178.7

## General Factors Driving the Budget

Fiscal year 2011-12 funding for this department consists of 71.8 percent General Fund, 24.0 percent cash funds, 3.1 percent reappropriated funds, and 1.1 percent federal funds. Cash funds primarily include: various docket fees and surcharges that support court operations; fees paid by individuals sentenced to probation; and attorney licensing fees are used by the Supreme Court to regulate the practice of law in Colorado.

The main factor driving the budget for the Judicial Branch is caseload. Judges, magistrates, probation officers, public defenders, and support staff can only manage a certain number of cases each year. As the caseload grows, so does the need for resources if the Branch is to continue fulfilling its constitutional and statutory duties in a timely and professional manner. Caseload is generally driven by population changes, changes in the State's economic climate (which affect both the crime rate and the proportion of clients eligible for state-funded representation), and changes in state laws and sentencing provisions. Workload is also impacted by the types of cases filed, as some cases require more time and resources than others.

### Case Filings and the Need for Court Staff

In FY 2009-10, approximately 786,000 cases were filed in the state court system, including 541,000 (68.9 percent) in county courts, 240,000 (30.5 percent) in district courts, 2,900 in the Court of Appeals, and 1,500 in the Supreme Court. The graph on the following page depicts the number of cases filed annually in county and district courts since FY 2000-01.

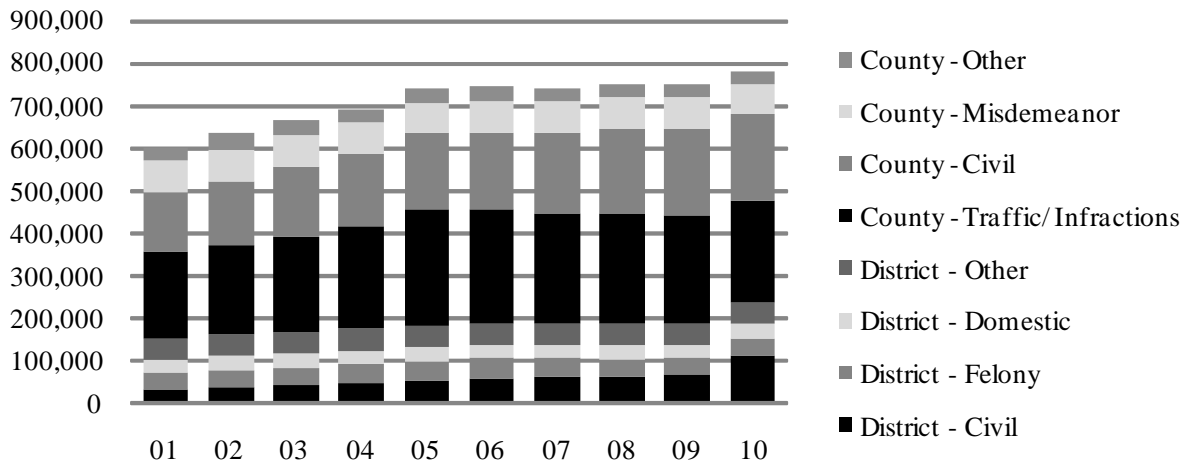
The total number of county and district case filings has increased by 28.6 percent over the last ten years (with a compound annual growth rate of 2.5 percent), with the most significant growth occurring from FY 2000-01 through FY 2004-05. At the district court level, the most significant increase has occurred in civil cases, and in particular cases concerning foreclosures and tax liens. The number of district court civil cases filed has nearly tripled over the last ten years, and these cases now account for 48.7 percent of cases filed<sup>1</sup>. Similarly, the number of county court civil cases has increased by nearly 80,000 (62.8 percent) over the last ten years, and these cases now account for 38.2 percent of cases filed.

In response to these caseload increases, the General Assembly periodically increases the number of judges within the state court system. For example, H.B. 07-1054 added 43 judges for the court of appeals, district courts, and county courts over a three year period. The addition of 43 judges required funding for the judges, the associated court support staff, and additional staff required by the State Public Defender and the Attorney General's Office. House Bill 07-1054 was thus estimated to require a total increase of 307.2 FTE from FY 2007-08 through FY 2009-10. Funding was provided for the first two fiscal years to add 28 judgeships, as scheduled. In light of the state revenue shortfall, the remaining 15 judgeships have been delayed until 2011 and 2012.

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<sup>1</sup> Please note that while the number of foreclosure cases has continued to increase steadily, the FY 2009-10 spike in civil cases relates to distraint warrants. The Department of Revenue recently implemented an electronic method of filing tax liens, which likely resulted in a temporary spike in cases filed. The court workload associated with reviewing these cases and sending approved judgements is minimal.

### DISTRICT AND COUNTY COURT FILINGS FY 2000-01 through FY 2009-10

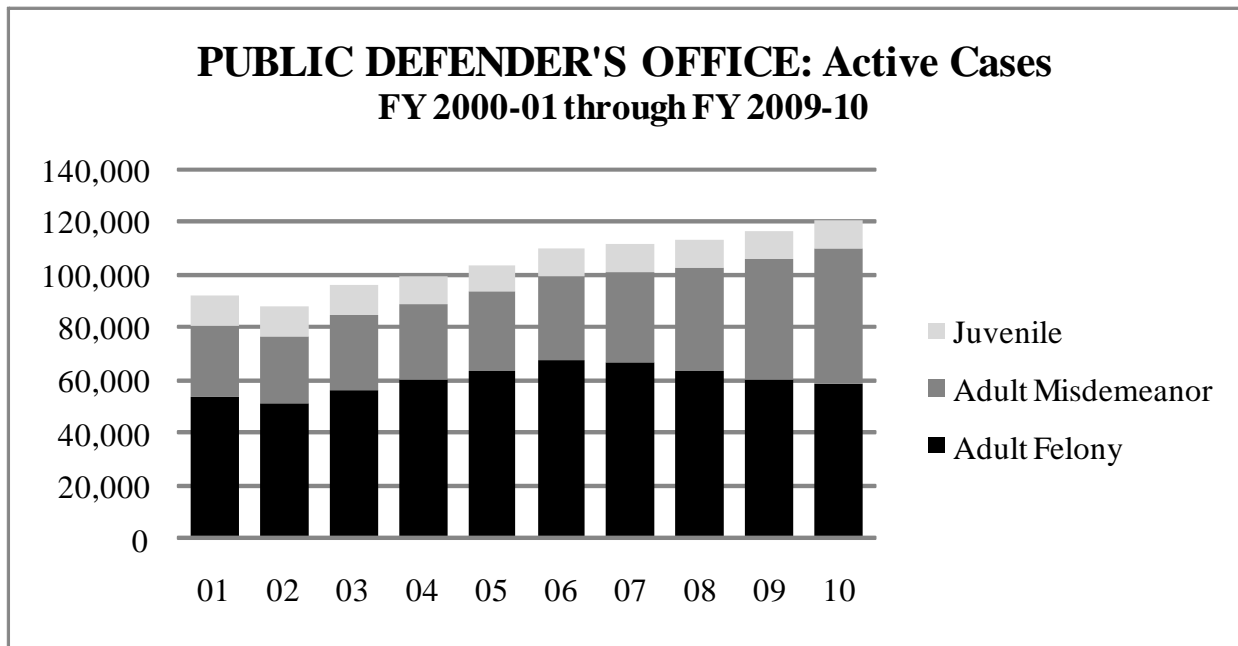


### Caseload Impacts Unique to Independent Agencies

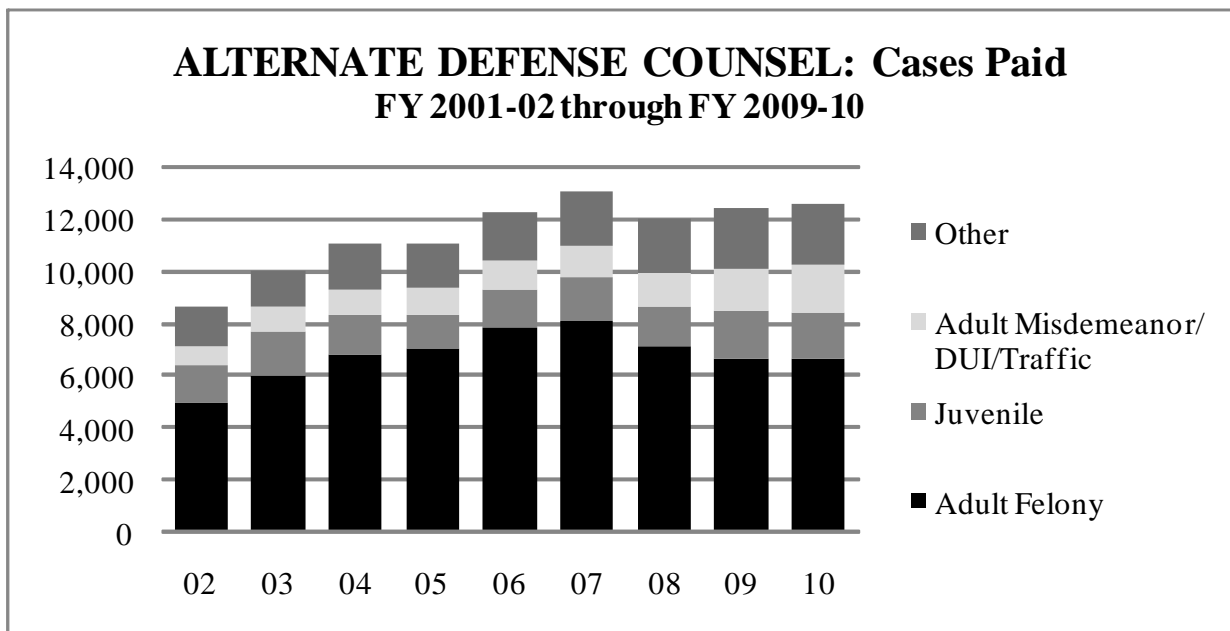
The three independent agencies that provide legal representation are affected in different ways by changes in the number of cases filed, based on the clients they are charged with representing. Each agency is discussed below.

The *Office of the Public Defender (OSPD)* represents criminal defendants who have inadequate resources to pay for their own defense. The OSPD's caseload is affected by the number and types of cases filed, as well as the proportion of clients who require state-funded representation. As in the court system, more complicated cases consume more resources than simpler cases: felonies take more time to defend than misdemeanors, and homicides take more time to defend than assaults or robberies. Thus, the number of felony cases is the primary factor driving OSPD staffing needs.

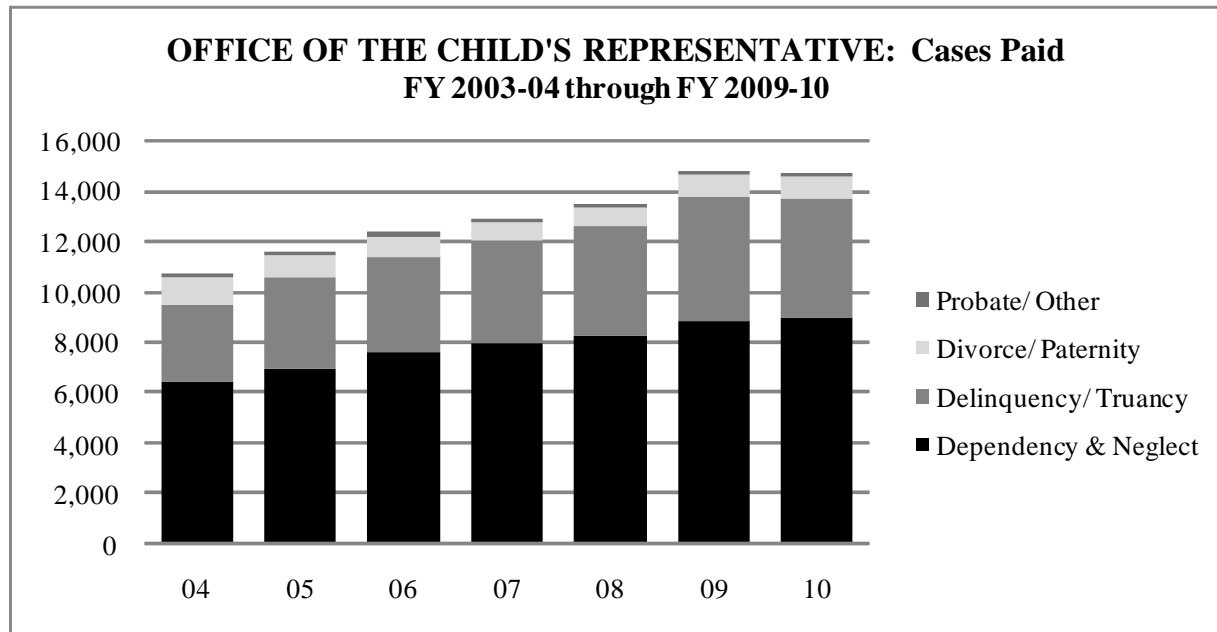
As illustrated in the graph on the following page, the number of cases requiring public defender involvement has increased annually since FY 2001-02. From FY 2001-02 through FY 2005-06, the number of felony cases increased by more than 16,000 (31.7 percent). Since FY 2005-06 the number of felony cases has actually declined by a total of 8,600, while adult misdemeanor cases has increased by more than 58.5 percent (from 32,095 to 50,884).



The *Office of the Alternate Defense Counsel (OADC)* contracts with private attorneys to represent indigent defendants in cases where the Public Defender has an ethical conflict of interest. Similar to the Public Defender, certain types of cases (e.g., death penalty cases) are more expensive than others; these types of cases require more hours of attorney time and the OADC pays a higher hourly rate for these types of cases. As illustrated in the graph below, OADC caseload growth from FY 2001-02 through FY 2006-07 was primarily driven by increases in the number of felony cases. The number of felony cases has declined in each of the last three fiscal years, while the numbers of all other case types have increased.



The *Office of the Child's Representative (OCR)* is responsible for providing legal representation for children involved in the court system due to abuse or neglect, delinquency, truancy, high conflict divorce, alcohol or drug abuse, mental health issues, and probate matters. OCR expenditures are primarily driven by the number of cases involving abuse or neglect, as these account for the most court appointments and require the most attorney time (other than probate cases). The graph below illustrates recent caseload changes.

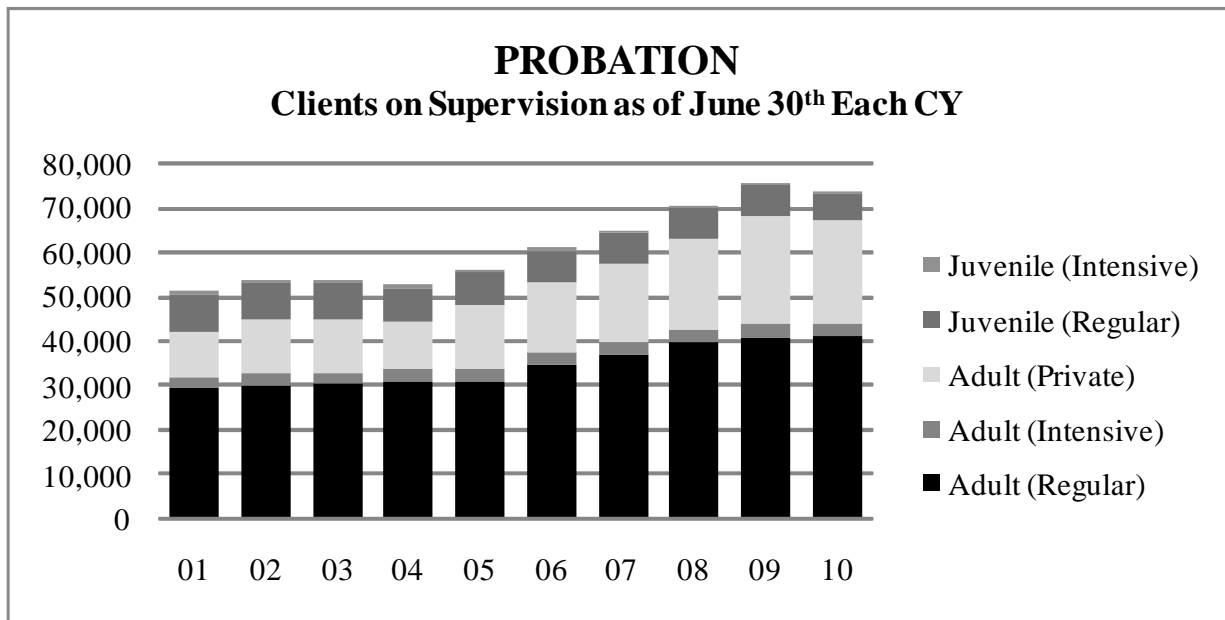


### Probation and Related Services Caseload

Individuals sentenced to probation, as an alternative to incarceration, remain under the supervision of the court. Failure to meet the terms of probation set forth in the court's sentencing order may result in incarceration. Managed by the chief probation officer in each judicial district, approximately 1,100 employees prepare assessments, provide pre-sentence investigation services to the courts, and supervise offenders sentenced to probation. Supervision services are provided based on each offender's risk of re-offending.

Funding for probation services is primarily driven by the number and types of offenders sentenced to probation and statutory requirements concerning the length of required supervision. The number of offenders sentenced to probation increased significantly from June 2004 to June 2009. Specifically, while the number of juvenile offenders declined by about 1,100 (13.2 percent), the number of adult offenders increased by nearly 24,000 (54.2 percent). While more than half of the growth in adult offenders was related to offenders who are supervised by private providers, the number of adult offenders supervised by state staff increased by about 10,300 (30.5 percent). The graph on the following page depicts changes in the number of adults and juveniles on supervision since 2001. Overall, the number of state-supervised offenders, including both juveniles and adults, increased from 40,334 in June 2001 to 50,501 in June 2010 (25.2 percent). As the number of state-supervised offenders grows, so does the need for probation officers and support staff to adequately supervise offenders.





## Summary of FY 2010-11 and FY 2011-12 Appropriations

Judicial Department						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$450,583,947</b>	<b>\$327,054,402</b>	<b>\$108,141,846</b>	<b>\$8,572,957</b>	<b>\$6,814,742</b>	<b>4,047.4</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Supreme Court/Court of Appeals	18,879,403	10,045,031	8,821,872	12,500	0	190.2
Courts Administration	101,058,466	45,936,809	50,224,224	2,507,691	2,389,742	333.3
Trial Courts	135,728,510	107,231,305	25,607,205	1,265,000	1,625,000	1,710.6
Probation and Related Services	96,358,359	65,500,048	23,270,545	4,787,766	2,800,000	1,171.6
Public Defender	56,703,494	56,505,494	198,000	0	0	605.3
Alternate Defense Counsel	22,275,954	22,255,954	20,000	0	0	7.5
Office of the Child's Representative	19,296,168	19,296,168	0	0	0	26.9
Independent Ethics Commission	283,593	283,593	0	0	0	2.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	452,508,283	329,935,853	108,279,096	7,478,592	6,814,742	4,070.7
HB 10-1291	(17,300)	(17,300)	0	0	0	0.0
HB 10-1338	308,628	308,628	0	0	0	5.2
HB 10-1347	688,268	438,518	249,750	0	0	7.3
HB 10-1352	1,487,061	1,487,061	0	0	0	(0.8)

<b>Judicial Department</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
HB 10-1404	270,822	270,822	0	0	0	2.0
SB 11-142	(1,381,104)	(2,088,469)	(387,000)	1,094,365	0	(14.6)
SB 11-209	(3,280,711)	(3,280,711)	0	0	0	(22.4)
<b>FY 2011-12 Total Appropriation:</b>	<b>\$473,715,022</b>	<b>\$340,243,578</b>	<b>\$113,517,658</b>	<b>\$14,743,488</b>	<b>\$5,210,298</b>	<b>4,178.7</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Supreme Court/Court of Appeals	19,062,796	9,932,823	9,079,973	50,000	0	194.2
Courts Administration	103,387,986	47,571,750	52,024,133	3,006,805	785,298	335.8
Trial Courts	139,663,724	107,552,366	29,086,358	1,400,000	1,625,000	1,768.6
Probation and Related Services	107,672,325	71,624,968	22,960,674	10,286,683	2,800,000	1,194.4
Public Defender	60,968,494	60,621,974	346,520	0	0	650.3
Alternate Defense Counsel	23,232,674	23,212,674	20,000	0	0	7.5
Office of the Child's Representative	19,504,540	19,504,540	0	0	0	26.9
Independent Ethics Commission	222,483	222,483	0	0	0	1.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	479,194,207	344,850,999	114,388,078	14,744,832	5,210,298	4,172.7
SB 11-076	(6,132,185)	(5,260,421)	(870,420)	(1,344)	0	0.0
HB 11-1300	653,000	653,000	0	0	0	6.0
<b>Increase/(Decrease)</b>	<b>\$23,131,075</b>	<b>\$13,189,176</b>	<b>\$5,375,812</b>	<b>\$6,170,531</b>	<b>(\$1,604,444)</b>	<b>131.3</b>
Percentage Change	5.1%	4.0%	5.0%	72.0%	(23.5)%	3.2%

## **FY 2010-11 Appropriation - Mid-year Adjustment Highlights**

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to:

1. Reduce General Fund appropriations to the Alternate Defense Counsel for conflict of interest contracts and mandated costs by \$2.3 million due to lower than anticipated costs in felony cases.
2. Reduce General Fund appropriations to Probation and Related Services, Trial Courts, the Public Defender, and Courts Administration by a total of \$2.3 million and 41.3 FTE to reduce funding for personal services and to reflect unanticipated delays in filling vacant positions.

3. Reduce the General Fund appropriation to the Drug Offender Surcharge Fund by \$0.4 million, and authorize the Department to spend up to \$1.1 million from the Drug Offender Surcharge Fund to provide substance abuse treatment for adult offenders in FY 2010-11.

## **FY 2011-12 Appropriation Highlights**

The FY 2011-12 appropriation:

1. Adds \$10.2 million for implementation of H.B. 10-1352 (concerning controlled substance crime changes), including: a \$5.1 million increase in the General Fund appropriation to the Drug Offender Surcharge Fund based on projected General Fund savings in the Department of Corrections resulting from H.B. 10-1352; and a corresponding \$5.0 million increase in the cash funds spending authority out of this cash fund for the provision of treatment services to adult offenders who are on diversion, on probation, on parole, in community corrections, or in jail.
2. Adds \$8.3 million (including \$7.3 million General Fund) to restore one-time personal services reductions, including General Fund reductions for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. This increase is offset by a reduction of \$6.1 million (including \$5.3 million General Fund) pursuant to S.B. 11-076, which continues the reduced State contribution to PERA for FY 2011-12.
3. Adds \$4.9 million (including \$2.6 million General Fund) for the delayed implementation of new judgeships pursuant to H.B. 07-1054.
4. Adds \$3.8 million (including \$3.0 million General Fund) for centrally appropriated line items, primarily for employee insurance and retirement benefits.
5. Adds a total of \$1.2 million General Fund for court-appointed counsel to address caseload and cost per case changes, including \$940,000 for the Alternate Defense Counsel and \$260,000 for the Office of the Child's Representative.
6. Adds \$650,000 for trial courts to hear cases concerning disputed claims over conservation easement state income tax credits pursuant to H.B. 11-1300.
7. Adds \$598,000 cash funds to increase bandwidth for the Judicial information technology network and to add network support staff.
8. Eliminates \$2.0 million (including \$1.9 million cash funds and \$81,000 General Fund) for furnishing new and refurbished courthouse facilities and for one-time capital outlay costs associated with probation staff added in FY 2010-11.
9. Reduces General Fund support for two grant programs by \$337,000, including \$292,000 for grants to organizations that provide civil legal services to indigent clients who are victims of family violence, and \$45,000 for grants to court-appointed special advocate programs.

10. Adds a total of 131.3 FTE, including the following changes:

- An increase of 80.7 FTE based on prior year legislation and budget actions, including: an increase of 76.7 FTE for continued implementation of H.B. 07-1054; an increase of 4.5 FTE state funded positions to maintain problem-solving court staff who are currently supported by a federal grant; an increase of 1.0 FTE for the public access system and continued development of an in-house e-filing system; and a reduction of 1.5 FTE pursuant to S.B. 09-241 (concerning DNA testing of felony arrestees);
- The restoration of 45.3 FTE that were eliminated mid-year in FY 2010-11 to reflect the number of positions that have been held open for purposes of budget balancing, including: 24.3 FTE probation staff, 14.9 FTE trial court staff, 4.0 FTE appellate court staff, and 2.1 FTE administrative staff;
- An increase of 6.0 FTE for trial courts to hear cases concerning disputed claims over conservation easement state income tax credits pursuant to H.B. 11-1300;
- An increase of 2.0 FTE to support the Judicial information technology network;
- A net decrease of 1.7 FTE that are included for informational purposes, including a decrease of 4.0 FTE in problem-solving courts that are supported by a federal grant, offset by an increase of 2.3 FTE public defender staff who will be supported by a grant for the Denver Sobriety Court; and
- A base reduction of 1.0 FTE for the Independent Ethics Commission.

## Detail of Appropriation by Administrative Section

### Supreme Court/Court of Appeals

This section provides funding for the Colorado Supreme Court and the Colorado Appeals Court. The *Supreme Court* is the court of last resort, and its decisions are binding on the Court of Appeals and all county and district courts. Requests to review Court of Appeals decisions constitute the majority of the Supreme Court's filings. The Supreme Court also has direct appellate jurisdiction over cases in which a statute has been held to be unconstitutional, cases involving the Public Utilities Commission, writs of habeas corpus<sup>2</sup>, cases involving adjudication of water rights, summary proceedings initiated under the Elections Code, and prosecutorial appeals concerning search and seizure questions in pending criminal proceedings. The Supreme Court also oversees the regulation of attorneys and the practice of law. The Supreme Court is composed of seven justices who serve renewable 10-year terms. The Chief Justice, selected by the justices of the Court, is the executive head of the Department.

Created by statute, the *Court of Appeals* is generally the first court to hear appeals of judgements and orders in criminal, juvenile, civil, domestic relations, and probate matters. The Court of Appeals also has initial jurisdiction to review actions and decisions of several state agencies, boards, and commissions. Its

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<sup>2</sup> A writ of habeas corpus is a judicial mandate to a prison official ordering that an inmate be brought to the court so it can be determined whether or not that person is imprisoned lawfully and whether or not he should be released from custody.

determination of an appeal is final unless the Colorado Supreme Court agrees to review the matter. The Court of Appeals is currently composed of 22 judges who serve renewable 8-year terms.

Cash fund sources primarily include annual attorney registration fees, law examination application fees, appellate court filing fees, and various docket fees that are credited to the Judicial Stabilization Cash Fund. Reappropriated funds are funds transferred from the Department of Law.

Supreme Court/Court of Appeals						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$18,856,903	\$10,035,031	\$8,821,872	\$0	\$0	188.7
SB 11-142	<u>22,500</u>	<u>10,000</u>	<u>0</u>	<u>12,500</u>	<u>0</u>	<u>1.5</u>
<b>TOTAL</b>	<b>\$18,879,403</b>	<b>\$10,045,031</b>	<b>\$8,821,872</b>	<b>\$12,500</b>	<b>\$0</b>	<b>190.2</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$18,879,403	\$10,045,031	\$8,821,872	\$12,500	\$0	190.2
Restore one-time personal services reductions	250,061	215,546	34,515	0	0	0.0
Partially restore FY 2010-11 personal services reductions	248,259	0	248,259	0	0	4.0
Transfer from Department of Law	37,500	0	0	37,500	0	0.0
<b>SB 11-209</b>	<b>\$19,415,223</b>	<b>\$10,260,577</b>	<b>\$9,104,646</b>	<b>\$50,000</b>	<b>\$0</b>	<b>194.2</b>
SB 11-076	<u>(352,427)</u>	<u>(327,754)</u>	<u>(24,673)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$19,062,796</b>	<b>\$9,932,823</b>	<b>\$9,079,973</b>	<b>\$50,000</b>	<b>\$0</b>	<b>194.2</b>
<b>Increase/(Decrease)</b>	\$183,393	(\$112,208)	\$258,101	\$37,500	\$0	4.0
Percentage Change	1.0%	(1.1)%	2.9%	300.0%	n/a	2.1%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-142 modified FY 2010-11 appropriations to make minor funding adjustments and to reflect, for informational purposes, staff who are now supported by the Supreme Court Library Fund.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to PERA pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Partially restore FY 2010-11 personal services reductions:** The appropriation restores a portion of the staffing reductions that occurred in FY 2010-11 to address a significant staffing deficit and a growing number of pending cases.

**Transfer from Department of Law:** The appropriation authorizes the receipt and expenditure of moneys transferred from the Department of Law to support a joint effort to share library resources when both departments are co-located in the Ralph L. Carr Judicial Center.

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

## Courts Administration

The justices of the Supreme Court appoint a State Court Administrator to oversee the daily administration of the Department and provide technical and administrative support to the courts and probation. The Courts Administration section of the budget is currently comprised of three subsections:

- The *Administration and Technology* subsection includes funding and staff associated with central administration of the State's Judicial system, including information technology systems.
- The *Central Appropriations* subsection includes funding related to employee benefits, leased space, and services purchased from other agencies such as legal and technology services.
- The *Centrally Administered Programs* subsection includes funding supporting specific functions, grant programs, and distributions that are administered by the State Court Administrator's Office.

Courts Administration						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$101,992,515	\$46,449,527	\$50,659,224	\$2,494,022	\$2,389,742	333.4
HB 10-1338	24,284	24,284	0	0	0	0.0
HB 10-1347	34,091	34,091	0	0	0	0.0
HB 10-1352	22,416	22,416	0	0	0	0.0
SB 11-142	<u>(1,014,840)</u>	<u>(593,509)</u>	<u>(435,000)</u>	<u>13,669</u>	<u>0</u>	<u>(0.1)</u>
<b>TOTAL</b>	<b>\$101,058,466</b>	<b>\$45,936,809</b>	<b>\$50,224,224</b>	<b>\$2,507,691</b>	<b>\$2,389,742</b>	<b>333.3</b>
<b>FY 2011-12 Appropriation:</b>						
SB 11-209	\$103,848,696	\$47,854,310	\$52,200,939	\$3,008,149	\$785,298	335.8
SB 11-076	(523,239)	(345,089)	(176,806)	(1,344)	0	0.0

<b>Courts Administration</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
HB 11-1300	<u>62,529</u>	<u>62,529</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$103,387,986</b>	<b>\$47,571,750</b>	<b>\$52,024,133</b>	<b>\$3,006,805</b>	<b>\$785,298</b>	<b>335.8</b>
<b>Increase/(Decrease)</b>	\$2,329,520	\$1,634,941	\$1,799,909	\$499,114	(\$1,604,444)	2.5
Percentage Change	2.3%	3.6%	3.6%	19.9%	(67.1)%	0.8%

### *Administration and Technology*

This subsection funds the activities of the State Court Administrator's Office, including the following central administrative functions: accounting and budgeting; human resources; facilities management; procurement; information technology services; public information; and legal services. Cash funds are primarily from the Judicial Department Information Technology Cash Fund and various fees and cost recoveries. Reappropriated funds are from departmental indirect cost recoveries.

<b><i>Administration and Technology</i></b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$21,634,204	\$13,033,841	\$7,058,845	\$1,537,829	\$3,689	188.5
SB 11-142	<u>(324,100)</u>	<u>(337,769)</u>	<u>0</u>	<u>13,669</u>	<u>0</u>	<u>(0.1)</u>
<b>TOTAL</b>	<b>\$21,310,104</b>	<b>\$12,696,072</b>	<b>\$7,058,845</b>	<b>\$1,551,498</b>	<b>\$3,689</b>	<b>188.4</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$21,310,104	\$12,696,072	\$7,058,845	\$1,551,498	\$3,689	188.4
Indirect cost assessment	679,975	(468,864)	680,490	468,864	(515)	0.0
Judicial network infrastructure and support	597,793	597,793	0	0	0	2.0
Restore one-time personal services reductions	361,186	294,008	36,928	30,250	0	2.1
Transfer to Trial Courts section	(204,008)	(204,008)	0	0	0	(3.1)
Annualize prior year funding	(15,369)	0	(15,369)	0	0	1.0
Other	6,870	6,870	0	0	0	0.0
<b>SB 11-209</b>	<b>\$22,736,551</b>	<b>\$12,921,871</b>	<b>\$7,760,894</b>	<b>\$2,050,612</b>	<b>\$3,174</b>	<b>190.4</b>
SB 11-076	<u>(348,343)</u>	<u>(306,934)</u>	<u>(41,409)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$22,388,208</b>	<b>\$12,614,937</b>	<b>\$7,719,485</b>	<b>\$2,050,612</b>	<b>\$3,174</b>	<b>190.4</b>

<i>Administration and Technology</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>Increase/(Decrease)</b>	\$1,078,104	(\$81,135)	\$660,640	\$499,114	(\$515)	2.0
<b>Percentage Change</b>	5.1%	(0.6)%	9.4%	32.2%	(14.0)%	1.1%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-142 modified FY 2010-11 appropriations to:

- reduce General Fund appropriations for personal services by \$150,000 and 2.1 FTE;
- reflect indirect costs recovered from attorney regulation fees by increasing reappropriated funds by \$187,769 and reducing General Fund appropriations by the same amount; and
- eliminate reappropriated funds related to moneys that were previously transferred from the Department of Public Safety.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Indirect cost assessment:** The appropriation includes a net increase of \$679,975 in statewide and departmental indirect cost recoveries. The appropriation also reflects fund source adjustments (a reduction of \$468,864 General Fund and an increase of \$468,864 reappropriated funds) based on projected indirect cost recoveries.

**Judicial network infrastructure and support:** The appropriation adds funding to increase bandwidth in several locations statewide and to increase the number of network support staff. Although the appropriation adds General Fund in this section, this amount is fully offset by reducing General Fund appropriations in the Trial Court section by \$597,793 and instead utilizing cash funds from the Judicial Stabilization Cash Fund to support trial court staff for FY 2011-12.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State contribution to PERA pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Transfer to Trial Courts section:** The appropriation transfers funding and staff for the Office of Dispute Resolution to the Trial Courts section.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year budget actions.

**Other:** The appropriation includes other minor adjustments.

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



### Central Appropriations

This Long Bill group includes various centrally appropriated line items. The sources of cash funds include the Judicial Stabilization Cash Fund, the Offender Services Fund, the Judicial Department Information Technology Cash Fund, the Fines Collection Cash Fund, the Drug Offender Surcharge Fund, the Alcohol and Drug Driving Safety Program Fund, the State Commission on Judicial Performance Cash Fund, and employee parking fees.

<i>Central Appropriations</i>						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$30,320,158	\$27,363,156	\$2,957,002	\$0	\$0	0.0
SB 11-142	<u>2,940</u>	<u>2,940</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$30,323,098</b>	<b>\$27,366,096</b>	<b>\$2,957,002</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$30,323,098	\$27,366,096	\$2,957,002	\$0	\$0	0.0
Centrally appropriated line items	2,787,427	1,835,027	952,400	0	0	0.0
Statewide IT common policy adjustments	357,198	357,198	0	0	0	0.0
<b>SB 11-209</b>	<b><u>\$33,467,723</u></b>	<b><u>\$29,558,321</u></b>	<b><u>\$3,909,402</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>0.0</u></b>
<b>TOTAL</b>	<b>\$33,467,723</b>	<b>\$29,558,321</b>	<b>\$3,909,402</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$3,144,625	\$2,192,225	\$952,400	\$0	\$0	0.0
Percentage Change	10.4%	8.0%	32.2%	n/a	n/a	n/a

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-142 modified FY 2010-11 appropriations to update vehicle lease payments.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line item appropriations for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; vehicle lease payments; workers' compensation; legal services; payments to risk management and property funds; and leased space.

**Statewide IT common policy adjustments:** The appropriation includes adjustments to line items appropriated for: purchase of services from the computer center; multiuse network payments; and communication services payments.

### *Centrally Administered Programs*

This Long Bill group includes various programs that are administered by the State Court Administrator's Office for the benefit of the courts, probation, and administrative functions.

Significant sources of cash funds include the following: surcharges that are credited to local Victims and Witnesses Assistance and Law Enforcement (VALE) funds and local Crime Victim Compensation funds; time payment and late penalty fees credited to the Judicial Collection Enhancement Fund; felony conviction fines credited to the Fines Collection Cash Fund; docket fees credited to the Judicial Stabilization Cash Fund and the State Commission on Judicial Performance Cash Fund; various fees and cost recovery charges paid by court system users; surcharges credited to the Court Security Cash Fund and the Family-Friendly Court Program Cash Fund; and fees for divorce proceedings credited to the Family Violence Justice Fund. Reappropriated funds include local VALE funds transferred from the Trial Courts section and federal child support enforcement funds that are transferred from the Department of Human Services.

<i>Centrally Administered Programs</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$50,038,153	\$6,052,530	\$40,643,377	\$956,193	\$2,386,053	144.9
HB 10-1338	24,284	24,284	0	0	0	0.0
HB 10-1347	34,091	34,091	0	0	0	0.0
HB 10-1352	22,416	22,416	0	0	0	0.0
SB 11-142	<u>(693,680)</u>	<u>(258,680)</u>	<u>(435,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$49,425,264</b>	<b>\$5,874,641</b>	<b>\$40,208,377</b>	<b>\$956,193</b>	<b>\$2,386,053</b>	<b>144.9</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$49,425,264	\$5,874,641	\$40,208,377	\$956,193	\$2,386,053	144.9
Reflect continuously appropriated funds	1,334,840	0	1,334,840	0	0	0.0
Language interpreter rate increase	236,500	0	236,500	0	0	0.0
Restore one-time personal services reductions	154,582	29,984	123,254	1,344	0	0.0
Fund biennial public awareness poll	30,000	0	30,000	0	0	0.0
Courthouse Capital/ infrastructure maintenance	(1,972,265)	(80,791)	(1,891,474)	0	0	0.0
Maintain problem-solving courts	(1,183,290)	0	420,639	0	(1,603,929)	0.5
Reduce funding for grant program	(218,430)	(291,570)	73,140	0	0	0.0
Reduce funding for Senior Judge Program	(135,326)	(135,326)	0	0	0	0.0
Personal services base reduction	(22,820)	(22,820)	0	0	0	0.0
Other	(4,633)	0	(4,633)	0	0	0.0

<i>Centrally Administered Programs</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>SB 11-209</b>	<b>\$47,644,422</b>	<b>\$5,374,118</b>	<b>\$40,530,643</b>	<b>\$957,537</b>	<b>\$782,124</b>	<b>145.4</b>
SB 11-076	(174,896)	(38,155)	(135,397)	(1,344)	0	0.0
HB 11-1300	<u>62,529</u>	<u>62,529</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$47,532,055</b>	<b>\$5,398,492</b>	<b>\$40,395,246</b>	<b>\$956,193</b>	<b>\$782,124</b>	<b>145.4</b>
<b>Increase/(Decrease)</b>	(\$1,893,209)	(\$476,149)	\$186,869	\$0	(\$1,603,929)	0.5
Percentage Change	(3.8)%	(8.1)%	0.5%	0.0%	(67.2)%	0.3%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-142 modified FY 2010-11 appropriations to:

- reduce the appropriation for furnishing new and refurbished courthouses to reflect expenditures that will not be incurred until FY 2011-12 due to delays in four local courthouse projects; and
- reflect lower than anticipated expenditures for the Senior Judge Program.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Reflect continuously appropriated funds:** The appropriation increases cash funds appropriations to reflect funds that are collected from offenders and transferred to local governments for compensation and assistance of victims.

**Language interpreter rate increase:** The appropriation adds \$236,500 cash funds from the Judicial Stabilization Cash Fund to increase the hourly rate paid to certified Spanish language interpreters (\$30 to \$35).

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State contribution to PERA pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Fund biennial public awareness poll:** The appropriation provides cash funds for the biennial public awareness poll concerning the judicial performance evaluation system, consistent with S.B. 08-054.

**Courthouse Capital/ infrastructure maintenance:** The appropriation provides a total of \$473,526 cash funds from the Judicial Stabilization Cash Fund for capital outlay, including \$461,000 to furnish new and remodeled court facilities, \$12,526 for added network support staff and appellate court staff. This increase is offset by the elimination of \$2,445,791 in one-time funding provided for capital outlay in FY 2010-11.

**Maintain problem-solving courts:** The appropriation reflects a decrease in federal grant funds available to expand and improve problem-solving courts, and provides cash funds from the Judicial Stabilization Cash Fund

to maintain existing staffing levels in adult drug and DUI courts. The appropriation reflects an increase of 0.5 FTE to better reflect the number of existing positions supported by state funds.

**Reduce funding for grant program:** The appropriation reduces funding for grants to organizations that provide civil legal services to indigent clients who are victims of family violence.

**Reduce funding for Senior Judge Program:** The appropriation reduces funding for the Senior Judge Program by \$135,326 (8.3 percent).

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services for the Language Interpreter line item.

**Other:** The appropriation includes other minor adjustments.

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

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## **Trial Courts**

This section provides funding for the state trial courts, which include district courts in 22 judicial districts, water courts, and county courts.

*District courts* preside over felony criminal matters, civil claims, juvenile matters, probate, mental health, and divorce proceedings. In addition, district courts handle appeals from municipal and county courts, and review decisions of administrative boards and agencies. In FY 2009-10, 238,766 cases were filed at the district court level (including water cases). The General Assembly establishes judicial districts and the number of judges for each district in statute; these judges serve renewable six-year terms.

The General Assembly established seven state *water divisions* based on the drainage patterns of major rivers in Colorado. Each water division is staffed by a division engineer, a district court judge who is designated as the water judge by the Colorado Supreme Court, a water referee appointed by the water judge, and a water clerk assigned by the district court. Water judges have exclusive jurisdiction over cases involving the determination of water rights and the use and administration of water in their respective divisions.

*County courts* handle civil actions involving no more than \$15,000, misdemeanor cases, civil and criminal traffic infractions, and felony complaints. County courts also issue search warrants and protection orders in cases involving domestic violence. In addition, county courts handle appeals from municipal courts. The General Assembly establishes the number of judges for each county in statute; these judges serve renewable 4-year terms. In FY 2009-10, 541,439 cases were filed at the county court level.

Significant cash fund sources include docket fees credited to the Judicial Stabilization Cash Fund, various fees and cost recovery charges paid by court system users, and grants. Reappropriated funds include federal funds transferred from the Department of Human Services and the Department of Public Safety.

Trial Courts						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$136,381,733	\$107,884,528	\$25,607,205	\$1,265,000	\$1,625,000	1,725.5
HB 10-1291	(17,300)	(17,300)	0	0	0	0.0
SB 11-142	(335,923)	(335,923)	0	0	0	(8.4)
SB 11-209	<u>(300,000)</u>	<u>(300,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6.5)</u>
<b>TOTAL</b>	<b>\$135,728,510</b>	<b>\$107,231,305</b>	<b>\$25,607,205</b>	<b>\$1,265,000</b>	<b>\$1,625,000</b>	<b>1,710.6</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$135,728,510	\$107,231,305	\$25,607,205	\$1,265,000	\$1,625,000	1,710.6
Restore one-time personal services reductions	3,247,828	2,840,380	407,448	0	0	14.9
H.B. 07-1054 (new judges)	2,308,047	0	2,308,047	0	0	34.0
Transfer from Administration and Technology section	204,008	204,008	0	0	0	3.1
Adjust transfer amount	135,000	0	0	135,000	0	0.0
Increase funding for district attorney mandated costs	68,170	68,170	0	0	0	0.0
Fund source adjustments	0	(1,223,716)	1,223,716	0	0	0.0
<b>SB 11-209</b>	<b>\$141,691,563</b>	<b>\$109,120,147</b>	<b>\$29,546,416</b>	<b>\$1,400,000</b>	<b>\$1,625,000</b>	<b>1,762.6</b>
SB 11-076	(2,618,310)	(2,158,252)	(460,058)	0	0	0.0
HB 11-1300	<u>590,471</u>	<u>590,471</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6.0</u>
<b>TOTAL</b>	<b>\$139,663,724</b>	<b>\$107,552,366</b>	<b>\$29,086,358</b>	<b>\$1,400,000</b>	<b>\$1,625,000</b>	<b>1,768.6</b>
<b>Increase/(Decrease)</b>	<b>\$3,935,214</b>	<b>\$321,061</b>	<b>\$3,479,153</b>	<b>\$135,000</b>	<b>\$0</b>	<b>58.0</b>
Percentage Change	2.9%	0.3%	13.6%	10.7%	0.0%	3.4%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-142 and S.B. 11-209 primarily modified FY 2010-11 appropriations to reduce General Fund appropriations for personal services.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items (along with the associated 14.9 FTE), and a reduced State contribution to PERA pursuant to S.B. 10-146.

Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**H.B. 07-1054 (new judges):** The appropriation includes \$2,308,047 cash funds from the Judicial Stabilization Cash Fund and 34.0 FTE for the delayed implementation of new judgeships pursuant to H.B. 07-1054. This amount includes a full 12 months of funding for the 10 district court judgeships<sup>3</sup> and two county court judgeships<sup>4</sup> that were filled January 1, 2011, as well as 12 months of funding for one county court judgeship in the 7<sup>th</sup> judicial district (Delta, Gunnison, Hinsdale, Montrose, Ouray, and San Miguel counties) that will be filled July 1, 2011. The remaining district court and county court judgeships that have been authorized for the 1<sup>st</sup> judicial district (Jefferson and Gilpin counties) have been delayed another year.

**Transfer from Administration and Technology section:** The appropriation transfers funding and staff for the Office of Dispute Resolution from the Administration and Technology section.

**Adjust transfer amount:** The appropriation reflects an increase in the amount of federal child support enforcement funds anticipated to be transferred from the Department of Human Services.

**Increase funding for district attorney mandated costs:** The appropriation increases funding for mandated costs based on actual expenditures incurred in the last three fiscal years.

**Fund source adjustments:** The appropriation reduces General Fund appropriations for trial court programs and increases the cash fund appropriation from the Judicial Stabilization Cash Fund by the same amount in order to offset the cost of increasing the bandwidth of the Judicial network infrastructure and adding network support staff (these costs are reflected in the Administration and Technology subsection, above) and to reduce overall General Fund appropriations to the Judicial Department.

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

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## Probation and Related Services

This section provides funding for probation and related services. Persons convicted of certain offenses are eligible to apply to the court for probation. The court may grant a defendant probation if it determines that probation would be just and serve the best interests of the public and the defendant. The offender serves the sentence in the community under the supervision of a probation officer, subject to conditions imposed by the court. The length of probation is at the discretion of the court and may exceed the maximum period of incarceration authorized for the offense of which the defendant is convicted, except that it cannot exceed five years for any misdemeanor or petty offense.

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<sup>3</sup> The 10 district court judgeships that were filled January 1, 2011 include the following judicial districts: two in the 2<sup>nd</sup> (Denver); two in the 4<sup>th</sup> (El Paso, Teller); one in the 8<sup>th</sup> (Larimer, Jackson); two in the 17<sup>th</sup> (Adams, Broomfield); one in the 18<sup>th</sup> (Arapahoe, Douglas, Elbert, and Lincoln); one in the 19<sup>th</sup> (Weld); and one in the 20<sup>th</sup> (Boulder).

<sup>4</sup> The two county court judgeships that were filled January 1, 2011 include one in Adams county and one in El Paso county.

Managed by the Chief Probation Officer in each judicial district, about 1,100 state employees prepare assessments and provide pre-sentence investigation services to the courts, supervise offenders sentenced to community programs, and provide notification and support services to victims. The Chief Probation Officer is supervised by the Chief Judge in each district. Investigation and supervision services are provided based on priorities established by the Chief Justice and each offender's risk of re-offending. Adult and juvenile offenders are supervised in accordance with conditions imposed by the courts. A breach of any imposed condition may result in revocation or modification of probation, or incarceration of the offender. On June 30, 2010, 67,296 adults and 6,398 juveniles who were sentenced to probation were under supervision.

Cash fund sources include: the Offender Services Fund, the Alcohol and Drug Driving Safety Program Fund, the Drug Offender Surcharge Fund, the Sex Offender Surcharge Fund, the Offender Identification Fund, and various fees, cost recoveries, and grants. Sources of reappropriated funds include transfers from the Departments of Education, Human Services, and Public Safety.

<b>Probation and Related Services</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$94,068,408	\$64,528,043	\$23,020,795	\$3,719,570	\$2,800,000	1,178.6
HB 10-1338	284,344	284,344	0	0	0	5.2
HB 10-1347	654,177	404,427	249,750	0	0	7.3
HB 10-1352	1,709,157	1,709,157	0	0	0	4.8
SB 11-142	342,273	(725,923)	0	1,068,196	0	(8.4)
SB 11-209	<u>(700,000)</u>	<u>(700,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(15.9)</u>
<b>TOTAL</b>	<b>\$96,358,359</b>	<b>\$65,500,048</b>	<b>\$23,270,545</b>	<b>\$4,787,766</b>	<b>\$2,800,000</b>	<b>1,171.6</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$96,358,359	\$65,500,048	\$23,270,545	\$4,787,766	\$2,800,000	1,171.6
Annualize prior year funding	10,277,821	5,089,929	(311,025)	5,498,917	0	(1.5)
Restore one-time personal services reductions	2,642,936	2,432,899	210,037	0	0	24.3
<b>SB 11-209</b>	<b>\$109,279,116</b>	<b>\$73,022,876</b>	<b>\$23,169,557</b>	<b>\$10,286,683</b>	<b>\$2,800,000</b>	<b>1,194.4</b>
SB 11-076	<u>(1,606,791)</u>	<u>(1,397,908)</u>	<u>(208,883)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$107,672,325</b>	<b>\$71,624,968</b>	<b>\$22,960,674</b>	<b>\$10,286,683</b>	<b>\$2,800,000</b>	<b>1,194.4</b>
<b>Increase/(Decrease)</b>	<b>\$11,313,966</b>	<b>\$6,124,920</b>	<b>(\$309,871)</b>	<b>\$5,498,917</b>	<b>\$0</b>	<b>22.8</b>
Percentage Change	11.7%	9.4%	(1.3)%	114.9%	0.0%	1.9%

## **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-142 and S.B. 11-209 modified FY 2010-11 appropriations to:

- reduce General Fund appropriations for personal services by a total of \$1,025,923 and 24.3 FTE;
- reduce the General Fund appropriation to the Drug Offender Surcharge Fund (DOSF) that was initiated through H.B. 10-1352 by \$400,000, from \$1,468,196 to \$1,068,196; and
- authorize the Department to spend the remaining \$1,068,196 in the DOSF for the provision of treatment services in FY 2010-11.

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Annualize prior year funding:** The appropriation includes the following changes related to prior year legislation:

- an increase of \$10,162,328 for H.B. 10-1352 (concerning controlled substance crime changes), including: (1) a \$5,087,922 increase in the General Fund appropriation to the Drug Offender Surcharge Fund based on projected General Fund savings in the Department of Corrections resulting from H.B. 10-1352; (2) a \$5,031,804 increase in the cash funds spending authority out of such fund for the provision of treatment services to adult offenders who are on diversion, on probation, on parole, in community corrections, or in jail; and (3) a \$42,602 General Fund increase for the second year of funding personal services and operating expenses;
- an increase of \$246,954 for H.B. 10-1347 (driving under the influence or "DUI" penalties), including: (1) an increase of \$29,591 General Fund for the second year of funding personal services and operating expenses; (2) an increase of \$467,113 reappropriated funds to reflect the amount of moneys in the Persistent Drunk Driver Cash Fund that are transferred from the Department of Human Services for the provision of treatment services for indigent offenders; and (3) a decrease of \$249,750 cash funds to eliminate direct appropriations from the Persistent Drunk Driver Cash Fund;
- an increase of \$20,818 General Fund for H.B. 10-1338 (concerning probation eligible two prior felonies) to annualize funding for personal services and operating expenses; and
- a decrease of \$152,279 and 1.5 FTE, including \$91,004 General Fund and \$61,275 cash funds, for S.B. 09-241 (concerning DNA testing of felony arrestees).

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items (along with the associated 24.3 FTE), and a reduced State contribution to PERA pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

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

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## Public Defender

The Office of the State Public Defender (OSPD) is an independent agency within the Judicial Branch that provides legal representation for indigent defendants who are facing the possibility of incarceration. The OSPD provides representation through state employees who are located around the state. The OSPD is comprised of a central administrative office, an appellate office, and 21 regional trial offices. During FY 2009-10, the Office handled 120,816 cases. Cash fund sources include grants and training fees.

Public Defender						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$57,355,891	\$57,205,891	\$150,000	\$0	\$0	610.1
HB 10-1352	(244,512)	(244,512)	0	0	0	(5.6)
SB 11-142	<u>(407,885)</u>	<u>(455,885)</u>	<u>48,000</u>	<u>0</u>	<u>0</u>	<u>0.8</u>
<b>TOTAL</b>	<b>\$56,703,494</b>	<b>\$56,505,494</b>	<b>\$198,000</b>	<b>\$0</b>	<b>\$0</b>	<b>605.3</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$56,703,494	\$56,505,494	\$198,000	\$0	\$0	605.3
H.B. 07-1054 (new judges)	2,629,582	2,629,582	0	0	0	42.7
Restore one-time personal services reductions	1,379,358	1,379,358	0	0	0	0.0
Centrally appropriated line items	666,702	666,702	0	0	0	0.0
Reverse FY 2010-11 supplemental	402,319	402,319	0	0	0	0.0
Reflect anticipated grant	148,520	0	148,520	0	0	2.3
Annualize prior year funding	8,342	8,342	0	0	0	0.0
<b>SB 11-209</b>	<b>\$61,938,317</b>	<b>\$61,591,797</b>	<b>\$346,520</b>	<b>\$0</b>	<b>\$0</b>	<b>650.3</b>
SB 11-076	<u>(969,823)</u>	<u>(969,823)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$60,968,494</b>	<b>\$60,621,974</b>	<b>\$346,520</b>	<b>\$0</b>	<b>\$0</b>	<b>650.3</b>
<b>Increase/(Decrease)</b>	<b>\$4,265,000</b>	<b>\$4,116,480</b>	<b>\$148,520</b>	<b>\$0</b>	<b>\$0</b>	<b>45.0</b>
Percentage Change	7.5%	7.3%	75.0%	n/a	n/a	7.4%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-142 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to General Fund personal services line items and to provide spending authority to allow the OSPD to receive a grant.

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**H.B. 07-1054 (new judges):** The appropriation adds \$2,629,582 General Fund and 42.7 FTE for the delayed implementation of new judgeships pursuant to H.B. 07-1054. This increase provides a full 12 months of funding for 40.1 FTE that were added for eight months of FY 2010-11 in connection with the 28 judgeships that were filled in FY 2007-08 and FY 2008-09. This increase also includes funding to add 29.3 FTE in FY 2011-12 in connection with the 12 judgeships that were filled January 1, 2011, and the judgeship that will be filled July 1, 2011.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Centrally appropriated line items:** The appropriation includes adjustments to the following line items that are centrally appropriated in most departments, but which also appear within each independent agency in this department: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the PERA pension fund; vehicle lease payments (offset by a reduction in reimbursements for employee mileage reimbursements); and leased space.

**Reverse FY 2010-11 supplemental:** The appropriation partially restores mid-year reductions in funding for FY 2010-11 for operating expenses, information technology asset maintenance, and mandated costs.

**Reflect anticipated grant:** The appropriation reflects a full twelve months of grant funding from Denver related to the Denver Sobriety Court.

**Annualize prior year funding:** The appropriation: adds \$54,273 to provide a full 12 months of funding for the 5.1 FTE that were added for problem-solving courts in FY 2010-11; eliminates the associated capital outlay funding; and reduces \$19,941 to reflect a full 12 months of savings resulting from H.B. 10-1352.

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

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### **Alternate Defense Counsel**

The Office of Alternate Defense Counsel (OADC) is an independent agency within the Judicial Branch that provides legal representation for indigent defendants in criminal and juvenile delinquency cases in which the Office of the State Public Defender has an ethical conflict of interest. The OADC provides legal representation by contracting with licensed attorneys and investigators. In FY 2009-10, the OADC handled 12,594 cases. Cash funds are from training fees.

Alternate Defense Counsel						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$24,556,665	\$24,536,665	\$20,000	\$0	\$0	7.5
SB 11-209	<u>(2,280,711)</u>	<u>(2,280,711)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$22,275,954</b>	<b>\$22,255,954</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$0</b>	<b>7.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$22,275,954	\$22,255,954	\$20,000	\$0	\$0	7.5
Partially reverse FY 2010-11 supplemental	942,243	942,243	0	0	0	0.0
Restore one-time personal services reduction	15,385	15,385	0	0	0	0.0
Centrally appropriated line items	14,477	14,477	0	0	0	0.0
<b>SB 11-209</b>	<b>\$23,248,059</b>	<b>\$23,228,059</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$0</b>	<b>7.5</b>
SB 11-076	<u>(15,385)</u>	<u>(15,385)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$23,232,674</b>	<b>\$23,212,674</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$0</b>	<b>7.5</b>
<b>Increase/(Decrease)</b>	\$956,720	\$956,720	\$0	\$0	\$0	0.0
Percentage Change	4.3%	4.3%	0.0%	n/a	n/a	0.0%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-209 reduced FY 2010-11 appropriations for conflict of interest contracts and mandated costs due to lower than anticipated costs in felony cases.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Partially reverse FY 2010-11 supplemental:** The appropriation partially restores mid-year reductions in funding for FY 2010-11 for conflict of interest contracts and mandated costs. Funding for FY 2011-12 is based on actual expenditures incurred in FY 2008-09.

**Restore one-time personal services reduction:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Centrally appropriated line items:** The appropriation includes adjustments to the following line items that are centrally appropriated in most departments, but which also appear within each independent agency in this

department: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the PERA pension fund; and leased space.

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

## Office of the Child's Representative

The Office of the Child's Representative (OCR) is an independent agency within the Judicial Branch that is responsible for ensuring the provision of uniform, high-quality legal representation and non-legal advocacy to children involved in judicial proceedings. Generally, this involves representing children involved in the court system due to abuse or neglect, delinquency, truancy, high conflict divorce, alcohol or drug abuse, mental health issues, and probate matters.

In most judicial districts, OCR provides legal representation by contracting with private attorneys or multi-disciplinary law offices. However, in the 4th Judicial District (El Paso county only), the OCR employs attorneys to provide guardian ad litem services through a centralized office rather than through contracted services. In FY 2009-10, the OCR handled 14,794 cases.

Office of the Child's Representative						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$19,296,168	\$19,296,168	\$0	\$0	\$0	26.9
<b>TOTAL</b>	<b>\$19,296,168</b>	<b>\$19,296,168</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>26.9</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$19,296,168	\$19,296,168	\$0	\$0	\$0	26.9
Caseload growth increase	257,904	257,904	0	0	0	0.0
Restore one-time personal services reduction	42,787	42,787	0	0	0	0.0
Centrally appropriated line items	22,004	22,004	0	0	0	0.0
Reduce CASA grants	(45,000)	(45,000)	0	0	0	0.0
Personal services base reduction	(27,141)	(27,141)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$19,546,722</b>	<b>\$19,546,722</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>26.9</b>
SB 11-076	(42,182)	(42,182)	0	0	0	0.0
<b>TOTAL</b>	<b>\$19,504,540</b>	<b>\$19,504,540</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>26.9</b>
<b>Increase/(Decrease)</b>	\$208,372	\$208,372	\$0	\$0	\$0	0.0
Percentage Change	1.1%	1.1%	n/a	n/a	n/a	0.0%

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Caseload growth increase:** The appropriation includes funding to account for a 1.6 percent projected caseload growth. The additional funding is primarily for contract attorneys acting as guardians ad litem in dependency and neglect cases and juvenile delinquency cases.

**Restore one-time personal services reduction:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Centrally appropriated line items:** The appropriation includes adjustments to the following line items that are centrally appropriated in most departments, but which also appear within each independent agency in this department: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the PERA pension fund; and leased space.

**Reduce CASA grants:** The appropriation reduces state funding for grants to court-appointed special advocate (CASA) programs from \$520,000 to \$475,000.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

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### Independent Ethics Commission

The Independent Ethics Commission (IEC) is a five-member body established through a constitutional amendment that was approved by voters in 2006. The purpose of the IEC is to provide advice and guidance on ethics-related matters concerning public officers, members of the General Assembly, local government officials, or government employees. The IEC hears complaints, issues findings, assesses penalties and sanctions where appropriate, and issues advisory opinions. The IEC members serve without compensation but are reimbursed for actual and necessary expenses incurred. Originally established in the Office of Administrative Courts in the Department of Personnel and Administration, the Commission was transferred to and established in the Judicial Department as an independent agency through H.B. 10-1404.

Independent Ethics Commission						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1404	\$270,822	\$270,822	\$0	\$0	\$0	2.0
SB 11-142	<u>12,771</u>	<u>12,771</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$283,593</b>	<b>\$283,593</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>2.0</b>

<b>Independent Ethics Commission</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$283,593	\$283,593	\$0	\$0	\$0	2.0
Restore one-time personal services reduction	4,028	4,028	0	0	0	0.0
Centrally appropriated line items	1,661	1,661	0	0	0	0.0
Personal services base reduction	(50,000)	(50,000)	0	0	0	(1.0)
Eliminate one-time funding	(12,771)	(12,771)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$226,511</b>	<b>\$226,511</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>1.0</b>
SB 11-076	<u>(4,028)</u>	<u>(4,028)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$222,483</b>	<b>\$222,483</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>1.0</b>
<b>Increase/(Decrease)</b>	(\$61,110)	(\$61,110)	\$0	\$0	\$0	(1.0)
Percentage Change	(21.5)%	(21.5)%	n/a	n/a	n/a	(50.0)%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-142 modified FY 2010-11 appropriations to add one-time funding for construction costs incurred after the IEC was relocated to the Judicial Department's office space.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Centrally appropriated line items:** The appropriation includes adjustments to the following line items that are centrally appropriated in most departments, but which also appear within each independent agency in this department: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the PERA pension fund; and legal services.

**Personal services base reduction:** The appropriation reduces funding for personal services by \$50,000 General Fund and 1.0 FTE.

**Eliminate one-time funding:** The appropriation eliminates the one-time funding for construction costs.

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

## Recent Legislation

### 2010 Session Bills

**H.B. 10-1215:** Authorizes the court to apply the deposit for a cash bond to satisfy any outstanding court costs, fees, fines, restitution, or surcharges the defendant may owe if the defendant is the depositor. In cases in which the defendant is not the depositor, authorizes the court to apply the deposit in such manner if the depositor agrees in writing to use the deposit for such purpose.

**H.B. 10-1291:** Eliminates the daily fee that witnesses receive for attending court. Decreases the General Fund appropriation to the Department for district attorney mandated costs for FY 2010-11 by \$17,300.

**H.B. 10-1338:** Allows a person who has two or more prior felony convictions to be eligible for probation, with certain exceptions. For the implementation of H.B. 10-1338, appropriates \$308,628 General Fund and 5.2 FTE to the Judicial Department for probation services, and decreases the General Fund appropriation to the Department of Corrections for payments to house state prisoners by \$2,541,810. Also includes the following appropriations and adjustments for FY 2010-11:

- Appropriates \$336,057 General Fund to the Department of Revenue for FY 2010-11 for the implementation of H.B. 09-1137;
- Increases the appropriation to the Department of Human Services for FY 2010-11 for child welfare services by \$1,719,794 to mitigate the reduction in funding for county staff salaries and benefits, community provider rates, and Medicaid treatment rates (including \$991,919 General Fund, \$343,959 local cash funds, \$75,209 reappropriated funds transferred from the Department of Health Care Policy and Financing (DHCPF), and \$308,707 federal Title IV-E funds); and
- Increases the appropriation to the DHCPF for child welfare services by \$75,209 (including \$28,887 General Fund and \$46,322 federal Medicaid funds).

**H.B. 10-1347:** Adjusts the penalties for a second offense of driving under the influence (DUI), DUI per se, driving while ability impaired (DWAI), and driving as a habitual use of the controlled substance, and creates a new set of penalties for a third or subsequent offense. Raises the minimum persistent drunk driver surcharge from \$50 to \$100.

For FY 2010-11, appropriates \$438,518 General Fund and 7.3 FTE to the Judicial Department for probation services, and \$249,750 cash funds from the Persistent Drunk Driver Cash Fund for the provision of court-ordered alcohol treatment programs, approved ignition interlock devices, and continuous monitoring technology or devices for indigent and incarcerated offenders. Specifies that the act shall only take effect if H.B. 10-1338 is enacted and has a net reduction in General Fund appropriations for FY 2010-11 that is equal to or greater than the \$438,518 General Fund appropriation required in H.B. 10-1347.

**H.B. 10-1352:** Makes a number of changes to offenses related to controlled substances. Directs the General Assembly to annually appropriate the General Fund savings generated by the bill to the Drug Offender Surcharge Fund, and requires that such moneys be allocated to cover the costs associated with the treatment of substance abuse or co-occurring disorders of adult offenders who are assessed to be in need of treatment and

who are on diversion, on probation, on parole, in community corrections, or in jail. Makes the following appropriations and adjustments for FY 2010-11:

- Appropriates \$1,468,196 General Fund to the Judicial Department, to be credited to the Drug Offender Surcharge Fund pursuant to Section 18-19-103 (3.5), C.R.S.;
- Appropriates \$263,377 General Fund and 4.8 FTE to the Judicial Department for probation services;
- Appropriates \$36,528 General Fund and 0.5 FTE to the Department of Public Safety, Division of Criminal Justice, for analyzing and reporting on the annual fiscal savings generated by H.B. 10-1352;
- Decreases the General Fund appropriation to the Department of Corrections for payments to house state prisoners by \$1,523,589; and
- Decreases General Fund appropriations to the Judicial Department for the Public Defender by \$244,512 and 5.6 FTE.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

**H.B. 10-1404:** Moves the Independent Ethics Commission out of the Office of Administrative Courts in the Department of Personnel and Administration and establishes it as an independent agency within the Judicial Department. Decreases General Fund appropriations to the Department of Personnel and Administration for FY 2010-11 by \$270,822 and 2.0 FTE, and appropriates \$270,822 General Fund and 2.0 FTE to the Judicial Department for FY 2010-11.

## **2011 Session Bills**

**S.B. 11-028:** Modifies the allocation of judgeships that were added through H.B. 07-1054, reducing the total number of district court judgeships allocated to the First Judicial District (Gilpin, Jefferson) from 15 to 14 and increasing the total number of district court judgeships allocated to the Seventh Judicial District (Delta, Gunnison, Hinsdale, Montrose, Ouray, San Miguel) from 4 to 5.

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$6,132,185 total funds, of which \$5,260,421 is General Fund, \$870,420 is cash funds, and \$1,344 is reappropriated funds.

**S.B. 11-142:** Supplemental appropriation to the Judicial Department to modify FY 2010-11 appropriations included in the FY 2010-11 Long Bill (H.B. 10-1376), H.B. 10-1352, and H.B. 10-1404.

**S.B. 11-164:** Transfers \$672,725 from the Drug Offender Treatment Fund to the General Fund on June 30, 2011. For additional information on this bill, see the "Recent Legislation" section for the Department of Labor and Employment.



**S.B. 11-209:** General appropriations act for FY 2011-12. Also includes supplemental adjustments to modify appropriations to the Judicial Department included in the FY 2010-11 Long Bill (H.B. 10-1376).

**H.B. 11-1076:** Clarifies the applicability of time payment fees (which are imposed when fees, costs, and fines assessed in the judicial process are not paid in full on the date of assessment) to all criminal cases, including traffic infractions, petty offenses and cases involving the payment of restitution. Provides for annual reassessment of the time payment fee if payments have not been satisfied. The bill is anticipated to increase revenues to the Judicial Collection Enhancement Fund. As existing spending authority from the Fund exceeds the amount of available revenues, the additional revenues resulting from this bill can be spent under existing appropriations.

**H.B. 11-1200:** Requires a substance abuse assessment to be performed as part of the probation intake process when an individual has been sentenced to be supervised by probation services and the court has waived a presentence investigation. This bill is anticipated to increase revenues to the Drug Offender Surcharge Cash Fund. As existing spending authority from the Fund exceeds the amount of available revenues, the additional revenues resulting from this bill can be spent under existing appropriations.

**H.B. 11-1300:** Authorizes a new expedited method for resolving disputed claims over conservation easement state income tax credits. Appropriates \$653,000 General Fund and 6.0 FTE to the Judicial Department for FY 2011-12 to hear cases related to a notice of deficiency, disallowance, or rejection from the Department of Revenue regarding a claimed tax credit on conservation easements. For more information on H.B. 11-1300, see the "Recent Legislation" section at the end of the Department of Revenue.

# DEPARTMENT OF LABOR AND EMPLOYMENT

The Department is divided into five divisions:

1. The Executive Director's Office is responsible for providing common services to all divisions.
2. The Division of Employment and Training is responsible for administration and integrity of Colorado's unemployment insurance programs, administration of the workforce development programs and state run one-stop centers, and research and analysis on Colorado's employment trends.
3. The Division of Labor is responsible for ensuring employer compliance with state and federal employment laws.
4. The Division of Oil and Public Safety is responsible for the inspection of: boilers, conveyances, amusement park and carnival rides, distribution centers of petroleum products, and storage sites for explosive materials. It also monitors the clean-up of leaking underground storage tanks.
5. The Division of Workers' Compensation is responsible for enforcing workers' compensation laws and for the administration of the Major Medical Insurance and Subsequent Injury Funds.

## Department Budget: Recent Appropriations

Funding Source	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$0	\$0	\$0	\$0
Cash Funds	62,309,957	60,585,018	59,639,210	60,765,642
Reappropriated Funds	1,621,481	12,832,151	1,695,272	752,426
Federal Funds	<u>97,356,819</u>	<u>103,611,625</u>	<u>95,589,102</u>	<u>96,534,472</u>
<b>Total Funds</b>	<b>\$161,288,257</b>	<b>\$177,028,794</b>	<b>\$156,923,584</b>	<b>\$158,052,540</b>
Full Time Equiv. Staff	1,124.7	1,123.7	1,047.0	1,046.8

## General Factors Driving the Budget

Funding for this department consists of 38.4 percent cash funds, 0.5 percent reappropriated funds, and 61.1 percent federal funds. The following is a review of the important factors driving this department's budget.

### Unemployment Insurance Programs

The Unemployment Insurance Programs (UI Programs) provide temporary compensation to individuals who are laid off through no fault of their own. Benefits are paid on a weekly basis and range from a minimum of \$25 to a maximum of \$487 per week. The appropriation in the Long Bill reflects funds for the administrative

expenses of the UI Programs. Pursuant to Section 8-77-104 (1), C.R.S., the funds used to pay benefits are not subject to appropriation by the General Assembly.

The appropriation for the UI Programs accounts for 22.0 percent of the Department's total FY 2011-12 appropriation. Approximately 78.7 percent of the UI Programs appropriation is federal funds. The administrative costs of Colorado's UI Programs has steadily increased, but due to a decreasing amount of federal funds, state cash funds are funding an increasing percentage of the administrative costs, as outlined in the following table.

<b>Comparison of UI Program Administrative Expenses FY 2005-06 to FY 2010-11</b>			
<b>Fiscal Year</b>	<b>Total Appropriation</b>	<b>Cash Funds</b>	<b>Federal Funds</b>
FY 2005-06*	\$33,746,054	\$6,316,112	\$27,429,942
FY 2011-12	34,876,888	7,416,043	27,460,845
Dollar Change	\$1,130,834	\$1,099,931	\$30,903
Percent Change	3.4%	17.4%	0.1%

\*Note the FY 2005-06 Cash Funds number includes what was classified as cash funds exempt in FY 2005-06 but would be classified as cash funds in FY 2010-11.

Claims are paid from the Unemployment Insurance Trust Fund (UITF), which resides in the federal treasury and is maintained by the federal Unemployment Insurance Program. The state of the local and national economy impact the number of UI claims and the balance of the UITF. In a healthy economy, the number of claims is lower resulting in less benefits being paid out of the UITF, and a build up of fund balance. During an economic downturn, the number of claims increases, increasing the amount of benefits paid and drawing down the balance of the UITF. The following table illustrates the relationship between the health of the economy, number of claims, and the UITF balance.

<b>UI Benefit Payments for FY 2007-08 to FY 2011-12</b>				
<b>Fiscal Year</b>	<b>Benefit Payments</b>	<b>Change from Previous Year</b>	<b>Ending Trust Fund Balance</b>	<b>Change from Previous Year</b>
FY 2007-08 Actual	\$354,966,705	n/a	\$710,948,628	n/a
FY 2008-09 Actual	1,053,793,289	698,826,584	368,770,714	(342,177,914)
FY 2009-10 Actual	1,086,726,558	32,933,269	(182,904,013)	(551,674,727)
FY 2010-11 Estimated	718,876,245	(367,850,313)	(691,406,458)	(508,502,445)
FY 2011-12 Projected	537,869,586	(181,006,659)	(761,245,618)	(69,839,160)

Source: Department of Labor and Employment FY 2011-12 Budget Request

During FY 2009-10 the UITF became insolvent, which resulted in Colorado borrowing funds from the federal Unemployment Trust Fund. These borrowed funds are not deposited into the UITF but maintained in a separate account by the federal government. As the economy continues to recover and benefit payments decrease, the revenue generated by the various UI premiums and surcharges will be great enough to pay back the borrowed funds and rebuild the solvency of the UITF.

## Federal Funding Levels for Workforce Development Programs

Workforce development programs are funded primarily with federal funds. These programs provide a variety of employment services for businesses and job training and placement services for job seekers through a statewide network of state and county run one-stop workforce centers. These programs account for 38.4 percent of the total funding for the Department. These programs have benefitted from additional federal funds made available in FY 2008-09, FY 2009-10 and FY 2010-11 by the American Recovery and Reinvestment Act.

## Workers' Compensation

Colorado employers are required to have workers' compensation insurance to pay for medical expenses incurred during the treatment of work-related injuries, as well as partial wage replacement while the injured worker recovers. The Division of Workers' Compensation provides various services to support this mandate, including customer service, claims resolution, employer and employee education, and cost containment programs. The budget for the Worker's Compensation Division is driven by the number of workers injured in a given year, and the number of hearings requested by an employer/insurance company/injured worker to determine what benefits should be provided. The Workers' Compensation program offers claims intervention, mediation, pre-hearing conferences, settlement conferences, and arbitration to assist with dispute resolution.

## Summary of FY 2010-11 and FY 2011-12 Appropriations

Department of Labor and Employment						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$156,923,584</b>	<b>\$0</b>	<b>\$59,639,210</b>	<b>\$1,695,272</b>	<b>\$95,589,102</b>	<b>1,047.0</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	31,027,318	0	13,621,689	1,106,609	16,299,020	99.9
Division of Employment and Training	96,713,818	0	17,503,642	569,147	78,641,029	747.0
Division of Labor	1,163,596	0	1,163,596	0	0	15.0
Division of Oil and Public Safety	6,108,860	0	5,440,291	19,516	649,053	67.0
Division of Workers' Compensation	21,909,992	0	21,909,992	0	0	118.1
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	156,783,744	0	59,630,604	1,591,337	95,561,803	1,045.5
SB 10-013	3,756	0	3,756	0	0	0.1
HB 10-1038	(18,000)	0	(18,000)	0	0	0.0
HB 10-1333	100,000	0	0	100,000	0	1.4
SB 11-143	54,084	0	22,850	3,935	27,299	0.0

<b>Department of Labor and Employment</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2011-12 Total Appropriation:</b>	<b>\$158,052,540</b>	<b>\$0</b>	<b>\$60,765,642</b>	<b>\$752,426</b>	<b>\$96,534,472</b>	<b>1,046.8</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	33,497,141	0	15,925,376	160,894	17,410,871	99.9
Division of Employment and Training	96,478,283	0	17,452,644	572,016	78,453,623	746.8
Division of Labor	1,147,311	0	1,147,311	0	0	15.0
Division of Oil and Public Safety	5,252,202	0	4,562,708	19,516	669,978	67.0
Division of Workers' Compensation	21,677,603	0	21,677,603	0	0	118.1
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	159,621,368	0	61,312,749	756,026	97,552,593	1,046.8
SB 11-076	(1,631,728)	0	(610,007)	(3,600)	(1,018,121)	0.0
HB 11-1288	62,900	0	62,900	0	0	0.0
<b>Increase/(Decrease)</b>	<b>\$1,128,956</b>	<b>\$0</b>	<b>\$1,126,432</b>	<b>(\$942,846)</b>	<b>\$945,370</b>	<b>(0.2)</b>
Percentage Change	0.7%	n/a	1.9%	(55.6)%	1.0%	0.0%

## **FY 2010-11 Appropriation - Mid-year Adjustment Highlights**

Senate Bill 11-143 modified FY 2010-11 appropriations to make several minor funding adjustments.

## **FY 2011-12 Appropriation Highlights**

The FY 2011-12 appropriation:

1. Adds \$2.2 million total funds for centrally appropriated line items.
2. Adds \$1.45 million total funds for the restoration of the one-time reduced state contribution to the Public Employees Retirement Association for FY 2010-11 pursuant to S.B. 10-146.
3. Adds \$151,000 total funds, of which \$113,000 is cash funds, for the second year funding of the Division of Oil and Public Safety enterprise database development.
4. Reduces 0.2 FTE for the second year impact of H.B. 10-1333 (Green Jobs Colorado Training Pilot Program).
5. Reduces \$950,000 reappropriated funds from the Division of Oil and Public Safety as the Petroleum Storage Tank funds are included in the Executive Director's Office as cash funds.
6. Reduces \$322,000 total funds for the 1.5 percent personal services base reduction.

## Detail of Appropriation by Administrative Section

### Executive Director's Office

The Executive Director's Office provides funding for common services to all divisions including legal services from the Department of Law and information technology services from the Governor's Office of Information Technology. Additionally, this office provides support services to all divisions including budgeting, accounting and human resources.

The funding for this division is 47.5 percent cash funds, 0.5 percent reappropriated funds and 52.0 percent federal funds. The Employment Support Fund and Workers' Compensation Cash Fund are the primary sources of cash funds. Reappropriated funds are from indirect cost recoveries.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$30,977,169	\$0	\$13,602,774	\$1,102,674	\$16,271,721	99.9
SB 11-143	<u>50,149</u>	<u>0</u>	<u>18,915</u>	<u>3,935</u>	<u>27,299</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$31,027,318</b>	<b>\$0</b>	<b>\$13,621,689</b>	<b>\$1,106,609</b>	<b>\$16,299,020</b>	<b>99.9</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$31,027,318	\$0	\$13,621,689	\$1,106,609	\$16,299,020	99.9
Centrally appropriated line items	1,671,777	0	788,844	0	882,933	0.0
Statewide IT common policy adjustments	938,039	0	442,896	0	495,143	0.0
Restore one-time personal services reduction	127,761	0	49,785	5,152	72,824	0.0
Indirect cost assessment	74,091	0	75,638	1,013	(2,560)	0.0
Leased space adjustment	(96,503)	0	(43,426)	0	(53,077)	0.0
Fund source adjustment	(50,149)	0	1,089,409	(951,880)	(187,678)	0.0
Personal services base reduction	(43,385)	0	(43,385)	0	0	0.0
<b>SB 11-209</b>	<b>\$33,648,949</b>	<b>\$0</b>	<b>\$15,981,450</b>	<b>\$160,894</b>	<b>\$17,506,605</b>	<b>99.9</b>
SB 11-076	<u>(151,808)</u>	<u>0</u>	<u>(56,074)</u>	<u>0</u>	<u>(95,734)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$33,497,141</b>	<b>\$0</b>	<b>\$15,925,376</b>	<b>\$160,894</b>	<b>\$17,410,871</b>	<b>99.9</b>
<b>Increase/(Decrease)</b>	<b>\$2,469,823</b>	<b>\$0</b>	<b>\$2,303,687</b>	<b>(\$945,715)</b>	<b>\$1,111,851</b>	<b>0.0</b>
Percentage Change	8.0%	n/a	16.9%	(85.5)%	6.8%	0.0%

## FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-143 modified FY 2010-11 appropriations to make several minor funding adjustments.

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: health, life and dental benefits; short-term disability; amortization equalization disbursement; supplemental amortization equalization disbursement; shift differential; workers' compensation; payment to risk management and property funds; vehicle lease payments; and Capitol complex leased space.

**Statewide IT common policy adjustments:** The appropriation includes adjustments to line items appropriated for: purchase of services from the computer center; multiuse network payments; management and administration of the Governor's Office of Information Technology (OIT); and communication services payments.

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Indirect cost assessment:** The appropriation includes a net increase in the statewide indirect cost assessment.

**Leased space adjustment:** The appropriation includes a reduction associated with a decrease in the leased space rate.

**Fund source adjustment:** The appropriation includes an increase in cash funds due partly to the Long Bill reorganization transfer from the Division of Oil and Public Safety and partly to a projected decrease of federal funds.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

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

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## Division of Employment and Training

The Division of Employment and Training administers three programs: the Unemployment Insurance Programs, Employment and Training Programs, and Labor Market Information.

Division of Employment and Training						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2010-11 Appropriation:						
HB 10-1376	\$96,613,818	\$0	\$17,503,642	\$469,147	\$78,641,029	745.6

<b>Division of Employment and Training</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
HB 10-1333	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>1.4</u>
<b>TOTAL</b>	<b>\$96,713,818</b>	<b>\$0</b>	<b>\$17,503,642</b>	<b>\$569,147</b>	<b>\$78,641,029</b>	<b>747.0</b>
<b>FY 2011-12 Appropriation:</b>						
SB 11-209	\$97,613,731	\$0	\$17,692,833	\$575,616	\$79,345,282	746.8
SB 11-076	(1,198,348)	0	(303,089)	(3,600)	(891,659)	0.0
HB 11-1288	<u>62,900</u>	<u>0</u>	<u>62,900</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$96,478,283</b>	<b>\$0</b>	<b>\$17,452,644</b>	<b>\$572,016</b>	<b>\$78,453,623</b>	<b>746.8</b>
<b>Increase/(Decrease)</b>	<b>(\$235,535)</b>	<b>\$0</b>	<b>(\$50,998)</b>	<b>\$2,869</b>	<b>(\$187,406)</b>	<b>(0.2)</b>
Percentage Change	(0.2)%	n/a	(0.3)%	0.5%	(0.2)%	0.0%

### *Unemployment Insurance Programs*

The Unemployment insurance programs (UI Programs) provide temporary benefits to individuals who have lost their job through no fault of their own. Responsibilities of the UI Programs include tax collection from employers, benefit payments, employer tax audits, operating a call center, and processing claimants' appeal applications. Included in the UI Programs is the UI Fraud Program which identifies, investigates, and prosecutes unqualified individuals who receive UI benefits, and employers who fail to pay UI premiums and taxes. Federal funds make up 78.7 percent and cash funds comprise 21.3 percent of funding for these programs. The Employment Support Fund is the primary source of cash funds.

<b><i>Unemployment Insurance Programs</i></b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$34,409,684</u>	<u>\$0</u>	<u>\$7,400,704</u>	<u>\$0</u>	<u>\$27,008,980</u>	<u>469.6</u>
<b>TOTAL</b>	<b>\$34,409,684</b>	<b>\$0</b>	<b>\$7,400,704</b>	<b>\$0</b>	<b>\$27,008,980</b>	<b>469.6</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$34,409,684	\$0	\$7,400,704	\$0	\$27,008,980	469.6
Restore one-time personal services reduction	650,640	0	133,815	0	516,825	0.0
Increase federal funds	500,000	0	0	0	500,000	0.0
<b>SB 11-209</b>	<b>\$35,560,324</b>	<b>\$0</b>	<b>\$7,534,519</b>	<b>\$0</b>	<b>\$28,025,805</b>	<b>469.6</b>



<i>Unemployment Insurance Programs</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
SB 11-076	(776,336)	0	(181,376)	0	(594,960)	0.0
HB 11-1288	<u>62,900</u>	<u>0</u>	<u>62,900</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$34,846,888</b>	<b>\$0</b>	<b>\$7,416,043</b>	<b>\$0</b>	<b>\$27,430,845</b>	<b>469.6</b>
<b>Increase/(Decrease)</b>	\$437,204	\$0	\$15,339	\$0	\$421,865	0.0
Percentage Change	1.3%	n/a	0.2%	n/a	1.6%	0.0%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Increase federal funds:** The appropriation includes an increase of \$500,000 federal funds for unemployment insurance administrative expenses.

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

### *Employment and Training Programs*

The services offered to job seekers by the Employment and Training Programs include job search assistance, additional job training, and classes to improve interview and resume skills. All services are free of charge. These services are offered through one-stop centers which can be run by either the state or county. Services are also offered to employers seeking qualified candidates. Funding for these programs consists of cash funds, primarily from the Employment Support Fund and federal funds primarily from the Workforce Investment Act and Trade Adjustment Act.

<i>Employment and Training Programs</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$60,208,410	\$0	\$10,091,429	\$469,147	\$49,647,834	245.7
HB 10-1333	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>1.4</u>
<b>TOTAL</b>	<b>\$60,308,410</b>	<b>\$0</b>	<b>\$10,091,429</b>	<b>\$569,147</b>	<b>\$49,647,834</b>	<b>247.1</b>

<i>Employment and Training Programs</i>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$60,308,410	\$0	\$10,091,429	\$569,147	\$49,647,834	247.1
Restore one-time personal services reduction	326,552	0	128,404	6,469	191,679	0.0
Annualize prior year funding	0	0	0	0	0	(0.2)
Federal funds adjustment	(549,757)	0	0	0	(549,757)	0.0
Personal services base reduction	(73,028)	0	(73,028)	0	0	0.0
<b>SB 11-209</b>	<b>\$60,012,177</b>	<b>\$0</b>	<b>\$10,146,805</b>	<b>\$575,616</b>	<b>\$49,289,756</b>	<b>246.9</b>
SB 11-076	<u>(378,039)</u>	<u>0</u>	<u>(121,713)</u>	<u>(3,600)</u>	<u>(252,726)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$59,634,138</b>	<b>\$0</b>	<b>\$10,025,092</b>	<b>\$572,016</b>	<b>\$49,037,030</b>	<b>246.9</b>
<b>Increase/(Decrease)</b>	(\$674,272)	\$0	(\$66,337)	\$2,869	(\$610,804)	(0.2)
Percentage Change	(1.1)%	n/a	(0.7)%	0.5%	(1.2)%	(0.1)%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Annualize prior year funding:** The appropriation includes a reduction of 0.2 FTE for the second year impact of H.B. 10-1333 (Green Jobs Colorado Training Pilot Program).

**Federal funds adjustment:** The appropriation reflects an anticipated decrease of \$549,757 in federal Trade Adjustment Act funds.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

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

### *Labor Market Information*

Labor Market Information (LMI) provides information on long-term employment trends across the state, monthly unemployment numbers, and job growth information. LMI collaborates with one-stop centers to provide relevant training classes in fields that have potential long-term growth in Colorado. Federal funds make up 99.4 percent of LMI's funding, and the remaining 0.6 percent are cash funds from the sale of publications.

<b><i>Labor Market Information</i></b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$1,995,724</u>	<u>\$0</u>	<u>\$11,509</u>	<u>\$0</u>	<u>\$1,984,215</u>	<u>30.3</u>
<b>TOTAL</b>	<b>\$1,995,724</b>	<b>\$0</b>	<b>\$11,509</b>	<b>\$0</b>	<b>\$1,984,215</b>	<b>30.3</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$1,995,724	\$0	\$11,509	\$0	\$1,984,215	30.3
Restore one-time personal services reduction	45,506	0	0	0	45,506	0.0
<b>SB 11-209</b>	<b>\$2,041,230</b>	<b>\$0</b>	<b>\$11,509</b>	<b>\$0</b>	<b>\$2,029,721</b>	<b>30.3</b>
SB 11-076	<u>(43,973)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(43,973)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,997,257</b>	<b>\$0</b>	<b>\$11,509</b>	<b>\$0</b>	<b>\$1,985,748</b>	<b>30.3</b>
<b>Increase/(Decrease)</b>	\$1,533	\$0	\$0	\$0	\$1,533	0.0
Percentage Change	0.1%	n/a	0.0%	n/a	0.1%	0.0%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

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

### **Division of Labor**

The Division ensures compliance with Colorado's wage, youth, and labor laws, and facilitates labor dispute resolution and mediation. The Division of Labor is entirely cash funded from the Employment Support Fund.

<b>Division of Labor</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$1,163,596</u>	<u>\$0</u>	<u>\$1,163,596</u>	<u>\$0</u>	<u>\$0</u>	<u>15.0</u>
<b>TOTAL</b>	<b>\$1,163,596</b>	<b>\$0</b>	<b>\$1,163,596</b>	<b>\$0</b>	<b>\$0</b>	<b>15.0</b>

Division of Labor						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$1,163,596	\$0	\$1,163,596	\$0	\$0	15.0
Restore one-time personal services reduction	25,293	0	25,293	0	0	0.0
Personal services base reduction	(17,833)	0	(17,833)	0	0	0.0
<b>SB 11-209</b>	<b>\$1,171,056</b>	<b>\$0</b>	<b>\$1,171,056</b>	<b>\$0</b>	<b>\$0</b>	<b>15.0</b>
SB 11-076	<u>(23,745)</u>	<u>0</u>	<u>(23,745)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,147,311</b>	<b>\$0</b>	<b>\$1,147,311</b>	<b>\$0</b>	<b>\$0</b>	<b>15.0</b>
<b>Increase/(Decrease)</b>	(\$16,285)	\$0	(\$16,285)	\$0	\$0	0.0
Percentage Change	(1.4)%	n/a	(1.4)%	n/a	n/a	0.0%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

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

### **Division of Oil and Public Safety**

This Division is comprised of the Public Safety Unit (PSU) and the Office of the State Oil Inspector (Inspector). The PSU conducts 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; enforces statutory requirements pertaining to carnival and amusement park rides; licenses conveyances, conveyance inspectors and mechanics; and regulates and monitors proper storage of explosives. The Inspector is responsible for monitoring and expediting the clean-up of leaking petroleum storage tanks and monitoring the sale and distribution of petroleum products.

Cash funds are primarily from the Petroleum Storage Tank Fund and the Boiler Inspection Fund. Reappropriated funds are from the Department of Public Health and Environment.

Division of Oil and Public Safety						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$6,104,925	\$0	\$5,436,356	\$19,516	\$649,053	67.0
SB 11-143	<u>3,935</u>	<u>0</u>	<u>3,935</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$6,108,860</b>	<b>\$0</b>	<b>\$5,440,291</b>	<b>\$19,516</b>	<b>\$649,053</b>	<b>67.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$6,108,860	\$0	\$5,440,291	\$19,516	\$649,053	67.0
Annualize prior year funding	151,200	0	113,400	0	37,800	0.0
Restore one-time personal services reduction	105,353	0	91,500	0	13,853	0.0
Long Bill reorganization transfer to the Executive Director's Office	(955,708)	0	(955,708)	0	0	0.0
Personal services base reduction	(62,570)	0	(62,570)	0	0	0.0
<b>SB 11-209</b>	<b>\$5,347,135</b>	<b>\$0</b>	<b>\$4,626,913</b>	<b>\$19,516</b>	<b>\$700,706</b>	<b>67.0</b>
SB 11-076	<u>(94,933)</u>	<u>0</u>	<u>(64,205)</u>	<u>0</u>	<u>(30,728)</u>	0.0
<b>TOTAL</b>	<b>\$5,252,202</b>	<b>\$0</b>	<b>\$4,562,708</b>	<b>\$19,516</b>	<b>\$669,978</b>	<b>67.0</b>
<b>Increase/(Decrease)</b>	<b>(\$856,658)</b>	<b>\$0</b>	<b>(\$877,583)</b>	<b>\$0</b>	<b>\$20,925</b>	<b>0.0</b>
Percentage Change	(14.0)%	n/a	(16.1)%	0.0%	3.2%	0.0%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-143 modified FY 2010-11 appropriations to make a minor funding adjustment.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Annualize prior year funding:** The appropriation includes an increase of \$151,200 total funds (\$113,400 cash funds and \$37,800 federal funds) for the second year expenses of the Enterprise Database System development project.

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Long Bill reorganization transfer to the Executive Director's Office:** The appropriation includes the transfer of \$955,708 cash funds to the Executive Director's Office.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

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

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## Division of Workers' Compensation

The Division of Workers' Compensation 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 so frequently contested issues are resolved quickly without administrative hearings and/or litigation.
- The medical cost containment unit oversees the programs intended to ensure that medical services for workers' compensation claims 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 (MMIF) and Subsequent Injury Fund (SIF). The MMIF covers the medical expenses in excess of \$20,000 of an injured worker who sustained catastrophic injuries between July 1971 and June 1981. The Subsequent Injury Fund covers an injured worker's medical expenses from a second workplace injury resulting in permanent disability, or up to \$10,000 of a worker's medical expenses from a second or subsequent exposure to certain occupational materials. The SIF covers injuries that occurred prior to April 1994.

The Division of Workers' Compensation is entirely cash funded, primarily from the Workers' Compensation Cash Fund, the Subsequent Injury Fund, and the Major Medical Insurance Fund.

Division of Workers' Compensation						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$21,924,236	\$0	\$21,924,236	\$0	\$0	118.0
SB 10-013	3,756	0	3,756	0	0	0.1
HB 10-1038	<u>(18,000)</u>	<u>0</u>	<u>(18,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$21,909,992</b>	<b>\$0</b>	<b>\$21,909,992</b>	<b>\$0</b>	<b>\$0</b>	<b>118.1</b>

Division of Workers' Compensation						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$21,909,992	\$0	\$21,909,992	\$0	\$0	118.1
Restore one-time personal services reduction	173,807	0	173,807	0	0	0.0
Personal services base reduction	(124,723)	0	(124,723)	0	0	0.0
Centrally appropriated adjustments	(118,579)	0	(118,579)	0	0	0.0
<b>SB 11-209</b>	<b>\$21,840,497</b>	<b>\$0</b>	<b>\$21,840,497</b>	<b>\$0</b>	<b>\$0</b>	<b>118.1</b>
SB 11-076	<u>(162,894)</u>	<u>0</u>	<u>(162,894)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$21,677,603</b>	<b>\$0</b>	<b>\$21,677,603</b>	<b>\$0</b>	<b>\$0</b>	<b>118.1</b>
<b>Increase/(Decrease)</b>	(\$232,389)	\$0	(\$232,389)	\$0	\$0	0.0
Percentage Change	(1.1)%	n/a	(1.1)%	n/a	n/a	0.0%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

**Centrally appropriated adjustments:** The appropriation includes adjustments to the appropriations for administrative law judges and the hourly legal services rate.

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

## **Recent Legislation**

### **2010 Session Bills**

**S.B. 10-013:** Requires workers' compensation insurers to survey a limited number of injured workers and report survey findings annually to the Division of Workers' Compensation (Division). The Division must post the survey results on its web site as well as the procedures for an injured worker to file a complaint with the Division. Requires Pinnacol Assurance to submit an annual report to the Governor and the General Assembly on its business operations, resources and liabilities. Makes an appropriation of \$3,756 cash funds from the

Division of Workers' Compensation Cash Fund and 0.1 FTE to the Department of Labor and Employment, Division of Workers' Compensation.

**H.B. 10-1038:** Requires the employer or the employer's insurance carrier to provide a brochure to a workers' compensation claimant in a form developed by the Director of the Division of Workers' Compensation that describes the entities the claimant may contact for information, the claimant's rights related to his or her medical treatment and rights to receive benefit payments, and the claims process. Reduces the appropriation to the Department of Labor and Employment, Division of Workers' Compensation, by \$18,000 cash funds from the Workers' Compensation Cash Fund.

**H.B. 10-1333:** Creates the two-year pilot program called the Green Jobs Colorado Training Program which offers grants to entities to provide job training for wind, solar, renewable energy, and energy efficiency industries. Specifies the requirements applicants must meet in order to qualify for these grants. Creates a seventeen member Green Jobs Colorado Advisory Council (Council) that administers the Program, reviews grant applications, awards grants, and establishes reporting requirements for grantees. Requires the Council to give priority to individuals and programs that target low-income individuals, entry-level or incumbent workers, or dislocated workers from industries in decline. Allows the Council to coordinate the activities of any state department, office or agency related to green jobs and allows the Council to accumulate data relating to such activities. Requires the Colorado Workforce Development Council to carry out the coordination of these powers. Requires the Department of Labor and Employment to evaluate the Program and report the findings to the Governor and the business affairs committees of the House and Senate. Makes an appropriation of \$100,000 reappropriated funds and 1.4 FTE to the Department of Labor and Employment. For additional information, see the "Recent Legislation" section for the Governor - Lieutenant Governor - State Planning and Budgeting.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

## 2011 Session Bills

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$1,631,728 total funds, of which \$610,007 is cash funds, \$3,600 is reappropriated funds, and \$1,018,121 is federal funds.

**S.B. 11-143:** Supplemental appropriation for the Department of Labor and Employment for FY 2010-11.

**S.B. 11-164:** Makes the following transfers from various cash funds to the General Fund in FY 2010-11.

Name of Fund	Department	Transfer Amount
Major Medical Insurance Fund	Labor and Employment	\$10,000,000
Drug Offender Treatment Fund	Judicial	672,725
Contingency Reserve Fund	Education	2,853,383
Colorado Travel and Tourism Promotion Fund	Governor	2,500,000



Name of Fund	Department	Transfer Amount
Supplemental Old Age Pension Health and Medical Care Fund	Health Care Policy and Financing	2,000,000
Local Government Permanent Fund	Local Affairs	4,800,000
Local Government Mineral Impact Fund	Local Affairs	15,000,000
Colorado Domestic Abuse Program Fund	Human Services	200,000
Perpetual Base Account of the Severance Tax Trust Fund	Natural Resources	5,000,000
Local Government Severance Tax Fund	Local Affairs	60,000,000
<b>Total</b>		<b>\$103,026,108</b>

**S.B. 11-209:** General appropriations act for FY 2011-12.

**H.B. 11-1288:** Makes the following changes to the financing of the unemployment compensation system:

- Increases the taxable wage base from the first \$10,000 to the first \$11,000 in calendar year 2012. Beginning in the first year after solvency the taxable wage base will be indexed annually to the percentage change in Colorado's unemployment insurance average weekly earnings.
- In the first year after solvency is achieved, consolidates two of the three current assessments (base premium and socialized surcharge) and part of the third (solvency surcharge) into one combined premium and a new solvency surcharge.
- In the first year after solvency is achieved, applies the consolidated premium to a new rate schedule based on employer experience and the balance of the Unemployment Insurance Trust Fund. Creates new fund balance intervals, adjusted annually based on a 1.4 percent solvency standard.
- In the first calendar year after solvency is achieved, puts in place a premium credit based on a 1.6 percent solvency standard for employers with a positive experience history that have paid more into the unemployment compensation system than was charged in benefits during the calendar year in which the 1.6 percent solvency standard is exceeded.
- Requires the Department to develop an internet self-service project to allow employers anytime access to their account information, and submit an annual report on the status of the Unemployment Insurance Trust Fund to the General Assembly.
- Clarifies provisions relating to fraud and overpayments to claimants and requires notice to claimants of penalties for fraud and overpayments.

Appropriates \$62,900 cash funds from the Employment Support Fund to the Division of Employment and Training, Unemployment Insurance Programs.

# 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 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 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$8,855,044	\$9,225,846	\$9,510,373	\$9,393,105
Cash Funds	8,117,746	9,292,899	10,185,661	10,391,750
Reappropriated Funds	29,708,104	29,557,289	32,774,465	33,061,507
Federal Funds	<u>1,097,051</u>	<u>1,263,078</u>	<u>1,469,226</u>	<u>1,500,211</u>
<b>Total Funds</b>	<b>\$47,777,945</b>	<b>\$49,339,112</b>	<b>\$53,939,725</b>	<b>\$54,346,573</b>
Full Time Equiv. Staff	392.4	398.6	420.7	419.0

## General Factors Driving the Budget

In FY 2011-12, funding for this department consists of 17.3 percent General Fund, 19.1 percent cash funds, 60.8 percent reappropriated funds, and 2.8 percent federal funds.

### Legal Services to State Agencies

In FY 2011-12, the Department of Law will provide \$26.1 million of legal services to state agencies, which represent 48.1 percent of the Department's total appropriation and 0.13 percent of FY 2011-12 total state operating appropriations for all agencies. (This measure of legal service costs includes appropriations to the Legal Services to State Agencies Division (LSSA) and central appropriations for LSSA that appear in the Administration Division.) As shown in the next table, seven agencies receive about four fifths of these services. The table also shows the total number of hours of legal services provided and the average rate that the Department charges for legal services.

	<b>FY 06-07 Actual</b>	<b>FY 07-08 Actual</b>	<b>FY 08-09 Actual</b>	<b>FY 09-10 Actual</b>	<b>FY 10-11 Approp.</b>	<b>FY 11-12 Approp.</b>	<b>FY 11-12 % of Total</b>
Regulatory Agencies	\$5,761,082	\$6,804,123	\$7,396,788	\$7,546,070	\$8,017,384	\$8,086,142	30.9%
Natural Resources	2,555,184	2,985,212	3,082,235	3,260,139	3,354,346	3,437,991	13.2%
Personnel	2,578,495	3,075,061	2,579,276	2,363,953	2,583,431	2,631,150	10.1%
Public Health & Environ	1,616,692	1,996,830	2,178,418	2,146,754	2,624,100	2,644,020	10.1%
Transportation	1,110,286	1,259,910	1,361,947	1,187,488	1,205,616	1,244,067	4.8%
Human Services	1,354,909	1,460,099	1,558,179	1,550,136	1,352,869	1,396,017	5.3%
Corrections	948,962	880,952	1,096,327	1,401,307	1,122,414	1,158,212	4.4%
Other agencies <sup>1</sup>	4,328,158	4,824,022	5,279,478	5,430,854	7,408,287	5,540,831	21.2%
<b>Total expenditure or approp.</b>	<b>20,253,768</b>	<b>23,286,209</b>	<b>24,532,648</b>	<b>24,886,702</b>	<b>27,668,448</b>	<b>26,138,430</b>	<b>100.0%</b>
% change of total from prior year		15.0%	5.4%	1.4%	11.2%	-5.5%	
% of total Dept. of Law appropriation	50.6%	50.6%	51.3%	50.4%	51.3%	48.1%	
% of total state operating approps.	0.12%	0.14%	0.13%	0.13%	0.14%	0.13%	
<b>Blended Legal Rate</b>	<b>\$67.77</b>	<b>\$72.03</b>	<b>\$75.1</b>	<b>\$75.38</b>	<b>\$73.37</b>	<b>\$75.71</b>	
% change from prior year		6.3%	4.3%	0.4%	-2.7%	3.2%	
<b>Total Hours</b>	<b>298,291</b>	<b>310,387</b>	<b>326,575</b>	<b>330,150</b>	<b>376,954</b>	<b>380,858</b>	
% change from prior year		4.1%	5.2%	1.1%	14.2%	1.0%	

/1 The appropriation columns include estimates of unappropriated legal services to be provided to institutions of higher education. The actual columns include actual services provided to those institutions.

## Criminal Justice and Appellate

The largest user of General Fund in the Department is the Criminal Justice and Appellate Division, which accounts for 43.3 percent of the Department's FY 2011-12 General Fund appropriation. Approximately 55 percent of the Division's General Fund appropriation is devoted to the Appellate Unit, which represents the State in criminal appeals, and 33 percent is devoted to the Special Prosecutions Unit, which investigates and prosecutes a variety of crimes. The Appellate Unit receives almost all of its support from the General Fund, while the General Fund provides 49 percent of the Special Prosecutions Unit's support. The following table contains appropriation and workload measures for the Appellate Unit.

	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Approp.</b>	<b>FY 2011-12 Approp.</b>
Appropriation	\$2,202,710	\$2,360,972	\$2,627,235	\$2,648,687	\$2,666,027
New Cases	979	1,240	1,152	1,051	n/a
Appellate Briefs Filed	865	1,029	1,054	1,017	n/a

## District Attorney Salaries

House Bill 07-1170 established the following schedule for the minimum salaries of the state's twenty-two district attorneys, with the state paying 80 percent of the minimum and the remainder coming from local funds. Many districts use local funds to pay more than the minimum.

Date	Minimum Salary
Prior to January 1, 2009	\$67,000
January 1, 2009	100,000
January 1, 2010	110,000
January 1, 2011	120,000
January 1, 2012	130,000

As a consequence of H.B. 07-1170, District Attorneys' salaries have become the second largest General Fund appropriation in the Department, accounting for 27.0 percent of the Department's General Fund appropriation. The following table shows recent expenditures and appropriations.

Fiscal Year	General Fund	Increase from prior year	Percentage Increase
2007-08 expenditure	\$1,315,985	n/a	n/a
2008-09 expenditure	1,654,605	\$338,620	25.7%
2009-10 expenditure	2,096,027	441,422	26.7%
2010-11 appropriation	2,263,228	167,201	8.0%
2011-12 appropriation	2,534,796	271,568	12.0%

## Summary of FY 2010-11 and FY 2011-12 Appropriations

Department of Law						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$53,939,725</b>	<b>\$9,510,373</b>	<b>\$10,185,661</b>	<b>\$32,774,465</b>	<b>\$1,469,226</b>	<b>420.7</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	8,388,033	1,292,480	552,673	6,411,443	131,437	42.2
Legal Services to State Agencies	24,650,600	0	1,582,388	23,068,212	0	237.5
Criminal Justice and Appellate	10,514,905	4,531,090	3,760,182	885,844	1,337,789	90.0
Water and Natural Resources	2,108,882	516,519	668,017	924,346	0	12.0
Consumer Protection	3,472,194	907,056	2,287,611	277,527	0	39.0
Special Purpose	4,805,111	2,263,228	1,334,790	1,207,093	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	50,757,240	10,057,017	9,040,268	30,398,294	1,261,661	403.8
SB 10-072	905	0	0	905	0	0.0
SB 10-109	612,463	0	0	612,463	0	5.2

Department of Law						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 10-124	7,538	0	0	7,538	0	0.0
SB 10-167	276,580	69,145	0	0	207,435	3.0
SB 10-203	4,522	0	0	4,522	0	0.0
HB 10-1018	15,076	0	0	15,076	0	0.2
HB 10-1125	7,538	0	0	7,538	0	0.0
HB 10-1128	(9,799)	0	0	(9,799)	0	0.0
HB 10-1141	6,407	0	0	6,407	0	0.0
HB 10-1148	(11,307)	0	0	(11,307)	0	0.0
HB 10-1176	2,000	0	0	2,000	0	0.0
HB 10-1193	40,000	0	0	40,000	0	0.0
HB 10-1224	2,261	0	0	2,261	0	0.0
HB 10-1260	17,262	0	0	17,262	0	0.1
HB 10-1278	15,679	0	0	15,679	0	0.1
HB 10-1284	271,368	0	0	271,368	0	2.0
HB 10-1329	41,384	(511,159)	0	552,543	0	0.0
HB 10-1365	13,041	0	0	13,041	0	0.1
HB 10-1385	0	0	860,186	(860,186)	0	0.0
HB 10-1415	3,769	0	0	3,769	0	0.0
SB 11-144	1,606,008	(104,630)	25,417	1,685,091	130	6.2
SB 11-209	259,790	0	259,790	0	0	0.0
<b>FY 2011-12 Total Appropriation:</b>	<b>\$54,346,573</b>	<b>\$9,393,105</b>	<b>\$10,391,750</b>	<b>\$33,061,507</b>	<b>\$1,500,211</b>	<b>419.0</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	9,082,183	1,430,950	615,194	6,855,090	180,949	40.7
Legal Services to State Agencies	24,988,497	0	1,659,140	23,329,357	0	237.8
Criminal Justice and Appellate	10,394,292	4,069,267	3,758,442	1,247,321	1,319,262	89.5
Water and Natural Resources	2,316,510	504,494	890,920	921,096	0	12.0
Consumer Protection	3,447,795	908,598	2,263,054	276,143	0	39.0
Special Purpose	4,117,296	2,479,796	1,205,000	432,500	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	53,478,324	9,573,187	10,460,766	31,921,257	1,523,114	407.8
SB 11-076	(774,669)	(180,082)	(69,016)	(502,668)	(22,903)	0.0

Department of Law						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 11-088	4,109	0	0	4,109	0	0.0
SB 11-091	4,402	0	0	4,402	0	0.0
SB 11-094	4,402	0	0	4,402	0	0.0
SB 11-128	2,935	0	0	2,935	0	0.0
SB 11-169	38,886	0	0	38,886	0	0.3
SB 11-187	176,088	0	0	176,088	0	1.4
SB 11-251	7,337	0	0	7,337	0	0.0
HB 11-1100	34,484	0	0	34,484	0	0.4
HB 11-1121	11,005	0	0	11,005	0	0.0
HB 11-1195	7,337	0	0	7,337	0	0.0
HB 11-1300	1,351,933	0	0	1,351,933	0	9.1
<b>Increase/(Decrease)</b>	\$406,848	(\$117,268)	\$206,089	\$287,042	\$30,985	(1.7)
Percentage Change	0.8%	(1.2)%	2.0%	0.9%	2.1%	(0.4)%

## FY 2010-11 Appropriation - Mid-year Adjustment Highlights

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to:

1. Increase appropriations for legal services and litigation expenses provided to other departments of state government by \$1.7 million reappropriated funds.
2. Increase appropriations for tobacco-settlement arbitration by \$260,000 cash funds.
3. Decrease appropriations for Health, Life, and Dental by \$55,000 General Fund as an alternative to the statewide one percent General Fund personal services reduction.
4. Decrease appropriations for district attorney salaries by \$51,000 General Fund to correct a technical error.

## FY 2011-12 Appropriation Highlights

The FY 2011-12 appropriation:

1. Increases appropriations for centrally appropriated items by \$680,000 total funds.
2. Provides \$350,000 cash funds spending authority for a Colorado Water Conservation Board Grant to study Colorado-river-compact legal issues.

3. Increases General Fund appropriations for the state share of local district attorney salaries by \$221,000.
4. Includes base reductions totaling \$570,000 and 2.0 FTE, comprised of \$111,000 General Fund, \$175,000 cash funds, \$256,000 reappropriated funds, and \$28,000 federal funds.
5. Reduces legal services and litigation support provided to state agencies by \$448,000.
6. Eliminates \$195,000 of General Fund appropriations that support 2.0 FTE Criminal Investigators in the Department's Securities Fraud Unit, replacing it with an equal amount of reappropriated funds from fees paid by securities dealers and investment advisers.

## Detail of Appropriation by Administrative Section

### Administration

This 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 cash funds support central appropriations and come from a variety of sources. Reappropriated funds derive from indirect cost recoveries and from central appropriations of funds that support other divisions. Federal funds reflect centralized appropriations for the Medicaid Fraud Control Unit.

Administration						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$8,441,516	\$1,384,201	\$441,024	\$6,484,984	\$131,307	42.2
HB 10-1329	0	(37,691)		37,691	0	0.0
HB 10-1385	0	0	111,232	(111,232)	0	0.0
SB 11-144	<u>(53,483)</u>	<u>(54,030)</u>	<u>417</u>	<u>0</u>	<u>130</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$8,388,033</b>	<b>\$1,292,480</b>	<b>\$552,673</b>	<b>\$6,411,443</b>	<b>\$131,437</b>	<b>42.2</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$8,388,033	\$1,292,480	\$552,673	\$6,411,443	\$131,437	42.2
Centrally-appropriated line items	679,909	112,154	62,521	455,722	49,512	0.0
Restore one-time personal services reductions	65,413	0	0	65,413	0	0.0
Restore Health, Life, and Dental appropriation	55,000	55,000	0	0	0	0.0

<b>Administration</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Cash Fund Securities Unit FTE	0	(28,684)	0	28,684	0	0.0
Personal services base reduction	(44,271)	0	0	(44,271)	0	(1.5)
<b>SB 11-209</b>	<b>\$9,144,084</b>	<b>\$1,430,950</b>	<b>\$615,194</b>	<b>\$6,916,991</b>	<b>\$180,949</b>	<b>40.7</b>
SB 11-076	<u>(61,901)</u>	<u>0</u>	<u>0</u>	<u>(61,901)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$9,082,183</b>	<b>\$1,430,950</b>	<b>\$615,194</b>	<b>\$6,855,090</b>	<b>\$180,949</b>	<b>40.7</b>
<b>Increase/(Decrease)</b>	\$694,150	\$138,470	\$62,521	\$443,647	\$49,512	(1.5)
Percentage Change	8.3%	10.7%	11.3%	6.9%	37.7%	(3.6)%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-144 decreases the Health, Life and Dental appropriation by \$55,000 General Fund as an alternative implementation of the statewide one percent General Fund personal services reduction.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Centrally appropriated line items:** The Long Bill appropriation includes adjustments to centrally-appropriated line items for the following: state contributions for health, life, and dental benefits; workers' compensation; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; purchases of computer services from the Office of Information Technology (OIT); vehicle lease payments; workers' compensation; legal services; payments to risk management and property funds; security services for the Department of Law's building; and Capitol complex leased space.

**Restore one-time personal services reductions:** The Long Bill appropriation restores a reduced FY 2010-11 State contribution to the Public Employees' Retirement Association (PERA) that was required by S.B. 10-146. Senate Bill 11-076 continues this reduction for FY 2011-12.

**Restore Health, Life, and Dental appropriation:** As an alternative to the FY 2010-11 one percent General Fund personal services reduction, the General Fund portion of the Department's FY 2010-11 Health, Life, and Dental appropriation was reduced by an equal amount. During FY 2010-11 the Department paid a portion of its General Fund Health, Life, and Dental expenses out of its General Fund personal services appropriations. The FY 2011-12 Long Bill appropriation restores the Health, Life, and Dental reduction.

**Cash Fund Securities Unit FTE:** The appropriation eliminates the General Fund that currently supports 2.0 FTE Criminal Investigators in the Department of Law's Securities Fraud Unit, replacing it with an equal amount of reappropriated funds from fees paid by securities dealers and investment advisers.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items and reduces the Division's FTE appropriation by 1.5 FTE, reflecting adjustments that have occurred during the current economic downturn.



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

## 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 2011-12, the Department expects to provide 380,858 hours of services at an average billing rate of \$75.71 per hour, a 3.2 percent increase over the FY 2010-11 average billing rate. 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$22,741,379	\$0	\$1,582,388	\$21,158,991	\$0	223.6
SB 10-072	905	0	0	905	0	0.0
SB 10-109	612,463	0	0	612,463	0	5.2
SB 10-124	7,538	0	0	7,538	0	0.0
SB 10-203	4,522	0	0	4,522	0	0.0
HB 10-1018	15,076	0	0	15,076	0	0.2
HB 10-1125	7,538	0	0	7,538	0	0.0
HB 10-1128	(9,799)	0	0	(9,799)	0	0.0
HB 10-1141	6,407	0	0	6,407	0	0.0
HB 10-1148	(11,307)	0	0	(11,307)	0	0.0
HB 10-1176	2,000	0	0	2,000	0	0.0
HB 10-1193	40,000	0	0	40,000	0	0.0
HB 10-1224	2,261	0	0	2,261	0	0.0
HB 10-1260	17,262	0	0	17,262	0	0.1
HB 10-1278	15,679	0	0	15,679	0	0.1
HB 10-1284	271,368	0	0	271,368	0	2.0
HB 10-1365	13,041	0	0	13,041	0	0.1
HB 10-1415	3,769	0	0	3,769	0	0.0
SB 11-144	<u>910,498</u>	<u>0</u>	<u>0</u>	<u>910,498</u>	<u>0</u>	<u>6.2</u>
<b>TOTAL</b>	<b>\$24,650,600</b>	<b>\$0</b>	<b>\$1,582,388</b>	<b>\$23,068,212</b>	<b>\$0</b>	<b>237.5</b>

Legal Services to State Agencies						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$24,650,600	\$0	\$1,582,388	\$23,068,212	\$0	237.5
Restore one-time personal services reductions	414,871	0	0	414,871	0	0.0
Indirect cost assessment	201,183	0	0	201,183	0	0.0
Fund source adjustment	0	0	76,752	(76,752)	0	0.0
Legal services	(1,316,142)	0	0	(1,316,142)	0	(10.9)
Personal services base reduction	(188,000)	0	0	(188,000)	0	0.0
<b>SB 11-209</b>	<b>\$23,762,512</b>	<b>\$0</b>	<b>\$1,659,140</b>	<b>\$22,103,372</b>	<b>\$0</b>	<b>226.6</b>
SB 11-076	(416,933)	0	0	(416,933)	0	0.0
SB 11-088	4,109	0	0	4,109	0	0.0
SB 11-091	4,402	0	0	4,402	0	0.0
SB 11-094	4,402	0	0	4,402	0	0.0
SB 11-128	2,935	0	0	2,935	0	0.0
SB 11-169	38,886	0	0	38,886	0	0.3
SB 11-187	176,088	0	0	176,088	0	1.4
SB 11-251	7,337	0	0	7,337	0	0.0
HB 11-1100	34,484	0	0	34,484	0	0.4
HB 11-1121	11,005	0	0	11,005	0	0.0
HB 11-1195	7,337	0	0	7,337	0	0.0
HB 11-1300	<u>1,351,933</u>	<u>0</u>	<u>0</u>	<u>1,351,933</u>	<u>0</u>	<u>9.1</u>
<b>TOTAL</b>	<b>\$24,988,497</b>	<b>\$0</b>	<b>\$1,659,140</b>	<b>\$23,329,357</b>	<b>\$0</b>	<b>237.8</b>
<b>Increase/(Decrease)</b>	\$337,897	\$0	\$76,752	\$261,145	\$0	0.3
Percentage Change	1.4%	n/a	4.9%	1.1%	n/a	0.1%

### FY 2010-11 Appropriation - Mid-year Adjustments

Supplemental appropriations in S.B. 11-138, S.B. 11-143, S.B. 11-149, and S.B. 11-152 increase legal services for the Governor's Office, the Department of Labor and Employment, the Department of Public Health and Environment, and the Department of Revenue. Senate Bill 11-144 provides corresponding spending authority to the Department of Law for this purpose, along with 6.2 FTE.

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores a reduced FY 2010-11 State contribution to the Public Employees' Retirement Association (PERA) that was required by S.B. 10-146. Senate Bill 11-076 continues this reduction for FY 2011-12.

**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.

**Fund source adjustment:** The appropriation aligns spending authority with the expected need for legal services from client agencies that provide different types of funding to the Department.

**Legal services:** The appropriation reduces legal services and the FTE who supply those services, reflecting reduced need for those services by client agencies.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

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### Criminal Justice and Appellate

This division includes the following units:

- **Special Prosecutions Unit:** Investigates and prosecutes insurance, securities and workers' compensation fraud; gang-related criminal activity; complex crimes; and environmental crimes. Also assists district attorneys investigating and prosecuting homicide cases; handles death-penalty appeals in state and federal courts; and handles foreign prosecutions.
- **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.
- **Peace Officers Standards and Training (P.O.S.T.) Board:** Certifies and helps train peace officers appointed by state and local law enforcement agencies.
- **Safe2Tell:** operates a toll-free hotline and a web site where young people can anonymously report dangerous behavior affecting their school or community, such as drug sales, weapons, or suicide threats.

Cash funds for workers' compensation fraud come from the State Compensation Insurance Authority (Pinnacol Assurance), while cash funds for the P.O.S.T. Board come from fees paid by peace officers and from a statewide vehicle registration fee. Reappropriated funds for securities and insurance fraud activities come from the Department of Regulatory Agencies, while reappropriated funds for victim's assistance and auto theft

prevention come from the Department of Public Safety. Federal moneys help support the Medicaid Fraud Control Unit.

<b>Criminal Justice and Appellate</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$10,238,325	\$4,503,329	\$3,011,228	\$1,593,414	\$1,130,354	87.0
SB 10-167	276,580	69,145	0	0	207,435	3.0
HB 10-1329	0	(41,384)	0	41,384	0	0.0
HB 10-1385	<u>0</u>	<u>0</u>	<u>748,954</u>	<u>(748,954)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$10,514,905</b>	<b>\$4,531,090</b>	<b>\$3,760,182</b>	<b>\$885,844</b>	<b>\$1,337,789</b>	<b>90.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$10,514,905	\$4,531,090	\$3,760,182	\$885,844	\$1,337,789	90.0
Restore one-time personal services reductions	159,770	96,538	28,830	13,958	20,444	0.0
Indirect cost assessment	75,510	0	16,299	25,830	33,381	0.0
Cash Fund Securities Fraud Unit FTE	0	(166,276)	0	166,276	0	0.0
Use indirect cost assessments to offset General Fund appropriation to Appellate Unit	0	(190,292)	0	190,292	0	0.0
Personal services base reduction	(161,423)	(98,380)	(20,621)	(14,643)	(27,779)	(0.5)
Annualize prior year funding	(28,896)	(7,226)	0	0	(21,670)	0.0
Auto Theft Prevention Grant Adjustments	(9,123)	0	0	(9,123)	0	0.0
<b>SB 11-209</b>	<b>\$10,550,743</b>	<b>\$4,165,454</b>	<b>\$3,784,690</b>	<b>\$1,258,434</b>	<b>\$1,342,165</b>	<b>89.5</b>
SB 11-076	<u>(156,451)</u>	<u>(96,187)</u>	<u>(26,248)</u>	<u>(11,113)</u>	<u>(22,903)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$10,394,292</b>	<b>\$4,069,267</b>	<b>\$3,758,442</b>	<b>\$1,247,321</b>	<b>\$1,319,262</b>	<b>89.5</b>
<b>Increase/(Decrease)</b>	<b>(\$120,613)</b>	<b>(\$461,823)</b>	<b>(\$1,740)</b>	<b>\$361,477</b>	<b>(\$18,527)</b>	<b>(0.5)</b>
Percentage Change	(1.1)%	(10.2)%	0.0%	40.8%	(1.4)%	(0.6)%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores a reduced FY 2010-11 State contribution to the Public Employees' Retirement Association (PERA) that was required by S.B. 10-146. Senate Bill 11-076 continues this reduction for FY 2011-12.

**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.

**Cash Fund Securities Fraud Unit FTE:** The Long Bill replaces the General Fund appropriation that supports 2.0 FTE Criminal Investigators in the Department of Law's Securities Fraud Unit with reappropriated funds derived from fees paid by securities dealers and investment advisers.

**Use indirect cost assessments to offset General Fund appropriation to Appellate Unit:** The appropriation includes increased indirect cost assessments which offset a larger amount of General Fund.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Annualize prior year funding:** The appropriation reflects the second year impact of S.B. 10-167, the False Claims Act.

**Auto Theft Prevention Grant Adjustments:** The appropriation reflects lower costs in the second year of a grant from the Colorado Automobile Theft Prevention Authority, following higher start-up costs.

## Water and Natural Resources

This division contains two units:

- Federal and Interstate Water Unit: 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.
- CERCLA Unit: leads enforcement actions at sites contaminated with hazardous substances under the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA, frequently called the Superfund Act).

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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$2,042,498	\$948,603	\$643,017	\$450,878	\$0	12.0
HB 10-1329	41,384	(432,084)	0	473,468	0	0.0
SB 11-144	<u>25,000</u>	<u>0</u>	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,108,882</b>	<b>\$516,519</b>	<b>\$668,017</b>	<b>\$924,346</b>	<b>\$0</b>	<b>12.0</b>

Water and Natural Resources						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$2,108,882	\$516,519	\$668,017	\$924,346	\$0	12.0
Colorado Water Conservation Board Grant	350,000	0	350,000	0	0	0.0
Restore one-time personal services reductions	25,552	10,353	6,983	8,216	0	0.0
Indirect Cost Assessments	2,030	0	0	2,030	0	0.0
Personal services base reduction	(123,340)	(12,989)	(104,802)	(5,549)	0	0.0
Return to base funding after temporary increase for Amicus Brief	(25,000)	0	(25,000)	0	0	0.0
<b>SB 11-209</b>	<b>\$2,338,124</b>	<b>\$513,883</b>	<b>\$895,198</b>	<b>\$929,043</b>	<b>\$0</b>	<b>12.0</b>
SB 11-076	<u>(21,614)</u>	<u>(9,389)</u>	<u>(4,278)</u>	<u>(7,947)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,316,510</b>	<b>\$504,494</b>	<b>\$890,920</b>	<b>\$921,096</b>	<b>\$0</b>	<b>12.0</b>
<b>Increase/(Decrease)</b>	\$207,628	(\$12,025)	\$222,903	(\$3,250)	\$0	0.0
Percentage Change	9.8%	(2.3)%	33.4%	(0.4)%	n/a	0.0%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-144 increases appropriations to pay for an Amicus brief filed with the U.S. Supreme Court.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Colorado Water Conservation Board Grant:** The appropriation provides spending authority for a Colorado Water Conservation Board Grant that will be used to study legal issues related to the Colorado River Compacts.

**Restore one-time personal services reductions:** The Long Bill appropriation restores a reduced FY 2010-11 State contribution to the Public Employees' Retirement Association (PERA) that was required by S.B. 10-146. Senate Bill 11-076 continues this reduction for FY 2011-12.

**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.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Return to base funding after temporary increase for Amicus Brief:** The Division received a temporary FY 2010-11 funding increase to pay for a U.S. Supreme Court brief.

## Consumer Protection

This division 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.
- **Consumer Credit Program:** Regulates debt collection agencies, debt management services, credit repair services, payday lending, rent-to-own agreements, and certain other lenders.

The Division's cash funds come from fees paid by regulated entities, custodial funds awarded to the Department in consumer protection lawsuits, and tobacco settlement moneys. Reappropriated funds come from the Department of Regulatory Agencies.

<b>Consumer Protection</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$3,472,194</u>	<u>\$907,056</u>	<u>\$2,287,611</u>	<u>\$277,527</u>	<u>\$0</u>	<u>39.0</u>
<b>TOTAL</b>	<b>\$3,472,194</b>	<b>\$907,056</b>	<b>\$2,287,611</b>	<b>\$277,527</b>	<b>\$0</b>	<b>39.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$3,472,194	\$907,056	\$2,287,611	\$277,527	\$0	39.0
Restore one-time personal services reductions	63,718	21,048	37,896	4,774	0	0.0
Indirect cost assessment	27,489	0	25,748	1,741	0	0.0
Personal services base reduction	(52,836)	0	(49,711)	(3,125)	0	0.0
<b>SB 11-209</b>	<b>\$3,510,565</b>	<b>\$928,104</b>	<b>\$2,301,544</b>	<b>\$280,917</b>	<b>\$0</b>	<b>39.0</b>
SB 11-076	<u>(62,770)</u>	<u>(19,506)</u>	<u>(38,490)</u>	<u>(4,774)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,447,795</b>	<b>\$908,598</b>	<b>\$2,263,054</b>	<b>\$276,143</b>	<b>\$0</b>	<b>39.0</b>
<b>Increase/(Decrease)</b>	<b>(\$24,399)</b>	<b>\$1,542</b>	<b>(\$24,557)</b>	<b>(\$1,384)</b>	<b>\$0</b>	<b>0.0</b>
Percentage Change	(0.7)%	0.2%	(1.1)%	(0.5)%	n/a	0.0%

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores a reduced FY 2010-11 State contribution to the Public Employees' Retirement Association (PERA) that was required by S.B. 10-146. Senate Bill 11-076 continues this reduction for FY 2011-12.

**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.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

### Special Purpose

This division contains an appropriation that pays eighty percent of the base salaries of Colorado's twenty-two district attorneys, as well as appropriations for programs that do not fit elsewhere within the Department's budget, such as 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.

	Special Purpose					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$3,821,328	\$2,313,828	\$1,075,000	\$432,500	\$0	0.0
SB 11-144	723,993	(50,600)	0	774,593	0	0.0
SB 11-209	<u>259,790</u>	<u>0</u>	<u>259,790</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,805,111</b>	<b>\$2,263,228</b>	<b>\$1,334,790</b>	<b>\$1,207,093</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$4,805,111	\$2,263,228	\$1,334,790	\$1,207,093	\$0	0.0
Fourth year impact of H.B. 07-1170	220,968	220,968	0	0	0	0.0
Restore one-time personal services reductions	50,600	50,600	0	0	0	0.0
Lobato litigation expenses	(774,593)	0	0	(774,593)	0	0.0
Tobacco settlement arbitration	(129,790)	0	(129,790)	0	0	0.0
<b>SB 11-209</b>	<b>\$4,172,296</b>	<b>\$2,534,796</b>	<b>\$1,205,000</b>	<b>\$432,500</b>	<b>\$0</b>	<b>0.0</b>
SB 11-076	<u>(55,000)</u>	<u>(55,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,117,296</b>	<b>\$2,479,796</b>	<b>\$1,205,000</b>	<b>\$432,500</b>	<b>\$0</b>	<b>0.0</b>



Special Purpose						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>Increase/(Decrease)</b>	(\$687,815)	\$216,568	(\$129,790)	(\$774,593)	\$0	0.0
Percentage Change	(14.3)%	9.6%	(9.7)%	(64.2)%	n/a	n/a

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-144 increased appropriations by \$774,593 reappropriated funds to pay for litigation expenses associated with the Lobato school-funding lawsuit and reduced appropriations by \$50,600 General Fund to correct a technical error in the appropriation for district attorney salaries. Senate Bill 209 provided an appropriation for tobacco-settlement arbitration.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Fourth year impact of H.B. 07-1170:** House Bill 07-1170 (Compensation of Elected DA's) increased the base salaries of district attorneys, 80 percent of which is paid by the state, each year until 2012.

**Restore one-time personal services reductions:** The Long Bill appropriation restores a reduced FY 2010-11 State contribution to the Public Employees' Retirement Association (PERA) that was required by S.B. 10-146. The state pays 80 percent of the employer PERA contribution on District Attorney base salaries, which led to this adjustment. Senate Bill 11-076 continues this reduction for FY 2011-12.

**Lobato Litigation Expenses:** The General Fund appropriation to the Governor's Office for Lobato lawsuit litigation expenses, a case involving school-funding adequacy, is declining. A corresponding adjustment is required for the Department of Law.

**Tobacco settlement litigation:** The appropriation reduces funding for tobacco-settlement arbitration. Peak expenses are expected during calendar year 2011, with lower expenses expected in calendar year 2012.

## **Recent Legislation**

### **2010 Session Bills**

**S.B. 10-072:** Creates the Colorado Seed Potato Act. For FY 2010-11 provides \$905 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Agriculture. For more information see the corresponding bill description for the Department of Agriculture.

**S.B. 10-109:** Requires the Department of Public Health and Environment and the Department of Regulatory Agencies to regulate physicians who certify that patients may benefit from medical marijuana. Provides for sanctions against physicians who are in violation. For FY 2010-11 provides \$99,879 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Public Health and

Environment and provides \$512,584 of reappropriated funds for the provision of legal services to the Department of Regulatory Agencies. Also provides 5.2 FTE to the Department of Law. For more information see the corresponding bill description for the Department of Public Health and Environment and the Department of Regulatory Agencies.

**S.B. 10-124:** Extends the Michael Skolnik Medical Transparency Act to certain health care professionals. For FY 2010-11 provides \$7,538 of reappropriated funds to the Department of Law 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. 10-167:** Creates the Medicaid False Claims Act (Act), which authorizes a civil action by the state or by a private person (a whistleblower) against those who submit false Medicaid claims to the state, such as a claim for payment for medical services that were not provided. Specifies penalties for submitting false claims and allows whistleblowers to receive a portion of penalties and recoveries that result from the information they provide. Allows whistleblowers to sue those who retaliate against them, provided the whistleblower has acted lawfully in the false claims action. The whistleblower's complaint is initially filed under seal and is initially given to the state but not to the defendant. The complaint must be supported by evidence that is given to the state but is not initially filed in court. If the federal government rules that the Act complies with federal requirements, Colorado will retain an extra 10 percent of most recoveries received by the state and share less of the recoveries with the federal government. For FY 2010-11 appropriates \$69,145 General Fund, \$207,435 federal funds, and 3.0 FTE to the Department of Law's Medicaid Fraud Control Unit to carry out the Act's provisions. For more information see the corresponding bill description for the Department of Health Care Policy and Financing.

**S.B. 10-203:** Regulates independent expenditures made in connection with state elections. These are expenditures not controlled by or coordinated with a candidate or a candidate's agent. For FY 2010-11 provides \$4,522 of reappropriated funds to the Department of Law for the provision of legal services to the Department of State. For more information see the corresponding bill description for the Department of State.

**H.B. 10-1018:** Alters the allocation of waste-tire fees, consolidates fees within the Department of Public Health and Environment, and adds various waste-tire requirements. For FY 2010-11 provides \$15,076 reappropriated funds and 0.2 FTE to the Department of Law 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 Local Affairs, the Department of Public Health and Environment, and the Department of Public Safety.

**H.B. 10-1125:** Gives the Department of Public Health and Environment the authority to regulate the collection, transportation, and disposal of grease. For FY 2010-11 provides \$7,538 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Public Health and Environment. For more information see the corresponding bill description for the Department of Public Health and Environment.

**H.B. 10-1128:** Modifies the regulation of dentists, massage therapists, chiropractors, medical doctors, and athlete agents. For FY 2010-11 reduces the appropriation to the Department of Law for the provision of legal services to the Department of Regulatory agencies by \$9,799 reappropriated funds. For more information see the corresponding bill description for the Department of Regulatory Agencies.

**H.B. 10-1141:** Modifies the regulation of mortgage companies and loan originators. For FY 2010-11 provides \$6,407 of reappropriated funds to the Department of Law 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. 10-1148:** Repeals the continuing professional competency requirement for architects. Reduces the FY 2010-11 appropriation to the Department of Law for the provision of legal services to the Department of Regulatory Agencies by \$11,307 reappropriated funds. For more information see the corresponding bill description for the Department of Regulatory Agencies.

**H.B. 10-1176:** Requires audits of certain state agencies. For FY 2010-11 provides \$2,000 of reappropriated funds to the Department of Law 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.

**H.B. 10-1193:** Requires out-of-state retailers that do not collect Colorado sales tax to notify Colorado customers that they are required to file a Colorado sales or use tax return. Requires these retailers to send a consolidated year-end report of these purchases to the Department of Revenue and to the Colorado customer. For FY 2010-11 provides \$40,000 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Revenue. For more information see the corresponding bill description for the Department of Revenue.

**H.B. 10-1224:** Continues the regulation of podiatrists. For FY 2010-11 provides \$2,261 of reappropriated funds to the Department of Law 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. 10-1260:** Continues the regulation of medical doctors by the Colorado Medical Board, which is located within the Department of Regulatory Agencies. Transfers the regulation of emergency medical technicians from the Board to the new Emergency Medical Practice Advisory Council within the Department of Public Health and Environment. For FY 2010-11 provides \$16,584 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Public Health and Environment and provides \$678 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Regulatory Agencies for a total appropriation of \$17,262. In addition, provides 0.1 FTE to the Department of Law. For more information see the corresponding bill descriptions for the Department of Public Health and Environment and the Department of Regulatory Agencies.

**H.B. 10-1278:** Creates the Home Owners Association Information and Resource Center within the Department of Regulatory Agencies. For FY 2010-11 provides \$15,679 of reappropriated funds and 0.1 FTE to the Department of Law 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. 10-1284:** Creates, within the Department of Revenue, the Medical Marijuana State Licensing Authority, which licenses centers that sell medical marijuana. Directs the Department of Public Health and Environment to regulate medical-marijuana caregivers. For FY 2010-11 provides \$271,368 of reappropriated funds and 2.0 FTE to the Department of Law for the provision of legal services to the Department of Revenue. For more information see the corresponding bill descriptions for the Department of Public Health and Environment and the Department of Revenue.

**H.B. 10-1329:** Allows the Solid and Hazardous Waste Commission within the Department of Public Health and Environment to set the solid waste user fees that provide revenue to the Hazardous Substance Response Fund. Previously the fees were set in statute. One of these fees is a per-cubic-yard fee on hazardous waste haulers, up to 3.5 cents of which can be used to support the Department of Law's CERCLA Unit. CERCLA is the federal Comprehensive Environmental Response, Compensation and Liability Act, which is commonly referred to as the Superfund program. Switches from General Fund to reappropriated funds \$511,159 of FY 2010-11 appropriations to the Department of Law that are contained in the FY 2010-11 Long Bill. The funding source for the reappropriated funds is an additional appropriation of \$511,159 from the Hazardous Substance Response Fund to the Colorado Department of Public Health and Environment for payments to the Department of Law for CERCLA-related services. In addition, increases the appropriation for indirect cost assessments by \$41,384 reappropriated funds. For more information see the corresponding bill description for the Department of Public Health and Environment.

**H.B. 10-1365:** Requires utilities with coal-fired electric generating plants to submit emissions reduction plans for those plants to the Public Utilities Commission. For FY 2010-11 provides \$13,041 of reappropriated funds and 0.1 FTE to the Department of Law for the provision of legal services to the Public Utilities Commission. For more information see the corresponding bill description for the Department of Regulatory Agencies.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

**H.B. 10-1385:** The Long Bill (H.B. 10-1376) provides \$860,186 to the Department of Law's Insurance Fraud program from the Division of Insurance Cash Fund. In a two-step appropriation, these moneys pass through the Division of Insurance within the Department of Regulatory Agencies, where they appear as a cash funds appropriation, to the Department of Law, where they appear as reappropriated funds. Approximately \$700,000 of these moneys derive from the insurance-fraud fee paid by insurance companies regulated by the Division of Insurance, while the remainder come from insurance premium taxes. House Bill 10-1385 increases the fraud fee from \$425 to \$561 and directs all fraud-fee revenues to the Insurance Fraud Cash Fund, which is created by the bill. The bill then replaces the two-step appropriation with a direct cash fund appropriation to the Department of Law from the Insurance Fraud Cash Fund. For more information see the corresponding bill description for the Department of Regulatory Agencies.

**H.B. 10-1404:** Transfers the Independent Ethics Commission from the Department of Personnel and Administration to the Judicial Department starting in FY 2010-11. This includes the transfer of \$67,842 of FY 2010-11 General Fund appropriations for the purchase of legal services. There is no net change of reappropriated funds within the Department of Law, but the source of the reappropriated funds changes. For more information see the corresponding bill description for the Judicial Department and the Department of Personnel and Administration.

**H.B. 10-1415:** Creates a registration program for surgical assistants and technologists within the Department of Regulatory Agencies. For FY 2010-11 provides \$3,769 of reappropriated funds to the Department of Law 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.

## 2011 Session Bills

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized by S.B. 10-146 for one additional year. Reduces the Department of Law's total appropriation by \$774,669 total funds, of which \$180,082 is General Fund, \$69,016 is cash funds, \$502,668 is reappropriated funds, and \$22,903 is federal funds.

**S.B. 11-088:** Continues until 2016 the regulation of direct-entry midwives by the Department of Regulatory Agencies. For FY 2011-12 provides \$4,109 of reappropriated funds to the Department of Law 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. 11-091:** Continues until 2022 the State Board of Veterinary Medicine, which is located in the Department of Regulatory Agencies. For FY 2011-12 provides \$4,402 of reappropriated funds to the Department of Law for the provision of legal services to the Board. For more information see the corresponding bill description for the Department of Regulatory Agencies.

**S.B. 11-094:** Continues until 2022 the State Board of Optometric Examiners, which is located in the Department of Regulatory Agencies. For FY 2011-12 provides \$4,402 of reappropriated funds to the Department of Law for the provision of legal services to the Board. For more information see the corresponding bill description for the Department of Regulatory Agencies.

**S.B. 11-128:** Requires all Colorado insurance carriers that sell individual health insurance plans to offer a child-only plan with no limitation for preexisting conditions. For FY 2011-12 provides \$2,935 of reappropriated funds to the Department of Law 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. 11-144:** Supplemental appropriation to the FY 2010-11 Long Bill for the Department of Law.

**S.B. 11-169:** Continues until 2018 operation of the Physical Therapy Board, which is located in the Department of Regulatory Agencies. For FY 2011-12 provides \$38,886 of reappropriated funds and 0.3 FTE to the Department of Law 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. 11-187:** Continues and expands the regulation of mental health professionals by the Department of Regulatory Agencies. For FY 2011-12 provides \$176,088 of reappropriated funds and 1.4 FTE to the Department of Law 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. 11-209:** General appropriations act for FY 2011-12. Contains supplemental FY 2010-11 appropriations to the Department of Law for tobacco settlement arbitration.

**S.B. 11-251:** Makes changes to the authority of the Division of Fire Safety in the Department of Public Safety. For FY 2011-12 provides \$7,337 of reappropriated funds to the Department of Law for the provision of legal

services to the Department of Public Safety. For more information see the corresponding bill description for the Department of Public Safety.

**H.B. 11-1100:** Requires the Division of Registrations and the state examining and licensing boards in the Department of Regulatory Agencies to accept education, training, or service completed by an applicant for licensure or certification while serving in the military toward the qualifications required to receive the license or certification. For FY 2011-12 provides \$34,484 of reappropriated funds and 0.4 FTE to the Department of Law 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. 11-1121:** Bars those convicted of certain felonies, including drug and domestic violence, from non-licensed employment in schools. For FY 2011-12 provides \$11,005 of reappropriated funds to the Department of Law for the provision of legal services to the Department of Education. For more information see the corresponding bill description for the Department of Education.

**H.B. 11-1195:** Creates a voluntary licensing system for private investigators within the Department of Regulatory Agencies. For FY 2011-12 provides \$7,337 of reappropriated funds to the Department of Law 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. 11-1300:** Creates an expedited process for resolving disputed claims for conservation easement tax credits. For FY 2011-12 provides the Department of Law with \$1,349,581 of reappropriated funds and 9.1 FTE to provide legal services to the Department of Revenue and \$2,352 of reappropriated funds to provide legal services to the Department of Regulatory Agencies.

# 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 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$34,889,177	\$35,137,319	\$34,796,446	\$34,684,832
Cash Funds	207,030	223,640	202,831	184,587
Reappropriated Funds	806,500	1,183,816	1,000,316	1,103,816
Federal Funds	0	0	0	0
<b>Total Funds</b>	<b>\$35,902,707</b>	<b>\$36,544,775</b>	<b>\$35,999,593</b>	<b>\$35,973,235</b>
Full Time Equiv. Staff	277.1	277.1	277.1	271.0

## General Factors Driving the Budget

Funding for this department consists of 96.4 percent General Fund, 0.5 percent cash funds, and 3.1 percent reappropriated funds. Some of the most important factors driving the budget are reviewed below.

### Special Studies or Functions

The appropriations 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 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Approp.
Property Tax Study	\$589,833	\$577,943	\$572,000	\$622,000	\$600,000
Ballot Analysis	\$4,900	\$1,549,099	\$508,500	\$1,991,204	\$530,500

## Summary of FY 2010-11 and FY 2011-12 Appropriations

	Legislative Branch					FTE
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	
<b>FY 2010-11 Total Appropriation:</b>	<b>\$35,999,593</b>	<b>\$34,796,446</b>	<b>\$202,831</b>	<b>\$1,000,316</b>	<b>\$0</b>	<b>277.1</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
General Assembly	14,552,956	14,459,140	90,000	3,816	0	76.8
State Auditor	8,284,102	7,174,771	112,831	996,500	0	73.0
Joint Budget Committee	1,522,835	1,522,835	0	0	0	16.0
Legislative Council	6,307,865	6,307,865	0	0	0	55.2
Committee on Legal Services	5,331,835	5,331,835	0	0	0	56.1
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	2,632,844	2,632,844	0	0	0	0.0
HB 10-1367	33,367,880	32,164,733	202,831	1,000,316	0	277.1
HB 10-1020	(1,131)	(1,131)	0	0	0	0.0
<b>FY 2011-12 Total Appropriation:</b>	<b>\$35,973,235</b>	<b>\$34,684,832</b>	<b>\$184,587</b>	<b>\$1,103,816</b>	<b>\$0</b>	<b>271.0</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
General Assembly	13,092,836	12,999,020	90,000	3,816	0	66.0
State Auditor	7,992,279	7,047,692	94,587	850,000	0	68.0
Joint Budget Committee	1,517,502	1,517,502	0	0	0	16.0
Legislative Council	8,098,717	7,848,717	0	250,000	0	68.0
Committee on Legal Services	5,271,901	5,271,901	0	0	0	53.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	2,905,149	2,655,149	0	250,000	0	0.0
SB 11-198	33,599,137	32,560,734	184,587	853,816	0	271.0
SB 11-076	(531,051)	(531,051)	0	0	0	0.0
<b>Increase/(Decrease)</b>	<b>(\$26,358)</b>	<b>(\$111,614)</b>	<b>(\$18,244)</b>	<b>\$103,500</b>	<b>\$0</b>	<b>(6.1)</b>
Percentage Change	(0.1)%	(0.3)%	(9.0)%	10.3%	n/a	(2.2)%



## FY 2011-12 Appropriation Highlights

The FY 2011-12 appropriation:

1. Adds \$250,000 reappropriated funds for the cost-of-living analysis that must be conducted every two years by Legislative Council staff pursuant to Section 22-54-104(5)(c)(III)(A), C.R.S. This increase is offset by various reductions in benefits and operating related adjustments.
2. Reduces \$531,000 General Fund as a result of the provisions of S.B. 11-076, PERA Contribution Rates. This reduction is offset by various increases for benefit and operating related adjustments.
3. Reduces 6.1 FTE as a result of the elimination of unfunded FTE authority.

## 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1367 and HB 10-1376	\$14,554,087	\$14,460,271	\$90,000	\$3,816	\$0	76.8
<i>HB 10-1367 (non-add)</i>	<i>13,051,743</i>	<i>12,957,927</i>	<i>90,000</i>	<i>3,816</i>	<i>0</i>	<i>76.8</i>
<i>HB 10-1376 (non-add)</i>	<i>1,502,344</i>	<i>1,502,344</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0</i>
HB 10-1020	<u>(1,131)</u>	<u>(1,131)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$14,552,956</b>	<b>\$14,459,140</b>	<b>\$90,000</b>	<b>\$3,816</b>	<b>\$0</b>	<b>76.8</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$14,552,956	\$14,459,140	\$90,000	\$3,816	\$0	76.8
Salary and benefits related adjustments (SB 11-198)	223,431	223,431	0	0	0	0.0
PERA amortization disbursement (SB 11-198)	33,507	33,507	0	0	0	0.0
Operating adjustments (SB 11-209)	22,305	22,305	0	0	0	0.0
Eliminate one-time reduction	1,131	1,131	0	0	0	0.0
Transfer LIS and dome staff to LCS (SB 11-198)	(1,566,717)	(1,566,717)	0	0	0	(10.8)

General Assembly						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>SB 11-198 and SB 11-209</b>	<b>\$13,266,613</b>	<b>\$13,172,797</b>	<b>\$90,000</b>	<b>\$3,816</b>	<b>\$0</b>	<b>66.0</b>
<i>SB 11-198 (non-add)</i>	<i>11,741,964</i>	<i>11,648,148</i>	<i>90,000</i>	<i>3,816</i>	<i>0</i>	<i>66.0</i>
<i>SB 11-209 (non-add)</i>	<i>1,524,649</i>	<i>1,524,649</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0</i>
SB 11-076	<u>(173,777)</u>	<u>(173,777)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$13,092,836</b>	<b>\$12,999,020</b>	<b>\$90,000</b>	<b>\$3,816</b>	<b>\$0</b>	<b>66.0</b>
<b>Increase/(Decrease)</b>	(\$1,460,120)	(\$1,460,120)	\$0	\$0	\$0	(10.8)
Percentage Change	(10.0)%	(10.1)%	0.0%	0.0%	n/a	(14.1)%

### **FY 2011-12 Appropriation - S.B. 11-198 (Legislative Appropriation) and S.B. 11-209 (Long Bill) Issue Descriptions**

**Salary and benefits related adjustments (SB 11-198):** The increase in appropriation is primarily the result of the employer's contribution for health, life, and dental insurance benefits. This amount is offset by a common policy decrease for personal services.

**PERA amortization disbursement (SB 11-198):** The increase in appropriation reflects the amount necessary to contribute an additional 0.9 percent of base salary to the Public Employee's Retirement Association (0.4 percent pursuant to S.B. 04-257 and 0.5 percent pursuant to S.B. 06-235).

**Operating adjustments (SB 11-209):** The appropriation contains various centrally appropriated line items. These centrally appropriated line items include Workers' Compensation, Payments to Risk Management and Property Funds, and Legal Services. Operating adjustments are a function of recoverable overhead in the Department of Personnel and Administration or the Department of Law that are allocated to other departments based on a proportionate share of utilization.

**Eliminate one-time reduction:** The increase in appropriation is the result of the elimination of a reduction contained in H.B. 10-1020.

**Transfer LIS and dome staff to LCS (SB 11-198):** The decrease in appropriation and FTE for the General Assembly reflects the transfer of Legislative Information Services (LIS) (\$1.5 million General Fund and 10.0 FTE) and the Capitol Dome (\$54,000 General Fund and 0.8 FTE) staff to Legislative Council Staff (LCS).

**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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1367	<u>\$8,284,102</u>	<u>\$7,174,771</u>	<u>\$112,831</u>	<u>\$996,500</u>	<u>\$0</u>	<u>73.0</u>
<b>TOTAL</b>	<b>\$8,284,102</b>	<b>\$7,174,771</b>	<b>\$112,831</b>	<b>\$996,500</b>	<b>\$0</b>	<b>73.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$8,284,102	\$7,174,771	\$112,831	\$996,500	\$0	73.0
PERA amortization disbursement	46,969	46,969	0	0	0	0.0
Transfer LIS staff to LCS	0	0	0	0	0	(1.0)
Salary and benefits related adjustments	(221,326)	(56,582)	(18,244)	(146,500)	0	(4.0)
<b>SB 11-198</b>	<b>\$8,109,745</b>	<b>\$7,165,158</b>	<b>\$94,587</b>	<b>\$850,000</b>	<b>\$0</b>	<b>68.0</b>
SB 11-076	<u>(117,466)</u>	<u>(117,466)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$7,992,279</b>	<b>\$7,047,692</b>	<b>\$94,587</b>	<b>\$850,000</b>	<b>\$0</b>	<b>68.0</b>
<b>Increase/(Decrease)</b>	<b>(\$291,823)</b>	<b>(\$127,079)</b>	<b>(\$18,244)</b>	<b>(\$146,500)</b>	<b>\$0</b>	<b>(5.0)</b>
Percentage Change	(3.5)%	(1.8)%	(16.2)%	(14.7)%	n/a	(6.8)%

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**PERA amortization disbursement :** The increase in appropriation reflects the amount necessary to contribute an additional 0.9 percent of base salary to the Public Employee's Retirement Association (0.4 percent pursuant to S.B. 04-257 and 0.5 percent pursuant to S.B. 06-235).

**Transfer LIS staff to LCS:** The FTE shown for the State Auditor's Office were reduced by 1.0 FTE to reflect the transfer of FTE authority from the State Auditor's Office to Legislative Council Staff (LCS) for additional Legislative Information Services staff.

**Salary and benefits related adjustments:** The decrease in appropriation is primarily the result of a reduction due to a common policy decrease for personal services. This amount is offset by an increase for the employer's contribution for health, life, and dental insurance benefits. The FTE were reduced as a result of the elimination of unfunded FTE authority.

**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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1367	<u>\$1,522,835</u>	<u>\$1,522,835</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>16.0</u>
<b>TOTAL</b>	<b>\$1,522,835</b>	<b>\$1,522,835</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>16.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$1,522,835	\$1,522,835	\$0	\$0	\$0	16.0
Salary and benefits adjustments	14,854	14,854	0	0	0	0.0
PERA amortization disbursements	10,447	10,447	0	0	0	0.0
<b>SB 11-198</b>	<b>\$1,548,136</b>	<b>\$1,548,136</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>16.0</b>
SB 11-076	<u>(30,634)</u>	<u>(30,634)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,517,502</b>	<b>\$1,517,502</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>16.0</b>
<b>Increase/(Decrease)</b>	<b>(\$5,333)</b>	<b>(\$5,333)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
Percentage Change	(0.4)%	(0.4)%	n/a	n/a	n/a	0.0%

### FY 2011-12 Appropriation - S.B. 11-198 (Legislative Appropriation) Issue Descriptions

**Salary and benefits adjustments:** The increase in appropriation is primarily the result of the employer's contribution for health, life, and dental insurance benefits. This amount is offset by a common policy decrease for personal services.

**PERA amortization disbursements:** The increase in appropriation reflects the amount necessary to contribute an additional 0.9 percent of base salary to the Public Employee's 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.

## 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1367 and HB 10-1376	<u>\$6,307,865</u>	<u>\$6,307,865</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>55.2</u>
<i>HB 10-1367 (non-add)</i>	<i>5,177,365</i>	<i>5,177,365</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>55.2</i>
<i>HB 10-1376 (non-add)</i>	<i>1,130,500</i>	<i>1,130,500</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.0</i>
<b>TOTAL</b>	<b>\$6,307,865</b>	<b>\$6,307,865</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>55.2</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$6,307,865	\$6,307,865	\$0	\$0	\$0	55.2
Transfer LIS and dome staff to LCS (SB 11-198)	1,566,717	1,566,717	0	0	0	12.8
Operating adjustments (SB 11-209)	250,000	0	0	250,000	0	0.0
PERA amortization disbursement (SB 11-198)	67,243	67,243	0	0	0	0.0
Salary and benefits related adjustments (SB 11-198)	22,297	22,297	0	0	0	0.0
<b>SB 11-209 and SB 11-198</b>	<b>\$8,214,122</b>	<b>\$7,964,122</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$0</b>	<b>68.0</b>
<i>SB 11-198 (non-add)</i>	<i>6,833,622</i>	<i>6,833,622</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>68.0</i>
<i>SB 11-209 (non-add)</i>	<i>1,380,500</i>	<i>1,130,500</i>	<i>0</i>	<i>250,000</i>	<i>0</i>	<i>0.0</i>
SB 11-076	<u>(115,405)</u>	<u>(115,405)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$8,098,717</b>	<b>\$7,848,717</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$0</b>	<b>68.0</b>
<b>Increase/(Decrease)</b>	<b>\$1,790,852</b>	<b>\$1,540,852</b>	<b>\$0</b>	<b>\$250,000</b>	<b>\$0</b>	<b>12.8</b>
Percentage Change	28.4%	24.4%	n/a	n/a	n/a	23.2%

## **FY 2011-12 Appropriation - S.B. 11-198 (Legislative Appropriation) and S.B. 11-209 (Long Bill) Issue Descriptions**

**Transfer LIS and dome staff to LCS (SB 11-198):** The increase in appropriation and FTE shown for the Legislative Council Staff (LCS) is the result of the transfer of Legislative Information Services (LIS) (\$1.5 million General Fund and 12.0 FTE) and the Capitol Dome (\$54,000 General Fund and 0.8 FTE) staff to LCS.

**Operating adjustments (SB 11-209):** The appropriation includes an increase 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. The study is required in FY 2011-12 and, as a result, the funding has been added.

**PERA amortization disbursement (SB 11-198):** The increase in appropriation reflects the amount necessary to contribute an additional 0.9 percent of base salary to the Public Employee's Retirement Association (0.4 percent pursuant to S.B. 04-257 and 0.5 percent pursuant to S.B. 06-235).

**Salary and benefits related adjustments (SB 11-198):** The increase in appropriation is primarily the result of the employer's contribution for health, life, and dental insurance benefits. This amount is offset by a common policy decrease for personal services.

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

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### **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 the uniformity of state laws on all subjects where uniformity is deemed desirable and practical.

Committee on Legal Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1367	<u>\$5,331,835</u>	<u>\$5,331,835</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>56.1</u>
<b>TOTAL</b>	<b>\$5,331,835</b>	<b>\$5,331,835</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>56.1</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$5,331,835	\$5,331,835	\$0	\$0	\$0	56.1
PERA amortization disbursement	31,393	31,393	0	0	0	0.0
Salary and benefits related adjustments	2,442	2,442	0	0	0	(2.1)
Transfer LIS staff to LCS	0	0	0	0	0	(1.0)
<b>SB 11-198</b>	<b>\$5,365,670</b>	<b>\$5,365,670</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>53.0</b>
SB 11-076	<u>(93,769)</u>	<u>(93,769)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$5,271,901</b>	<b>\$5,271,901</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>53.0</b>
<b>Increase/(Decrease)</b>	(\$59,934)	(\$59,934)	\$0	\$0	\$0	(3.1)
Percentage Change	(1.1)%	(1.1)%	n/a	n/a	n/a	(5.5)%

### **FY 2011-12 Appropriation - S.B. 11-198 (Legislative Appropriation) Issue Descriptions**

**PERA amortization disbursement:** The increase in appropriation reflects the amount necessary to contribute an additional 0.9 percent of base salary to the Public Employee's Retirement Association (0.4 percent pursuant to S.B. 04-257 and 0.5 percent pursuant to S.B. 06-235).

**Salary and benefits related adjustments:** The increase in appropriation is primarily the result of the employer's contribution for health, life, and dental insurance benefits. This amount is offset by a common policy decrease for personal services. The FTE were reduced as a result of the elimination of unfunded FTE authority.

**Transfer LIS staff to LCS:** The FTE shown for the Committee on Legal Services were reduced by 1.0 FTE to reflect the transfer of FTE authority from the Office of Legislative Legal Services to Legislative Council Staff (LCS) for additional Legislative Information Services (LIS) staff.

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

## Recent Legislation

### 2010 Session Bills

**H.B. 10-1020:** Provides that, except for certain types of contracts required under the state constitution to be approved by the Governor or his or her designee, Legislative Department contracts shall be approved by the Director of the Office of Legislative Legal Services or the director's designee. Exempts the Legislative Department from the statutory provisions restricting the leasing of real and personal property for purposes of oversight of Executive Branch spending by the State Controller. Reduces the appropriation to the legislative department for legal services for FY 2010-11 by \$1,131 General Fund and 15 hours. Specifies that the change applies to contracts of the Legislative Department entered into on or after April 15, 2010.

**H.B. 10-1110:** Supplemental appropriation to the legislative appropriations act for FY 2009-10. Increases the cash fund appropriation for the State Auditor's Office.

**H.B. 10-1306:** Supplemental appropriation to the general appropriations act for FY 2009-10. Decreases the General Fund appropriation for the General Assembly to reflect reductions to various centrally appropriated line items.

**H.B. 10-1367:** Separate legislative appropriations act for FY 2010-11.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

### 2011 Session Bills

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's appropriation by \$531,051 General Fund.

**S.B. 11-198:** Separate legislative appropriations act for FY 2011-12.

**S.B. 11-209:** General appropriations act for FY 2011-12.



# 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 Governments, and the Division of Emergency Management.

## Department Budget: Recent Appropriations

Funding Source	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund/1	\$12,352,639	\$10,912,921	\$10,530,849	\$10,383,966
Cash Funds	190,783,749	258,601,220	203,509,756	228,629,982
Reappropriated Funds	5,324,722	11,928,255	7,243,477	7,104,146
Federal Funds	<u>54,905,997</u>	<u>112,986,814</u>	<u>96,977,419</u>	<u>117,319,185</u>
<b>Total Funds</b>	<b>\$263,367,107</b>	<b>\$394,429,210</b>	<b>\$318,261,501</b>	<b>\$363,437,279</b>
Full Time Equiv. Staff	180.5	186.5	176.0	191.1

/1 Appropriations include General Fund Exempt.

## General Factors Driving the Budget

Funding for this department consists of 2.9 percent General Fund, 62.9 percent cash funds, 2.0 percent reappropriated funds, and 32.3 percent federal funds. Major factors driving the budget are listed below.

### 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: 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); 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); and limited gaming impact grants (a portion of limited gaming tax revenues distributed to communities impacted by gaming activities). 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) were transferred to the Department of Public Health and Environment beginning in FY 2010-11, pursuant to H.B. 10-1018. Program expenditures fluctuate with changes in the revenue available from these various dedicated funding sources. The following table summarizes recent actual and estimated revenues for these cash funds.

Constitutionally or Statutorily Dedicated Cash Revenues Administered by the Department of Local Affairs (\$ millions)					
Revenues	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Estimated	FY 2011-12 Estimated
Severance Tax/1	\$82.7	\$165.4	\$48.2	\$170.9	\$195.5
Federal Mineral Lease/1	51.0	88.5	49.5	59.9	66.0
Conservation Trust Fund	48.9	48.0	45.1	51.4	50.0
Limited Gaming Fund/1	6.5	5.5	6.2	4.3	4.4
Waste Tire Fees/2	<u>3.1</u>	<u>4.0</u>	<u>3.6</u>	<u>n/a</u>	<u>n/a</u>
<b>Total Dedicated Cash Revenues</b>	<b>\$192.2</b>	<b>\$311.4</b>	<b>\$152.6</b>	<b>\$286.5</b>	<b>\$315.9</b>

/1 Estimate reflects projected revenues based on the March 2011 Legislative Council Staff economic and revenue forecast.

/2 House Bill 10-1018 consolidates authority over waste tire fees within the Department of Public Health and Environment and transfers administration of the Waste Tire Program from the Department of Local Affairs to the Department of Public Health and Environment beginning in FY 2010-11.

## Federal Funds

Federal funds comprise nearly one-third (\$117.3 million) of the Department of Local Affairs' FY 2011-12 total appropriation. The Department's federally-funded programs generally do not require state matching funds, and funding is provided at the discretion of federal authorities. The major on-going federal grants that are administered by this department are:

- HUD Section 8 Rental Assistance (assists low-income families obtain affordable rental housing);
- HUD Affordable Housing Development (construction and/or rehabilitation of housing for low to moderate-income persons);
- Preparedness Grants and Training (assists local governments in sustaining and enhancing all-hazards emergency management capabilities);
- HUD Community Development Block Grants (provide funding for community infrastructure, housing, and economic development);
- Health and Human Services Community Services Block Grants (provide funding for services to persons at or below 125.0 percent of the federal poverty level); and
- HUD Emergency Shelter Program (supports homeless prevention activities).

The Section 8 rental assistance grants, affordable housing development grants, community development block grants, and emergency shelter program grants are provided by the United States Department of Housing and Urban Development. Preparedness grants and training grants are provided by the United States Department of Homeland Security.

## Summary of FY 2010-11 and FY 2011-12 Appropriations

Department of Local Affairs						
	Total Funds	General Fund/1,2	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$318,261,501</b>	<b>\$10,530,849</b>	<b>\$203,509,756</b>	<b>\$7,243,477</b>	<b>\$96,977,419</b>	<b>176.0</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	4,775,392	1,251,329	370,935	2,258,947	894,181	13.7
Property Taxation	3,480,066	1,309,050	991,950	1,179,066	0	49.9
Division of Housing	69,252,640	2,616,884	1,310,254	211,628	65,113,874	33.1
Division of Local Governments	220,972,405	4,781,901	196,325,629	3,513,045	16,351,830	51.4
Division of Emergency Management	19,780,998	571,685	4,510,988	80,791	14,617,534	27.9
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	322,333,905	10,704,326	207,408,683	7,243,477	96,977,419	176.7
HB 10-1018	(4,200,000)	0	(4,200,000)	0	0	(0.7)
HB 10-1176	26,927	26,927	0	0	0	0.3
HB 10-1386	131,331	(169,742)	301,073	0	0	0.0
SB 11-145	(30,662)	(30,662)	0	0	0	(0.3)
<b>FY 2011-12 Total Appropriation:</b>	<b>\$363,437,279</b>	<b>\$10,383,966</b>	<b>\$228,629,982</b>	<b>\$7,104,146</b>	<b>\$117,319,185</b>	<b>191.1</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	5,092,340	1,258,229	398,213	2,446,664	989,234	14.2
Property Taxation	3,403,725	1,258,990	984,933	1,159,802	0	49.9
Division of Housing	88,597,624	2,386,282	812,480	187,332	85,211,530	47.7
Division of Local Governments	246,486,273	4,921,118	221,923,368	3,237,139	16,404,648	51.4
Division of Emergency Management	19,857,317	559,347	4,510,988	73,209	14,713,773	27.9
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	345,486,866	10,449,980	230,570,482	7,184,487	97,281,917	171.6
SB 11-076	(275,045)	(66,014)	(35,500)	(109,656)	(63,875)	0.0
SB 11-159	(1,905,000)	0	(1,905,000)	0	0	0.0
HB 11-1230	20,130,458	0	0	29,315	20,101,143	19.5
<b>Increase/(Decrease)</b>	<b>\$45,175,778</b>	<b>(\$146,883)</b>	<b>\$25,120,226</b>	<b>(\$139,331)</b>	<b>\$20,341,766</b>	<b>15.1</b>
Percentage Change	14.2%	(1.4)%	12.3%	(1.9)%	21.0%	8.6%

/1 Includes \$4,144,363 General Fund Exempt in FY 2010-11 and \$4,294,753 General Fund Exempt in FY 2011-12. See division detail for more information.

/2 Includes amounts (a total of \$4,144,363 in FY 2010-11 and \$4,294,753 for FY 2011-12) that are not subject to the statutory limitation on General Fund appropriations set forth in Section 24-75-201.1, C.R.S.

## FY 2010-11 Appropriation - Mid-year Adjustment Highlights

Senate Bill 11-145 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to General Fund personal services line items.

## FY 2011-12 Appropriation Highlights

The FY 2011-12 appropriation:

1. Adds \$0.2 million General Fund for the state's contributions for local volunteer firefighter retirement plans and death and disability insurance;
2. Reduces \$0.5 million cash funds and 4.4 FTE for the manufactured buildings program due to decreased workload; and
3. Reduces \$0.2 million General Fund available for the Colorado Affordable Housing Construction Grants and Loans Program;

## Detail of Appropriation by Administrative Section

### Executive Director's Office

This division is responsible for the management and administration of the Department, including accounting, budgeting, and human resources. The appropriation to this office includes centrally appropriated funds which are further distributed to the various divisions. The Division also conducts several miscellaneous functions statutorily assigned to the Department, including administration of the Moffat Tunnel Improvement District. 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 Governments.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$4,778,591	\$1,254,528	\$370,935	\$2,258,947	\$894,181	13.7
SB 11-145	<u>(3,199)</u>	<u>(3,199)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,775,392</b>	<b>\$1,251,329</b>	<b>\$370,935</b>	<b>\$2,258,947</b>	<b>\$894,181</b>	<b>13.7</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$4,775,392	\$1,251,329	\$370,935	\$2,258,947	\$894,181	13.7

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Statewide IT common policy adjustments	163,792	34,685	584	25,039	103,484	0.0
Centrally appropriated line items	149,799	(27,785)	26,694	159,321	(8,431)	0.0
Restore one-time personal services reduction	26,307	0	0	26,307	0	0.0
Personal services base reduction	(19,076)	0	0	(19,076)	0	0.0
<b>SB 11-209</b>	<b>\$5,096,214</b>	<b>\$1,258,229</b>	<b>\$398,213</b>	<b>\$2,450,538</b>	<b>\$989,234</b>	<b>13.7</b>
SB 11-076	(33,189)	0	0	(33,189)	0	0.0
HB 11-1230	<u>29,315</u>	<u>0</u>	<u>0</u>	<u>29,315</u>	<u>0</u>	<u>0.5</u>
<b>TOTAL</b>	<b>\$5,092,340</b>	<b>\$1,258,229</b>	<b>\$398,213</b>	<b>\$2,446,664</b>	<b>\$989,234</b>	<b>14.2</b>
<b>Increase/(Decrease)</b>	\$316,948	\$6,900	\$27,278	\$187,717	\$95,053	0.5
Percentage Change	6.6%	0.6%	7.4%	8.3%	10.6%	3.7%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-145 modified FY 2010-11 appropriations to make a minor funding adjustment.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Statewide IT common policy adjustments:** The appropriation includes adjustments to line items appropriated for: purchase of services from the computer center; multiuse network payments; management and administration of the Governor's Office of Information Technology (OIT); and communication services payments.

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; vehicle lease payments; workers' compensation; legal services; payments to risk management and property funds; and Capitol complex leased space.

**Restore one-time personal services reductions:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

## 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 Governments.

Property Taxation						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$3,348,735	\$1,478,792	\$690,877	\$1,179,066	\$0	49.9
HB 10-1386	<u>131,331</u>	<u>(169,742)</u>	<u>301,073</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,480,066</b>	<b>\$1,309,050</b>	<b>\$991,950</b>	<b>\$1,179,066</b>	<b>\$0</b>	<b>49.9</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$3,480,066	\$1,309,050	\$991,950	\$1,179,066	\$0	49.9
Restore one-time personal services reductions	71,815	24,708	13,890	33,217	0	0.0
Indirect cost assessment	4,297	0	5,648	(1,351)	0	0.0
Personal services base reduction	(44,801)	(17,343)	(12,705)	(14,753)	0	0.0
General Fund reduction	(27,463)	(27,463)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$3,483,914</b>	<b>\$1,288,952</b>	<b>\$998,783</b>	<b>\$1,196,179</b>	<b>\$0</b>	<b>49.9</b>
SB 11-076	<u>(80,189)</u>	<u>(29,962)</u>	<u>(13,850)</u>	<u>(36,377)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,403,725</b>	<b>\$1,258,990</b>	<b>\$984,933</b>	<b>\$1,159,802</b>	<b>\$0</b>	<b>49.9</b>
<b>Increase/(Decrease)</b>	<b>(\$76,341)</b>	<b>(\$50,060)</b>	<b>(\$7,017)</b>	<b>(\$19,264)</b>	<b>\$0</b>	<b>0.0</b>
Percentage Change	(2.2)%	(3.8)%	(0.7)%	(1.6)%	n/a	0.0%

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**General Fund reduction:** The appropriation includes a reduction of \$27,463 General Fund to certain line items.

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

## Division of Housing

This Division provides financial and technical assistance to help communities provide affordable housing to low-income, elderly, and disabled individuals. 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 Governments.

Division of Housing						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$69,252,640</u>	<u>\$2,616,884</u>	<u>\$1,310,254</u>	<u>\$211,628</u>	<u>\$65,113,874</u>	<u>33.1</u>
<b>TOTAL</b>	<b>\$69,252,640</b>	<b>\$2,616,884</b>	<b>\$1,310,254</b>	<b>\$211,628</b>	<b>\$65,113,874</b>	<b>33.1</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$69,252,640	\$2,616,884	\$1,310,254	\$211,628	\$65,113,874	33.1
Restore one-time personal services reductions	45,854	6,218	15,484	3,639	20,513	0.0
Manufactured buildings reduction	(488,780)	0	(488,780)	0	0	(4.4)
Colorado affordable housing construction reduction	(225,000)	(225,000)	0	0	0	0.0
Personal services base reduction	(36,660)	(5,602)	(17,838)	(2,307)	(10,913)	0.0
Indirect cost assessment	(2,409)	0	8,697	(21,989)	10,883	0.0
<b>SB 11-209</b>	<b>\$68,545,645</b>	<b>\$2,392,500</b>	<b>\$827,817</b>	<b>\$190,971</b>	<b>\$65,134,357</b>	<b>28.7</b>
SB 11-076	(49,164)	(6,218)	(15,337)	(3,639)	(23,970)	0.0
HB 11-1230	<u>20,101,143</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20,101,143</u>	<u>19.0</u>
<b>TOTAL</b>	<b>\$88,597,624</b>	<b>\$2,386,282</b>	<b>\$812,480</b>	<b>\$187,332</b>	<b>\$85,211,530</b>	<b>47.7</b>

Division of Housing						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>Increase/(Decrease)</b>	\$19,344,984	(\$230,602)	(\$497,774)	(\$24,296)	\$20,097,656	14.6
Percentage Change	27.9%	(8.8)%	(38.0)%	(11.5)%	30.9%	44.1%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Manufactured buildings reduction:** The appropriation includes a decrease in personal services, FTE, and operating expenses of the manufactured buildings program due to decreased workload.

**Colorado affordable housing construction reduction:** The appropriation includes a decrease of General Fund moneys available for the Colorado Affordable Housing Construction Grants and Loans Program.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**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.

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### **Division of Local Governments**

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. Significant cash fund sources include: (1) severance tax revenues; (2) federal mineral lease revenues; (3) net lottery proceeds; and (4) gaming revenues. Grants for the recycling, reuse, and removal of waste tires will be transferred to the Department of Public Health and Environment beginning in FY 2010-11, pursuant to H.B. 10-1018. 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 Governments						
	Total Funds	General Fund/1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$225,172,941	\$4,782,437	\$200,525,629	\$3,513,045	\$16,351,830	52.1
HB 10-1018	(4,200,000)	0	(4,200,000)	0	0	(0.7)
HB 10-1176	26,927	26,927	0	0	0	0.3
SB 11-145	<u>(27,463)</u>	<u>(27,463)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(0.3)</u>
<b>TOTAL</b>	<b>\$220,972,405</b>	<b>\$4,781,901</b>	<b>\$196,325,629</b>	<b>\$3,513,045</b>	<b>\$16,351,830</b>	<b>51.4</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$220,972,405	\$4,781,901	\$196,325,629	\$3,513,045	\$16,351,830	51.4
Local government mineral and energy impact grants and disbursements	28,500,000	0	28,500,000	0	0	0.0
Limited gaming impact grants	300,000	0	300,000	0	0	0.0
Volunteer firefighter retirement plans	150,390	150,390	0	0	0	0.0
Restore one-time personal services reductions	65,125	12,720	4,971	41,918	5,516	0.0
Indirect cost assessment	26,776	0	11,328	(48,613)	64,061	0.0
Annualize prior year funding	536	536	0	0	0	0.0
Conservation Trust Fund disbursements	(1,400,000)	0	(1,400,000)	0	0	0.0
Heritage cash fund adjustment	(100,000)	0	100,000	(200,000)	0	0.0
Personal services base reduction	(57,010)	(9,161)	(7,247)	(33,637)	(6,965)	0.0
<b>SB 11-209</b>	<b>\$248,458,222</b>	<b>\$4,936,386</b>	<b>\$223,834,681</b>	<b>\$3,272,713</b>	<b>\$16,414,442</b>	<b>51.4</b>
SB 11-076	(66,949)	(15,268)	(6,313)	(35,574)	(9,794)	0.0
SB 11-159	<u>(1,905,000)</u>	<u>0</u>	<u>(1,905,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$246,486,273</b>	<b>\$4,921,118</b>	<b>\$221,923,368</b>	<b>\$3,237,139</b>	<b>\$16,404,648</b>	<b>51.4</b>
<b>Increase/(Decrease)</b>	<b>\$25,513,868</b>	<b>\$139,217</b>	<b>\$25,597,739</b>	<b>(\$275,906)</b>	<b>\$52,818</b>	<b>0.0</b>
Percentage Change	11.5%	2.9%	13.0%	(7.9)%	0.3%	0.0%

/1 Amounts include General Fund Exempt appropriations.

<b>General Fund Summary</b>	<b>Total General Fund</b>	<b>General Fund</b>	<b>General Fund Exempt</b>
<b>FY 2010-11 Appropriation</b>	<b>\$4,781,901</b>	<b>\$637,538</b>	<b>\$4,144,363</b>
Increase General Fund Exempt amount for volunteer firefighter retirement plans based on FY 2011-12 revenue projections	150,390	0	150,390
Restore one-time personal services reductions	12,720	12,720	0
Annualize prior year funding	536	536	0
Personal services base reduction	<u>(9,161)</u>	<u>(9,161)</u>	<u>0</u>
<b>Total FY 2011-12 Appropriation</b>	<b>\$4,936,386</b>	<b>\$641,633</b>	<b>\$4,294,753</b>

## General Fund Exempt

Referendum C, passed by Colorado voters in November 2005, allows the State to retain and spend all revenue that is collected in excess of the TABOR limit for FY 2005-06 through FY 2009-10. For FY 2010-11 and subsequent fiscal years, Referendum C allows the State to retain all revenues that are in excess of the TABOR limit, but less than the excess state revenues cap<sup>1</sup>, for that fiscal year. This revenue must be placed in the General Fund Exempt Account. The above table shows the amount of General Fund Exempt appropriated for FY 2010-11 and FY 2011-12 from the General Fund Exempt Account for volunteer firefighter retirement plans and death and disability insurance, pursuant to Section 24-77-103.6 (2) (c), C.R.S.

## FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-145 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to General Fund personal services line items.

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Local government mineral and energy impact grants and disbursements:** The appropriation reflects an increase in the 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 in FY 2011-12.

**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, per current law.

**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.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to

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<sup>1</sup> The "excess state revenues cap" is equal to the highest annual total state revenues from FY 2005-06 through FY 2009-10, adjusted each subsequent fiscal year for inflation, the percentage change in state population, enterprises, and debt service changes.

S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Conservation Trust Fund disbursements:** The appropriation reflects a projected decrease in disbursements from the Conservation Trust Fund for parks, recreation, and open space purposes based on projected lottery revenues.

**Heritage cash fund adjustment:** The appropriation decreases appropriations from the cash fund based on previous year actual expenditures.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

## 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 with assisting in the appropriate training of personnel to react to emergency response situations. Cash funds are primarily from the Disaster Emergency Fund, with a small amount received from fees paid for emergency training programs. Reappropriated funds are from severance tax revenues and federal mineral lease revenues transferred from the Division of Local Governments. Federal funds are from grant moneys received from the United States Department of Homeland Security for emergency preparedness, chemical stockpile readiness, and other programs.

Division of Emergency Management						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$19,780,998</u>	<u>\$571,685</u>	<u>\$4,510,988</u>	<u>\$80,791</u>	<u>\$14,617,534</u>	<u>27.9</u>
<b>TOTAL</b>	<b>\$19,780,998</b>	<b>\$571,685</b>	<b>\$4,510,988</b>	<b>\$80,791</b>	<b>\$14,617,534</b>	<b>27.9</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$19,780,998	\$571,685	\$4,510,988	\$80,791	\$14,617,534	27.9

Division of Emergency Management						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Indirect cost assessment	112,616	0	0	(7,323)	119,939	0.0
Restore one-time personal services reductions	42,382	10,968	0	877	30,537	0.0
Personal services base reduction	(33,125)	(8,740)	0	(259)	(24,126)	0.0
<b>SB 11-209</b>	<b>\$19,902,871</b>	<b>\$573,913</b>	<b>\$4,510,988</b>	<b>\$74,086</b>	<b>\$14,743,884</b>	<b>27.9</b>
SB 11-076	<u>(\$45,554)</u>	<u>(\$14,566)</u>	<u>\$0</u>	<u>(\$877)</u>	<u>(\$30,111)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$19,857,317</b>	<b>\$559,347</b>	<b>\$4,510,988</b>	<b>\$73,209</b>	<b>\$14,713,773</b>	<b>27.9</b>
<b>Increase/(Decrease)</b>	\$76,319	(\$12,338)	\$0	(\$7,582)	\$96,239	0.0
Percentage Change	0.4%	(2.2)%	0.0%	(9.4)%	0.7%	0.0%

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

## Recent Legislation

### 2010 Session Bills

**H.B. 10-1018:** Consolidates authority over waste tire fees within the Department of Public Health and Environment and transfers administration of the Waste Tire Program from the Department of Local Affairs to the Department of Public Health and Environment. Reduces the appropriation to the Department of Local Affairs for FY 2010-11 by \$4.2 million cash funds and 0.7 FTE. For information on H.B. 10-1018, see the "Recent Legislation" section at the end of the Department of Public Health and Environment.

**H.B. 10-1176:** Requires the Office of the State Controller to contract with a third party to perform an audit of state executive agencies to determine whether overpayments to individuals, vendors, and others occur as a result

of pricing errors, neglected rebates, discounts, unclaimed refunds, or other related general errors. The act applies to state executive agencies that spend more than \$25 million annually and authorizes the Office of the State Controller to retain a portion of any amount recovered due to an audit to defray the administrative costs incurred in contracting for and providing oversight of the recovery audit. General Fund expenditures in FY 2010-11 and FY 2011-12 will be reimbursed from the savings generated by the implementation of H.B. 10-1338. Appropriates \$26,927 General Fund, including \$20,327 and 0.3 FTE for program administration and \$6,600 for copying costs. For information on H.B. 10-1176, see the "Recent Legislation" section at the end of the Department of the Governor - Lieutenant Governor - State Planning and Budgeting. For information on H.B. 10-1338, see the "Recent Legislation" section at the end of the Department of Corrections.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

**H.B. 10-1386:** Adjusts the filing fees for tax-exempt status applications on real and personal property to recover sufficient revenues to offset the Property Tax Exemption Program's direct and indirect expenditures in the Department of Local Affairs, thus relieving the necessity for fee revenue shortfalls to be backfilled with General Fund. The Property Tax Administrator is authorized to waive late filing fees for good cause shown. Reduces the General Fund appropriation to the Division of Property Taxation by \$169,742 and increases the cash funds appropriation from the Property Tax Exemption Fund by \$301,073 for FY 2010-11. The difference between the increased cash funds spending authority and the General Fund savings (\$131,331) reflects the increased indirect cost assessment applied to the new cash fund revenue.

## 2011 Session Bills

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$275,045 total funds, of which \$66,014 is General Fund, \$35,500 is cash funds, \$109,656 is reappropriated funds, and \$63,875 is federal funds.

**S.B. 11-159:** Repeals and reenacts statute related to the distribution of 50.0 percent of the balance remaining in the Limited Gaming Fund that is allocated to the General Fund or other funds (known as the "State share") at the end of FY 2010-11 and each fiscal year thereafter. Specifically, the bill places the following provisions in statute:

- The first \$19.2 million of the "State share" shall be transferred to the General Fund;
- Any amount of the "State share" that is greater than \$19.2 million, but less than \$48.5 million will be transferred as follows:
  - 50.0 percent to the Colorado Travel and Tourism Promotion Fund;
  - 18.0 percent to the Bioscience Discovery Evaluation Cash Fund;
  - 15.0 percent to the Local Government Limited Gaming Impact Fund;
  - 7.0 percent to the Innovative Higher Education Research Fund;
  - 5.0 percent to the New Jobs Incentives Cash Fund;
  - 4.0 percent to the Creative Industries Cash Fund for the purposes of the Council on Creative Industries; and
  - 1.0 percent to the Creative Industries Cash Fund for performance-based film incentives.

- Any amount of the "State share" that is greater than \$48.5 million will be transferred to the General Fund;
- Any moneys slated for transfer to programs that have been repealed or discontinued statutorily shall instead be transferred to the General Fund; and
- Reduces the FY 2011-12 appropriation to the Department of Local Affairs by \$1.9 million cash funds.

**S.B. 11-164:** Transfers \$15.0 million from the Local Government Mineral Impact Fund and \$4.8 million from the Local Government Permanent Fund to the General Fund on June 30, 2011. For additional information on this bill, see the "Recent Legislation" section for the Department of Labor and Employment.

**S.B. 11-209:** General appropriations act for FY 2011-12.

**S.B. 11-226:** Transfers \$30.0 million from the Local Government Mineral Impact Fund and \$41.0 million from the Local Government Severance Tax Fund to the General Fund on June 30, 2012. For additional information on this bill, see the "Recent Legislation" section for the Department of Education.

**H.B. 11-1230:** Consolidates the housing assistance programs in the Department of Human Services into the Department of Local Affairs. The bill specifies that the consolidation is to occur no later than July 1, 2011. The bill transfers \$20.1 million federal funds and 19.5 FTE from the Department of Human Services to the Department of Local Affairs.

# DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans Affairs has approximately 5,500 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. As of July 1, 2011, 377 members of the Colorado National Guard will be serving on federal active duty in Iraq, Afghanistan, or 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.

Almost 97.0 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 50.0 percent of maintenance and utilities costs at the fifteen armories located on state land, and 20.0 or 25.0 percent of those costs at four other facilities.

## Department Budget: Recent Appropriations

Funding Source	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$5,685,713	\$5,407,887	\$5,286,233	\$5,421,658
Cash Funds	1,308,889	1,407,940	1,408,881	1,209,140
Reappropriated Funds	653,509	803,509	803,509	803,509
Federal Funds	<u>195,706,763</u>	<u>195,608,488</u>	<u>213,758,894</u>	<u>213,775,024</u>
<b>Total Funds</b>	<b>\$203,354,874</b>	<b>\$203,227,824</b>	<b>\$221,257,517</b>	<b>\$221,209,331</b>
Full Time Equiv. Staff	1,386.9	1,386.9	1,384.9	1,384.9

## General Factors Driving the Budget

The primary factors driving the budget are National Guard operations and services provided for veterans. The Department also provides limited assistance to the Colorado Wing of the Civil Air Patrol. Funding for the Department consists of 2.5 percent General Fund, 0.5 percent cash funds, 0.4 percent reappropriated funds, and 96.6 percent federal funds.

## Colorado National Guard

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 table below shows the authorized strength and active membership of the Colorado National Guard.

Colorado National Guard Authorized Strength and Membership					
	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
<u>Total Authorized Strength</u>					
Army National Guard	N/A	N/A	4,009	3,878	4,016
Air National Guard	<u>N/A</u>	<u>N/A</u>	<u>1,531</u>	<u>1,531</u>	<u>1,537</u>
Total	N/A	4,964	5,540	5,409	5,553
<u>Total National Guard members</u>					
Army National Guard	3,300	3,629	3,629	3,776	4,024
Air National Guard	<u>1,400</u>	<u>1,435</u>	<u>1,435</u>	<u>1,498</u>	<u>1,471</u>
Total	4,700	5,064	5,064	5,274	5,495
Percentage of Slots Filled	N/A	102.0%	91.4%	97.5%	99.0%

## Veterans Affairs

The primary budget drivers for the Division of Veterans Affairs is the number of veterans who need assistance with federal benefits claims, the amount of Master Tobacco Settlement funds received to and disbursed from the Colorado State Veterans Trust Fund, and the operation of the Western Slope Veterans Cemetery in Grand Junction. The primary uses of General Fund in the Division are for Veterans Service Operations, which assists veterans with claims before the U.S. Department of Veterans Affairs and administers the County Veterans Service Officer programs with training and other support.

The table below shows the number of veterans in Colorado registered with the U.S. Department of Veterans Affairs and the number of veterans' claims that the Department has processed and assisted the veteran.

Division of Veterans Affairs Veterans Living in Colorado and Claims Processed by Department					
	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
Colorado Veteran Population (U.S. Dept. Of Veterans Affairs)	419,938	427,706	426,162	424,228	421,342
Claims filed with the State of Colorado	4,907	5,110	5,163	5,201	5,420



## Summary of FY 2010-11 and FY 2011-12 Appropriations

Department of Military and Veterans Affairs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$221,257,517</b>	<b>\$5,286,233</b>	<b>\$1,408,881</b>	<b>\$803,509</b>	<b>\$213,758,894</b>	<b>1,384.9</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director and Army National Guard	10,152,743	4,043,551	102,539	800,000	5,206,653	84.8
Division of Veterans Affairs	2,224,591	863,740	1,306,342	3,509	51,000	12.5
Air National Guard	3,233,814	378,942	0	0	2,854,872	48.6
Federal Funded Programs	205,646,369	0	0	0	205,646,369	1,239.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	221,291,692	5,320,408	1,408,881	803,509	213,758,894	1,384.9
SB 11-146	(34,175)	(34,175)	0	0	0	0.0
<b>FY 2011-12 Total Appropriation:</b>	<b>\$221,209,331</b>	<b>\$5,421,658</b>	<b>\$1,209,140</b>	<b>\$803,509</b>	<b>\$213,775,024</b>	<b>1,384.9</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director and Army National Guard	10,371,469	4,195,814	121,379	800,000	5,254,276	84.8
Division of Veterans Affairs	2,004,271	862,001	1,087,761	3,509	51,000	12.5
Air National Guard	3,187,222	363,843	0	0	2,823,379	48.6
Federal Funded Programs	205,646,369	0	0	0	205,646,369	1,239.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	221,373,748	5,478,155	1,210,964	803,509	213,881,120	1,384.9
SB 11-076	(164,417)	(56,497)	(1,824)	0	(106,096)	0.0
<b>Increase/(Decrease)</b>	<b>(\$48,186)</b>	<b>\$135,425</b>	<b>(\$199,741)</b>	<b>\$0</b>	<b>\$16,130</b>	<b>0.0</b>
Percentage Change	0.0%	2.6%	(14.2)%	0.0%	0.0%	0.0%

### FY 2010-11 Appropriation - Mid-year Adjustment Highlights

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to decrease General Fund appropriations by \$34,000 to reflect the statewide one percent General Fund personal services reduction and the statewide vehicle lease reconciliation, as well as reflect Statewide common policies.

## **FY 2011-12 Appropriation Highlights**

The FY 2011-12 appropriation:

1. Increases funding by \$298,000 (including \$159,000 General Fund) to reflect common policy changes to centrally appropriated line items and statewide information technology common policies.
2. Increases funding by \$179,000 (including \$82,000 General Fund) to reflect the restoration of one-time funding reductions in FY 2010-11.
3. Decreases funding by \$217,000 to reflect reduced transfers from the Master Tobacco Settlement Agreement to the Colorado State Veterans Trust Fund and lower interest earnings.
4. Decreases funding by \$164,000 to reflect savings from S.B. 11-076, which shifted a portion of pension fund contributions from the State to employees.
5. Decreases funding by \$116,000 for a 1.5 percent reduction to personal services line items.
6. Decreases funding by \$28,000 to reflect additional General Fund reductions.

## **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. The State supports the Civil Air Patrol, Colorado Wing with 1.0 FTE and General Fund for some of the Civil Air Patrol's operating and maintenance expenses. 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. In addition to the State funding, it is primarily funded by the U.S. Air Force and user fees. The organization's statutory purposes include: (1) encouraging citizens to contribute to developing aviation and maintaining air supremacy; (2) providing aviation education and training; and (3) fostering civil aviation in local communities.

The cash funds sources are armory rental fees, the Western Slope Military Veterans' Cemetery Fund, real estate proceeds, and the Distance Learning Cash Fund. The reappropriated funds source is the Colorado Commission on Higher Education financial assistance program. Federal Funds are pursuant to cooperative agreements with the federal government for operations of the Colorado National Guard.

<b>Executive Director and Army National Guard</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$10,178,158	\$4,068,966	\$102,539	\$800,000	\$5,206,653	84.8
SB 11-146	<u>(25,415)</u>	<u>(25,415)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$10,152,743</b>	<b>\$4,043,551</b>	<b>\$102,539</b>	<b>\$800,000</b>	<b>\$5,206,653</b>	<b>84.8</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$10,152,743	\$4,043,551	\$102,539	\$800,000	\$5,206,653	84.8
Centrally appropriated line items	215,816	95,865	19,407	0	100,544	0.0
Restore one-time personal services reductions	106,592	57,450	0	0	49,142	0.0
Statewide IT common policy adjustments	83,073	83,073	0	0	0	0.0
Personal services base reduction	(69,505)	(28,148)	(567)	0	(40,790)	0.0
General Fund reductions	(13,843)	(13,843)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$10,474,876</b>	<b>\$4,237,948</b>	<b>\$121,379</b>	<b>\$800,000</b>	<b>\$5,315,549</b>	<b>84.8</b>
SB 11-076	<u>(103,407)</u>	<u>(42,134)</u>	<u>0</u>	<u>0</u>	<u>(61,273)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$10,371,469</b>	<b>\$4,195,814</b>	<b>\$121,379</b>	<b>\$800,000</b>	<b>\$5,254,276</b>	<b>84.8</b>
<b>Increase/(Decrease)</b>	\$218,726	\$152,263	\$18,840	\$0	\$47,623	0.0
Percentage Change	2.2%	3.8%	18.4%	0.0%	0.9%	0.0%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-146 modified the FY 2010-11 appropriation to provide a decrease of \$25,000 General Fund primarily due to the implementation of a statewide one percent across the board General Fund personal services reduction, as well as a statewide vehicle lease reconciliation.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; vehicle lease payments; workers' compensation; legal services; payments to risk management and property funds; and Capitol complex leased space.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State contribution to PERA pursuant to S.B. 10-146. Although the Long Bill

does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Statewide IT common policy adjustments:** The appropriation includes adjustments to line items appropriated for: purchases of services from the computer center; multiuse network payments; management and administration of the Governor's Office of Information Technology (OIT); and communication services payments.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**General Fund reductions:** The appropriation includes a reduction of \$13,800 General Fund for certain line items.

**Additional legislation:** 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 and the Department of Human Services sections of the Long Bill.

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.

The cash funds sources are the Colorado State Veterans Trust Fund and the Western Slope Military Veterans' Cemetery Fund. The reappropriated funds source is the Colorado State Veterans Trust Fund. The federal funds source is interment fees from the U.S. Department of Veterans Affairs, which the Department attempts to obtain from the U.S. Department of Veterans Affairs to defray the interment costs at the Western Slope Military Veterans Cemetery.

Division of Veterans Affairs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$2,230,885	\$870,034	\$1,306,342	\$3,509	\$51,000	12.5
SB 11-146	(6,294)	(6,294)	0	0	0	0.0
<b>TOTAL</b>	<b>\$2,224,591</b>	<b>\$863,740</b>	<b>\$1,306,342</b>	<b>\$3,509</b>	<b>\$51,000</b>	<b>12.5</b>

Division of Veterans Affairs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$2,224,591	\$863,740	\$1,306,342	\$3,509	\$51,000	12.5
Restore one-time personal services reductions	21,221	18,974	2,247	0	0	0.0
Colorado State Veterans Trust Fund expenditures	(217,486)	0	(217,486)	0	0	0.0
Personal services base reductions	(11,149)	(9,631)	(1,518)	0	0	0.0
<b>SB 11-209</b>	<b>\$2,017,177</b>	<b>\$873,083</b>	<b>\$1,089,585</b>	<b>\$3,509</b>	<b>\$51,000</b>	<b>12.5</b>
SB 11-076	<u>(12,906)</u>	<u>(11,082)</u>	<u>(1,824)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,004,271</b>	<b>\$862,001</b>	<b>\$1,087,761</b>	<b>\$3,509</b>	<b>\$51,000</b>	<b>12.5</b>
<hr/>						
<b>Increase/(Decrease)</b>	(\$220,320)	(\$1,739)	(\$218,581)	\$0	\$0	0.0
Percentage Change	(9.9)%	(0.2)%	(16.7)%	0.0%	0.0%	0.0%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-146 modified FY 2010-11 appropriations to provide for a decrease \$6,000 General Fund due to implementation of a statewide one percent across the board General Fund personal services reduction.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State contribution to the Public Employees Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Colorado State Veterans Trust Fund expenditures:** The appropriation is reduced to reflect the forecasted receipts from the Master Tobacco Settlement. The appropriation also reflects a decrease in available interest earnings as a result of the use of the moneys in the Fund for the purchase of land and design for new readiness centers in the State.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

## Air National Guard

This division provides funding for the operations of the Buckley and Greeley Air National Guard bases. The State's share of operating and maintenance costs varies under its agreements with the federal government, and is 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. Federal funds are pursuant to cooperative agreements with the federal government for the operations of the Colorado National Guard.

Air National Guard						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$3,236,280	\$381,408	\$0	\$0	\$2,854,872	48.6
SB 11-146	<u>(2,466)</u>	<u>(2,466)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,233,814</b>	<b>\$378,942</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,854,872</b>	<b>48.6</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$3,233,814	\$378,942	\$0	\$0	\$2,854,872	48.6
Restore one-time personal services reductions	51,305	5,772	0	0	45,533	0.0
Personal services base reduction	(35,951)	(3,748)	0	0	(32,203)	0.0
General Fund reduction	(13,842)	(13,842)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$3,235,326</b>	<b>\$367,124</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,868,202</b>	<b>48.6</b>
SB 11-076	<u>(48,104)</u>	<u>(3,281)</u>	<u>0</u>	<u>0</u>	<u>(44,823)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,187,222</b>	<b>\$363,843</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,823,379</b>	<b>48.6</b>
<b>Increase/(Decrease)</b>	<b>(\$46,592)</b>	<b>(\$15,099)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$31,493)</b>	<b>0.0</b>
Percentage Change	(1.4)%	(4.0)%	n/a	n/a	(1.1)%	0.0%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-146 modified the FY 2010-11 appropriation to include a decrease of \$2,500 General Fund due to the implementation of a statewide one percent across the board General Fund personal services reduction.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State contribution to the Public Employees Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**General Fund reduction:** The appropriation includes a reduction of \$13,842 General Fund for certain line items.

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

## Federal Funded Programs

This section is included in the Long Bill for informational purposes only. It describes funding that is managed by the Department but is not subject to appropriation by the General Assembly and does not flow through the state accounting system. This funding supports training for members of the Colorado National Guard, and the operations, maintenance, and construction of armories and other military facilities. Funding is based on the federal fiscal year, which begins October 1, 2011. Federal funds are pursuant to cooperative agreements with the federal government for the operations of the Colorado National Guard.

Federal Funded Programs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$205,646,369</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$205,646,369</u>	<u>1,239.0</u>
<b>TOTAL</b>	<b>\$205,646,369</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$205,646,369</b>	<b>1,239.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$205,646,369	\$0	\$0	\$0	\$205,646,369	1,239.0
No changes	0	0	0	0	0	0.0
<b>SB 11-209</b>	<b><u>\$205,646,369</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$205,646,369</u></b>	<b><u>1,239.0</u></b>
<b>TOTAL</b>	<b>\$205,646,369</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$205,646,369</b>	<b>1,239.0</b>
<b>Increase/(Decrease)</b>	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	n/a	n/a	n/a	0.0%	0.0%

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**No changes:** The appropriation includes no changes for FY 2011-12.

## Recent Legislation

### 2010 Session Bills

**H.B. 10-1139:** Creates the Veteran of Iraq and Veteran of Afghanistan special license plates, available to the veterans who have served in a branch of the armed forces during those conflicts. For more information on H.B. 10-1139 see the "Recent Legislation" section in the Department of Revenue.

**H.B. 10-1140:** Authorizes the use of moneys from the Colorado State Veterans Trust Fund to provide state matching funds for federal construction dollars to construct readiness centers (armories) at Alamosa, Grand Junction, and Windsor.

**H.B. 10-1209:** Allows an eligible member of the U.S. military to request a special designation be placed upon their driver's license signifying the branch of the military that the applicant serves or served with. Requires an additional fee of \$15 for the driver's license designation.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

### 2011 Session Bills

**S.B. 11-037:** Creates the "Veteran of World War II" special license plates to identify that the owner of the motor vehicle is a veteran of World War II. For more information on H.B. 10-1139 see the "Recent Legislation" section in the Department of Revenue.

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employee Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$164,417, of which \$56,497 is General Fund, \$1,824 is cash funds, and \$106,096 is federal funds.

**S.B. 11-146:** Supplemental appropriation to the Department of Military and Veterans Affairs for FY 2010-11.

**S.B. 11-209:** General appropriations act for FY 2011-12.

**H.B. 11-1037:** Extends the period of time for which State income tax forms will include a line for taxpayers to make a voluntary donation to the Military Family Relief Fund through income tax years commencing before January 1, 2016.

**H.B. 11-1237:** Creates the Chargeable Quarters and Billeting Cash Fund, which shall consist of any moneys charged for the use of National Guard facilities. Allows the fund to be used for the costs associated with the operation, repair and maintenance of those facilities. Moneys in the fund are continuously appropriated to the Department.



# 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:

1. Executive Director's Office
2. Division of Reclamation, Mining, and Safety
3. Geological Survey
4. Oil and Gas Conservation Commission
5. State Board of Land Commissioners
6. Colorado Water Conservation Board
7. Water Resources Division (State Engineer's Office)
8. Division of Parks and Wildlife (formerly Division of Parks and Outdoor Recreation and Division of Wildlife)
9. Division of Forestry

## Department Budget: Recent Appropriations

Funding Source	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$31,057,499	\$26,634,588	\$26,201,062	\$23,422,123
Cash Funds	179,001,019	174,244,140	191,792,929	191,031,122
Reappropriated Funds	7,377,769	7,305,823	7,972,361	8,480,565
Federal Funds	<u>17,333,292</u>	<u>17,236,282</u>	<u>19,729,069</u>	<u>19,608,155</u>
<b>Total Funds</b>	<b>\$234,769,579</b>	<b>\$225,420,833</b>	<b>\$245,695,421</b>	<b>\$242,541,965</b>
Full Time Equiv. Staff	1,546.8	1,538.8	1,474.8	1,465.6

## General Factors Driving the Budget

Funding for this department in FY 2011-12 consists of 9.7 percent General Fund, 78.7 percent cash funds, 3.5 percent reappropriated funds, and 8.1 percent federal funds. Some of the most important factors driving the budget are reviewed below.

### Severance Tax (Operational Account) Funds

The availability of severance tax revenues to the Operational Account influences the funding levels for many programs in the Department. Section 39-29-108 (2), C.R.S., provides that 50.0 percent of total severance tax revenues are credited to the Severance Tax Trust Fund and 50.0 percent of the revenues are credited to the Local Government Severance Tax Fund, administered by the Department of Local Affairs, for grants and distributions to local governments impacted by mining activities. Of the revenues credited to the Severance

Tax Trust Fund, 50.0 percent are allocated to the Perpetual Base Account of the Severance Tax Trust Fund (or 25.0 percent of total severance tax revenues), which is used by the Colorado Water Conservation Board for water construction projects. The other 50.0 percent of Severance Tax Trust Fund revenues (or 25.0 percent of total severance tax revenues) are allocated to the Operational Account to fund programs that "promote and encourage sound natural resource planning, management, and development related to minerals, energy, geology, and water."

Severance tax revenues are highly variable. To manage this variability, H.B. 08-1398 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 is equal to total appropriations for tier 1 programs. The reserve requirement for tier 2 programs is equal to 15.0 percent of the authorized expenditures for tier 2 programs. The distribution of funding for tier 2 programs is staggered with 40.0 percent released July 1, 30.0 percent released January 4, and the final 30.0 percent released April 1 of a given fiscal year. Tier 2 programs are subject to proportional reduction if mid-year revenue projections indicate there are insufficient funds.

<b>OPERATIONAL ACCOUNT STATUS</b>	<b>FY06-07 Actual</b>	<b>FY07-08 Actual</b>	<b>FY08-09 Actual</b>	<b>FY09-10 Actual</b>	<b>FY10-11 Estimate</b>	<b>FY11-12 Estimate</b>
Beginning balance	\$50,851,612	\$40,012,876	\$46,588,101	\$68,073,848	\$31,181,533	\$23,123,853
Revenues	33,312,271	39,367,947	81,052,610	10,119,342	41,557,461	47,034,396
<b>Total available</b>	<b>84,163,883</b>	<b>79,380,823</b>	<b>127,640,711</b>	<b>78,193,190</b>	<b>72,738,994</b>	<b>70,158,249</b>
Tier 1 Programs	8,669,679	9,715,887	12,701,274	15,910,585	17,914,069	13,996,029
Tier 2 Programs	35,481,328	23,076,835	46,865,589	20,101,072	31,701,072	25,301,072
Transfer to General Fund (H.B. 10-1327 and S.B. 11-226)	0	0	0	11,000,000	0	3,950,000
<b>Ending balance</b>	<b>40,012,876</b>	<b>46,588,101</b>	<b>68,073,848</b>	<b>31,181,533</b>	<b>23,123,853</b>	<b>26,911,148</b>
Reserve	28,864,470	32,431,774	19,731,112	18,925,746	21,007,929	17,791,189
Unobligated	11,148,406	14,156,327	48,342,736	12,255,787	2,115,924	9,119,959

## State Board of Land Commissioners

The State Board of Land Commissioners (State Land Board) manages properties in the Public School Trust to raise money for the benefit of K-12 education. The State Land Board also manages seven other smaller trusts set up in the Colorado Constitution or in statute. Approximately 98.0 percent of State Land Board revenue is attributable to the Public School Trust.

House Bill 08-1335 (known as the Building Excellent Schools Today or BEST act; see Section 22-43.7-104, C.R.S.) significantly changed the distribution of state public school land revenue. Fifty percent of the gross amount of income received during the fiscal year from income and mineral royalties derived from state public school lands is deposited in the Public School Capital Construction Assistance (PSCCA) Fund. Any remaining revenue is deposited in the Public School Fund (the Permanent Fund) or may be reinvested by the State Land Board to purchase other lands.

<b>SCHOOL TRUST REVENUE</b>	<b>FY05-06 Actual</b>	<b>FY06-07 Actual</b>	<b>FY07-08 Actual</b>	<b>FY08-09 Actual</b>	<b>FY09-10 Actual</b>
Mineral Royalties/Bonuses	\$50,399,909	\$46,715,425	\$53,105,648	\$58,327,085	\$49,049,789
Surface Rental	8,009,916	8,371,449	8,819,293	8,305,534	9,157,949
Commercial/Renewable Energy/Other	3,478,051	3,259,564	5,172,228	5,210,122	6,210,687
Mineral Rental	1,751,130	1,614,907	2,023,401	1,739,678	1,729,683
Interest and Penalties	126,634	16,694	315,960	381,501	209,720
Timber Sales	91,627	1,113,821	55,232	56,458	0
Land Sales	<u>11,286</u>	<u>60,021</u>	<u>4,085</u>	<u>3,250</u>	<u>4,095</u>
<b>School Trust - Total Revenues</b>	<b>\$63,868,553</b>	<b>\$61,151,881</b>	<b>\$69,495,847</b>	<b>\$74,023,628</b>	<b>\$66,361,923</b>

## 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. The level of oil and gas drilling activity impacts the Colorado Oil and Gas Conservation Commission's workload and necessary expenditures.

<b>Oil and Gas Conservation Commission</b>	<b>FY 06-07 Actual</b>	<b>FY 07-08 Actual</b>	<b>FY 08-09 Actual</b>	<b>FY 09-10 Actual</b>	<b>FY 10-11 Estimate</b>	<b>FY 11-12 Estimate</b>
<u>Workload Activity</u>						
Drilling Permit Applications Received	6,664	7,661	6,910	4,770	4,800	5,000
Location Assessments (Form 2A) Received	N/A	N/A	67	2,119	2,300	2,400
Number of Active Wells	32,021	35,686	39,944	42,217	45,300	48,400
Active Drilling Rigs	97	113	87	46	67	70
OGCC Expenditures <sup>1/</sup>	\$6,067,702	\$6,533,355	\$8,226,522	\$7,238,243	\$8,778,894	\$8,454,860
Total FTE	43.4	51.0	52.6	62.1	69.0	69.0
<sup>1/</sup> Division-only expenditures include all fund sources; does not include centrally appropriated items funded in the Executive Director's Office.						

## Division of Parks and Wildlife

Senate Bill 11-208 merged the Division of Parks and Outdoor Recreation and the Division of Wildlife into a new division titled Division of Parks and Wildlife, effective July 1, 2011. The bill did not merge the appropriations of the two former divisions for FY 2011-12, but allowed the new Division of Parks and Wildlife to expend appropriations to the former Division of Wildlife and the former Division of Parks and Outdoor Recreation contained in the 2011 general appropriations act (Senate Bill 11-209). For more information on S.B. 11-208 see the "Recent Legislation" section at the end of this department.

### State Parks

The State Parks sub-division manages 44 parks and associated parks projects, of which 42 are currently open to the public. State Parks also manages several special purpose programs including statewide recreation programs, such as the snowmobile program, the off-highway vehicle program, and river outfitters regulation.

Other special programs include federal grants, aquatic nuisance species control and prevention, and the distribution of trails grants.

The level of services at existing state parks as well as the acquisition and development of new parks' properties is driven by available funding sources. Workload, and to some extent revenue, is driven by visitation. State Parks are estimated to have approximately 13.0 million visitors in FY 2011-12. Over the past several years, General Fund support for State Parks has declined and has been completely eliminated for FY 2011-12.

Other than General Fund moneys, revenues for State Parks include fees, lottery funds, other state and federal funds. For FY 2010-11, the last year actual data is available, State Parks is estimated to receive \$68.7 million in total revenues. Of this amount, a total of \$28.7 million is estimated to come from park passes and entry fees, permits and user fees, and various other fees; \$22.3 million in Lottery and Great Outdoors Colorado (GOCO) funds; \$7.2 million in severance tax funding; \$6.6 million in federal funds; \$2.6 million in General Fund, and \$1.3 million in interest income and other revenues.

<b>State Parks Revenues</b>		
	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Estimate</b>
Lottery 10 % Distribution	\$11,294,157	\$11,800,252
GOCO Parks Grants	7,752,646	10,342,236
Parks Passes and Entry Fees	9,304,125	10,072,552
Permits and User Fees	7,364,829	8,375,075
State Funds (Severance Tax and Species Conservation Trust Fund)	7,464,583	7,228,199
Federal Funds	4,010,696	6,566,104
Registration Fees - Other	5,148,523	5,100,099
Registration Fees - Boats	3,425,120	3,409,955
General Fund	2,373,023	2,589,445
Other*	<u>3,311,397</u>	<u>3,227,182</u>
<b>Total State Parks Revenues</b>	<b>\$61,449,099</b>	<b>\$68,711,099</b>

\* Includes concession / lease income, interest, sale of goods and services, and other various sources.

Starting with FY 2011-12, the General Assembly eliminated General Fund support to State Parks million through the general appropriations act (S.B. 11-209). In order to provide an alternative source of funding to State Parks, the General Assembly increased the appropriations from severance tax funds (Tier 1 of the Operational Account) by \$1.6 million and eliminated appropriations to the Division of Wildlife from the Operational Account totaling \$1.6 million. The net impact of this action was a reduction of approximately \$900,000 in state funds to State Parks in FY 2011-12.

<b>General Fund Support to State Parks</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Estimated</b>	<b>FY 2011-12 Estimated</b>
General Fund - State Parks <sup>/1</sup>	\$6,644,343	\$6,989,032	\$2,601,945	\$2,589,445	\$0
<i>Percent Change</i>	<i>n/a</i>	<i>5.2%</i>	<i>(62.8)%</i>	<i>(0.5)%</i>	<i>(100.0)%</i>
State Parks Visitation	11,834,228	11,955,691	12,295,354	12,651,919	13,018,824
<i>Percent Change</i>	<i>n/a</i>	<i>1.0%</i>	<i>2.8%</i>	<i>2.9%</i>	<i>2.9%</i>

/1 Includes centrally appropriated items funded in the Executive Director's Office.

### ***Great Outdoors Colorado (GOCO) Board Grants***

This section provides information on grants awarded by GOCO to the Division of Parks and Wildlife. GOCO also makes grants to local governments and for open space that are not reflected in the state budget. Pursuant to Article XXVII of the Colorado Constitution, GOCO grants are not subject to legislative appropriation authority and thus are reflected for information only. The GOCO grants to State Parks are used for developing new parks (capital) as well as enhancing and maintaining existing parks (operating). The GOCO grants to Wildlife are used for species protection, habitat development, watchable wildlife, and wildlife education.

<b>Great Outdoors Colorado Board Grants</b>	<b>FY 2006-07 Award</b>	<b>FY 2007-08 Award</b>	<b>FY 2008-09 Award</b>	<b>FY 2009-10 Award</b>	<b>FY 2010-11 Award</b>
Parks Capital Budget	\$7,249,650	\$4,849,239	\$2,200,000	\$21,881,500	\$4,399,360
Parks Operating Budget	<u>4,025,000</u>	<u>0</u>	<u>8,139,000</u>	<u>4,375,000</u>	<u>4,998,382</u>
Total GOCO Grants to State Parks	\$11,274,650	\$4,849,239	\$10,339,000	\$26,256,500	\$9,397,742
Wildlife Base Capital Budget	\$4,935,968	\$2,416,065	\$2,361,651	\$2,442,183	\$2,494,966
Wildlife Legacy Capital Budget	0	10,384,885	0	4,000,000	10,000,000
Wildlife Operating Budget	<u>6,546,000</u>	<u>6,200,000</u>	<u>6,200,000</u>	<u>6,300,000</u>	<u>6,300,000</u>
Total Grants to Wildlife	\$11,481,968	\$19,000,950	\$8,561,651	\$12,742,183	\$18,794,966

### ***Wildlife***

The Wildlife sub-division manages the state's 960 game and non-game wildlife species by issuing fishing and hunting licenses, enforcing wildlife regulations, protecting habitat and native wildlife populations, and managing over 250 state wildlife areas totaling more than 600,000 acres. Funding for the Wildlife sub-division is a mixture of cash funds from license fees, federal funds, Great Outdoors Colorado funds, and various other sources. Hunting and fishing license sales provide more than half of the funding for wildlife. Approximately 68.0 percent of total hunting and fishing license sales are from big game species (mainly elk and deer), and about one-half of all revenues from hunting and fishing license sales come from the sale of non-resident big game hunting licenses. The table below shows Wildlife revenues by category.

<b>Wildlife Revenues</b>		
	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Estimate</b>
Big Game Hunting	50,107,619	50,059,457
Small Game Hunting	2,117,836	2,026,827
Fishing	13,646,074	12,212,915
Habitat Stamp	3,564,254	4,426,593
Other Licenses	<u>5,192,651</u>	<u>5,040,671</u>
Subtotal: License Sales	74,628,434	73,766,463
Federal Funds	24,204,131	20,611,286
Great Outdoors Colorado Grants	11,155,219	22,237,955
State Funds (Severance Tax and Species Conservation Trust Fund)	3,039,946	5,973,688
Other*	<u>4,629,696</u>	<u>4,884,364</u>
<b>Total Wildlife Revenues</b>	<b>\$117,657,426</b>	<b>\$127,473,756</b>

\* Includes goods sold, rent, fines, interest, donations, and other grants.

## **Division of Water Resources (State Engineer's Office)**

The Division of Water Resources (DWR) is responsible for the supervision and control of water resources in the state of Colorado (Section 37-80-102 (1) (h), C.R.S.), which includes administration and operation of over 150,000 surface and ground water rights. This includes daily oversight of water allocation to farmers, industries, municipalities, and all other water users within the state. This allocation system is performed in accordance with the Doctrine of Prior Appropriation (i.e., those that put the water to use first are entitled to get their water first during periods of water shortage), Colorado Supreme Court decisions, water court decrees, and rules and regulations issued by the State Engineer. The DWR has contractual water delivery obligations for each of its nine compacts, two United States Supreme Court decrees, and interstate water allocation agreements.

The DWR also safeguards the public health of the people of Colorado and protects the ground water in Colorado by setting and enforcing minimum standards through permit applications and inspections for the construction and repair of wells. The DWR oversees approximately 250,000 permitted and decreed wells. Additionally, the dam safety program protects public safety through the regulation of approximately 2,000 dams, including 600 dam inspections annually. The DWR staff also maintains 518 streamflow, ditch and reservoir gages used for administration of water rights and reservoir operations. In order to accomplish these and other work duties, the DWR staff drives approximately 2.1 million miles annually.

## **Colorado Water Conservation Board Construction Fund**

The Colorado Water Conservation Board Construction Fund (CWCB), created in Section 37-60-121 (1) (a), C.R.S., provides loans and grants for projects that will increase the beneficial consumptive use of Colorado's undeveloped compact entitled waters. Section 37-60-121 (1) (b) (IV), C.R.S., instructs the Colorado Water Conservation Board (CWCB) to participate in only those projects that can repay the CWCB's investment, unless specifically authorized by the legislature through a bill. Section 37-60-122 (1) (b), C.R.S., authorizes the

CWCB to make loans without General Assembly approval in amounts not to exceed ten million dollars and the unappropriated balance of moneys in the CWCB Construction Fund and the Severance Tax Trust Fund Perpetual Base Account are continuously appropriated for this purpose. For FY 2011-12, H.B. 11-1274 appropriated \$13.9 million from the CWCB Construction Fund for various water related projects including \$12.0 million for the purchase of all or a portion of Colorado's allotment of water from the Animas-La Plata Project.

The CWCB Construction Fund receives revenues from the return of principal and interest on outstanding loans, interest earned on the cash balance of the Fund through investments by the State Treasurer, transfers from the Perpetual Base Account, and federal mineral lease (FML) fund distributions. The CWCB Construction Fund receives a distribution of 10.0 percent of non-bonus FML revenue, up to a statutory cap that grows by four percent annually (\$15.7 million for FY 2011-12).

The CWCB Construction Fund also pays for the administrative expenses of the CWCB. For FY 2011-12 the CWCB estimates that it will need \$7.6 million for salaries, operating costs, and other related expenditures. In addition the CWCB Construction Fund provides funding for non-reimbursable projects, an estimated \$4.1 million in FY 2011-12. The CWCB anticipates providing loans for new water projects totaling \$19.0 million in FY 2011-12.

<b>Colorado Water Conservation Board Construction Fund</b> <b>(Based on March 2011 Legislative Council Staff Revenue Estimate)</b>				
	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Estimate</b>	<b>FY 2011-12 Estimate</b>	<b>FY 2012-13 Estimate</b>
Beginning Balance	\$19,305,372	\$23,599,996	\$2,414,811	\$2,891,265
Accounts Receivable (Principal/Interest)	16,119,580	15,064,773	15,523,208	15,811,288
FML Revenues	11,724,295	14,688,277	15,685,641	16,150,468
Animas-La Plata Project Transfer	<u>0</u>	<u>12,000,000</u>	<u>12,000,000</u>	<u>12,000,000</u>
<b>Total Available</b>	<b>47,149,247</b>	<b>65,353,046</b>	<b>45,623,660</b>	<b>46,853,021</b>
CWCB Operations	6,290,891	7,451,373	7,595,086	7,780,436
Non-Reimbursable Investments & Cash Replenishment	6,412,364	4,725,000	4,137,309	4,137,309
Animas-La Plata Expenditure	0	12,000,000	12,000,000	12,000,000
Actual Loan Issuances/CWCB Loan Obligations	10,845,996	15,221,862	0	0
Anticipated Loan Issuances (pre-qualified)	0	4,540,000	0	0
Non-obligated Amounts	<u>0</u>	<u>19,000,000</u>	<u>19,000,000</u>	<u>19,000,000</u>
<b>Total Expenditures</b>	<b>23,549,251</b>	<b>62,938,235</b>	<b>42,732,395</b>	<b>42,917,745</b>
Ending Balance	\$23,599,996	\$2,414,811	\$2,891,265	\$3,935,276

## Perpetual Base Account of the Severance Tax Trust Fund

The Severance Tax Trust Fund Perpetual Base Account, authorized in Section 39-29-109 (2) (a), C.R.S., is used for similar purposes as the CWCB Construction Fund. Specifically, this account is used to fund directly or provide loans for construction, rehabilitation, enlargement, or improvement of water projects. The Perpetual Base Account receives half of receipts to the Severance Tax Trust Fund (one fourth of all severance tax income). This fund is a revolving loan account, and as such no permanent programs depend on this fund.

<b>Perpetual Base Account of the Severance Tax Trust Fund</b> <b>(Based on March 2011 Legislative Council Staff Revenue Estimate)</b>				
	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Estimate</b>	<b>FY 2011-12 Estimate</b>	<b>FY 2012-13 Estimate</b>
Beginning Balance	\$40,454,321	\$4,865,510	\$26,203,731	\$3,154,812
Receivables/Interest Earnings	7,062,895	6,731,123	7,567,835	6,638,750
Severance Tax	17,856,646	40,557,500	46,034,500	50,452,250
Principal Repayment	<u>4,151,218</u>	<u>3,395,010</u>	<u>4,448,746</u>	<u>5,025,313</u>
<b>Total Available</b>	<b>69,525,080</b>	<b>55,549,143</b>	<b>84,254,812</b>	<b>65,271,125</b>
Agriculture Emergency Drought Grants	0	1,000,000	1,000,000	1,000,000
Loan Issuances	659,570	345,412	0	0
Animas La-Plata Water Purchase (H.B. 10-1250; Sect. 7 and 8)	0	12,000,000	12,000,000	12,000,000
Non-obligated Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000,000</u>
<b>Total Expenditures</b>	<b>\$659,570</b>	<b>\$13,345,412</b>	<b>\$13,000,000</b>	<b>\$63,000,000</b>
Ending FY Balance without transfers	\$68,865,510	\$42,203,731	\$71,254,812	\$2,271,125
Transfers to the General Fund in S.B. 09-279 (Sect. 22)	(62,000,000)	0	0	0
Transfer to the General Fund in H.B. 10-1327 (Sect. 8)	(2,000,000)	0	0	0
Transfer to the General Fund in H.B. 10-1388 (Sect. 2)	0	(11,000,000)	0	0
Transfer to the General Fund in S.B. 11-164 (Sect. 9)	0	(5,000,000)	0	0
Transfer to the General Fund in S.B. 11-226 (Sect. 6)	0	0	(48,100,000)	0
Governor direction to CWCB to "reserve" un-designated funds	<u>0</u>	<u>0</u>	<u>(20,000,000)</u>	<u>0</u>
<b>Ending Balance</b>	<b>\$4,865,510</b>	<b>\$26,203,731</b>	<b>\$3,154,812</b>	<b>\$2,271,125</b>



## Summary of FY 2010-11 and FY 2011-12 Appropriations

Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$245,695,421</b>	<b>\$26,201,062</b>	<b>\$191,792,929</b>	<b>\$7,972,361</b>	<b>\$19,729,069</b>	<b>1,474.8</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	45,166,511	5,917,622	30,828,375	6,591,738	1,828,776	43.8
Division of Reclamation, Mining, and Safety	7,682,632	0	4,322,869	30,000	3,329,763	70.9
Geological Survey	4,796,198	0	2,980,723	829,596	985,879	35.4
Oil and Gas Conservation Commission	8,778,894	0	8,676,437	0	102,457	69.0
State Board of Land Commissioners	4,078,323	0	3,853,323	225,000	0	37.0
Parks and Outdoor Recreation	45,768,413	1,630,733	41,744,875	0	2,392,805	289.5
Colorado Water Conservation Board	21,609,476	0	21,174,093	296,027	139,356	45.7
Water Resources Division	20,593,135	18,652,707	1,805,368	0	135,060	252.1
Division of Wildlife	87,221,839	0	76,406,866	0	10,814,973	631.4
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	224,700,682	26,419,333	170,580,341	7,972,361	19,728,647	1,474.8
SB 10-071	8,800	0	8,800	0	0	0.0
HB 10-1250	13,225,000	0	13,225,000	0	0	0.0
HB 10-1398	8,000,000	0	8,000,000	0	0	0.0
SB 11-147	(239,061)	(218,271)	(21,212)	0	422	0.0
<b>FY 2011-12 Total Appropriation:</b>	<b>\$242,541,965</b>	<b>\$23,422,123</b>	<b>\$191,031,122</b>	<b>\$8,480,565</b>	<b>\$19,608,155</b>	<b>1,465.6</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	45,335,104	5,122,197	30,735,102	7,083,576	2,394,229	43.8
Division of Reclamation, Mining, and Safety	7,581,843	0	4,560,658	30,000	2,991,185	70.9
Geological Survey	4,758,544	0	2,931,137	850,402	977,005	36.1
Oil and Gas Conservation Commission	8,454,860	0	8,350,624	0	104,236	69.0
State Board of Land Commissioners	4,057,288	0	3,832,288	225,000	0	37.0
Division of Parks and Wildlife - Parks and Outdoor Recreation	44,691,092	0	42,605,215	0	2,085,877	281.6
Colorado Water Conservation Board	22,266,356	0	21,835,952	291,587	138,817	45.7
Water Resources Division	20,291,784	18,299,926	1,862,735	0	129,123	252.1
Division of Parks and Wildlife - Wildlife	85,105,094	0	74,317,411	0	10,787,683	629.4

Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	224,226,467	23,806,367	171,984,578	8,554,860	19,880,662	1,465.6
SB 11-076	(2,209,502)	(384,244)	(1,478,456)	(74,295)	(272,507)	0.0
SB 11-203	6,600,000	0	6,600,000	0	0	0.0
HB 11-1274	13,925,000	0	13,925,000	0	0	0.0
<b>Increase/(Decrease)</b>	(\$3,153,456)	(\$2,778,939)	(\$761,807)	\$508,204	(\$120,914)	(9.2)
Percentage Change	(1.3)%	(10.6)%	(0.4)%	6.4%	(0.6)%	(0.6)%

## FY 2010-11 Appropriation - Mid-year Adjustment Highlights

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to apply a 1.0 percent reduction to General Fund personal services line items and to update vehicle replacement payments.

## FY 2011-12 Appropriation Highlights

The FY 2011-12 appropriation:

1. Provides \$13.9 million cash funds through H.B. 11-1274 for a variety of water-related projects from the Colorado Water Conservation Board Construction Fund.
2. Provides \$6.6 million cash funds from the Species Conservation Trust Fund through S.B. 11-203 for native species conservation.
3. Provides \$2.5 million total funds (including \$629,000 General Fund) to restore one-time changes to Public Employees' Retirement Association (PERA) contribution rates and personal services reductions for FY 2010-11. This increase is offset by a reduction of \$2.2 million (including \$0.4 million General Fund) pursuant to S.B. 11-076, which continues the reduced state contribution to PERA for FY 2011-12.
4. Provides \$1.9 million total funds (including \$58,000 General Fund) for centrally appropriated line items, statewide IT common policy adjustments, and a net increase in indirect cost assessments.
5. Provides \$335,000 total funds to annualize prior year budget actions.
6. Eliminates one-time appropriations totaling \$21.2 million cash funds provided through legislation in FY 2010-11.
7. Reduces funding to State Parks and Wildlife by \$3.0 million total funds (including \$2.5 million General Fund) and 7.9 FTE.

8. Reduces \$1.9 million total funds (including \$569,000 General Fund) for a 1.5 percent reduction to Personal Services line items and a General Fund reduction to certain line items.

## 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 2011-12 funding for this division consists of 67.8 percent cash funds (approximately \$24.1 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 Administration and the Governor's Office, and \$6.6 million from the Species Conservation Trust Fund pursuant to S.B. 11-203), 11.3 percent General Fund, 15.6 reappropriated funds (indirect cost recoveries), and 5.3 percent federal funds.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$37,214,663	\$5,944,984	\$22,849,587	\$6,591,738	\$1,828,354	43.8
HB 10-1398	8,000,000	0	8,000,000	0	0	0.0
SB 11-147	<u>(48,152)</u>	<u>(27,362)</u>	<u>(21,212)</u>	<u>0</u>	<u>422</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$45,166,511</b>	<b>\$5,917,622</b>	<b>\$30,828,375</b>	<b>\$6,591,738</b>	<b>\$1,828,776</b>	<b>43.8</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$45,166,511	\$5,917,622	\$30,828,375	\$6,591,738	\$1,828,776	43.8
Centrally appropriated line items	1,082,731	250,722	124,731	141,484	565,794	0.0
Statewide IT common policy adjustments	362,268	(192,864)	229,854	317,309	7,969	0.0
Restore one-time personal services reductions	215,676	55,075	56,885	99,926	3,790	0.0
Annualize prior year funding	135,182	14,047	120,999	0	136	0.0
Eliminate General Fund for State Parks	0	(854,277)	854,277	0	0	0.0
Eliminate one-time funding	(8,000,000)	0	(8,000,000)	0	0	0.0
Reduce severance tax funding to State Parks	(76,767)	0	(76,767)	0	0	0.0
Personal services base reduction	(57,241)	(57,241)	0	0	0	0.0
Reduce coal regulatory program IT funding	(15,488)	0	(3,252)	0	(12,236)	0.0

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
General Fund reduction	(10,887)	(10,887)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$38,801,985</b>	<b>\$5,122,197</b>	<b>\$24,135,102</b>	<b>\$7,150,457</b>	<b>\$2,394,229</b>	<b>43.8</b>
SB 11-076	(66,881)	0	0	(66,881)	0	0.0
SB 11-203	<u>6,600,000</u>	<u>0</u>	<u>6,600,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$45,335,104</b>	<b>\$5,122,197</b>	<b>\$30,735,102</b>	<b>\$7,083,576</b>	<b>\$2,394,229</b>	<b>43.8</b>
<b>Increase/(Decrease)</b>	\$168,593	(\$795,425)	(\$93,273)	\$491,838	\$565,453	0.0
Percentage Change	0.4%	(13.4)%	(0.3)%	7.5%	30.9%	0.0%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-147 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to General Fund personal services line items and to update vehicle replacement payments.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; workers' compensation; legal services; payments to risk management and property funds; vehicle lease payments; and Capitol complex leased space.

**Statewide IT common policy adjustments:** The appropriation includes adjustments to line items appropriated for: purchase of services from the computer center; multiuse network payments; management and administration of the Governor's Office of Information Technology (OIT); and communication services payments.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year budget actions.

**Eliminate General Fund for State Parks:** The appropriation eliminates General Fund support for State Parks.

**Eliminate one-time funding:** The appropriation eliminates one-time funding provided to the Department in FY 2010-11 through H.B. 10-1398 (Species Conservation Trust Fund).

**Reduce severance tax funding to State Parks:** The appropriation reduces funding to State Parks from the Operational Account of the Severance Tax Trust Fund.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Reduce coal regulatory program IT funding:** The appropriation aligns IT asset maintenance funding for the Coal Regulatory Program with the statewide consolidation of IT functions under the Governor's Office of Information Technology.

**General Fund reduction:** The appropriation includes a reduction of \$10,887 to certain line items.

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

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## **Division of Reclamation, Mining, and Safety**

This division includes the following programs:

- **Coal Land Reclamation** -- This program issues and enforces mining and reclamation permits for coal mines in Colorado on state, federal, and private lands, including ensuring compliance with the requirements of the federal Surface Mining Control and Reclamation Act. The program is currently responsible for 41 permits and 115 exploration units (permitted areas covering 165,784 acres).
- **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 7,350 have been safeguarded.
- **Minerals** -- This program issues and enforces mining and reclamation permits for all non-coal mines in Colorado on state, federal, and private lands. The program permits and inspects the 1,547 non-coal mines in Colorado, (permitted areas covering 182,006 acres) and regulates 239 active prospecting operations.
- **Mine Safety Training** -- This program regulates active mines for safety, inspects tourist mines, performs safety audits, administers certification programs for mining employees, provides training in mine rescue and 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$7,682,632</u>	<u>\$0</u>	<u>\$4,322,869</u>	<u>\$30,000</u>	<u>\$3,329,763</u>	<u>70.9</u>
<b>TOTAL</b>	<b>\$7,682,632</b>	<b>\$0</b>	<b>\$4,322,869</b>	<b>\$30,000</b>	<b>\$3,329,763</b>	<b>70.9</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$7,682,632	\$0	\$4,322,869	\$30,000	\$3,329,763	70.9
Restore one-time personal services reduction	120,517	0	54,094	0	66,423	0.0
Coal program refinance	0	0	273,306	0	(273,306)	0.0
Personal services base reduction	(80,178)	0	(41,088)	0	(39,090)	0.0
Indirect cost assessment	(18,162)	0	12,271	0	(30,433)	0.0
<b>SB 11-209</b>	<b>\$7,704,809</b>	<b>\$0</b>	<b>\$4,621,452</b>	<b>\$30,000</b>	<b>\$3,053,357</b>	<b>70.9</b>
SB 11-076	<u>(122,966)</u>	<u>0</u>	<u>(60,794)</u>	<u>0</u>	<u>(62,172)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$7,581,843</b>	<b>\$0</b>	<b>\$4,560,658</b>	<b>\$30,000</b>	<b>\$2,991,185</b>	<b>70.9</b>
<b>Increase/(Decrease)</b>	<b>(\$100,789)</b>	<b>\$0</b>	<b>\$237,789</b>	<b>\$0</b>	<b>(\$338,578)</b>	<b>0.0</b>
<b>Percentage Change</b>	<b>(1.3)%</b>	<b>n/a</b>	<b>5.5%</b>	<b>0.0%</b>	<b>(10.2)%</b>	<b>0.0%</b>

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to the Public Employee's Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Coal program refinance:** The appropriation offsets an anticipated reduction in federal funding for the coal regulatory program with increased cash funds from the Operational Account of the Severance Tax Trust Fund to maintain the coal regulatory program.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**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.

## 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, distribution, and presentation of maps and reports on geological conditions, mineral potential, mineral reserves, and 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$4,796,198</u>	<u>\$0</u>	<u>\$2,980,723</u>	<u>\$829,596</u>	<u>\$985,879</u>	<u>35.4</u>
<b>TOTAL</b>	<b>\$4,796,198</b>	<b>\$0</b>	<b>\$2,980,723</b>	<b>\$829,596</b>	<b>\$985,879</b>	<b>35.4</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$4,796,198	\$0	\$2,980,723	\$829,596	\$985,879	35.4
Restore one-time personal services reduction	56,304	0	36,862	12,329	7,113	0.0
Southwest Colorado avalanche forecaster	27,281	0	0	27,281	0	0.7
Personal services base reduction	(58,733)	0	(38,605)	(11,390)	(8,738)	0.0
Indirect cost assessment	(8,151)	0	(5,392)	0	(2,759)	0.0
<b>SB 11-209</b>	<b>\$4,812,899</b>	<b>\$0</b>	<b>\$2,973,588</b>	<b>\$857,816</b>	<b>\$981,495</b>	<b>36.1</b>
SB 11-076	<u>(54,355)</u>	<u>0</u>	<u>(42,451)</u>	<u>(7,414)</u>	<u>(4,490)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,758,544</b>	<b>\$0</b>	<b>\$2,931,137</b>	<b>\$850,402</b>	<b>\$977,005</b>	<b>36.1</b>
<b>Increase/(Decrease)</b>	<b>(\$37,654)</b>	<b>\$0</b>	<b>(\$49,586)</b>	<b>\$20,806</b>	<b>(\$8,874)</b>	<b>0.7</b>
Percentage Change	(0.8)%	n/a	(1.7)%	2.5%	(0.9)%	2.0%

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to the Public Employee's Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Southwest Colorado avalanche forecaster:** The appropriation includes an increase of reappropriated funds from the Department of Transportation and associated FTE to support an additional avalanche forecaster to serve southwestern Colorado.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**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.

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### 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 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$8,778,894</u>	<u>\$0</u>	<u>\$8,676,437</u>	<u>\$0</u>	<u>\$102,457</u>	<u>69.0</u>
<b>TOTAL</b>	<b>\$8,778,894</b>	<b>\$0</b>	<b>\$8,676,437</b>	<b>\$0</b>	<b>\$102,457</b>	<b>69.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$8,778,894	\$0	\$8,676,437	\$0	\$102,457	69.0
Plugging and reclaiming abandoned wells increase	225,000	0	225,000	0	0	0.0



Oil and Gas Conservation Commission						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Restore one-time personal services reduction	93,508	0	93,508	0	0	0.0
Indirect cost assessment	52,022	0	50,243	0	1,779	0.0
Emergency response reduction	(500,000)	0	(500,000)	0	0	0.0
Personal services base reduction	(81,713)	0	(81,713)	0	0	0.0
<b>SB 11-209</b>	<b>\$8,567,711</b>	<b>\$0</b>	<b>\$8,463,475</b>	<b>\$0</b>	<b>\$104,236</b>	<b>69.0</b>
SB 11-076	<u>(112,851)</u>	<u>0</u>	<u>(112,851)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$8,454,860</b>	<b>\$0</b>	<b>\$8,350,624</b>	<b>\$0</b>	<b>\$104,236</b>	<b>69.0</b>
<b>Increase/(Decrease)</b>	(\$324,034)	\$0	(\$325,813)	\$0	\$1,779	0.0
Percentage Change	(3.7)%	n/a	(3.8)%	n/a	1.7%	0.0%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Plugging and reclaiming abandoned wells increase:** The appropriation includes an increase in cash funds for contract work to plug and reclaim abandoned oil and gas wells.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to the Public Employee's Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Emergency response reduction:** The appropriation reduces cash funds from the Oil and Gas Conservation and Environmental Response Fund for emergency response purposes to better align with prior years' expenditures.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

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### **State Board of Land Commissioners**

The State Board of Land Commissioners (State Land Board) manages properties in the Public School Trust to raise money for the benefit of K-12 education. The State Land Board also manages seven other smaller trusts set up in the Colorado Constitution or in statute. Approximately 98.0 percent of State Land Board revenue is attributable to the Public School Trust.

House Bill 08-1335 (known as the Building Excellent Schools Today or BEST act; see Section 22-43.7-104, C.R.S.) significantly changed the distribution of state public school land revenue. Fifty percent of the gross amount of income received during the fiscal year from income and mineral royalties derived from state public school lands is deposited in the Public School Capital Construction Assistance (PSCCA) Fund. Any remaining revenue is deposited in the Public School Fund (the Permanent Fund) or may be reinvested by the State Land Board to purchase other lands.

State Board of Land Commissioners						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$4,078,323</u>	<u>\$0</u>	<u>\$3,853,323</u>	<u>\$225,000</u>	<u>\$0</u>	<u>37.0</u>
<b>TOTAL</b>	<b>\$4,078,323</b>	<b>\$0</b>	<b>\$3,853,323</b>	<b>\$225,000</b>	<b>\$0</b>	<b>37.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$4,078,323	\$0	\$3,853,323	\$225,000	\$0	37.0
Restore one-time personal services reductions	63,709	0	63,709	0	0	0.0
Indirect cost assessment	11,588	0	11,588	0	0	0.0
Personal services base reduction	(36,450)	0	(36,450)	0	0	0.0
<b>SB 11-209</b>	<b>\$4,117,170</b>	<b>\$0</b>	<b>\$3,892,170</b>	<b>\$225,000</b>	<b>\$0</b>	<b>37.0</b>
SB 11-076	<u>(59,882)</u>	<u>0</u>	<u>(59,882)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,057,288</b>	<b>\$0</b>	<b>\$3,832,288</b>	<b>\$225,000</b>	<b>\$0</b>	<b>37.0</b>
<b>Increase/(Decrease)</b>	<b>(\$21,035)</b>	<b>\$0</b>	<b>(\$21,035)</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>Percentage Change</b>	<b>(0.5)%</b>	<b>n/a</b>	<b>(0.5)%</b>	<b>0.0%</b>	<b>n/a</b>	<b>0.0%</b>

#### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to the Public Employee's Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

## Division of Parks and Wildlife - Parks and Outdoor Recreation

Senate Bill 11-208 merged the former Division of Parks and Outdoor Recreation and the former Division of Wildlife into a new division titled Division of Parks and Wildlife, effective July 1, 2011. The bill did not merge the appropriations of the two former divisions for FY 2011-12, but allowed the new Division of Parks and Wildlife to expend appropriations to the former Division of Wildlife and the former Division of Parks and Outdoor Recreation contained in the 2011 general appropriations act (S.B. 11-209). For more information on S.B. 11-208 see the "Recent Legislation" section at the end of this department.

The State Parks sub-division manages 44 parks and associated park projects. The sub-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 13.0 million visitors in FY 2011-12. The parks are supported by a mixture of cash funds from fees, funds from the State Lottery and Great Outdoors Colorado, the Operational Account of the Severance Tax Trust Fund, and federal grants.

Division of Parks and Wildlife - Parks and Outdoor Recreation						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$45,772,843	\$1,643,963	\$41,736,075	\$0	\$2,392,805	289.5
SB 10-071	8,800	0	8,800	0	0	0.0
SB 11-147	<u>(13,230)</u>	<u>(13,230)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$45,768,413</b>	<b>\$1,630,733</b>	<b>\$41,744,875</b>	<b>\$0</b>	<b>\$2,392,805</b>	<b>289.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$45,768,413	\$1,630,733	\$41,744,875	\$0	\$2,392,805	289.5
Restore one-time personal services reductions	360,017	62,932	297,085	0	0	0.0
Indirect cost assessment	277,727	0	309,458	0	(31,731)	0.0
Increase in federal funding	231,484	0	0	0	231,484	0.0
Annualize prior year funding	191,200	0	191,200	0	0	0.0
Eliminate General Fund for State Parks	0	(1,673,074)	1,673,074	0	0	0.0
Reduce severance tax funding to State Parks	(1,321,053)	0	(821,053)	0	(500,000)	(7.9)
Personal services base reduction	(321,862)	(20,591)	(294,590)	0	(6,681)	0.0
Eliminate Law Enforcement Equipment line item	(126,780)	0	(126,780)	0	0	0.0
Centrally appropriated line items	(1,800)	0	(1,800)	0	0	0.0
<b>SB 11-209</b>	<b>\$45,057,346</b>	<b>\$0</b>	<b>\$42,971,469</b>	<b>\$0</b>	<b>\$2,085,877</b>	<b>281.6</b>
SB 11-076	<u>(366,254)</u>	<u>0</u>	<u>(366,254)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>

Division of Parks and Wildlife - Parks and Outdoor Recreation						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>TOTAL</b>	<b>\$44,691,092</b>	<b>\$0</b>	<b>\$42,605,215</b>	<b>\$0</b>	<b>\$2,085,877</b>	<b>281.6</b>
<b>Increase/(Decrease)</b>	(\$1,077,321)	(\$1,630,733)	\$860,340	\$0	(\$306,928)	(7.9)
<b>Percentage Change</b>	(2.4)%	(100.0)%	2.1%	n/a	(12.8)%	(2.7)%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-147 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to General Fund personal services line items.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The appropriation restores a one-time reduction to the State contribution to the Public Employees Retirement Association (PERA) pursuant to S.B. 10-146.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Increase in federal funding:** The appropriation includes an anticipated increase in federal grants for the U.S. Coast Guard to fund a portion of the requirements of the federal Boat Safety Act.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Eliminate General Fund for State Parks:** The appropriation eliminates General Fund support for State Parks and increases the cash funds appropriation from the Operational Account of the Severance Tax Trust Fund.

**Reduce severance tax funding to State Parks:** The appropriation reduces funding and staff for State Parks from the Operational Account of the Severance Tax Trust Fund and federal funds.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Eliminate Law Enforcement Equipment line item:** The appropriation eliminates the Law Enforcement Equipment line item appropriation.

**Centrally appropriated line items:** The appropriation includes an adjustment for leased space.

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

## 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. This division is primarily supported by 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	Reappropriate d Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$8,634,476	\$0	\$8,199,093	\$296,027	\$139,356	45.7
HB 10-1250	<u>12,975,000</u>	<u>0</u>	<u>12,975,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$21,609,476</b>	<b>\$0</b>	<b>\$21,174,093</b>	<b>\$296,027</b>	<b>\$139,356</b>	<b>45.7</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$21,609,476	\$0	\$21,174,093	\$296,027	\$139,356	45.7
Indirect cost assessment	78,240	0	76,127	0	2,113	0.0
Restore one-time personal services reduction	74,740	0	73,115	0	1,625	0.0
Eliminate one-time funding	(12,975,000)	0	(12,975,000)	0	0	0.0
Personal services base reduction	(62,727)	0	(56,304)	(4,440)	(1,983)	0.0
<b>SB 11-209</b>	<b>\$8,724,729</b>	<b>\$0</b>	<b>\$8,292,031</b>	<b>\$291,587</b>	<b>\$141,111</b>	<b>45.7</b>
SB 11-076	(83,373)	0	(81,079)	0	(2,294)	0.0
HB 11-1274	<u>13,625,000</u>	<u>0</u>	<u>13,625,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$22,266,356</b>	<b>\$0</b>	<b>\$21,835,952</b>	<b>\$291,587</b>	<b>\$138,817</b>	<b>45.7</b>
<b>Increase/(Decrease)</b>	\$656,880	\$0	\$661,859	(\$4,440)	(\$539)	0.0
Percentage Change	3.0%	n/a	3.1%	(1.5)%	(0.4)%	0.0%

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Restore one-time personal services reduction:** The appropriation restores one-time personal services reductions for FY 2010-11, including a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146.

**Eliminate one-time funding:** The appropriation eliminates one-time funding that was provided to the Department in FY 2010-11 through H.B. 10-1250 (Colorado Water Conservation Board Projects).

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

## Water Resources Division

This division, also called the Office of the State Engineer, is primarily responsible for administration of water resources. This includes daily oversight of water allocations within the state and downstream interstate compact compliance, monitoring of water supply through stream-flow measurements, and groundwater regulation. The Division administers and operates over 150,000 surface and ground water rights. The Division is also responsible for dam safety inspections and groundwater well construction regulation. The General Fund provides approximately 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$20,520,814	\$18,830,386	\$1,555,368	\$0	\$135,060	252.1
HB 10-1250	250,000	0	250,000	0	0	0.0
SB 11-147	<u>(177,679)</u>	<u>(177,679)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$20,593,135</b>	<b>\$18,652,707</b>	<b>\$1,805,368</b>	<b>\$0</b>	<b>\$135,060</b>	<b>252.1</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$20,593,135	\$18,652,707	\$1,805,368	\$0	\$135,060	252.1
Restore one-time personal services reductions	523,385	511,274	11,721	0	390	0.0
Indirect cost assessment	13,120	0	11,677	0	1,443	0.0
Personal services base reduction	(281,672)	(271,522)	(10,150)	0	0	0.0
Eliminate one-time funding	(250,000)	0	(250,000)	0	0	0.0
General Fund reduction	(208,289)	(208,289)	0	0	0	0.0
Decrease in federal funding	(7,770)	0	0	0	(7,770)	0.0
<b>SB 11-209</b>	<b>\$20,381,909</b>	<b>\$18,684,170</b>	<b>\$1,568,616</b>	<b>\$0</b>	<b>\$129,123</b>	<b>252.1</b>
SB 11-076	(390,125)	(384,244)	(5,881)	0	0	0.0
HB 11-1274	<u>300,000</u>	<u>0</u>	<u>300,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$20,291,784</b>	<b>\$18,299,926</b>	<b>\$1,862,735</b>	<b>\$0</b>	<b>\$129,123</b>	<b>252.1</b>

Water Resources Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>Increase/(Decrease)</b>	(\$301,351)	(\$352,781)	\$57,367	\$0	(\$5,937)	0.0
Percentage Change	(1.5)%	(1.9)%	3.2%	n/a	(4.4)%	0.0%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-147 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to General Fund personal services line items.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The appropriation restores one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Eliminate one-time funding:** The appropriation eliminates one-time funding that was provided to the Department in FY 2010-11 through H.B. 10-1250 (Colorado Water Conservation Board Projects).

**General Fund reduction:** The appropriation includes a reduction of \$208,289 to certain line items.

**Decrease in federal funding:** The appropriation includes an anticipated decrease in federal funding.

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

### **Division of Parks and Wildlife - Wildlife**

Senate Bill 11-208 merged the former Division of Parks and Outdoor Recreation and the former Division of Wildlife into a new division titled Division of Parks and Wildlife, effective July 1, 2011. The bill did not merge the appropriations of the two former divisions for FY 2011-12, but allowed the new Division of Parks and Wildlife to expend appropriations to the former Division of Wildlife and the former Division of Parks and Outdoor Recreation contained in the 2011 general appropriations act (S.B. 11-209). For more information on S.B. 11-208 see the "Recent Legislation" section at the end of this department.

The Wildlife sub-division manages the state's 960 game and non-game wildlife species by issuing fishing and hunting licenses, enforcing wildlife regulations, protecting habitat and native wildlife populations, and managing over 250 state wildlife areas totaling more than 600,000 acres. Funding for the Wildlife sub-division is a mixture of cash funds from license fees, federal funds, Great Outdoors Colorado funds, and various other

sources. Hunting and fishing license sales provide more than half of the funding for wildlife. Approximately 68.0 percent of total hunting and fishing license sales are from big game species (mainly elk and deer), and about one-half of all revenues from hunting and fishing license sales come from the sale of non-resident big game hunting licenses. The sub-division's appropriations contain funding for four major programs.

- Wildlife Habitat and Species Management Program -- This program is responsible for the preservation and maintenance of the health of Colorado's 960 species of wildlife, by protecting and managing wildlife habitat, and by protecting and managing native wildlife populations.
- Wildlife Recreation Program -- This program provides quality wildlife-related recreation opportunities for the people of Colorado and its visitors.
- Wildlife Education and Information Program -- This program's goal is to increase the public's knowledge, understanding, and appreciation of wildlife.
- Responsive Management Program -- Supports the Wildlife Habitat and Species Management, Wildlife Recreation, and Wildlife Information and Education programs by providing administrative services (human resources, accounting, engineering, contracting, office support, training), facilities and vehicles operation and maintenance, computer and communications infrastructure, and a public policy and decision making process that involves stakeholders and the public.

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 Parks and Wildlife - Wildlife						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$87,221,839</u>	<u>\$0</u>	<u>\$76,406,866</u>	<u>\$0</u>	<u>\$10,814,973</u>	<u>631.4</u>
<b>TOTAL</b>	<b>\$87,221,839</b>	<b>\$0</b>	<b>\$76,406,866</b>	<b>\$0</b>	<b>\$10,814,973</b>	<b>631.4</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$87,221,839	\$0	\$76,406,866	\$0	\$10,814,973	631.4
Restore one-time personal services reduction	969,101	0	839,657	0	129,444	0.0
Indirect cost assessment	90,523	0	(43,919)	0	134,442	0.0
Reduce FTE spending authority	0	0	0	0	0	(2.0)
Eliminate General Fund for State Parks	(1,569,144)	0	(1,569,144)	0	0	0.0
Personal services base reduction	(654,410)	0	(566,785)	0	(87,625)	0.0
<b>SB 11-209</b>	<b>\$86,057,909</b>	<b>\$0</b>	<b>\$75,066,675</b>	<b>\$0</b>	<b>\$10,991,234</b>	<b>629.4</b>



Division of Parks and Wildlife - Wildlife						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 11-076	(952,815)	0	(749,264)	0	(203,551)	0.0
<b>TOTAL</b>	<b>\$85,105,094</b>	<b>\$0</b>	<b>\$74,317,411</b>	<b>\$0</b>	<b>\$10,787,683</b>	<b>629.4</b>
<b>Increase/(Decrease)</b>	(\$2,116,745)	\$0	(\$2,089,455)	\$0	(\$27,290)	(2.0)
Percentage Change	(2.4)%	n/a	(2.7)%	n/a	(0.3)%	(0.3)%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reduction:** The appropriation restores one-time personal services reductions for FY 2010-11, including a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Reduce FTE spending authority:** The appropriation reduces 2.0 FTE related to the statewide IT staff consolidation.

**Eliminate General Fund for State Parks:** The appropriation eliminates Tier 1 of the Operational Account of the Severance Tax Trust Fund funding to the Division of Wildlife in order to provide additional cash fund support for State Parks.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

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### **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. There are no appropriations to the Division of Forestry for FY 2010-11 or FY 2011-12.

## Recent Legislation

### 2010 Session Bills

**S.B. 10-071:** Creates an Aspen Leaf Lifetime Pass to Colorado State Parks for residents that meet the age requirement for the existing Aspen Leaf Annual Pass, which is currently 64 years or older. The price of the lifetime pass will be set by the Colorado State Parks Board, but cannot exceed five times the cost of the Aspen Leaf Annual Pass. Appropriates \$8,800 from the Parks and Outdoor Recreation Cash Fund to State Parks in FY 2010-11.

**H.B. 10-1250:** Appropriates \$13,225,000 cash funds from the Colorado Water Conservation Board (CWCB) Construction Fund to the Department of Natural Resources in FY 2010-11 for various water-related projects. Transfers \$300,000 from the CWCB Construction Fund to the Flood Response Fund in FY 2010-11. Transfers \$36.0 million dollars from the Perpetual Base Account of the Severance Tax Trust Fund to the CWCB Construction Fund for the purchase of all or a portion of Colorado's allotment of the Animas-La Plata Project water. The \$36.0 million dollars in transfers are to occur in three consecutive annual installments of \$12.0 million dollars on June 30 of each year, commencing June 30, 2011.

**H.B. 10-1319:** Makes the following changes to transfers from the Operational Account of the Severance Tax Trust Fund:

- Reduces funding for low-income energy assistance through the Department of Human Services by \$1,625,000 in FY 2009-10; and
- Reduces funding for low-income energy assistance through the Governor's Energy Office by \$6.5 million per year in FY 2010-11 and FY 2011-12.

**H.B. 10-1326:** Makes the following adjustments to the authorization of appropriations from the Operational Account of the Severance Tax Trust Fund (Operational Account) for tax years beginning on or after July 1, 2009:

- Decreases the authorization to the Colorado Oil and Gas Conservation Commission from up to 40 percent to up to 35 percent of the Operational Account;
- Increases the authorization to the Division of Parks and Outdoor Recreation from up to five percent to up to 10 percent of the Operational Account; and
- Allows the increased appropriation to the Division of Parks and Outdoor Recreation to supplant moneys that would otherwise be available to the Division of Parks and Outdoor Recreation.

Also makes the following adjustments:

- Decreases transfers from the Operational Account to the Water Supply Reserve Account by \$4.0 million in FY 2010-11 and by \$3.0 million in FY 2011-12 and subsequent fiscal years; and
- Decreases the FY 2009-10 Long Bill General Fund appropriation to the Division of Parks and Outdoor Recreation by \$2,147,415 and increases its cash fund appropriation from the Operational Account by the same amount.

**H.B. 10-1349:** Creates the Re-energize Colorado Program in the Division of Parks and Outdoor Recreation. The goal of the program is to generate or offset 100 percent of the division's electrical energy consumption by 2020 using energy resources on land owned, leased, or controlled by the Division of Parks and Outdoor Recreation. For purposes of meeting this goal, a qualifying retail utility can waive some of the existing limits placed on net metering and energy generated on a customer's property. Restricts any state agency from making retail sales, transmitting, or distributing electric energy between or among state agencies or properties. Authorizes the Department of Natural Resources to acquire lands under the control of the Division of Parks and Outdoor Recreation that have the potential to support renewable energy generation development. Directs the Public Utilities Commission to give the fullest possible consideration to approving projects developed under the Re-energize Colorado Program with particular attention to those projects that offer the prospect of job creation and local economic growth. Requires the Governor's Energy Office (GEO) to conduct a Geographic Information System (GIS) analysis to determine the optimum state park land for renewable energy development.

Creates the Renewable Resource Generation Development Areas Fund and authorizes the GEO to accept public and private gifts, grants, and donations to support the activities authorized under the bill. Appropriates \$50,000 federal funds to the Governor's Energy Office in FY 2010-11 for the implementation of the Geographic Information System analysis.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

**H.B. 10-1388:** Transfers \$11,000,000 to the General Fund from the Perpetual Base Account of the Severance Tax Trust Fund in FY 2010-11. For additional information on this bill see the "Recent Legislation" section for the Department of Public Health and Environment.

**H.B. 10-1398:** Appropriates \$4,500,000 from the Capital Account of the Species Conservation Trust Fund (Capital Account) and \$3,500,000 from the Operation and Maintenance Account of the Species Conservation Trust Fund (Operation and Maintenance Account) 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. For FY 2009-10, eliminates the \$500,000 appropriation from the Capital Account for Instream Flow Protection and in FY 2010-11, transfers \$500,000 from the Capital Account to the Operation and Maintenance Account for the Colorado River Recovery Program. Makes the following transfers from the Operational Account of the Severance Tax Trust Fund to the Capital Account: reduces from \$4.0 million to \$3.0 million the transfer scheduled to occur on July 1, 2011; and transfers \$4.5 million each year on July 1, 2012 and on July 1, 2013. Makes the following transfers from the Operational Account of the Severance Tax Trust Fund to the Operation and Maintenance Account: transfers \$1.0 million on July 1, 2011; and transfers \$2.5 million each year on July 1, 2012 and on July 1, 2013.

## **2011 Session Bills**

**S.B. 11-024:** Authorizes the Board of Parks and Outdoor Recreation in the Department of Natural Resources to promulgate rules to allow members of the armed forces wounded warriors programs, and caretakers accompanying them, free entrance to any state park or recreation area. Wounded warriors are individuals who have been severely injured in military operations undertaken since September 11, 2001, and require years of intense, ongoing care or assistance. Wounded warriors who are residents of, or are stationed in Colorado, would be eligible for free entrance. The bill also authorizes the board to promulgate rules to allow all veterans free entrance to any state park on one day each year of the board's choosing.

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$2,209,502 total funds, of which \$384,244 is General Fund, \$1,478,456 is cash funds, \$74,295 is reappropriated funds, and \$272,507 is federal funds.

**S.B. 11-090:** Continues the "Weather Modification Act of 1972" until September 1, 2018. Requires the Executive Director of the Department of Natural Resources to ensure that all rules related to weather modification are updated by June 30, 2012.

**S.B. 11-092:** Extends the vessel registration laws set to expire on July 1, 2011 until September 1, 2016. Requires State Parks to report to the President of the Senate and the Speaker of the House of Representatives if federal funding for recreational boating safety are expected to cease for any reason.

**S.B. 11-147:** Supplemental appropriation to the Department of Natural Resources to modify FY 2010-11 appropriations included in the FY 2010-11 Long Bill (H.B. 10-1376).

**S.B. 11-164:** Transfers \$5.0 million from the Perpetual Base Account of the Severance Tax Trust Fund to the General Fund on June 30, 2011. For additional information on this bill, see the "Recent Legislation" section for the Department of Labor and Employment.

**S.B. 11-203:** Appropriates \$4,500,000 from the Capital Account of the Species Conservation Trust Fund (Capital Account) and \$2,100,000 from the Operation and Maintenance Account of the Species Conservation Trust Fund (Operation and Maintenance Account) 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. Also adjusts existing appropriations for projects beginning in FY 2000-01 to reflect the amount actually spent by the Department.

**S.B. 11-208:** Combines the following:

- the Wildlife Commission and the Board of Parks and Outdoor Recreation into a new Parks and Wildlife Board, and
- the Division of Wildlife and the Division of Parks and Outdoor Recreation into a new Division of Parks and Wildlife.

The new Board and new Division will assume all of the duties, powers, responsibilities, obligations, and functions that were previously exercised by their predecessor entities. Specifies that the new Board and Division shall constitute an enterprise for the purposes of Article X, Section 20 of the State Constitution. Additionally, specifies that all funds and expenditures will continue unaltered and does not merge the appropriations of the two divisions for FY 2011-12, but allows the new Division of Parks and Wildlife to expend appropriations to the former Division of Wildlife and the former Division of Parks and Outdoor Recreation contained in the 2011 general appropriations act (S.B. 11-209). Requires the consolidation of the boards and divisions to take place within existing appropriations. Reaffirms the state's assent to the federal Pittman-Robertson and Dingell-Johnson acts.

In addition to all of the duties and functions of the two predecessor boards, requires the new board to develop an implementation plan in order to:

- address outstanding issues and to identify increased efficiencies and cost savings that may be realized from merging the divisions;
- consolidate the operations and programs of the two divisions in order to allocate costs over a reasonable period of time and within existing budget levels;
- use the identified cost savings to finance the implementation plan and transition; and
- include recommendations for restructuring the board.

Requires the new board to schedule monthly meeting dates through the 2011 calendar year beginning in July 2011 in order to develop the implementation plan. All meetings are to be open to the public and the board is required to solicit public input. Additionally, requires the Board to hold workshops at least every two months.

Authorizes the Board to raise or lower park fees or other charges if the Board anticipates that the total annual revenues realized from the change will not increase by more than 20 percent over the annual amount earned from fees and charges as of July 1, 2011. Additionally, when considering rules to increase or decrease a park fee or other charge, requires the Board to consider the effect that the change will have on park use and the demand for the service and to consider opportunities for differential pricing.

Requires the Executive Director to report to the House Agriculture, Livestock, and Natural Resources Committee and the Senate Agriculture, Natural Resources, and Energy Committee on the activities of the Board, the implementation plan, expected cost savings to result from the merger, and any recommendations for further legislation on or before February 29, 2012. Also requires the Executive Director to submit an informal progress report by November 30, 2011 that provides an update on the development of an implementation plan and any outstanding issues.

**S.B. 11-209:** General appropriations act for FY 2011-12.

**S.B. 11-226:** Transfers: \$25.0 million from the Perpetual Base Account of the Severance Tax Trust Fund to the General Fund on July 1, 2011; transfers \$23.1 million from the Perpetual Base Account of the Severance Tax Trust Fund to the General Fund on June 30, 2012; and transfers \$3.95 million from the Operational Account of the Severance Tax Trust Fund to the General Fund on June 30, 2012. For additional information on this bill, see the "Recent Legislation" section for the Department of Education.

**H.B. 11-1274:** Appropriates \$13,925,000 cash funds from the Colorado Water Conservation Board (CWCB) Construction Fund to the Department of Natural Resources in FY 2011-12 for various water-related projects. Transfers \$300,000 from the CWCB Construction Fund to the Flood Response Fund in FY 2011-12. Transfers \$700,000 from the CWCB Construction Fund to the Litigation Fund in FY 2011-12.

**H.B. 11-1286:** Clarifies the State Engineer's rule-making authority regarding dewatering geologic formations for mining operations. Specifies that the State Engineer can make rules to determine which ground water in the formations or basins is determined to be nontributary, and can establish rule-making and adjudicatory procedures for nontributary determinations after the initial rule-making. Specifies that the courts must presume that any applicable nontributary determination made by the State Engineer is valid, subject to rebuttal.

# DEPARTMENT OF PERSONNEL AND ADMINISTRATION

The Department of Personnel and Administration is responsible for administering the state personnel system, which includes approximately 30,600 full-time-equivalent (FTE) employees, excluding the Department of Higher Education. The Department's responsibilities pertaining to the personnel system include: (1) developing the annual employee compensation plan; (2) administering personnel policies for classified employees; (3) administering the State's employee group benefit plans such as health, life, and dental insurance, as well as short-term disability insurance; and (4) providing support to the State Personnel Board, which is responsible for ensuring compliance with the State personnel system as authorized in Sections 13 through 15 of Article XII of the Colorado Constitution.

The Department also provides general support services for state agencies such as: (1) administering the State's procurement policies; (2) maintaining the state archives and public records; (3) maintaining the buildings in the capitol complex; (4) providing mail services for state agencies; (5) providing document handling services such as printing and copying; (6) administering the state's motor vehicle fleet; and (7) providing administrative law judge services.

## Department Budget: Recent Appropriations

Funding Source	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$5,784,722	\$5,576,326	\$5,104,155	\$5,079,400
Cash Funds	6,667,669	10,828,867	10,576,962	8,936,695
Reappropriated Funds	136,431,825	160,102,416	145,004,592	142,995,921
Federal Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Funds</b>	<b>\$148,884,216</b>	<b>\$176,507,609</b>	<b>\$160,685,709</b>	<b>\$157,012,016</b>
Full Time Equiv. Staff	392.9	393.6	391.3	394.3

## General Factors Driving the Budget

Funding for this department consists of 3.2 percent General Fund, 5.7 percent cash funds, and 91.1 percent reappropriated funds. The primary source of reappropriated funds is user fees transferred from other agencies for the provision of statewide services.

## Number of State Employees

The Department administers the State's programs related to employee compensation and benefits. Statewide expenditures for these programs are driven by the number of employees, the percentage of employees who choose to participate in optional benefit plans, and the Department's contracts with the benefit providers. The following table shows the number of FTE appropriated statewide, *excluding* all employees in the Department of Higher Education.

State Employees	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Total appropriated FTE	29,106.7	30,211.0	31,138.3	31,070.5	31,466.9	30,683.5

The Department's Executive Director serves as the State Personnel Director, and submits annual recommendations for the salary adjustments and the State's contributions for health, life, and dental insurance for State employees. The Department did not recommend, nor did the General Assembly fund, salary increases or performance-based pay for FY 2009-10, FY 2010-11, or FY 2011-12. Additionally, for FY 2010-11 and FY 2011-12, the General Assembly reduced the State's contribution to the Public Employees' Retirement Association (PERA) by 2.5 percent of employees' salaries, and increased the employee's contribution percentage by a corresponding amount. For FY 2010-11, this action reduced the State's appropriations by \$37.2 million, including \$20.4 million General Fund. For FY 2011-12, this action reduced the State's appropriations by a total of \$35.0 million, including \$19.6 million General Fund.

FY 2011-12 <u>Monthly</u> State Contribution Rates, Group Benefit Plans				
Benefit Tier	Health	Dental	Life	Total Contribution
Employee	\$368.42	\$23.80	\$9.40	\$401.62
Employee with Spouse	623.42	39.00	9.40	671.82
Employee with Child(ren)	659.66	41.18	9.40	710.24
Employee with Family	914.50	56.38	9.40	980.28
<b>Total statewide <u>annual</u> appropriation for all departments<sup>1/</sup></b>				<b>\$153,180,767</b>
1/ Does not include contributions for non-appropriated FTE within the Department of Higher Education				

## State Fleet Program

Pursuant to Section 24-30-1104 (2) (a), C.R.S., the Division of Central Services administers the state's fleet management program, which provides the following services: (1) purchases vehicles; (2) manages maintenance and repairs; (3) manages the fleet; (4) auctions older vehicles; and (5) manages the state motor pool. The Department acquires private-sector financing for new or replacement vehicles. The leases vary between 72 and 120 months, with the exception of State Patrol vehicles, whose leases are for 48 months. For FY 2010-11, the State's average vehicle cost is \$0.42 per mile. Of this amount, an average of \$0.18 per mile is attributed to *fixed* costs (cost and financing *only*), and an average of \$0.24 per mile is attributed to *operating* costs (fuel and maintenance *only*). Departments are also assessed an average vehicle management fee of \$35.50 per vehicle, per month, to fund the fleet management program's overhead costs. Many of the institutions of Higher Education manage their own vehicle fleets, and this data is not reflected as a part of the Department's totals.

<b>Fiscal Year</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Approp</b>	<b>FY 2011-12 Approp</b>
Number of fleet vehicles	5,347	5,628	5,607	6,039	6,014
Total fleet management cost	<b>\$36,068,889</b>	<b>\$35,222,620</b>	<b>\$34,636,068</b>	<b>\$42,101,025</b>	<b>\$41,975,452</b>
To account for fluctuations in fuel prices, the Department was appropriated an additional contingency amount of \$1.00 per gallon for FY 2010-11, and \$0.75 per gallon for FY 2011-12.					

## Risk Management

The State's Risk Management program provides insurance coverage to departments and agencies for workers' compensation and property and liability insurance. The State is self-insured for workers' compensation and liability, and it purchases property insurance from the private sector. Generally, appropriations for the risk management coverage are calculated by using actuarially determined prospective claims losses. The larger institutions of Higher Education administer their own risk management programs, and those funds are not included in the following table. The total dollar amount appropriated to departments decreased temporarily for FY 2010-11 because the risk management cash funds had accrued excess fund balances. However, this only impacted the billings to user agencies, and did not affect the Department of Personnel and Administration's total Risk Management expenditures.

<b>Statewide Risk Management Expenditures</b>					
	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Approp</b>	<b>FY 2011-12 Approp</b>
Workers' Compensation	\$35,473,864	\$36,202,854	\$36,639,244	\$38,912,643	\$37,993,076
Property	9,047,174	7,997,934	8,121,257	9,363,904	8,692,713
Liability	<u>4,951,379</u>	<u>6,435,247</u>	<u>4,705,903</u>	<u>10,117,745</u>	<u>7,556,008</u>
Total	\$49,472,417	\$50,636,035	\$49,466,404	\$58,394,292	\$54,241,797

## Summary of FY 2010-11 and FY 2011-12 Appropriations

<b>Department of Personnel and Administration</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Total Appropriation:</b>	<b>\$160,685,709</b>	<b>\$5,104,155</b>	<b>\$10,576,962</b>	<b>\$145,004,592</b>	<b>\$0</b>	<b>391.3</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	14,507,952	3,413,259	935,292	10,159,401	0	42.5
Division of Human Resources	60,931,596	0	2,738,536	58,193,060	0	39.2
Constitutionally Independent Entities	517,360	487,966	9,916	19,478	0	4.8
Central Services	72,658,775	156,018	281,039	72,221,718	0	192.8
Division of Accounts and Control - Controller	8,433,108	1,046,912	6,584,918	801,278	0	72.0



Department of Personnel and Administration						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Administrative Courts	3,636,918	0	27,261	3,609,657	0	40.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	172,405,224	5,619,048	10,106,360	156,679,816	0	391.3
SB 10-143	1,000	0	0	1,000	0	0.0
SB 10-203	4,500	0	0	4,500	0	0.0
SB 10-207	20,900	0	20,900	0	0	0.2
HB 10-1176	134,716	134,716	0	0	0	1.8
HB 10-1181	(94,864)	(6,802)	(552,425)	464,363	0	0.0
HB 10-1228	4,400	0	4,400	0	0	0.0
HB 10-1404	(270,822)	(270,822)	0	0	0	(2.0)
SB 11-148	(11,519,345)	(371,985)	997,727	(12,145,087)	0	0.0
<b>FY 2011-12 Total Appropriation:</b>	<b>\$157,012,016</b>	<b>\$5,079,400</b>	<b>\$8,936,695</b>	<b>\$142,995,921</b>	<b>\$0</b>	<b>394.3</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	12,945,695	2,192,710	845,748	9,907,237	0	44.5
Division of Human Resources	57,599,567	0	2,482,918	55,116,649	0	38.7
Constitutionally Independent Entities	507,904	487,273	1,153	19,478	0	4.8
Central Services	74,713,480	156,018	329,567	74,227,895	0	192.8
Division of Accounts and Control - Controller	7,727,542	2,243,399	5,228,777	255,366	0	73.5
Administrative Courts	3,517,828	0	48,532	3,469,296	0	40.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	157,368,915	5,239,847	8,866,263	143,262,805	0	392.3
SB 11-076	(485,722)	(160,447)	(58,391)	(266,884)	0	0.0
HB 11-1080	128,823	0	128,823	0	0	2.0
<b>Increase/(Decrease)</b>	<b>(\$3,673,693)</b>	<b>(\$24,755)</b>	<b>(\$1,640,267)</b>	<b>(\$2,008,671)</b>	<b>\$0</b>	<b>3.0</b>
Percentage Change	(2.3)%	(0.5)%	(15.5)%	(1.4)%	n/a	0.8%

## FY 2010-11 Appropriation - Mid-year Adjustment Highlights

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to:

1. Increase the appropriation for the State Purchasing Office by \$750,000 cash funds for the purchase of a statewide e-procurement system; and
2. Decrease the appropriation for the Division of Central Services by \$11.2 million reappropriated funds to reflect a decrease in contingency spending authority from 20.0 percent to 5.0 percent of the line item's base appropriation.

## FY 2011-12 Appropriation Highlights

The FY 2011-12 appropriation:

1. Increases the appropriation for the Division of Central Services by \$2.3 million reappropriated funds for increased expenses associated with the Statewide Fleet Management program.
2. Reduces the appropriation for statewide liability insurance premiums by \$2.2 million reappropriated funds.
3. Reduces the appropriation for statewide information technology services in the Executive Director's Office by \$2.1 million. This includes an overall decrease of \$1.5 million General Fund, a decrease of \$64,000 cash funds, and a decrease of \$450,000 reappropriated funds.
4. Reduces the appropriation for the State Purchasing Office by \$750,000 cash funds to eliminate one-time funding for a statewide E-procurement system.
5. Reduces the appropriation by \$384,000 to reflect the 1.5 percent personal services base reduction. This amount is comprised of \$41,000 General Fund, \$47,000 cash funds, and \$296,000 reappropriated funds.

## Detail of Appropriation by Administrative Section

### Executive Director's Office

This division provides centralized accounting, personnel, and budgeting services for the Department. It also includes the Colorado State Employees Assistance Program, the Office of the State Architect, and the Colorado State Archives. The primary fund source is reappropriated funds, which originate as indirect cost recoveries from other divisions within the Department, as well as user fees from other state agencies.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$14,633,368	\$3,554,092	\$919,740	\$10,159,536	\$0	42.5

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 10-1176	2,000	2,000	0	0	0	0.0
HB 10-1181	0	(6,802)	6,802	0	0	0.0
HB 10-1404	(44,594)	(11,374)	0	(33,220)	0	0.0
SB 11-148	<u>(82,822)</u>	<u>(124,657)</u>	<u>8,750</u>	<u>33,085</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$14,507,952</b>	<b>\$3,413,259</b>	<b>\$935,292</b>	<b>\$10,159,401</b>	<b>\$0</b>	<b>42.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$14,507,952	\$3,413,259	\$935,292	\$10,159,401	\$0	42.5
Centrally appropriated line items	324,395	218,305	(184,755)	290,845	0	0.0
Restore one-time personal services reductions	116,434	34,170	2,321	79,943	0	0.0
Annualize ARRA funds	62,245	24,957	(8,750)	46,038	0	0.0
Indirect cost assessment	22,957	0	0	22,957	0	0.0
Statewide IT common policy adjustments	(2,070,949)	(1,485,745)	(34,605)	(550,599)	0	0.0
Personal services base reduction	(83,574)	(47,072)	(1,509)	(34,993)	0	0.0
Annualize prior year funding	(12,650)	(12,650)	0	0	0	0.0
Other	30,968	68,381	11,198	(48,611)	0	0.0
<b>SB 11-209</b>	<b>\$12,897,778</b>	<b>\$2,213,605</b>	<b>\$719,192</b>	<b>\$9,964,981</b>	<b>\$0</b>	<b>42.5</b>
SB 11-076	(80,906)	(20,895)	(2,267)	(57,744)	0	0.0
HB 11-1080	<u>128,823</u>	<u>0</u>	<u>128,823</u>	<u>0</u>	<u>0</u>	<u>2.0</u>
<b>TOTAL</b>	<b>\$12,945,695</b>	<b>\$2,192,710</b>	<b>\$845,748</b>	<b>\$9,907,237</b>	<b>\$0</b>	<b>44.5</b>
<b>Increase/(Decrease)</b>	<b>(\$1,562,257)</b>	<b>(\$1,220,549)</b>	<b>(\$89,544)</b>	<b>(\$252,164)</b>	<b>\$0</b>	<b>2.0</b>
Percentage Change	(10.8)%	(35.8)%	(9.6)%	(2.5)%	n/a	4.7%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-148 modified FY 2010-11 appropriations to:

- reduce the appropriation by \$66,000 reappropriated funds by offsetting administrative costs with moneys received through the American Recovery and Reinvestment Act of 2009 (ARRA); and
- refinance General Fund with indirect cost recoveries, which increased the reappropriated funds appropriation by \$103,761 and reduced the General Fund appropriation by \$103,761.

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; vehicle lease payments; workers' compensation; legal services; administrative law judges; payments to risk management and property funds; and Capitol complex leased space.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Annualize ARRA funds:** The appropriation restores funds that were refinanced with moneys from the American Recovery and Reinvestment Act (ARRA) for FY 2010-11.

**Indirect cost assessment:** The appropriation increases the appropriation for the indirect costs line item.

**Statewide IT common policy adjustments:** The appropriation includes adjustments to line items appropriated for: purchase of services from the computer center; multiuse network payments; management and administration of the Governor's Office of Information Technology (OIT); and communication services payments.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Other:** The appropriation reflects the elimination of the Employee Emeritus Retirement line item. It also reflects an increase in the amount of cash funds that are available to fund the Colorado State Archives.

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

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### **Division of Human Resources**

This division is responsible for the administration of: (1) the State's personnel system; (2) the State's employee benefit programs; and (3) the risk management program for all state agencies, including all components of property, liability, and workers' compensation claims. The majority of the reappropriated funds are user fees that are transferred from other state agencies.

Division of Human Resources						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$60,959,676	\$0	\$2,734,136	\$58,225,540	\$0	39.2
HB 10-1228	4,400	0	4,400	0	0	0.0
SB 11-148	<u>(32,480)</u>	<u>0</u>	<u>0</u>	<u>(32,480)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$60,931,596</b>	<b>\$0</b>	<b>\$2,738,536</b>	<b>\$58,193,060</b>	<b>\$0</b>	<b>39.2</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$60,931,596	\$0	\$2,738,536	\$58,193,060	\$0	39.2
Restore one-time personal services reductions	84,214	0	19,282	64,932	0	0.0
Legal services	74,553	0	0	74,553	0	0.0
Annualize ARRA funds	20,802	0	0	20,802	0	0.0
Liability premium	(2,197,089)	0	0	(2,197,089)	0	0.0
Property premium	(662,022)	0	0	(662,022)	0	0.0
Workers' compensation premium	(283,440)	0	0	(283,440)	0	0.0
Supplemental state contribution	(133,876)	0	(133,876)	0	0	0.0
Reduce contingency funds	(75,000)	0	(75,000)	0	0	0.0
Personal services base reduction	(56,753)	0	(11,848)	(44,905)	0	(0.5)
Indirect cost assessment	(40,965)	0	(40,542)	(423)	0	0.0
Annualize prior year funding	(3,000)	0	(3,000)	0	0	0.0
<b>SB 11-209</b>	<b>\$57,659,020</b>	<b>\$0</b>	<b>\$2,493,552</b>	<b>\$55,165,468</b>	<b>\$0</b>	<b>38.7</b>
SB 11-076	<u>(59,453)</u>	<u>0</u>	<u>(10,634)</u>	<u>(48,819)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$57,599,567</b>	<b>\$0</b>	<b>\$2,482,918</b>	<b>\$55,116,649</b>	<b>\$0</b>	<b>38.7</b>
<b>Increase/(Decrease)</b>	<b>(\$3,332,029)</b>	<b>\$0</b>	<b>(\$255,618)</b>	<b>(\$3,076,411)</b>	<b>\$0</b>	<b>(0.5)</b>
Percentage Change	(5.5)%	n/a	(9.3)%	(5.3)%	n/a	(1.3)%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-148 modified FY 2010-11 appropriations to:

- reduce the appropriation by \$20,000 reappropriated funds by offsetting administrative costs with moneys received through the American Recovery and Reinvestment Act of 2009 (ARRA); and

- reduce the appropriation by \$16,000 reappropriated funds to reflect a 1.0 percent reduction for certain Personal Services line items.

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, the reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Legal services:** The appropriation increases funds for legal services.

**Annualize ARRA funds:** The appropriation restores funds that were refinanced with moneys from the American Recovery and Reinvestment Act (ARRA) for FY 2010-11.

**Liability premium:** The appropriation reduces the funds for statewide liability insurance premiums to reflect the anticipated costs for FY 2011-12.

**Property premium:** The appropriation reduces the funds for statewide property insurance premiums to reflect the anticipated costs for FY 2011-12.

**Workers' compensation premium:** The appropriation reduces the funds for statewide workers' compensation insurance premiums to reflect the anticipated costs for FY 2011-12.

**Supplemental state contribution:** The appropriation reflects a reduction in available funds from the tobacco litigation settlement. The funding formula is defined in statute.

**Reduce contingency funds:** The appropriation reduces the amount of contingency funds for training services.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items. It also reduces the FTE to eliminate a long-term vacant position.

**Indirect cost assessment:** The appropriation reflects a decrease for the indirect costs assessed to this division.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

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

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## **Constitutionally Independent Entities**

This division includes the State Personnel Board. The five-member 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.

Constitutionally Independent Entities						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$744,566	\$723,922	\$1,166	\$19,478	\$0	6.8
HB 10-1404	(226,228)	(226,228)	0	0	0	(2.0)
SB 11-148	<u>(978)</u>	<u>(9,728)</u>	<u>8,750</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$517,360</b>	<b>\$487,966</b>	<b>\$9,916</b>	<b>\$19,478</b>	<b>\$0</b>	<b>4.8</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$517,360	\$487,966	\$9,916	\$19,478	\$0	4.8
Restore one-time personal services reductions	16,634	16,604	30	0	0	0.0
Legal services	109	109	0	0	0	0.0
Personal services base reduction	(12,288)	(12,270)	(18)	0	0	0.0
Annualize ARRA funds	(3,750)	5,000	(8,750)	0	0	0.0
<b>SB 11-209</b>	<b>\$518,065</b>	<b>\$497,409</b>	<b>\$1,178</b>	<b>\$19,478</b>	<b>\$0</b>	<b>4.8</b>
SB 11-076	<u>(10,161)</u>	<u>(10,136)</u>	<u>(25)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$507,904</b>	<b>\$487,273</b>	<b>\$1,153</b>	<b>\$19,478</b>	<b>\$0</b>	<b>4.8</b>
<b>Increase/(Decrease)</b>	<b>(\$9,456)</b>	<b>(\$693)</b>	<b>(\$8,763)</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
Percentage Change	(1.8)%	(0.1)%	(88.4)%	0.0%	n/a	0.0%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-148 modified FY 2010-11 appropriations to:

- increase the appropriation by \$3,700, which includes an increase of \$8,700 cash funds and a decrease of \$5,000 General Fund to reflect the use of American Recovery and Reinvestment Act (ARRA) moneys to offset administrative costs.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Legal services:** The appropriation reflects a small increase in the rate for legal services.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Annualize ARRA funds:** The appropriation restores funds that were refinanced with moneys from the American Recovery and Reinvestment Act (ARRA) for FY 2010-11.

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

## Central Services

This division provides services such as: (1) management of the statewide travel program; (2) processing of incoming and outgoing mail; (3) mail delivery and messenger services; (4) copying, printing and graphics design; (5) management of the State's motor vehicle fleet; and (6) operation and maintenance of buildings in the Capitol complex and other state-owned facilities. The primary fund source is reappropriated funds, which originate as fees paid by user agencies.

Central Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$84,579,063	\$156,018	\$42,899	\$84,380,146	\$0	192.8
SB 11-148	<u>(11,920,288)</u>	<u>0</u>	<u>238,140</u>	<u>(12,158,428)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$72,658,775</b>	<b>\$156,018</b>	<b>\$281,039</b>	<b>\$72,221,718</b>	<b>\$0</b>	<b>192.8</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$72,658,775	\$156,018	\$281,039	\$72,221,718	\$0	192.8
Fleet expenses	2,347,886	0	0	2,347,886	0	0.0
Contingency funds	330,400	0	144,859	185,541	0	0.0
Restore one-time personal services reduction	223,242	0	437	222,805	0	0.0
Capitol complex security	14,298	0	0	14,298	0	0.0
Agriculture brand board assessment	5,713	0	0	5,713	0	0.0
Indirect cost assessment	(250,110)	0	0	(250,110)	0	0.0
Utilities	(183,988)	0	0	(183,988)	0	0.0
Personal services base reduction	(160,098)	0	(1,157)	(158,941)	0	0.0
Annualize prior year funding	(95,244)	0	(95,244)	0	0	0.0
<b>SB 11-209</b>	<b>\$74,890,874</b>	<b>\$156,018</b>	<b>\$329,934</b>	<b>\$74,404,922</b>	<b>\$0</b>	<b>192.8</b>
SB 11-076	<u>(177,394)</u>	<u>0</u>	<u>(367)</u>	<u>(177,027)</u>	<u>0</u>	<u>0.0</u>



Central Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>TOTAL</b>	<b>\$74,713,480</b>	<b>\$156,018</b>	<b>\$329,567</b>	<b>\$74,227,895</b>	<b>\$0</b>	<b>192.8</b>
<b>Increase/(Decrease)</b>	\$2,054,705	\$0	\$48,528	\$2,006,177	\$0	0.0
Percentage Change	2.8%	0.0%	17.3%	2.8%	n/a	0.0%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-148 modified FY 2010-11 appropriations to:

- reduce the appropriation by \$11.2 million reappropriated funds to reduce the contingency spending authority for certain line items from 20.0 percent of the base appropriation to 5.0 percent of the base appropriation; and
- reduce the statewide vehicle lease payment line item by \$886,000 to reflect updated information on the costs of operating the State's vehicle fleet.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Fleet expenses:** The appropriation increases funds for costs associated with operating the state fleet, as well as the costs of replacing or purchasing new vehicles.

**Contingency funds:** The appropriation increases the amount of contingency funds to reflect an increase in the amount appropriated for the Document Solutions Group, and the second year of a contract with the City and County of Denver.

**Restore one-time personal services reduction:** The appropriation restores one-time personal services reductions for FY 2010-11, including a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Capitol complex security:** The appropriation includes an increase for Capitol complex security to reflect the increased billing from the Department of Public Safety.

**Agriculture brand board assessment:** The appropriation reflects the impact to the Division for new activities within the Department of Agriculture.

**Indirect cost assessment:** The appropriation reflects a decrease for the indirect costs assessed to this division.

**Utilities:** The appropriation includes a decrease for utilities expenses that are associated with operating the Capitol complex facilities.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

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

## Division of Accounts and Control - Controller

This division includes the Office of the State Controller, which manages the financial affairs of all of the departments. The division also: (1) administers a statewide procurement program through the State Purchasing Office; (2) meets the product and service needs of state agencies by negotiating contracts for goods and services; (3) conducts statewide financial reporting, policy and procedural guidance; (4) manages contracts; (5) develops the statewide indirect cost allocation plan; and (6) is responsible for the collection of debts due to the State.

Division of Accounts and Control - Controller						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$7,856,133	\$1,185,016	\$6,381,158	\$289,959	\$0	70.0
SB 10-143	1,000	0	0	1,000	0	0.0
SB 10-207	20,900	0	20,900	0	0	0.2
HB 10-1176	132,716	132,716	0	0	0	1.8
HB 10-1181	(94,864)	0	(559,227)	464,363	0	0.0
HB 10-1404	0	(33,220)	0	33,220	0	0.0
SB 11-148	<u>517,223</u>	<u>(237,600)</u>	<u>742,087</u>	<u>12,736</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$8,433,108</b>	<b>\$1,046,912</b>	<b>\$6,584,918</b>	<b>\$801,278</b>	<b>\$0</b>	<b>72.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$8,433,108	\$1,046,912	\$6,584,918	\$801,278	\$0	72.0
Annualize ARRA funds	201,650	173,780	7,913	19,957	0	0.0
Compliance activities	168,748	93,265	75,483	0	0	1.0
Restore one-time personal services reductions	119,631	66,615	72,823	(19,807)	0	0.0
Annualize prior year funding	51,831	73,731	(498,378)	476,478	0	1.2
Fund source adjustment	0	963,495	62,688	(1,026,183)	0	0.0

Division of Accounts and Control - Controller						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Annualize one-time funds for E-procurement system	(750,000)	0	(750,000)	0	0	0.0
Annualize one-time federal funds reimbursement	(250,000)	0	(250,000)	0	0	0.0
Personal services base reduction	(85,400)	(44,983)	(32,584)	(7,833)	0	(0.7)
Indirect cost assessment	(72,410)	0	0	(72,410)	0	0.0
<b>SB 11-209</b>	<b>\$7,817,158</b>	<b>\$2,372,815</b>	<b>\$5,272,863</b>	<b>\$171,480</b>	<b>\$0</b>	<b>73.5</b>
SB 11-076	<u>(89,616)</u>	<u>(129,416)</u>	<u>(44,086)</u>	<u>83,886</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$7,727,542</b>	<b>\$2,243,399</b>	<b>\$5,228,777</b>	<b>\$255,366</b>	<b>\$0</b>	<b>73.5</b>
<b>Increase/(Decrease)</b>	(\$705,566)	\$1,196,487	(\$1,356,141)	(\$545,912)	\$0	1.5
Percentage Change	(8.4)%	114.3%	(20.6)%	(68.1)%	n/a	2.1%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-148 modified FY 2010-11 appropriations to:

- increase the appropriation by \$750,000 cash funds for the purchase of an e-procurement system; and
- reduce the appropriation by \$183,000, including \$155,000 General Fund, to reflect the use of American Recovery and Reinvestment Act (ARRA) moneys to offset administrative costs.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Annualize ARRA funds:** The appropriation restores funds that were refinanced with moneys from the American Recovery and Reinvestment Act (ARRA) for FY 2010-11.

**Compliance activities:** The appropriation provides funds and FTE for the Office of the State Controller to implement practices to ensure compliance with new federal mandates.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Fund source adjustment:** The appropriation includes an increase in General Fund, offset by a decrease in cash funds and reappropriated funds. The adjustment reflects a decrease in the amount of indirect cost recoveries for FY 2011-12, as well as a reduction in the cash fund revenue sources.

**Annualize one-time funds for E-procurement system:** The appropriation eliminates one-time funds to implement an E-procurement system during FY 2010-11.

**Annualize one-time federal funds reimbursement:** The appropriation reduces funds to account for a one-time appropriation to reimburse the federal government for its portion of procurement card rebates that were transferred to the General Fund for FY 2010-11.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Indirect cost assessment:** The appropriation adjusts for an increase in indirect costs assessed to this division, as well as a change in the line item's fund sources.

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

## Administrative Courts

This division provides an independent administrative law adjudication system for state agencies in order to resolve cases with topics such as workers' compensation, human resources, and regulatory law. It offers a full range of alternative dispute resolution options, including evidentiary hearings, settlement conferences, and mediation. Approximately one-half of all hearings are related to workers' compensation cases. The division is primarily funded with reappropriated funds that are transferred from user agencies, and it also receives a small amount of cash funds that originate as user fees from non-state agencies.

Administrative Courts						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$3,632,418	\$0	\$27,261	\$3,605,157	\$0	40.0
SB 10-203	<u>4,500</u>	<u>0</u>	<u>0</u>	<u>4,500</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,636,918</b>	<b>\$0</b>	<b>\$27,261</b>	<b>\$3,609,657</b>	<b>\$0</b>	<b>40.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$3,636,918	\$0	\$27,261	\$3,609,657	\$0	40.0
Restore one-time personal services reductions	76,616	0	766	75,850	0	0.0
Fund source adjustment	0	0	21,937	(21,937)	0	0.0

Administrative Courts						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Indirect cost assessment	(73,273)	0	0	(73,273)	0	0.0
Personal services base reduction	(49,741)	0	(420)	(49,321)	0	0.0
Annualize prior year legislation	(4,500)	0	0	(4,500)	0	0.0
<b>SB 11-209</b>	<b>\$3,586,020</b>	<b>\$0</b>	<b>\$49,544</b>	<b>\$3,536,476</b>	<b>\$0</b>	<b>40.0</b>
SB 11-076	<u>(68,192)</u>	<u>0</u>	<u>(1,012)</u>	<u>(67,180)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,517,828</b>	<b>\$0</b>	<b>\$48,532</b>	<b>\$3,469,296</b>	<b>\$0</b>	<b>40.0</b>
<b>Increase/(Decrease)</b>	(\$119,090)	\$0	\$21,271	(\$140,361)	\$0	0.0
Percentage Change	(3.3)%	n/a	78.0%	(3.9)%	n/a	0.0%

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Fund source adjustment:** The appropriation includes an increase in cash funds offset by a decrease in reappropriated funds. The fund source adjustment reflects the increased revenue from non-state agencies.

**Indirect cost assessment:** The appropriation reflects a decrease in indirect cost assessments.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Annualize prior year legislation:** The appropriation reflects the second-year impact of legislation that was passed during the 2010 legislative session.

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

## Recent Legislation

### 2010 Session Bills

**S.B. 10-143:** Authorizes the State Controller to issue a refund for fees that were erroneously collected by the Secretary of State prior to July 1, 2006. Directs the State Controller to issue the refund upon receipt of a

voucher from the Secretary indicating the person and the amount of the refund. Transfers \$1,000 from the Department of State to the Office of the State Controller to fund the cost of issuing the refunds.

**S.B. 10-146:** Reduces the State's contribution towards the Public Employees' Retirement Association (PERA) by 2.5 percentage points, and increases the employee's contribution amount by 2.5 percentage points, for FY 2010-11 only. Reduces the statewide PERA contribution by approximately \$37.2 million, including \$20.4 million General Fund, during FY 2010-11. Increases the Department of Personnel and Administration's appropriation for FY 2009-10 by \$5,138 General Fund to modify the statewide personnel computer system to accommodate the changes.

**S.B. 10-203:** Changes campaign finance laws to regulate third-party expenditures and donations made in connection with state elections. Transfers \$4,500 from the Department of State to the Department of Personnel and Administration's Office of Administrative Courts to fund administrative law judge services.

**S.B. 10-207:** Authorizes the State Treasurer to enter into lease-purchase agreements on behalf of the state to finance certain energy efficiency-related capital construction projects. Appropriates \$20,900 cash funds and 0.2 FTE to manage the accounting and reporting of the agreements within the Office of the State Controller.

**H.B. 10-1176:** Requires the Office of the State Controller to contract with a third party to audit Executive agencies and determine whether overpayments occur related to various types of general errors. Appropriates \$114,194 and 1.8 FTE for staff to promulgate rules, contract with consultants, and manage vendor contracts.

**H.B. 10-1181:** Permits institutions of higher education to opt-out of the procurement card program, and substitutes the lost revenue with other sources of income from the institutions. Permits the Office of the State Archives to charge fees for certain services, and uses those fees to offset General Fund. Reduces the Department's total appropriation by \$94,864 (comprised of an increase of \$464,363 reappropriated funds, offset by a decrease of \$552,425 cash funds and \$6,802 General Fund).

**H.B. 10-1228:** Requires the Director of the Department of Personnel and Administration to remove dependents of state employees from state group health benefit plans when they turn 25 years of age and become ineligible for coverage. Appropriates \$3,000 cash funds for one-time programming changes, and \$1,400 cash funds for on-going verification of employees' dependents.

**H.B. 10-1310:** Supplemental appropriations act for the Department of Personnel and Administration, to modify the appropriations included in the FY 2009-10 Long Bill (S.B. 09-259).

**H.B. 10-1376:** General appropriations act for FY 2010-11. Also includes supplemental adjustments to modify appropriations to the Department included in the FY 2009-10 Long Bill (S.B. 09-259)

**H.B. 10-1404:** Transfers the Independent Ethics Commission from the Department of Personnel and Administration to the Judicial Department. Reduces the Department's appropriation by \$270,822 General Fund and 2.0 FTE, and transfers the resources to the Judicial Department. The dollars include funds for salaries and benefits (\$187,173), funds for 900 hours of legal services related to the Commission's activities (\$67,842), and the Commission's operating expenses (\$15,807). For additional information see the "Recent Legislation" section at the end of the Judicial Department.

## **2011 Session Bills**

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's appropriation by \$485,722 total funds, of which \$160,447 is General Fund, \$58,391 is cash funds, and \$266,884 is reappropriated funds.

**S.B. 11-148:** Supplemental appropriations act for the Department of Personnel and Administration, to modify the appropriations included in the FY 2010-11 Long Bill (H.B. 10-1376).

**S.B. 11-209:** General appropriations act for FY 2011-12.

**H.B. 11-1080:** Transfers the Address Confidentiality Program from the Department of State to the Department of Personnel and Administration.

# 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 and protecting the quality of Colorado's environment. The Department is comprised of twelve divisions:

1. Administration and Support
2. Center for Health and Environmental Information
3. Laboratory Services
4. Air Pollution Control Division
5. Water Quality Control Division
6. Hazardous Materials and Waste Management Division
7. Consumer Protection
8. Disease Control and Environmental Epidemiology Division
9. Prevention Services Division
10. Health Facilities and Emergency Medical Services Division
11. Emergency Preparedness and Response Division

These divisions are organized into three groups: Administration, consisting of divisions 1 through 3, Environmental Programs, consisting of divisions 4 through 7 and the Special Environmental Programs within division 1, and Health Programs, consisting of divisions 8 through 11.

## Department Budget: Recent Appropriations

Funding Source	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund/1	\$26,586,357	\$27,076,170	\$27,460,904	\$27,478,228
Cash Funds	164,440,239	145,250,938	131,914,492	121,579,430
Reappropriated Funds	69,325,687	33,233,774	26,696,827	26,207,571
Federal Funds	<u>209,613,716</u>	<u>223,379,861</u>	<u>256,102,843</u>	<u>267,069,638</u>
<b>Total Funds</b>	<b>\$469,965,999</b>	<b>\$428,940,743</b>	<b>\$442,175,066</b>	<b>\$442,334,867</b>
Full Time Equiv. Staff	1,224.8	1,289.5	1,227.7	1,260.9

/1 Includes General Fund Exempt.

## General Factors Driving the Budget

Funding for the Department for FY 2011-12 consists of 6.2 percent General Fund (including appropriations from the General Fund Exempt account), 27.5 percent cash funds, 5.9 percent reappropriated funds, and 60.4 percent federal funds. Some of the most important factors driving the budget are reviewed below.



## Providing Services to Low-Income Populations

Some programs within the health divisions serve low-income individuals, with income cutoffs varying among programs. 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 (\$41,348 annually for a family of four in 2011), while the Women's Wellness Connection provides free mammograms to women whose income is less than 250 percent of federal poverty guidelines. Services are often delivered through contracts with local health providers. About 85 percent of the funding for these programs comes from federal sources, 13 percent comes from tobacco settlement dollars, and the remaining 2 percent comes from the General Fund. The following table shows appropriations for programs directly targeted to low-income individuals and compares them to the total budget of the Health and Administration divisions.

	FY 06-07 Actual	FY 07-08 Actual	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Approp.	FY 11-12 Approp.
Appropriations to programs targeting low-income populations (\$ in millions)	\$124.8	\$144.1	\$159.0	\$161.2	\$180.4	\$166.1
Percent of total Health and Administration Divisions' budget	38.5%	42.5%	44.8%	43.2%	47.2%	44.0%

## 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. However, some programs, such as the Maternal and Child Health Block Grant, require a state match.

Health Divisions	FY 06-07 Actual	FY 07-08 Actual	FY 08-09 Actual	FY 09-10 Actual	FY 10-11 Approp.	FY 11-12 Approp.
Total federal funds for Health and Administration Divisions (\$ in millions)	\$185.7	\$202.5	\$202.8	\$229.4	\$237.8	\$244.4
Percent of Total Health and Administration Divisions' Budget	57.2%	59.8%	57.1%	61.5%	62.2%	64.7%

*Environmental Divisions:* Approximately 32.2 percent of the budget for environmental divisions is funded by federal dollars, which is a decrease from approximately 50.0 percent in FY 2002-03. This reduction is due to cuts in federal funding for environmental programs and increased State 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 include sub-awards of the Performance Partnership Block Grant and the Superfund Block Grant from the U.S. Environmental Protection Agency (EPA).

<b>Environmental Divisions/1</b>	<b>FY 06-07 Actual</b>	<b>FY 07-08 Actual</b>	<b>FY 08-09 Actual</b>	<b>FY 09-10 Actual</b>	<b>FY 10-11 Approp.</b>	<b>FY 2011-12 Approp.</b>
Total Federal Funds (\$ in millions)	\$23.6	\$22.7	\$25.0	\$24.3	\$19.0	\$21.2
Percent of the Environmental Divisions' Budget	46.6%	42.1%	42.5%	39.6%	29.9%	32.2%

/1 Includes the Air Pollution Control, Water Quality Control, Hazardous Materials and Waste Management, and Consumer Protection divisions. Beginning in FY 2008-09, Special Environmental Programs within the Administration and Support division are also included.

## Tobacco Funding

The Department receives support from two tobacco-related funding sources: (1) the payments that Colorado receives under the terms of the 1998 Master Settlement Agreement with tobacco manufacturers; and (2) the tobacco-tax revenues that Colorado collects under the provisions of Section 21 of Article X of the Colorado Constitution (Amendment 35). Master Settlement Agreement revenues support 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, Distributions to Local Public Health Agencies, the Colorado Immunization Program, Short-term Grants for Innovative Health Programs, and the Primary Care Office. Amendment 35 tax revenues support the Tobacco Education, Prevention, and Cessation Program, the Health Disparities Grant Program, the Cardiovascular, Pulmonary, and Chronic Disease Grant Program, and the Breast and Cervical Cancer Screening Program. Appropriations for these programs are determined by formulas that tie funding to the amount of revenue that the State receives. The following table summarizes these tobacco-related appropriations. See Appendix G for more information on tobacco funding.

<b>Funding from Tobacco Sources (\$ in millions)</b>	<b>FY 06-07 Actual</b>	<b>FY 07-08 Actual</b>	<b>FY 08-09 Actual</b>	<b>FY 09-10 Actual</b>	<b>FY 10-11 Approp.</b>	<b>FY 11-12 Approp.</b>
Master Settlement Agreement	\$15.2	\$21.6	\$26.3	\$27.5	\$26.3	\$24.9
Amendment 35	<u>60.8</u>	<u>51.2</u>	<u>52.0</u>	<u>38.2</u>	<u>18.8</u>	<u>12.2</u>
Total	\$76.0	\$72.8	\$78.3	\$65.7	\$45.1	\$37.1
Percent of Total Health and Admin. Div. Budget	27.0%	24.5%	22.0%	17.6%	11.8%	9.8%

## Number of Permits and Inspections

The environmental divisions use permits and inspections to enforce compliance with applicable state and federal regulations. Permits range from construction permits for expanding a factory to discharge permits at hazardous waste generators. Inspection responsibilities include regulating sanitary conditions at dairy farms, ensuring that contaminated sites are properly remediated, and monitoring drinking water and wastewater treatment facilities.

<b>Environmental Divisions</b>	<b>FY 06-07 Actual</b>	<b>FY 07-08 Actual</b>	<b>FY 08-09 Actual</b>	<b>FY 09-10 Actual</b>	<b>FY 10-11 Estimate</b>	<b>FY 11-12 Estimate</b>
<u>Permits and Applications Processed</u>						
Air Pollution Control Division	6,263	7,086	7,367	10,816	11,239	11,131
Water Quality Control Division/1	2,354	2,565	2,302	1,963	2,103	3,231

<b>Environmental Divisions</b>	<b>FY 06-07 Actual</b>	<b>FY 07-08 Actual</b>	<b>FY 08-09 Actual</b>	<b>FY 09-10 Actual</b>	<b>FY 10-11 Estimate</b>	<b>FY 11-12 Estimate</b>
Hazardous Materials and Waste Management Division	1,385	1,120	1,181	1,240	2,476	2,505
Consumer Protection Division	<u>2,680</u>	<u>2,841</u>	<u>2,545</u>	<u>2,612</u>	<u>2,704</u>	<u>2,738</u>
<b>Total Permits &amp; Applications</b>	<b>12,682</b>	<b>13,612</b>	<b>13,395</b>	<b>16,631</b>	<b>18,522</b>	<b>19,605</b>
<b><u>Inspections Conducted</u></b>						
Air Pollution Control Division	3,085	3,687	3,021	2,581	3,042	3,305
Water Quality Control Division/1	937	826	855	1,013	1,403	1,409
Hazardous Materials and Waste Management Division/2	5,455	6,240	7,835	7,340	6,630	6,500
Consumer Protection Division	<u>3,257</u>	<u>3,327</u>	<u>2,625</u>	<u>2,737</u>	<u>2,777</u>	<u>2,707</u>
<b>Total Inspections</b>	<b>12,734</b>	<b>14,080</b>	<b>14,336</b>	<b>13,671</b>	<b>13,852</b>	<b>13,921</b>

/1 FY 2011-12 includes an estimated 1,500 new discharge permit applications associated with pesticides, as required by a federal court decision.

/2 The actual number of x-ray inspections will vary from year to year because the machines are on a three-year inspection cycle.

## Summary of FY 2010-11 and FY 2011-12 Appropriations

<b>Department of Public Health and Environment</b>						
	<b>Total Funds</b>	<b>General Fund/1,2</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Total Appropriation:</b>	<b>\$442,175,066</b>	<b>\$27,460,904</b>	<b>\$131,914,492</b>	<b>\$26,696,827</b>	<b>\$256,102,843</b>	<b>1,227.7</b>
<b><u>Breakdown of Total Appropriation by Administrative Section</u></b>						
Administration and Support	44,244,922	7,426,420	13,257,774	17,723,061	5,837,667	90.5
Center for Health and Environmental Information	15,913,369	258,583	7,664,740	3,328,650	4,661,396	70.7
Laboratory Services	10,365,451	1,060,594	7,207,039	245,423	1,852,395	76.7
Air Pollution Control Division	18,249,959	0	15,200,385	0	3,049,574	161.1
Water Quality Control Division	15,383,199	2,526,542	5,110,479	40,632	7,705,546	133.9
Hazardous Materials and Waste Management Division	20,125,087	0	12,624,699	265,603	7,234,785	134.6
Consumer Protection	2,717,814	1,156,066	1,126,730	96,568	338,450	30.5
Disease Control and Environmental Epidemiology Division	56,658,690	5,501,959	8,028,315	305,574	42,822,842	150.5
Prevention Services Division	211,908,256	6,087,856	46,650,938	326,654	158,842,808	166.7

Department of Public Health and Environment						
	Total Funds	General Fund/1,2	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Health Facilities and Emergency Medical Services Division	25,640,388	1,685,705	15,043,393	4,364,662	4,546,628	170.0
Emergency Preparedness and Response Division	20,967,931	1,757,179	0	0	19,210,752	42.5
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	460,772,091	27,541,461	145,673,654	30,960,133	256,596,843	1,220.9
SB 10-073	0	0	0	0	0	(1.0)
SB 10-109	815,224	0	815,224	0	0	2.1
HB 10-1018	3,450,855	0	3,450,855	0	0	2.9
HB 10-1125	61,964	0	61,964	0	0	0.7
HB 10-1260	68,657	0	68,657	0	0	0.9
HB 10-1284	59,747	0	59,747	0	0	1.2
HB 10-1329	511,159	0	511,159	0	0	0.0
HB 10-1381	(25,591,418)	0	(21,110,983)	(4,480,435)	0	0.0
SB 11-149	2,026,787	(80,557)	2,384,215	217,129	(494,000)	0.0
<b>FY 2011-12 Total Appropriation:</b>	<b>\$442,334,867</b>	<b>\$27,478,228</b>	<b>\$121,579,430</b>	<b>\$26,207,571</b>	<b>\$267,069,638</b>	<b>1,260.9</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration and Support	44,018,378	7,567,565	12,950,707	17,384,431	6,115,675	88.7
Center for Health and Environmental Information	14,258,518	288,040	5,906,331	3,349,357	4,714,790	70.2
Laboratory Services	11,179,226	1,048,968	7,576,978	229,429	2,323,851	79.2
Air Pollution Control Division	18,223,702	0	15,202,537	0	3,021,165	161.3
Water Quality Control Division	19,852,494	2,506,162	5,147,056	39,346	12,159,930	155.9
Hazardous Materials and Waste Management Division	20,414,077	0	12,999,650	254,430	7,159,997	134.6
Consumer Protection	2,678,123	1,143,113	1,111,773	88,014	335,223	30.5
Disease Control and Environmental Epidemiology Division	52,708,993	5,458,256	6,276,398	288,416	40,685,923	155.0
Prevention Services Division	194,861,899	6,039,092	39,482,912	231,454	149,108,441	179.3
Health Facilities and Emergency Medical Services Division	25,881,078	1,679,085	14,925,088	4,342,694	4,934,211	171.2
Emergency Preparedness and Response Division	38,258,379	1,747,947	0	0	36,510,432	35.0

## Department of Public Health and Environment

	Total Funds	General Fund/1,2	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	477,589,311	27,640,974	152,254,221	29,732,554	267,961,562	1,265.0
SB 11-076	(1,975,520)	(162,746)	(682,218)	(238,632)	(891,924)	0.0
SB 11-211	(33,000,000)	0	(29,713,649)	(3,286,351)	0	(5.0)
SB 11-224	(797,627)	0	(797,627)	0	0	0.0
SB 11-235	194,377	0	194,377	0	0	0.2
HB 11-1026	99,436	0	99,436	0	0	0.6
HB 11-1101	(24,581)	0	(24,581)	0	0	(0.4)
HB 11-1281	250,000	0	250,000	0	0	0.5
HB 11-1323	(529)	0	(529)	0	0	0.0
<b>Increase/(Decrease)</b>	\$159,801	\$17,324	(\$10,335,062)	(\$489,256)	\$10,966,795	33.2
Percentage Change	0.0%	0.1%	(7.8)%	(1.8)%	4.3%	2.7%

/1 Includes \$447,000 of General Fund Exempt in FY 2010-11 and \$446,100 in FY 2011-12. See Division Detail for more information.

/2 Includes \$447,000 in FY 2010-11 and \$446,100 in FY 2011-12 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.

### FY 2010-11 Appropriation - Mid-year Adjustment Highlights

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to:

1. Increase the appropriation for the Medical Marijuana Registry by \$2.0 million cash and reappropriated funds.
2. Increase indirect cost assessments by \$297,000, comprised of an increase of \$816,00 cash funds and decreases of \$30,000 reappropriated funds and \$489,000 federal funds.
3. Increase the purchase of legal services from the Department of Law by \$132,000 reappropriated funds for the Air Pollution Control Division and the Water Quality Control Division.
4. Decrease the appropriation by \$315,000 cash funds to eliminate an erroneous appropriation associated with waste tire disposal.
5. Decrease personal services by \$80,000 General Fund as part of a statewide 1.0 percent personal services reduction.

## FY 2011-12 Appropriation Highlights

The FY 2011-12 appropriation:

1. Transfers \$33.0 million of Amendment 35 moneys from the Department of Public Health and Environment to the Department of Health Care Policy and Financing where the transferred moneys offset \$33.0 million of General Fund appropriations. This represents an increase of \$7.3 million over a similar \$25.7 million FY 2010-11 transfer.
2. Increases appropriations by \$4.8 million federal funds and 37.5 FTE to reflect federal funding that the Department has received in recent years.
3. Increases appropriations by \$4.4 million total funds, including \$203,000 General Fund, for centrally appropriated line items.
4. Increases appropriations by \$3.3 million federal funds to reflect a new federal grant for the Nurse Home Visitor Program.
5. Increases appropriations by \$396,000 cash funds for newborn screening and genetics counseling.
6. Reduces appropriations for tobacco-settlement supported programs by \$2.0 million cash funds.
7. Reduces appropriations by \$1.6 million, including \$242,000 General Fund, to reflect a 1.5 percent base reduction for personal services line items and a 1.0 percent General Fund reductions for other line items.
8. Reduces appropriations for the Medical Marijuana Registry by \$1.4 million cash funds.

## Detail of Appropriation by Administrative Section

### Administration and Support

This division includes the Executive Director and Chief Medical Officer, the Office of Policy and Public/Private Initiatives, the Office of Health Disparities, Local Public Health Planning and Support, and several multi-area environmental programs. The division provides human resources services, business services, and support services for the Department, including accounting, budgeting, contracts, payroll, purchasing, internal audit, management analysis, building operations, and telecommunications. The division's primary source of reappropriated funds is indirect cost recoveries. Cash funds are from a variety of sources.

Administration and Support						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$45,823,058	\$7,429,876	\$10,631,019	\$21,919,496	\$5,842,667	89.7
SB 10-109	99,879	0	99,879	0	0	0.0

<b>Administration and Support</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
HB 10-1018	2,907,176	0	2,907,176	0	0	0.8
HB 10-1260	678	0	678	0	0	0.0
HB 10-1381	(4,480,435)	0	0	(4,480,435)	0	0.0
SB 11-149	<u>(105,434)</u>	<u>(3,456)</u>	<u>(380,978)</u>	<u>284,000</u>	<u>(5,000)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$44,244,922</b>	<b>\$7,426,420</b>	<b>\$13,257,774</b>	<b>\$17,723,061</b>	<b>\$5,837,667</b>	<b>90.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$44,244,922	\$7,426,420	\$13,257,774	\$17,723,061	\$5,837,667	90.5
Annualize prior year funding	3,930,884	0	(549,551)	4,480,435	0	0.2
Centrally appropriated line items	1,203,863	173,220	371,510	323,413	335,720	0.0
Restore one-time personal services reductions	149,003	9,661	7,934	110,975	20,433	0.0
Indirect cost assessment	92,716	0	92,716	0	0	0.0
Amendment 35 programs	(1,598,636)	0	0	(1,598,636)	0	0.0
Tobacco settlement revenues	(208,251)	0	(208,251)	0	0	0.0
Medical Marijuana Registry	(164,934)	0	0	(164,934)	0	0.0
Personal services base reduction	(104,707)	(5,277)	(7,653)	(77,692)	(14,085)	0.0
Federal funds adjustments	(46,253)	0	0	0	(46,253)	0.0
General Fund reduction	(30,786)	(30,786)	0	0	0	0.0
Transfer Prenatal Plus program to HCPF	(14,135)	0	0	(14,135)	0	0.0
<b>SB 11-209</b>	<b>\$47,453,686</b>	<b>\$7,573,238</b>	<b>\$12,964,479</b>	<b>\$20,782,487</b>	<b>\$6,133,482</b>	<b>90.7</b>
SB 11-076	(148,957)	(5,673)	(13,772)	(111,705)	(17,807)	0.0
SB 11-211	<u>(3,286,351)</u>	<u>0</u>	<u>0</u>	<u>(3,286,351)</u>	<u>0</u>	<u>(2.0)</u>
<b>TOTAL</b>	<b>\$44,018,378</b>	<b>\$7,567,565</b>	<b>\$12,950,707</b>	<b>\$17,384,431</b>	<b>\$6,115,675</b>	<b>88.7</b>
<b>Increase/(Decrease)</b>	<b>(\$226,544)</b>	<b>\$141,145</b>	<b>(\$307,067)</b>	<b>(\$338,630)</b>	<b>\$278,008</b>	<b>(1.8)</b>
Percentage Change	(0.5)%	1.9%	(2.3)%	(1.9)%	4.8%	(2.0)%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-149 modified FY 2010-11 appropriations to:

- add \$164,934 reappropriated funds for the Medical Marijuana Registry;

- add \$132,066 for legal services provided by the Department of Law to the Air Pollution Control Division and the Water Quality Control Division; and
- reduce vehicle lease payments by \$84,165, comprised of \$66,165 cash funds, \$13,000 reappropriated funds and \$5,000 federal funds.

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Annualize prior year funding:** The appropriation includes adjustments that result from prior-year legislation. The largest adjustment is a \$4,480,435 increase that reflects the expiration of H.B. 10-1381, which reduced FY 2010-11 appropriations of Amendment 35 revenue to the Health Disparities Program by \$4.5 million and appropriated the money to the Department of Health Care Policy and Financing. (Note that S.B. 11-211 continues the redirection of Amendment 35 appropriations, but at a lower level). The remaining adjustments are cash funds reductions that reflect the second-year impact of H.B. 10-1018, Reduce Waste Tire Stockpile Risks (\$482,990 increase), and S.B. 10-109, Medical Marijuana Doctor-Patient Relationship (\$66,561 increase).

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: health, life, and dental benefits; short-term disability; amortization equalization disbursement; supplemental amortization equalization disbursement; workers' compensation; payment to risk management and property funds; vehicle lease payments; Capitol complex leased space; other leased space, building security; ADP capital outlay; and communication services payments.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Indirect cost assessment:** The appropriation adjusts indirect cost assessments to reflect changes in the distribution of cash and federal expenditures within the Department and changes to administration costs, common policy costs, and statewide indirect costs.

**Amendment 35 programs:** The appropriation reflects an expected decline of tobacco-tax revenues and reduced program reserves carried from the prior year.

**Tobacco settlement revenues:** The appropriation reflects the decline of Tobacco-settlement revenues.

**Medical Marijuana Registry:** The appropriation reflects the expiration of a temporary FY 2010-11 appropriation that provided extra office space and extra legal services for the Medical Marijuana Registry program as it worked through a large backlog of applications.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Federal funds adjustments:** The appropriation adjusts informational appropriations to reflect current federal funding and FTE supported by federal funds.

**General Fund reduction:** The appropriation reduces General Fund appropriations for certain line items.



**Transfer Prenatal Plus program to HCPF:** The appropriation transfers most of the Prenatal Plus program, which is Medicaid funded, from the Department of Public Health and Environment to the Department of Health Care Policy and Financing, which will administer the program at lower cost. The program targets pregnant women who are at risk of delivering low-birth-weight infants.

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

## Center for Health and Environmental Information

This division is organized as follows:

(A) *Health Statistics and Vital Records*, which contains the following programs:

- Registration, which records births, deaths, marriages, divorces, adoptions, etc.;
- Certification, which issues birth and death certificates, updates records, and administers the Voluntary Adoption Registry;
- Statistics, which analyzes the Department's records and provides the information to internal and external users; and
- The Medical Marijuana Registry.

This subdivision is primarily funded from the Vital Statistics Records Cash Fund and the Medical Marijuana Program Cash Fund.

(B) *Information Technology Services*. Most of the appropriations to this subdivision are for services provided by the Governor's Office of Information and Technology (OIT). Reappropriated funds from indirect cost assessments fund most of the subdivision's appropriations.

Center for Health and Environmental Information						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$12,914,271	\$258,583	\$4,755,455	\$3,338,837	\$4,561,396	67.4
SB 10-109	715,345	0	715,345	0	0	2.1
HB 10-1284	59,747	0	59,747	0	0	1.2
HB 10-1381	(40,000)	0	(40,000)	0	0	0.0
SB 11-149	<u>2,264,006</u>	<u>0</u>	<u>2,174,193</u>	<u>(10,187)</u>	<u>100,000</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$15,913,369</b>	<b>\$258,583</b>	<b>\$7,664,740</b>	<b>\$3,328,650</b>	<b>\$4,661,396</b>	<b>70.7</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$15,913,369	\$258,583	\$7,664,740	\$3,328,650	\$4,661,396	70.7
Statewide IT common policy adjustments	3,264,086	29,457	208,137	39,543	2,986,949	0.0
Restore one-time personal services reductions	73,083	0	36,374	8,151	28,558	0.0

Center for Health and Environmental Information						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Federal funds adjustments	(2,917,949)	0	0	0	(2,917,949)	0.0
Medical Marijuana Registry	(1,232,767)	0	(1,232,767)	0	0	0.0
Annualize prior year funding	(541,931)	0	(541,931)	0	0	(0.5)
Indirect cost assessment	(100,000)	0	(100,000)	0	0	0.0
Personal services base reduction	(67,585)	0	(48,410)	(3,025)	(16,150)	0.0
Transfer Prenatal Plus program to HCPF	(12,157)	0	0	(12,157)	0	0.0
<b>SB 11-209</b>	<b>\$14,378,149</b>	<b>\$288,040</b>	<b>\$5,986,143</b>	<b>\$3,361,162</b>	<b>\$4,742,804</b>	<b>70.2</b>
SB 11-076	(79,631)	0	(39,812)	(11,805)	(28,014)	0.0
SB 11-211	<u>(40,000)</u>	<u>0</u>	<u>(40,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$14,258,518</b>	<b>\$288,040</b>	<b>\$5,906,331</b>	<b>\$3,349,357</b>	<b>\$4,714,790</b>	<b>70.2</b>
<b>Increase/(Decrease)</b>	(\$1,654,851)	\$29,457	(\$1,758,409)	\$20,707	\$53,394	(0.5)
Percentage Change	(10.4)%	11.4%	(22.9)%	0.6%	1.1%	(0.7)%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-149 modified FY 2010-11 appropriations to:

- add \$1,878,193 cash funds for the Medical Marijuana Registry; and
- add \$340,000 for indirect cost assessments, comprised of increases of \$250,000 cash funds and \$100,000 federal funds, and a reduction of \$10,000 reappropriated funds.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Statewide IT common policy adjustments:** The appropriation includes adjustments to line items appropriated for purchase of services from the computer center; multiuse network payments; management and administration of the Governor's Office of Information Technology (OIT); and communication services payments.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Federal funds adjustments:** The appropriation adjusts informational appropriations to reflect current federal funding and FTE supported by federal funds.

**Medical Marijuana Registry:** The appropriation reduces funding for the Medical Marijuana Registry. Funding was temporarily increased in FY 2010-11 to eliminate a large Registry backlog.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Indirect cost assessment:** The appropriation adjusts indirect cost assessments to reflect changes in the distribution of cash and federal expenditures within the Department and changes to administration-division costs, common policy costs, and statewide indirect costs.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Transfer Prenatal Plus program to HCPF:** The appropriation transfers most of the Prenatal Plus program, which is Medicaid funded, from this department to the Department of Health Care Policy and Financing (HCPF), which will administer the program at lower cost. The program targets pregnant women who are at risk of delivering low-birth-weight infants.

**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 and performs genetic screening tests for newborn babies. It also certifies private medical laboratories, environmental laboratories, dairy on-site laboratories, alcohol testing laboratories, and law enforcement breath alcohol-testing devices. The division's cash funds derive from fees that it charges for its services.

Laboratory Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$10,472,969	\$1,068,112	\$7,287,039	\$265,423	\$1,852,395	76.7
SB 11-149	<u>(107,518)</u>	<u>(7,518)</u>	<u>(80,000)</u>	<u>(20,000)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$10,365,451</b>	<b>\$1,060,594</b>	<b>\$7,207,039</b>	<b>\$245,423</b>	<b>\$1,852,395</b>	<b>76.7</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$10,365,451	\$1,060,594	\$7,207,039	\$245,423	\$1,852,395	76.7
Federal funds adjustments	492,262	0	0	0	492,262	1.5
Newborn screening and genetics counseling	323,397	0	323,397	0	0	1.0
Restore one-time personal services reductions	102,507	21,090	54,755	489	26,173	0.0
Indirect cost assessment	90,000	0	100,000	(10,000)	0	0.0

<b>Laboratory Services</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Personal services base reduction	(87,013)	(16,331)	(50,903)	(1,437)	(18,342)	0.0
<b>SB 11-209</b>	<b>\$11,286,604</b>	<b>\$1,065,353</b>	<b>\$7,634,288</b>	<b>\$234,475</b>	<b>\$2,352,488</b>	<b>79.2</b>
SB 11-076	<u>(107,378)</u>	<u>(16,385)</u>	<u>(57,310)</u>	<u>(5,046)</u>	<u>(28,637)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$11,179,226</b>	<b>\$1,048,968</b>	<b>\$7,576,978</b>	<b>\$229,429</b>	<b>\$2,323,851</b>	<b>79.2</b>
<b>Increase/(Decrease)</b>	\$813,775	(\$11,626)	\$369,939	(\$15,994)	\$471,456	2.5
Percentage Change	7.9%	(1.1)%	5.1%	(6.5)%	25.5%	3.3%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-149 modified FY 2010-11 appropriations to:

- reduce indirect cost assessments by \$100,000, comprised of reductions of \$80,000 cash funds and \$20,000 reappropriated funds; and
- reduce personal services by \$7,518 General Fund.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Federal funds adjustments:** The appropriation adjusts informational appropriations to reflect current federal funding and FTE supported by federal funds.

**Newborn screening and genetics counseling:** The appropriation increases cash funding to add two tests to the panel of blood tests performed on all Colorado newborns: Severe Combined Immunodeficiency Disorder (also known as Bubble Boy Syndrome) and follow-up confirmatory testing for Alpha Thalassemia, which can cause severe anemia.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Indirect cost assessment:** The appropriation adjusts indirect cost assessments to reflect changes in the distribution of cash and federal expenditures within the Department and changing administration-division costs, common policy costs, and statewide indirect costs.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

## Air Pollution 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: (1) Administration; (2) Technical Services; (3) Mobile Sources; and (4) Stationary Sources. The Administration subdivision provides policy and regulatory assistance 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 Pollution Control Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$18,249,959</u>	<u>\$0</u>	<u>\$15,200,385</u>	<u>\$0</u>	<u>\$3,049,574</u>	<u>161.1</u>
<b>TOTAL</b>	<b>\$18,249,959</b>	<b>\$0</b>	<b>\$15,200,385</b>	<b>\$0</b>	<b>\$3,049,574</b>	<b>161.1</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$18,249,959	\$0	\$15,200,385	\$0	\$3,049,574	161.1
Restore one-time personal services reductions	272,756	0	224,850	0	47,906	0.0
Personal services base reduction	(191,121)	0	(155,582)	0	(35,539)	0.0
Annualize prior year funding	(22,815)	0	(22,815)	0	0	0.0
<b>SB 11-209</b>	<b>\$18,308,779</b>	<b>\$0</b>	<b>\$15,246,838</b>	<b>\$0</b>	<b>\$3,061,941</b>	<b>161.1</b>
SB 11-076	(279,454)	0	(238,678)	0	(40,776)	0.0
SB 11-235	<u>194,377</u>	<u>0</u>	<u>194,377</u>	<u>0</u>	<u>0</u>	<u>0.2</u>
<b>TOTAL</b>	<b>\$18,223,702</b>	<b>\$0</b>	<b>\$15,202,537</b>	<b>\$0</b>	<b>\$3,021,165</b>	<b>161.3</b>
<b>Increase/(Decrease)</b>	(\$26,257)	\$0	\$2,152	\$0	(\$28,409)	0.2
Percentage Change	(0.1)%	n/a	0.0%	n/a	(0.9)%	0.1%

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Additional legislation:** For information on additional legislation, 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. Sources of cash funds include the Water Quality Control Fund, the Sludge Management Program Fund, and the Drinking Water Cash Fund. The reappropriated funds are transferred from the Department of Agriculture and originate in the Groundwater Protection Fund.

Water Quality Control Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$15,347,482	\$2,545,825	\$5,055,479	\$40,632	\$7,705,546	133.9
SB 11-149	<u>35,717</u>	<u>(19,283)</u>	<u>55,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$15,383,199</b>	<b>\$2,526,542</b>	<b>\$5,110,479</b>	<b>\$40,632</b>	<b>\$7,705,546</b>	<b>133.9</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$15,383,199	\$2,526,542	\$5,110,479	\$40,632	\$7,705,546	133.9
Federal funds adjustments	4,525,000	0	0	0	4,525,000	21.4
Restore one-time personal services reductions	285,512	63,724	81,285	0	140,503	0.0
Personal services base reduction	(155,085)	(29,589)	(59,911)	(584)	(65,001)	0.0
General Fund reduction	(11,583)	(11,583)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$20,027,043</b>	<b>\$2,549,094</b>	<b>\$5,131,853</b>	<b>\$40,048</b>	<b>\$12,306,048</b>	<b>155.3</b>
SB 11-076	(273,985)	(42,932)	(84,233)	(702)	(146,118)	0.0
HB 11-1026	<u>99,436</u>	<u>0</u>	<u>99,436</u>	<u>0</u>	<u>0</u>	<u>0.6</u>

Water Quality Control Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>TOTAL</b>	<b>\$19,852,494</b>	<b>\$2,506,162</b>	<b>\$5,147,056</b>	<b>\$39,346</b>	<b>\$12,159,930</b>	<b>155.9</b>
<b>Increase/(Decrease)</b>	\$4,469,295	(\$20,380)	\$36,577	(\$1,286)	\$4,454,384	22.0
Percentage Change	29.1%	(0.8)%	0.7%	(3.2)%	57.8%	16.4%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-149 included an increase of \$55,000 cash funds for indirect cost assessments and a decrease of \$19,238 General Fund appropriations for personal services.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Federal funds adjustments:** The appropriation adjusts informational appropriations to reflect current federal funding and FTE supported by federal funds.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**General Fund reduction:** The appropriation includes a reduction of \$11,583 General Fund for certain line items.

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

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### **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.

<b>Hazardous Materials and Waste Management Division</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$18,954,285	\$0	\$11,453,897	\$265,603	\$7,234,785	131.8
HB 10-1018	543,679	0	543,679	0	0	2.1
HB 10-1125	61,964	0	61,964	0	0	0.7
HB 10-1329	511,159	0	511,159	0	0	0.0
SB 11-149	<u>54,000</u>	<u>0</u>	<u>54,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$20,125,087</b>	<b>\$0</b>	<b>\$12,624,699</b>	<b>\$265,603</b>	<b>\$7,234,785</b>	<b>134.6</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$20,125,087	\$0	\$12,624,699	\$265,603	\$7,234,785	134.6
Annualize prior year funding	463,411	0	463,411	0	0	0.0
Restore one-time personal services reductions	200,546	0	115,932	3,790	80,824	0.0
Operating adjustments	41,436	0	37,332	11	4,093	0.0
Personal services base reduction	(201,956)	0	(117,823)	(3,263)	(80,870)	0.0
<b>SB 11-209</b>	<b>\$20,628,524</b>	<b>\$0</b>	<b>\$13,123,551</b>	<b>\$266,141</b>	<b>\$7,238,832</b>	<b>134.6</b>
SB 11-076	<u>(214,447)</u>	<u>0</u>	<u>(123,901)</u>	<u>(11,711)</u>	<u>(78,835)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$20,414,077</b>	<b>\$0</b>	<b>\$12,999,650</b>	<b>\$254,430</b>	<b>\$7,159,997</b>	<b>134.6</b>
<b>Increase/(Decrease)</b>	<b>\$288,990</b>	<b>\$0</b>	<b>\$374,951</b>	<b>(\$11,173)</b>	<b>(\$74,788)</b>	<b>0.0</b>
Percentage Change	1.4%	n/a	3.0%	(4.2)%	(1.0)%	0.0%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-149 included an increase of \$54,000 cash funds for indirect cost assessments.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to the Public Employees' Retirement



Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Operating adjustments:** The appropriation includes an increase for annual adjustments in the cost of legal services provided by the Department of Law.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

## Consumer Protection

This division is responsible for enforcing sanitation standards to prevent and control diseases transmitted by food and insects; eliminating unsanitary conditions in public accommodations; and preventing injuries to persons using potentially dangerous consumer products. Sources of cash funds include the Food Protection Cash Fund and the Artificial Tanning Device Education Fund. Sources of reappropriated funds include transfers from the Departments of Corrections and Human Services.

Consumer Protection						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$2,692,192	\$1,167,444	\$1,089,730	\$96,568	\$338,450	30.5
SB 11-149	<u>25,622</u>	<u>(11,378)</u>	<u>37,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,717,814</b>	<b>\$1,156,066</b>	<b>\$1,126,730</b>	<b>\$96,568</b>	<b>\$338,450</b>	<b>30.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$2,717,814	\$1,156,066	\$1,126,730	\$96,568	\$338,450	30.5
Restore one-time personal services reductions	52,648	32,487	11,627	1,513	7,021	0.0
Personal services base reduction	(35,603)	(17,384)	(12,870)	(1,221)	(4,128)	0.0
Indirect cost assessment	(7,000)	0	0	(7,000)	0	0.0
General Fund reduction	(5,278)	(5,278)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$2,722,581</b>	<b>\$1,165,891</b>	<b>\$1,125,487</b>	<b>\$89,860</b>	<b>\$341,343</b>	<b>30.5</b>
SB 11-076	<u>(44,458)</u>	<u>(22,778)</u>	<u>(13,714)</u>	<u>(1,846)</u>	<u>(6,120)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$2,678,123</b>	<b>\$1,143,113</b>	<b>\$1,111,773</b>	<b>\$88,014</b>	<b>\$335,223</b>	<b>30.5</b>

Consumer Protection						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>Increase/(Decrease)</b>	(\$39,691)	(\$12,953)	(\$14,957)	(\$8,554)	(\$3,227)	0.0
Percentage Change	(1.5)%	(1.1)%	(1.3)%	(8.9)%	(1.0)%	0.0%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-149 included an increase of \$37,000 cash funds for indirect cost assessments and a decrease of \$11,378 General Fund appropriations for personal services.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Indirect cost assessment:** The appropriation adjusts indirect cost assessments to reflect changes in the distribution of cash and federal expenditures within the Department and changing administration-division costs, common policy costs, and statewide indirect costs.

**General Fund reduction:** The appropriation includes a reduction of \$5,278 General Fund to certain line items.

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

### **Disease Control and Environmental Epidemiology Division**

This division works to track, control and prevent the spread of communicable diseases with special emphasis on hepatitis, tuberculosis, sexually transmitted infections, and HIV/AIDS. The division also runs an immunization program and collects birth defects data, which 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. Most of the division's cash funds derive from tobacco-settlement payments.

## Disease Control and Environmental Epidemiology Division

	Total Funds	General Fund/1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$56,942,689	\$5,518,425	\$8,028,315	\$305,574	\$43,090,375	150.5
SB 11-149	<u>(283,999)</u>	<u>(16,466)</u>	<u>0</u>	<u>0</u>	<u>(267,533)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$56,658,690</b>	<b>\$5,501,959</b>	<b>\$8,028,315</b>	<b>\$305,574</b>	<b>\$42,822,842</b>	<b>150.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$56,658,690	\$5,501,959	\$8,028,315	\$305,574	\$42,822,842	150.5
Restore one-time personal services reductions	315,714	37,341	1,403	0	276,970	0.0
Federal funds adjustments	(2,049,848)	0	0	0	(2,049,848)	4.5
Tobacco settlement revenues	(1,745,369)	0	(1,745,369)	0	0	0.0
Personal services base reduction	(204,401)	(48,234)	(3,172)	(1,433)	(151,562)	0.0
Amendment 35 programs	(1,800)	(900)	(900)	0	0	0.0
<b>SB 11-209</b>	<b>\$52,972,986</b>	<b>\$5,490,166</b>	<b>\$6,280,277</b>	<b>\$304,141</b>	<b>\$40,898,402</b>	<b>155.0</b>
SB 11-076	<u>(263,993)</u>	<u>(31,910)</u>	<u>(3,879)</u>	<u>(15,725)</u>	<u>(212,479)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$52,708,993</b>	<b>\$5,458,256</b>	<b>\$6,276,398</b>	<b>\$288,416</b>	<b>\$40,685,923</b>	<b>155.0</b>
<b>Increase/(Decrease)</b>	<b>(\$3,949,697)</b>	<b>(\$43,703)</b>	<b>(\$1,751,917)</b>	<b>(\$17,158)</b>	<b>(\$2,136,919)</b>	<b>4.5</b>
Percentage Change	(7.0)%	(0.8)%	(21.8)%	(5.6)%	(5.0)%	3.0%

/1 The following table includes General Fund Exempt and amounts exempt from the statutory limit on state General Fund appropriations of Section 24-75-201.1, C.R.S.

General Fund Summary	Total General Fund	Non-exempt General Fund	General Fund Exempt/1
<b>FY 2010-11 Appropriation (H.B. 10-1376)</b>	<b>\$5,518,425</b>	<b>5,071,425</b>	<b>\$447,000</b>
S.B. 11-149	<u>(16,466)</u>	<u>(16,466)</u>	<u>0</u>
<b>FY 2010-11 Adjusted Appropriation</b>	<b>\$5,501,959</b>	<b>\$5,054,959</b>	<b>\$447,000</b>
S.B. 11-209	(11,793)	(10,893)	(900)
S.B. 11-076	<u>(31,910)</u>	<u>(31,910)</u>	<u>0</u>
<b>FY 2011-12 Appropriation</b>	<b>\$5,458,256</b>	<b>\$5,012,156</b>	<b>\$446,100</b>

/1 This amount is also exempt from the statutory limit on state General Fund appropriations of Section 24-75-201.1, C.R.S.

**General Fund Exempt:** Article X, Section 21 of the Colorado Constitution (Amendment 35) requires that a portion of the tobacco tax revenue collected pursuant to the amendment be appropriated to the General Fund and then be appropriated from the General Fund to health-related programs. These health-related programs are

specified in statute. One of the appropriations to a health-related program (an appropriation for immunizations by certain local public health agencies) is included in the preceding table. Because Amendment 35 moneys are not subject to the limitation on state fiscal year spending imposed by the Taxpayer's Bill of Rights (TABOR), this immunization appropriation is classified as General Fund Exempt. The preceding table details the exempt and non-exempt General Fund appropriations for this division.

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-149 modified FY 2010-11 appropriations to:

- reduce indirect cost assessments by \$267,533 federal funds; and
- reduce personal services by \$16,466 General Fund.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Federal funds adjustments:** The appropriation adjusts informational appropriations to reflect current federal funding and FTE supported by federal funds.

**Tobacco settlement revenues:** Tobacco-settlement revenues are expected to decline. These revenues support three programs in the division: the Colorado Immunization Fund, the AIDS Drug Assistance Program (ADAP), and the Colorado HIV and AIDS Prevention Grant Program (CHAPP). In addition to the settlement revenue decline, ADAP appropriations are declining because the support that ADAP has received from CHAPP is ending and CHAPP appropriations are declining because it has smaller available reserves than in prior years.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Amendment 35 programs:** The appropriation reflects an expected decline of Amendment 35 tobacco tax revenue, which supports immunizations.

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

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## **Prevention Services Division**

This division is comprised of:

- Prevention Programs, which includes the Cancer Registry, Chronic Disease and Cancer Prevention Grants, Breast and Cervical Cancer Screening, Suicide Prevention, the Cancer, Cardiovascular and Chronic Pulmonary Disease Grant Program, the Tobacco Cessation, Education and Prevention Program, and Oral Health Programs;

- Women's Health - Family Planning;
- The Primary Care Office, which includes the Health-professional Loan Forgiveness Program and federal grants for rural health care;
- Prevention Partnerships, which includes Interagency Prevention Programs Coordination, the Tony Gramscas Youth Services Program, and the Colorado Children's Trust;
- Family and Community Health, which includes Maternal and Child Health, the Nurse Home Visitor Program, School-based Health Centers, the Health Care Program for Children with Special Needs, and Genetics Counseling;
- Nutrition Services, which includes the Women, Infants and Children Supplemental Food Grant (WIC) program and the Child and Adult Food Care program; and
- Federal Grants, which includes federally funded programs that do not fit elsewhere.

The division's cash funds derive from Amendment 35 tobacco taxes, tobacco settlement revenue, divorce and legal separation fees, and newborn screening fees.

<b>Prevention Services Division</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$232,852,299	\$6,105,324	\$67,576,921	\$327,246	\$158,842,808	167.7
SB 10-073	0	0	0	0	0	(1.0)
HB 10-1381	(21,070,983)	0	(21,070,983)	0	0	0.0
SB 11-149	<u>126,940</u>	<u>(17,468)</u>	<u>145,000</u>	<u>(592)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$211,908,256</b>	<b>\$6,087,856</b>	<b>\$46,650,938</b>	<b>\$326,654</b>	<b>\$158,842,808</b>	<b>166.7</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$211,908,256	\$6,087,856	\$46,650,938	\$326,654	\$158,842,808	166.7
Annualize prior year funding	21,070,983	0	21,070,983	0	0	0.0
Nurse Home Visitor Program federal grant	3,287,598	0	0	0	3,287,598	0.0
Amendment 35 programs	1,920,966	0	1,920,966	0	0	0.0
Restore one-time personal services reductions	301,861	42,304	40,109	1,226	218,222	0.0
Indirect cost assessment	171,502	0	180,000	(8,498)	0	0.0
Newborn screening and genetics counseling	73,240	0	73,240	0	0	0.0
Federal funds adjustments	(12,854,257)	0	0	0	(12,854,257)	16.0
Personal services base reduction	(270,237)	(54,131)	(31,694)	(830)	(183,582)	0.0
Tobacco settlement revenues	(134,370)	0	(134,370)	0	0	0.0
Transfer Prenatal Plus program to HCPF	(86,176)	0	0	(86,176)	0	(0.9)

<b>Prevention Services Division</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Dental loan program	(21,775)	0	(21,775)	0	0	0.0
<b>SB 11-209</b>	<b>\$225,367,591</b>	<b>\$6,076,029</b>	<b>\$69,748,397</b>	<b>\$232,376</b>	<b>\$149,310,789</b>	<b>181.8</b>
SB 11-076	(284,416)	(36,937)	(44,209)	(922)	(202,348)	0.0
SB 11-211	(29,673,649)	0	(29,673,649)	0	0	(3.0)
SB 11-224	(797,627)	0	(797,627)	0	0	0.0
HB 11-1281	<u>250,000</u>	<u>0</u>	<u>250,000</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
<b>TOTAL</b>	<b>\$194,861,899</b>	<b>\$6,039,092</b>	<b>\$39,482,912</b>	<b>\$231,454</b>	<b>\$149,108,441</b>	<b>179.3</b>
<b>Increase/(Decrease)</b>	(\$17,046,357)	(\$48,764)	(\$7,168,026)	(\$95,200)	(\$9,734,367)	12.6
Percentage Change	(8.0)%	(0.8)%	(15.4)%	(29.1)%	(6.1)%	7.6%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-149 modified FY 2010-11 appropriations to:

- increase indirect cost assessments by \$120,000 cash funds;
- increase appropriations for oral health programs by \$25,000 cash funds to compensate for an accounting error; and
- reduce personal services appropriations by \$18,060, comprised of reductions of \$17,468 General Fund and \$592 reappropriated funds.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Annualize prior year funding:** The Long Bill increases the appropriation by \$21.1 million cash funds to reflect the expiration of H.B. 10-1381, which for one year reduced cash fund appropriations of Amendment 35 dollars to the Tobacco Education, Prevention, and Cessation Program and the Cancer, Cardiovascular Disease, and Chronic Pulmonary Disease Program. House Bill 10-1381 appropriated the savings to the Department of Health Care Policy and Financing (HCPF). Note: this Long Bill action is reversed by S.B. 11-211, which continues the transfer of Amendment 35 dollars to HCPF, expanding it to include the transfer of moneys that would otherwise pay for breast and cervical cancer screening. Senate Bill 11-211 increases the combined transfers to HCPF to \$29.7 million and reduces appropriations to: (1) the Tobacco Education, Prevention, and Cessation Program; (2) the Cancer, Cardiovascular Disease, and Chronic Pulmonary Disease Program; and (3) the Breast and Cervical Cancer Screening Program.

**Nurse Home Visitor program federal grant:** The appropriation reflects a federal grant for home visitation programs that the state has received.

**Amendment 35 programs:** In the Prevention Services Division, Amendment 35 tobacco-tax revenue supports cancer, cardiovascular disease and pulmonary disease grants; tobacco education, prevention, and cessation

grants; and breast and cervical cancer screening. Although Amendment 35 revenue is expected to decrease, reserves allow larger appropriations, which modestly cushion the impact of S.B. 11-211.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Indirect cost assessment:** The appropriation adjusts indirect cost assessments to reflect changes in the distribution of cash and federal expenditures within the Department and changing administration-division costs, common policy costs, and statewide indirect costs.

**Newborn screening and genetics counseling:** The appropriation increases cash funding to add two tests to the panel of blood tests performed on all Colorado newborns: Severe Combined Immunodeficiency Disorder (also known as Bubble Boy Syndrome) and follow-up confirmatory testing for Alpha Thalassemia, which can cause severe anemia. The Long Bill also increases the appropriation for counseling of those with these conditions.

**Federal funds adjustments:** The appropriation adjusts informational appropriations to reflect current federal funding and FTE supported by federal funds.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Tobacco settlement revenues:** The appropriation reflects the decline of tobacco settlement revenues.

**Transfer Prenatal Plus program to HCPF:** The appropriation transfers most of the Prenatal Plus program from this department to the Department of Health Care Policy and Financing (HCPF), which will administer the program at lower cost. The program targets pregnant women who are at risk of delivering low-birth-weight infants.

**Dental loan program:** The appropriation eliminates a one-time increase for FY 2010-11.

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

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## **Health Facilities and Emergency Medical Services Division**

This division establishes and enforces standards for the operation of health care facilities and for the provision of emergency medical and trauma services. The division licenses hospitals, nursing homes, and other health care facilities; licenses home health care providers; certifies health care facilities for Medicaid and Medicare; trains individuals to administer medications in residential and non-residential care facilities; trains and regulates emergency medical personnel; provides technical assistance and grants to local emergency medical service providers; and oversees the state's trauma care system. The division also includes an appropriation to the State's Poison Control Center. The division's cash funds derive from the Highway Users Tax Fund and from fees paid by licensees. Reappropriated funds are transferred from the Department of Health Care Policy and Financing.

<b>Health Facilities and Emergency Medical Services Division</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$25,230,733	\$1,687,937	\$14,595,414	\$4,400,754	\$4,546,628	169.1
HB 10-1260	67,979	0	67,979	0	0	0.9
SB 11-149	<u>341,676</u>	<u>(2,232)</u>	<u>380,000</u>	<u>(36,092)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$25,640,388</b>	<b>\$1,685,705</b>	<b>\$15,043,393</b>	<b>\$4,364,662</b>	<b>\$4,546,628</b>	<b>170.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$25,640,388	\$1,685,705	\$15,043,393	\$4,364,662	\$4,546,628	170.0
Federal funds adjustments	441,171	0	0	0	441,171	1.6
Restore one-time personal services reductions	239,830	8,596	45,737	112,486	73,011	0.0
Annualize prior year funding	456	0	456	0	0	0.0
Personal services base reduction	(194,264)	(11,233)	(76,678)	(55,284)	(51,069)	0.0
<b>SB 11-209</b>	<b>\$26,127,581</b>	<b>\$1,683,068</b>	<b>\$15,012,908</b>	<b>\$4,421,864</b>	<b>\$5,009,741</b>	<b>171.6</b>
SB 11-076	(221,393)	(3,983)	(62,710)	(79,170)	(75,530)	0.0
HB 11-1101	(24,581)	0	(24,581)	0	0	(0.4)
HB 11-1323	<u>(529)</u>	<u>0</u>	<u>(529)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$25,881,078</b>	<b>\$1,679,085</b>	<b>\$14,925,088</b>	<b>\$4,342,694</b>	<b>\$4,934,211</b>	<b>171.2</b>
<b>Increase/(Decrease)</b>	<b>\$240,690</b>	<b>(\$6,620)</b>	<b>(\$118,305)</b>	<b>(\$21,968)</b>	<b>\$387,583</b>	<b>1.2</b>
Percentage Change	0.9%	(0.4)%	(0.8)%	(0.5)%	8.5%	0.7%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-149 modified FY 2010-11 appropriations to:

- increase indirect cost assessments by \$380,000; and
- reduce personal services by \$38,324, comprised of reductions of \$2,232 General Fund and \$36,092 reappropriated funds.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Federal funds adjustments:** The appropriation adjusts informational appropriations to reflect current federal funding and FTE supported by federal funds.



**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

## Emergency Preparedness and Response Division

This division helps the state prepare for a wide variety of natural and man-made disasters, including floods, wildfires, tornados, infectious disease epidemics, food and water borne disease outbreaks, and terrorist attacks. The division coordinates a statewide network of laboratories, agencies, hospitals, and other resources.

Emergency Preparedness and Response Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$21,292,154	\$1,759,935	\$0	\$0	\$19,532,219	42.5
SB 11-149	<u>(324,223)</u>	<u>(2,756)</u>	<u>0</u>	<u>0</u>	<u>(321,467)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$20,967,931</b>	<b>\$1,757,179</b>	<b>\$0</b>	<b>\$0</b>	<b>\$19,210,752</b>	<b>42.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$20,967,931	\$1,757,179	\$0	\$0	\$19,210,752	42.5
Federal funds adjustments	17,190,517	0	0	0	17,190,517	(7.5)
Indirect cost assessments	183,091	0	0	0	183,091	0.0
Restore one-time personal services reductions	29,201	5,155	0	0	24,046	0.0
Personal services base reduction	(54,953)	(12,239)	0	0	(42,714)	0.0
<b>SB 11-209</b>	<b>\$38,315,787</b>	<b>\$1,750,095</b>	<b>\$0</b>	<b>\$0</b>	<b>\$36,565,692</b>	<b>35.0</b>
SB 11-076	<u>(57,408)</u>	<u>(2,148)</u>	<u>0</u>	<u>0</u>	<u>(55,260)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$38,258,379</b>	<b>\$1,747,947</b>	<b>\$0</b>	<b>\$0</b>	<b>\$36,510,432</b>	<b>35.0</b>

Emergency Preparedness and Response Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>Increase/(Decrease)</b>	\$17,290,448	(\$9,232)	\$0	\$0	\$17,299,680	(7.5)
Percentage Change	82.5%	(0.5)%	n/a	n/a	90.1%	(17.6)%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-149 modified FY 2010-11 appropriations to:

- reduce indirect cost assessments by \$321,467 federal funds; and
- reduce personal services appropriations by \$2,756 General Fund.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Federal funds adjustments:** The appropriation adjusts informational appropriations to reflect current federal funding and FTE supported by federal funds.

**Indirect cost assessment:** The appropriation adjusts indirect cost assessments to reflect changes in the distribution of cash and federal expenditures within the Department and changing administration-division costs, common policy costs, and statewide indirect costs.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

## Recent Legislation

### 2010 Session Bills

**S.J.R. 10-010:** Declares a State fiscal emergency for FY 2010-11, which allows Amendment 35 tobacco-tax revenues to be used in FY 2010-11 for any health-related purpose. See the description of H.B. 10-1381 for a list of related adjustments to appropriations.

**S.B. 10-073:** Modifies and clarifies the duties of the Department of Public Health and Environment and the Anschutz Medical Campus health sciences facility related to the operation of the Nurse Home Visitor Program. Reduces the FY 2010-11 appropriation to the Department of Public Health and Environment by 1.0 FTE.

**S.B. 10-109:** Requires the Department of Public Health and Environment (DPHE) to promulgate rules regarding the operation and use of the Medical Marijuana Registry, including (1) standards for ensuring that patients receive Registry cards only if they have a bona fide physician-patient relationship with a Colorado-licensed physician in good standing to practice medicine, and (2) rules for waiving Registry application fees for indigent patients. Establishes requirements for (1) physicians who advise patients that they may benefit from medical marijuana, (2) patients with a valid Registry card who are convicted of a drug offense, (3) parents who submit applications on behalf of their children. Allows the State Board of Medical Examiners within the Department of Regulatory Agencies (DORA) to investigate and sanction physicians who violate medical marijuana laws and rules. Requires DPHE to conduct a hearing on alleged violations by physicians and, upon finding a violation, to impose sanctions for making improper medical marijuana recommendations. The sanctions may include restrictions on or suspension of the physician's ability to recommend medical marijuana. Allows Registry fees to be used to pay the expenses of the Board of Medical Examiners in carrying out its medical-marijuana duties. Makes the following appropriations:

- \$815,224 cash funds from the Medical Marijuana Program Cash Fund and 2.1 FTE to DPHE.
- \$593,333 reappropriated funds and 1.2 FTE to DORA for the Board of Medical Examiners out of the moneys appropriated to the DPHE.
- \$612,463 reappropriated funds and 5.2 FTE to the Department of Law for the provision of legal services to DPHE and DORA. Of this amount, \$99,879 is from the DPHE and \$512,584 is from DORA.

**H.B. 10-1018:** Consolidates authority over waste tire fees within the Department of Public Health and Environment and adds requirements for fire prevention, planning, registration, decals, and manifests for certain waste tire haulers and waste tire facilities. Transfers administration of the Waste Tire Cleanup Fund from the Department of Local Affairs to the Department of Public Health and Environment. Repeals the Advanced Technology Fund. Repeals and reenacts the allocation of waste tire fees, with the following allocation:

- Until July 1, 2014, 30.33 percent to the Processors and End Users Fund and 6.67 percent to the Innovative Higher Education Research Fund; after July 1, 2014, 37.0 percent to the Processors and End Users Fund with no transfers to the Innovative Higher Education Research fund;
- 39.66 percent to the Waste Tire Cleanup Fund;
- 6.67 percent to the Waste Tire Fire Prevention Fund until July 1, 2011, after which the allocation is increased to 8.0 percent;
- 16.67 percent to the Recycling Resources Economic Opportunity Fund until July 1, 2011, after which there are no transfers to the Recycling Resource Economic Opportunity Fund;
- After July 1, 2011, 6.67 percent to the Waste Tire Market Development Fund and 8.67 percent to the Law Enforcement Grant Fund.

For FY 2010-11, appropriates a total of \$3,945,855 cash funds from multiple waste tire-related cash funds and 3.1 FTE to the Department of Public Health and Environment and \$71,970 cash funds to the Department of Public Safety, Division of Fire Safety. Reduces the FY 2010-11 Long Bill appropriation to the Department of Local Affairs by \$4,200,000 cash funds and 0.7 FTE. For more information on H.B. 10-1018, see the "Recent Legislation" sections at the end of the Department of Local Affairs and the Department of Public Safety.

**H.B. 10-1125:** Empowers the Department of Public Health and Environment (Department) to regulate the collection, transportation, and disposal of trap grease and yellow grease. Requires persons, facilities, and vehicles engaged in the collection, transportation, storage, processing, or disposal of grease to register annually with the Department, including completing an application, paying a fee, and posting a surety bond or other method of financial assurance. Requires registered facilities and vehicles to display Department-issued decals and requires registrants to complete manifests created by the Department. Requires the Solid and Hazardous Waste Commission to promulgate rules to implement the bill by December 31, 2011. Appropriates \$61,964 cash funds from the Solid Waste Management Cash Fund and 0.7 FTE to the Department of Public Health and Environment and \$7,538 reappropriated funds to the Department of Law in FY 2010-11. For more information, see the corresponding bill description for the Department of Law.

**H.B. 10-1260:** Continues the regulation of medical doctors by the Colorado Medical Board, which is located within the Department of Regulatory Agencies (DORA). On January 1, 2011 transfers the regulation of emergency medical technicians from the Board to a newly-created, Type 2, Emergency Medical Practice Advisory Council within the Department of Public Health and Environment (DPHE). Appropriates \$68,657 cash funds from the Emergency Medical Services Account within the Highway Users Tax Fund and 0.9 FTE to DPHE and reappropriates \$678 to the Department of Law for the provision of legal services to DPHE. For more information, see the corresponding bill description for DORA.

**H.B. 10-1284:** Creates, within the Department of Revenue (DOR), the Medical Marijuana State Licensing Authority, which licenses and regulates centers that sell medical marijuana. Establishes statutory provisions governing medical-marijuana care givers. Requires care givers to register with the Department of Public Health and Environment (DPHE). Limits care-givers to five medical-marijuana patients, except in exceptional circumstances. Requires DPHE to promulgate rules defining significant responsibility for a care-giver's management of the well-being of a patient. Requires medical-marijuana patients to have a Medical Marijuana Registry identification card at all times when they possess medical marijuana. Allows DPHE to revoke a patient's Registry card if it determines that the physician who diagnosed the patient's debilitating medical condition has been violating the state's medical marijuana laws. The costs of the bill related to care-givers are paid from the Medical Marijuana Program Cash Fund, which is supported by Registry application fees.

Appropriates \$59,747 cash funds and 1.2 FTE for FY 2010-11 from the Medical Marijuana Program Cash Fund to the DPHE. Appropriates \$10,317,583 cash funds and 110.0 FTE from the Medical Marijuana License Cash Fund for FY 2010-11 to DOR for the Medical Marijuana Licensing Authority. Included in this appropriation are appropriations of \$271,368 reappropriated funds and 2.0 FTE to the Department of Law for legal services and \$260,700 reappropriated funds and 1.2 FTE to the Department of Public Safety for background checks. Costs of DOR's Medical Marijuana State Licensing Authority are paid from fees paid to the Medical Marijuana License Cash Fund by medical marijuana centers. However, DPHE may loan DOR up to \$1.0 million after July 1, 2010 to finance DOR's regulatory activities. The loan must be repaid by December 31, 2010.

Sales of medical marijuana are subject to the state's sales tax. The bill directs half of the first \$2 million of sales tax revenue to the Department of Human Services for mental health and alcohol and drug abuse services and directs the other half to the Screening, Brief Intervention and Referral to Treatment program (SBIRT), which is created by H.B. 10-1033. For FY 2010-11, this bill (H.B. 10-1284) appropriates \$334,227 General Fund to the Department of Human Services while, for SBIRT, H.B. 10-1033 appropriates \$870,155 to the Department of Health Care Policy and Financing, comprised of \$334,227 General Fund and \$535,928 federal funds.

For more information see the corresponding bill description for the Department of Revenue and the description of H.B. 10-1033 for the Department of Health Care Policy and Financing.

**H.B. 10-1320:** Pursuant to the passage of S.J.R. 09-035, allows moneys in the Health Care Expansion Fund, which supports Medicaid and the Children's Basic Health Plan, to be used to offset General Fund appropriations in the Medicaid program and allows moneys in the Health Disparities Grant Program Fund to be used to offset General Fund appropriations in the Medicaid program. For more information, see the corresponding bill description for the Department of Health Care Policy and Financing.

**H.B. 10-1323:** Transfers the balance of the Short-term Innovative Health Program Grant Fund to the General Fund at the end of FY 2010-11 in order to augment FY 2010-11 General Fund revenues. The transfer is estimated to equal \$1.6 million. Allows moneys in the AIDS and HIV Prevention Fund to be appropriated to the AIDS Drug Assistance Program for FY 2010-11. For more information, see the corresponding bill description for HCPF.

**H.B. 10-1329:** Extends the repeal date of the solid waste user fee from July 1, 2010 to July 1, 2017, delegates fee setting authority to the Solid and Hazardous Waste Commission (Commission), and requires the Commission to promulgate regulations setting such fees. Transfers \$400,000 from the Hazardous Substance Response Fund to the Solid Waste Management Fund for FY 2010-11 to avoid anticipated insolvency of the Solid Waste Management Fund, and to allow for continued operation of the solid waste management program. Specifies criteria for the determination of the fee and the destinations to which portions of the fee shall be sent. Specifies that if the balance of the Hazardous Substance Response Fund exceeds \$10.0 million and is not expected to decrease below \$10.0 million for at least two years then the Department shall evaluate the need to reduce fees to maintain a balance that is less than \$10.0 million and present the analysis to the Commission. Appropriates \$511,159 from the Hazardous Substance Response Fund to the Colorado Department of Public Health and Environment for payments to the Department of Law for CERCLA-related services. Changes from General Fund to reappropriated funds \$511,159 of FY 2010-11 appropriations to the Department of Law that are contained in the FY 2010-11 Long Bill.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

**H.B. 10-1381:** For FY 2010-11, appropriates \$25,691,418 of Amendment 35 revenue to the Department of Health Care Policy and Financing to support Medical Services Premiums and reduces the General Fund appropriation for Medical Services Premiums by a corresponding amount. This bill is a companion to Senate Joint Resolution 10-010, which declares a State fiscal emergency and thus allows Amendment 35 tobacco-tax revenues to be appropriated for any health related purpose. The following table details the sources of the appropriation.

Sources of appropriations to the Department of Health Care Policy and Financing	Amount
Tobacco Education Programs Fund (for Tobacco Education, Prevention, and Cessation Grants) - CF	\$15,521,625
Prevention, Early Detection and Treatment Fund (for Cancer, Cardiovascular, and Pulmonary Disease Grants) - CF	5,679,358
Health Disparities Grant Program Fund - RF	4,490,435
Total	<u>\$25,691,418</u>
Cash Funds (CF)	21,200,983
Reappropriated Funds (RF)	4,490,435

The bill also reduces FY 2010-11 appropriations to the Department of Public Health and Environment by the amounts shown in the following table. For line items with multiple fund sources, only the reappropriated or cash fund portion of the reduction is included.

<b>Adjustments to appropriations to the Department of Public Health and Environment</b>	<b>Approp. in FY 2010-11 Long Bill</b>	<b>Change</b>	<b>New Approp.</b>
<i>Division, Subdivisions and Line Item</i>			
(1) Administration and Support Division			
(B) Special Health Programs			
(1) Health Disparities Program			
Operating Expenses - RF portion	\$58,907	(\$30,000)	\$28,907
Health Disparities Grants - RF	5,163,148	(4,450,435)	712,713
(2) Center for Health and Environmental Information			
(A) Health Statistics and Vital Records			
Operating Expenses - CF portion	298,341	(40,000)	258,341
(9) Prevention Services Division			
(A) Prevention Programs			
(1) Programs and Administration			
Personal Services - CF portion	673,403	(30,000)	643,403
Operating Expenses - CF portion	118,440	(60,000)	58,440
Cancer, Cardiovascular Disease, and Pulmonary Disease Grants - CF	12,482,157	(5,524,358)	6,957,799
(5) Tobacco Education, Prevention, and Cessation			
Personal Services - CF	737,970	(35,000)	702,970
Operating Expenses - CF	175,000	(75,000)	100,000
Tobacco Education, Prevention, and Cessation Grants - CF	22,354,436	(15,346,625)	7,007,811
<b>Total</b>	<b>\$42,061,802</b>	<b>(\$25,591,418)</b>	<b>\$16,470,384</b>
Cash Funds (CF)	36,839,747	(21,110,983)	15,728,764
Reappropriated Funds (RF)	5,222,055	(4,480,435)	741,620

For more information see the corresponding bill description for the Department of Health Care Policy and Financing.

**H.B. 10-1388:** Transfers the following amounts from cash funds to the General Fund in FY 2010-11 to augment FY 2010-11 General Fund revenue.

<b>Cash Fund Transfers in H.B. 10-1388</b>		
<b>Cash Fund</b>	<b>Department</b>	<b>Amount</b>
Perpetual Base Account of the Severance Tax Trust Fund	Natural Resources	\$11,000,000
Local Government Severance Tax Fund	Local Affairs	10,000,000
Medical Marijuana Program Cash Fund	Public Health and Environment	3,000,000
Alternative Fuels Rebate Fund	Revenue	1,500,000
<b>Total</b>		<b>\$25,500,000</b>

## 2011 Session Bills

**S.J.R. 11-009:** Declares a State fiscal emergency for FY 2011-12, which allows Amendment 35 tobacco-tax revenues to be used in FY 2011-12 for any health-related purpose. See the description of S.B. 11-211 for a list of related adjustments to appropriations.

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's appropriation by \$1,975,520 total funds, of which \$162,746 is General Fund, \$682,218 is cash funds, \$238,632 is reappropriated funds, and \$891,924 is federal funds.

**S.B. 11-161:** Creates the Laboratory Cash Fund, which will receive all revenues of the state laboratory, except newborn-screening fees.

**S.B. 11-209:** General appropriations act for FY 2011-12.

**S.B. 11-211:** Reduces appropriation in the FY 2011-12 Long Bill to the Department of Public Health and Environment by \$33.0 million cash funds from Amendment 35 tobacco-tax revenue. Appropriates the \$33.0 million to the Department of Health Care Policy and Financing (HCPF) and reduces HCPF General Fund appropriations by an equal amount. This bill is a companion to S.J.R. 11-009, which declares a State fiscal emergency and thus allows Amendment 35 tobacco-tax revenues to be appropriated for any health-related purpose. The following table summarizes the bill's FY 2011-12 appropriations:

<i>Department Program</i>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Total Funds</b>	<b>FTE</b>
<b><i>Department of Health Care Policy and Financing</i></b>					
Medical Services Premiums	(33,000,000)	29,713,649	3,286,351	0	0
<b><i>Department of Public Health and Environment</i></b>					
<b>Health Disparities Program</b>					
Program Administration	0	0	(175,394)	(175,394)	(2.0)
Health Disparities Grants	0	0	(3,068,241)	(3,068,241)	0.0
<b>Health Statistics and Vital Records</b>					
Operating Expenses	0	(40,000)	0	(40,000)	0.0
Breast and Cervical Cancer Screening	0	(1,625,000)	0	(1,625,000)	0.0
<b>Tobacco Education, Prevention, and Cessation</b>					
Program Administration	0	(220,000)	0	(220,000)	(1.5)
Grants	0	(17,428,594)	0	(17,428,594)	0.0
<b>Cancer, Cardiovascular Disease, and Chronic Pulmonary Disease</b>					
Program Administration	0	(130,000)	0	(130,000)	(1.5)
Grants	0	(10,090,055)	0	(10,090,055)	0.0
<b>Indirect Cost Assessments</b>	0	(180,000)	(42,716)	(222,716)	0.0
<b>Total</b>	<b>(33,000,000)</b>	<b>0</b>	<b>0</b>	<b>(33,000,000)</b>	<b>(5.0)</b>

**S.B. 11-224:** Suspends growth of the Nurse Home Visitor Program for two years and transfers the resulting savings to the General Fund. Under prior law, the Program would have been allocated 15 percent of tobacco-settlement revenue in FY 2011-12 and 16 percent in FY 2012-13, with the percentage subsequently rising one percent annually until it reaches 19 percent in FY 2015-16. Pursuant to this bill, the program receives 14 percent for Fiscal Years 2011-12 and 2012-13, with the percentage subsequently growing one percent annually until it reaches 19 percent in FY 2017-18. During Fiscal Years 2011-12 and 2012-13, the Program will receive no less than \$12,737,350 annually, which meets the minimum funding requirement for a federal home-visitation grant that the Program expects to receive. The difference between the Program's allocation under this bill and the allocation that it would have received under prior law is transferred to the General Fund. The bill reduces the FY 2011-12 Long Bill appropriation to the Program by \$797,627 cash funds.

**S.B. 11-225:** Redirects certain transfers of tobacco-settlement moneys from the Short-term Innovative Health Program Grant Fund to the General Fund and transfers the balance of the Short-term Innovative Health Program Grant Fund to the General Fund at the end of FY 2011-12 in order to augment FY 2011-12 General Fund revenues. Under prior law, at the end of each fiscal year most "Tier Two" tobacco-settlement programs transferred unspent settlement dollars and interest to the Short-term Innovative Health Program Grant Fund. At year's end, the State Treasury also transferred certain other unspent tobacco settlement dollars to the Short-term Innovative Health Program Grant Fund. For FY 2011-12 and subsequent years, this bill directs these transfers to the General Fund.

**S.B. 11-235:** Allows private sector modeling contractors to conduct reviews of emissions modeling for air quality emission permits, under certain conditions, to expedite air quality permit processing. Requires the Air Pollution Control Division to select and contract with eligible contractors and requires applicants electing to use private contractors to pay the consulting costs as well as the Air Pollution Control Division's costs associated with an application. For FY 2011-12, appropriates \$194,377 cash funds from the Stationary Sources Control Fund to the Air Pollution Control Division.

**H.B. 11-1026:** Authorizes the Department of Public Health and Environment, Water Quality Control Division, to designate one or more nonprofit storm water management system administrators to assist in compliance activities for the state's Colorado Discharge Permit System, as part of the federally mandated National Pollutant Discharge Elimination System. Requires storm water management system administrators to demonstrate to state water quality regulators that they are sufficiently qualified and capable of enforcing appropriate water quality standards, with a minimum one-year track record of implementing a program prior to application. Allows for revocation of storm water management system administrator status if the State finds repeated compliance failures in a nonprofit's program. Requires establishment of an advisory board for each nonprofit storm water management system administrator. Authorizes the Department to expend moneys from the Water Quality Improvement Fund to provide grants for storm water management best practices training. For FY 2011-12, appropriates the following to the Water Quality Control Division: (1) \$49,436 cash funds from the Water Quality Control Fund and 0.6 FTE to implement the bill; and (2) \$50,000 cash funds from the Water Quality Improvement Fund to provide grants for storm water management training.

**H.B. 11-1043:** Revises medical marijuana statutes. Allows *new* Medical Marijuana Registry applicants to present a copy of a submitted Registry application in lieu of a not-yet-received Registry card when they purchase marijuana at a medical marijuana center. Requires the center to contact the Department to verify that the application has not been rejected. Makes it a Class 1 misdemeanor for Department employees and certain



others to make confidential medical marijuana records public. For more information, see the corresponding bill descriptions for the Department of Regulatory Agencies and the Department of Revenue.

**H.B. 11-1101:** Exempts federally qualified health centers (FQHCs) from State licensure, on-site inspections, and construction plan reviews by the Department. Clarifies that FQHCs can continue to serve as general providers under the Colorado Indigent Care Program without a license from the Department. Reduces cash fund appropriations to the Department by \$24,581.

**H.B. 11-1281:** Consolidates the Department of Higher Education's Nursing Teacher Loan Forgiveness Program into the Health Service Corps, a loan forgiveness program for health professionals that is operated by the Department of Public Health and Environment's Primary Care Office. Allows the Department of Higher Education to administer remaining obligations of the Nursing Teacher Loan Forgiveness Program until they are paid and retains a \$227,000 balance in the Nursing Teacher Loan Forgiveness Fund (Fund) for this purpose. At the end of FY 2010-11, transfers any Fund balance in excess of \$227,000 to the General Fund. This transfer is projected to equal \$470,592. Eliminates a \$161,600 General Fund appropriation to the Department of Higher Education for the Nursing Teacher Loan Forgiveness Program that is contained in the FY 2011-12 Long Bill.

Also modifies funding for the Primary Care Office. Under prior law, \$90,070 of FY 2011-12 tobacco-settlement moneys would have been diverted from the Department of Public Health and Environment's Short-Term Innovative Health Program Grant Fund to the Primary Care Office and the Office would have expended the diversion using its continuous spending authority over these funds. No other diversions would have subsequently occurred. The bill repeals the \$90,070 diversion and the continuous spending authority, substituting continuing annual diversions of \$250,000 from the Short-Term Innovative Health Program Grant Fund to the Primary Care Office, beginning in FY 2011-12. Because the Primary Care Office needs an appropriation to expend the increased diversion, the bill contains a \$250,000 cash funds appropriation to the Department of Public Health and Environment for FY 2011-12. The bill also appropriates 0.5 FTE to the Department.

**H.B. 11-1323:** Exempts rural health clinics from state licensure, on-site inspections, and construction plan reviews by the Department. Clarifies that rural health care clinics can continue to serve as general providers under the Colorado Indigent Care Program though not licensed by the Department. Reduces cash fund appropriations to the Department by \$529.

# 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 also administers the Colorado Integrated Criminal Justice Information System, which is budgeted in the Executive Director's Office.

The Colorado State Patrol promotes safety and protects human life by enforcing traffic laws on state highways. 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. In further support of the highway safety plan, the Communications Program operates a free hotline for motorists to report aggressive drivers, drunk drivers, and other hazards. The State Patrol budget also includes funding for the Patrol's Law Enforcement Training Academy.

The Office of Preparedness, Security and Fire Safety has two sub-programs: the Office of Anti-Terrorism Planning and Training and the Division of Fire Safety. The Office of Anti-Terrorism Planning and Training coordinates the State's response to the threat of terrorism (the Department of Local Affairs administers federal homeland security funds and manages emergency preparedness and response) and The Division of Fire Safety is responsible for the review and approval of public school and junior college construction projects and also assists in solving fire safety problems, administers a statewide fire reporting system, and trains firefighters and first responders.

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 fingerprint records and DNA profiles, operates the statewide crime reporting program, and arranges for scientific laboratory services and facilities.

## Department Budget: Recent Appropriations

Funding Source	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$79,735,441	\$81,989,417	\$82,314,802	\$82,676,491
Cash Funds	117,842,353	119,897,125	126,211,938	128,122,067
Reappropriated Funds	21,669,859	21,337,368	21,858,171	24,162,074
Federal Funds	<u>26,487,831</u>	<u>26,566,433</u>	<u>27,885,029</u>	<u>29,559,306</u>
<b>Total Funds</b>	<b>\$245,735,484</b>	<b>\$249,790,343</b>	<b>\$258,269,940</b>	<b>\$264,519,938</b>
Full Time Equiv. Staff	1,350.9	1,358.5	1,349.0	1,354.0

## General Factors Driving the Budget

The Department's FY 2011-12 budget is composed of 31.3 percent General Fund; 48.4 percent cash funds from various sources, primarily from the Highway Users Tax Fund; 9.1 percent reappropriated funds, primarily from indirect cost recoveries; and 11.2 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 9,100 miles of state and federal highways and 58,800 miles of county roads. It also operates special safety programs for hazardous materials transport and for commercial vehicles.

The Highway Users Tax Fund (HUTF) provides 37.3 percent of the Department budget and 74.1 percent of the State Patrol budget for FY 2011-12. 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 and the Division of Motor Vehicles within the Division of Revenue, receives a portion of HUTF revenues for supervision of the highways. The distribution to the State Patrol and the Ports of Entry and the Division of Motor Vehicles 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 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Approp.	FY 2011-12 Approp.
Residential Diversion Beds Funded	1,297	1,475	1,631	1,631	1,715
Residential Transition Beds Funded	1,597	1,559	1,563	1,623	1,539
Residential Daily Rates per Bed	\$37.18	\$37.74	\$37.74	\$37.74	\$37.74
<i>Percent Change in Reimbursement Rate</i>	n/a	1.5%	0.0%	0.0%	0.0%
Total General Fund Expenditures (residential and non-residential programs)	\$46,731,879	\$49,969,056	\$50,028,024	\$53,457,898	\$53,935,572
<i>Growth of General Fund Expenditures</i>	n/a	6.9%	0.1%	6.9%	0.9%

## **Office of Preparedness, Security, and Fire Safety**

The statutory mandate of the Office of Preparedness, Security and Fire Safety is to coordinate the state's response to the threat of terrorism. The budget has historically been driven by the availability of federal homeland security funds, although in recent years the Division has requested and received some General Fund to replace declining federal funds. The Division of Fire Safety maintains the Colorado Resource Mobilization Plan and is building the Resource Inventory Database. The Division of Fire Safety also conducts Domestic Terrorism Responder Training programs. Through the Division of Fire Safety, the Office also has responsibilities for fire safety, including inspections of public school construction projects and the regulation of sprinkler fitters.

## **Colorado Bureau of Investigation (CBI)**

The Colorado Bureau of Investigation 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 2007-08, the General Assembly approved additional funding for costs associated with the Bureau's agreement to build and lease a new forensic crime laboratory in Grand Junction. The Bureau occupied the new building in April 2008.

The Colorado Crime Information Center (CCIC) provides information 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 CBI field investigators investigate crime scenes, upon the request of local, state, and federal law enforcement agencies. The CBI also maintains the statewide criminal history and fingerprint repositories and facilitates the sharing of criminal history information with all Colorado law enforcement agencies.

## **Colorado Integrated Criminal Justice Information System (CICJIS)**

CICJIS is a collaborative effort to transfer data among agencies electronically and to match arrest information with case dispositions. The budget is driven largely by technological advances, which can enhance system capabilities.

## Summary of FY 2010-11 and FY 2011-12 Appropriations

Department of Public Safety						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$258,269,940</b>	<b>\$82,314,802</b>	<b>\$126,211,938</b>	<b>\$21,858,171</b>	<b>\$27,885,029</b>	<b>1,349.0</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	26,946,001	5,692,913	11,505,242	8,953,626	794,220	42.7
Colorado State Patrol	117,205,092	4,542,072	99,839,755	8,006,206	4,817,059	995.8
Office of Preparedness, Security and Fire Safety	3,514,789	244,254	2,632,993	192,874	444,668	35.0
Division of Criminal Justice	82,487,166	56,829,063	3,892,717	787,291	20,978,095	60.9
Colorado Bureau of Investigation	28,116,892	15,006,500	8,341,231	3,918,174	850,987	214.6
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	255,142,865	80,878,068	125,648,993	21,365,396	27,250,408	1,336.7
HB 10-1018	71,970	0	71,970	0	0	0.0
HB 10-1106	56,308	0	56,308	0	0	0.3
HB 10-1113	1,065,527	0	324,582	73,364	667,581	8.8
HB 10-1241	0	0	0	0	0	0.0
HB 10-1284	260,700	0	0	260,700	0	1.2
HB 10-1336	44,000	0	44,000	0	0	0.0
HB 10-1352	36,528	36,528	0	0	0	0.5
HB 10-1360	1,545,409	1,545,409	0	0	0	0.8
HB 10-1374	194,281	194,281	0	0	0	0.7
SB 11-150	(147,648)	(339,484)	66,085	158,711	(32,960)	0.0
<b>FY 2011-12 Total Appropriation:</b>	<b>\$264,519,938</b>	<b>\$82,676,491</b>	<b>\$128,122,067</b>	<b>\$24,162,074</b>	<b>\$29,559,306</b>	<b>1,354.0</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	29,253,477	5,919,058	12,864,837	9,616,135	853,447	42.7
Colorado State Patrol	117,322,584	4,399,339	100,032,850	7,854,833	5,035,562	997.0
Office of Preparedness, Security and Fire Safety	4,926,887	237,752	2,588,062	826,239	1,274,834	39.0
Division of Criminal Justice	84,737,715	57,273,186	3,881,563	2,028,474	21,554,492	60.9
Colorado Bureau of Investigation	28,279,275	14,847,156	8,754,755	3,836,393	840,971	214.4

<b>Department of Public Safety</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	265,633,486	82,795,856	128,910,551	24,264,440	29,662,639	1,349.3
SB 11-076	(2,074,036)	(437,930)	(1,430,407)	(102,366)	(103,333)	0.0
SB 11-251	7,337	0	7,337	0	0	0.0
SB 11-266	310,500	0	310,500	0	0	0.0
HB 11-1138	471,101	318,565	152,536	0	0	4.7
HB 11-1145	151,800	0	151,800	0	0	0.0
HB 11-1195	19,750	0	19,750	0	0	0.0
<b>Increase/(Decrease)</b>	\$6,249,998	\$361,689	\$1,910,129	\$2,303,903	\$1,674,277	5.0
Percentage Change	2.4%	0.4%	1.5%	10.5%	6.0%	0.4%

## **FY 2010-11 Appropriation - Mid-year Adjustment Highlights**

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to:

1. Increase witness protection expenditures in the Executive Director's Office for the Witness Protection Program.
2. Provide funding for a port of entry performance study in the Colorado State Patrol per H.B. 10-1113.
3. Provide funding for work on a medical marijuana computer system in the Colorado Bureau of Investigation per H.B. 10-1284.
4. Update vehicle replacement payments, apply a 1.0 percent reduction to General Fund personal services line items, and reduce funding in the Division of Criminal Justice to reflect projected unexpended funds.

## **FY 2011-12 Appropriation Highlights**

The FY 2011-12 appropriation:

1. Provides \$3.3 million total funds (\$360,000 General Fund) for centrally appropriated line items, statewide IT common policy adjustments, and a net increase in indirect cost assessments.
2. Provides \$2.2 million total funds (\$514,000 General Fund) to restore one-time personal services reductions for FY 2010-11.
3. Provides \$1.5 million in reappropriated and federal funds and 3.0 FTE for the Office of Anti-Terrorism Planning and Training in order to reflect all expenditures for the program.

4. Provides \$1.3 million total funds (\$257,000 General Fund) and 2.0 FTE to annualize prior year legislation and budget actions.
5. Provides \$705,000 total funds (\$142,000 General Fund) for Division of Criminal Justice increases.
6. Provides \$482,000 cash funds for CBI background checks pursuant to S.B.11-266, H.B. 11-1145, and H.B. 11-1195.
7. Provides \$472,000 HUTF "Off-the-Top" for Colorado State Patrol increases.
8. Extends the Sex Offender Management Board from July 1, 2010, to September 1, 2016, and provides \$471,000 and 4.7 FTE pursuant to H.B.11-1138.
9. Reduces the appropriation to the Department by \$2,074,036 total funds (including \$437,930 General Fund) by changing contributions to the Public Employees Retirement Association (PERA) for FY 2011-12 pursuant to Senate Bill 11-076.
10. Reduces \$1.7 million total funds (including \$468,000 General Fund) for a 1.5 percent reduction to Personal Services line items and a General Fund reduction to certain line items.
11. Reduces \$477,000 total funds (including \$324,000 General Fund) and 4.7 FTE to account for the repeal of the Sex Offender Management Board.

## 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. The primary cash funds and reappropriated funds sources include the Highway Users Tax Fund, indirect cost recoveries, and other various funds.

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$26,764,187	\$5,715,521	\$11,431,285	\$8,823,161	\$794,220	42.7
HB 10-1113	82,989	0	9,625	73,364	0	0.0
HB 10-1336	44,000	0	44,000	0	0	0.0
SB 11-150	<u>54,825</u>	<u>(22,608)</u>	<u>20,332</u>	<u>57,101</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$26,946,001</b>	<b>\$5,692,913</b>	<b>\$11,505,242</b>	<b>\$8,953,626</b>	<b>\$794,220</b>	<b>42.7</b>

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$26,946,001	\$5,692,913	\$11,505,242	\$8,953,626	\$794,220	42.7
Centrally appropriated line items	1,276,119	(344,459)	1,096,038	460,277	64,263	0.0
Statewide IT common policy adjustments	1,235,931	709,517	306,289	221,437	(1,312)	0.0
Restore one-time personal services reductions	108,454	40,089	0	68,365	0	0.0
Fund source adjustment	0	0	(29,711)	29,711	0	0.0
Annualize prior year funding	(160,957)	(70,564)	(19,906)	(70,487)	0	0.0
Personal services base reduction	(55,071)	(4,101)	(452)	(46,794)	(3,724)	0.0
General Fund reduction	(34,102)	(34,102)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$29,316,375</b>	<b>\$5,989,293</b>	<b>\$12,857,500</b>	<b>\$9,616,135</b>	<b>\$853,447</b>	<b>42.7</b>
SB 11-076	(70,235)	(70,235)	0	0	0	0.0
SB 11-251	<u>7,337</u>	<u>0</u>	<u>7,337</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$29,253,477</b>	<b>\$5,919,058</b>	<b>\$12,864,837</b>	<b>\$9,616,135</b>	<b>\$853,447</b>	<b>42.7</b>
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<b>Increase/(Decrease)</b>	\$2,307,476	\$226,145	\$1,359,595	\$662,509	\$59,227	0.0
Percentage Change	8.6%	4.0%	11.8%	7.4%	7.5%	0.0%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-150 modified FY 2010-11 appropriations to increase witness protection expenditures by \$123,503 (\$59,978 General Fund and \$63,525 reappropriated funds), update vehicle replacement payments by \$24,494 (including \$10,586 General Fund), reflect anticipated vacancy savings totaling \$59,978 reappropriated funds, and apply a 1.0 percent reduction to General Fund personal services line items totaling \$33,194 General Fund.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; workers' compensation; legal services; payments to risk management and property funds; vehicle lease payments; and Capitol complex leased space.

**Statewide IT common policy adjustments:** The appropriation includes adjustments to line items appropriated for: purchase of services from the computer center; multiuse network payments; management and



administration of the Governor's Office of Information Technology (OIT); and communication services payments.

**Restore one-time personal services reductions:** The appropriation restores one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146.

**Fund source adjustment:** The appropriation includes an increase in reappropriated funds (indirect cost recoveries) offset by a decrease in HUTF "Off-the-Top".

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**General Fund reduction:** The appropriation includes a reduction of \$34,102 to certain line items.

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

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### 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 State Patrol coordinates the "Alive at 25" defensive driving training program for students ages 15 to 24. In further support of the highway safety plan, the Communications Program operates the \*CSP toll free hotline for motorists to report aggressive drivers, drunk drivers, and other hazards.

Starting in FY 2010-11, H.B. 10-1113 transferred responsibility for the Motor Carrier Safety Assistance Program from the Department of Revenue, Motor Carrier Services Division, to the Colorado State Patrol.

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 Identification Number Inspection Fund, the Auto Theft Prevention Fund, and user fees from state and non-state agencies.

Colorado State Patrol						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$116,221,886	\$4,555,909	\$99,474,483	\$7,995,625	\$4,195,869	987.0

Colorado State Patrol						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 10-1113	982,538	0	314,957	0	667,581	8.8
SB 11-150	<u>668</u>	<u>(13,837)</u>	<u>50,315</u>	<u>10,581</u>	<u>(46,391)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$117,205,092</b>	<b>\$4,542,072</b>	<b>\$99,839,755</b>	<b>\$8,006,206</b>	<b>\$4,817,059</b>	<b>995.8</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$117,205,092	\$4,542,072	\$99,839,755	\$8,006,206	\$4,817,059	995.8
Restore one-time personal services reductions	1,575,250	72,603	1,371,168	71,504	59,975	0.0
Indirect cost assessment	740,979	0	575,024	45,962	119,993	0.0
Electro Muscular Device Technology	205,142	0	205,142	0	0	0.0
Academy driving simulator	145,000	0	145,000	0	0	0.0
Utilities appropriation increase	81,598	0	81,598	0	0	0.0
Centrally appropriated line items	80,354	(22,370)	116,592	6,683	(20,551)	0.0
COPLINK funding	39,984	0	39,984	0	0	0.0
Billing adjustment	191	0	(13,766)	12,508	1,449	0.0
Personal services base reduction	(1,130,295)	(59,838)	(971,715)	(59,699)	(39,043)	0.0
General Fund reduction	(39,892)	(39,892)	0	0	0	0.0
Annualize prior year funding	(15,379)	(1,215)	(4,371)	(151,553)	141,760	1.2
<b>SB 11-209</b>	<b>\$118,888,024</b>	<b>\$4,491,360</b>	<b>\$101,384,411</b>	<b>\$7,931,611</b>	<b>\$5,080,642</b>	<b>997.0</b>
SB 11-076	<u>(1,565,440)</u>	<u>(92,021)</u>	<u>(1,351,561)</u>	<u>(76,778)</u>	<u>(45,080)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$117,322,584</b>	<b>\$4,399,339</b>	<b>\$100,032,850</b>	<b>\$7,854,833</b>	<b>\$5,035,562</b>	<b>997.0</b>
<b>Increase/(Decrease)</b>	<b>\$117,492</b>	<b>(\$142,733)</b>	<b>\$193,095</b>	<b>(\$151,373)</b>	<b>\$218,503</b>	<b>1.2</b>
Percentage Change	0.1%	(3.1)%	0.2%	(1.9)%	4.5%	0.1%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-150 modified FY 2010-11 appropriations to increase funding for a port of entry performance study per H.B. 10-1113 totaling \$181,000 cash funds, update vehicle replacement payments by decreasing \$165,280 total funds, and apply a 1.0 percent reduction to General Fund personal services line items totaling \$15,052.

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The appropriation restores one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Electro Muscular Device Technology:** The appropriation includes HUTF "Off-the-Top" annual funding for the Colorado State Patrol to deploy Electro Muscular Device Technology (EMDT, also known as Taser ®) to each uniformed state trooper.

**Academy driving simulator:** The appropriation includes HUTF "Off-the-Top" funding to procure a driving simulator for use at the Colorado State Patrol Academy.

**Utilities appropriation increase:** The appropriation includes HUTF "Off-the-Top" funding to increase the utilities appropriation.

**Centrally appropriated line items:** The appropriation includes an adjustment to the centrally appropriated line item for vehicle lease payments.

**COPLINK funding:** The appropriation includes HUTF "Off-the-Top" funding to cover the State Patrol's portion of ongoing maintenance costs for the COPLINK information sharing platform.

**Billing adjustment:** The appropriation includes an adjustment of funding sources based on actual billings for the Communications Program (dispatch).

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**General Fund reduction:** The appropriation includes a reduction of \$39,892 to certain line items.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

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

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### **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, regulates sprinkler fitters, and oversees fireworks regulation. The primary sources of cash funds and reappropriated funds for this Division include: the Public School Construction and Inspection Cash Fund, the Fire Suppression Cash Fund, the Firefighter and First Responder Certification 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. The Office is funded primarily from federal homeland security grants administered through the Department of Local Affairs and from appropriations to the Colorado State Patrol.

<b>Office of Preparedness, Security, and Fire Safety</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$3,445,125	\$246,560	\$2,561,023	\$192,874	\$444,668	35.0
HB 10-1018	71,970	0	71,970	0	0	0.0
HB 10-1241	0	0	0	0	0	0.0
SB 11-150	<u>(2,306)</u>	<u>(2,306)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,514,789</b>	<b>\$244,254</b>	<b>\$2,632,993</b>	<b>\$192,874</b>	<b>\$444,668</b>	<b>35.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$3,514,789	\$244,254	\$2,632,993	\$192,874	\$444,668	35.0
Preparedness and security funding	1,466,582	0	0	634,549	832,033	3.0
Restore one-time personal services reductions	37,432	6,655	10,630	3,672	16,475	0.0
Annualize prior year funding	37,005	0	37,005	0	0	1.0
Indirect cost assessment	(42,166)	0	(43,728)	1,126	436	0.0
Personal services base reduction	(38,244)	(3,524)	(27,236)	(2,370)	(5,114)	0.0
General Fund reduction	(2,350)	(2,350)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$4,973,048</b>	<b>\$245,035</b>	<b>\$2,609,664</b>	<b>\$829,851</b>	<b>\$1,288,498</b>	<b>39.0</b>
SB 11-076	<u>(46,161)</u>	<u>(7,283)</u>	<u>(21,602)</u>	<u>(3,612)</u>	<u>(13,664)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,926,887</b>	<b>\$237,752</b>	<b>\$2,588,062</b>	<b>\$826,239</b>	<b>\$1,274,834</b>	<b>39.0</b>
<b>Increase/(Decrease)</b>	\$1,412,098	(\$6,502)	(\$44,931)	\$633,365	\$830,166	4.0
Percentage Change	40.2%	(2.7)%	(1.7)%	328.4%	186.7%	11.4%

## **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-150 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to General Fund personal services line items.

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Preparedness and security funding:** The appropriation includes an increase in funding and FTE for the Office of Anti-Terrorism Planning and Training in order to reflect all expenditures for this program.

**Restore one-time personal services reductions:** The appropriation restores one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**General Fund reduction:** The appropriation includes a reduction of \$2,350 to certain line items.

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

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## **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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$80,919,460	\$55,261,357	\$3,892,717	\$787,291	\$20,978,095	58.9
HB 10-1352	36,528	36,528	0	0	0	0.5
HB 10-1360	1,545,409	1,545,409	0	0	0	0.8
HB 10-1374	194,281	194,281	0	0	0	0.7
SB 11-150	<u>(208,512)</u>	<u>(208,512)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$82,487,166</b>	<b>\$56,829,063</b>	<b>\$3,892,717</b>	<b>\$787,291</b>	<b>\$20,978,095</b>	<b>60.9</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$82,487,166	\$56,829,063	\$3,892,717	\$787,291	\$20,978,095	60.9
Annualize prior year funding	1,583,512	333,773	(261)	1,250,000	0	0.0
Grant funding	559,568	0	0	0	559,568	0.0
Leap year	144,961	142,266	2,695	0	0	0.0
Restore one-time personal services reductions	102,852	53,145	5,644	8,719	35,344	0.0
Indirect cost assessment	25,494	0	4,801	0	20,693	0.0
Funding for Sex Offender Management Board	(476,841)	(324,050)	(152,791)	0	0	(4.7)
Personal services base reduction	(49,738)	(26,272)	(9,629)	(10,736)	(3,101)	0.0
General Fund reduction	(19,854)	(19,854)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$84,357,120</b>	<b>\$56,988,071</b>	<b>\$3,743,176</b>	<b>\$2,035,274</b>	<b>\$21,590,599</b>	<b>56.2</b>
SB 11-076	(90,506)	(33,450)	(14,149)	(6,800)	(36,107)	0.0
HB 11-1138	<u>471,101</u>	<u>318,565</u>	<u>152,536</u>	<u>0</u>	<u>0</u>	<u>4.7</u>
<b>TOTAL</b>	<b>\$84,737,715</b>	<b>\$57,273,186</b>	<b>\$3,881,563</b>	<b>\$2,028,474</b>	<b>\$21,554,492</b>	<b>60.9</b>
<b>Increase/(Decrease)</b>	\$2,250,549	\$444,123	(\$11,154)	\$1,241,183	\$576,397	0.0
Percentage Change	2.7%	0.8%	(0.3)%	157.7%	2.7%	0.0%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-150 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to General Fund personal services line items and to reflect projected unexpended funds.

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Grant funding:** The appropriation reflects anticipated changes in grant funding and federal funding.

**Leap year:** The appropriation includes one extra day of funding for community corrections beds to account for the leap year.

**Restore one-time personal services reductions:** The appropriation restores one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Funding for Sex Offender Management Board:** The appropriation includes reductions to account for the repeal of the Sex Offender Management Board.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**General Fund reduction:** The appropriation includes a reduction of \$19,854 General Fund to certain line items.

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

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### 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. The CBI maintains more than 2.6 million fingerprint records and over 159,600 DNA records. In FY 2010-11, the CBI estimates conducting 233,000 firearms background checks. 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$27,792,207	\$15,098,721	\$8,289,485	\$3,566,445	\$837,556	213.1
HB 10-1106	56,308	0	56,308	0	0	0.3
HB 10-1284	260,700	0	0	260,700	0	1.2

Colorado Bureau of Investigation						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 11-150	<u>7,677</u>	<u>(92,221)</u>	<u>(4,562)</u>	<u>91,029</u>	<u>13,431</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$28,116,892</b>	<b>\$15,006,500</b>	<b>\$8,341,231</b>	<b>\$3,918,174</b>	<b>\$850,987</b>	<b>214.6</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$28,116,892	\$15,006,500	\$8,341,231	\$3,918,174	\$850,987	214.6
Restore one-time personal services reductions	395,247	341,165	35,824	14,352	3,906	0.0
Indirect cost assessment	34,108	0	25,885	8,223	0	0.0
Centrally appropriated line items	25,649	17,451	(4,641)	117	12,722	0.0
Personal services base reduction	(230,574)	(166,826)	(44,749)	(14,268)	(4,731)	0.0
Annualize prior year funding	(131,187)	(4,977)	(37,750)	(75,029)	(13,431)	(0.2)
General Fund reduction	(111,216)	(111,216)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$28,098,919</b>	<b>\$15,082,097</b>	<b>\$8,315,800</b>	<b>\$3,851,569</b>	<b>\$849,453</b>	<b>214.4</b>
SB 11-076	(301,694)	(234,941)	(43,095)	(15,176)	(8,482)	0.0
SB 11-266	310,500	0	310,500	0	0	0.0
HB 11-1145	151,800	0	151,800	0	0	0.0
HB 11-1195	<u>19,750</u>	<u>0</u>	<u>19,750</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$28,279,275</b>	<b>\$14,847,156</b>	<b>\$8,754,755</b>	<b>\$3,836,393</b>	<b>\$840,971</b>	<b>214.4</b>
<b>Increase/(Decrease)</b>	\$162,383	(\$159,344)	\$413,524	(\$81,781)	(\$10,016)	(0.2)
Percentage Change	0.6%	(1.1)%	5.0%	(2.1)%	(1.2)%	(0.1)%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-150 modified FY 2010-11 appropriations to increase funding for work on a medical marijuana computer system per H.B. 10-1284 totaling \$92,000 reappropriated funds, update vehicle replacement payments by increasing \$12,875 total funds (\$4,977 General Fund), and apply a 1.0 percent reduction to General Fund personal services line items totaling \$97,198.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The appropriation restores one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain Personal Services line items, and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146.



**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Centrally appropriated line items:** The appropriation includes an adjustment to vehicle lease payments.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**General Fund reduction:** The appropriation includes a reduction of \$111,216 General Fund to certain line items.

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

## Recent Legislation

### 2010 Session Bills

**S.B. 10-159:** Requires community corrections boards to allow offenders who are under consideration for transitional placement into a community corrections facility to submit a written statement concerning the offender's transition plan, community support, and the appropriateness of placement in a community corrections program. Permits the board to allow an offender to designate a person to submit a written statement or give an oral statement on the offender's behalf at a hearing concerning the placement of the offender. Requires community corrections boards to develop written policies and procedures that will be made available to the public concerning the parameters for written and oral statements by victims, as well as the permissibility and parameters for a written or oral statement by a person designated by an offender.

**H.B. 10-1018:** Consolidates authority over waste tire fees within the Department of Public Health and Environment and adds requirements for fire prevention, planning, registration, decals, and manifests for certain waste tire haulers and waste tire facilities. For FY 2010-11, appropriates \$71,970 cash funds to the Department of Public Safety, Division of Fire Safety. For additional information on H.B. 10-1018, see also the "Recent Legislation" section at the end of the Department of Public Health and Environment.

**H.B. 10-1106:** Brings several aspects of Colorado law concerning child welfare into compliance with federal law. Includes changes for finger-print requirements for group home parents and staff. Provides an appropriation of \$56,308 from the Colorado Bureau of Investigation Identification Unit Cash Fund and 0.3 FTE in FY 2010-11 to the Department of Public Safety, Colorado Bureau of Investigation. This amount annualizes to \$23,336 cash funds and 0.1 FTE for FY 2011-12. For additional information on H.B. 10-1106, see also the "Recent Legislation" section at the end of the Department of Human Services.

**H.B. 10-1113:** Transfers responsibility for the Motor Carrier Safety Assistance Program (MSCAP) from the Department of Revenue, Motor Carrier Services Division, to the Department of Public Safety, Colorado State Patrol, effective August 15, 2010. The transfer moves on August 15, 2010, 8.8 FTE, of which 7.8 FTE are

federally funded and 1.0 FTE is cash funded from the Nuclear Materials Transportation Fund. For FY 2011-12, the FTE transfer will annualize to 10.0 FTE. The bill delineates the responsibilities of the Ports of Entry and Colorado State Patrol with regard to commercial vehicles. Authorizes the Department of Public Safety, the Department of Revenue and the Department of Transportation to solicit a vendor to conduct a performance study of the Ports of Entry to assess the operations, potential cost savings and efficiencies, and which department is best suited to operate the Ports of Entry. Transfers \$810,516 total funds and 8.8 FTE from the Department of Revenue to the Department of Public Safety for the implementation of the program. In addition to the transfer of funds, appropriates \$255,011 cash funds, from the Highway Users Tax Fund "off-the-top" moneys to the Department of Public Safety to provide matching efforts to the federal funds. For additional information on H.B. 10-1113, see also the "Recent Legislation" section at the end of the Department of Revenue.

**H.B. 10-1241:** Creates a registration program for sprinkler fitters in the Department of Public Safety, Division of Fire Safety. A sprinkler fitter is a person authorized to work on fire suppression systems. Beginning July 1, 2011, sprinkler fitters are required to register with the division, or with a municipality that has an approved certification program. Registered persons are extended title protection. In order to register with the state, a person must pay a fee, provide evidence of successful completion of a sprinkler fitter apprenticeship program, and pass an examination. Appropriates \$15,000 cash funds from the Fire Suppression Cash Fund to the Division of Fire Safety on July 1, 2010. However, since the bill does not become effective until July 1, 2011, the appropriation contained in the bill is invalid.

**H.B. 10-1277:** Extends the prohibition on an employee, contractor, or volunteer of a correctional facility from engaging in sexual conduct with an individual in custody of the facility to employees, contractors, or volunteers of juvenile detention or commitment centers and community corrections facilities. Sexual conduct in a correctional institution can be a class 1 misdemeanor, a class 6 felony, or a class 5 felony, depending on the circumstances of the crime. As required by Section 2-2-703, C.R.S., makes a five-year statutory appropriation as follows:

- For FY 2010-11, transfers \$83,861 from the General Fund to the Capital Construction Fund, and appropriates \$83,861 from the Capital Construction Fund to the Corrections Expansion Reserve Fund; and
- for fiscal years 2011-12 through 2012-13, appropriates a total of \$32,496 General Fund to the Department of Corrections for operating expenses.

Specifies that the act shall only take effect if H.B. 10-1338 is enacted and has a net reduction in General Fund appropriations for FY 2010-11 that is equal to or greater than the \$83,861 General Fund transfer required in H.B. 10-1277.

**H.B. 10-1284:** Creates the Medical Marijuana State Licensing Authority (SLA) in the Department of Revenue. Appropriates \$10,317,583 cash funds and 110.0 FTE from the Medical Marijuana License Cash Fund to the Department of Revenue for FY 2010-11 to staff the Medical Marijuana Licensing Authority, which will enforce the provision of the act. Included in this appropriation is an appropriation of \$260,700 reappropriated funds and 1.2 FTE to the Department of Public Safety, Colorado Bureau of Investigation, for background checks. For additional information on H.B. 10-1284, see also the "Recent Legislation" section at the end of the Department of Revenue.

**H.B. 10-1312:** Supplemental appropriation to the Department of Public Safety to modify FY 2009-10 appropriations included in the FY 2009-10 Long Bill (S.B. 09-259).

**H.B. 10-1336:** Creates the School Safety Resource Center Cash Fund and allows the Department of Public Safety to solicit gifts, grants, and donations to pay for the costs to operate the School Safety Resource Center. The Department also is authorized to charge a fee on attendees to offset the costs of any training programs or conferences that the center provides. Appropriates \$44,000 cash funds in FY 2010-11 to the School Safety Resource Center.

**H.B. 10-1352:** Makes a number of changes to offenses related to controlled substances. Directs the General Assembly to annually appropriate the General Fund savings generated by the bill to the Drug Offender Surcharge Fund, and requires that such moneys be allocated to cover the costs associated with the treatment of substance abuse or co-occurring disorders of adult offenders who are assessed to be in need of treatment and who are on diversion, on probation, on parole, in community corrections, or in jail. Appropriates \$36,528 General Fund and 0.5 FTE in FY 2010-11 to the Department of Public Safety, Division of Criminal Justice, for analyzing and reporting on the annual fiscal savings generated by H.B. 10-1352. For additional information on H.B. 10-1352, see also the "Recent Legislation" section at the end of the Department of Corrections.

**H.B. 10-1360:** Allows certain parolees to be placed in a community return-to-custody facility rather than a state correctional facility, including those who:

- commit a technical violation that does not involve the commission of a crime;
- have no active felony warrants, felony detainers, or pending felony criminal charges; and
- are on parole for a class 4 nonviolent felony (except menacing, stalking, any unlawful sexual behavior, or a crime against an at-risk adult or at-risk juvenile).

Appropriates \$1,285,409 General Fund and 0.8 FTE to the Department of Public Safety, Division of Criminal Justice, for community corrections residential treatment beds. Appropriates \$260,000 General Fund to the Department of Public Safety, Division of Criminal Justice, for ten transition community corrections beds specifically for sex offenders, which beds may not be transferred for diversion. For additional information on H.B. 10-1360, see also the "Recent Legislation" section at the end of the Department of Corrections.

**H.B. 10-1373:** Provides a court with the discretion to order that the mandatory sentence for an escape crime run either consecutively or concurrently with any other sentence being served by the offender who escapes, attempts to escape, or aids the escape of another while serving a direct sentence to community corrections or after being placed in an intensive supervision parole program. Under current law, if an offender knowingly commits an escape crime while in custody or confinement following a felony conviction, the court is required to impose a sentence for the escape crime that runs consecutively with any other sentences being served by the offender.

**H.B. 10-1374:** Directs the Sex Offender Management Board (in consultation with the Department of Corrections, the Judicial Branch, the Division of Criminal Justice in the Department of Public Safety, and the Parole Board) to develop specific sex offender release guidelines for use by the Parole Board in determining when to release a sex offender on parole. Directs the Division of Criminal Justice and the Parole Board to develop an administrative release guideline for use by the Board in evaluating all applications for parole. Requires the Department of Corrections and the Parole Board to develop administrative revocation guidelines for use by the Board in making decisions about parole revocation. Repeals the statutory provision that requires

a parole officer to arrest a parolee if he or she does not have lawful permission to be in a particular place (*e.g.*, a county other than the one to which the individual was paroled). Allows up to 12 days of earned time each month be deducted from an offender's sentence provided he or she:

- is serving a sentence for a class 4, class 5, or class 6 felony;
- has not incurred a class I code of penal discipline violation within the 24 months immediately preceding the time of crediting or during his or her entire period of incarceration if such period is less than 24 months;
- has not incurred a class II code of penal discipline violation within the 12 months immediately preceding the time of crediting or during his or her entire period of incarceration if such period is less than 12 months;
- is program compliant; and
- was not convicted of certain specified felony offenses (four new offenses have been added to the existing list of disqualifying crimes).

For FY 2010-11 appropriates the following amounts to the Department of Public Safety, Division of Criminal Justice: \$114,127 General Fund for costs associated with the Colorado Criminal and Juvenile Justice Commission and \$80,154 General Fund and 0.7 FTE for parole guideline duties and actuarial consultation. For additional information on H.B. 10-1374, see also the "Recent Legislation" section at the end of the Department of Corrections.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

## **2011 Session Bills**

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$2,074,036 total funds, of which \$437,930 is General Fund, \$1,430,407 is cash funds, \$102,366 is reappropriated funds, and \$103,333 is federal funds.

**S.B. 11-108:** Extends the repeal date of the "Identity Theft and Financial Fraud Deterrence Act" from July 1, 2011, until September 1, 2016, and makes changes to the identity theft and financial fraud board.

**S.B. 11-142:** Supplemental appropriation to the Department of Public Safety to modify FY 2010-11 appropriations included in the FY 2010-11 Long Bill (H.B. 10-1376).

**S.B. 11-173:** Clarifies the existing framework for school emergency incident preparedness and response, including communications between schools and state and local emergency personnel. Specifies the role of the Division of Fire Safety in assessing and enquiring about a school's emergency response framework, and providing technical assistance as needed.

**S.B. 11-209:** General appropriations act for FY 2011-12.

**S.B. 11-251:** Makes changes to the authority of the Division of Fire Safety. Appropriates \$7,337 cash funds to the Department of Public Safety for the procurement of legal services from the Department of Law. Specifically, the bill does the following:

- increases the maximum fee for a fireworks license from twenty-five to fifty dollars and increases the maximum fee for a retailer, a wholesaler, or an exporter of fireworks license from seven hundred fifty to one thousand five hundred dollars;
- specifies that if a local government has not adopted a fire code that fireworks must be stored in accordance with the fire code adopted by the director of the Division of Fire Safety;
- establish that the minimum safety standards for limited gaming structures shall be the codes adopted by the director of the Division of Fire Safety, except that no new rules shall be applied retroactively to structures licensed and operating as limited gaming structures on or before July 1, 2011;
- gives the division and educational institutions the discretion to use third-party inspectors for required inspections of schools and junior college buildings to receive a certificate of occupancy;
- provides definitions for "first responder", "hazardous materials responder", and "rescuer" and stipulates responsibilities of the Division of Fire Safety in relation to the former;
- makes changes to the voluntary certification of firefighters, first responders, and hazardous materials responders advisory board;
- makes changes to the firefighter, first responder, and hazardous materials responder certification fund and the fire suppression cash fund;
- transfers on June 30, 2011, the balance of the hazardous materials responder voluntary certification fund into the firefighter, first responder, and hazardous materials responder certification fund.

**S.B. 11-266:** Requires contractors providing services to public schools to undergo a fingerprint-based criminal history record check. Appropriates \$310,500 cash funds (Colorado Bureau of Investigation Identification Unit Fund) to the Colorado Bureau of Investigation for fingerprint based background checks.

**H.B. 11-1036:** Creates the "Blue Alert" program in the Colorado Bureau of Investigation to broadcast when a peace officer has been killed or seriously wounded in the line of duty and the suspect has fled the scene.

**H.B. 11-1138:** Extends the Sex Offender Management Board from July 1, 2010, to September 1, 2016, and makes numerous revisions to the sections of law concerning the board. Makes a General Fund appropriation of \$318,565 and 3.2 FTE and an appropriation from the Sex Offender Surcharge Cash Fund of \$152,536 and 1.5 FTE for FY 2011-12.

**H.B. 11-1145:** Requires all child care workers to have a fingerprint-based criminal history record check through both the Federal Bureau of Investigation and the Colorado Bureau of Investigation. The bill applies to workers hired on or after August 10, 2011. Appropriates \$19,311 cash funds and 0.4 FTE to the Department

of Human Services and appropriates \$151,800 cash funds (Colorado Bureau of Investigation Identification Unit Fund) to the Colorado Bureau of Investigation for fingerprint based background checks.

**H.B. 11-1176:** Authorizes the Colorado State Patrol to exempt crude oil transporters from state requirements regarding route designation for transporting hazardous materials.

**H.B. 11-1195:** Creates a voluntary licensing program for private investigators. The licensing program is repealed, effective July 1, 2016, following a sunset review. Appropriates \$19,750 cash funds (Colorado Bureau of Investigation Identification Unit Fund) to the Colorado Bureau of Investigation for fingerprint based background checks, appropriates \$82,533 cash funds and 1.0 FTE to the Department of Regulatory agencies.

**H.B. 11-1199:** Extends the sunset date for statutory limits on solar device fees to July 1, 2018. Sets limits on the amounts of fees that can be collected for solar device permits.

# DEPARTMENT OF REGULATORY AGENCIES

The Department of Regulatory Agencies consists of the following ten divisions:

1. Executive Director's Office is responsible for department-wide administrative functions and houses the Office of Policy, Research and Regulatory Reform, which conducts sunrise and sunset reviews.
2. Division of Banking is responsible for enforcement and compliance with banking laws.
3. Civil Rights Division is responsible for enforcing state and federal laws regarding the civil rights of individuals and resolving complaints of rights violations.
4. Office of Consumer Counsel is responsible for representing the rights of businesses and consumers at hearings before the Public Utilities Commission.
5. Division of Financial Services is responsible for enforcing state and federal laws relating to the regulation of credit unions and savings and loan associations.
6. Division of Insurance is responsible for licensing insurance agents and companies.
7. Public Utilities Commission is responsible for regulating utilities throughout the state.
8. Division of Real Estate licenses real estate agents and mortgage brokers and investigates allegations of real estate and mortgage fraud.
9. Division of Registrations licenses individuals in forty-eight professions and occupations.
10. Division of Securities licenses securities agents and investigates allegations of securities misconduct.

## Department Budget: Recent Appropriations

Funding Source	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$1,465,862	\$1,457,251	\$1,510,435	\$1,599,183
Cash Funds	66,343,403	68,839,045	68,157,532	69,708,823
Reappropriated Funds	8,595,150	8,382,793	6,825,033	4,239,807
Federal Funds	<u>1,318,334</u>	<u>1,214,685</u>	<u>1,231,398</u>	<u>1,194,128</u>
<b>Total Funds</b>	<b>\$77,722,749</b>	<b>\$79,893,774</b>	<b>\$77,724,398</b>	<b>\$76,741,941</b>
Full Time Equiv. Staff	576.1	595.4	578.4	593.4

## General Factors Driving the Budget

For FY 2011-12, funding for the Department consists of 2.1 percent General Fund, 90.8 percent cash funds, 5.5 percent reappropriated funds, and 1.6 percent federal funds. Some of the most important factors driving the budget are reviewed below.

### Legal Services

Due to the stakes involved in many of the Department's regulatory decisions, legal services has been and will continue to be a driving factor of the Department's budget. Legal services account for 10.5 percent of the Department's FY 2011-12 total appropriation and 31.4 percent of the state's FY 2011-12 total legal services appropriation in the Department of Law.

Department of Regulatory Agencies Legal Services Expenditures Since FY 2006-07						
	FY 06-07 Actual	FY 07-08 Actual	FY 08-09 Actual	FY 09-10 Actual.	FY 10-11 Approp.	FY 11-12 Approp.
Regulatory Agencies	\$5,761,082	\$6,591,183	\$7,472,664	\$7,616,109	\$8,017,385	\$8,088,494
Number of Hours	82,009	91,506	99,503	101,036	109,273	106,835
Percent of Department Approp.	8.2%	8.8%	10.0%	10.3%	10.3%	10.5%
Percent of State Total	28.4%	30.2%	31.2%	31.0%	33.8%	31.4%
<b>Total State Legal Services</b>	<b>\$20,253,769</b>	<b>\$22,378,413</b>	<b>\$23,988,431</b>	<b>\$24,532,997</b>	<b>\$23,740,102</b>	<b>\$25,774,294</b>

Six divisions account for 97.1 percent of the legal services. The following table outlines the number of hours used by these divisions since FY 2006-07.

Number of Legal Services Used by Division					
	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	Total
Registrations	41,160	41,169	44,986	46,632	<b>173,947</b>
Public Utilities Commission	16,651	17,160	15,713	16,457	<b>65,981</b>
Real Estate	6,857	10,504	12,227	12,028	<b>41,616</b>
Insurance	5,899	7,035	9,402	8,903	<b>31,239</b>
Securities	6,853	5,138	6,483	6,171	<b>24,645</b>
OCC	6,001	6,076	6,974	6,000	<b>25,051</b>
Other*	1,266	2,142	3,851	3,568	<b>10,827</b>
<b>Total</b>	<b>84,687</b>	<b>89,224</b>	<b>99,636</b>	<b>99,759</b>	<b>373,306</b>
<b>Hourly Rate</b>	<b>\$67.77</b>	<b>\$72.03</b>	<b>\$75.10</b>	<b>\$75.38</b>	

\*Other includes: Executive Director's Office, Division of Banking, Civil Rights Division, and Division of Financial Services.



The Division of Registrations accounts for approximately 47.0 percent of the Department's total legal service hours due to the regulatory nature of the Division. The following table outlines the five boards that utilize the largest number of legal service hours.

<b>Number of Legal Services Used by Division of Registrations Boards</b>					
	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>	<b>Total</b>
Board of Medical Examiners	11,308	8,920	9,457	11,393	<b>41,078</b>
Nursing Board	10,772	10,055	8,465	9,005	<b>38,297</b>
Dental Board	3,400	4,956	7,031	6,752	<b>22,139</b>
Mental Health Boards	2,329	2,916	4,940	4,517	<b>14,702</b>
Accountancy Board	2,470	2,028	2,773	1,919	<b>9,190</b>
All Other Boards	10,881	12,294	12,320	13,046	<b>48,541</b>
<b>Total</b>	<b>41,160</b>	<b>41,169</b>	<b>44,986</b>	<b>46,632</b>	<b>173,947</b>

### **Number of Licenses Issued by Certain Divisions**

The Department is responsible for consumer protection, and licenses professionals in various industries to accomplish this mission. The Divisions of Insurance, Real Estate, Registrations and Securities issue the majority of individual, non-business licenses. The budgets in each of these divisions is driven primarily by the number of individuals requiring licensure. The following table outlines the number of licenses regulated by these divisions.

<b>Number of Licenses Regulated by the Divisions of Insurance, Real Estate, Registrations, and Securities</b>					
	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>
<b>Division of Insurance</b>					
New Licenses	30,272	29,322	29,511	29,070	29,500
Active Licenses	110,911	109,705	115,229	118,783	123,204
<b>Division of Real Estate</b>					
Broker & Salesperson	13,432	14,321	18,292	11,820	12,000
Mortgage Loan Originators	n/a	n/a	n/a	8,729	4,690
Appraisers	5,474	4,884	4,447	4,006	3,597
<b>Division of Registrations</b>					
New Licenses	27,839	28,035	30,890	38,900	33,194
Active Licenses	282,521	295,281	292,584	315,147	324,271
<b>Division of Securities</b>					
Sales Representative License Renewals	125,680	134,053	143,772	145,347	143,800
Investment Advisor License Renewals	6,580	7,468	8,458	8,913	8,500

Each of these divisions are entirely cash funded and directly impacted by a significant change in the number of licenses. When the number of licensees changes, the Department must adjust fees (either up or down) to cover their expenses. The Division of Real Estate has seen a significant fee increase due to the significant decrease in the number of licensees, which is outlined in the following table.

<b>Change in the Number of Certain Licenses Regulated by DORA</b>				
	<b>FY 2005-06</b>	<b>FY 2009-10</b>	<b>Change</b>	<b>Percent Change</b>
<b>Division of Insurance</b>				
New Licenses	30,272	29,500	(772)	(2.6)%
Active Licenses	110,911	123,204	12,293	11.1%
<b>Real Estate</b>				
Broker & Salesperson	13,432	12,000	(1,432)	(10.7)%
Mortgage Loan Originators	8,729	4,690	(4,039)	(46.3)%
Appraisers	5,474	3,597	(1,877)	(34.3)%
<b>Registrations</b>				
New Licenses	27,839	33,194	5,355	19.2%
Active Licenses	282,521	324,271	41,750	14.8%
<b>Securities</b>				
Sales Representative License Renewals	125,680	143,800	18,120	14.4%
Investment Advisor License Renewals	6,580	8,500	1,920	29.2%

### Number of Examinations by the Divisions of Banking and Securities

The deterioration of the financial sector has increased the workload of the examination sections of the Divisions of Banking and Securities. Examination workload has increased because institutions are not as financially healthy and require more oversight. The following table outlines the growth in the number of examinations conducted by these three divisions since FY 2006-07.

<b>Number of Examinations Conducted by the Divisions of Banking, Financial Services, and Securities</b>						
	<b>FY 2006-07 Actual</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Estimated</b>	<b>Percent Change</b>
Banking Examinations	161	196	164	154	223	38.5%
Securities Examination	40	46	50	50	120	200.0%

## Legislation

The General Assembly has passed a significant number of bills over the last five sessions that primarily increased the Department's regulatory responsibilities. The 2007 Session was the peak year in terms of dollars appropriated through non-budget bills, and the 2008 Session was the peak year for increasing the number of Department FTE. The following table shows the impact non-budget bills on the Department's budget.

Impact of Legislation on the Department's Budget						
Session	No. of Bills	Dollars Appropriated				Authorized FTE
		GF	CF	RF/CFE	Total	
2006	11	\$0	\$1,088,461	\$194,600	\$1,283,061	7.2
2007	22	42,290	2,670,098	66,962	2,779,350	15.3
2008	19	149,205	2,233,416	0	2,382,621	17.3
2009	10	0	947,305	0	947,305	7.5
2010	13	0	507,245	593,333	1,100,578	6.4
2011	11	0	954,420	0	954,420	6.8
<b>Total</b>	<b>86</b>	<b>\$191,495</b>	<b>\$8,400,945</b>	<b>\$854,895</b>	<b>\$9,447,335</b>	<b>60.5</b>

The impact of these bills by division is outlined in the following table. The number of bills impacting the Division of Registrations is more than twice the number impacting any other division. These bills are primarily adding regulatory programs for professionals, including massage therapists and athletic trainers.

Divisions Impacted by Bills by Legislative Session							
	2006	2007	2008	2009	2010	2011	Total
Insurance	3	5	6	0	0	2	16
Public Utilities Commission	2	6	1	1	2	0	12
Real Estate	1	4	1	1	2	1	10
Registrations	3	5	7	7	7	8	37
Other*	2	2	4	1	2	0	11
<b>Total</b>	<b>11</b>	<b>22</b>	<b>19</b>	<b>10</b>	<b>13</b>	<b>11</b>	<b>86</b>

\*Other includes: Executive Director's Office, Division of Banking, and Civil Rights Division

# Summary of FY 2010-11 and FY 2011-12 Appropriations

Department of Regulatory Agencies						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$77,724,398</b>	<b>\$1,510,435</b>	<b>\$68,157,532</b>	<b>\$6,825,033</b>	<b>\$1,231,398</b>	<b>578.4</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office and Administrative Services	21,742,574	483,405	16,685,511	4,307,301	266,357	27.5
Division of Banking	4,048,470	0	4,048,470	0	0	44.5
Civil Rights Division	1,756,872	1,027,030	0	297,629	432,213	31.4
Office of Consumer Counsel	897,262	0	897,262	0	0	7.0
Division of Financial Services	1,399,470	0	1,399,470	0	0	15.0
Division of Insurance	7,669,975	0	7,143,971	0	526,004	86.7
Public Utilities Commission	15,883,144	0	15,883,144	0	0	101.6
Division of Real Estate	4,254,670	0	4,254,670	0	0	52.3
Division of Registrations	17,374,264	0	15,147,337	2,220,103	6,824	189.4
Division of Securities	2,697,697	0	2,697,697	0	0	23.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	77,529,678	1,510,435	68,556,145	6,231,700	1,231,398	572.0
SB 10-109	593,333	0	0	593,333	0	1.2
SB 10-124	98,873	0	98,873	0	0	1.0
HB 10-1001	51,440	0	51,440	0	0	0.5
HB 10-1114	23,124	0	23,124	0	0	0.5
HB 10-1128	(35,887)	0	(35,887)	0	0	0.0
HB 10-1141	15,782	0	15,782	0	0	0.0
HB 10-1148	(11,307)	0	(11,307)	0	0	0.0
HB 10-1197	9,028	0	9,028	0	0	0.2
HB 10-1224	3,149	0	3,149	0	0	0.0
HB 10-1260	29,686	0	29,686	0	0	0.0
HB 10-1278	205,828	0	205,828	0	0	2.0
HB 10-1365	74,115	0	74,115	0	0	0.6
HB 10-1385	(860,186)	0	(860,186)	0	0	0.0

Department of Regulatory Agencies						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
HB 10-1415	43,414	0	43,414	0	0	0.4
SB 11-151	(45,672)	0	(45,672)	0	0	0.0
<b>FY 2011-12 Total Appropriation:</b>	<b>\$76,741,941</b>	<b>\$1,599,183</b>	<b>\$69,708,823</b>	<b>\$4,239,807</b>	<b>\$1,194,128</b>	<b>593.4</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office and Administrative Services	22,575,616	518,203	18,443,383	3,388,050	225,980	27.5
Division of Banking	4,398,239	0	4,398,239	0	0	47.5
Civil Rights Division	1,762,905	1,080,980	0	232,343	449,582	31.4
Office of Consumer Counsel	880,516	0	880,516	0	0	7.0
Division of Financial Services	1,370,969	0	1,370,969	0	0	15.0
Division of Insurance	7,210,951	0	6,692,385	0	518,566	86.7
Public Utilities Commission	15,598,995	0	15,598,995	0	0	101.1
Division of Real Estate	4,190,908	0	4,190,908	0	0	52.3
Division of Registrations	15,645,838	0	15,026,424	619,414	0	198.9
Division of Securities	3,107,004	0	3,107,004	0	0	26.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	76,608,839	1,623,241	69,504,127	4,286,845	1,194,626	586.6
SB 11-076	(826,773)	(24,058)	(749,724)	(47,038)	(5,953)	0.0
SB 11-088	5,859	0	5,859	0	0	0.0
SB 11-091	12,075	0	12,075	0	0	0.0
SB 11-094	5,452	0	5,452	0	0	0.0
SB 11-128	5,455	0	0	0	5,455	0.0
SB 11-169	164,380	0	164,380	0	0	1.4
SB 11-187	532,628	0	532,628	0	0	3.4
SB 11-192	50,326	0	50,326	0	0	1.0
HB 11-1033	(5,333)	0	(5,333)	0	0	0.0
HB 11-1100	94,388	0	94,388	0	0	0.0
HB 11-1195	82,533	0	82,533	0	0	1.0
SB 11-1300	12,112	0	12,112	0	0	0.0

Department of Regulatory Agencies						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>Increase/(Decrease)</b>	(\$982,457)	\$88,748	\$1,551,291	(\$2,585,226)	(\$37,270)	15.0
Percentage Change	(1.3)%	5.9%	2.3%	(37.9)%	(3.0)%	2.6%

## **FY 2010-11 Appropriation - Mid-year Adjustment Highlights**

Senate Bill 11-143 modified FY 2010-11 appropriations to make several minor funding adjustments.

## **FY 2011-12 Appropriation Highlights**

The FY 2011-12 appropriation:

1. Adds \$851,000 total funds for the restoration of the one-time reduced state contribution to the Public Employees Retirement Association for FY 2010-11 pursuant to S.B. 10-146.
2. Adds \$618,000 cash funds and 6.0 FTE to increase the number of examiners in the Division of Banking and the Division of Securities.
3. Adds \$111,300 total funds, of which \$10,700 is General Fund, for escalations in leased space expenses.
4. Decreases \$1.6 million reappropriated funds to eliminate the divisional indirect cost assessments in the Division of Registrations.
5. Decreases \$617,000 total funds and increases 2.2 FTE for the second or third year impact of legislation from the 2009 and 2010 sessions.
6. Decreases \$589,000 total funds, of which \$14,600 is General Fund, for a 1.5 percent personal services base reduction.

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

### **Executive Director's Office and Administrative Services**

The Executive Director's Office performs department-wide administrative functions including: accounting, budgeting, data processing, purchasing, facilities planning, and management reporting. The Office of Policy, Research and Regulatory Reform is located within the Executive Director's Office and is responsible for conducting sunrise and sunset reviews of state divisions and programs. The majority of cash funds in this division are from various department cash funds for centrally appropriated line items. The reappropriated funds are primarily from indirect cost recoveries paid by the divisions for central services.

### Executive Director's Office and Administrative Services

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$21,146,954	\$483,405	\$16,602,475	\$3,794,717	\$266,357	27.5
SB 10-109	512,584	0	0	512,584	0	0.0
SB 10-124	7,538	0	7,538	0	0	0.0
HB 10-1128	(9,799)	0	(9,799)	0	0	0.0
HB 10-1141	6,407	0	6,407	0	0	0.0
HB 10-1148	(11,307)	0	(11,307)	0	0	0.0
HB 10-1224	2,261	0	2,261	0	0	0.0
HB 10-1260	16,584	0	16,584	0	0	0.0
HB 10-1278	90,679	0	90,679	0	0	0.0
HB 10-1365	13,041	0	13,041	0	0	0.0
HB 10-1415	3,769	0	3,769	0	0	0.0
SB 11-151	<u>(36,137)</u>	<u>0</u>	<u>(36,137)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$21,742,574</b>	<b>\$483,405</b>	<b>\$16,685,511</b>	<b>\$4,307,301</b>	<b>\$266,357</b>	<b>27.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$21,742,574	\$483,405	\$16,685,511	\$4,307,301	\$266,357	27.5
Centrally appropriated line items	559,847	19,377	462,077	97,444	(19,051)	0.0
Legal services hourly adjustment	238,444	4,743	424,791	(194,877)	3,787	0.0
Statewide IT common policy adjustments	137,127	4,444	327,265	(166,534)	(28,048)	0.0
Leased space adjustment	111,296	10,734	52,445	48,117	0	0.0
Restore one-time personal services reduction	49,069	0	0	49,069	0	0.0
Fund source adjustment	0	0	237,787	(237,787)	0	0.0
Sunset funding adjustment	0	(4,500)	16,000	(11,500)	0	0.0
Annualize prior year funding	(575,361)	0	(153,233)	(422,128)	0	0.0
Personal services base reduction	(34,017)	0	0	(34,017)	0	0.0
<b>SB 11-209</b>	<b>\$22,228,979</b>	<b>\$518,203</b>	<b>\$18,052,643</b>	<b>\$3,435,088</b>	<b>\$223,045</b>	<b>27.5</b>
SB 11-076	(47,038)	0	0	(47,038)	0	0.0
SB 11-088	4,109	0	4,109	0	0	0.0
SB 11-091	4,402	0	4,402	0	0	0.0
SB 11-094	4,402	0	4,402	0	0	0.0

Executive Director's Office and Administrative Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 11-128	2,935	0	0	0	2,935	0.0
SB 11-169	62,566	0	62,566	0	0	0.0
SB 11-187	271,088	0	271,088	0	0	0.0
HB 11-1100	34,484	0	34,484	0	0	0.0
HB 11-1195	7,337	0	7,337	0	0	0.0
HB 11-1300	<u>2,352</u>	<u>0</u>	<u>2,352</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$22,575,616</b>	<b>\$518,203</b>	<b>\$18,443,383</b>	<b>\$3,388,050</b>	<b>\$225,980</b>	<b>27.5</b>
<b>Increase/(Decrease)</b>	\$833,042	\$34,798	\$1,757,872	(\$919,251)	(\$40,377)	0.0
Percentage Change	3.8%	7.2%	10.5%	(21.3)%	(15.2)%	0.0%

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-143 modified FY 2010-11 appropriations to make several minor funding adjustments.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: health, life and dental benefits; short-term disability; amortization equalization disbursement; supplemental amortization equalization disbursement; workers' compensation; legal services; payment to risk management and property funds; vehicle lease payments; and Capitol complex leased space.

**Legal services hourly adjustment:** The appropriation includes an increase over the FY 2010-11 legal services hourly rate of \$2.34 per hour.

**Statewide IT common policy adjustments:** The appropriation includes adjustments to line items appropriated for: purchase of services from the computer center; multiuse network payments; and management and administration of the Governor's Office of Information Technology.

**Leased space adjustment:** The appropriation includes an increase in leased space expenses due to leased space escalations.

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Fund source adjustment:** The appropriation includes a decrease of reappropriated funds offset by an increase in cash funds.



**Sunset funding adjustment:** The appropriation includes a fund source adjustment for the sunset reviews to be conducted during FY 2011-12.

**Annualize prior year funding:** The appropriation includes adjustments related to prior years legislation.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

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

## Division of Banking

The Division of Banking regulates state-chartered commercial and industrial banks, trust companies, debt adjusters, and money order companies. Division staff conduct examinations of banking institutions and ensure compliance with the Public Deposit Protection Act. This Division is entirely cash funded from the Division of Banking Cash Fund pursuant to Section 11-102-403, C.R.S.

Division of Banking						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$4,025,346	\$0	\$4,025,346	\$0	\$0	44.0
HB 10-1114	<u>23,124</u>	<u>0</u>	<u>23,124</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
<b>TOTAL</b>	<b>\$4,048,470</b>	<b>\$0</b>	<b>\$4,048,470</b>	<b>\$0</b>	<b>\$0</b>	<b>44.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$4,048,470	\$0	\$4,048,470	\$0	\$0	44.5
Increase banking resources	409,981	0	409,981	0	0	3.0
Restore one-time personal services reduction	60,303	0	60,303	0	0	0.0
Personal services reduction	(50,608)	0	(50,608)	0	0	0.0
Indirect cost assessment	(5,156)	0	(5,156)	0	0	0.0
Annualize prior year budget actions	(4,790)	0	(4,790)	0	0	0.0
<b>SB 11-209</b>	<b>\$4,458,200</b>	<b>\$0</b>	<b>\$4,458,200</b>	<b>\$0</b>	<b>\$0</b>	<b>47.5</b>
SB 11-076	<u>(59,961)</u>	<u>0</u>	<u>(59,961)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,398,239</b>	<b>\$0</b>	<b>\$4,398,239</b>	<b>\$0</b>	<b>\$0</b>	<b>47.5</b>
<b>Increase/(Decrease)</b>	\$349,769	\$0	\$349,769	\$0	\$0	3.0
Percentage Change	8.6%	n/a	8.6%	n/a	n/a	6.7%

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Increase banking resources:** The appropriation provides an increase of \$409,981 cash funds and 3.0 FTE for additional banking examination staff.

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

**Indirect cost assessment:** The appropriation includes a net decrease in indirect cost assessments.

**Annualize prior year funding:** The appropriation includes a decrease of \$4,790 cash funds for the second year impact of H.B. 10-1114 (Register Agent Money Transmitter).

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

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### Civil Rights Division

The Civil Rights Division is the enforcement arm of the Colorado Civil Rights Commission, and is responsible for the enforcement of state laws that prohibit discrimination in employment, housing, and public accommodations on the basis of race, gender, national origin, ancestry, a physical or mental disability, religion, color, marital status, or sexual orientation. The Division is primarily funded with General Fund and federal funds from the Equal Employment Opportunity Commission and the U.S. Department of Housing and Urban Development.

Civil Rights Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$1,756,872</u>	<u>\$1,027,030</u>	<u>\$0</u>	<u>\$297,629</u>	<u>\$432,213</u>	<u>31.4</u>
<b>TOTAL</b>	<b>\$1,756,872</b>	<b>\$1,027,030</b>	<b>\$0</b>	<b>\$297,629</b>	<b>\$432,213</b>	<b>31.4</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$1,756,872	\$1,027,030	\$0	\$297,629	\$432,213	31.4
Restore one-time personal services reduction	38,248	27,315	0	0	10,933	0.0
Indirect cost assessment	16,607	0	0	0	16,607	0.0
Fund source adjustment	0	65,286	0	(65,286)	0	0.0

Civil Rights Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Personal services base reduction	(19,973)	(14,593)	0	0	(5,380)	0.0
<b>SB 11-209</b>	<b>\$1,791,754</b>	<b>\$1,105,038</b>	<b>\$0</b>	<b>\$232,343</b>	<b>\$454,373</b>	<b>31.4</b>
SB 11-076	<u>(28,849)</u>	<u>(24,058)</u>	<u>0</u>	<u>0</u>	<u>(4,791)</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,762,905</b>	<b>\$1,080,980</b>	<b>\$0</b>	<b>\$232,343</b>	<b>\$449,582</b>	<b>31.4</b>
<hr/>						
<b>Increase/(Decrease)</b>	\$6,033	\$53,950	\$0	(\$65,286)	\$17,369	0.0
Percentage Change	0.3%	5.3%	n/a	(21.9)%	4.0%	0.0%

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Fund source adjustment:** The appropriation includes a decrease in reappropriated funds offset by an increase in General Fund.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

**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 business consumers at electric, gas and telecommunications rate and service proceedings before the Public Utilities Commission. This Division is entirely cash funded from the Public Utilities Commission Fixed Utility Fund pursuant to Section 40-2-114, C.R.S.

Office of Consumer Counsel						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$897,262</u>	<u>\$0</u>	<u>\$897,262</u>	<u>\$0</u>	<u>\$0</u>	<u>7.0</u>

Office of Consumer Counsel						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>TOTAL</b>	<b>\$897,262</b>	<b>\$0</b>	<b>\$897,262</b>	<b>\$0</b>	<b>\$0</b>	<b>7.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$897,262	\$0	\$897,262	\$0	\$0	7.0
Restore one-time personal services reduction	14,635	0	14,635	0	0	0.0
Personal services base reduction	(12,075)	0	(12,075)	0	0	0.0
Indirect cost assessment	(4,524)	0	(4,524)	0	0	0.0
<b>SB 11-209</b>	<b>\$895,298</b>	<b>\$0</b>	<b>\$895,298</b>	<b>\$0</b>	<b>\$0</b>	<b>7.0</b>
SB 11-076	<u>(14,782)</u>	<u>0</u>	<u>(14,782)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$880,516</b>	<b>\$0</b>	<b>\$880,516</b>	<b>\$0</b>	<b>\$0</b>	<b>7.0</b>
<b>Increase/(Decrease)</b>	<b>(\$16,746)</b>	<b>\$0</b>	<b>(\$16,746)</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
Percentage Change	(1.9)%	n/a	(1.9)%	n/a	n/a	0.0%

#### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

**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 Financial Services**

This Division regulates state-chartered credit unions, life care institutions, and savings and loan associations. Division staff conduct examinations of financial service institutions to ensure compliance with regulatory standards. This Division is entirely cash funded from the Division of Financial Services Cash Fund pursuant to Section 11-40-106 (2), C.R.S.

Division of Financial Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$1,399,470</u>	<u>\$0</u>	<u>\$1,399,470</u>	<u>\$0</u>	<u>\$0</u>	<u>15.0</u>
<b>TOTAL</b>	<b>\$1,399,470</b>	<b>\$0</b>	<b>\$1,399,470</b>	<b>\$0</b>	<b>\$0</b>	<b>15.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$1,399,470	\$0	\$1,399,470	\$0	\$0	15.0
Restore one-time personal services reduction	23,299	0	23,299	0	0	0.0
Personal services base reduction	(17,273)	0	(17,273)	0	0	0.0
Indirect cost assessment	(9,694)	0	(9,694)	0	0	0.0
<b>SB 11-209</b>	<b>\$1,395,802</b>	<b>\$0</b>	<b>\$1,395,802</b>	<b>\$0</b>	<b>\$0</b>	<b>15.0</b>
SB 11-076	<u>(24,833)</u>	<u>0</u>	<u>(24,833)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,370,969</b>	<b>\$0</b>	<b>\$1,370,969</b>	<b>\$0</b>	<b>\$0</b>	<b>15.0</b>
<b>Increase/(Decrease)</b>	(\$28,501)	\$0	(\$28,501)	\$0	\$0	0.0
Percentage Change	(2.0)%	n/a	(2.0)%	n/a	n/a	0.0%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

**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 Insurance**

This Division is responsible for the licensing of insurance agents and adjusters, and regulation of insurance companies, non-profit hospitals, prepaid dental plans, health maintenance organizations, workers' compensation self-insurance pools, bail bondsmen, and pre-need funeral contracts. The Division of Insurance Cash Fund is the primary source of cash funds.

Division of Insurance						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$8,539,696	\$0	\$8,013,692	\$0	\$526,004	86.7
HB 10-1385	(860,186)	0	(860,186)	0	0	0.0
SB 11-151	<u>(9,535)</u>	<u>0</u>	<u>(9,535)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$7,669,975</b>	<b>\$0</b>	<b>\$7,143,971</b>	<b>\$0</b>	<b>\$526,004</b>	<b>86.7</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$7,669,975	\$0	\$7,143,971	\$0	\$526,004	86.7
Restore one-time personal services reductions	132,311	0	131,149	0	1,162	0.0
CAPCO Administration	688	0	688	0	0	0.0
Balancing action	(300,000)	0	(300,000)	0	0	0.0
Personal services base reduction	(92,706)	0	(92,706)	0	0	0.0
Indirect cost assessment	(64,695)	0	(54,737)	0	(9,958)	0.0
Annualize prior year funding	(273)	0	(273)	0	0	0.0
<b>SB 11-209</b>	<b>\$7,345,300</b>	<b>\$0</b>	<b>\$6,828,092</b>	<b>\$0</b>	<b>\$517,208</b>	<b>86.7</b>
SB 11-076	(131,536)	0	(130,374)	0	(1,162)	0.0
SB 11-128	2,520	0	0	0	2,520	0.0
HB 11-1033	<u>(5,333)</u>	<u>0</u>	<u>(5,333)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$7,210,951</b>	<b>\$0</b>	<b>\$6,692,385</b>	<b>\$0</b>	<b>\$518,566</b>	<b>86.7</b>
<b>Increase/(Decrease)</b>	<b>(\$459,024)</b>	<b>\$0</b>	<b>(\$451,586)</b>	<b>\$0</b>	<b>(\$7,438)</b>	<b>0.0</b>
<b>Percentage Change</b>	<b>(6.0)%</b>	<b>n/a</b>	<b>(6.3)%</b>	<b>n/a</b>	<b>(1.4)%</b>	<b>0.0%</b>

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-151 modified FY 2010-11 appropriations to apply a 1.0 percent reduction to cash fund personal services line item.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**CAPCO Administration:** The appropriation includes an increase to the administration of the capital company (CAPCO Administration) line item which appropriates money that is transferred to the CAPCO Administration line item in the Governor's Office budget to accommodate adjustments to personal services.

**Balancing action:** The appropriation reduces \$300,000 cash funds due to the General Fund shortfall for FY 2011-12. General Fund revenue will increase by \$300,000 in FY 2011-12 because of this reduction.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

**Indirect cost assessment:** The appropriation includes a net decrease in indirect cost assessments.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year budget actions.

**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 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, the Highway Crossing Protection Program, and the Disabled Telephone Users Program. This Division is entirely cash funded, primarily from the Public Utilities Commission Fixed Utility Fund, the Disabled Telephone Users Fund, the Low-Income Telephone Assistance Fund, and the Public Utilities Commission Motor Carrier Fund.

Public Utilities Commission						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$15,770,630	\$0	\$15,770,630	\$0	\$0	100.5
HB 10-1001	51,440	0	51,440	0	0	0.5
HB 10-1365	<u>61,074</u>	<u>0</u>	<u>61,074</u>	<u>0</u>	<u>0</u>	<u>0.6</u>
<b>TOTAL</b>	<b>\$15,883,144</b>	<b>\$0</b>	<b>\$15,883,144</b>	<b>\$0</b>	<b>\$0</b>	<b>101.6</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$15,883,144	\$0	\$15,883,144	\$0	\$0	101.6
Restore one-time personal services reduction	184,833	0	184,833	0	0	0.0
Personal services base reduction	(133,304)	0	(133,304)	0	0	0.0
Indirect cost assessment	(60,957)	0	(60,957)	0	0	0.0
Annualize prior year funding	(54,242)	0	(54,242)	0	0	(0.5)

Public Utilities Commission						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Adjustments to Commission for the Deaf and Hard of Hearing	(31,226)	0	(31,226)	0	0	0.0
<b>SB 11-209</b>	<b>\$15,788,248</b>	<b>\$0</b>	<b>\$15,788,248</b>	<b>\$0</b>	<b>\$0</b>	<b>101.1</b>
SB 11-076	<u>(189,253)</u>	<u>0</u>	<u>(189,253)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$15,598,995</b>	<b>\$0</b>	<b>\$15,598,995</b>	<b>\$0</b>	<b>\$0</b>	<b>101.1</b>
<b>Increase/(Decrease)</b>	(\$284,149)	\$0	(\$284,149)	\$0	\$0	(0.5)
Percentage Change	(1.8)%	n/a	(1.8)%	n/a	n/a	(0.5)%

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

**Indirect cost assessment:** The appropriation includes a net decrease in indirect cost assessments.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation.

**Adjustments to Commission for the Deaf and Hard of Hearing:** The appropriation includes an increase to the Commission for the Deaf and Hard of Hearing line item in the Department of Human Services, Services for People with Disabilities Division to accommodate changes to personal services.

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

### Division of Real Estate

The Division of Real Estate licenses real estate brokers and appraisal professionals, analyzes subdivision offerings on undeveloped land, and administers an enforcement program that responds to the needs of the industry and the consumer. Additional protection is offered to the public through the Real Estate Recovery Fund and errors and omissions insurance for all real estate licensees. The Division is entirely cash funded primarily from the Division of Real Estate Cash Fund and the Mortgage Broker Licensing Cash Fund.



Division of Real Estate						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$4,121,118	\$0	\$4,121,118	\$0	\$0	50.1
HB 10-1197	9,028	0	9,028	0	0	0.2
HB 10-1278	115,149	0	115,149	0	0	2.0
SB 11-151	<u>9,375</u>	<u>0</u>	<u>9,375</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,254,670</b>	<b>\$0</b>	<b>\$4,254,670</b>	<b>\$0</b>	<b>\$0</b>	<b>52.3</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$4,254,670	\$0	\$4,254,670	\$0	\$0	52.3
Restore one-time personal services reduction	63,288	0	63,288	0	0	0.0
Mortgage broker consumer protection	3,231	0	3,231	0	0	0.0
Personal services base reduction	(50,616)	0	(50,616)	0	0	0.0
Indirect cost assessment	(17,744)	0	(17,744)	0	0	0.0
Annualize prior year funding	(10,265)	0	(10,265)	0	0	0.0
<b>SB 11-209</b>	<b>\$4,242,564</b>	<b>\$0</b>	<b>\$4,242,564</b>	<b>\$0</b>	<b>\$0</b>	<b>52.3</b>
SB 11-076	(61,416)	0	(61,416)	0	0	0.0
HB 11-1300	<u>9,760</u>	<u>0</u>	<u>9,760</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,190,908</b>	<b>\$0</b>	<b>\$4,190,908</b>	<b>\$0</b>	<b>\$0</b>	<b>52.3</b>
<b>Increase/(Decrease)</b>	<b>(\$63,762)</b>	<b>\$0</b>	<b>(\$63,762)</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
Percentage Change	(1.5)%	n/a	(1.5)%	n/a	n/a	0.0%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-151 modified FY 2010-11 appropriations to make a minor funding adjustment.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Mortgage broker consumer protection:** The appropriation includes an increase for the mortgage broker consumer protection unit in the Department of Law.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

**Indirect cost assessment:** The appropriation includes a net decrease in indirect cost assessments.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

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

## Division of Registrations

This Division regulates over 324,000 licensees in forty-eight professions and occupations. Boards and Commissions establish regulatory standards to ensure a minimal level of licensee competency and rules to ensure a safe environment for professionals and customers. The Division is primarily funded with cash funds from the Division of Registrations Cash Fund. Reappropriated funds are primarily from Departmental indirect cost recoveries.

Division of Registrations						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$17,174,633	\$0	\$15,028,455	\$2,139,354	\$6,824	186.8
SB 10-109	80,749	0	0	80,749	0	1.2
SB 10-124	91,335	0	91,335	0	0	1.0
HB 10-1128	(26,088)	0	(26,088)	0	0	0.0
HB 10-1141	9,375	0	9,375	0	0	0.0
HB 10-1224	888	0	888	0	0	0.0
HB 10-1260	13,102	0	13,102	0	0	0.0
HB 10-1415	39,645	0	39,645	0	0	0.4
SB 11-151	<u>(9,375)</u>	<u>0</u>	<u>(9,375)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$17,374,264</b>	<b>\$0</b>	<b>\$15,147,337</b>	<b>\$2,220,103</b>	<b>\$6,824</b>	<b>189.4</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$17,374,264	\$0	\$15,147,337	\$2,220,103	\$6,824	189.4
Restore one-time personal services reduction	245,019	0	216,064	28,955	0	0.0
Annualize prior year funding	27,006	0	76,445	(49,439)	0	2.7
Fund source adjustment	0	0	(37,848)	37,848	0	0.0

Division of Registrations						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Eliminate divisional indirects	(1,618,053)	0	0	(1,618,053)	0	0.0
Indirect cost assessment	(571,907)	0	(565,083)	0	(6,824)	0.0
Personal services base reduction	(148,719)	0	(148,719)	0	0	0.0
<b>SB 11-209</b>	<b>\$15,307,610</b>	<b>\$0</b>	<b>\$14,688,196</b>	<b>\$619,414</b>	<b>\$0</b>	<b>192.1</b>
SB 11-076	(221,025)	0	(221,025)	0	0	0.0
SB 11-088	1,750	0	1,750	0	0	0.0
SB 11-091	7,673	0	7,673	0	0	0.0
SB 11-094	1,050	0	1,050	0	0	0.0
SB 11-169	101,814	0	101,814	0	0	1.4
SB 11-187	261,540	0	261,540	0	0	3.4
SB 11-192	50,326	0	50,326	0	0	1.0
HB 11-1100	59,904	0	59,904	0	0	0.0
HB 11-1195	<u>75,196</u>	<u>0</u>	<u>75,196</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
<b>TOTAL</b>	<b>\$15,645,838</b>	<b>\$0</b>	<b>\$15,026,424</b>	<b>\$619,414</b>	<b>\$0</b>	<b>198.9</b>
<b>Increase/(Decrease)</b>	(\$1,728,426)	\$0	(\$120,913)	(\$1,600,689)	(\$6,824)	9.5
Percentage Change	(9.9)%	n/a	(0.8)%	(72.1)%	(100.0)%	5.0%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-151 modified FY 2010-11 appropriations to make a minor funding adjustment.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation.

**Fund source adjustment:** The appropriation includes an increase in reappropriated funds offset by a decrease in cash funds.

**Eliminate divisional indirects:** The appropriation includes the elimination of funds appropriated to the indirect cost line item and then reappropriated to the personal services and operating expenses line item. The appropriation directly appropriates cash funds to the personal services and operating expenses line items.

**Indirect cost assessment:** The appropriation includes a net decrease in indirect cost assessments.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

**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 state-licensed securities broker-dealers and sales representatives, and investigates complaints and other indications of securities fraud. Division staff perform examinations of dealer offices and investment advisory firms to ensure compliance with regulatory laws. The Division is entirely funded with cash funds from the Division of Securities Cash Fund.

Division of Securities						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$2,697,697</u>	<u>\$0</u>	<u>\$2,697,697</u>	<u>\$0</u>	<u>\$0</u>	<u>23.0</u>
<b>TOTAL</b>	<b>\$2,697,697</b>	<b>\$0</b>	<b>\$2,697,697</b>	<b>\$0</b>	<b>\$0</b>	<b>23.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$2,697,697	\$0	\$2,697,697	\$0	\$0	23.0
Securities fraud prosecution	234,300	0	234,300	0	0	0.0
Increase securities funding	207,781	0	207,781	0	0	3.0
Restore one-time personal services reduction	40,167	0	40,167	0	0	0.0
Indirect cost assessment	5,090	0	5,090	0	0	0.0
Personal services reduction	(29,951)	0	(29,951)	0	0	0.0
<b>SB 11-209</b>	<b>\$3,155,084</b>	<b>\$0</b>	<b>\$3,155,084</b>	<b>\$0</b>	<b>\$0</b>	<b>26.0</b>
SB 11-076	<u>(48,080)</u>	<u>0</u>	<u>(48,080)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$3,107,004</b>	<b>\$0</b>	<b>\$3,107,004</b>	<b>\$0</b>	<b>\$0</b>	<b>26.0</b>
<b>Increase/(Decrease)</b>	<b>\$409,307</b>	<b>\$0</b>	<b>\$409,307</b>	<b>\$0</b>	<b>\$0</b>	<b>3.0</b>
Percentage Change	15.2%	n/a	15.2%	n/a	n/a	13.0%

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Securities fraud prosecution:** The appropriation includes an increase for the Securities Fraud Prosecution unit in the Department of Law. The increase is due to cash funding 2.0 FTE Criminal Investigators in the Department of Law's Securities Fraud Unit that were previously funded with General Fund.

**Increase securities funding:** The appropriation includes an increase of \$207,781 cash funds and 3.0 FTE to maintain regulatory standards through enforcement of securities laws.

**Restore one-time personal services reduction:** The Long Bill appropriation restores a one-time FY 2010-11 reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items

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

## Recent Legislation

### 2010 Session Bills

**S.B. 10-109:** Requires the Department of Public Health and Environment (DPHE) to promulgate new rules for medical marijuana identification cards and prescribing physicians. Establishes requirements for physicians who prescribe medical marijuana and allows the State Board of Medical Examiners in the Department of Regulatory Agencies to investigate and sanction physicians guilty of violations. Also allows DPHE to impose sanctions on physicians guilty of violating these requirements. Establishes reporting requirements for patients with a valid identification card who are convicted of a drug offense and requirements for patients with legal guardians. Makes the following appropriations:

- Appropriates \$815,224 cash funds from the Medical Marijuana Program Cash Fund and 2.1 FTE to the Department of Public Health and Environment (DPHE).
- Reappropriates \$593,333 along with 1.2 FTE to the Department of Regulatory Agencies (DORA) from the moneys appropriated to the DPHE.
- Reappropriates \$612,463 along with 5.2 FTE to the Department of Law for the provision of legal services to DPHE and DORA. Of this amount, \$99,879 is from the DPHE and \$512,584 is from DORA.

For additional information on S.B. 10-109, see the "Recent Legislation" section at the end of the Department of Public Health and Environment.

**S.B. 10-124:** Extends the Michael Skolnik Medical Transparency Act to certain health care professionals applying for a new, reinstated, reactivated or renewal license or certification to submit information to the State Board of Medical Examiners. Appropriates \$98,873 cash funds from the Division of Registrations Cash Fund and 1.0 FTE to the Division of Registrations in the Department of Regulatory Agencies and reappropriates \$7,538 to the Department of Law for the provision of legal services.

**H.B. 10-1001:** Requires a utility to have a renewable energy portfolio standard (RPS) equal to 30 percent by 2020 and requires a portion of the RPS to be met through "distributed generation" (DG). Allows the Public Utilities Commission (PUC) to reduce the DG percentage after 2014 and incrementally reduce the existing standard rebate offer if the market can support the change. Directs the PUC to require registration with a regional system for tracking renewable energy generation for large DG facilities. The act also:

- Allows a utility to advance funds that do not exceed the 2 percent rate cap from year to year for the acquisition of renewable energy resources with PUC approval;
- Directs the PUC to ensure that a utility allocates its expenditures according to the proportion of its revenues derived from residential and nonresidential customers;
- Increases the threshold at which a utility may negotiate purchases of renewable energy credits from individual customers from 100 kW to 500 kW; and
- Allows the PUC to determine a reasonable retail rate that solar program participants pay into the renewable energy standard adjustment.

Requires new photovoltaic (PV) installations occurring on and after January 1, 2012 to be funded through ratepayer incentives and rebates and to be installed by licensed electricians or apprentices. Authorizes any committee formed by executive order for the purpose of studying the desirability of regulating solar installers to request a sunrise review. Appropriates \$51,440 cash funds from the PUC Fixed Utility Fund and 0.5 FTE to the Public Utilities Commission in the Department of Regulatory Agencies.

**H.B. 10-1114:** Authorizes the Banking Board (Board) to share information about money transmitters with the United States Attorney General. Requires money transmitter agents to provide certain business information to the Board, sign a statement containing a notice of the money laundering laws, and/or receive training on money laundering laws. Prohibits a money transmitter from employing an agent who has committed certain crimes related to banking or property. Makes the initial violation a class 2 misdemeanor and subsequent violations a class 1 misdemeanor. Appropriates \$23,124 cash funds from the Division of Banking Cash Fund and 0.5 FTE to the Division of Banking in the Department of Regulatory Agencies.

**H.B. 10-1128:** Clarifies that moneys collected on behalf of administering entities of professional peer review programs do not constitute state fiscal year spending for purposes of Section 20 of Article X of the Colorado Constitution (TABOR). Clarifies that exemptions from the dental practice act apply to dental students and residents. Deletes duplicative requirements for foreign-trained dentists teaching at dental schools and duplicative requirements for X-ray technicians. Authorizes the Director of the Division of Registrations to take disciplinary action against massage therapists convicted of unlawful sexual behavior or prostitution-related offenses. Exempts out-of-state chiropractors and medical doctors working at United States Olympic Committee sanctioned events, and out-of-state medical doctors working at Shriners hospitals from the requirement to obtain special temporary licenses. Repeals the regulation of athlete agents by the Division of Registrations. Reduces the FY 2010-11 appropriation to the Division of Registrations in the Department of Regulatory Agencies by \$25,887 cash funds, and reduces the appropriation to the Department of Law by \$9,799 reappropriated funds.

**H.B. 10-1141:** Creates the five member Board of Mortgage Loan Originators (Board) in the Division of Real Estate as a Type 1 board and requires the Board to regulate mortgage companies, loan originators, and brokers. Requires mortgage companies and loan originators to have a state license and be registered with the Nationwide Mortgage Licensing System and Registry effective January 1, 2011. Requires mortgage companies and loan originators to obtain a unique identifying number that must appear on all residential loan application forms. Appropriates \$15,782 cash funds from the Mortgage Company Loan Originator Licensing Fund to the Division of Real Estate in the Department of Regulatory Agencies and reappropriates \$6,407 to the Department of Law for the provision of legal services.

**H.B. 10-1148:** Repeals the continuing professional competency requirement for an architect. Reduces the FY 2010-11 appropriation to the Division of Registrations by \$11,307 cash funds, and reduces the appropriation to the Department of Law by the same amount of reappropriated funds.

**H.B. 10-1197:** Limits aggregate credits for donating conservation easements to \$26 million each year for the 2011, 2012, and 2013 income tax years. Taxpayers are first required to submit a claim for a tax credit to the Division of Real Estate, which will issue a certificate in the order the claims were received. If more than \$26 million in credits are claimed, the claims not issued certificates will be placed on a waiting list and certificates will be issued in a subsequent year. Appropriates \$9,028 cash funds from the Conservation Easement Holder Certification Fund and 0.2 FTE to the Division of Real Estate in the Department of Regulatory Agencies. For additional information on H.B. 10-1197, see the "Recent Legislation" section at the end of the Department of Revenue.

**H.B. 10-1224:** Continues the regulation of podiatrists by the Colorado Board of Podiatry until July 1, 2020 and implements the recommended changes in the 2009 sunset review. Appropriates \$3,149 cash funds from the Division of Registrations Cash Fund to the Division of Registrations and reappropriates \$2,261 to the Department of Law for the provision of legal services.

**H.B. 10-1260:** Continues the regulation of medical doctors by the Colorado Medical Board through July 1, 2019, and implements the recommendations made in the 2009 sunset review. On January 1, 2011 transfers the regulation of emergency medical technicians from the Board to the newly-created, eleven member, Emergency Medical Practice Advisory Council within the Department of Public Health and Environment. Appropriates \$29,686 cash funds from the Division of Registrations Cash Fund to the Division of Registrations and reappropriates \$16,584 to the Department of Law for the provision of legal services. For additional information on H.B. 10-1260, see the "Recent Legislation" section at the end of the Department of Public Health and Environment.

**H.B. 10-1278:** Creates the Home Owners Association (HOA) Information and Resource Center (Center) which is under the direction of the HOA Information Officer. Requires the Center to advocate on behalf of unit owners, mediate disputes, and act as a clearing house for information on the governing law, to track inquiries and complaints, and to report annually on the number and type of inquiries and complaints received. Requires HOAs to register and pay the applicable fee and prohibits an HOA from pursuing lien for assessments or otherwise enforce its rights and remedies under the "Colorado Common Interest Ownership Act" if the HOA fails to register and/or pay the fee. Caps the registration fee at \$50 and exempts HOAs from the fee if they do not charge a fee or cap their fee at \$400. Creates the HOA Information and Resource Center Cash Fund (Fund). Makes an appropriation of \$205,828 cash funds from the Fund and 2.0 FTE to the Division of Real Estate in the Department of Regulatory Agencies and reappropriates \$15,679 along with 0.1 FTE to the Department of Law for the provision of legal services.

**H.B. 10-1365:** Requires all rate-regulated utilities that own or operate coal-fired electric generating units to submit to the Public Utilities Commission (PUC) a plan to reduce emissions from those units covering the lesser of 900 megawatts or 50 percent of the utility's coal-fired electric generating units in Colorado. Allows the Department of Public Health and Environment the opportunity to comment on the utilities' plans and to determine whether the new or repowered electric generating units proposed under the plans will achieve certain emission rates. Requires the PUC to accept, reject or modify plans by December 15, 2010 and requires utilities to implement plans by December 31, 2017. Allows the PUC on and after January 1, 2012 to approve interim rates and requires a utility to rebate the excess if a final rate is lower than an interim rate. Appropriates \$74,115 cash funds and 0.6 FTE to the Public Utilities Commission in the Department of Regulatory Agencies and reappropriates \$13,041 along with 0.1 FTE to the Department of Law for the provision of legal services.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

**H.B. 10-1385:** Requires the insurance fraud fee be credited to the newly created Insurance Fraud Cash Fund, and caps the fee at \$561. Requires the fee be used to offset the direct and indirect costs of insurance fraud investigations and prosecutions by the Department of Law. Reduces the FY 2010-11 appropriation to the Division of Insurance by \$860,186 cash funds. For additional information on H.B. 10-1385, see the "Recent Legislation" section at the end of the Department of Law.

**H.B. 10-1415:** Effective April 1, 2011 creates a registration program in the Division of Registrations for surgical assistants and surgical technologists. Requires the Division to create a database of registered surgical assistants and surgical technologists, and requires employers to check the database before employing a surgical assistant or surgical technologist. Appropriates \$43,414 cash funds from the Division of Registrations Cash Fund and 0.4 FTE to the Division of Registrations in the Department of Regulatory Agencies and reappropriates \$3,769 to the Department of Law for the provision of legal services.

## **2011 Session Bills**

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$826,773 total funds, of which \$24,058 is General Fund, \$749,724 is cash funds, \$47,038 is reappropriated funds, and \$5,953 is federal funds.

**S.B. 11-088:** Continues the regulation of direct-entry midwives in the Division of Registrations until September 1, 2016, and implements changes recommended in the 2010 sunset review. Broadens the scope of practice for direct-entry midwives to include limited prescriptive authority to obtain and administer vitamin K, immune globulin and antihemorrhagic drugs, and authorizes the administration of intravenous fluids. Expands the mandatory disclosures for direct-entry midwives to address the new authorities, informed consent, and emergency procedures. Clarifies the distinction between serious and less serious violations, and requires the director of the division to establish a fine schedule and the circumstances under which fines may be imposed. Appropriates \$5,859 cash funds to the Department of Regulatory Agencies and reappropriates \$4,109 to the Department of Law for the provision of legal services.

**S.B. 11-091:** Continues the State Board of Veterinary Medicine and its functions until September 1, 2022. Creates an exemption to the veterinarian-client-patient relationship (VCPR) for the purpose of dispensing



prescription drugs and modifies the definition of the VCPR to allow for emergency coverage by another veterinarian. Allows veterinarians to establish professional service corporations under statutory guidelines, and directs the Board to develop a uniform system and schedule of fines for violations. Modifies the grounds for discipline, and imposes a two-year waiting period for a veterinarian whose license was revoked to reapply for licensure. Exempts the practice of animal physical therapy by a licensed physical therapist from the licensing requirements of the Colorado Veterinary Practice Act. Requires all veterinary clinics to have a Colorado-licensed veterinarian designated as responsible for all veterinary medical decisions and care provided to a patient present in the facility. Subjects a corporate veterinary practice that fails to do so to a fine. Allows an unlicensed person to assist in a surgical procedure if the person is under the immediate supervision of a licensed veterinarian. Appropriates \$12,075 cash funds to the Department of Regulatory Agencies and reappropriates \$4,402 to the Department of Law for the provision of legal services.

**S.B. 11-094:** Implements the recommendations of the 2010 sunset review of the Colorado State Board of Optometric Examiners and continues the functions of the board until September 1, 2022. Appropriates \$5,460 cash funds to the Department of Regulatory Agencies and reappropriates \$4,410 to the Department of Law for the provision of legal services.

**S.B. 11-128:** Requires all insurance carriers selling individual health benefit plans in Colorado to provide at least one child-only health benefit plan for children up to age 19, without regard to preexisting conditions, during two specified month-long enrollment periods per year. Specifies when the first enrollment must occur and time periods of subsequent enrollment. Requires insurance carriers to give notice of the open enrollment opportunities, instructions for enrolling, a link to the public programs administered by the Department of Health Care Policy and Financing on their website. Requires the Commissioner of Insurance to collect information about the number of applicants for a child-only plan, the number enrolled, the number of applicants denied enrollment, and the reasons for the denials in conjunction with the annual Health Cost Report Survey. Provides an informational only appropriation of \$5,455 federal funds to the Division of Insurance, and reappropriates \$2,935 to the Department of Law for the provision of legal services.

**S.B. 11-151:** Supplemental appropriation to the Department of Regulatory Agencies for FY 2010-11.

**S.B. 11-169:** Implements the recommendations in the 2010 sunset review of the regulation of physical therapists, and continues the regulatory program until 2018. Creates the State Physical Therapy Board, a new certification program for assistants to physical therapists, and establishes requirements for physical therapists to demonstrate continued competency. Appropriates \$101,814 cash funds and 1.4 FTE to the Division of Registrations, and \$62,566 to the Executive Director's Office. Reappropriates \$23,680 to the Governor's Office of Information Technology for the provision of information technology services, and \$38,886 to the Department of Law for the provision of legal services.

**S.B. 11-187:** Continues the State Boards of Psychologist Examiners, Social Work Examiners, Marriage and Family Therapist Examiners, Licensed Professional Counselor Examiners, and the State Grievance Board and implements recommendations from the 2010 sunset review. Creates the State Board of Addiction Counselor Examiners and eliminates the regulatory authority of the director of the Division of Registrations over addiction counselors. Establishes a new sunset date of September 1, 2020, for these oversight boards. Appropriates \$261,540 cash funds and 3.4 FTE to the Division of Registrations, and \$271,088 to the Executive Director's Office. Reappropriates \$176,088 to the Department of Law for the provision of legal services

**S.B. 11-192:** Continues the Prescription Drug Monitoring Program (PDMP), and clarifies that only prescriptions that have been dispensed are to be tracked, repeals the prescription controlled substance abuse monitoring advisory committee, and makes changes to the administration of the program. Expands access to the PDMP to law enforcement officials and regulatory boards in the Department of Regulatory Agencies. Requires physicians and pharmacies to disclose to the patient that their information will be entered into the PDMP database. Appropriates \$50,326 cash funds and 1.0 FTE to the Division of Registrations.

**S.B. 11-209:** General appropriations act for FY 2011-12.

**H.B. 11-1033:** Eliminates the requirement for property and casualty insurance companies to file an annual schedule of their aggregate Colorado claims data with the Division of Insurance in the Department of Regulatory Agencies. Reduces the appropriation to the Division of Insurance by \$5,333 cash funds.

**H.B. 11-1100:** Requires the Division of Registrations in the Department of Regulatory Agencies to accept an applicant's education, training, or service completed while a member of the armed services towards the qualifications to receive a professional license or certification. Appropriates \$94,388 cash funds to the Department of Regulatory Agencies, and reappropriates \$34,484 along with 0.4 FTE to the Department of Law for the provision of legal services.

**H.B. 11-1195:** Creates a voluntary license for private investigators in Colorado. Establishes licensure requirements and grounds for discipline. Appropriates \$82,533 cash funds and 1.0 FTE to the Department of Regulatory Agencies, and reappropriates \$7,337 to the Department of Law for the provision of legal services. Appropriates \$19,750 cash funds to the Department of Public Safety for background checks.

**H.B. 11-1300:** Authorizes the use of an expedited process for resolving disputed claims over conservation easement tax credits with certain provisions. Modifies the aggregate cap for claims for conservation easements that was a part of H.B. 10-1197. Appropriates \$12,112 cash fund from the Conservation Easement Holder Certification Fund to the Department of Regulatory Agencies and reappropriates \$2,352 to the Department of Law for the provision of legal services. For additional information on H.B. 11-1300, see the "Recent Legislation" section at the end of the Department of Revenue.

# DEPARTMENT OF REVENUE

The Department of Revenue is organized into three functional groups: Taxation, Motor Vehicles, and Enforcement. The Taxation Business Group collects revenues for state government and for local governments. 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, operates the hearings division, and regulates medical marijuana dispensaries, cultivation facilities, and infused products manufacturing facilities. 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 to collect 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 246 local governments and special districts.

The Department also operates the State Lottery, which accounts for approximately one-third of the Department's annual budget. Lottery proceeds (sales less prizes and expenses) are distributed to the Conservation Trust Fund, Great Outdoors Colorado, Parks and Outdoors Recreation, and public school construction projects.

## Department Budget: Recent Appropriations

Funding Source	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$100,649,490	\$73,749,339	\$70,830,479	\$72,746,170
Cash Funds	583,661,442	615,399,703	654,279,061	219,932,569
Reappropriated Funds	1,392,448	1,398,939	1,421,461	1,328,287
Federal Funds	<u>1,471,598</u>	<u>1,525,374</u>	<u>815,619</u>	<u>723,701</u>
<b>Total Funds</b>	<b>\$687,174,978</b>	<b>\$692,073,355</b>	<b>\$727,346,620</b>	<b>\$294,730,727</b>
Full Time Equiv. Staff	1,496.8	1,490.7	1,521.5	1,370.3

## 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, mineral severance activity and legislative changes related to identification document requirements have increased demands on department staff and systems in recent years. The Department's funding for FY 2011-12 consists of 24.7 percent General Fund, 74.6 percent cash funds, 0.5 percent reappropriated funds, and 0.2 percent federal funds.

## Taxation Business Group

In FY 2009-10, the Department collected \$9.1 billion in state taxes and fees, including income taxes, sales, use, mileage and fuel taxes, excise taxes, cigarette and tobacco taxes. In addition, another \$1.1 billion in sales taxes were collected on behalf of local governments.

The complexity of 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 collecting 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 collected include: county lodging, local marketing, regional transportation, football stadium, scientific and cultural, local improvement, mass transit, and short term rental tax.

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 in 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.

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 levies in Colorado, and one mineral lease can be subject to several different mill levies 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.

The cost of administering the tax code relative to tax collections has been declining since FY 2002-03, though it increased slightly in FY 2008-09. The cost of collecting taxes declined from a ten-year high of 1.38 percent in FY 2002-03 to 0.98 percent in FY 2007-08, before increasing in FY 2008-09. A similar increase occurred during the last economic downturn. The administrative costs of collecting state taxes for the last ten years is shown in the table below.

Costs of Tax Administration vs Tax Collections			
Fiscal Year	Gross Collections	Administrative Costs	Costs as Percentage of Collections
2000-01	8,653,902,089	108,855,606	1.26%
2001-02	8,012,213,761	107,136,494	1.34%
2002-03	7,981,969,628	110,484,770	1.38%
2003-04	8,335,854,177	104,393,751	1.25%
2004-05	9,027,369,791	107,948,818	1.20%
2005-06	10,197,697,020	109,003,382	1.07%
2006-07	10,919,575,395	108,895,307	1.00%
2007-08	11,529,208,182	112,484,115	0.98%

Costs of Tax Administration vs Tax Collections			
Fiscal Year	Gross Collections	Administrative Costs	Costs as Percentage of Collections
2008-09	10,670,993,094	124,495,086	1.17%
2009-10	10,189,039,088	116,073,378	1.14%

## Division of Motor Vehicles

The Division of Motor Vehicles issues driver's licenses and identification cards, maintains driver records and administers administrative sanctions, suspensions, and reinstatements of driver's licenses, regulates commercial driving schools, oversees the State's vehicle emissions program, provides support for the statewide vehicle titling and registration system (CSTARS), oversees the motorist insurance identification database program, and administers the ignition interlock subsidy program.

### *Driver and Vehicle Services*

There are more than 3.6 million licensed drivers in Colorado. Driver's license offices issue driver's licenses and state identification (ID) cards, as well as vehicle titles and registrations, dealer licenses, and other official state documents. In FY 2001-02, the term of a driver's license was increased from five to ten years. The number of driver's licenses issued dropped in FY 2006-07 as the first drivers who were issued ten-year licenses did not have to renew their licenses. As a result of subsequent legislation passed in order to comply with federal law, the State returned to five-year renewals beginning in 2005. Starting in January 2010, the first five-year driver's licenses that were issued, along with the ten-year licences, are due for renewal, resulting in an expected increase in the number of documents issued.

Number of Documents Issued by Driver's License Offices						
	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Estimated	FY 2011-12 Projected
Documents Issued	629,888	899,194	866,332	903,378	1,147,808	1,314,028
Percentage Change	(40.4)%	42.8%	(2.8)%	4.3%	27.1%	14.5%

At the same time, recent changes in state and federal law have increased transaction times for driver's licenses and ID cards, because the Department has had to institute new policies and procedures to insure that those documents are secure and verifiable.

Legislation on both the state and federal levels is a significant budget driver for this division. In the past, the purpose and function of the driver's license was to certify that a driver was competent to operate a motor vehicle. Today, the driver's 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 "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" (H.B. 03-1356), a person must provide a driver's 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 increased driver's license fees and applied the increased revenue to fund the opening of three new driver's license offices in the Front Range and to add 53.0 FTE to staff the new offices and to increase staff at other offices. Senate Bill 09-274 refinanced, for FY 2009-10, \$17 million of General Fund with cash funds from the Licensing Services Cash Fund (to which all driver's license fees were diverted) and with Highway Users Tax Fund (HUTF) "off-the-top" moneys. House Bill 10-1387 extended that refinance for FY 2010-11 and FY 2011-12, refinancing \$20.0 million General Fund with \$20.0 million cash funds each year, including \$3.9 million in HUTF "Off-the-Top" moneys for FY 2010-11 and \$2.3 million for FY 2011-12.

In addition to issuing driver's licenses, the Driver and Vehicle Services section is responsible for: managing driver's licensing records; verifying documents presented for identification, including proof of the applicant's legal presence in the United States; identifying and administering administrative sanctions, including all restraints for alcohol related driving offenses; investigating fraud related to driver's licenses and identification cards; providing support and coordination for the motor vehicle registration process; and supervising license plate ordering and distribution.

#### *Vehicle Emissions Program*

The Vehicle Emissions program licenses vehicle emissions testing site operators, inspectors, and mechanics; conducts inspections of vehicle emissions testing facilities to insure compliance with statutory requirements; and validates inspector and mechanic performance standards. In FY 2009-10, the Department renewed 39 licenses for stations and 182 for mechanics.

#### *Titles Program*

The Titles Program is responsible for the issuance of legal, negotiable certificates of title to protect the public when purchasing motor vehicles. Program staff review all high-risk title applications to verify that the assignment of ownership has been properly made. In FY 2009-10, the Department processed 1,430,621 title applications, which is a decline of 1,652,931 applications processed in FY 2007-08.

#### *Motorist Insurance Identification Database (MIIDB) Program*

The Motorist Insurance Identification Database program helps law enforcement officers verify driver compliance with the State's motor vehicle insurance requirements. The program is authorized to suspend driving privileges for uninsured motorists. In FY 2009-10, a total of 27,842 restraint actions were taken as a result of citations issued for driving or having an accident without insurance.

#### *Ignition Interlock Subsidy Program*

The Ignition Interlock Subsidy Program was created to assist first-time drunk driving offenders obtain an ignition interlock device that prevents driving while intoxicated. The subsidy assists those who cannot afford the devices.

### **Motor Carrier Services Division**

The Motor Carrier Services Division (Ports of Entry) receives a portion of Highway Users Tax Fund (HUTF) revenues for supervision of the highways. The distributions to the Ports of Entry and to the State Patrol are taken "off-the-top" before the formula allocations of HUTF to the State Highway Fund, counties, and cities. State law permits the off-the-top HUTF appropriations for highway supervision to grow by 6.0 percent annually over the previous fiscal 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 fiscal year's base; it is not a proportion of HUTF revenues, nor is there a specific percentage or monetary cap.

The table below shows Ports of Entry and safety inspection activity for the last five fiscal years.

	Motor Carrier Services Activity				
	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
Number of trucks cleared	5,969,603	6,348,808	6,484,733	5,893,170	5,715,975
Trucks weighed	5,016,784	5,423,400	5,525,622	4,968,423	4,935,358
Special fuel permits	5,986	6,806	6,571	6,162	5,953
Hazardous material permits	1,299	1,426	1,372	1,253	1,055
Safety Inspections	30,228	24,579	20,608	24,476	30,285
Safety citations issued	13,779	12,810	11,507	11,430	12,534
Trucks/Drivers placed out of service	12,938	10,719	9,295	9,920	10,708
Out-of-service safety violations	19,955	22,886	19,796	17,678	19,476

## Enforcement Business Group

The Enforcement Business Group regulates the liquor, tobacco, medical marijuana, 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.

### *Limited Gaming Division*

The Limited Gaming Division licenses and regulates the limited gaming industry, including gaming devices, facilities, personnel, and activities. The division also enforces the laws contained in the Limited Gaming Act as well as the rules and regulations promulgated by the Colorado Limited Gaming Control Commission (Commission). The Commission has constitutional authority to allocate moneys to the Division. Moneys remaining in the Limited Gaming Fund after the payment of the Division's expenses are distributed according to the Constitution as follows:

- 28.0 percent to the State Historical Society
- 12.0 percent to the gaming counties (Gilpin and Teller) in amounts proportional to gaming revenues collected in each county
- 10.0 percent to the gaming cities (Black Hawk, Central City, and Cripple Creek) in amounts proportional to gaming revenues collected in each city
- 50.0 percent to the General Fund or such other uses or funds as the General Assembly may provide

With the voters' approval of Amendment 50 in 2008, limited gaming was expanded to include higher limits on bets, extended hours, and new games. The proceeds of expanded gaming, after expenses, are distributed to limited gaming cities (10.0 percent) and counties (12.0 percent), and the state's community colleges (78.0 percent).

State limited gaming revenues, expenses and distributions are detailed in the following table.

<b>Limited Gaming Revenues, Actual Expenses, and Distributions</b>					
	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>
<b>Limited Gaming revenue</b>	\$108,017,575	\$116,034,393	\$112,074,885	\$97,445,021	\$110,809,510
Commission/Division expenses	<u>8,701,436</u>	<u>9,012,969</u>	<u>10,318,448</u>	<u>11,251,725</u>	<u>12,372,539</u>
Available for Distribution	\$99,316,139	\$107,021,424	\$101,756,437	\$86,193,296	\$98,436,971
<b>Distributions</b>					
State Historical Society	\$28,041,290	\$29,779,880	\$28,165,675	\$23,878,704	\$24,867,360
<u>Limited Gaming Counties</u>					
Gilpin County	9,616,921	10,317,452	9,773,892	8,196,195	8,720,983
Teller County	2,400,775	2,445,354	2,297,112	2,037,536	1,936,457
<u>Limited Gaming Cities</u>					
City of Black Hawk	7,110,170	7,530,055	7,172,188	6,056,663	6,516,136
Central City	903,931	1,067,821	972,722	773,499	751,350
City of Cripple Creek	2,000,646	2,037,795	1,914,260	1,697,946	1,613,714
General Fund	17,464,148	6,547,293	0	2,811,210	16,200,000
Local Government Gaming Impact Fund	6,509,585	6,913,186	6,538,460	5,543,271	3,772,780
Department of Transportation	0	5,259,411	14,292,757	10,127,274	0
Tourism Promotion Fund	19,000,000	19,676,799	20,107,662	15,578,699	14,208,015
State Council on the Arts Cash Fund	1,500,000	1,553,432	1,587,447	1,200,026	1,121,726
Film Incentives Cash Fund	600,000	621,373	634,979	180,011	407,997
New Jobs Incentives Cash Fund	3,000,000	3,106,863	3,174,894	1,400,052	1,291,231
Bioscience Discovery Evaluation Grant Program	2,000,000	2,500,000	0	4,500,000	5,500,000
Clean Energy Fund	0	7,000,000	3,959,650	0	0
Office of Economic Development Film Commission	0	0	0	300,000	0
Innovative Higher Education Research Fund	0	0	0	1,000,000	1,904,251
<b>Distribution Resulting from Amendment 50</b>					
Limited Gaming Cities	0	0	0	0	793,040
Limited Gaming Counties	0	0	0	0	951,648
Community College System	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,185,713</u>
<b>Total Distributions</b>	\$100,147,466	\$106,356,714	\$100,591,698	\$85,281,086	\$96,742,401

### *Liquor Enforcement Division*

The Liquor Enforcement Division licenses persons who manufacture, import, distribute or sell alcoholic beverages, and regulates the sale and distribution of liquor within the State. The Division enforces the provisions of the Liquor, Beer, and Special Events Codes. The following table details the enforcement actions the Division has undertaken in the last five fiscal years.



<b>Liquor Enforcement Division - Violations</b>					
	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>
State administrative actions	173	191	248	320	296
State revocations	0	0	3	1	0
State suspensions	93	71	78	115	152
State denials	2	1	1	3	1
Division-filed court cases	270	292	340	512	466
Division-assisted local hearings	11	9	11	13	5

### *Tobacco Enforcement Program*

The Tobacco Enforcement Program enforces laws that prohibit the sale of tobacco products to minors.

### *Division of Racing Events*

The Division of Racing Events licenses and regulates horse racing events, enforcing all laws, rules, and regulations related to racing activities. The Division is responsible for ensuring the health and welfare of horses racing in Colorado. As live greyhound racing in Colorado is no longer active, the Division has ceased activities related to greyhound racing and reduced staff by 6.8 FTE in FY 2009-10. The table below shows live racing days, pari-mutuel sales and State tax collections since 2006. Pari-mutuel sales and tax collections include figures from six licensed off-track betting facilities.

<b>State Racing Events, Pari-mutuel Sales and Pari-mutuel Tax Collections</b>					
<b>Calendar Years</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<u>Live Racing Days</u>					
Horse racing	39	35	36	36	36
Greyhound racing	276	259	126	0	0
Pari-mutuel sales /a	\$149,213,562	\$127,108,766	\$90,238,986	\$64,216,527	\$74,973,618
Pari-mutuel tax collections	\$3,235,268	\$2,792,776	\$1,568,600	\$470,859	\$562,300

/a Includes off-track betting figures.

### *Hearings Division*

The Hearings Division conducts administrative hearings regarding various licenses issued by the Department, including driver's licenses, liquor licenses, horse and dog racing licenses, and motor vehicle dealer's licenses.

### *Motor Vehicle Dealer Licensing Division*

The Motor Vehicle Dealer Licensing Board is responsible for licensing and regulating the sale and distribution of motor vehicles and promulgating consumer protection regulations. Responsibilities include licensing all salespersons and those with ownership interests in new and used auto dealerships.

## State Lottery Division

The State Lottery recorded sales of \$501.2 million in FY 2009-10, and net proceeds of \$112.7 million were distributed to the beneficiaries. The total sales and distributions of net proceeds from the lottery for the last five fiscal years are shown in the table below:

	Lottery Sales and Distributions (\$millions)				
	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
Total Sales	\$468.0	\$455.7	\$505.8	\$493.4	\$501.2
<u>Distributions</u>					
Conservation Trust Fund	\$50.2	\$47.6	\$48.9	\$47.8	\$45.1
Great Outdoors Colorado	50.2	51.3	53.1	54.3	56.3
Parks and Outdoor Recreation	12.6	11.9	12.2	12.0	11.2
State Public School Fund /a	12.6	8.2	N/A	N/A	N/A
Lottery Contingency Reserve Fund /b	N/A	N/A	1.5	N/A	N/A
Public School Capital Construction Fund /c	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>5.5</u>	<u>0.1</u>
Total Distributions	\$125.6	\$119.0	\$115.7	\$119.6	\$112.7

/a State Public School Fund existed from FY 2001-02 to FY 2006-07.

/b Lottery Contingency Reserve Fund replaced the State Public School Fund in FY 2007-08.

/c The Public School Capital Construction Fund replaced the Lottery Contingency Reserve Fund in FY 2008-09.

## Summary of FY 2010-11 and FY 2011-12 Appropriations

	Department of Revenue					
	Total Funds	General Fund /1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$727,346,620</b>	<b>\$70,830,479</b>	<b>\$654,279,061</b>	<b>\$1,421,461</b>	<b>\$815,619</b>	<b>1,521.5</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	38,630,950	14,716,440	22,891,508	1,023,002	0	48.8
Central Department Operations Division	12,136,061	10,951,587	1,101,669	82,805	0	103.6
Information Technology Division	5,602,505	850,650	4,739,082	12,773	0	3.0
Taxation Business Group	46,728,205	43,536,458	2,303,314	168,183	720,250	352.0
Division of Motor Vehicles	33,687,739	0	33,687,739	0	0	449.7
Motor Carrier Services Division	7,936,806	593,570	7,237,387	10,480	95,369	134.4
Enforcement Business Group	52,454,046	181,774	52,148,054	124,218	0	304.0
State Lottery Division	530,170,308	0	530,170,308	0	0	126.0

Department of Revenue						
	Total Funds	General Fund /1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	692,910,944	90,178,072	599,754,847	1,494,825	1,483,200	1,416.9
SB 10-103	17,760	0	17,760	0	0	0.0
SB 10-120	476,195	0	476,195	0	0	1.4
HB 10-1019	30,341	0	30,341	0	0	0.2
HB 10-1058	1,400	0	1,400	0	0	0.0
HB 10-1073	107	0	107	0	0	0.0
HB 10-1113	(810,516)	0	(69,571)	(73,364)	(667,581)	(8.8)
HB 10-1139	35,520	0	35,520	0	0	0.0
HB 10-1161	10,064	0	10,064	0	0	0.0
HB 10-1172	560	0	560	0	0	0.0
HB 10-1193	161,584	161,584	0	0	0	1.0
HB 10-1209	83,088	0	83,088	0	0	0.0
HB 10-1214	17,760	0	17,760	0	0	0.0
HB 10-1284	10,317,583	0	10,317,583	0	0	110.0
HB 10-1285	86,658	0	86,658	0	0	0.8
HB 10-1338	336,057	336,057	0	0	0	0.0
HB 10-1387	0	(19,961,127)	19,961,127	0	0	0.0
SB 11-152	23,521,493	(32,353)	23,553,846	0	0	0.0
SB 11-184	12,096	12,096	0	0	0	0.0
SB 11-209	0	0	0	0	0	0.0
SB 11-223	128,696	128,696	0	0	0	0.0
HB 11-1182	7,256	5,480	1,776	0	0	0.0
HB 11-1300	1,974	1,974	0	0	0	0.0
<b>FY 2011-12 Total Appropriation:</b>	<b>\$294,730,727</b>	<b>\$72,746,170</b>	<b>\$219,932,569</b>	<b>\$1,328,287</b>	<b>\$723,701</b>	<b>1,370.3</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Executive Director's Office	39,360,068	15,831,787	22,566,668	961,613	0	44.4
Central Department Operations Division	12,394,850	11,071,376	1,238,524	84,950	0	97.2
Information Technology Division	4,996,003	798,594	4,184,828	12,581	0	0.0
Taxation Business Group	47,443,694	44,099,593	2,452,611	167,789	723,701	330.6

Department of Revenue						
	Total Funds	General Fund /1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Division of Motor Vehicles	34,052,474	0	34,052,474	0	0	417.7
Motor Carrier Services Division	7,731,518	585,354	7,146,164	0	0	123.8
Enforcement Business Group	51,388,888	359,466	50,928,068	101,354	0	239.5
State Lottery Division	97,363,232	0	97,363,232	0	0	117.1
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	292,804,713	70,546,702	220,190,461	1,343,849	723,701	1,365.4
SB 11-037	12,040	0	12,040	0	0	0.0
SB 11-051	94,600	0	94,600	0	0	0.0
SB 11-076	(1,741,453)	(563,224)	(1,162,667)	(15,562)	0	0.0
SB 11-102	29,600	0	29,600	0	0	0.0
SB 11-109	33,256	0	33,256	0	0	0.0
SB 11-184	483,895	0	483,895	0	0	0.8
SB 11-197	20,720	0	20,720	0	0	0.0
HB 11-1004	22,200	0	22,200	0	0	0.0
HB 11-1043	0	0	0	0	0	0.0
HB 11-1071	29,600	0	29,600	0	0	0.0
HB 11-1097	29,600	0	29,600	0	0	0.0
HB 11-1157	6,592	0	6,592	0	0	0.0
HB 11-1163	740	0	740	0	0	0.0
HB 11-1166	20,720	0	20,720	0	0	0.0
HB 11-1216	2,960	0	2,960	0	0	0.0
HB 11-1234	25,752	0	25,752	0	0	0.0
HB 11-1265	19,701	19,701	0	0	0	0.5
HB 11-1295	29,600	0	29,600	0	0	0.0
HB 11-1298	20,720	0	20,720	0	0	0.0
HB 11-1300	2,742,991	2,742,991	0	0	0	3.6
HB 11-1316	42,180	0	42,180	0	0	0.0
<b>Increase/(Decrease)</b>	(\$432,615,893)	\$1,915,691	(\$434,346,492)	(\$93,174)	(\$91,918)	(151.2)
<b>Percentage Change</b>	(59.5)%	2.7%	(66.4)%	(6.6)%	(11.3)%	(9.9)%

/1 Includes amounts (\$19,500,000 in FY 2010-11 and \$19,300,000 in FY 2011-12) that are not subject to the statutory limitation on General Fund appropriations set forth in Section 24-75-201.1, C.R.S.

## **FY 2010-11 Appropriation - Mid-year Adjustment Highlights**

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to:

1. Add \$613,000 cash funds to the Division of Motor Vehicles to address workload increases.
2. Add \$253,000 General Fund to defend the State in the Direct Marketing Association lawsuit seeking to overturn H.B. 10-1193.
3. Refinance \$1.2 million of Licensing Services Cash Fund moneys with Highway Users Tax Fund "off-the-top" moneys.
4. Decrease General Fund appropriations by \$291,000 to reflect the statewide 1.0 percent across the board personal services reduction.

## **FY 2011-12 Appropriation Highlights**

The FY 2011-12 appropriation:

1. Adds \$2.8 million General Fund and 3.6 FTE to expedite the resolution of disputed gross conservation easements.
2. Adds \$1.3 million cash funds for increased issuance of driver's license and identification documents in the Division of Motor Vehicles.
3. Adds \$484,000 cash funds to implement a tax amnesty and prepare a tax profile and expenditure report.
4. Adds \$200,000 General Fund for the Cigarette Tax Rebate to reflect the March 2011 Legislative Council Economic forecast.
5. Reduces cash funds by \$432.6 million to reflect the elimination of Lottery prizes as an appropriation in the Long Bill.
6. Reduces total funds by \$1.7 million, including \$563,000 General Fund, to reflect the savings from S.B. 11-076, which shifted a portion of pension fund contributions from the State to employees.
7. Reduces total funds by \$1.3 million, including \$437,000 General Fund, to reflect the Personal Services base reduction.
8. Reduces General Fund by \$400,000 for the Old Age Heat and Fuel and Property Tax Assistance Grants to reflect the March 2011 Legislative Council Economic forecast.
9. Decreases 156.1 FTE, including the following changes: a decrease of 100.0 FTE to more closely align appropriations with actual FTE usage in the Department; a decrease of 51.6 FTE and associated moneys to reflect unfilled positions in the Medical Marijuana Enforcement Division; and a net decrease of 4.5 FTE to reflect annualization of FY 2010-11 budget actions.

## 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 Driver's License Administrative Revocation Account, and the Automobile Inspection and Readjustment (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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$35,851,988	\$21,049,376	\$13,779,610	\$1,023,002	\$0	47.8
SB 10-120	6,538	0	6,538	0	0	0.0
HB 10-1113	(9,625)	0	(9,625)	0	0	0.0
HB 10-1193	30,000	30,000	0	0	0	0.0
HB 10-1284	2,308,969	0	2,308,969	0	0	1.0
HB 10-1338	336,057	336,057	0	0	0	0.0
HB 10-1387	0	(6,797,693)	6,797,693	0	0	0.0
SB 11-152	<u>107,023</u>	<u>98,700</u>	<u>8,323</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$38,630,950</b>	<b>\$14,716,440</b>	<b>\$22,891,508</b>	<b>\$1,023,002</b>	<b>\$0</b>	<b>48.8</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$38,630,950	\$14,716,440	\$22,891,508	\$1,023,002	\$0	48.8
Centrally appropriated line items	174,695	85,642	89,053	0	0	0.0
Restore one-time personal services reductions	154,707	89,937	51,418	13,352	0	0.0
Fund source adjustment	0	(70,438)	116,363	(45,925)	0	0.0
Eliminate unused FTE authority	0	0	0	0	0	(3.4)
Statewide IT common policy adjustments	(598,895)	(2,775)	(582,782)	(13,338)	0	(1.0)
Annualize prior year funding	(207,353)	(301,057)	88,978	4,726	0	0.0
Personal services base reduction	(59,184)	(14,647)	(36,211)	(8,326)	0	0.0

Executive Director's Office						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>SB 11-209</b>	<b>\$38,094,920</b>	<b>\$14,503,102</b>	<b>\$22,618,327</b>	<b>\$973,491</b>	<b>\$0</b>	<b>44.4</b>
SB 11-076	(84,433)	(20,896)	(51,659)	(11,878)	0	0.0
HB 11-1300	<u>1,349,581</u>	<u>1,349,581</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$39,360,068</b>	<b>\$15,831,787</b>	<b>\$22,566,668</b>	<b>\$961,613</b>	<b>\$0</b>	<b>44.4</b>
<b>Increase/(Decrease)</b>	\$729,118	\$1,115,347	(\$324,840)	(\$61,389)	\$0	(4.4)
Percentage Change	1.9%	7.6%	(1.4)%	(6.0)%	n/a	(9.0)%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-152 modified FY 2010-11 appropriations to increase total funding by \$107,000. This included an increase of \$167,000 General Fund for increased legal services to defend the State in the Direct Marketing Association lawsuit that attempts to overturn H.B. 10-1193 (sales taxes on out-of-state online purchases). The increase was offset by a decrease of \$74,000 total funds for statewide common policy changes, including \$68,000 for the statewide 1.0 percent General fund personal services reduction, as well other minor funding adjustments.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; shift differential; vehicle lease payments; workers' compensation; legal services; administrative law judges; payments to risk management and property funds; and Capitol complex leased space.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain personal services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Fund source adjustment:** The appropriation includes an increase in cash funds offset by decreases in General Fund and reappropriated funds.

**Eliminate unused FTE authority:** The appropriation eliminates unused FTE authority to more closely align appropriations with actual FTE usage for the Department of Revenue.

**Statewide IT common policy adjustments:** The appropriation includes adjustments to line items appropriated for: purchase of services from the computer center; multiuse network payments; management and administration of the Governor's Office of Information Technology (OIT); and communication services payments.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for personal services line items.

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

## Central Department Operations Division

This division maintains documents and records transactions for taxes, licensing, and other fee payments; deposits tax remittances; processes tax documents; issues income tax refunds; and handles a variety of incoming and outgoing mail. Major sources of cash funds include the 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 Driver's 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$11,976,977	\$11,174,771	\$719,401	\$82,805	\$0	102.0
SB 10-120	119,657	0	119,657	0	0	1.4
HB 10-1058	1,400	0	1,400	0	0	0.0
HB 10-1073	107	0	107	0	0	0.0
HB 10-1284	12,198	0	12,198	0	0	0.2
HB 10-1387	0	(248,906)	248,906	0	0	0.0
SB 11-152	(45,635)	(45,635)	0	0	0	0.0
SB 11-223	69,383	69,383	0	0	0	0.0
HB 11-1300	<u>1,974</u>	<u>1,974</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$12,136,061</b>	<b>\$10,951,587</b>	<b>\$1,101,669</b>	<b>\$82,805</b>	<b>\$0</b>	<b>103.6</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$12,136,061	\$10,951,587	\$1,101,669	\$82,805	\$0	103.6
Restore one-time personal services reductions	157,905	143,866	12,255	1,784	0	0.0



Central Department Operations Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Remittance processing system software upgrade	145,000	145,000	0	0	0	0.0
Sales tax delinquency billings	121,991	121,991	0	0	0	0.0
Annualize prior year funding	14,150	(71,357)	85,507	0	0	1.0
Fund source adjustment	0	(63,752)	60,387	3,365	0	0.0
Eliminate unused FTE authority	0	0	0	0	0	(7.4)
Personal services base reduction	(81,245)	(68,970)	(10,956)	(1,319)	0	0.0
<b>SB 11-209</b>	<b>\$12,493,862</b>	<b>\$11,158,365</b>	<b>\$1,248,862</b>	<b>\$86,635</b>	<b>\$0</b>	<b>97.2</b>
SB 11-076	(103,776)	(88,097)	(13,994)	(1,685)	0	0.0
SB 11-109	3,656	0	3,656	0	0	0.0
HB 11-1300	<u>1,108</u>	<u>1,108</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$12,394,850</b>	<b>\$11,071,376</b>	<b>\$1,238,524</b>	<b>\$84,950</b>	<b>\$0</b>	<b>97.2</b>
<b>Increase/(Decrease)</b>	\$258,789	\$119,789	\$136,855	\$2,145	\$0	(6.4)
Percentage Change	2.1%	1.1%	12.4%	2.6%	n/a	(6.2)%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-152 modified FY 2010-11 appropriations to include a decrease of \$46,000 General Fund to reflect the statewide 1.0 percent General Fund personal services reduction.

For information on S.B. 11-223 and H.B. 11-1300, see the "Recent Legislation" section at the end of this department.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain personal services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Remittance processing system software upgrade:** The appropriation includes funding to upgrade the software for the remittance processing system.

**Sales tax delinquency billings:** The appropriation includes funding to allow the Department to continue to send statements to delinquent sales tax vendors for a full year instead of only 5 months. The funding is

projected to increase State General Fund revenues by \$2.24 million in FY 2011-12 and by \$2.69 million in subsequent years.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Fund source adjustment:** The appropriation includes an increase in cash funds and reappropriated funds offset by a decrease in General Fund.

**Eliminate unused FTE authority:** The appropriation eliminates unused FTE authority to more closely align appropriations with actual FTE usage for the Department of Revenue.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

## Information Technology Division

This division includes two sections: Systems Support, which provides most of the Department's information technology support; and the Colorado State Titling and Registration System (CSTARS). CSTARS is the motor vehicle titling and registration information system that automates the distribution of vehicle registration taxes among the State, 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 annually.

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 Driver's 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$4,767,659	\$838,331	\$3,916,555	\$12,773	\$0	2.2
SB 10-120	350,000	0	350,000	0	0	0.0
HB 10-1284	334,836	0	334,836	0	0	0.0
HB 10-1285	86,658	0	86,658	0	0	0.8
SB 11-152	56,096	6,839	49,257	0	0	0.0
HB 11-1182	<u>7,256</u>	<u>5,480</u>	<u>1,776</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$5,602,505</b>	<b>\$850,650</b>	<b>\$4,739,082</b>	<b>\$12,773</b>	<b>\$0</b>	<b>3.0</b>

Information Technology Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$5,602,505	\$850,650	\$4,739,082	\$12,773	\$0	3.0
County office improvements	38,062	0	38,062	0	0	0.0
Remittance processing system software upgrade	35,065	35,065	0	0	0	0.0
Annualize prior year funding	(776,679)	(18,561)	(758,118)	0	0	(0.8)
Programming costs for session legislation	(226,788)	(66,846)	(159,942)	0	0	(2.2)
Personal services base reduction	(9,122)	(1,714)	(7,216)	(192)	0	0.0
<b>SB 11-209</b>	<b>\$4,663,043</b>	<b>\$798,594</b>	<b>\$3,851,868</b>	<b>\$12,581</b>	<b>\$0</b>	<b>0.0</b>
SB 11-037	2,960	0	2,960	0	0	0.0
SB 11-051	94,600	0	94,600	0	0	0.0
SB 11-102	29,600	0	29,600	0	0	0.0
SB 11-109	29,600	0	29,600	0	0	0.0
SB 11-184	20,720	0	20,720	0	0	0.0
SB 11-197	2,960	0	2,960	0	0	0.0
HB 11-1004	22,200	0	22,200	0	0	0.0
HB 11-1043	7,696	0	7,696	0	0	0.0
HB 11-1071	29,600	0	29,600	0	0	0.0
HB 11-1097	29,600	0	29,600	0	0	0.0
HB 11-1157	6,592	0	6,592	0	0	0.0
HB 11-1163	740	0	740	0	0	0.0
HB 11-1166	2,960	0	2,960	0	0	0.0
HB 11-1216	2,960	0	2,960	0	0	0.0
HB 11-1234	10,952	0	10,952	0	0	0.0
HB 11-1295	29,600	0	29,600	0	0	0.0
HB 11-1298	2,960	0	2,960	0	0	0.0
HB 11-1316	<u>6,660</u>	<u>0</u>	<u>6,660</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$4,996,003</b>	<b>\$798,594</b>	<b>\$4,184,828</b>	<b>\$12,581</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	(\$606,502)	(\$52,056)	(\$554,254)	(\$192)	\$0	(3.0)
Percentage Change	(10.8)%	(6.1)%	(11.7)%	(1.5)%	n/a	(100.0)%

## **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-152 modified FY 2010-11 appropriations to include an increase of \$56,000, including \$7,000 General Fund to adjust appropriations to reflect programming expenditures for 2010 session legislation and \$24,000 cash funds to provide a corrected appropriation for H.B. 10-1045, among other adjustments.

For information on H.B. 11-1182, see the "Recent Legislation" section at the end of this department.

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**County office improvements:** The appropriation provides funding for the Colorado State Titling and Registration System information technology improvements for a new county office in San Miguel County.

**Remittance processing system software upgrade:** The appropriation includes funding to upgrade the software for the remittance processing system.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Programming costs for session legislation:** The appropriation eliminates funding for this line item in the Long Bill.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

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## **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 include 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.

<b>Taxation Business Group</b>						
	<b>Total Funds</b>	<b>General Fund /1</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$46,617,469	\$43,425,722	\$2,303,314	\$168,183	\$720,250	351.0
HB 10-1193	131,584	131,584	0	0	0	1.0
SB 11-152	(92,257)	(92,257)	0	0	0	0.0
SB 11-184	12,096	12,096	0	0	0	0.0
SB 11-223	<u>59,313</u>	<u>59,313</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$46,728,205</b>	<b>\$43,536,458</b>	<b>\$2,303,314</b>	<b>\$168,183</b>	<b>\$720,250</b>	<b>352.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$46,728,205	\$43,536,458	\$2,303,314	\$168,183	\$720,250	352.0
Restore one-time personal services reductions	580,914	576,772	4,142	0	0	0.0
Federal funding adjustment	3,451	0	0	0	3,451	0.0
Indirect cost assessment	1,156	0	0	1,156	0	0.0
Fund source adjustment	0	174	(174)	0	0	0.0
Eliminate unused FTE authority	0	0	0	0	0	(24.4)
Personal services base reduction	(344,984)	(341,063)	(2,371)	(1,550)	0	0.0
Alternative fuels rebate	(310,601)	0	(310,601)	0	0	0.0
Annualize prior year funding	(260,407)	(260,407)	0	0	0	0.8
Program adjustments	(200,000)	(200,000)	0	0	0	0.0
Other	(2,700)	0	(2,700)	0	0	0.0
<b>SB 11-209</b>	<b>\$46,195,034</b>	<b>\$43,311,934</b>	<b>\$1,991,610</b>	<b>\$167,789</b>	<b>\$723,701</b>	<b>328.4</b>
SB 11-076	(441,648)	(439,474)	(2,174)	0	0	0.0
SB 11-184	463,175	0	463,175	0	0	0.8
HB 11-1265	19,701	19,701	0	0	0	0.5
HB 11-1300	<u>1,207,432</u>	<u>1,207,432</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.9</u>
<b>TOTAL</b>	<b>\$47,443,694</b>	<b>\$44,099,593</b>	<b>\$2,452,611</b>	<b>\$167,789</b>	<b>\$723,701</b>	<b>330.6</b>

Taxation Business Group						
	Total Funds	General Fund /1	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>Increase/(Decrease)</b>	\$715,489	\$563,135	\$149,297	(\$394)	\$3,451	(21.4)
<b>Percentage Change</b>	1.5%	1.3%	6.5%	(0.2)%	0.5%	(6.1)%

/1 Includes amounts (\$19,500,000 in FY 2010-11 and \$19,300,000 in FY 2011-12) that are not subject to the statutory limitation on General Fund appropriations set forth in Section 24-75-201.1, C.R.S. For FY 2010-11, this amount includes \$11,300,000 for the Cigarette Tax Rebate and \$8,200,000 for the Old Age Heat and Fuel and Property Tax Assistance Grant. For FY 2011-12, this amount includes \$11,500,000 for the Cigarette Tax Rebate and \$7,800,000 for the Old Age Heat and Fuel and Property Tax Assistance Grant.

### **FY 2010-11 Appropriation - Mid-year Adjustments**

Senate Bill 11-152 modified FY 2010-11 appropriations to include a net decrease of \$92,000 General Fund, which consists of an increase of \$86,000 for costs associated with defending the State in the Direct Marketing Association lawsuit seeking to overturn H.B. 10-1193 which is offset by a decrease of \$178,000 to reflect the statewide 1.0 percent General Fund personal services reduction.

For information on S.B. 11-184, S.B. 11-223, and H.B. 11-1005, see the "Recent Legislation" section at the end of this department.

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain personal services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Federal funding adjustment:** The appropriation reflects a federal funding adjustment for the Mineral Lease Audit program.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Fund source adjustment:** The appropriation includes an increase in General Fund offset by an decrease in cash funds.

**Eliminate unused FTE authority:** The appropriation eliminates unused FTE authority to more closely align appropriations with actual FTE usage for the Department of Revenue.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Alternative fuels rebate:** The appropriation reflects the elimination of the program pursuant to S.B. 11-163.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Program adjustments:** The appropriation reflects the Legislative Council Staff March 2011 Economic Forecast of expenditures for this program. An increase of \$200,000 in the cigarette tax rebate is offset by a decrease of \$400,000 in the Old Age Heat and Fuel and Property Tax assistance grant program.

**Other:** The appropriation includes other minor adjustments.

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

## Division of Motor Vehicles

The Division of Motor Vehicles licenses drivers and issues personal identification documents; provides administrative support for the statewide vehicle titling and registration system; regulates commercial driving schools; oversees the Motor Carrier Services Division; oversees the Motorist Insurance Identification Database; and enforces the State's auto emissions program, including overseeing daily audits of the nine clean screen vans in the Denver metropolitan area.

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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$32,838,936	\$12,914,528	\$19,924,408	\$0	\$0	449.5
SB 10-103	17,760	0	17,760	0	0	0.0
HB 10-1019	30,341	0	30,341	0	0	0.2
HB 10-1139	35,520	0	35,520	0	0	0.0
HB 10-1161	10,064	0	10,064	0	0	0.0
HB 10-1172	560	0	560	0	0	0.0
HB 10-1209	83,088	0	83,088	0	0	0.0
HB 10-1214	17,760	0	17,760	0	0	0.0
HB 10-1387	0	(12,914,528)	12,914,528	0	0	0.0
SB 11-152	653,710	0	653,710	0	0	0.0
SB 11-209	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$33,687,739</b>	<b>\$0</b>	<b>\$33,687,739</b>	<b>\$0</b>	<b>\$0</b>	<b>449.7</b>

Division of Motor Vehicles						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$33,687,739	\$0	\$33,687,739	\$0	\$0	449.7
Driver's license document workload increase	1,373,272	0	1,373,272	0	0	0.0
Restore one-time personal services reductions	424,755	0	424,755	0	0	0.0
National Motor Vehicle Title Information System increase	95,000	0	95,000	0	0	0.0
Funding Driver and Vehicle Services	0	0	0	0	0	0.0
Eliminate unused FTE authority	0	0	0	0	0	(30.9)
Annualize prior year funding	(898,876)	0	(898,876)	0	0	(1.1)
Personal services base reduction	(320,597)	0	(320,597)	0	0	0.0
Other	5,016	0	5,016	0	0	0.0
<b>SB 11-209</b>	<b>\$34,366,309</b>	<b>\$0</b>	<b>\$34,366,309</b>	<b>\$0</b>	<b>\$0</b>	<b>417.7</b>
SB 11-037	9,080	0	9,080	0	0	0.0
SB 11-076	(426,515)	0	(426,515)	0	0	0.0
SB 11-197	17,760	0	17,760	0	0	0.0
HB 11-1166	17,760	0	17,760	0	0	0.0
HB 11-1234	14,800	0	14,800	0	0	0.0
HB 11-1298	17,760	0	17,760	0	0	0.0
HB 11-1316	<u>35,520</u>	<u>0</u>	<u>35,520</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$34,052,474</b>	<b>\$0</b>	<b>\$34,052,474</b>	<b>\$0</b>	<b>\$0</b>	<b>417.7</b>
<b>Increase/(Decrease)</b>	\$364,735	\$0	\$364,735	\$0	\$0	(32.0)
Percentage Change	1.1%	n/a	1.1%	n/a	n/a	(7.1)%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-152 and S.B. 11-209 modified FY 2010-11 appropriations to:

- add \$614,000 cash funds to provide funding for a workload increase in the number of driver's licenses, permits and identification cards issued;
- add \$64,000 cash funds to provide funding for the implementation of H.B. 10-1045; and
- refinance \$1.2 million cash funds from the Licensing Services Cash Fund with Highway Users Tax Fund "off-the-top" moneys.



## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Driver's license document workload increase:** The appropriation includes funding to provide for a workload increase in the issuance of driver's licenses and identification cards related to a 2005 law that provided for licenses and ID cards issued after 2005 have a five-year expiration date.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain personal services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**National Motor Vehicle Title Information System:** The appropriation includes an increase to provide for the State's payment to the National Motor Vehicle Title Information System operated by the American Association of Motor Vehicle Administrators pursuant to federal law.

**Funding driver and vehicle services:** The appropriation refinances \$2.3 million cash funds from the Licensing Services Cash Fund with funding from the Highway Users Tax Fund (HUTF) "off-the-top" moneys.

**Eliminate unused FTE authority:** The appropriation eliminates unused FTE authority to more closely align appropriations with actual FTE usage for the Department of Revenue.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Other:** The appropriation includes other minor adjustments.

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

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### **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 at ten locations and ten mobile port scales. Please note that 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.

House Bill 10-1113 transferred the Motor Carrier Safety Assistance Program to the Department of Public Safety, Colorado State Patrol, effective August 15, 2010 and also commissioned a study to determine possible improvements to the operations of the Ports of Entry section, including determining what department is best suited to operate the program.

Motor Carrier Services Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$8,737,697	\$593,570	\$7,297,333	\$83,844	\$762,950	143.2
HB 10-1113	<u>(800,891)</u>	<u>0</u>	<u>(59,946)</u>	<u>(73,364)</u>	<u>(667,581)</u>	<u>(8.8)</u>
<b>TOTAL</b>	<b>\$7,936,806</b>	<b>\$593,570</b>	<b>\$7,237,387</b>	<b>\$10,480</b>	<b>\$95,369</b>	<b>134.4</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$7,936,806	\$593,570	\$7,237,387	\$10,480	\$95,369	134.4
Restore one-time personal services reductions	163,792	12,045	151,747	0	0	0.0
Eliminate unused FTE authority	0	0	0	0	0	(9.4)
Annualize prior year funding	(114,413)	0	(8,564)	(10,480)	(95,369)	(1.2)
Personal services base reduction	(105,587)	(8,514)	(97,073)	0	0	0.0
<b>SB 11-209</b>	<b>\$7,880,598</b>	<b>\$597,101</b>	<b>\$7,283,497</b>	<b>\$0</b>	<b>\$0</b>	<b>123.8</b>
SB 11-076	<u>(149,080)</u>	<u>(11,747)</u>	<u>(137,333)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$7,731,518</b>	<b>\$585,354</b>	<b>\$7,146,164</b>	<b>\$0</b>	<b>\$0</b>	<b>123.8</b>
<b>Increase/(Decrease)</b>	<b>(\$205,288)</b>	<b>(\$8,216)</b>	<b>(\$91,223)</b>	<b>(\$10,480)</b>	<b>(\$95,369)</b>	<b>(10.6)</b>
Percentage Change	(2.6)%	(1.4)%	(1.3)%	(100.0)%	(100.0)%	(7.9)%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain personal services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Eliminate unused FTE authority:** The appropriation eliminates unused FTE authority to more closely align appropriations with actual FTE usage for the Department of Revenue.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

## 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 driver's 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$44,792,466	\$181,774	\$44,486,474	\$124,218	\$0	195.2
HB 10-1284	<u>7,661,580</u>	<u>0</u>	<u>7,661,580</u>	<u>0</u>	<u>0</u>	<u>108.8</u>
<b>TOTAL</b>	<b>\$52,454,046</b>	<b>\$181,774</b>	<b>\$52,148,054</b>	<b>\$124,218</b>	<b>\$0</b>	<b>304.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$52,454,046	\$181,774	\$52,148,054	\$124,218	\$0	304.0
Limited Gaming Commission adjustments	966,655	0	966,655	0	0	0.0
Restore one-time personal services reductions	286,325	3,351	280,174	2,800	0	0.0
Fund source adjustment	0	(4,922)	27,032	(22,110)	0	0.0
Eliminate unused FTE authority	0	0	0	0	0	(15.6)
FTE reduction	(1,415,427)	0	(1,415,427)	0	0	(51.6)
Personal services base reduction	(358,604)	(2,597)	(354,452)	(1,555)	0	0.0
Annualize prior year funding	(327,198)	0	(327,198)	0	0	0.0
Indirect cost assessment	(33,389)	0	(33,389)	0	0	0.0
<b>SB 11-209</b>	<b>\$51,572,408</b>	<b>\$177,606</b>	<b>\$51,291,449</b>	<b>\$103,353</b>	<b>\$0</b>	<b>236.8</b>
SB 11-076	(360,694)	(3,010)	(355,685)	(1,999)	0	0.0
HB 11-1043	(7,696)	0	(7,696)	0	0	0.0
HB 11-1300	<u>184,870</u>	<u>184,870</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2.7</u>
<b>TOTAL</b>	<b>\$51,388,888</b>	<b>\$359,466</b>	<b>\$50,928,068</b>	<b>\$101,354</b>	<b>\$0</b>	<b>239.5</b>

Enforcement Business Group						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>Increase/(Decrease)</b>	(\$1,065,158)	\$177,692	(\$1,219,986)	(\$22,864)	\$0	(64.5)
<b>Percentage Change</b>	(2.0)%	97.8%	(2.3)%	(18.4)%	n/a	(21.2)%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Limited Gaming Commission adjustments:** The appropriation reflects Limited Gaming Commission approved adjustments to the appropriations for personal services, operating expenses, and payments to other State agencies.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain personal services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Fund source adjustment:** The appropriation includes an increase in cash funds offset by a decrease in General Fund and reappropriated funds.

**Eliminate unused FTE authority:** The appropriation eliminates unused FTE authority to more closely align appropriations with actual FTE usage for the Department of Revenue.

**FTE reduction:** The appropriation reflects a reduction of 51.7 FTE and the associated moneys (\$1.4 million).

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**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.

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### **State Lottery Division**

The State Lottery Division is an enterprise under the provisions of 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 consolidated budget lines within the Executive Director's Office.

State Lottery Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$507,327,752	\$0	\$507,327,752	\$0	\$0	126.0
SB 11-152	<u>22,842,556</u>	<u>0</u>	<u>22,842,556</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$530,170,308</b>	<b>\$0</b>	<b>\$530,170,308</b>	<b>\$0</b>	<b>\$0</b>	<b>126.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$530,170,308	\$0	\$530,170,308	\$0	\$0	126.0
Restore one-time personal services reductions	166,428	0	166,428	0	0	0.0
Annualize prior year funding	2,358	0	2,358	0	0	0.0
Eliminate unused FTE authority	0	0	0	0	0	(8.9)
Eliminate appropriations for Prizes and Powerball Prize Variances	(432,627,016)	0	(432,627,016)	0	0	0.0
Personal services base reduction	(136,464)	0	(136,464)	0	0	0.0
Indirect cost assessment	(37,075)	0	(37,075)	0	0	0.0
<b>SB 11-209</b>	<b>\$97,538,539</b>	<b>\$0</b>	<b>\$97,538,539</b>	<b>\$0</b>	<b>\$0</b>	<b>117.1</b>
SB 11-076	<u>(175,307)</u>	<u>0</u>	<u>(175,307)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$97,363,232</b>	<b>\$0</b>	<b>\$97,363,232</b>	<b>\$0</b>	<b>\$0</b>	<b>117.1</b>
<b>Increase/(Decrease)</b>	<b>(\$432,807,076)</b>	<b>\$0</b>	<b>(\$432,807,076)</b>	<b>\$0</b>	<b>\$0</b>	<b>(8.9)</b>
Percentage Change	(81.6)%	n/a	(81.6)%	n/a	n/a	(7.1)%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-152 modified FY 2010-11 appropriations to include an increase of \$22.8 million cash fund to adjust line items that vary directly with sales to reflect mid-year sales projections.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time personal services reductions for FY 2010-11, including a 1.0 percent General Fund reduction for certain personal services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Eliminate unused FTE authority:** The appropriation eliminates unused FTE authority to more closely align appropriations with actual FTE usage for the Department of Revenue.

**Eliminate Prizes and Powerball Prize variances:** The appropriation eliminates the appropriations for these line items as permitted by Section 24-35-210 (1), C.R.S., which specifically excludes prizes as an expense of the Lottery Division.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

## Recent Legislation

### 2010 Session Bills

**S.B. 10-103:** Creates the "Colorado State Parks" special license plate for persons who pay the regular renewal fees, a one-time fee of \$50 split between the Highway Users Tax Fund and the Licensing Services Cash Fund, and who donate \$44 to the Foundation for Colorado State Parks. Makes an appropriation of \$17,760 cash funds from the License Plate Cash Fund for the purchase of special license plates from Correctional Industries.

**S.B. 10-120:** Imposes a charge of 1.4 percent on the retail sale of prepaid wireless telephone service to fund local enhanced 9-1-1 services (E911). The collected charges will be remitted to local 911 authority boards by formula established by the Public Utilities Commission. The Department of Revenue is authorized to retain up to \$450,000 of the E911 charges to cover the initial startup costs and up to 3.0 percent per year for ongoing administration. Allows retailers to retain 2.0 percent of the total charges collected until July 1, 2011, after which the retailer may retain 3.3 percent of the total charges collected. Makes an appropriation of \$476,195 cash funds and 1.4 FTE to fund the startup costs of implementing the bill.

**S.B. 10-139:** Establishes an income tax form checkoff for voluntary donations to the unwanted horse fund. The income checkoff will be established in the first year in which the Executive Director of the Department of Revenue files a certificate stating that there are no more than fourteen other income tax checkoffs for the next income tax year.

**S.B. 10-141:** Transfers, subject to voter approval, responsibility for the regulation of games of chance (bingo/raffle) to the Department of Revenue from the Secretary of State (effective July 1, 2011). Makes an appropriation of \$116,020 reappropriated funds to the Department of Revenue to implement the act during FY 2010-11. For more information, see the "Recent Legislation" section at the end of the Department of State. *[In the 2010 general election, the ballot initiative was defeated, so this bill never took effect.]*

**S.B. 10-198:** Reduces the amount of the late fee for the registration of a vehicle without motive power weighing less than 16,000 pounds or a camper or multipurpose trailer regardless of weight to \$10.

**H.B. 10-1019:** Regarding the reserved parking and enforcement program for persons with disabilities:

- Requires applications for handicapped parking placards or decals to include documentation from a physician or other authorized professional certifying the disability under penalty of perjury.
- Placards must have a "punch-out" system to identify expiration dates and have a sticker applied to it, like license plates currently have.
- Changes the fines for illegal use of a placard or use of a parking space reserved for persons who are disabled.
- Current law is expanded to make it illegal to make or use a device that mimics a placard.
- Authorizes a peace officer to confiscate placards that are used in violation of the law.
- Authorizes a peace officer or property owner to have a vehicle towed if it is parked illegally in a reserved space, with the vehicle's owner to pay towing costs.
- If a person witnesses misuse of a placard, the person can notify law enforcement without fear of disciplinary action by his or her employer.
- Prohibits a pay parking provider that does not have an accessible payment system from ticketing or towing a vehicle.
- Creates the Disabled Parking Education and Enforcement Fund, into which one-half of the fine revenue from reserved parking program enforcement is deposited. The Fund will be used to provide moneys for an education program about the eligibility standards, appropriate use of parking privileges, violations, and the advantages of a volunteer enforcement program; create or make available a training program to assist professionals in determining the standards required to obtain a placard or license plate that permits parking in the reserved parking program; and for administration of the reserved parking program.

For FY 2010-11, the bill appropriates \$30,341 cash funds and 0.2 FTE to the Department of Revenue for administration of the reserved parking program and \$17,918 cash funds to the Governor's Office for educational grants for the purposes outlined above. The cash funds source is the Disabled Parking Education and Enforcement Fund.

**H.B. 10-1045:** Requires the Department of Revenue and Secretary of State to provide a link on each departments' web site to allow individuals to make a change of address notification electronically for the purposes of voter registration, driver's licenses, identification cards, and state income tax. Appropriates \$63,538 cash funds from the Licensing Services Cash Fund to establish the link between the Department of Revenue's and Secretary of State's web sites.

**H.B. 10-1055:** Requires a debt collection agency or attorney to add fees for the services rendered in the third-party collection of delinquent taxes to the total amount collected. Such fees shall not exceed 20 percent of the total amount collected.

**H.B. 10-1058:** Extends the authority of the Department of Revenue to impose a civil penalty for the purchase or possession of unstamped cigarettes, regardless of whether the cigarettes have been confiscated. Clarifies the Department's authority to specify that the authority does not apply to cigarettes purchased from a military exchange or commissary, as long as the cigarettes are not for resale in the state. Appropriates \$1,400 cash funds from the Tobacco Tax Enforcement Cash Fund.

**H.B. 10-1073:** Creates a new income tax checkoff as a funding mechanism for the Colorado 2-1-1 First Call for Help fund.

**H.B. 10-1090:** Eliminates the mandatory 5-day jail sentence for a person who is convicted of driving a motor vehicle or off-highway vehicle upon any highway of the state with the knowledge that his or her license or privilege to drive is under restraint for any reason other than conviction of driving under the influence (DUI), DUI per se (driving with a blood alcohol level above the legal limit, even if driving is not impaired), driving while ability impaired, habitual user, or underage drinking and driving. Eliminates the requirement that a court require an offender to immediately surrender his or her driver's license or instruction permit upon entry of a plea of guilty or nolo contendere to a driving-under restraint violation.

**H.B. 10-1113:** Transfers responsibility for the Motor Carrier Safety Assistance Program (MSCAP) to the Department of Public Safety, Colorado State Patrol, effective August 15, 2010. The transfer includes 10.0 FTE (prorated to 8.8 FTE for FY 2010-11), of which 9.0 FTE are federally funded and 1.0 FTE is cash funded from the Nuclear Materials Transportation Fund and the Highway Users Tax Fund (HUTF) "Off-the-Top" moneys. Delineates the responsibilities of the Ports of Entry and Colorado State Patrol with regard to commercial vehicles. Authorizes the Department of Public Safety, the Department of Revenue and the Department of Transportation to solicit a vendor to conduct a performance study of the Ports of Entry to assess the operations, potential cost savings and efficiencies, and which department is best suited to operate the Ports of Entry. In addition to the transfer of funds, the Department of Public Safety requires an appropriation of \$255,011 cash funds from the HUTF "off-the-top" moneys to provide matching efforts for the federal grant, which the Department of Revenue had been providing with "in-kind" services.

**H.B. 10-1139:** Creates the Veteran of Iraq and Veteran of Afghanistan special license plates, available to veterans who served in the armed forces during those conflicts. Appropriates \$17,760 cash funds from the License Plate Cash Fund in FY 2010-11.

**H.B. 10-1161:** Creates a new "Livery" license plate for vehicles classified by the Public Utilities Commission as luxury limousines, which currently bear standard license plates. The license plates will be issued to owners of such vehicles upon initial registration or renewal. Appropriates \$10,064 cash funds from the License Plate Cash Fund for FY 2010-11 for the purchase of livery license plates.

**H.B. 10-1172:** Changes and clarifies certain definitions pertaining to vehicle and equipment definitions; renames mobile machinery to special mobile machinery; requires rented or leased special mobile machinery to be registered annually to be operated legally; establishes demonstration plates for dealers or wholesalers when a piece of special mobile machinery is used for demonstration purposes; authorizes the use of individual temporary registration plates, tags or certificates; and specifies how mounted equipment will be registered. Appropriates \$560 cash funds from the License Plate Cash Fund for FY 2010-11 for the purchase of demonstration license plates.

**H.B. 10-1189:** Eliminates the sales and use tax exemption for materials used in direct mail advertising, which the Department estimates will increase General Fund revenues by \$160,000 in FY 2009-10 and \$800,000 in FY 2010-11. Appropriates \$94,322 and 0.9 FTE for the implementation of the bill. The appropriation in H.B. 10-1189 is sufficient to implement H.B. 10-1190, H.B. 10-1191, H.B. 10-1192, H.B. 10-1194, and H.B. 10-1195.



**H.B. 10-1190:** Temporarily eliminates the sales tax exemption for the storage, use, or consumption of energy used for industrial purposes. The Department estimates that the increased sales and use taxes will increase General Fund revenue by \$7.2 million in FY 2009-10 and by \$37.6 million in FY 2010-11. Sales and use tax will apply to electricity, coal, coke, fuel oil, steam, nuclear fuel or natural gas for use in processing, manufacturing, mining, refining, irrigation, construction, telephone and radio communication, and street transportation services. Excludes the storage, use, or consumption of fuel purchased for railroad transportation services, or purchased for off-road or agricultural purposes. Requires the Department of Revenue to account for all revenue attributable to this bill, and to the extent information is available, make quarterly reports to the General Assembly regarding the net revenue gain and specifies that the General Assembly appropriate at least 40 percent of any estimated net revenue increase to fund preschool through twelfth grade education, and prohibits the use of any of this money to fund additional state FTE. Appropriates \$94,322 General Fund and 0.9 FTE for implementation of the bill. A provision in H.B. 10-1376 (the Long Bill) eliminated the appropriation in the bill.

**H.B. 10-1191:** Excludes the purchase of candy and soft drinks, including such purchases through vending machines, from the state sales tax exemption for purchases of food for off-premises consumption. The Department estimates that the increased sales and use taxes will increase General Fund revenue by \$1.4 million in FY 2009-10 and by \$18.0 million in FY 2010-11. The department is required to account for the revenue attributable to this bill, and to the extent information is available, make quarterly reports to the legislature about the revenue gain. The bill directs that none of the new revenue be used to fund additional state FTE. Appropriates \$94,322 General Fund and 0.9 FTE for implementation of the bill. A provision in H.B. 10-1376 (the Long Bill) eliminated the appropriation in the bill.

**H.B. 10-1192:** Repeals the Department of Revenue regulation on taxable computer software, which required sales and use tax only for prepackaged software in a tangible form. This bill applies sales tax to software that is downloaded to a computer or other electronic device over the internet and software that is manually installed on a computer or other electronic device by a vendor. The Department estimates that the increased sales and use taxes will increase General Fund revenue by \$4.6 million in FY 2009-10 and \$23.7 million in FY 2010-11. Appropriates \$94,322 General Fund and 0.9 FTE for implementation of the bill. A provision in H.B. 10-1376 (the Long Bill) eliminated the appropriation in the bill.

**H.B. 10-1193:** Creates a rebuttable presumption that a retailer that is part of a controlled group of corporations that has a component member with a physical presence in the State is doing business in the State. Requires an out-of-state retailer that does not collect Colorado sales tax to:

- notify each Colorado purchaser that Colorado requires the purchaser to file a sales or use tax return;
- send each purchaser a separate notification by January 31 of each year showing information on purchases made in the previous year. The notification must state that Colorado requires a sales or use tax return when tax is not paid by the retailer, and provides the date of purchase(s), the amount of each purchase, and the category of purchase, including, if known, whether the purchase is exempt or not exempt from taxation; and
- file an annual statement by March 1 of each year with the Department of Revenue showing the total amount paid for Colorado purchases for each purchaser during the preceding calendar year.

The Department estimates that the sales and use taxes collected will increase General Fund revenue by \$900,000 in FY 2009-10 and by \$4,700,000 in FY 2010-11. Appropriates \$161,584 General Fund and 1.0 FTE to the Department of Revenue for implementation. Of those moneys, reappropriates \$40,000 to the Department of Law.

**H.B. 10-1194:** Narrows the state sales and use tax exemptions for sales to retailers or vendors of food, meals, or beverages of articles, containers, and bags that are furnished to the consumer without a separate charge for those articles, containers, and bags that are essential (such as a soup container for soup). The Department estimates that the sales and use taxes collected will increase General Fund revenue by \$400,000 in FY 2009-10 and by \$2,000,000 in FY 2010-11. Appropriates \$94,322 General Fund and 0.9 FTE for implementation of the bill. A provision in H.B. 10-1376 (the Long Bill) eliminated the appropriation in the bill.

**H.B. 10-1195:** Suspends from March 1, 2010 to June 30, 2013, the sales and use tax exemption for agricultural compounds used in caring for livestock, semen for agricultural and ranching purposes, and pesticides for use in the production of agricultural and livestock products. The Department estimates that the sales and use taxes collected will increase General Fund revenue by \$900,000 in FY 2009-10 and by \$4,600,000 in FY 2010-11. Appropriates \$94,322 General Fund and 0.9 FTE for implementation of the bill. A provision in H.B. 10-1376 (the Long Bill) eliminated the appropriation in the bill.

**H.B. 10-1196:** Effective January 1, 2011, disqualifies a category of vehicle currently eligible for a state income tax credit. The disqualified vehicles are vehicles that get more than 30 but less than 40 miles per gallon. The Department estimates that this change will increase General Fund revenue by \$2,700,000 in FY 2010-11.

**H.B. 10-1197:** Limits aggregate credits for donating conservation easements to \$26 million each year for the 2011, 2012, and 2013 income tax years. Taxpayers are first required to submit a claim for a tax credit to the Division of Real Estate, which will issue a certificate in the order the claims were received. If more than \$26 million in credits are claimed, the claims not issued certificates will be placed on a waiting list and certificates will be issued in a subsequent year. Appropriates \$9,028 cash funds and 0.2 FTE from the Conservation Easement Holder Certification Fund to the Division of Real Estate in the Department of Regulatory Affairs. The Department estimates that this change will increase General Fund revenue by \$18,500,000 in FY 2010-11.

**H.B. 10-1199:** Limits, in each of the next three income tax years, the amount of net operating loss (NOL) that a corporation may carry forward to \$250,000 and extends the carry forward period for amounts in excess of \$250,000. The corporation may increase the NOL by 3.25 percent for interest on the portion of NOL that was not allowed to be carried forward during the three income tax years. The Department estimates that this change will increase General Fund revenue by \$8,200,000 in FY 2010-11.

**H.B. 10-1200:** Temporarily, for tax years 2011, 2012 and 2013, limits the amount of the investment tax credit for investing in enterprise zones to \$250,000, and defers the portion of the tax credit over \$250,000 to tax year 2014. Allows the taxpayer who defers excess credits to carry forward the excess credits for 12 income tax years after the credit was initially allowed, plus an additional year for each year the taxpayer defers claiming the credit in excess of \$250,000. The Department estimates that this change will increase General Fund revenue by \$11,800,000 in FY 2010-11.

**H.B. 10-1209:** Allows an eligible member of the U.S. military to have a special designation placed upon their driver's license signifying the branch of the military that the applicant serves with. Requires an additional fee

of \$15 for the designation. Appropriates \$83,088 cash funds from the Highway Users Tax Fund to the Department of Revenue for implementation.

**H.B. 10-1211:** Reduces the late registration fee for a vehicle without motive power weighing less than 2,000 pounds (empty weight) to \$10.

**H.B. 10-1212:** Requires the Executive Director (Director) of the Department of Revenue to promulgate rules that establish circumstances in which a vehicle owner shall be exempted from paying the late fee for registration of a motor vehicle. Such rules shall apply uniformly throughout the state. Includes a list of circumstances that will exempt an owner from paying the late fee. The Director must also promulgate rules that allow a waiver or reduction of late fees for a commercial trailer or farm vehicle if the owner can establish the vehicle was idled and not operated on any public highway for at least a full registration period.

**H.B. 10-1214:** Creates the "Adopt a Shelter Pet" special license plate. There is a charge of \$75 in addition to the regular license plate and registration fees for the plate, which includes a \$25 donation to the Adopt a Shelter Pet account in the Pet Overpopulation Fund in the State Treasury. The \$25 donation is required upon annual renewal of the license plate. Permits the vehicle owner to apply for a personalized license plate upon payment of required fees for a personalized plate. Appropriates \$17,760 cash funds from the License Plate Cash Fund to implement the legislation.

**H.B. 10-1284:** Creates the Medical Marijuana State Licensing Authority (SLA) in the Department of Revenue. The provisions of H.B. 10-1284 include:

- The SLA grants, refuses or renews medical marijuana licenses after the potential licensee has received local approval.
- License may be issued to operate medical marijuana centers and associated off-premises cultivation and medical marijuana infused products manufacturers and associated cultivation operations.
- The SLA will operate in a similar fashion to the State Licensing Authority for alcohol sales.
- Permits a locality to ban the sale, distribution, cultivation, and dispensing of medical marijuana by a majority vote of its governing board or a majority vote of its citizens.
- A medical marijuana center may only sell products it cultivates itself or products purchased from another center in a quantity that does not exceed 30 percent of its inventory.
- Requires the Department of Public Health and Environment (DPHE) to promulgate rules allowing a homebound patient to have a primary caregiver transport the patient's medical marijuana to that patient.
- Provides a sales tax exemption to indigent patients.
- Requires DPHE to promulgate rules related to what constitutes significant responsibility for managing the well-being of a patient.
- Allows a primary caregiver to serve no more than five patients on the registry at one time, except in exceptional cases.
- Requires patients permitted to use medical marijuana have a registry identification card at all times when they are in possession of medical marijuana.
- Provides an exception to the adulterated food offenses for medical marijuana centers that manufacture or sell food that contains medical marijuana, as long as the food is labeled.

Appropriates \$10,317,583 cash funds from the Medical Marijuana License Cash Fund and 110.0 FTE for FY 2010-11 to the Department of Revenue, to staff the Medical Marijuana Licensing Authority, which will enforce the provisions of the act. Included in this appropriation are appropriations of \$271,368 reappropriated funds

and 2.0 FTE to the Department of Law for legal services and \$260,700 reappropriated funds and 1.2 FTE to the Department of Public Safety for background checks. Appropriates \$59,747 cash funds and 1.2 FTE for FY 2010-11 from the Medical Marijuana Program Cash Fund to the Department of Public Health and Environment. Allows the Department of Revenue to borrow up to \$1.0 million from the Medical Marijuana Program cash fund in FY 2010-11 to get the program started.

Captures the first \$2 million in sales tax revenue from the sale of medical marijuana and allocates half to the Department of Human Services, for mental health and alcohol and drug abuse services. Allocates the other half to the Screening, Brief Intervention and Referral to Treatment (SBIRT) program. For FY 2010-11, appropriates \$334,227 General Fund to the Department of Human Services. House Bill 10-1033, which creates the SBIRT program and was contingent upon the passage of H.B. 10-1284, appropriates \$334,227 General Fund to SBIRT.

For more information, see the corresponding bill description for the Department of Health Care Policy and Financing and the Department of Public Health and Environment.

**H.B. 10-1285:** Increases the penalties for overweight vehicles operating on Colorado's highways and, after subtracting the costs of administration of the fund, uses the increased penalties to offset the cost of an income tax credit and sales tax refund for commercial investment in Colorado. Establishes procedures for qualifying for the credit and refund. Clarifies that a motor vehicle registered in Colorado, subsequently registered in another state, then again registered in Colorado is not subject to taxes and fees for the time it was registered in another state. Appropriates \$86,658 cash funds from the Commercial Vehicle Enterprise Tax Fund and 0.8 FTE to the Department of Revenue in FY 2010-11.

**H.B. 10-1338:** Allows a person who has two or more prior felony convictions to be eligible for probation, with certain exceptions. Makes an appropriation to the Department of Revenue of \$336,057 General Fund for the implementation of H.B. 09-1137, which was passed during the 2009 regular session and enacted into law. For more information on H.B. 10-1338, please see the "Recent Legislation" section in the Judicial Department section of this document. For more information on H.B. 09-1137, please see the "2009 Session Bills" subsection of this section.

**H.B. 10-1341:** Temporarily diverts those moneys remaining in the in the Motorist Insurance Identification Account at the end of a fiscal year that are currently transferred to the Highway Users Tax Fund to the Colorado State Titling and Registration Account. The diversion will be in effect for FY 2010-11 and FY 2011-12.

**H.B. 10-1376:** General appropriations act for FY 2010-11. Includes supplemental appropriations that modify the FY 2009-10 appropriations.

**H.B. 10-1387:** Extends the refinance of Driver's License offices in the Division of Motor Vehicles for two additional fiscal years. For FY 2010-11, refinances \$20.0 million General Fund with \$20.0 million cash funds from the Licensing Services Cash Fund (\$17.3 million) and the Highway Users Tax Fund (\$2.7 million "off-the-top" moneys). For FY 2011-12, the refinance is entirely from the Licensing Services Cash Fund (LSCF). Requires all funds in the LSCF at the end of the fiscal year, less a 16.5 percent reserve, be transferred to the Highway Users Tax Fund.

## 2011 Session Bills

**S.B. 11-037:** Creates the "Veteran of World War II" special license plates to identify that the owner of the motor vehicle is a veteran of World War II. Appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account for implementation. These moneys are reappropriated to the Governor's Office of Information Technology. Also appropriates \$9,080 cash funds from the License Plate Cash Fund for the purchase of said license plates from Correctional Industries.

**S.B. 11-051:** Adds debts owed to the State as a justification for withholding lottery and gambling winnings from the payout to the winner of lottery prizes or gambling prizes at a casino. Appropriates \$94,600 cash funds from the Debt Collection Fund for computer programming changes required by the State Internet Portal Authority for implementation.

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employee Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$1,741,453, of which \$563,224 is General Fund, \$1,162,667 is cash funds, and \$15,562 is reappropriated funds.

**S.B. 11-102:** Establishes a new voluntary donation line on income tax forms for the Families in Action for Mental Health Fund, which will go into a queue that is established in the bill that provides procedures for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. Appropriates \$29,600 from the Fund for programming of computer systems to implement the voluntary contribution line and reappropriates those moneys to the Governor's Office of Information Technology, which will implement those changes.

**S.B. 11-109:** Establishes a new voluntary donation line on income tax forms for the Public Education Fund, which will go into a queue that has been established for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. Appropriates \$29,600 from the Fund for programming of computer systems to implement the voluntary contribution line and reappropriates those moneys to the Governor's Office of Information Technology, which will implement those changes. Also appropriates \$3,656 from the Fund for the annual expenses associated with crediting the donation to the Fund.

**S.B. 11-152:** Supplemental appropriation to the Department of Revenue for FY 2010-11.

**S.B. 11-163:** Repeals the Alternative Fuels Rebate program, which provides a rebate to state and local governments and qualified non-profit organization that purchase certain high efficiency vehicles. Eliminates cash funds expenditures of \$310,000, and ends the diversion of approximately \$400,000 from the General Fund to the Alternative Fuels Rebate Fund. The net General Fund revenue impact will be an increase of \$400,000 less an undetermined amount that State agencies would have been eligible to receive from the rebate fund for purchases of vehicles with General Fund moneys.

**S.B. 11-184:** Establishes a tax amnesty program from October 1, 2011 to November 15, 2011 that allows taxpayers who owe taxes to the State to pay those taxes without penalty and at an interest rate set at one-half of the established rate. Also requires the Department of Revenue to prepare a "tax profile and expenditure" report biennially. Appropriates \$12,096 General Fund to the Department of Revenue in FY 2010-11 to begin

preparations for the tax amnesty. Appropriates \$483,895 cash funds (\$20,740 reappropriated to the Governor's Office of Information Technology) from the Tax Amnesty Cash Fund to the Department of Revenue in FY 2011-12 for implementation of the tax amnesty and for preparation of the first tax profile and expenditure report. The tax amnesty is expected to increase revenues to the State Education Fund by \$9.7 million in FY 2011-12.

**S.B. 11-197:** Establishes the "Girl Scout Centennial" special license plate. Appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming changes necessary to implement the license plate. Also appropriates \$17,760 cash funds from the License Plate Cash Fund for the purchase of the license plates from Correctional Industries.

**S.B. 11-209:** General appropriations act for FY 2011-12.

**S.B. 11-223:** Temporarily reduces the "vendor fee" (the fee that retailers are allowed to retain as compensation for their costs in collecting State sales tax) from 3.33 percent to 2.22 percent. The reduction will be in place for two years. Increases General Fund revenue by \$22.8 million in FY 2011-12.

**S.B. 11-263:** Provides that the following shall be exempt from Colorado sales and use taxes: prescription drugs prescribed by a licensed provider; non-prescription drugs or materials furnished by a licensed provider; and all sales of therapeutic devices, appliances, or related products, sold in accordance with a written recommendation of a licensed provider.

**H.B. 11-1004:** Exempts a person whose vehicle is used primarily for agriculture on a farm or ranch classified as agricultural land for property tax purposes and repeals the farm truck and tractor exemption from having to pay the motorist insurance identification fee. Appropriates \$22,200 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12 for implementation of bill. These moneys are reappropriated to the Governor's Office of Information Technology.

**H.B. 11-1005:** Reinstates the sales and use tax exemption for certain agricultural products. Decreases General Fund revenue by \$3.7 million in FY 2011-12.

**H.B. 11-1014:** Repeals, effective with the 2013 income tax year, the trigger for allowing taxpayers to claim an income tax credit for donations to child care facilities. Under the trigger, projected General Fund revenues must be sufficient to increase General Fund appropriations by at least 6.0 percent in the pertinent State fiscal year. For the 2013 income tax year, allows no more than 50.0 percent of the credit to be claimed in that tax year, and allows the remainder of the credit to be carried forward to the subsequent income tax year. For the 2014 income tax year, allows no more than 75.0 percent of the credit to be claimed in that tax year, and allows the remainder to be carried forward to the subsequent income tax year.

**H.B. 11-1043:** Revises statutes concerning medical marijuana. Appropriates \$7,696 cash funds from the Medical Marijuana License Cash Fund (MMLCF) to the Department of Revenue, Information Technology Division for reprogramming the Department's computers systems, and reappropriates those moneys to the Governor's Office of Information Technology which will perform the reprogramming services. Decreases the appropriation to the Department of Revenue, Enforcement Business Group, Medical Marijuana Enforcement, by \$7,696 cash funds from the MMLCF. For more information on H.B. 11-1043, please see the "Recent Legislation" Section at the end of the Department of Human Services section of this document.

**H.B. 11-1071:** Establishes a new voluntary donation line on income tax forms for the Roundup River Ranch Fund, which will go into a queue that has been established for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. Appropriates \$29,600 from the Fund for programming of computer systems to implement the voluntary contribution line and reappropriates those moneys to the Governor's Office of Information Technology, which will implement those changes.

**H.B. 11-1091:** Clarifies and modifies the sales and use tax exemption for medical equipment and therapeutic devices by providing a sales and use tax exemption for all medical equipment that is dispensed with a prescription, expands the definition of durable medical equipment to include mobility enhancing equipment (including repair and replacement parts for that equipment). Eliminates the sales and use tax exemption for medical equipment purchased without a prescription.

**H.B. 11-1097:** Establishes a new voluntary donation line on income tax forms for the Goodwill Industries Fund, which will go into a queue that is established in the bill that provides procedures for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. Appropriates \$29,600 from the Fund for programming of computer systems to implement the voluntary contribution line and reappropriates those moneys to the Governor's Office of Information Technology, which will implement those changes.

**H.B. 11-1157:** Allows the owner of a diesel powered vehicle registered in a vehicle emissions program area, but primarily based outside of that area, to be exempt from the requirements of vehicles based in the program area. Appropriates \$6,000 cash funds from the Highway Users Tax Fund and \$592 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12 for implementation. Of this amount, \$592 is reappropriated to the Governor's Office of Information Technology for computer programming changes required for implementation.

**H.B. 11-1161:** Extends for FY 2011-12 the authorization to use Highway Users Tax Fund "off-the-top" moneys in the Department of Revenue, Division of Motor Vehicles, for the operation of driver's license offices.

**H.B. 11-1163:** Defines conditions under which the Department of Transportation may issue a "super-load" permit. Appropriates \$740 to the Department of Revenue in FY 2011-12 for implementation. For more information on H.B. 11-1163, please see the "Recent Legislation" section in the Department of Transportation section of this document.

**H.B. 11-1166:** Establishes the "Type I Diabetes" special license plate. Appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming changes necessary to implement the license plate, and appropriates \$17,760 cash funds from the License Plate Cash Fund for the purchase of the license plates from Correctional Industries.

**H.B. 11-1182:** Establishes a fee for registration of vehicles to support the Colorado State Titling and Registration (CSTAR) Account of the Highway Users Tax Fund (HUTF) and decreases the fee that supports the Motorist Insurance Identification (MII) Account of the HUTF. Increases revenues to the CSTAR Account by \$2.28 million and decreases revenues to the MII Account by \$1.96 million.

**H.B. 11-1216:** Authorizes public and private sales of unique combinations of letters and numbers on license plates by a license plate auction group created in the Governor's Office. Appropriates \$2,960 cash funds from

the Colorado State Titling and Registration System to implement the bill. Those moneys are reappropriated to the Governor's Office for implementation of the bill.

**H.B. 11-1234:** Creates a taxicab license plate which will be required of all vehicles engaged in the taxicab business and only those vehicles authorized to provide taxicab service. Specifies that the taxicab license plate is to be used for vehicles that are used as both a taxicab and luxury limousine. Appropriates \$8,880 cash funds from the Colorado State Titling and Registration Account and \$2,072 cash funds from the Licensing Services Cash Fund to the Department of Revenue in FY 2011-12 for programming changes to the Department's computer systems. These moneys are reappropriated to the Governor's Office of Information Technology. In addition, appropriates \$14,800 cash funds from the License Plate Cash Fund for the purchase of the license plates from Correctional Industries.

**H.B. 11-1265:** Establishes a three-year period after a sale of a taxable item for the taxpayer to claim a sales or use tax refund when a dispute arises over whether the item is taxable under State sales and use tax law.

**H.B. 11-1293:** Repeals H.B. 10-1192 regarding sales and use tax on standardized software, effective July 1, 2012. Adopts in statutes standards for determining when sales and use tax applies to the purchase of software. Appropriates \$19,701 General Fund and 0.5 FTE to the Department of Revenue for FY 2011-12.

**H.B. 11-1295:** Establishes a new voluntary donation line on income tax forms for the Multiple Sclerosis Fund, which will go into a queue that is established in the bill that provides procedures for putting the voluntary donation line on the income tax forms when there are more than 14 such donation lines already on the tax form. Appropriates \$29,600 from the Fund for programming of computer systems to implement the voluntary contribution line and reappropriates those moneys to the Governor's Office of Information Technology, which will implement those changes.

**H.B. 11-1296:** Extends for two years, until July 1, 2013, the suspension of the exemption from State sales and use tax on the sale of cigarettes. Increases General Fund revenue by \$27.3 million in FY 2011-12.

**H.B. 11-1298:** Establishes the "Craig Hospital" special license plate to be sold to vehicle owners. Purchasers of the license plate must donate to Craig Hospital. Appropriates \$2,960 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming changes necessary to implement the license plate. Also appropriates \$17,760 cash funds from the License Plate Cash Fund for the purchase of the license plates from Correctional Industries.

**H.B. 11-1300:** Authorizes the use of an expedited process for resolving disputed claims over conservation easement tax credits with the following provisions:

- Allows taxpayers to waive the hearing before the Executive Director of the Department of Revenue and instead appeal directly to a district court;
- establishes venues for the appeals in a manner that allows cases to be consolidated regionally;
- eliminates surety bond requirements for taxpayers appealing directly to district court;
- suspends the imposition of additional interest and penalties during the appeal for taxpayers who appeal directly to district court;
- provides procedures for the administrative process;
- establishes a process for courts to publish notices to taxpayers who cannot be located;



- allows taxpayer claims to be consolidated and settled, and allows additional parties to intervene at the discretion of the court; and
- specifies procedures related to discovery, case management conferences, disclosure of information by the parties, trial management orders, and the phasing of issue to be resolved by the court.

Modifies the aggregate cap for claims for conservation easements that was a part of H.B. 10-1197. For income tax years 2011 and 2012, the cap is lowered from \$26.0 million to \$22.0 million, and for income tax year 2013, the cap is increased to \$34.0 million from \$26.0 million. The reduction in the cap is slightly more than the General Fund appropriations listed below, making the act neutral with regard to the General Fund revenues and expenditures.

Appropriates from the General Fund to the Department of Revenue \$1,974 in FY 2010-11, and \$2,742,991 and 3.6 FTE in FY 2011-12. In addition, appropriates \$553,000 General Fund to the Judicial Department in FY 2011-12 for expenses related to the increased use of the district courts, including using retired judges to hear the cases, appropriates \$12,112 cash fund from the Conservation Easement Holder Certification Fund to the Department of Regulatory Agencies in FY 2011-12. Finally, the Department of Law is appropriated \$1,349,581 reappropriated funds and 9.1 FTE from the Department of Revenue and \$2,352 reappropriated funds from the Department of Regulatory Agencies in FY 2011-12.

**H.B. 11-1316:** Establishes the Denver Nuggets and Colorado Avalanche special license plates to be sold to vehicle owners. Purchasers of the license plate must make a contribution to Kroenke Sports Charities. Appropriates \$6,660 cash funds from the Colorado State Titling and Registration Account to the Department of Revenue in FY 2011-12, and reappropriates those moneys to the Governor's Office of Information Technology for computer programming changes necessary to implement the license plate. Also appropriates \$35,520 cash funds from the License Plate Cash Fund for the purchase of the license plates from Correctional Industries.

# DEPARTMENT OF STATE

The Department of State administers Colorado's elections laws and it 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 according to state laws and the Uniform Commercial Code. It also manages the statewide voter registration database and administers funds received through the federal Help America Vote Act.

## Department Budget: Recent Appropriations

Funding Source	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$0	\$0	\$0	\$0
Cash Funds	27,569,394	21,022,851	21,496,775	18,802,548
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0
<b>Total Funds</b>	<b>\$27,569,394</b>	<b>\$21,022,851</b>	<b>\$21,496,775</b>	<b>\$18,802,548</b>
Full Time Equiv. Staff	127.1	133.9	135.1	127.9

## General Factors Driving the Budget

The Department of State is entirely cash funded, primarily through business filing fees. Additional cash fund sources are the Notary Administration Cash Fund and the Federal Elections Assistance Fund, which supports the federal Help America Vote Act (HAVA) program. Moneys in the Federal Elections Assistance Fund are continuously appropriated and included in the budget for informational purposes only.

### Elections

Pursuant to Section 1-1-107 (1) (e), C.R.S., the Secretary of State is the State's 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, and are instead included in the Personal Services and Operating Expenses line items within the Administration Division. Two line items that pertain solely to elections are Local Election Reimbursement and Initiative and Referendum. As reflected in the following table, these appropriations and expenditures vary every year, depending upon whether it is an even- or odd-year election.

The Local Election Reimbursement line item reimburses counties for a portion of the costs related to having a statewide issue on the ballot. Section 1-5-505.5, C.R.S., requires the Secretary of State to reimburse counties with fewer than 10,000 active registered voters at a rate of \$0.80 per active registered voter, and counties with more than 10,000 active registered voters are reimbursed at a rate of \$0.70 per active registered voter. This is

the only State reimbursement to the counties for election costs. There were no expenditures from this line item for FY 2009-10 because the 2009 election did not include a statewide ballot issue.

<b>Elections Division</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Approp.</b>	<b>FY 2011-12 Approp.</b>
Local Election Reimbursement	\$914	\$2,042,250	\$0	\$1,725,699	\$1,725,699
Initiative and Referendum	50,000	301,007	149,420	250,000	150,000

## Help America Vote Act Program

The goals of the federal Help America Vote Act of 2002 (HAVA) are to: (1) improve the administration of federal elections by creating a centralized, computerized statewide voter registration system; (2) replace punch-card ballots and lever voting machines; (3) ensure accessibility for disabled voters to polling places and voting equipment; and (4) adopt new rules for provisional ballots. In 2003, the Colorado General Assembly created the Federal Elections Assistance Fund to receive federal and state moneys appropriated for HAVA-related purposes (see Sections 1-1.5-101 to 1-1.5-106, C.R.S.). The Fund has received approximately \$44.7 million in federal funds and the State's required \$1.9 million match. Pursuant to Section 1-1.5-106 (2) (b), C.R.S., moneys in the Federal Elections Assistance Fund are continuously appropriated to the Department and appear in the Long Bill for informational purposes only.

<b>Help America Vote Act</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Approp.</b>	<b>FY 2011-12 Approp.</b>
Expenditure / Appropriation	\$9,405,516	\$6,637,556	\$2,629,193	\$2,912,003	\$3,018,274
FTE	9.5	9.5	10.9	6.0	6.0

## Information Technology Services

The Information Technology Services division provides technical services, development, and support to the Department, including the electronic filing and online services that are offered by the Business division. Its functions also include: (1) ensures the Department is compliant with rules and policies as set forth by the Colorado Information Security Act; and (2) manages the State of Colorado Registration and Elections system (SCORE), which is the statewide computerized voter registration system.

<b>Information Technology Services</b>	<b>FY 2007-08 Actual</b>	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Approp.</b>	<b>FY 2011-12 Approp.</b>
Expenditure / Appropriation	\$6,193,958	\$6,938,138	\$5,665,926	\$7,318,851	\$5,511,518
FTE	26.2	27.1	28.1	33.1	29.9

# Summary of FY 2010-11 and FY 2011-12 Appropriations

Department of State						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$21,496,775</b>	<b>\$0</b>	<b>\$21,496,775</b>	<b>\$0</b>	<b>\$0</b>	<b>135.1</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	9,290,222	0	9,290,222	0	0	96.0
Special Purpose	4,887,702	0	4,887,702	0	0	6.0
Information Technology Services	7,318,851	0	7,318,851	0	0	33.1
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	21,226,899	0	21,226,899	0	0	134.6
SB 10-087	32,560	0	32,560	0	0	0.0
SB 10-143	1,000	0	1,000	0	0	0.0
SB 10-203	101,662	0	101,662	0	0	0.0
HB 10-1403	105,200	0	105,200	0	0	0.0
SB 11-153	29,454	0	29,454	0	0	0.5
<b>FY 2011-12 Total Appropriation:</b>	<b>\$18,802,548</b>	<b>\$0</b>	<b>\$18,802,548</b>	<b>\$0</b>	<b>\$0</b>	<b>127.9</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	8,397,057	0	8,397,057	0	0	92.0
Special Purpose	4,893,973	0	4,893,973	0	0	6.0
Information Technology Services	5,511,518	0	5,511,518	0	0	29.9
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	18,770,670	0	18,770,670	0	0	128.9
SB 11-076	(184,245)	0	(184,245)	0	0	0.0
SB 11-191	20,128	0	20,128	0	0	0.0
HB 11-1080	(164,961)	0	(164,961)	0	0	(2.0)
HB 11-1095	360,956	0	360,956	0	0	1.0
<b>Increase/(Decrease)</b>	<b>(\$2,694,227)</b>	<b>\$0</b>	<b>(\$2,694,227)</b>	<b>\$0</b>	<b>\$0</b>	<b>(7.2)</b>
Percentage Change	(12.5)%	n/a	(12.5)%	n/a	n/a	(5.3)%

## **FY 2010-11 Appropriation - Mid-year Adjustment Highlights**

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to:

1. Increase the appropriation for the Address Confidentiality Program by \$29,300 cash funds and 0.5 FTE to reflect program growth and the receipt of additional grant funds.

## **FY 2011-12 Appropriation Highlights**

The FY 2011-12 appropriation:

1. Increases the appropriation by \$318,000 to restore one-time personal services reductions.
2. Increases the appropriation by \$106,000 for the Help America Vote Act program.
3. Reduces the appropriation by \$1.5 million and 4.2 FTE to account for excess spending authority, so that the Department's appropriation better reflects its actual expenditures.
4. Reduces the appropriation by \$745,000 and 2.0 FTE to reflect the second-year impact of S.B. 10-148, which transfers the statewide IT disaster data recovery center to the Office of Information Technology over a period of three years.
5. Reduces the appropriation by \$132,000 to reflect a 1.5 percent reduction to the base appropriation for Personal Services line items.
6. Reduces the appropriation by \$100,000 to reflect an anticipated decrease in the number of elections-related petitions that are submitted to the Department.

## **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, the Notaries Administration Cash Fund, and the Address Confidentiality Surcharge Cash Fund.

**Business Filings Section:** This section is comprised of two subsections: (1) business organizations and entities and (2) Uniform Commercial Code (UCC). The business organizations section 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 utilized by lending institutions. During FY 2010-11, the Department processed approximately 627,862 business filings and over 103,074 UCC filings. The Department is required 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.

**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 to supervise the 64 county clerks in the execution of their statutory responsibilities relating to voter registration and elections. During FY 2010-11, the Department processed 13,044 campaign finance disclosure reports and 6,843 conflict of interest disclosures.

**Licensing and Enforcement Section:** The licensing and enforcement section is responsible for administering four programs: (1) the Administrative Rules Code, a body of statutes governing the rule-making authority of many state agencies; (2) the bingo and raffles program pursuant to Article XVIII Section 3 of the Colorado Constitution; (3) the Charitable Solicitations Act, which forbids fraudulent charitable solicitations; and (4) the notaries public.

<b>Administration</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$9,250,746	\$0	\$9,250,746	\$0	\$0	95.5
SB 10-143	1,000	0	1,000	0	0	0.0
SB 10-203	9,022	0	9,022	0	0	0.0
SB 11-153	<u>29,454</u>	<u>0</u>	<u>29,454</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
<b>TOTAL</b>	<b>\$9,290,222</b>	<b>\$0</b>	<b>\$9,290,222</b>	<b>\$0</b>	<b>\$0</b>	<b>96.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$9,290,222	\$0	\$9,290,222	\$0	\$0	96.0
Restore one-time personal services reductions	219,369	0	219,369	0	0	0.0
Address Confidentiality Program	17,785	0	17,785	0	0	0.0
Reduce excess spending authority and FTE	(560,391)	0	(560,391)	0	0	(2.6)
Statewide IT common policy adjustments	(301,873)	0	(301,873)	0	0	0.0
Annualize prior-year legislation	(121,522)	0	(121,522)	0	0	0.0
Personal services base reduction	(85,892)	0	(85,892)	0	0	0.0
Centrally appropriated line items	(40,177)	0	(40,177)	0	0	0.0
Transfer funds and FTE to IT division	(30,000)	0	(30,000)	0	0	(0.4)
Indirect cost assessment	(11,251)	0	(11,251)	0	0	0.0
<b>SB 11-209</b>	<b>\$8,376,270</b>	<b>\$0</b>	<b>\$8,376,270</b>	<b>\$0</b>	<b>\$0</b>	<b>93.0</b>

Administration						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 11-076	(126,026)	0	(126,026)	0	0	0.0
HB 11-1080	(164,961)	0	(164,961)	0	0	(2.0)
HB 11-1095	<u>311,774</u>	<u>0</u>	<u>311,774</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
<b>TOTAL</b>	<b>\$8,397,057</b>	<b>\$0</b>	<b>\$8,397,057</b>	<b>\$0</b>	<b>\$0</b>	<b>92.0</b>
<b>Increase/(Decrease)</b>	(\$893,165)	\$0	(\$893,165)	\$0	\$0	(4.0)
Percentage Change	(9.6)%	n/a	(9.6)%	n/a	n/a	(4.2)%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-153 modified FY 2010-11 appropriations to:

1. Add \$29,000 cash funds to reflect an increase in the number of participants in the Address Confidentiality Program and the receipt of new grant funds.

### FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Restore one-time personal services reductions:** The appropriation restores one-time personal services reductions for FY 2010-11, including a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Address Confidentiality Program:** The appropriation increases the funds for the Address Confidentiality Program due to its growing enrollment and the receipt of a grant from the Division of Criminal Justice's Victims and Law Enforcement (VALE) fund.

**Reduce excess spending authority and FTE:** The appropriation reduces the appropriation so that the spending authority better reflects the Department's actual expenditures.

**Statewide IT common policy adjustments:** The appropriation includes adjustments to line items appropriated for the purchase of services from the computer center and multiuse network payments.

**Annualize prior-year legislation:** The appropriation eliminates one-time funds related to prior year legislation.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for state contributions to health, life, and dental benefits, state contributions to the Public Employees' Retirement Association (PERA) pension fund, workers' compensation, legal services, administrative law judge

services, purchase of services from the state's computer center, the multiuse network, payments to risk management and property funds, and vehicle leases.

**Transfer funds and FTE to IT division:** The appropriation transfers funds and FTE from the Administration division to the Information Technology Services division to accommodate internal changes in staffing patterns.

**Indirect cost assessment:** The appropriation reflects a decrease in the Department's statewide indirect cost recoveries assessment.

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

## Special Purpose

This division includes: (1) the State's Help America Vote Act (HAVA) program; (2) 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$4,887,702</u>	<u>\$0</u>	<u>\$4,887,702</u>	<u>\$0</u>	<u>\$0</u>	<u>6.0</u>
<b>TOTAL</b>	<b>\$4,887,702</b>	<b>\$0</b>	<b>\$4,887,702</b>	<b>\$0</b>	<b>\$0</b>	<b>6.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$4,887,702	\$0	\$4,887,702	\$0	\$0	6.0
Help America Vote Act	106,271	0	106,271	0	0	0.0
Initiative and referendum	(100,000)	0	(100,000)	0	0	0.0
<b>SB 11-209</b>	<b><u>\$4,893,973</u></b>	<b><u>\$0</u></b>	<b><u>\$4,893,973</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>6.0</u></b>
<b>TOTAL</b>	<b>\$4,893,973</b>	<b>\$0</b>	<b>\$4,893,973</b>	<b>\$0</b>	<b>\$0</b>	<b>6.0</b>
<b>Increase/(Decrease)</b>	\$6,271	\$0	\$6,271	\$0	\$0	0.0
Percentage Change	0.1%	n/a	0.1%	n/a	n/a	0.0%



## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Help America Vote Act (HAVA):** The appropriation increases funds for the Department's activities related to the Help America Vote Act. Pursuant to Section 1-1.5-106 (2) (b), C.R.S., these funds are continuously appropriated and are included in the Long Bill for informational purposes only.

**Initiative and referendum:** The appropriation decreases by \$100,000 cash funds because the Department receives fewer initiative petitions during an odd-year election.

### Information Technology Services

The Information Technology Services division provides most of the technology support for the Department and is responsible for the Department's compliance with the Colorado Information Security Act. The Department provides 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 system. The voter registration and election management system is primarily 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$7,088,451	\$0	\$7,088,451	\$0	\$0	33.1
SB 10-087	32,560	0	32,560	0	0	0.0
SB 10-203	92,640	0	92,640	0	0	0.0
HB 10-1403	<u>105,200</u>	<u>0</u>	<u>105,200</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$7,318,851</b>	<b>\$0</b>	<b>\$7,318,851</b>	<b>\$0</b>	<b>\$0</b>	<b>33.1</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$7,318,851	\$0	\$7,318,851	\$0	\$0	33.1
Restore one-time personal services reductions	98,715	0	98,715	0	0	0.0
Transfer funds and FTE from Administration division	30,000	0	30,000	0	0	0.4
Reduce excess spending authority and FTE	(925,750)	0	(925,750)	0	0	(1.6)
Transfer data recovery center	(745,005)	0	(745,005)	0	0	(2.0)
Annualize prior year funding	(230,400)	0	(230,400)	0	0	0.0
Personal services base reductions	(45,984)	0	(45,984)	0	0	0.0
<b>SB 11-209</b>	<b>\$5,500,427</b>	<b>\$0</b>	<b>\$5,500,427</b>	<b>\$0</b>	<b>\$0</b>	<b>29.9</b>
SB 11-076	(58,219)	0	(58,219)	0	0	0.0

Information Technology Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
SB 11-191	20,128	0	20,128	0	0	0.0
HB 11-1095	<u>49,182</u>	<u>0</u>	<u>49,182</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$5,511,518</b>	<b>\$0</b>	<b>\$5,511,518</b>	<b>\$0</b>	<b>\$0</b>	<b>29.9</b>
<b>Increase/(Decrease)</b>	(\$1,807,333)	\$0	(\$1,807,333)	\$0	\$0	(3.2)
Percentage Change	(24.7)%	n/a	(24.7)%	n/a	n/a	(9.7)%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The appropriation restores one-time personal services reductions for FY 2010-11, including a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Transfer funds and FTE from Administration division:** The appropriation transfers funds and FTE from the Administration division to the Information Technology Services division to accommodate internal changes in staffing patterns.

**Reduce excess spending authority and FTE:** The appropriation reduces funds and FTE to better reflect the Department's actual expenditures.

**Transfer data recovery center:** The appropriation reflects the transfer of the statewide disaster data recovery center to the Governor's Office of Information Technology. The decrease reflects the second year of a three-year time frame for the transfer.

**Annualize prior year funding:** The appropriation eliminates one-time funds related to prior year legislation and budget actions.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

## Recent Legislation

### 2010 Session Bills

**S.B. 10-087:** Expands the Secretary of State's authority to regulate and monitor lobbyists, and also increases the penalty fines for failing to submit certain filings by their deadlines. Appropriates \$32,560 cash funds for information technology services for FY 2010-11.

**S.B. 10-143:** Authorizes the State Controller to issue a refund for fees that were erroneously collected by the Secretary of State prior to July 1, 2006. Directs the State Controller to issue the refund upon receipt of a voucher from the Secretary indicating the person and the amount of the refund. Transfers \$1,000 from the Department of State to the Department of Personnel and Administration to fund related expenses within the Office of the State Controller.

**S.B. 10-148:** Transfers management responsibilities of the statewide disaster recovery center (E-Fort) from the Department of State to the Governor's Office of Information Technology (OIT) as of July 1, 2010. Transfers fiscal responsibility for the recovery center to the OIT in one-third increments beginning in FY 2011-12, until the OIT has assumed full fiscal responsibility by FY 2013-14.

**S.B. 10-203:** Changes state law to regulate independent expenditures made in connection with state elections. Requires persons and organizations that accept donations or make independent expenditures greater than \$1,000 to register with the Secretary of State, specifies the information to be collected from persons who register, and directs the Department of State to post certain information on its website within a certain time frame.

**H.B. 10-1315:** Supplemental appropriation to the Department of State to modify FY 2009-10 appropriations included in the FY 2009-10 Long Bill (S.B. 09-259). Increases the Department's appropriation by a total of \$92,817.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

**H.B. 10-1403:** Allows the Secretary of State to designate whether it sends certain notifications by mail or electronically. Allows entities to file certain reports with the Secretary biennially, rather than annually, and permits the entities to select the anniversary month that the reports are submitted.

### 2011 Session Bills

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$184,245 cash funds.

**S.B. 11-153:** Supplemental appropriation to the Department of State to modify FY 2010-11 appropriations. Increases the Department's FY 2010-11 appropriation by \$29,454 cash funds and 0.5 FTE.

**SB 11-191:** Creates a new type of limited cooperative association that has two distinct categories of members: patron members and investor members. Allows the type of limited cooperative association defined by this legislation to organize to pursue any lawful purpose. Increases the appropriation for FY 2011-12 by \$20,128 cash funds.

**S.B. 11-209:** General appropriations act for FY 2011-12.

**H.B. 11-1080:** Transfers the Address Confidentiality Program from the Department of State to the Department of Personnel and Administration for FY 2011-12.

**H.B. 11-1095:** Permits the Department of State to implement a password-protected system for online business filings and to take appropriate action to address fraudulent activities involving business filings and records. Continues to allow for the access to and retrieval of publicly available records without a password. Appropriates \$360,956 cash funds and 1.0 FTE for FY 2011-12. The cash fund source is the Department of State Cash Fund.

# DEPARTMENT OF TRANSPORTATION

The Department of Transportation is responsible for operating and maintaining Colorado's 9,156-mile state highway system, including more than 3,700 bridges, and maintaining the aviation system plan, under the policy direction of the eleven-member Transportation Commission. The Department's 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. Funds controlled by the Transportation Commission are reflected as informational appropriations in three Long Bill line items: (1) Construction, Maintenance, and Operations; (2) the High Performance Transportation Enterprise (created by S.B. 09-108); and (3) the Statewide Bridge Enterprise (created by S.B. 09-108). These line items represent the "non-appropriated" portion of the budget and are included in the Long Bill as estimates of the anticipated revenues available to the Commission in a given fiscal year.

The General Assembly annually appropriates funding to three Long Bill line items: (1) Administration (primarily from the State Highway Fund); (2) Gaming Impacts (using Limited Gaming Funds), which has not received funding since FY 2008-09 and is not funded in FY 2011-12; and (3) First Time Drunk Driving Offenders Account (created pursuant to H.B. 08-1194 and funded with fees from drunk driving offenders). Finally, the General Assembly has statutory oversight over revenue-raising measures and the approval of the Governor's appointments to the Transportation Commission.

The Department's FY 2011-12 Long Bill includes five divisions: (1) Administration; (2) Construction, Maintenance, and Operations; (3) High Performance Transportation Enterprise; (4) First Time Drunk Driving Offenders Account; and (5) Statewide Bridge Enterprise.

## Department Budget: Recent Appropriations

Funding Source	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund	\$0	\$0	\$0	\$0
Cash Funds	512,824,049	614,161,434	658,329,628	699,088,197
Reappropriated Funds	3,923,580	3,950,128	4,986,153	4,886,656
Federal Funds	<u>760,864,123</u>	<u>355,397,188</u>	<u>369,101,388</u>	<u>404,145,023</u>
<b>Total Funds</b>	<b>\$1,277,611,752</b>	<b>\$973,508,750</b>	<b>\$1,032,417,169</b>	<b>\$1,108,119,876</b>
Full Time Equiv. Staff	3,365.5	3,366.5	3,307.5	3,315.5

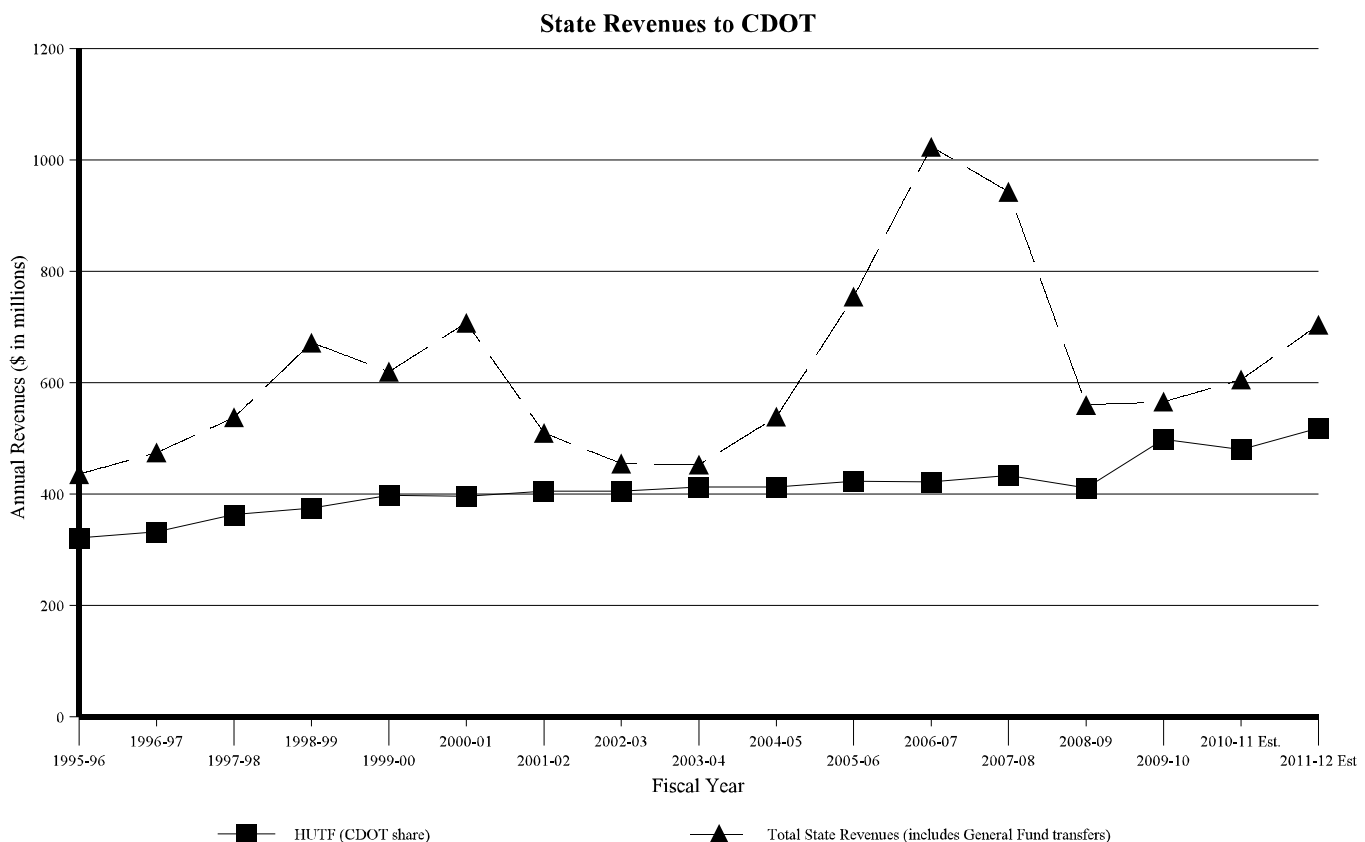
## General Factors Driving the Budget

Funding for this department in FY 2011-12 consists of 63.1 percent cash funds, 0.4 percent reappropriated funds, and 36.5 percent federal funds. Important factors driving the budget are reviewed below.

### Highway Users Tax Fund (HUTF) Revenues and S.B. 09-108

The primary source of state revenue for the Department is the Highway Users Tax Fund (HUTF). The major source of revenue for the HUTF is the State's motor fuel tax, generating approximately two-thirds of annual revenue collections for the HUTF, with the remainder coming from motor vehicle registrations and other fees. The Department receives approximately half of the total HUTF collections, and fluctuations in HUTF revenues as a result of changes in behavior (e.g., increasing or decreasing vehicle miles of travel which affects fuel tax revenues) or policy affect the revenues available to the Department.

The following chart displays HUTF revenues and total state funding (including General Fund transfers to the HUTF, which are discussed in the following section) since FY 1995-96. Total state funding for the Department has fluctuated substantially over that period, primarily as a result of changes in the amount of General Fund transferred to the HUTF. Non-General Fund HUTF revenues have been more consistent.



The Department estimates that fees, fines, and surcharges authorized in S.B. 09-108 (also known as FASTER) will provide a total of \$190.0 million in state revenues to the Department in FY 2011-12. The estimate represents an increase of approximately \$19.2 million above the estimate of FASTER-associated revenue

assumed in the FY 2010-11 Long Bill, and the increase is a result of phasing in fees charged under the bill. The FY 2011-12 S.B. 09-108-associated revenues include \$78.9 million in the HUTF for highway purposes, \$15.0 million in the HUTF for transit purposes (including \$5.0 million for local entities), and \$96.1 million in the State Bridge Enterprise Fund (collected through bridge safety surcharges authorized in the bill and provided to the Statewide Bridge Enterprise). The enactment of S.B. 09-108 also drove changes in the Department's Long Bill format, including the creation of the Statewide Bridge Enterprise as a new division and the replacement of the Statewide Tolling Enterprise with the newly constituted High Performance Transportation Enterprise.

## General Fund Expenditures for Highway Construction

Since 1997, the General Assembly has passed a variety of legislation to assist in the completion of priority transportation projects. This legislation has provided additional funds to the State Highway Fund from General Fund sources, including: (1) Capital Construction Fund appropriations (which originate in the General Fund); (2) diversions of sales and use taxes from the General Fund to the Highway Users Tax Fund (S.B. 97-001); (3) Limited Gaming Fund appropriations (which use cash funds that would otherwise be credited to the Clean Energy Fund); and (4) two-thirds of the year-end General Fund surplus (H.B. 02-1310). Additional legislation (H.B. 99-1325) has permitted the Department to issue bonds to accelerate projects and to use future federal and state revenues to pay back bondholders over time.

Transfers from the General Fund to the State Highway Fund under the legislation discussed above fluctuated with the economy. For example, economic conditions precluded most such transfers 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. As shown in the table below, transfers pursuant to S.B. 97-001 and H.B. 02-1310 increased in FY 2006-07 (a total of \$520.2 million) and FY 2007-08 (a total of \$407.2 million) but declined to \$88.0 million in FY 2008-09.

General Fund Diversions to the HUTF Pursuant to S.B. 97-001 and H.B. 02-1310 Historical Data (in millions of dollars)									
Fiscal Year	02	03	04	05	06	07	08	09	Totals
<b>S.B. 97-001</b>	\$35.2	\$0.0	\$0.0	\$0.0	\$220.4	\$229.0	\$241.0	\$59.0	\$784.6
<b>H.B. 02-1310</b>	n/a	n/a	5.6	81.2	65.3	291.2	166.2	29.0	638.5
<b>Totals</b>	\$35.2	\$0.0	\$5.6	\$81.2	\$285.7	\$520.2	\$407.2	\$88.0	\$1,423.1

Senate Bill 09-228, enacted during the 2009 Regular Session, repeals the transfers of General Fund associated with S.B. 97-001 and H.B. 02-1310, making transfers from the General Fund to the HUTF subject to annual appropriation by the General Assembly. Senate Bill 09-228 requires that 2.0 percent of General Fund revenues be transferred to the HUTF for FY 2012-13 through FY 2016-17 under certain conditions, but it does not require any General Fund transfers prior to FY 2012-13. The five-year block of transfers from FY 2012-13 through FY 2016-17 is subject to a trigger based on growth in statewide personal income. If personal income increases by less than 5.0 percent from calendar year 2011 to calendar year 2012, the entire five-year block of transfers is postponed until the first state fiscal year in which the personal income trigger is met.

## Availability of Federal Funds

The Department receives federal funding for four basic purposes, including (1) highways (Federal Highway Administration (FHWA) funds); (2) highway safety (National Highway Traffic Safety Administration (NHTSA) funds); (3) transit (Federal Transit Administration (FTA) funds); and (4) aviation (Federal Aviation Administration (FAA) funds). Federal funds provide a significant share of the Department's resources (37.9 percent of the Department's actual expenditures for FY 2009-10), and fluctuations in the availability of federal funds affect the Department's annual budgetary outlook. The annual availability of federal funds is determined by multi-year federal authorization bills. The most recent authorization bill, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), expired in September 2009. The U.S. Department of Transportation is currently operating on short-term extensions of SAFETEA-LU: Congress has now extended the law through September 30, 2011 but will have to act again by that date to continue the provision of these federal funds to the states.

The Department's total share of federal funds has fluctuated in recent years, increasing from \$359.7 million in FY 2000-01 to \$601.2 million in FY 2009-10 but declining to an estimated \$369.1 million in FY 2010-11 (see table below). Similarly, Colorado's share of federal highway funds increased from \$396.0 million in FY 2004-05 to \$568.8 million in FY 2009-10. In FY 2008-09, with an infusion of funds as a result of the American Recovery and Reinvestment Act (ARRA), the Department received a total of \$957.4 million in federal funds. Federal budgetary conditions, including the depletion of the surplus in the federal Highway Trust Fund, resulted in "obligation limits" that have reduced the State's portion of federal funding below the full amounts authorized in SAFETEA-LU.

### Federal Funding to CDOT (\$ in millions)

Federal Funding to CDOT (in millions of dollars)								
Source	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	FY 10-11 Est	FY 11-12 Est
FHWA	\$396.0	\$434.2	\$527.6	\$533.8	\$536.9	\$568.8	\$349.3	\$390.7
FTA	9.2	9.1	10.9	10.2	13.9	13.3	13.2	10.4
FAA	0.2	0.3	0.2	0.3	0.3	0.3	0.3	0.2
NHTSA	4.7	5.0	3.4	8.1	2.1	6.3	6.3	2.8
ARRA	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>404.2</u>	<u>12.5</u>	<u>n/a</u>	<u>n/a</u>
<b>Total</b>	<b>\$410.2</b>	<b>\$448.6</b>	<b>\$542.1</b>	<b>\$552.5</b>	<b>\$957.4</b>	<b>\$601.2</b>	<b>\$369.1</b>	<b>\$404.1</b>

Because Congress has yet to pass another multi-year authorization bill and the U.S. Department of Transportation is currently operating under short-term extensions of SAFETEA-LU, the Department's expectations regarding future federal funds are highly uncertain. The FY 2011-12 budget assumes a total of \$404.1 million in federal funds, including \$390.7 million in highway funds, but these figures could change significantly based on Congressional action.



## Summary of FY 2010-11 and FY 2011-12 Appropriations

Department of Transportation						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Total Appropriation:</b>	<b>\$1,032,417,169</b>	<b>\$0</b>	<b>\$658,329,628</b>	<b>\$4,986,153</b>	<b>\$369,101,388</b>	<b>3,307.5</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	23,630,403	0	21,660,054	1,970,349	0	192.5
Construction, Maintenance, and Operations	933,454,899	0	561,337,707	3,015,804	369,101,388	3,114.0
High Performance Transportation Enterprise	2,500,000	0	2,500,000	0	0	1.0
First Time Drunk Driving Offenders Account	1,000,000	0	1,000,000	0	0	0.0
Statewide Bridge Enterprise	71,831,867	0	71,831,867	0	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
HB 10-1376	1,032,417,169	0	658,329,628	4,986,153	369,101,388	3,307.5
<b>FY 2011-12 Total Appropriation:</b>	<b>\$1,108,119,876</b>	<b>\$0</b>	<b>\$699,088,197</b>	<b>\$4,886,656</b>	<b>\$404,145,023</b>	<b>3,315.5</b>
<u>Breakdown of Total Appropriation by Administrative Section</u>						
Administration	24,488,554	0	22,617,702	1,870,852	0	192.5
Construction, Maintenance, and Operations	988,331,322	0	581,170,495	3,015,804	404,145,023	3,122.0
High Performance Transportation Enterprise	2,500,000	0	2,500,000	0	0	1.0
First Time Drunk Driving Offenders Account	1,000,000	0	1,000,000	0	0	0.0
Statewide Bridge Enterprise	91,800,000	0	91,800,000	0	0	0.0
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	1,108,403,517	0	699,360,251	4,898,243	404,145,023	3,315.5
SB 11-076	(283,641)	0	(272,054)	(11,587)	0	0.0
<b>Increase/(Decrease)</b>	<b>\$75,702,707</b>	<b>\$0</b>	<b>\$40,758,569</b>	<b>(\$99,497)</b>	<b>\$35,043,635</b>	<b>8.0</b>
Percentage Change	7.3%	n/a	6.2%	(2.0)%	9.5%	0.2%

## FY 2011-12 Appropriation Highlights

The FY 2011-12 appropriation:

1. Reflects a \$40.8 million increase in the Department's estimated share of cash funds relative to the FY 2010-11 Long Bill appropriation, including an additional \$20.0 million in revenues for the Statewide Bridge Enterprise created by S.B. 09-108.
2. Reflects a \$35.0 million increase in the Department's estimated allocation of federal funds.
3. Includes a \$1.1 million total funds increase to the Administration line item, largely as a result of increases in centrally appropriated line items.
4. Recognizes 8.0 additional FTE shown for informational purposes in the Construction, Maintenance, and Operations line item to reflect positions approved by the Transportation Commission.

## 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; Motor Pool Operations for State Fleet Vehicles; Division of Human Resources and Administration; and Division of Audit. The General Assembly appropriates funds to this division in a lump sum as required by Section 43-1-113 (3) (a), C.R.S. This line item was created by Section 43-1-113 (2) (c) (III), C.R.S., and includes the salaries and expenses for the numerous offices and programs within the Administration section. This line item is a "program" line item, which gives the Department discretion to move funds from personal services to operating expenses and also from one program within the line item to another. Section 43-1-113 (6) (a), C.R.S., limits the Administration line item to no more than 5.0 percent of the total Department of Transportation budget. The majority of the Administration line item is supported with cash funds from the State Highway Fund, with a portion of administrative costs funded by reappropriated funds paid to the print shop and for the maintenance of other state agencies' vehicles.

Administration						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$23,630,403</u>	<u>\$0</u>	<u>\$21,660,054</u>	<u>\$1,970,349</u>	<u>\$0</u>	<u>192.5</u>
<b>TOTAL</b>	<b>\$23,630,403</b>	<b>\$0</b>	<b>\$21,660,054</b>	<b>\$1,970,349</b>	<b>\$0</b>	<b>192.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$23,630,403	\$0	\$21,660,054	\$1,970,349	\$0	192.5

<b>Administration</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
Centrally appropriated line items	1,474,477	0	1,475,015	(538)	0	0.0
Restore one-time personal services reduction	332,891	0	318,477	14,414	0	0.0
Indirect cost assessment	15,741	0	15,741	0	0	0.0
Fund mix adjustment	0	0	9,295	(9,295)	0	0.0
Transportation base reduction	(430,000)	0	(350,000)	(80,000)	0	0.0
Personal services base reduction	(251,317)	0	(238,826)	(12,491)	0	0.0
<b>SB 11-209</b>	<b>\$24,772,195</b>	<b>\$0</b>	<b>\$22,889,756</b>	<b>\$1,882,439</b>	<b>\$0</b>	<b>192.5</b>
SB 11-076	<u>(283,641)</u>	<u>0</u>	<u>(272,054)</u>	<u>(11,587)</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$24,488,554</b>	<b>\$0</b>	<b>\$22,617,702</b>	<b>\$1,870,852</b>	<b>\$0</b>	<b>192.5</b>
<b>Increase/(Decrease)</b>	\$858,151	\$0	\$957,648	(\$99,497)	\$0	0.0
Percentage Change	3.6%	n/a	4.4%	(5.1)%	n/a	0.0%

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: state contributions to health, life, and dental benefits; short-term disability; shift differential; state contributions to the Public Employees' Retirement Association (PERA) pension fund; workers' compensation; legal services; and payments to risk management and property funds.

**Restore one-time personal services reduction:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a reduced State contribution to the Public Employee's Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA contribution reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Indirect cost assessment:** The appropriation includes a net increase in indirect cost assessments.

**Fund mix adjustment:** The appropriation reflects an adjustment to allocate funds to the programs within the Administration Division that are funded with reappropriated funds (the Print Shop and the multi-agency fleet vehicle maintenance garage).

**Transportation base reduction:** The appropriation includes a reduction for operating expenses to better align with prior years' expenditures.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction for Personal Services line items.

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

## Construction, Maintenance, and Operations

The Construction, Maintenance, and Operations 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 and amounts are included in the Long Bill for informational purposes only. This division represents the majority of the Department's total budget. Funding for this division is intended to improve the condition of the state highway system. Past ratings of Colorado roadways are summarized below.

Colorado Roadways	2004	2005	2006	2007	2008	2009	2010
Percent Rated "Fair" or "Good"	61%	65%	63%	59%	53%	50%	48%

This division reflects revenues that are continuously appropriated to the Department for the construction, maintenance, and operations of state highways and transportation systems. Cash funds include the State Highway Fund, 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	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$933,454,899	\$0	\$561,337,707	\$3,015,804	\$369,101,388	3,114.0
<b>TOTAL</b>	<b>\$933,454,899</b>	<b>\$0</b>	<b>\$561,337,707</b>	<b>\$3,015,804</b>	<b>\$369,101,388</b>	<b>3,114.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$933,454,899	\$0	\$561,337,707	\$3,015,804	\$369,101,388	3,114.0
Federal funds	35,043,635	0	0	0	35,043,635	0.0
State highway funds (HUTF)	32,465,486	0	32,465,486	0	0	0.0
FTE reconciliation	0	0	0	0	0	8.0
Cash funds (aeronautics, locals, miscellaneous, etc.)	(12,632,698)	0	(12,632,698)	0	0	0.0
<b>SB 11-209</b>	<b>\$988,331,322</b>	<b>\$0</b>	<b>\$581,170,495</b>	<b>\$3,015,804</b>	<b>\$404,145,023</b>	<b>3,122.0</b>
<b>TOTAL</b>	<b>\$988,331,322</b>	<b>\$0</b>	<b>\$581,170,495</b>	<b>\$3,015,804</b>	<b>\$404,145,023</b>	<b>3,122.0</b>
<b>Increase/(Decrease)</b>	<b>\$54,876,423</b>	<b>\$0</b>	<b>\$19,832,788</b>	<b>\$0</b>	<b>\$35,043,635</b>	<b>8.0</b>
Percentage Change	5.9%	n/a	3.5%	0.0%	9.5%	0.3%

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**Federal funds:** The appropriation reflects the Department's estimated apportionment of federal funds in FY 2011-12.

**State highway funds (HUTF):** The appropriation represents the Department's forecasted share of Highway Users Tax Fund (HUTF) revenues.

**FTE reconciliation:** The appropriation reflects FTE added by the Transportation Commission above the amount included in the FY 2010-11 appropriation.

**Cash funds (aeronautics, locals, miscellaneous, etc.):** The appropriation reflects the Department's current estimate of revenues available from cash fund sources other than the State Highway Fund, including funding for the Division of Aeronautics, funding from local government matches, and miscellaneous cash funds including those for the Motorcycle Operator Safety Training (MOST) program.

### High Performance Transportation Enterprise

This section, created in S.B. 09-108, replaces the Statewide Tolling Enterprise. In addition to assuming the responsibilities of the former Statewide Tolling Enterprise, the High Performance Transportation Enterprise was established to pursue public-private partnerships and other means of completing surface transportation projects, including collecting tolls on existing roadways if such projects are approved by local transportation entities. This section 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. The amounts shown are revenue estimates from the existing toll lanes on Interstate 25 and are included for informational purposes only.

High Performance Transportation Enterprise						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$2,500,000</u>	<u>\$0</u>	<u>\$2,500,000</u>	<u>\$0</u>	<u>\$0</u>	<u>1.0</u>
<b>TOTAL</b>	<b>\$2,500,000</b>	<b>\$0</b>	<b>\$2,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>1.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$2,500,000	\$0	\$2,500,000	\$0	\$0	1.0
No changes	0	0	0	0	0	0.0
<b>SB 11-209</b>	<b><u>\$2,500,000</u></b>	<b><u>\$0</u></b>	<b><u>\$2,500,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>1.0</u></b>
<b>TOTAL</b>	<b>\$2,500,000</b>	<b>\$0</b>	<b>\$2,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>1.0</b>

<b>High Performance Transportation Enterprise</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>Increase/(Decrease)</b>	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	0.0%

### First Time Drunk Driving Offenders Account

This section provides funding for increased high visibility drunk driving law enforcement actions undertaken pursuant to H.B. 08-1194. The section was created because: (1) the program was not appropriate for inclusion in the legislatively appropriated Administration line item; and (2) the program requires annual appropriation by the General Assembly and therefore should not be included in the continuously appropriated Construction, Maintenance, and Operations line item. Cash funds are from driver's license restoration fees from alcohol-related driving offenses.

<b>First Time Drunk Driving Offenders Account</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$1,000,000</u>	<u>\$0</u>	<u>\$1,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$1,000,000	\$0	\$1,000,000	\$0	\$0	0.0
No changes	0	0	0	0	0	0.0
<b>SB 11-209</b>	<b><u>\$1,000,000</u></b>	<b><u>\$0</u></b>	<b><u>\$1,000,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>0.0</u></b>
<b>TOTAL</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$0	\$0	\$0	\$0	\$0	0.0
Percentage Change	0.0%	n/a	0.0%	n/a	n/a	n/a

### Statewide Bridge Enterprise

This section was created by S.B. 09-108 and is funded through a bridge safety surcharge on vehicle registrations. The enterprise's purpose is to facilitate the repair or replacement of bridges rated as in poor condition and as either structurally deficient or functionally obsolete. The enterprise has the authority to issue revenue bonds and to borrow funds from the Transportation Commission to be repaid from bridge safety surcharge revenues. The section can maintain 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. The amounts shown are revenue estimates and are included for information purposes only.

Statewide Bridge Enterprise						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$71,831,867</u>	<u>\$0</u>	<u>\$71,831,867</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$71,831,867</b>	<b>\$0</b>	<b>\$71,831,867</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$71,831,867	\$0	\$71,831,867	\$0	\$0	0.0
Statewide Bridge Enterprise	19,968,133	0	19,968,133	0	0	0.0
<b>SB 11-209</b>	<b><u>\$91,800,000</u></b>	<b><u>\$0</u></b>	<b><u>\$91,800,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>0.0</u></b>
<b>TOTAL</b>	<b>\$91,800,000</b>	<b>\$0</b>	<b>\$91,800,000</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	\$19,968,133	\$0	\$19,968,133	\$0	\$0	0.0
Percentage Change	27.8%	n/a	27.8%	n/a	n/a	n/a

### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Statewide Bridge Enterprise:** The appropriation reflects the Department's estimate of revenues for the Statewide Bridge Enterprise in FY 2011-12.

## **Recent Legislation**

### **2010 Session Bills**

**H.B. 10-1327:** Transfers the remaining balance of the Law Enforcement Assistance Fund (LEAF) as of June 30, 2010, estimated to be \$1,560,315, to the General Fund. For more information on H.B. 10-1327 see the "Recent Legislation" section at the end of the Department of Higher Education.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

**H.B. 10-1388:** Transfers the balance of the Law Enforcement Assistance Fund (LEAF) to the General Fund on June 30, 2011 and June 30, 2012, an estimated \$1,082,980 each year. For more information on H.B. 10-1388, see the "Recent Legislation" section at the end of the Department of Public Health and Environment.

### **2011 Session Bills**

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA

contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$283,641 total funds, of which \$272,054 is cash funds and \$11,587 is reappropriated funds. Although the change in allocation affects all Department employees, the bill only reduces the appropriation to the legislatively appropriated Administration Division.

**S.B. 11-209:** General appropriations act for FY 2011-12.

**H.B. 11-1002:** Requires the Department of Transportation to develop and maintain a publicly accessible, searchable, online database of its revenue and expenditure data prior to July 1, 2012. Requires the new database to link to the state's existing Transparency Online Project (TOP) website and sets requirements for information to be included in the database. For FY 2011-12, appropriates \$54,538 reappropriated funds to the Governor's Office of Information Technology for computer programming services associated with this bill.

**H.B. 11-1163:** Permits the Colorado Department of Transportation (CDOT) to issue "super-load" permits for vehicles that weigh 500,000 pounds or more and occupy 2 lanes, or unladen combination vehicles trailers that occupy 2 lanes. Creates requirements for super-load permit applications. Authorizes CDOT to place restrictions on permits and to deny future permit applications from applicants found to have disobeyed permit restrictions and requires CDOT to create a system to track permit holders' compliance. Restricts super-loads to no more than 25 miles per hour on highways and 10 miles per hour on structures but authorizes CDOT to change those restrictions for specific loads when necessary for safety or to prevent structural damage. Requires CDOT, the Colorado State Patrol, or Ports of Entry to inspect super-loads to ensure compliance with permit restrictions. Creates a \$400 super-load permit application fee. For FY 2011-12, appropriates \$740 cash funds from the Highway Users Tax Fund to the Department of Revenue, Information Technology Division, and reappropriates that sum to the Governor's Office of Information Technology.



# 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 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
General Fund/1	\$86,966,576	\$1,680,359	\$2,362,955	\$7,903,000
Cash Funds	302,467,682	293,936,308	354,602,533	358,521,619
Reappropriated Funds	0	0	0	0
Federal Funds	0	0	0	0
<b>Total Funds</b>	<b>\$389,434,258</b>	<b>\$295,616,667</b>	<b>\$356,965,488</b>	<b>\$366,424,619</b>
Full Time Equiv. Staff	29.5	31.5	31.5	31.5

/1 Includes General Fund Exempt for payments to the Fire and Police Pension Association "old-hire" pension plans.

## General Factors Driving the Budget

The General Fund appropriation primarily supports the senior citizen and disabled veterans property tax exemption and the State's payments to the Fire and Police Pension Association "old-hire" pension plan, 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 Highway Users Tax Fund to counties and municipalities. The Department's funding for FY 2011-12 consists of 2.2 percent General Fund and 97.8 percent cash funds.

## Senior Citizen and Disabled Veteran Property Tax Exemption

Article X, Section 3.5 of the Colorado Constitution, and Sections 39-3-201 to 208, C.R.S., grants a property tax exemption to qualifying senior citizens and disabled veterans<sup>1</sup>. This provision exempts 50 percent of the first \$200,000 of actual property value for qualifying homeowners from property taxes. 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. The General Assembly enacted S.B. 09-276, which again reduced the exemption to \$0 for senior citizens only for FY 2009-10, while retaining the exemption for disabled veterans. Senate Bill 10-190 eliminated the exemption for qualifying senior citizens in FY 2010-11 and FY 2011-12, while leaving the exemption in place for disabled veterans.

These state payments are subject to the Taxpayer's Bill of Rights (TABOR) limitation on fiscal year spending<sup>2</sup>, but are not subject to the statutory restriction on General Fund appropriations pursuant to Section 24-75-201.1 (1) (a) (II) through (IV), C.R.S. Estimated General Fund expenditures for the property tax exemption are included in the Department of Treasury's budget for informational purposes.

Senior Citizen and Disabled Veteran Property Tax Exemption				
	FY 2008-09 Actual	FY 2009-10 Actual /2	FY 2010-11 Actual /2	FY 2011-12 Projected/2
County Reimbursement for Tax Exemption /1	\$85,586,694	\$1,335,704	\$1,578,459	\$1,700,000
Number of Exemptions Granted	165,596	3,122	3,012	Not Projected
Average Property Tax Exempted	517	428	524	Not Projected
Percent of Residences Granted Exemption	9.3%	0.2%	0.2%	Not Projected
Actual Value Exempted	\$13,788,163,799	\$211,183,290	\$249,884,832	Not Projected
Assessed Value Exempted	\$1,097,537,838	\$16,810,190	\$19,859,222	Not Projected

/1 The figure for FY 2010-11 represents the total amount paid by the State Treasurer's Office as of April 30, 2010. The FY 2011-12 appropriation is based on estimates included in the Legislative Council Staff March 2011 revenue forecast.

/2 The figures for FY 2009-10, FY 2010-11 and FY 2011-12 reflect the portion of the exemption for disabled veterans, which was retained by the General Assembly for those years.

<sup>1</sup> 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 (100.0 percent permanent service-connected disability) as of the assessment date.

<sup>2</sup> 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 a portion of the unfunded liability of retirement plans that cover police officers 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. The annual General Fund Exempt transfer is included in the Long Bill for informational purposes; this appropriation is not subject to the statutory restriction on General Fund appropriations.

Senate Bill 09-227 suspended the contributions for FY 2008-09 through FY 2010-11, and extended state payments by three years until FY 2014-15, with a final payment to be made in April 2015. Current actuarial projections indicate that the required payment in April 2015 will be about \$84 million. Payments of \$25.3 million were scheduled to resume in April 2012.

Senate Bill 11-221 reduced the payments scheduled for April 2012 (by \$20.0 million) and April 2013 (by \$15.3 million) and extended the repayment deadline to April 2019. The following table shows the new schedule of payments pursuant to S.B. 11-221.

Fire and Police Pension Association - State-Assisted "Old Hire" Pension Plans General Fund Exempt		
Payment Date	Annual State Contribution Required Under Prior Law	Contribution Schedule per S.B. 11-221
April 2010	\$0	\$0
April 2011	0	0
April 2012	25,321,079	5,000,000
April 2013	25,321,079	10,321,079
April 2014	25,321,079	25,321,079
April 2015	83,853,854	25,321,079
April 2016	0	25,321,079
April 2017	0	25,321,079
April 2018	0	25,321,079
April 2019	\$0	\$49,443,768

## 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 140.0 percent of the industry average<sup>3</sup>, premium revenues in 2011 are projected to cover only about 48.9 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 100.0 percent

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<sup>3</sup> Reduced from 150.0 percent of the industry average, effective January 1, 2007.

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.

<b>CoverColorado: Recent Funding History and Projections /1</b>						
<b>Year</b>	<b>Claims and Administrative Costs</b>	<b>Premiums Paid by Enrollees</b>	<b>Ratio: Premiums/ Total Costs</b>	<b>Transfer from Unclaimed Property Trust Fund</b>	<b>Other Sources of Revenue /2</b>	<b>Annual Surplus/ (Deficit)</b>
<b>Actual Results</b>						
2009	\$86,681,618	\$41,209,166	47.5%	\$24,255,430	\$31,725,587	\$10,508,565
2010	118,952,147	53,608,933	45.1%	29,142,431	36,330,966	130,183
<b>Projections</b>						
2011	142,575,126	69,685,003	48.9%	34,694,251	41,680,472	3,484,600
2012	183,889,532	86,516,936	47.0%	45,972,383	51,400,213	0
2013	243,004,749	116,065,741	47.8%	60,751,187	66,187,821	0

/1 Projection from CoverColorado, with data through March 2011.

/2 Other sources of revenue include: interest earned on the CoverColorado Cash Fund, insurance carrier assessments, federal funds, annual contributions from insurance carriers in exchange for a premium tax credit, and grants.

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 (\$34.0 million in FY 2010-11 and \$41.0 million in FY 2011-12) appears in the Treasury Department, Special Purpose section. 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.

Senate Bill 10-020 permits the CoverColorado Board of Directors (Board) to establish one or more fee schedules for compensating health care providers for services to CoverColorado members. The fee schedule(s) went into effect January 1, 2011 and are estimated to save the program between \$19.0 and \$28.0 million in calendar year 2011. Savings that result from the fee schedule(s) will be used to reduce premiums paid by participants, fees on insurers, and transfers from the Unclaimed Property Trust Fund. The bill also allows CoverColorado to limit enrollment under certain conditions.

### *National Health Care Reform*

As part of the federal health care reform passed in 2010, the federal government established a temporary high risk pool program and allocated a total of \$5 billion to fund state plans through December 2013. Colorado's share of these moneys is approximately \$90 million. The new high risk pool program is separate from Colorado's existing high risk pool (CoverColorado) and may not cover persons already covered under that plan. The State must maintain its funding for CoverColorado to be eligible to participate in the new federal program. From among the options given to states under the reform bill, the state has chosen to operate a new high risk pool alongside the existing high risk pool (CoverColorado). One anticipated result of the federal program would be that potential new participants in CoverColorado will be channeled into the new federal funded program. This would result in decreasing the financial pressures on CoverColorado.

### **Highway Users Tax Fund Disbursements**

The Department distributes revenues from the Highway Users Tax Fund (HUTF) to counties and municipalities for use on local transportation projects pursuant to statutory formulas 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 Special Purpose section of the Long Bill for informational purposes. The following table details recent distributions of HUTF revenues, as well as projections for FY 2010-11 and FY 2011-12.

<b>Highway Users Tax Fund (HUTF) /1 Revenues and Distributions (\$ millions)</b>					
	<b>Actual</b>			<b>Estimated</b>	<b>Projected</b>
	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
<b>Total Revenues</b> <sup>/1</sup>	\$804.0	\$774.7	\$919.8	\$937.8	\$957.6
<i>Annual Percent Change</i>	3.1%	(3.6)%	18.7%	2.0%	2.1%
<b><u>Treasury Distributions:</u></b>					
<b>Counties</b>	\$163.7	\$155.4	\$182.9	\$186.8	\$186.8
<b>Municipalities</b>	106.7	101.1	125.0	130.7	127.7

/1 Data provided by Legislative Council Staff in the March 2011 revenue forecast.

## Summary of FY 2010-11 and FY 2011-12 Appropriations

<b>Department of Treasury</b>						
	<b>Total Funds</b>	<b>General Fund/1 /2</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Total Appropriation:</b>	<b>\$356,965,488</b>	<b>\$2,362,955</b>	<b>\$354,602,533</b>	<b>\$0</b>	<b>\$0</b>	<b>31.5</b>
<b><u>Breakdown of Total Appropriation by Administrative Section</u></b>						
Administration	1,824,861	692,153	1,132,708	0	0	16.0
Unclaimed Property Program	1,938,825	0	1,938,825	0	0	15.5
Special Purpose	353,201,802	1,670,802	351,531,000	0	0	0.0
<b><u>Breakdown of Total Appropriation by Bill</u></b>						
HB 10-1376	448,729,015	94,279,335	354,449,680	0	0	31.5
SB 10-190	(91,729,198)	(91,729,198)	0	0	0	0.0
SB 11-154	(34,329)	(187,182)	152,853	0	0	0.0
<b>FY 2011-12 Total Appropriation:</b>	<b>\$366,424,619</b>	<b>\$7,903,000</b>	<b>\$358,521,619</b>	<b>\$0</b>	<b>\$0</b>	<b>31.5</b>
<b><u>Breakdown of Total Appropriation by Administrative Section</u></b>						
Administration	2,002,769	881,921	1,120,848	0	0	16.0
Unclaimed Property Program	1,940,558	0	1,940,558	0	0	15.5
Special Purpose	362,481,292	7,021,079	355,460,213	0	0	0.0

Department of Treasury						
	Total Funds	General Fund/1 /2	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<u>Breakdown of Total Appropriation by Bill</u>						
SB 11-209	386,470,593	27,932,150	358,538,443	0	0	31.5
SB 11-076	(45,974)	(29,150)	(16,824)	0	0	0.0
SB 11-221	(20,000,000)	(20,000,000)	0	0	0	0.0
<b>Increase/(Decrease)</b>	\$9,459,131	\$5,540,045	\$3,919,086	\$0	\$0	0.0
Percentage Change	2.7%	234.5%	1.1%	n/a	n/a	0.0%

/1 Includes amounts (\$1,670,802 in FY 2010-11 and \$7,021,079 in FY 2011-12) that are not subject to the statutory limitation on General Fund appropriations set forth in Section 24-75-201.1, C.R.S. See Special Purpose Division detail for more information.

/2 Includes \$5,321,079 in FY 2011-12 that is General Fund Exempt. See Special Purpose Division for more detail.

## FY 2010-11 Appropriation - Mid-year Adjustment Highlights

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to:

1. Increase \$153,000 cash funds from Treasury transaction fees and decrease General Fund by an equal amount.
2. Decrease \$36,000 General Fund to reflect American Recovery and Reinvestment Act administrative cost spending authority.

## FY 2011-12 Appropriation Highlights

The FY 2011-12 appropriation:

1. Reflects a \$7.0 million increase in the amount that is anticipated to be transferred from the Unclaimed Property Trust Fund to CoverColorado.
2. Reflects a \$5.3 million increase in the amount appropriated to transfer to the Fire and Police Pension Association for the "Old-hire" pension plan.
3. Reflects a \$3.1 million cash funds decrease in the projected disbursements of Highway Users Tax Fund revenues to counties and municipalities, *compared to amounts reflected in the FY 2010-11 Long Bill.*

## Detail of Appropriation by Administrative Section

### Administration

This Division is responsible for the operation and oversight of the Department and provides accounting, cash management, and investment services for the State. For FY 2010-11, the Department projects that interest earned on General Fund and cash fund balances will total an estimated \$147.9 million. The Division's cash funds derive from the Treasury transaction fee imposed pursuant to Section 24-36-120, C.R.S., and from the Unclaimed Property Trust Fund.

Administration						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$1,859,190	\$879,335	\$979,855	\$0	\$0	16.0
SB 11-154	<u>(34,329)</u>	<u>(187,182)</u>	<u>152,853</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL</b>	<b>\$1,824,861</b>	<b>\$692,153</b>	<b>\$1,132,708</b>	<b>\$0</b>	<b>\$0</b>	<b>16.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$1,824,861	\$692,153	\$1,132,708	\$0	\$0	16.0
Statewide IT common policy adjustments	128,251	128,251	0	0	0	0.0
Annualize prior year funding	31,676	184,529	(152,853)	0	0	0.0
Restore one-time personal services reductions	31,599	31,599	0	0	0	0.0
Centrally appropriated line items	19,917	8,923	10,994	0	0	0.0
Increase in NAST dues	800	800	0	0	0	0.0
Fund source adjustment	0	(129,999)	129,999	0	0	0.0
Personal services base reduction	(5,185)	(5,185)	0	0	0	0.0
<b>SB 11-209</b>	<b>\$2,031,919</b>	<b>\$911,071</b>	<b>\$1,120,848</b>	<b>\$0</b>	<b>\$0</b>	<b>16.0</b>
SB 11-076	<u>(29,150)</u>	<u>(29,150)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL</b>	<b>\$2,002,769</b>	<b>\$881,921</b>	<b>\$1,120,848</b>	<b>\$0</b>	<b>\$0</b>	<b>16.0</b>
<b>Increase/(Decrease)</b>	\$177,908	\$189,768	(\$11,860)	\$0	\$0	0.0
Percentage Change	9.7%	27.4%	(1.0)%	n/a	n/a	0.0%

### FY 2010-11 Appropriation - Mid-year Adjustments

Senate Bill 11-154 modified FY 2010-11 appropriations to include a net decrease of \$34,000, due to the following factors:

- An increase of \$3,000 General Fund to fund a subscription increase for investment tools, which are used by the investment officers to make daily decision about State investments.
- A decrease of \$153,000 General Fund refinanced by an increase of \$153,000 cash funds from Treasury transaction fees.
- A decrease of \$37,000 General Fund to reflect administrative spending authority from the American Recovery and Reinvestment Act.

## **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Statewide IT common policy adjustments:** The appropriation includes an adjustment to the appropriation for purchase of services from the computer center.

**Annualize prior year funding:** The appropriation includes adjustments related to prior year legislation and budget actions.

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Centrally appropriated line items:** The appropriation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the PERA pension fund; workers' compensation; legal services; payment to risk management and property funds; and Capitol complex leased space.

**Increase in NAST dues:** The appropriation includes an adjustment to reflect an increase in dues to the National Association of State Treasurers (NAST).

**Fund source adjustment:** The appropriation includes an increase in cash funds from Treasury transaction fees, offsetting General Fund.

**Personal services base reduction:** The appropriation includes a 1.5 percent reduction to General Fund personal services.

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

## **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 20,000 claims valued at \$25.0 million in FY 2010-11. The remaining principal in the Fund and interest earnings help support the CoverColorado health insurance program as well as maintaining a reserve against future claims. 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 economic development, agri-tourism, and the State Fair. The fund source for appropriations in this division is the Unclaimed Property Trust Fund.

<b>Unclaimed Property Program</b>						
	<b>Total Funds</b>	<b>General Fund</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>	<b>FTE</b>
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	<u>\$1,938,825</u>	<u>\$0</u>	<u>\$1,938,825</u>	<u>\$0</u>	<u>\$0</u>	<u>15.5</u>
<b>TOTAL</b>	<b>\$1,938,825</b>	<b>\$0</b>	<b>\$1,938,825</b>	<b>\$0</b>	<b>\$0</b>	<b>15.5</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$1,938,825	\$0	\$1,938,825	\$0	\$0	15.5
Restore one-time personal services reductions	16,824	0	16,824	0	0	0.0
Leased space	1,733	0	1,733	0	0	0.0
<b>SB 11-209</b>	<b>\$1,957,382</b>	<b>\$0</b>	<b>\$1,957,382</b>	<b>\$0</b>	<b>\$0</b>	<b>15.5</b>
SB 11-076	<u>(16,824)</u>	<u>0</u>	<u>(16,824)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$1,940,558</b>	<b>\$0</b>	<b>\$1,940,558</b>	<b>\$0</b>	<b>\$0</b>	<b>15.5</b>
<b>Increase/(Decrease)</b>	\$1,733	\$0	\$1,733	\$0	\$0	0.0
Percentage Change	0.1%	n/a	0.1%	n/a	n/a	0.0%

#### **FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions**

**Restore one-time personal services reductions:** The Long Bill appropriation restores one-time FY 2010-11 personal services reductions, including a 1.0 percent General Fund reduction for certain Personal Services line items and a reduced State contribution to the Public Employees' Retirement Association (PERA) pursuant to S.B. 10-146. Although the Long Bill does not include the continuation of the State PERA reduction, S.B. 11-076 continues this reduction for FY 2011-12.

**Leased Space:** The appropriation includes an adjustment in the lease rates pursuant to the terms of renewing the lease on the program's office space.

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

## 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 Fire and Police Pension Association for "old hire" fire and police pension plans (suspended, per S.B. 09-227, for FY 2008-09, FY 2009-10, and FY 2010-11); 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 statutory restrictions on General Fund appropriations. The sources of cash funds are the Highway Users Tax Fund and the Unclaimed Property Trust Fund.

Special Purpose						
	Total Funds	General Fund /1 /2	Cash Funds	Reappropriated Funds	Federal Funds	FTE
<b>FY 2010-11 Appropriation:</b>						
HB 10-1376	\$444,931,000	\$93,400,000	\$351,531,000	\$0	\$0	0.0
SB 10-190	<u>(91,729,198)</u>	<u>(91,729,198)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$353,201,802</b>	<b>\$1,670,802</b>	<b>\$351,531,000</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>FY 2011-12 Appropriation:</b>						
FY 2010-11 Appropriation	\$353,201,802	\$1,670,802	\$351,531,000	\$0	\$0	0.0
FPPA old-hire pension plan payments	25,321,079	25,321,079	0	0	0	0.0
Transfer to CoverColorado	7,000,000	0	7,000,000	0	0	0.0
Senior citizen and disabled veteran property tax exemption	29,198	29,198	0	0	0	0.0
HUTF disbursements	(3,070,787)	0	(3,070,787)	0	0	0.0
<b>SB 11-209</b>	<b>\$382,481,292</b>	<b>\$27,021,079</b>	<b>\$355,460,213</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
SB 11-221	<u>(20,000,000)</u>	<u>(20,000,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$362,481,292</b>	<b>\$7,021,079</b>	<b>\$355,460,213</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>Increase/(Decrease)</b>	<b>\$9,279,490</b>	<b>\$5,350,277</b>	<b>\$3,929,213</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
Percentage Change	2.6%	320.2%	1.1%	n/a	n/a	n/a

/1 Includes amounts (\$1,670,802 in FY 2010-11 and \$7,021,079 in FY 2011-12) that are not subject to the statutory limitation on General Fund appropriations set forth in Section 24-75-201.1, C.R.S., 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). Senate Bill 10-190 suspended the exemption for FY 2010-11 and FY 2011-12 for senior citizens, but continued the exemption for disabled veterans.

/2 Includes \$5,321,079 General Fund exempt in FY 2011-12 for payments to FPPA old-hire pension plans.

GENERAL FUND SUMMARY			
	Total General Fund	General Fund	General Fund Exempt
<b>FY 2010-11 Appropriation</b>	<b>\$1,670,802</b>	<b>\$1,670,802</b>	<b>\$0</b>
Property Tax Exemption	29,198	29,198	0
FPPA - "old hire" plans	<u>5,321,079</u>	<u>0</u>	<u>5,321,079</u>
<b>Total FY 2011-12 Appropriation</b>	<b>\$7,021,079</b>	<b>\$1,700,000</b>	<b>\$5,321,079</b>

## General Fund Exempt

In November 2005, 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. For FY 2010-11 and subsequent fiscal years, Referendum C allows the State to retain all revenues that are in excess of the TABOR limit, but less than the excess state revenues cap<sup>4</sup>, for that fiscal year. This revenue must be placed in the General Fund Exempt Account. The above table shows the amount of General Fund that is appropriated from the General Fund Exempt Account for purposes of funding retirement plans for firefighters and police officers pursuant to Sections 24-77-103.6 (2) and 24-77-104.5 (1) (a), C.R.S.

## FY 2011-12 Appropriation - S.B. 11-209 (Long Bill) Issue Descriptions

**FPPA old-hire pension plan payments:** The Long Bill appropriation reflects the restoration of payments to the Fire and Police Pension Association (FPPA) old-hire pension plans which, pursuant to S.B. 09-227, were suspended for the 2008-09, 2009-10, and 2010-11 State fiscal years. Senate Bill 11-221 reduces the FPPA payment by \$20.0 million in FY 2011-12, resulting in a net increase of \$5.3 million.

**Transfer to CoverColorado:** The appropriation reflects a \$7.0 million increase in the amount that is anticipated to be transferred from the Unclaimed Property Trust Fund to CoverColorado, compared to the amount reflected in the FY 2010-11 Long Bill. The amount is based on projections of program claims and expenses, as well as other sources of revenues available to CoverColorado.

**Senior citizen and disabled veteran property tax exemption:** The appropriation reflects a projected \$29,000 increase in payments to local governments to offset the local property tax revenues that will be foregone for tax year 2011 pursuant to Article X, Section 3.5 of the Colorado Constitution. Pursuant to Section 39-3-203 (1), C.R.S., the property tax exemption for senior citizens (but not disabled veterans) was suspended for property tax years 2009, 2010, and 2011.

**HUTF disbursements:** The appropriation reflects a \$3.1 million decrease in the projected disbursement of Highway Users Tax Fund (HUTF) revenues to counties and municipalities, compared to the amounts reflected in the FY 2010-11 Long Bill.

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

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<sup>4</sup>The "excess state revenues cap" is equal to the highest annual total state revenues from FY 2005-06 through FY 2009-10, adjusted each subsequent fiscal year for inflation, the percentage change in state population, enterprises, and debt service changes.

## Recent Legislation

### 2010 Session Bills

**S.B. 10-020:** Permits the CoverColorado Board of Directors to establish one or more fee schedules for compensating health care providers for services to CoverColorado members. The fee schedules went into effect January 1, 2011. Savings that result from the fee schedule(s) will be used to reduced premiums paid by participants, fees on insurers, and transfers from the Unclaimed Property Trust Fund. Allows the Board to limit enrollment in the program within the financial resources of the program. If the Board determines that it must limit enrollment, it must (1) submit notice of such intent with its annual report and not implement the limitation until after the end of the next regular session of the General Assembly or (2) if the need to limit enrollment is due to financial emergency or threat of insolvency that arises during the year, notify the Joint Budget Committee at least 60 days prior to imposing a limit on enrollment, unless the Joint Budget Committee notifies the Board that additional funding will be made available. It is estimated that establishing a fee schedule(s) will result in savings to the program of between \$19 and \$28 million in calendar year 2011.

**S.B. 10-190:** Suspends the senior citizens property tax exemption during FY 2010-11 and FY 2011-12, which results in General Fund savings of \$91.7 million in FY 2010-11 and \$96.4 million in FY 2011-12. The disabled veteran portion of the exemption was not suspended. These expenditures are not subject to the statutory restriction on General Fund expenditures pursuant to Section 24-75-201.1 (1) (a) (II) through (IV), C.R.S.

**S.B. 10-207:** Authorizes the State Treasurer to enter into lease-purchase and ancillary agreements to finance energy efficiency related capital construction projects, with a maximum of \$73 million total par value. Establishes the process for identifying, recommending, and approving eligible projects, sets forth required terms to be included in the contract, and requires all projects to be subject to an energy performance contract. Establishes parameters and a process for financing the agreements. Appropriates \$20,900 cash funds and 0.2 FTE for FY 2010-11 from the Energy Efficiency Project Proceeds Fund to the Department of Personnel and Administration, Division of Accounts and Control - Controller.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

### 2011 Session Bills

**S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$45,974, of which \$29,150 is General Fund and \$16,824 is cash funds.

**S.B. 11-154:** Supplemental appropriation to the Department of the Treasury to modify FY 2010-11 appropriations included in the FY 2010-11 Long Bill (H.B. 10-1376)

**S.B. 11-209:** General appropriations act for FY 2011-12.

**S.B. 11-221:** Reduces State contributions to the Fire and Police Pension Association "old-hire" pension plans. Reduces the FY 2011-12 appropriation by \$20.0 million and the FY 2012-13 appropriation by \$15.3 million.

# 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 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Capital Construction Fund/2	\$150,692,794	\$41,143,881	\$19,954,062	\$50,018,234
Cash Funds	708,997,029	658,346,164	77,849,391	78,377,617
Reappropriated Funds	0	0	0	0
Federal Funds	<u>58,752,677</u>	<u>76,373,406</u>	<u>10,273,498</u>	<u>35,235,981</u>
<b>Total Funds</b>	<b>\$918,442,500</b>	<b>\$775,863,451</b>	<b>\$108,076,951</b>	<b>\$163,631,832</b>

/1 See the table "Appropriations and Transfers to the Capital Construction Fund" for this information.

/2 For FY 2008-09, this amount includes \$441,529 General Fund.

## 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 Corrections Expansion Reserve Fund, the Fitzsimons Trust Fund, various cash funds administered by the Department of Higher Education and the Department of Natural Resources, and federal funds.

The revenues available to support state-funded appropriations for FY 2011-12 are detailed in the table on the following page.

State Funds Available for Capital Construction						
	State Funds	Fund Source				
		Capital Construction Fund	Corrections Expansion Reserve	Federal Funds	FML Revenues Fund	Fitzsimons Trust Fund
Uncommitted balance from prior year	(\$180,000)	(\$180,000)	\$0	\$0	\$0	\$0
Statutory General Fund transfers - sentencing bills	1,304,714	0	1,304,714	0	0	0
Interest (projection of FY 2010-11 earnings)	900,000	900,000	0	0	0	0
Tobacco distribution	7,231,814	0	0	0	0	7,231,814
Federal match for readiness center, and one controlled maintenance project at an existing readiness center	8,651,425	0	0	8,651,425	0	0
Higher Education Federal Mineral Lease Revenues Fund	<u>8,379,790</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,379,790</u>	<u>0</u>
<b>Funds Available for Construction</b>	<b>\$26,287,743</b>	<b>\$720,000</b>	<b>\$1,304,714</b>	<b>\$8,651,425</b>	<b>\$8,379,790</b>	<b>\$7,231,814</b>
Lease Purchase of Academic Facilities at Fitzsimons	(13,144,350)	(5,912,536)	0	0	0	(7,231,814)
Lease Purchase of Colorado State Penitentiary II	(18,434,900)	(17,130,186)	(1,304,714)	0	0	0
Higher Education Federal Mineral Lease Revenues Fund (lease purchase of various academic buildings)	(12,446,300)	(4,066,510)	0	0	(8,379,790)	0
Level I (life safety) Controlled Maintenance	(10,746,597)	(10,418,297)	0	(328,300)	0	0
Colorado Integrated Tax Architecture	(7,063,864)	(7,063,864)	0	0	0	0
Windsor Readiness Center	(11,923,481)	(3,600,356)	0	(8,323,125)	0	0
Cumbres and Toltec Scenic Railroad track rehabilitation	(200,000)	(200,000)	0	0	0	0
Highway Construction Projects	<u>(500,000)</u>	<u>(500,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>State-funded Appropriations</b>	<b>(\$74,459,492)</b>	<b>(\$48,891,749)</b>	<b>(\$1,304,714)</b>	<b>(\$8,651,425)</b>	<b>(\$8,379,790)</b>	<b>(\$7,231,814)</b>
<b>Transfer from the General Fund to the Capital Construction Fund in S.B. 11-222</b>	<b>\$48,171,749</b>	<b>\$48,171,749</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Summary of FY 2010-11 and FY 2011-12 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. Appropriations and transfers intended to increase the balance in that fund (to support more expenditures for projects) are summarized in the table titled Appropriations and Transfers to the Capital Construction Fund.

<b>Appropriations for Capital Construction and Controlled Maintenance Projects</b> (Does not include appropriations and transfers to the Capital Construction Fund or Controlled Maintenance Trust Fund)					
	<b>Total Funds</b>	<b>Capital Construction Funds</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>
<b>FY 2010-11 Total Appropriation:</b>	<b>\$108,076,951</b>	<b>\$19,954,062</b>	<b>\$77,849,391</b>	<b>\$0</b>	<b>\$10,273,498</b>
<u>Breakdown of Total Appropriation by Department</u>					
Corrections	10,705,522	2,012,428	8,693,094	0	0
Corrections Expansion Reserve Fund	3,394,993	3,394,993	0	0	0
Education	621,672	0	621,672	0	0
Governor	800,614	0	800,614	0	0
Higher Education	18,568,658	2,192,712	16,375,946	0	0
Human Services	10,825,095	0	3,880,011	0	6,945,084
Labor and Employment	855,049	0	641,287	0	213,762
Military and Veterans' Affairs	7,755,243	0	6,430,226	0	1,325,017
Natural Resources	25,127,359	0	23,337,724	0	1,789,635
Personnel and Administration	6,139,018	1,676,621	4,462,397	0	0
Public Health and Environment	250,000	0	250,000	0	0
Public Safety	1,149,834	0	1,149,834	0	0
Revenue	12,506,344	10,177,308	2,329,036	0	0
Transportation	500,000	500,000	0	0	0
Treasury	8,877,550	0	8,877,550	0	0
<u>Breakdown of Total Appropriation by Bill</u>					
HB 10-1376	99,911,749	16,762,506	72,875,745	0	10,273,498
SB 06-206	523,164	523,164	0	0	0
SB 06-207	523,164	523,164	0	0	0
HB 06-1011	523,164	523,164	0	0	0
HB 06-1145	43,597	43,597	0	0	0
SB 06S1-004	69,755	69,755	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)

	<b>Total Funds</b>	<b>Capital Construction Funds</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>
SB 07-096	750,990	750,990	0	0	0
HB 07-1040/1	535,597	535,597	0	0	0
SB 08-239	137,682	137,682	0	0	0
HB 08-1115	112,649	112,649	0	0	0
HB 10-1081	91,370	91,370	0	0	0
HB 10-1277	83,861	83,861	0	0	0
SB 11-155	3,620,375	(203,437)	3,823,812	0	0
SB 11-209	1,149,834	0	1,149,834	0	0
<b>FY 2011-12 Total Appropriation:</b>	<b>\$163,631,832</b>	<b>\$50,018,234</b>	<b>\$78,377,617</b>	<b>\$0</b>	<b>\$35,235,981</b>
<u>Breakdown of Total Appropriation by Department</u>					
Corrections	21,545,067	18,952,353	2,592,714	0	0
Corrections Expansion Reserve Fund	1,126,485	1,126,485	0	0	0
Governor	876,057	876,057	0	0	0
Higher Education	30,061,357	8,708,997	21,352,360	0	0
Human Services	2,632,808	1,495,808	398,000	0	739,000
Labor and Employment	442,891	0	332,168	0	110,723
Military and Veterans' Affairs	12,861,481	4,210,056	0	0	8,651,425
Natural Resources	34,353,790	0	26,753,957	0	7,599,833
Personnel and Administration	6,665,417	3,018,104	3,647,313	0	0
Public Health and Environment	33,056,315	0	14,921,315	0	18,135,000
Revenue	7,063,864	7,063,864	0	0	0
Transportation	500,000	500,000	0	0	0
Treasury	12,446,300	4,066,510	8,379,790	0	0
<u>Breakdown of Total Appropriation by Bill</u>					
SB 11-209	162,505,347	48,891,749	78,377,617	0	35,235,981
SB 07-096	750,990	750,990	0	0	0
SB 08-239	375,495	375,495	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)

	<b>Total Funds</b>	<b>Capital Construction Funds</b>	<b>Cash Funds</b>	<b>Reappropriated Funds</b>	<b>Federal Funds</b>
<b>Increase/(Decrease)</b>	\$55,554,881	\$30,064,172	\$528,226	\$0	\$24,962,483
Percentage Change	51.4%	150.7%	0.7%	n/a	243.0%

/1 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 2010-11 Appropriation - Mid-year Adjustment Highlights**

The FY 2010-11 appropriation was modified during the 2011 Legislative Session to:

1. Provide cash funds spending authority of \$3,955,375 to renovate the cast iron structure of the State Capitol dome;
2. Increase the state funding for the lease purchase of academic facilities at the Fitzsimons medical campus by \$131,563 (Capital Construction Fund), and decrease \$131,563 cash funds due to less than anticipated tobacco settlement funds; and
3. Decrease the state funding for emergency controlled maintenance within the Department of Personnel and Administration by \$335,000 (Capital Construction Fund) to accurately reflect the reduced appropriation for this purpose in H.B. 10-1327 to augment the General Fund.

## **FY 2011-12 Appropriation Highlights**

The FY 2011-12 appropriation provides \$50.0 million spending authority from the Capital Construction Fund for:

1. Statutory appropriations for sentencing bills;
2. Lease purchase payments;
3. Level I (life safety) Controlled Maintenance through score 5;
4. Colorado Integrated Tax Architecture;
5. Windsor Readiness Center (armory) construction;
6. Cumbres and Toltec Scenic Railroad track rehabilitation; and
7. Highway construction projects.

The FY 2011-12 appropriation also includes a transfer of \$48.2 million from the General Fund to the Capital Construction Fund. This transfer is made through S.B. 11-222.

## Appropriations and Transfers to the Capital Construction Fund

The following table summarizes appropriations and transfers to or from the Capital Construction Fund that increase or decrease the balance in the Fund to adjust the amount of money available for projects. Appropriations to the Capital Construction Fund are subject to FY 2010-11 and FY 2011-12 statutory restrictions 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	Reappropriated Funds	Federal Funds
<b>FY 2010-11 Total Appropriations and Transfers:</b>	<b>\$12,520,499</b>	<b>\$12,520,499</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>Appropriations to Capital Construction Fund</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>General Fund transfers to Capital Construction Fund</i>	<u><i>9,125,506</i></u>	<u><i>9,125,506</i></u>	<u><i>0</i></u>	<u><i>0</i></u>	<u><i>0</i></u>
HB 10-1389/1	9,125,506	9,125,506	0	0	0
<i>5-year sentencing bill transfers to Capital Construction Fund</i>					
SB 06-206	523,164	523,164	0	0	0
SB 06-207	523,164	523,164	0	0	0
HB 06-1011	523,164	523,164	0	0	0
HB 06-1145	43,597	43,597	0	0	0
SB 06S1-004	69,755	69,755	0	0	0
SB 07-096	750,990	750,990	0	0	0
HB 07-1040/2	535,597	535,597	0	0	0
SB 08-239	137,682	137,682	0	0	0
HB 08-1115	112,649	112,649	0	0	0
HB 10-1081	91,370	91,370	0	0	0
HB 10-1277	<u>83,861</u>	<u>83,861</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Subtotal - 5-year sentencing bill transfers</i>	<i>3,394,993</i>	<i>3,394,993</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>FY 2011-12 Total Appropriations and Transfers:</b>	<b>\$49,298,234</b>	<b>\$49,298,234</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<i>Appropriations to Capital Construction Fund</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>General Fund transfers to Capital Construction Fund</i>	<u><i>48,171,749</i></u>	<u><i>48,171,749</i></u>	<u><i>0</i></u>	<u><i>0</i></u>	<u><i>0</i></u>
SB 11-222	48,171,749	48,171,749	0	0	0
<i>5-year sentencing bill transfers to Capital Construction Fund</i>					
SB 07-096	750,990	750,990	0	0	0

## Appropriations and Transfers to the Capital Construction Fund

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
SB 08-239	<u>375,495</u>	<u>375,495</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Subtotal - 5-year sentencing bill transfers</i>	<i>1,126,485</i>	<i>1,126,485</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Increase/(Decrease)</b>	\$36,777,735	\$36,777,735	\$0	\$0	\$0
Percentage Change	293.7%	293.7%	n/a	n/a	n/a

/1 Includes \$500,000 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.

General Fund Summary	Total General Fund	General Fund	General Fund Exempt
<b>FY 2010-11 Appropriations &amp; Transfers</b>	\$3,394,993	\$3,394,993	\$0
Capital Construction transfer bill	<u>9,125,506</u>	<u>8,625,506</u>	<u>500,000</u>
<b>FY 2010-11 Adjusted Appropriations &amp; Transfers</b>	<b>\$12,520,499</b>	<b>\$12,020,499</b>	<b>\$500,000</b>
Statutory transfers for sentencing bills	1,126,485	1,126,485	0
Capital Construction transfer bill	<u>48,171,749</u>	<u>48,171,749</u>	<u>0</u>
<b>Total FY 2011-12 Appropriations &amp; Transfers</b>	<b>\$49,298,234</b>	<b>\$49,298,234</b>	<b>\$0</b>

### General Fund Exempt

Referendum C, passed by Colorado voters in November 2005, allows the State to retain and spend all revenue that is collected in excess of the TABOR limit for FY 2005-06 through FY 2009-10. For FY 2010-11 and subsequent fiscal years, Referendum C allows the State to retain all revenues that are in excess of the TABOR limit, but less than the excess state revenues cap<sup>1</sup>, for that fiscal year. This revenue must be placed in the General Fund Exempt Account. The above table shows the amount of General Fund Exempt to be appropriated for FY 2010-11 and FY 2011-12 from the General Fund Exempt Account for strategic transportation projects pursuant to Section 24-77-103.6 (2) (d), Colorado Revised Statutes.

<sup>1</sup> The "excess state revenues cap" is equal to the highest annual total state revenues from FY 2005-06 through FY 2009-10, adjusted each subsequent fiscal year for inflation, the percentage change in state population, enterprises, and debt service changes.

## Recent Legislation

### 2010 Session Bills

**S.B. 10-094:** Clarifies the types of public construction projects required to purchase art as part of the Art in Public Places Program. Requires that the 1.0 percent allocation for public art be calculated based on the state-funded portion of a project's capital construction costs. Specifies that funding for art must be included for projects that are funded through lease-purchase agreements. Exempts certain types of projects from the public art requirement, including agricultural facilities construction, public and charter school construction, redevelopment and clean-up of contaminated sites, and controlled maintenance of existing facilities.

**H.B. 10-1081:** Relocates and amends provisions concerning money laundering, thereby allowing defendants to be charged with money laundering for activities other than those pertaining to drugs. As required by Section 2-2-703, C.R.S., makes a five-year statutory appropriation as follows:

- For FY 2010-11, transfers \$91,370 from the General Fund to the Capital Construction Fund, and appropriates \$91,370 from the Capital Construction Fund to the Corrections Expansion Reserve Fund; and
- for fiscal years 2011-12 through 2014-15, appropriates a total of \$115,200 General Fund (\$28,800 for each fiscal year) to the Department of Corrections for operating expenses.

Specifies that the act shall only take effect if H.B. 10-1338 is enacted and has a net reduction in General Fund appropriations for FY 2010-11 that is equal to or greater than the \$91,370 General Fund transfer required in H.B. 10-1081. For information on H.B. 10-1081, see also the "Recent Legislation" section at the end of the Department of Corrections.

**H.B. 10-1277:** Extends the prohibition on an employee, contractor, or volunteer of a correctional facility from engaging in sexual conduct with an individual in custody of the facility to employees, contractors, or volunteers of juvenile detention or commitment centers and community corrections facilities. Sexual conduct in a correctional institution can be a class 1 misdemeanor, a class 6 felony, or a class 5 felony, depending on the circumstances of the crime. As required by Section 2-2-703, C.R.S., makes a five-year statutory appropriation as follows:

- For FY 2010-11, transfers \$83,861 from the General Fund to the Capital Construction Fund, and appropriates \$83,861 from the Capital Construction Fund to the Corrections Expansion Reserve Fund; and
- for fiscal years 2011-12 through 2012-13, appropriates a total of \$32,496 General Fund to the Department of Corrections for operating expenses.

Specifies that the act shall only take effect if H.B. 10-1338 is enacted and has a net reduction in General Fund appropriations for FY 2010-11 that is equal to or greater than the \$83,861 General Fund transfer required in H.B. 10-1277. For information on H.B. 10-1277, see also the "Recent Legislation" section at the end of the Department of Corrections.

**H.B. 10-1376:** General appropriations act for FY 2010-11.

**H.B. 10-1389:** Augments General Fund revenues for FY 2009-10 and FY 2010-11 with \$22.3 million in transfers from various cash funds, including \$5,999,645 from the Capital Construction Fund, \$8,503,455 from the Fitzsimons Trust Fund, and \$7,750,000 from the Higher Education Federal Mineral Lease Revenues Fund.

## **2011 Session Bills**

**S.B. 11-155:** Supplemental appropriation to modify capital construction appropriations for FY 2010-11.

**S.B. 11-209:** General appropriations act for FY 2011-12.

**S.B. 11-222:** Transfers \$1,128,624 from the Higher Education Maintenance and Reserve Fund to the General Fund to augment revenues in FY 2010-11, and transfers \$48,171,749 from the General Fund to the Capital Construction Fund in FY 2011-12 for capital construction projects.

**H.B. 11-1115:** Sets payment standards for construction contracts between contractors and public entities with contracts exceeding \$150,000 and reduces the amount that may be withheld from a contractor to ensure that work is satisfactorily completed from 10.0 percent to 5.0 percent of the total project. Removes the requirement that the State has to release the remaining installment payments without holding retainage after the project reaches 50.0 percent completion and is determined to have made satisfactory progress. Requires deposits and contract balances for completed work be paid within 45 days of occupancy or use, and allows a public entity to retain double the amount of moneys necessary to complete or correct any work performed by a contractor that is unsatisfactory, for up to 30 days after the work is completed.

**H.B. 11-1301:** Clarifies that adjustments to cash-funded projects that have been approved prior to January 1, 2010, are subject to the same streamlined approval process established for projects approved after this date, and that these approved projects may be reported in an annual expenditure report to the State Controller instead of being reported quarterly. Exempts higher education institution cash-funded projects approved after January 1, 2010, from the appropriation process. Allows an institution to receive the full appropriation of state moneys at anytime prior to, during, or after the receipt of private money (rather than requiring proportional spending), but in the event there are moneys remaining after the project is completed, the institution is required to refund moneys to the State in proportion to the amount of state capital construction dollars appropriated for the project. Permits the institutions to purchase scientific equipment without approval or oversight by the Department of Personnel and Administration, if the purchase is made without state appropriations from the Capital Construction Fund. Also exempts this type of purchase from legislative oversight because it is no longer included in the definition of capital construction.

**H.B. 11-1310:** Transfers up to \$5.0 million from the State Historical Fund to the Capitol Dome Restoration Fund for FY 2013-14. Requires that all moneys transferred from the State Historical Fund be reduced, dollar for dollar, by the combined total of moneys deposited in the Capitol Dome Restoration Trust Fund from fundraising efforts on behalf of the State Capitol Dome Restoration Project, or from grants made by the State Historical Society for the project. States that this dollar for dollar reduction shall not reduce any authorized fees and expenses of Colorado Preservation, Inc., the fundraising firm selected by the Capital Development Committee (CDC) to manage the private fund-raising effort. Permits the Department of Personnel, in cooperation with Colorado Preservation, Inc., to calculate the value of any in-kind gifts and donations that result in the reduction of the total project cost (the department shall present the calculation of value to the CDC for approval, no later than 60 days after the receipt of an in-kind gift and donation). Extends the authorization for the fundraising program approved by the CDC to December 31, 2014. Allows the Governor's Office of State

Planning and Budgeting and the CDC to approve emergency contingency expenditures for the project from the Capitol Dome Restoration Fund or the Capitol Dome Restoration Trust Fund. Requires, prior to the end of FY 2014-15, a complete accounting of the total of in-kind and monetary donations received on behalf of the project and of project expenditures in order to ensure that all contributions from the State Historical Fund are reduced dollar for dollar.

# APPENDICES

## A. GLOSSARY OF TERMS

**American Recovery and Reinvestment Act of 2009 (ARRA):** Economic stimulus package enacted by the 111th United States Congress in February, 2009.

**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 fiscal year spending limit imposed by Article X, Section 20 of the Colorado Constitution (also known as the Taxpayer's Bill of Rights or TABOR), because they authorize expenditures from a reserve.

**Cash Funds:** Separate funds created 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.

**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 and Administration for vehicle leases and capitol complex leased space, and to the Governor's Office of Information Technology for information technology related services.

**C.R.S.:** Colorado Revised Statutes, the compilation of Colorado laws.

**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 matching state funds. Examples of programs requiring a state match are Medicaid and highway construction. Federal funds are exempt from the fiscal year spending limit imposed by TABOR.

**FTE:** One full-time equivalent (FTE) equals staffing for a total of 2,080 hours in a fiscal year, 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 fund revenues that can be collected, and consequently spent, by the State. Certain General Fund revenues are exempt from these provisions: (1) tobacco tax revenues received pursuant to Article X, Section 21 of the Colorado Constitution; and (2) General Fund revenues that exceed the TABOR limit but are less than the revenue cap established by Referendum C, approved by voters in November, 2005. The latter source of funds must be deposited in the General Fund Exempt Account and can be appropriated only for health care, education, retirement plans for firefighters and police officers, and strategic transportation projects.

**General Fund moneys exempt from the statutory restriction on General Fund appropriations:** Prior to FY 2009-10, Section 24-75-201.1, C.R.S., restricted the annual General Fund appropriations to the lesser of 5.0 percent of Colorado personal income or 6.0 percent more than the total General Fund appropriations for the previous fiscal year. Senate Bill 09-228 amended Section 24-75-201.1, C.R.S., so that starting with FY 2009-10 and each fiscal year thereafter, total State General Fund appropriations are restricted to an amount equal to 5.0 percent of Colorado personal income. There are three specified exemptions to the statutory limitation on General Fund appropriations:

- appropriations due to federal law requiring a new program or service or an increase in the level of service for an existing program;
- appropriations due to a state or federal court order requiring a new program or service or an increase in the level of service for an existing program; and
- appropriations 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, which provides most of the funding to support state government operations.

**Reappropriated Funds:** 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 allowed the State to retain all General Fund revenues in excess of the fiscal year spending limit imposed by TABOR between July 1, 2005 and July 1, 2010. For FY 2010-11 and subsequent fiscal years, Referendum C allows the State to retain all revenues that are in excess of the TABOR fiscal year spending limit, but less than the excess state revenues cap, for that fiscal year. The "excess state revenues cap" is equal to the highest annual total state revenues between FY 2005-06 and FY 2009-10, adjusted for each subsequent fiscal year for inflation, the percentage change in state population, enterprises, and debt service changes. These revenues must be deposited in the General Fund Exempt Account and shall 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 determined such funding is needed; and (d) strategic transportation projects.

**Supplemental Appropriation:** Legislation authorizing changes in appropriated funds or FTE for the current fiscal year or prior fiscal years.

**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 or TABOR (Article X, Section 20) in 1992. The amendment restricts State and local governments' ability to collect and spend revenues without voter approval. Under TABOR, a vote of the people is required for State or local governments 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 in the following fiscal year. In November,



2005 voters passed Referendum C, which allows the State to retain certain revenues in excess of the TABOR fiscal year spending limit.

## **B. COMMON POLICIES**

The appropriations for certain line items are determined by general policies applied consistently to State agencies. A brief explanation for each of these line items and the associated policies is provided below.

### Administrative Law Judge Services

Funds for Administrative Law Judge (ALJ) services are included for the twelve departments that use such services. The appropriation for each department is calculated by applying each department's percentage of actual ALJ use in FY 2009-10 to the FY 2011-12 Office of Administrative Courts' overhead (personal services, centrally appropriated line items such as health, life, and dental and short-term disability insurance, operating expenses, and indirect costs). For FY 2011-12, spending authority for the Office of Administrative Courts is approximately \$4.1 million.

### ADP Capital Outlay and Information Technology Asset Maintenance

These line items fund the replacement or addition of automated data processing equipment. Automated Data Processing (ADP) Capital Outlay is the common title for one-time, incidental information technology appropriations. The Information Technology Asset Maintenance line item is used by departments to fund network maintenance, hardware and software maintenance contracts, and anti-virus software. Requests for these items are reviewed by the Governor's Office of Information Technology.

### 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. Each department transfers funds to the Department of Personnel and Administration's Division of Central Services, which is responsible for the 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 296,077 square feet at Camp George West. This line item appears in each department's executive director's office, with some exceptions, and includes appropriations for the use of these facilities. The funds are transferred from each agency to the The FY 2011-12 Long Bill includes a \$9.5 million appropriation for this purpose.

### 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. Billings are sufficient to fund personal services, operating expenses, and indirect costs for the Communication Services program in the Governor's Office of Information Technology (OIT). For FY 2011-12, the appropriation includes recoverable costs totaling \$5.0 million.

### Community Provider Rates

Historically, community provider rate adjustments have been applied to programs and services which, if not provided by contracted provider organizations or county staff, would need to be provided by state staff. For FY 2011-12, no statewide common policy was established; rate adjustments were instead applied to selected programs and departments.

### Health, Life, and Dental

This line item appears in each department's executive director's office. For FY 2011-12, the total statewide cost of health, life, and dental benefits for all employees, except higher education faculty and administration, is expected to be approximately \$158.1 million, including approximately \$88.7 million from the General Fund. For FY 2011-

12, the state contribution rate appropriation for employee benefits is \$368.42 per month for a single employee, \$623.42 per month for an employee and spouse, \$659.66 per month for an employee and one or more children, and \$914.50 per month for an employee, spouse, and children. 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 20,500 employees participate in the State's medical insurance plans, not including institutions of higher education.

#### Indirect Costs

Indirect costs are the overhead costs associated with the operation of general government functions and departmental administrative duties. Indirect cost recoveries offset the costs of providing central services for cash-funded and federally-funded programs that otherwise would be supported by General Fund. For FY 2011-12, the statewide indirect cost recovery plan is estimated to recover \$18.2 million from cash- and federally-funded programs.

Departmental indirect cost recoveries are specific to the general administrative functions of each department, typically including the functions of the executive director's office. These costs are calculated and assessed based upon an allocation methodology adopted by the Joint Budget Committee. Generally, indirect cost recoveries are appropriated as 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

The appropriation is for a continuation of existing lease purchase agreements. Requests for additional lease purchase funds are examined on an individual basis and funded where appropriate. No funds may be expended for lease purchase except those specifically appropriated for that purpose.

#### Leased Space

This line item is for leased space outside of the Capitol Complex facilities, and it appears in each department's executive director's office, with some exceptions. Each Executive Director is responsible for reviewing and managing a department's use of leased space.

#### Legal Services

This line item appears in the Executive Director's Office of most departments. The Long Bill's appropriations allow departments to purchase necessary legal services from the Department of Law, much as they would purchase legal services from a private-sector law firm. For FY 2011-12, agencies will pay a blended legal rate of \$75.71 per hour for legal services, which are provided by both attorneys and paralegals. The payments that client agencies make to the Department of Law are sufficient to pay all the direct and indirect costs of supplying the services. The Department of Law expects to provide 380,858 hours of legal services to client agencies.

#### Management and Administration of OIT

This line item appears in each department's Executive Director's Office, with some exceptions, and represents each department's share of the division-level management of the Governor's Office of Information Technology (OIT) and "back office" functions as authorized by S.B. 08-155. For FY 2011-12, the appropriation includes recoverable costs totaling \$7.6 million.

#### Multiuse Network Payments

This line item appears in each department's Executive Director's Office, with some exceptions, and represents each department's share of the State's data, voice, video, text, and graphics communications needs. Costs for the multiuse network include the Governor's Office of Information Technology (OIT) overhead, internet access, and contractual

obligations that provide the State with a reserved amount of bandwidth at each network access point. For FY 2011-12, the appropriation includes recoverable costs totaling \$17.7 million.

#### 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. There is an aggregate deductible of \$1.25 million for each policy year for the State's property insurance policies, which provide \$500.0 million in total coverage. For FY 2011-12, the risk management and property program will cost \$12.5 million.

#### Performance-based Pay Awards

The FY 2011-12 Long Bill does not include appropriations for performance-based pay increases. Performance-based pay increases for department staff, when provided, are funded through centrally-appropriated line items in the executive director's office section of the department's budget in the year of the award and are incorporated into base funding for each division in the subsequent year.

#### Personal Services

The FY 2011-12 appropriation includes a 1.5 percent vacancy savings reduction for all Personal Services line items. The reduction captures the savings that are generated when a department holds a position vacant, or when a senior employee is replaced by a junior employee who earns a smaller salary.

#### Public Employees' Retirement Association (PERA)

Each personal services appropriation includes the designated state retirement contribution to PERA for all eligible employees. Senate Bill 10-146 reduced the State's contribution to PERA by 2.5 percentage points, and increased the employee's contribution amount by 2.5 percentage points, for FY 2010-11 only. The employer contribution for the State division is reduced to 7.65 percent, with the exception of State Troopers, whose contribution is reduced to 10.35 percent. The employer contribution to the Judicial division is reduced to 11.16 percent. Senate Bill 11-076 continued this contribution swap for FY 2011-12, and reduced state expenditures by approximately \$37.1 million, including \$20.0 million General Fund, during FY 2011-12.

#### Purchase of Services from Computer Center

This line item appears in each department's Executive Director's Office, with some exceptions, and represents each department's share of the State's data center and computing infrastructure. For FY 2011-12, the appropriation includes \$63.6 million in costs recovered by the Governor's Office of Information Technology.

#### S.B. 04-257 Amortization Equalization Disbursement (AED)

Pursuant to S.B. 04-257, the State contributes additional funds to assist in the amortization of the Public Employees' Retirement Association's (PERA) unfunded liability. The appropriation amount is based on employees' base salaries, including shift differential pay. The contribution amount will increase by 0.4 percent each calendar year until it reaches the maximum contribution rate of 5.0 percent in calendar year 2017. The contribution rate is 2.6 percent for calendar year 2011, and 3.0 percent for calendar year 2012. The Long Bill's appropriations for FY 2011-12 total approximately \$40.3 million, including \$21.6 million General Fund.

#### S.B. 06-235 Supplemental Amortization Equalization Disbursement (SAED)

In addition to the AED contribution amounts, S.B. 06-235 provides a second supplemental PERA contribution. The intended fund source is money that would otherwise be available for use but not yet awarded as salary

increases. However, the General Assembly still appropriates money for this purpose even though the bill does not include salary increases for FY 2011-12. The appropriation amount is based on employees' base salaries, including shift differential pay. It will increase by 0.5 percent each calendar year until it reaches its maximum contribution rate of 5.0 percent in 2017. The contribution rate is 2.0 percent for calendar year 2011, and 2.5 percent for calendar year 2012.

#### Salary Survey and Senior Executive Service

The Long Bill does not include appropriations for salary survey increases for FY 2011-12. Salary survey increases for department staff, when provided, are funded through centrally-appropriated line items in each department's executive director's office in the year of the award and are incorporated into the base funds for each division for the subsequent year.

#### 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. The FY 2011-12 appropriations were calculated based on 60.0 percent of a department's actual shift differential expenditures for FY 2009-10. For FY 2011-12, shift differential payments for state employees will total \$8.4 million, including approximately \$6.8 million General Fund.

#### Short-term Disability

All state employees are eligible for employer-paid, short-term disability insurance. The FY 2011-12 Long Bill's appropriations are calculated based on 0.177 percent of employees' base salaries, including shift differential pay. This line item appears in each department's Executive Director's Office and cannot be expended for any other purpose. The statewide short-term disability appropriation for FY 2011-12 is approximately \$2.5 million, including \$1.4 million General Fund.

#### Utilities

In general, departments pay for utility costs from either operating expenses appropriations or from a separate utilities line item, which typically supports the cost of maintaining a state-owned facility. Utilities costs for offices are also built into capitol complex leased space and other leased space rates. The appropriation for FY 2011-12 is dependent upon the 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. For FY 2011-12, the Long Bill includes funding to replace 285 vehicles and to acquire eight new vehicles. The FY 2011-12 Long Bill appropriation is \$15.5 million.

#### 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 covers employees in all departments (except the University of Colorado and the Colorado State University, which operate separate self-insured programs). The Department's appropriation totals \$34.5 million for workers' compensation premiums for FY 2011-12.

## C. 2011 SESSION SUPPLEMENTAL ADJUSTMENTS TO APPROPRIATIONS FOR FY 2009-10 AND PRIOR YEARS

DEPARTMENT / DIVISION	TOTAL	GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
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### OPERATING BUDGET

#### Adjustments to FY 2009-10 Appropriations:

#### DEPARTMENT OF HEALTH CARE POLICY AND FINANCING:

##### S.B. 11-139: (Sections 2, 3)

Medicaid Mental Health Capitation	\$738,969	\$738,969	\$0	\$0	\$0	\$0	0.0
Other Medical Services	<u>100,921</u>	<u>100,921</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>S.B. 11-139</b>	<b>\$839,890</b>	<b>\$839,890</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

##### S.B. 11-209: (Sections 4, 16)

Indigent Care Program	\$14,576,426	\$0	\$0	\$5,069,597	\$0	\$9,506,829	0.0
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#### **TOTAL - Health Care Policy and Financing**

<b>\$15,416,316</b>	<b>\$839,890</b>	<b>\$0</b>	<b>\$5,069,597</b>	<b>\$0</b>	<b>\$9,506,829</b>	<b>0.0</b>
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#### DEPARTMENT OF HIGHER EDUCATION:

##### S.B. 11-140: (Section 2)

College Opportunity Fund Program	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Governing Boards	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>S.B. 11-140*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>

#### **TOTAL - Higher Education**

<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
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DEPARTMENT / DIVISION	TOTAL	GENERAL FUND	GENERAL FUND EXEMPT	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
<b>TOTAL - OPERATING BUDGET</b>							
<b>FY 2009-10</b>	<b>\$15,416,316</b>	<b>\$839,890</b>	<b>\$0</b>	<b>\$5,069,597</b>	<b>\$0</b>	<b>\$9,506,829</b>	<b>0.0</b>

\*Senate Bill 11-140 includes FY 2009-10 appropriation adjustments within two divisions in the Department of Higher Education. For each division, these adjustments net to \$0.

DEPARTMENT	TOTAL	CAPITAL CONSTRUCTION FUNDS*	CASH FUNDS*	REAPPROPRIATED FUNDS/ CASH FUNDS EXEMPT*	FEDERAL FUNDS	FTE
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## CAPITAL CONSTRUCTION PROJECTS

### Adjustments to FY 2006-07 Appropriations:

#### S.B. 11-155: (Section 1)

Higher Education	\$4,571,000	\$0	\$0	\$4,571,000	\$0	0.0
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<b>TOTAL - CAPITAL CONSTRUCTION - FY 2006-07</b>	<b>\$4,571,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,571,000</b>	<b>\$0</b>	<b>0.0</b>
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### Adjustments to FY 2007-08 Appropriations:

#### S.B. 11-155: (Section 2)

Higher Education	(\$11,214,308)	\$0	\$0	(\$11,214,308)	\$0	0.0
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<b>TOTAL - CAPITAL CONSTRUCTION - FY 2007-08</b>	<b>(\$11,214,308)</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$11,214,308)</b>	<b>\$0</b>	<b>0.0</b>
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### Adjustments to FY 2008-09 Appropriations:

#### S.B. 11-155: (Section 3)

Higher Education	(\$65,310,885)	\$0	(\$65,310,885)	\$0	\$0	0.0
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#### S.B. 11-209: (Section 13)

Higher Education	\$9,625,000	\$0	\$9,625,000	\$0	\$0	0.0
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<b>TOTAL - CAPITAL CONSTRUCTION - FY 2008-09</b>	<b>(\$55,685,885)</b>	<b>\$0</b>	<b>(\$55,685,885)</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
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DEPARTMENT	TOTAL	CAPITAL CONSTRUCTION FUNDS*	CASH FUNDS*	REAPPROPRIATED FUNDS/ CASH FUNDS EXEMPT*	FEDERAL FUNDS	FTE
<b>Adjustments to FY 2009-10 Appropriations:</b>						
<b>S.B. 11-155:</b> (Section 4)						
Corrections	\$2,855,175	\$2,855,175	\$0	\$0	\$0	0.0
Higher Education	(58,168,375)	0	(58,168,375)	0	0	0.0
Public Health and Environment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<b>S.B. 11-155</b>	<b>(\$55,313,200)</b>	<b>\$2,855,175</b>	<b>(\$58,168,375)</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0</b>
<b>S.B. 11-209:</b> (Section 14)						
Human Services	<b>\$360,608</b>	<b>\$0</b>	<b>\$126,213</b>	<b>\$0</b>	<b>\$234,395</b>	<b>0.0</b>
<b>TOTAL - CAPITAL CONSTRUCTION - FY 2009-10</b>	<b>(\$54,952,592)</b>	<b>\$2,855,175</b>	<b>(\$58,042,162)</b>	<b>\$0</b>	<b>\$234,395</b>	<b>0.0</b>

\* Effective FY 2008-09, the classification of some funds changed. FY 2008-09 and FY 2009-10 are reflected in the new format, which distributed funds previously classified "cash funds" and "cash funds exempt" into newly defined "cash funds" and "reappropriated funds" categories. The heading "Cash Funds Exempt" applies to appropriations for FY 2007-08 and prior years. The heading "Reappropriated Funds" applies to appropriations for FY 2008-09 and subsequent years. In addition, any amounts appearing under the heading "Capital Construction Funds" would be appropriated under the older term "Capital Construction Funds Exempt" for appropriations for FY 2007-08 and prior years.

## **D. SUMMARY OF STATE EDUCATION FUND APPROPRIATIONS**

In November 2000, Colorado voters approved Amendment 23, which added Article IX, Section 17 of the Colorado Constitution. This provision links funding for kindergarten through twelfth grade education to the rate of inflation. This provision also creates the State Education Fund (SEF), consisting of one-third of one percent of income tax revenues and any interest earned on the fund balance. Revenues to the SEF are not subject to the constitutional Taxpayer's Bill of Rights (TABOR) limitation on fiscal year spending, and SEF appropriations are not subject to the statutory limitation on state General Fund appropriations. The General Assembly may annually appropriate moneys from the SEF 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 provides a summary of appropriations from the SEF for FY 2001-02 through FY 2008-09, and it details appropriations from the Fund for FY 2009-10 through FY 2011-12. To date, nearly \$3.5 billion has been appropriated from the SEF for public school finance, representing 82.5 percent of all SEF appropriations. Appropriations for categorical programs (\$503 million in total) and capital construction programs (\$96 million in total) comprise another 14.2 percent of SEF appropriations to date.

Appropriations from the SEF for FY 2011-12 are significantly higher than for FY 2010-11, increasing 54.2 percent from \$427.0 million to \$658.4 million. However, this increase is likely to be temporary as it reflects a one-time transfer from the General Fund to the SEF. Specifically, S.B. 11-156 requires the transfer of an estimated \$245 million from the General Fund to the SEF in late 2011. Largely as a result of this required transfer, the appropriation from the SEF for the School Finance Act increased by \$228.7 million, offset by a \$126.0 million decrease in the General Fund appropriation for the Act.

However, even when the transfer from the General Fund to the SEF is taken into account, annual SEF appropriations continue to significantly exceed annual SEF revenues. Specifically, as detailed in Table 2, actual expenditures exceeded revenues by \$142.7 million in FY 2009-10; appropriations are projected to exceed SEF revenues by \$55.8 million in FY 2010-11 and by \$32.5 million in FY 2011-12. As a result, the SEF balance is projected to decline from \$331 million at the beginning of FY 2009-10 to \$100 million by the end of FY 2011-12.

TABLE 1 History of Appropriations from the State Education Fund				
Description	Cumulative: FY 01-02 thru FY 08-09	FY 09-10	FY 10-11	FY 11-12
<b>Public School Finance:</b>				
Funding for the State Share of Districts' Total Program Funding (including Colorado Preschool Program and full-day kindergarten funding)	\$2,090,935,471	\$505,248,987	\$284,307,808	\$515,485,287
Hold-harmless full-day kindergarten funding (H.B. 08-1388)	7,356,409	7,698,050	7,264,394	6,869,056
Facility school funding (H.B. 08-1388)	18,475,256	17,800,000	16,779,077	14,222,000
Declining enrollment study (H.B. 08-1388)	0	200,000	n/a	n/a
Mid-year appropriation adjustments	<u>158,468,100</u>	<u>(165,670,932)</u>	<u>(506,161)</u>	<u>n/a</u>
<b>Subtotal: School Finance</b>	<b>2,275,235,236</b>	<b>365,276,105</b>	<b>307,845,118</b>	<b>536,576,343</b>
<i>Percent of Total Appropriations</i>	<i>85.7%</i>	<i>75.4%</i>	<i>72.1%</i>	<i>81.5%</i>
<b>Categorical Programs</b>	<b>231,647,654</b>	<b>88,191,135</b>	<b>89,348,909</b>	<b>93,740,082</b>
<i>Percent of Total Appropriations</i>	<i>8.7%</i>	<i>18.2%</i>	<i>20.9%</i>	<i>14.2%</i>
<b>School Capital Construction:</b>				
Full-day Kindergarten Capital Construction Grant Program (H.B. 08-1388)	0	0	0	0
Charter school capital construction	47,219,995	5,000,000	5,000,000	5,000,000
School Capital Construction Expenditures Reserve	25,471,112	n/a	n/a	n/a
School Construction and Renovation Fund	7,500,000	n/a	n/a	n/a
Charter School Debt Reserve Fund	<u>1,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Subtotal: Capital Construction</b>	<b>81,191,107</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>
<i>Percent of Total Appropriations</i>	<i>3.1%</i>	<i>1.0%</i>	<i>1.2%</i>	<i>0.8%</i>
<b>Professional Development and Instructional Support:</b>				
Closing the Achievement Gap	1,701,000	1,800,000	1,800,000	0
Stipends for nationally board certified teachers (H.B. 08-1384)	0	0	0	0
Alternative Teacher Compensation Plan Grants (H.B. 08-1388)	0	0	0	0
Content specialists	433,480	434,887	437,392	434,102
Science and Technology Education Center Grant Program	1,400,000	0	0	0
Civic education	602,305	0	0	0
National credential fee assistance	493,000	0	0	0
School Leadership Academy Program (H.B. 08-1386)	87,983	75,000	0	0
Teaching and learning conditions survey (H.B. 08-1384)	85,000	0	0	0
Financial literacy	198,228	3,529	0	0
Colorado History Day	50,000	10,000	0	0
Teacher Pay Incentive Program	<u>12,630,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Subtotal: Professional Development and Instructional Support</b>	<b>17,680,996</b>	<b>2,323,416</b>	<b>2,237,392</b>	<b>434,102</b>
<i>Percent of Total Appropriations</i>	<i>0.7%</i>	<i>0.5%</i>	<i>0.5%</i>	<i>0.1%</i>

TABLE 1 History of Appropriations from the State Education Fund				
Description	Cumulative: FY 01-02 thru FY 08-09	FY 09-10	FY 10-11	FY 11-12
<b>Other Grants, Distributions, and Assistance:</b>				
School Counselor Corps Grant Program (H.B. 08-1370)	5,000,000	4,998,154	4,998,500	5,000,000
Regional service cooperatives (S.B. 08-038)	198,545	1,026,332	0	0
Summer School Grant Program	2,972,905	15,658	0	0
Child Nutrition School Lunch Protection Program (S.B. 08-123)	850,000	850,000	850,000	850,000
STEM After-school Education Pilot Grant Program (H.B. 07-1243)	0	0	0	0
First responder school mapping (H.B. 08-1267)	150,000	0	0	0
Interstate compact on educational opportunities for military children (H.B. 08-1317)	32,185	30,185	30,185	22,832
Funding for new textbooks	14,144,066	0	0	0
Aid for declining enrollment districts with new charter schools	1,000,000	0	0	0
Hold-harmless facility school student funding (H.B. 08-1388)	587,504	n/a	n/a	n/a
Facility Summer School Grant Program	1,000,000	n/a	n/a	n/a
Family Literacy Education Grant Program	<u>400,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Subtotal: Other Grants, Distributions, and Assistance</b>	<b>26,335,205</b>	<b>6,920,329</b>	<b>5,878,685</b>	<b>5,872,832</b>
<i>Percent of Total Appropriations</i>	<i>1.0%</i>	<i>1.4%</i>	<i>1.4%</i>	<i>0.9%</i>
<b>Accountability/ Reform:</b>				
Colorado Student Assessment Program	15,719,422	15,717,448	15,756,521	15,879,370
Preschool to postsecondary alignment (S.B. 08-212)	792,453	752,689	569,332	563,176
Division of On-line Learning (S.B. 07-215)	0	96,449	371,720	334,134
Facility Schools Unit and Facility Schools Board (H.B. 08-1204)	523,568	0	0	0
School Improvement Grant Program	5,350,000	0	0	0
Review and update of non-English assessments	411,953	0	0	0
Longitudinal assessment data analyses	388,000	0	0	0
Modifications to accountability reports	75,000	0	0	0
Study non-English assessments	50,000	0	0	0
Study administration of ACT	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Subtotal: Accountability/ Reform</b>	<b>23,360,396</b>	<b>16,566,586</b>	<b>16,697,573</b>	<b>16,776,680</b>
<i>Percent of Total Appropriations</i>	<i>0.9%</i>	<i>3.4%</i>	<i>3.9%</i>	<i>2.5%</i>
<b>TOTAL</b>	<b>\$2,655,450,594</b>	<b>\$484,277,571</b>	<b>\$427,007,677</b>	<b>\$658,400,039</b>
<i>Annual Dollar Change</i>		<i>(\$12,653,382)</i>	<i>(\$57,269,894)</i>	<i>\$231,392,362</i>
<i>Percent Annual Change</i>		<i>-2.5%</i>	<i>-11.8%</i>	<i>54.2%</i>

TABLE 2 Comparison of State Education Fund Revenues and Expenditures/Appropriations (\$ millions)			
Description	FY 09-10	FY 10-11	FY 11-12
Beginning Fund Balance	\$331.0	\$188.3	\$132.5
Actual/Projected Revenues/1	339.5	371.1	381.0
Appropriations/Transfers to the SEF	0.0	0.1	244.9
Actual Expenditures/ Approp./2	<u>(482.2)</u>	<u>(427.0)</u>	<u>(658.4)</u>
Ending Fund Balance	\$188.3	\$132.5	\$100.0

/1 Projected State Education Fund revenues for FY 2010-11 and FY 2011-12 are based on the amount of General Fund revenues anticipated to be directed to the Fund in the March 2011 Office of State Planning and Budgeting Revenue Forecast, as well as projections of interest earnings based on the State Education Fund model utilized by Legislative Council and Joint Budget Committee staff.

/2 Actual expenditures and fund balance are reflected for FY 2009-10; appropriations are reflected for FY 2010-11 and FY 2011-12.

## 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.

Pursuant to the various provisions of Sections 43-4-201 through 215, C.R.S., "off-the-top" appropriations are limited to: (1) the Colorado State Patrol in the Department of Public Safety; (2) the Department of Revenue for the Ports of Entry program; and (3) related capital projects. The General Assembly approved legislation to allow the use of HUTF "off-the-top" appropriations in the Department of Revenue for the Division of Motor Vehicles for FY 2008-09 through FY 2011-12. These appropriations 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 the HUTF. Statute limits the total share of off-the-top appropriations to no more than 23.0 percent of the net HUTF revenue for the prior fiscal year.

The following table shows the "off-the-top" appropriations from the HUTF for FY 2011-12 as compared to FY 2010-11, and the limit for FY 2011-12:

<b>Statutory HUTF Off-the-Top Appropriations Limit Section 43-4-201, C.R.S.</b>	
FY 2010-11 HUTF Off-the-Top Appropriations Base	\$115,447,951
Multiplied by the 6 Percent Allowable Growth	<u>1.06</u>
FY 2011-12 HUTF Off-the-Top Appropriations Limit	\$122,374,828
FY 2011-12 HUTF Off-the-Top Appropriations:	
Department of Public Safety, State Patrol (S.B. 11-209)	\$99,950,034
Department of Revenue, Ports of Entry (S.B. 11-209)	12,078,388
Capital Construction	0
S.B. 11-076 PERA Contribution Rates	(1,441,726)
H.B. 11-1157 Diesel Inspection Program Exemption	6,000
H.B. 11-1163 CDOT Super-load Highway Permits	<u>740</u>
<b>Total FY 2010-11 HUTF Off-the-Top Appropriations</b>	<b>\$110,593,436</b>
Over / (Under) FY 2011-12 HUTF Off-the-Top Appropriations Limit	(\$11,781,392)

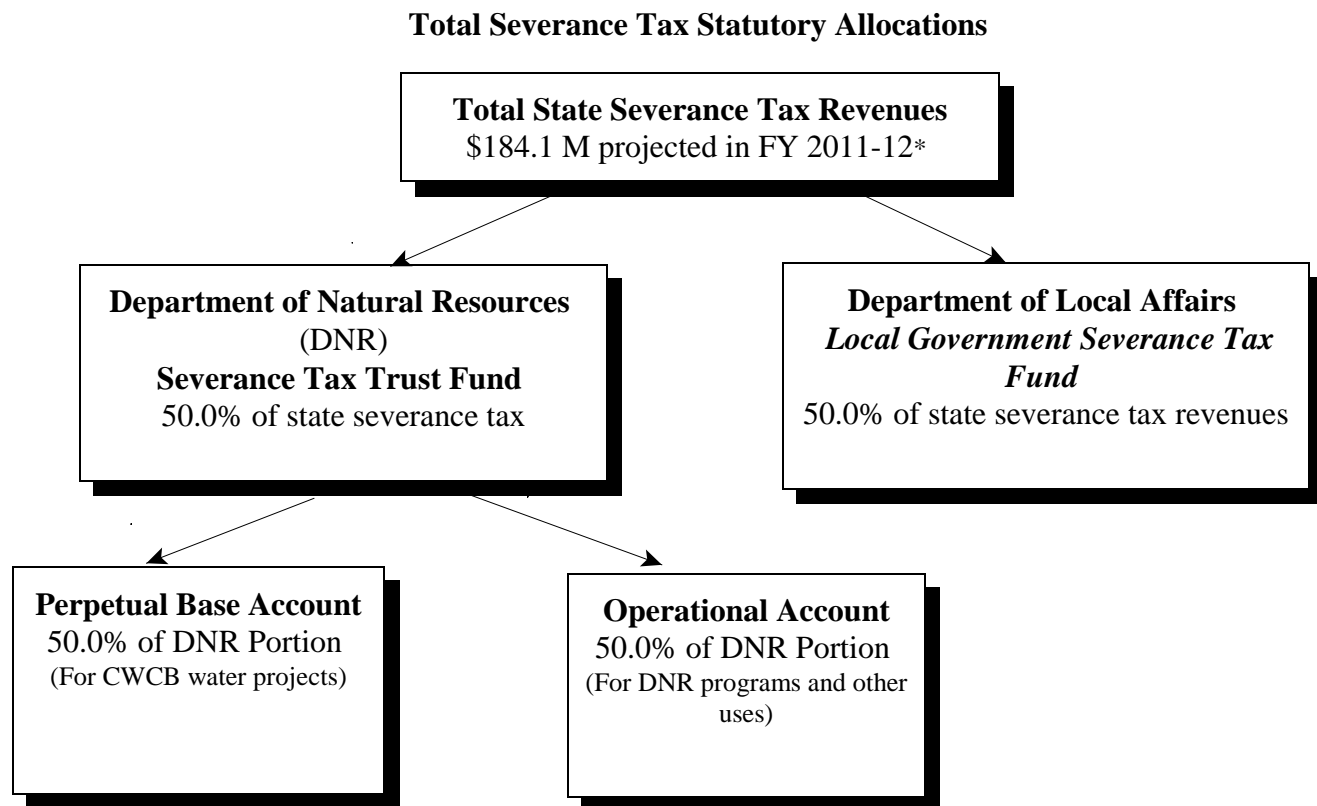
## F. SEVERANCE TAX TRUST FUND OPERATIONAL ACCOUNT FUNDS OVERVIEW

Section 39-29-108 (2), C.R.S., provides that 50.0 percent of severance tax revenues be credited to the Severance Tax Trust Fund for the Department of Natural Resources, and that 50.0 percent of the revenues be credited to the Local Government Severance Tax Fund to 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 (2) (a), C.R.S., provides that 50.0 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 25.0 percent of total severance tax revenues), and is used by the Colorado Water Conservation Board (CWCB) for water construction projects.
- Section 39-29-109 (2) (b), C.R.S., provides that the remaining 50.0 percent of Severance Tax Trust Fund revenues (or 25.0 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.



\* Based on March 2011 Legislative Council Staff Revenue Forecast.

The Operational Account consists of two tiers of programs. The tier 1 programs support the day-to-day operations of the Department of Natural Resources, including funding salaries for employees. The tier 2 programs support grants, loans, research, and construction. The required reserve for tier 1 programs is equal to the annual appropriation for tier 1, while the required reserve for tier 2 programs is equal to 15.0 percent of the annual authorized expenditures for those programs.

The distribution of funding for tier 2 programs is staggered with 40.0 percent released July 1, 30.0 percent released January 4, and the remaining 30.0 percent released April 1. Tier 2 programs are subject to a proportional reduction if mid-year revenue projections indicate there are insufficient funds. Low-income energy assistance programs are also supported by tier 2 funding and have a slightly different schedule for the release of funds than other tier 2 programs.

Historically, severance tax revenues have varied greatly. The table on the next page provides an overview of projected revenues and expenditures from the Operational Account based on the March 2011 Legislative Council Staff Revenue Forecast.

Severance Tax Trust Fund Operational Account							
	Statutory Cite	Actual FY 09-10		Appropriation FY 10-11		Estimated FY 11-12	
Beginning balance		\$68,073,848		\$31,181,533		\$23,123,853	
Revenue		10,168,149		41,557,461 (est.)		47,034,396 (est.)	
Public School Energy Fund	39-29-109.5	(48,807)		TBD		TBD	
<b>TOTAL Available for Expenditure</b>		<b>\$78,193,190</b>		<b>\$72,738,994</b>		<b>\$70,158,249</b>	
Roll-forwards		\$0		\$1,661,300		\$0	
<b>Tier 1</b>	<u>39-29-109.3 (1)</u>						
Colorado Geological Survey	(b)	\$2,432,751	3.1%	\$2,439,792	3.4%	\$2,400,175	3.4%
Oil and Gas Conservation Commission	(a)	2,958,240	3.8%	3,234,045	4.4%	3,238,925	4.6%
Division of Reclamation, Mining, and Safety	(c)	4,211,250	5.4%	4,163,463	5.7%	4,539,239	6.5%
Colorado Water Conservation Board	(d)	1,303,408	1.7%	1,319,250	1.8%	1,319,250	1.9%
Division of Parks and Outdoor Recreation	(f)	3,659,838	4.7%	3,475,863	4.8%	2,498,440	3.6%
Division of Wildlife	(e)	1,345,098	1.7%	1,620,356	2.2%	0	0.0%
<b>SUBTOTAL Tier 1</b>		\$15,910,585	20.3%	\$16,252,769	22.3%	\$13,996,029	19.9%
<b>Tier 2</b>	<u>39-29-109.3 (2)</u>						
Water infrastructure development	(a)	\$5,775,000		\$6,000,000		\$7,000,000	
Soil Conservation Districts matching grants	(b)	450,000		450,000		450,000	
Water efficiency grants	(c)	0		0		0	
Species Conservation Trust Fund	(d) & (e)	4,500,000		11,000,000		3,600,000	
Low income energy assistance	(f)	1,625,000		6,500,000 *		6,500,000	
Renewable energy - Higher ed consortium	(g)	0		0		0	
Renewable energy - Agriculture	(h)	500,000		500,000		500,000	
Interbasin water compacts	(i)	745,067		745,067		745,067	
CO Water Research Institute - CSU	(j)	0		0		0	
Forest restoration grants/ bark beetle	(k) and (n)	2,500,000		2,500,000		2,500,000	
Tamarisk control	(l)	0		0		0	
Aquatic Nuisance Species Fund	(m)	4,006,005		4,006,005		4,006,005	
<b>SUBTOTAL Tier 2</b>		\$20,101,072	25.7%	\$31,701,072	43.6%	\$25,301,072	36.1%
<b>TOTAL Expenditures</b>		<b>\$36,011,657</b>		<b>\$49,615,141</b>		<b>\$39,297,101</b>	
Transfer to General Fund	39-29-109.3 (6)	\$11,000,000		\$0		\$3,950,000	
<b>Ending Balance</b>		\$31,181,533		\$23,123,853		\$26,911,148	
Tier 1 Reserve	39-29-109.3 (3)	15,910,585		16,252,769		13,996,029	
Tier 2 Reserve	39-29-109.3 (3)	3,015,161		4,755,161		3,795,161	
Low income energy assistance reserve		0		0		0	
<b>TOTAL Reserve Requirement</b>		\$18,925,746	24.2%	\$21,007,929	28.9%	\$17,791,190	25.4%
<b>UNOBLIGATED BALANCE</b>		<b>\$12,255,788</b>	15.7%	<b>\$2,115,924</b>	2.9%	<b>\$9,119,959</b>	13.0%
(est.) = estimate. Revenue estimates are based on the Legislative Council Staff's March 2011 Revenue Forecast and include \$1.0 million in estimated interest. TBD = To be determined							



## G. TOBACCO REVENUE ALLOCATION

This appendix describes the allocation of the revenues that Colorado receives from the tobacco Master Settlement Agreement and from the tobacco taxes imposed by Amendment 35 to the Colorado Constitution.

### Tobacco-settlement Revenue Allocation

The payments that Colorado receives from the tobacco manufacturers who participate in the 1998 Master Settlement Agreement consist of a perpetual stream of "base" payments, which began in 2000, and a ten-year stream of "Strategic Contribution Fund" payments, which began in 2008. The vast majority of these annual payments arrive in April. Since 2006, the payments have been reduced by an ongoing dispute concerning Colorado's enforcement of its laws governing tobacco manufacturers who do not participate in the Master Settlement Agreement. This disagreement has led most participating manufacturers to annually withhold a portion of their payments.

The core tobacco-settlement-program funding rules are contained in Section 24-75-1104.5, C.R.S., which creates the following allocation process:

1. *Determine the total amount of tobacco-settlement revenue to distribute to settlement programs during the fiscal year.* Generally, the total amount distributed equals the total settlement payments received by the State during the prior year but the dollars distributed are a combination of moneys received during the prior fiscal year and the current fiscal year.
2. *Determine the amount of settlement revenue to distribute to individual tobacco-settlement programs.* Settlement programs are divided into two tiers. Most tier 1 programs receive a statutorily established percentage of the total allocation, but several receive a fixed amount. After tier 1 programs have received their share of the total, the remainder is allocated among tier 2 programs, with each tier 2 program receiving a statutorily established percentage of the remainder.
3. *Adjust the distributions determined in step 2.* Statute prescribes various adjustments that decrease or increase the amount of settlement money allocated to certain settlement programs in specified years.
4. *Determine the appropriation to individual settlement programs.* Steps 1, 2 and 3 determine the amount *distributed* to settlement programs, however, most programs cannot spend their distribution without an appropriation. In most cases the appropriation is equal to the allocation but in some cases the relationship is more complex.

Details concerning these allocation rules are as follows:

1. **Determine the total amount of tobacco-settlement revenue to distribute to settlement programs.** Table 1 presents the formulas that determine the total amount of settlement revenue distributed to tobacco-settlement programs. It shows that after 2007-08 distributions during a given year are a combination of current-year and prior-year revenue.

**Table 1**

<b>Fiscal Year</b>	<b>Total Distributed to Settlement-supported Programs and Funds</b>
2007-08 and earlier	Payments received during the prior fiscal year
2008-09	Payments received during the prior fiscal year (FY 2007-08) – \$15.4 million of Strategic Contribution Fund (SCF) payments received during FY 2007-08 or minus the actual SCF payment if less + \$15.4 million of the SCF payments received during FY 2008-09 or plus the actual SCF payment if less
2009-10	\$100.0 million of the payments received during the prior fiscal year (FY 2008-09) – \$15.4 million of SCF payments received during FY 2007-08 or minus the actual SCF payment if less + \$15.4 million of the SCF payments received during FY 2009-10 or plus the actual SCF payment if less (Payments received during FY 2008-09 in excess of \$100.0 million were transferred to the General Fund (GF) to augment FY 2008-09 GF revenues.)
2010-11 to 2016-17	Payments received during the prior fiscal year – \$15.4 million of SCF payments received during the prior year or minus the actual SCF payment if less + \$15.4 million of SCF payments received during the current year or plus the actual SCF payment if less – \$65.0 million of base payments received during the prior year or minus the actual base payment if less + \$65.0 million of base payments received during the current year or plus the actual base payment if less
2017-18	Payments received during the prior fiscal year (FY 2016-17) – \$15.4 million of SCF payments received during FY 2016-17 or minus the actual SCF payment if less – \$65.0 million of base payments received during FY 2016-17 or minus the actual base payment if less + \$65.0 million of base payments received during FY 2017-18 or plus the actual base payment if less (There is no SCF payment in FY 2017-18 or subsequent years.)
2017-18 and later	Payments received during the prior fiscal year – \$65.0 million of base payments received during the prior fiscal year or minus the actual base payment if less + \$65.0 million of base payments received during the current fiscal year or plus the actual base payment if less

As Table 1 indicates, prior to FY 2008-09, tobacco-settlement distributions came entirely from prior-year settlement revenue. House Bill 07-1359 transferred \$15.4 million of FY 2007-08 Strategic Contribution Fund revenue, the first SCF payment, into a special fund that paid expenses of the Children's Basic Health Plan and the Colorado Benefits Management System. The bill required that \$15.4 million of the FY 2009-10 SCF payment be distributed to programs in FY 2009-10, the year received, and continued fiscal-year-of-receipt distribution of \$15.4 million of SCF payments until the last payment arrives in April 2017. Senate Bill 09-269 transferred \$65.0 million of the FY 2009-10 base payment to the General Fund and required that \$65.0 million of FY 2010-11 base payments be distributed to programs in FY 2010-11; it continues fiscal-year-of-receipt distribution of \$65.0 million of base payments indefinitely. As a consequence of these two bills, \$80.4 million (\$15.4 + \$65.0 million) of settlement revenue is now distributed in April of the fiscal year received and the remainder is distributed during the subsequent fiscal year. Thus settlement programs must, each fiscal year, operate for ten months before the majority of their tobacco settlement revenue arrives. To do so, the programs receive advances from the Treasury, which are repaid in April.

In future years, if SCF payments and base payments equal or exceed \$15.4 million and \$65.0 million respectively, the amount distributed to settlement programs during a given fiscal year will equal the settlement revenue received during the prior fiscal year, except in FY 2017-18 when the last SCF payment

arrives. If SCF or base payments fall short of these amounts, however, distributions will be less than prior receipts in the year of the shortfall and more in the succeeding year.<sup>1</sup>

2. **Determine the amount of settlement revenue to distribute to individual tobacco-settlement programs.** Section 24-75-1104.5, C.R.S., divides tobacco-settlement programs into two tiers. Settlement moneys are first allocated among the tier 1 programs, which will collectively utilize approximately two thirds of the total during FY 2010-11 and FY 2011-12, and the remainder is then allocated among the tier 2 programs. Table 2 lists the tier 1 settlement programs and provides an overview of each program's statutory funding rule:

**Table 2**  
**Tier 1 Programs**

Recipient	Portion of the Total Amount Distributed
Children's Basic Health Plan	<i>FY 2010-11:</i> 24%, not to exceed \$30 million and not less than \$17.5 million <i>FY 2011-12:</i> 27%, not to exceed \$33 million and not less than \$17.5 million
Nurse Home Visitor (NHV) Program and the General Fund (GF)	<ul style="list-style-type: none"> <li>• The combined allocation to the NHV program and the GF equals 14% of the total amount distributed in FY 2010-11, 15% in FY 2011-12, rising 1% annually to 19% in FY 2015-16, not to exceed \$19 million in any year.</li> <li>• The NHV allocation equals 14% of the total amount distributed in FY 2010-11 through 2012-13, 15% in FY 2013-14, 16% in FY 2014-15, rising 1% annually to 19% in FY 2017-18, not to exceed \$19 million in any year and not less than \$12.7 million in FY 2011-12 or FY 2012-13.</li> <li>• The difference between the combined allocation and the NHV allocation is transferred to the GF.</li> </ul>
Fitzsimons lease purchase	8%, not to exceed \$8 million
Read-to-achieve Grant Program, Reading Assistance Grant Program (Section 22-88-102, C.R.S.), and reimbursements to school districts for costs of educating juvenile offenders in adult detention facilities (Section 22-32-141, C.R.S.)	5%, not to exceed \$8 million
Tony Gramscas Youth Services Program	4%, not to exceed \$5 million
HIV/AIDS Drug Assistance Program	3.5%, not to exceed \$5 million
Comprehensive Primary and Preventive Care Grant Program	<i>FY 2010-11:</i> 3%, not to exceed \$5 million. Pursuant to H.B. 10-1323 this amount is transferred to the General Fund (see Table 4) <i>FY 2011-12:</i> 0%
HIV and AIDS Prevention Grant Program	2%, not to exceed \$2 million
State Veterans	1%, not to exceed \$1 million. (10% of the state veterans allocation is retained in the State Veterans Trust Fund and the remaining 90%, plus interest earned by the trust, is expended. See H.B. 09-1329.)
Autism Treatment Fund	\$1,000,000 annually (fixed)

<sup>1</sup> For example, in FY 2009-10 the Strategic Contribution Fund (SCF) payment exceeded \$15.4 million but in FY 2010-11 it fell short by \$250,000. Referring to Table 1, in FY 2010-11 SCF distributions to settlement programs were reduced by \$15.4 million from the FY 2009-10 payment and were increased by \$15.15 million from the FY 2010-11 payment. As a result, the SCF distribution in FY 2010-11 was \$250,000 less than the FY 2009-10 SCF payment. If the FY 2011-12 SCF payment exceeds \$15.4 million, SCF distributions to settlement programs in FY 2011-12 will be reduced by \$15.15 million from the FY 2010-11 payment but will be increased by \$15.4 million from the FY 2010-11 payment and the net SCF distribution will exceed the FY 2010-11 SCF payment by \$250,000.

Recipient	Portion of the Total Amount Distributed
Child Mental Health Treatment Act	\$300,000 annually (fixed)
Dental Loan Repayment Program	\$200,000 annually (fixed)

Senate Bill 11-216 changed the allocations to the Children's Basic Health Plan and the Comprehensive Primary and Preventive Care Grant Program. Senate Bill 11-224 reduced allocations to the Nurse Home Visitor Program and transferred the savings to the General Fund. For simplicity, Table 2 excludes the allocation to the Office of the State Auditor, for auditing settlement programs, which equals 0.1 percent of the settlement payment received in the prior *calendar* year and is subtracted proportionately from the allocations to most tier 1 programs.

Tobacco-settlement revenue that is not distributed to tier 1 programs (the "remainder") is allocated among tier 2 programs in the percentages detailed in Table 3:

**Table 3**  
**Tier 2 Programs**

Recipient	Percentage of Remainder	
	FY 2010-11	FY 2011-12
University of Colorado Health Sciences Center	49.0%	49.0%
Mental health services for juvenile and adult offenders	12.0%	12.0%
Local public health services	7.0%	7.0%
Children's Basic Health Plan	13.5%	14.5%
Supplemental state contribution for group benefit plans	4.5%	4.5%
Colorado Immunization Program	4.0%	4.0%
Alcohol and drug abuse and treatment programs	3.0%	3.0%
Medicaid Shortfalls at Children's Hospital	1.0%	0.0%
Short-term Grants for Innovative Health Programs	6.0% – \$311,787	6.0% – \$250,000
Health Care Professional Loan Forgiveness Program (S.B. 07-232, H.B. 09-111, and H.B. 11-1281)	\$90,070 (fixed)	\$250,000 (fixed)
Juvenile Justice Family Advocate Program (H.B. 07-1057)	\$221,717 (fixed)	0.0%
Total	100.0%	100.0%

Senate Bill 11-216 changed the tier 2 distributions to the Pediatric Specialty Hospital Fund for Medicaid Shortfalls at Children's Hospital and to the Children's Basic Health Plan. House Bill 11-1281 altered the tier 2 distributions to Short-term Grants for Innovative Health Programs and the Health Care Professional Loan Forgiveness Program. House Bill 07-1057 established a four-year tier 2 allocation of tobacco settlement moneys to the Juvenile Justice Family Advocate Program that expired at the end of FY 2011-12 (Section 25-36-101 (3), C.R.S.)

For FY 2010-11 and prior years, the cash fund that supports Short-term Grants for Innovative Health Programs also received the following transfers at the end of each fiscal year: (1) income earned during the year by the cash funds that support most of the other tier 2 programs; and (2) moneys that were allocated to some of the other settlement programs but were not expended. Pursuant to S.B. 11-225, in FY 2011-12 and subsequent years these transfers will go to the General Fund.

3. **Adjust the distributions determined in step 2.** Senate Bill 09-264, H.B. 10-1323, and S.B. 11-225 adjust some of the FY 2010-11 and FY 2011-12 allocations given in Tables 2 and 3. Table 4 summarizes the adjustments and the resulting impact on the General Fund (GF).

**Table 4**

Adjustment	Resulting Transfer to GF	
	FY 2010-11	FY 2011-12
<b>Senate Bill 09-264:</b>		
Replaces the FY 2010-11 tier 2 allocations for Medicaid Shortfalls at Children's Hospital with a fixed allocation of \$307,000 respectively, transferring the savings to the General Fund.	\$12,884	\$0
<b>House Bill 10-1323:</b>		
Transfers the FY 2010-11 tier 1 allocation for Comprehensive Primary and Preventive Care Grants to the General Fund.	2,824,017	0
Transfers the end-of-FY 2010-11 balance of the Short-term Innovative Health Program Grant Fund to the General Fund. In conjunction with this transfer, the FY 2010-11 Long Bill made no appropriation to the related grant program. (The FY 2010-11 amount shown is the resulting distribution of FY 2010-11 settlement revenues to the General Fund. The total transfer, which included fund balance carried from prior years, was approximately \$6.5 million.)	1,607,518	0
<b>Senate Bill 11-225:</b>		
Transfers the end-of-FY 2011-12 balance of the Short-term Innovative Health Program Grant Fund to the General Fund. In conjunction with this transfer, the FY 2011-12 Long Bill made no appropriation to the related grant program.	0	1,508,908
<b>Total Transfers to the General Fund</b>	<b>\$4,444,419</b>	<b>\$1,508,908</b>

Tables 5 and 6 detail the FY 2010-11 and FY 2011-12 distributions of tobacco-settlement moneys to tier 1 and tier 2 programs based on the above allocation rules and upon actual settlement revenue received. The FY 2011-12 column of this table assumes that Strategic Contribution Fund payments received in FY 2011-12 exceed \$15.4 million and base payments exceed \$65.0 million. If either of these payments is less than these reference amounts, then FY 2011-12 distributions will be reduced.

**Table 5**

Tier 1 Program	FY 2010-11 Distribution	FY 2011-12 Distribution
<b>Legislative Department</b>		
Office of the State Auditor	\$112,831	\$94,587
<b>Department of Education</b>		
Read-to-achieve Grant Program and other education programs	4,706,694	4,457,736
<b>Department of Health Care Policy and Financing</b>		
Children's Basic Health Plan Trust	22,592,132	24,071,775
Comprehensive Primary and Preventive Care Grants (the entire distribution shown in the FY 2010-11 column was transferred to the General Fund)	2,824,017	0
State share of funding required for the Children with Autism Act	1,000,000	1,000,000
<b>Subtotal - Department of Health Care Policy and Financing</b>	<b>26,416,149</b>	<b>25,071,775</b>
<b>Department of Higher Education</b>		
Fitzsimons lease purchase	7,546,687	7,145,538

<b>Tier 1 Program</b>	<b>FY 2010-11 Distribution</b>	<b>FY 2011-12 Distribution</b>
<b>Department of Military and Veterans Affairs</b>		
Colorado State Veterans	<b>941,339</b>	<b>891,547</b>
<b>Department of Human Services</b>		
Child Mental Health Treatment Act	<b>300,000</b>	<b>300,000</b>
<b>Department of Public Health and Environment</b>		
Dental Loan Repayment Program	200,000	200,000
AIDS and HIV Prevention Grant Program	1,882,678	1,783,094
AIDS Drug Assistance Program	3,294,686	3,120,415
Tony Gramscas Youth Services Program	3,765,355	3,566,189
Nurse Home Visitor Program (\$635,858 of the FY 2011-12 allocation will be transferred to the General Fund)	13,178,744	13,373,208
<b>Subtotal - Department of Public Health and Environment</b>	<b>22,321,463</b>	<b>22,042,906</b>
<b>Tier 1 Total</b>	<b>\$62,345,163</b>	<b>\$60,004,089</b>

**Table 6**

<b>Tier 2 Program</b>	<b>FY 2010-11 Distribution</b>	<b>FY 2011-12 Distribution</b>
<b>Department of Higher Education</b>		
University of Colorado, Health Sciences Center	<b>\$15,674,327</b>	<b>\$14,364,414</b>
<b>Department of Health Care Policy and Financing</b>		
Medicaid shortfalls at Children's Hospital (\$12,884 of the allocation shown in the FY 2010-11 column was transferred to the General Fund)	319,884	0
Children's Basic Health Plan Trust	4,318,437	4,250,694
<b>Subtotal - Department of Health Care Policy and Financing</b>	<b>4,638,321</b>	<b>4,250,694</b>
<b>Department of Human Services</b>		
Mental Health Services for Juvenile and Adult Offenders	3,838,611	3,517,816
Juvenile Justice Family Advocate Program	221,717	0
Alcohol and drug abuse programs	959,653	879,454
<b>Subtotal - Department of Human Services</b>	<b>5,019,981</b>	<b>4,397,270</b>
<b>Department of Personnel and Administration</b>		
Supplemental state contribution for group benefit plans	<b>1,439,479</b>	<b>1,319,181</b>

<b>Tier 2 Program</b>	<b>FY 2010-11 Distribution</b>	<b>FY 2011-12 Distribution</b>
<b>Department of Public Health and Environment</b>		
Local public health agencies	2,239,190	2,052,059
Colorado Immunization Program	1,279,537	1,172,605
Short-term Grants for Innovative Health Programs (entire amount transferred to the General Fund in both years)	1,607,518	1,508,908
Health Care Professional Loan Repayment	90,070	250,000
<b>Subtotal - Department of Public Health and Environment</b>	<b>5,216,315</b>	<b>4,983,572</b>
<b>Tier 2 Total</b>	<b>\$31,988,423</b>	<b>\$29,315,131</b>

- 4. Determine the appropriation to individual settlement programs.** Steps 1, 2, and 3 determine the *allocation* of settlement moneys to programs. In many cases the program's appropriation equals the program's allocation, but for tier 1 programs with cash funds, the appropriation may diverge from the allocation because: (1) the program's cash fund can earn income that can be expended in subsequent years; or (2) the program's cash fund can carry unexpended appropriations forward to be appropriated again in subsequent years. Annual appropriations corresponding to forecasts of the above allocations must be enacted into law several months before the end of the prior fiscal year. Supplemental appropriations enacted during the following legislative session align appropriations with the settlement payments that Colorado actually receives, though tier 1 programs with cash funds can sometimes use the cash funds to avoid supplemental adjustments.

### **The Supplemental Appropriations and Overexpenditures Account**

House Bill 07-1359 diverted \$24.4 million of the April 2007 tobacco settlement payment into the Health Care Supplemental Appropriations and Overexpenditures Account of the Tobacco Litigation Settlement Cash Fund to be used for overexpenditures or supplemental appropriations to the Children's Basic Health Plan (CBHP) and the Colorado Benefits Management System (CBMS). Subsequent transfers from the fund pursuant to H.B. 08-1285, H.B. 08-1287, S.B. 09-187, S.B. 09-189, and S.B. 09-259 reduced the fund balance as shows in Table 7. Senate Bill 11-226 transfers the residual balance to the General Fund during FY 2011-12.

**Table 7**

<b>The Supplemental Appropriations and Overexpenditures Account</b>	
<i>Original balance in the account</i>	<u>\$24,400,000</u>
FY 2007-08 transfers to CBHP and CBMS	(2,411,659)
FY 2008-09 transfers to CBHP and CBMS	(21,166,627)
FY 2009-10 transfer to the General Fund	<u>(152,195)</u>
<b>FY 2009-10 ending balance (transferred to the General Fund during FY 2011-12 by S.B. 11-226)</b>	<b>\$669,519</b>

## Amendment 35 Tobacco-tax Revenue Allocation

In November 2004 voters approved Amendment 35, Tobacco Taxes for Health Related Purposes, which imposed a 64¢ tax on each pack of cigarettes sold in Colorado and imposed related taxes on other tobacco products. The amendment, which is contained in Section 21 of Article 10 of the Colorado Constitution, and the implementing legislation, which is contained in Section 24-22-117, C.R.S., established or expanded the funds and programs listed in Table 8 and allocated the Amendment's tobacco-tax revenue among them in the percentages indicated.

**Table 8**

<b>Amendment 35 Fund or Program (Department), Purpose</b>	<b>Percent</b>
Health Care Expansion Fund (DHCPF), to provide funding to the Children's Basic Health Plan and Medicaid /1	<i>FY 10-11:</i> 46.0% <i>FY 10-11:</i> 46.3%
Primary Care Fund (DHCPF), to provide funding to clinics and hospitals that offer health care services to the uninsured or medically indigent	19.0%
Tobacco Education Programs Fund (DPHE), to support the tobacco education, prevention, and cessation program and grants for tobacco education, prevention, and cessation	16.0%
Prevention, Early Detection and Treatment Fund (DPHE), to support cancer, cardiovascular, and pulmonary disease grants; breast and cervical cancer screening and treatment; and Medicaid disease management	13.6%
Health Disparities Grant Program Fund (DPHE), to support the Health Disparities Program and support grants to reduce health disparities	2.4%
Old Age Pension Fund (DHS)	1.5%
Local governments (DR), to compensate for lost tobacco tax revenue	0.9%
Immunizations by local public health agencies formerly classified as county nursing services (DPHE)	0.3%
Pediatric Specialty Hospital Fund to provide funding to Children's Hospital in Denver for Medicaid and indigent care (HCPF) /1	<i>FY 10-11:</i> 0.3% <i>FY 11-12:</i> 0.0%
<b>Total</b>	<b>100.0%</b>

DHCPF = Department of Health Care Policy and Financing, DHS = Department of Human Services, DPHE = Department of Public Health and Environment, and DR = Department of Revenue.

/1 Senate Bill 11-216 directed Pediatric Specialty Hospital Fund revenues to the Health Care Expansion Fund beginning in FY 2011-12.

Amendment 35 states that its tobacco-tax revenue can be used for any health-related purpose for one year if a joint resolution declaring a fiscal emergency for that year is passed by a two thirds vote of both houses of the General Assembly and is signed by the Governor. In response to sharply lower General Fund revenues, the General Assembly and the Governor approved S.J.R. 09-035 and S.J.R. 10-010, which declared fiscal emergencies for FY 2010-11 and FY 2011-12. Using these emergencies, the General Assembly passed H.B. 10-1378, H.B. 10-1381, S.B. 11-211 and S.B. 11-219, which appropriate substantial sums from (1) the Primary Care Fund, (2) the Tobacco Education Programs Fund, (3) the Prevention, Early Detection and Treatment Fund, and (4) the Health Disparities Grant Program Fund to health-related programs whose purposes differed from the statutory purposes of these funds. In two cases these appropriations exceed the projected allocation of new Amendment 35 revenue. The appropriation in H.B.10-1383 from the Health Disparities Grant Program Fund exceeds the fund's projected allocation of FY 2010-11 tobacco-tax revenues and the appropriation in S.B.11-219 from the Primary Care Fund exceeds the fund's projected allocation of FY 2011-12 tobacco-tax revenues. In each case, some of the appropriation must thus come from the fund's reserves, i.e. from its carryforward balance from a prior year, and the net "allocation" of Amendment 35 dollars to the fund for its



statutory purpose is negative. Tables 9 and 10 show the resulting net "allocation" of tobacco-tax revenue for FY 2010-11 and FY 2011-12. The final columns in these tables equal the allocation of new tobacco tax revenue, based on the March 2011 Legislative Council Staff revenue forecast, minus appropriations for health-related "non-statutory" or "non-fund" purposes in H.B. 10-1378, H.B. 10-1381, S.B. 11-211 and S.B. 11-219.

**Table 9**

<b>Fund or Program (Department)</b>	<b>FY 2010-11 share of new tobacco tax revenue</b>	<b>Minus: FY 2010-11 appropriations for "non- statutory" purposes in H.B. 10-1378 or H.B. 10-1381</b>	<b>= Net FY 2010-11 "allocation" for the statutory purpose of the fund or program</b>
Health Care Expansion Fund (DHCPF)	\$69,452,000	\$0	\$69,452,000
Primary Care Fund (DHCPF)	28,687,000	(28,300,000)	387,000
Tobacco Education Programs Fund (DPHE)	24,157,000	(15,521,625)	8,635,375
Prevention, Early Detection and Treatment Fund (DPHE)	20,534,000	(5,679,358)	14,854,642
Health Disparities Grant Program Fund (DPHE)	3,624,000	(4,490,435)	(866,435)
Old Age Pension Fund (DHS)	2,265,000	0	2,265,000
Local governments (DR)	1,359,000	0	1,359,000
Immunizations by local public health agencies (DPHE)	453,000	0	453,000
Pediatric Specialty Hospital Fund (HCPF)	453,000	0	453,000
<b>Total</b>	<b>\$150,984,000</b>	<b>(\$53,991,418)</b>	<b>\$96,992,582</b>

**Table 10**

<b>Fund or Program (Department)</b>	<b>FY 2011-12 share of new tobacco tax revenue</b>	<b>Minus: FY 2011-12 appropriations for "non- statutory" purposes in S.B. 11-211 or S.B. 11-219</b>	<b>= Net FY 2011-12 "allocation" for the statutory purpose of the fund or program</b>
Health Care Expansion Fund (DHCPF)	\$68,272,000	\$0	\$68,272,000
Primary Care Fund (DHCPF)	28,017,000	(28,253,000)	(236,000)
Tobacco Education Programs Fund (DPHE)	23,593,000	(17,758,594)	5,834,406
Prevention, Early Detection and Treatment Fund (DPHE)	20,054,000	(11,955,055)	8,098,945
Health Disparities Grant Program Fund (DPHE)	3,539,000	(3,286,351)	252,649
Old Age Pension Fund (DHS)	2,212,000	0	2,212,000
Local governments (DR)	1,327,000	0	1,327,000
Immunizations by local public health agencies (DPHE)	442,000	0	442,000
Pediatric Specialty Hospital Fund (HCPF)	0	0	0
<b>Total</b>	<b>\$147,456,000</b>	<b>(\$61,253,000)</b>	<b>\$86,203,000</b>

## Recent Legislation

### 2010 Session Bills

**S.J.R. 10-010:** Declares a state fiscal emergency for FY 2010-11, which allows Amendment 35 tobacco-tax revenues to be used in FY 2010-11 for any health-related purpose. For more information see the corresponding bill description for the Department of Public Health and Environment.

**H.B. 10-1320:** Pursuant to the passage of S.J.R. 09-035, which declared a state fiscal emergency, allows moneys in the Health Care Expansion Fund, which supports Medicaid and the Children's Basic Health Plan, to be used to offset General Fund appropriations in the Medicaid program and allows moneys in the Health Disparities Grant Program Fund to be used to offset General Fund appropriations in the Medicaid program. For more information, see the corresponding bill description for the Department of Health Care Policy and Financing.

**H.B. 10-1323:** Repeals the Supplemental Tobacco Litigation Settlement Money Account of the Comprehensive Primary and Preventive Care Fund. In FY 2009-10, the distribution that formerly went to this account is transferred to the General Fund. For FY 2010-11 and thereafter, the Children's Basic Health Plan Trust Fund receives the distribution that formerly went to this account. Transfers the balance of the Short-term Innovative Health Program Grant Fund to the General Fund at the end of FY 2010-11 and allows moneys in the AIDS and HIV Prevention Fund to be appropriated to the AIDS Drug Assistance Program for FY 2010-11. For more information, see the corresponding bill description for the Department of Health Care Policy and Financing.

**H.B. 10-1378:** Pursuant to the passage of S.J.R. 10-010, which declared a state fiscal emergency, adjusted FY 2010-11 appropriations to the Department of Health Care Policy and Financing. For more information, see the corresponding bill description for the Department of Health Care Policy and Financing.

**H.B. 10-1381:** For FY 2010-11, utilizes the state fiscal emergency declared by S.J.R. 10-010 to appropriate \$25.7 million of Amendment 35 revenue to the Department of Health Care Policy and Financing (DHCPF) to support Medical Services Premiums and reduces the General Fund appropriation for Medical Services Premiums to DHCPF by an equal amount. Reduces appropriations of Amendment 35 revenue to the Department of Public Health and Environment by a corresponding amount. For more information see the corresponding bill description for the Department of Public Health and Environment.

### 2011 Session Bills

**S.J.R. 11-009:** Declares a state fiscal emergency for FY 2011-12, which allows Amendment 35 tobacco-tax revenues to be appropriated for any health-related purpose during FY 2011-12. For more information see the corresponding bill description for the Department of Public Health and Environment.

**S.B. 11-210:** Appropriates \$2.230,000 million from the Tobacco Tax Cash fund to support health-related costs of Old Age Pension (OAP) clients served through the Medicaid program for FY 2011-12. Transfers any fund balance in the Supplemental OAP Health and Medical Care Fund to the General Fund on June 30, 2012. For more information see the corresponding bill description for the Department of Public Health and Environment.

**S.B. 11-211:** Utilizes the state fiscal emergency declared for FY 2011-12 by S.J.R. 11-009 to appropriate \$33.0 million of Amendment 35 revenue to the Department of Health Care Policy and Financing (DHCPF) to support Medical Services Premiums and reduces the General Fund appropriation for Medical Services Premiums to DHCPF by an equal amount. Reduces appropriations of Amendment 35 revenue to the Department of Public Health and Environment by a corresponding amount. For more information see the corresponding bill description for the Department of Public Health and Environment.

**S.B. 11-216:** Alters the allocation of Amendment 35 revenues. Eliminates the 0.3 percent tier 1 allocation to the Pediatric Specialty Hospital Fund and redirects the allocation to the Children's Basic Health Plan (CBHP). Eliminates the 1 percent tier 2 allocation to the Pediatric Specialty Hospital Fund and redirects the allocation to the CBHP. For more information see the corresponding bill description for the Department of Health Care Policy and Financing.

**S.B. 11-219:** Utilizing the state fiscal emergency declared for FY 2011-12 by S.J.R. 11-009, for FY 2011-12 allows certain Amendment 35 revenues to be used to offset expenditures in the Department of Health Care Policy and Financing. For FY 2011-12, makes several transfers between funds to increase use of federal moneys to offset state expenditures under the Colorado Indigent Care Program and to make payments to certain primary care providers that do not receive moneys under the Indigent Care Program. For more information see the corresponding bill description for the Department of Health Care Policy and Financing.

**S.B. 11-224:** Suspends growth of the Nurse Home Visitor Program for two years, transferring the resulting savings to the General Fund. For more information see the corresponding bill description for the Department of Public Health and Environment.

**S.B. 11-225:** Redirects certain transfers of tobacco-settlement moneys from the Short-term Innovative Health Program Grant Fund to the General Fund and transfers the balance of the Short-term Innovative Health Program Grant Fund to the General Fund at the end of FY 2011-12. For more information see the corresponding bill description for the Department of Public Health and Environment.

**S.B. 11-226:** Transfers the balance of the Health Care Supplemental Appropriations and Overexpenditures Account of the Tobacco Litigation Settlement Cash Fund to the General fund and transfers \$1,864,845 from the Read to Achieve Cash Fund to the General Fund. For more information see the corresponding bill description for the Department of Education.

**H.B. 11-1281:** Increases the annual diversion of tobacco settlement revenue to the Health Care Professional Loan Forgiveness Program from \$90,070 to \$250,000. For more information see the corresponding bill description for the Department of Public Health and Environment.

## **H. AMOUNTS DEEMED EXEMPT FROM THE RESTRICTION ON GENERAL FUND APPROPRIATIONS SET FORTH IN SECTION 24-75-201.1, C.R.S.**

From FY 1991-92 through FY 2008-09, Section 24-75-201.1, C.R.S., restricted annual state General Fund appropriations to the lesser of: (1) an amount equal to 5.0 percent of Colorado personal income, or (2) 6.0 percent over the total General Fund appropriations for the previous fiscal year. During this time period, the lesser amount was 6.0 percent over the previous year's General Fund appropriations, so this restriction was commonly called the "6.0 percent limit". It was also referred to as the Arveschoug or Arveschoug/Bird limit after the prime sponsors of the bill that established this limit, Representative Arveschoug and Senator Bird.

Senate Bill 09-228 amended Section 24-75-201.1, C.R.S., to simply restrict annual state General Fund appropriations to an amount equal to 5.0 percent of Colorado personal income. Therefore, beginning in FY 2009-10, the 6.0 percent limit is no longer applicable.

Section 24-75-201.1 (1) (a) (III), C.R.S., specifies that the statutory limitation on General Fund appropriations 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 are not subject to the statutory limitation 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 statutory limitation; and the General Fund appropriation related to the senior citizen and disabled veteran property tax exemption is not subject to the statutory limitation because enactment of Article X, Section 3.5 (3) of the Colorado Constitution constitutes voter approval of a weakening of the limitation. These other exceptions are noted in each relevant department section of this report.

The tables included in this Appendix list the General Fund amounts that were exempt from or were not subject to the statutory limitation on General Fund appropriations in FY 2010-11 and FY 2011-12. These amounts are organized into three sections, described below.

### Section 1 - Rebates and Expenditures

The quarterly revenue forecasts prepared by the Legislative Council Staff and the Office of State Planning and Budgeting often include dollar amounts referred to as "rebates and expenditures". These amounts reflect various annual expenditures that are exempt from or not subject to the statutory limitation on General Fund appropriations pursuant to statutory or constitutional provisions. These statutory and constitutional obligations include the following:

- the Old Age Pension program [Article XXIV 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 [Sections 31-30-1112 (2) (i) and 31-30.5-307 (3), C.R.S.];
- Old Age Heat or 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
- General Fund appropriations related to certain tobacco tax revenues [Article X, Section 21 of the Colorado Constitution, often referred to as Amendment 35].

#### Section 2 - Senior and Disabled Veteran Property Tax Homestead Exemption

In the 2000 general election, Colorado voters approved a constitutional amendment (Article X, Section 3.5) that reduces property taxes for qualifying senior citizens and disabled veterans. 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 are appropriated for purposes that are exempt from the statutory limitation on General Fund appropriations as reflected in Section 24-75-201.1, C.R.S.

<b><u>General Fund Appropriations Deemed Exempt from Statutory Restriction</u></b>			
	<b>Department</b>	<b>Amount</b>	<b>Reason</b>
<b>FY 2010-11</b>			
<b><u>Section 1 - Rebates and Expenditures</u></b>			
Old Age Pensions/1	Human Services	\$100,000,000	Voter Approved
Volunteer Firefighter Benefit Plans/2	Local Affairs	4,144,363	Other
Cigarette Tax Rebate/2	Revenue	11,300,000	Other
Old Age Heat and Fuel and Property Tax Assistance Grant/2	Revenue	8,200,000	Other
Fire and Police Pension Association (FPPA) - Old Hire Plans	Treasury	0	Other
Loans to School Districts/1	Treasury	800,000	Other
Pediatric Specialty Hospital (Amendment 35)/2	Health Care Policy and Financing	447,000	Voter Approved
Immunizations (Amendment 35)/2	Public Health and Environment	<u>447,000</u>	Voter Approved
<b>Total Rebates and Expenditures</b>		<b>\$125,338,363</b>	
<b><u>Section 2 - Homestead Exemption</u></b>			
Senior Citizen and Disabled Veteran Property Tax Exemption/3	Treasury	\$1,670,802	Voter Approved
Revenue Forecast Adjustment		<u>0</u>	
<b>Total Homestead Exemption</b>		<b>\$1,670,802</b>	
<b><u>Section 3 - Amounts Deemed Exempt</u></b>			
<b>Total Amounts Deemed Exempt</b>		<b>\$0</b>	
<b>FY 2010-11 TOTAL</b>		<b>\$127,009,165</b>	
<b>FY 2011-12</b>			
<b><u>Section 1 - Rebates and Expenditures</u></b>			
Old Age Pensions/1	Human Services	\$105,400,000	Voter Approved
Volunteer Firefighter Benefit Plans/4	Local Affairs	4,294,753	Other
Cigarette Tax Rebate/4	Revenue	11,500,000	Other
Old Age Heat and Fuel and Property Tax Assistance Grant/4	Revenue	7,800,000	Other

**General Fund Appropriations Deemed Exempt from Statutory Restriction**

	<b>Department</b>	<b>Amount</b>	<b>Reason</b>
Fire and Police Pension Association (FPPA) - Old Hire Plans/5	Treasury	5,321,079	Other
Loans to School Districts/1	Treasury	0	Other
Pediatric Specialty Hospital (Amendment 35)/4	Health Care Policy and Financing	446,100	Voter Approved
Immunizations (Amendment 35)/4	Public Health and Environment	<u>446,100</u>	Voter Approved
<b>Total Rebates and Expenditures</b>		<b>\$135,208,032</b>	
<b><u>Section 2 - Homestead Exemption</u></b>			
Senior Citizen and Disabled Veteran Property Tax Exemption/4	Treasury	\$1,700,000	Voter Approved
Revenue Forecast Adjustment		<u>0</u>	
<b>Total Homestead Exemption</b>		<b>\$1,700,000</b>	
<b><u>Section 3 - Amounts Deemed Exempt</u></b>			
<b>Total Amounts Deemed Exempt</b>		<b>\$0</b>	
<b>FY 2011-12 TOTAL</b>		<b>\$136,908,032</b>	

/1 These amounts are constitutionally or statutorily diverted prior to being deposited in the General Fund; therefore, they are not appropriated from the General Fund in any bill.

/2 These amounts are included in H.B. 10-1376, the General Appropriations Act for FY 2010-11.

/3 This amount is the sum of the amount shown in H.B. 10-1376 and the reduction included in S.B. 10-190.

/4 These amounts are included in S.B. 11-209, the General Appropriations Act for FY 2011-12.

/5 This amount is the sum of the amount shown in S.B. 11-209 and the reduction included in S.B. 11-221.

## **I. LETTERS REQUESTING INFORMATION FROM STATE DEPARTMENTS**

Historically, Long Bill footnotes described the General Assembly's intent regarding an appropriation; placed a condition or limitation on an appropriation; explained any assumptions used in determining the specific amount of an appropriation; or requested information. However, pursuant to House Bill 08-1321, the Long Bill no longer contains footnotes that request information. In their place, the Joint Budget Committee submits 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

## SENATORS

Mary Hodge, Chair  
Pat Steadman  
Kent Lambert

## REPRESENTATIVES

Cheri Gerou, Vice-Chair  
Jon Becker  
Mark Ferrandino



STAFF DIRECTOR  
John Ziegler

## JOINT BUDGET COMMITTEE

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LEGISLATIVE SERVICES BUILDING  
Denver, CO 80203  
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[www.state.co.us/gov\\_dir/leg\\_dir/jbc/jbchome.htm](http://www.state.co.us/gov_dir/leg_dir/jbc/jbchome.htm)

April 21, 2011

Hon. John Hickenlooper, Governor  
136 State Capitol  
Denver, CO 80203-1792

Dear Governor Hickenlooper:

The General Assembly is currently finalizing the FY 2011-12 Long Bill. Historically, Long Bill footnotes contained the General Assembly's requests for information. However, pursuant to Section 24-75-112 (2), C.R.S., the Long Bill no longer includes 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. Consistent with the provisions of H.B. 10-1119, information requests have been prioritized within each department in the attached lists.

To assist our staff in organizing and tracking submissions, we would appreciate if departments would follow the protocol outlined in an attachment to this letter with respect to submitting hard copies and electronic responses. It is the hope of the Joint Budget Committee that the state departments will comply with these requests for information to the fullest extent possible.

Please notify us by May 10<sup>th</sup> if you do not intend to comply with any requests.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mary Hodge".

Senator Mary Hodge  
Chair

cc:

Executive Agency Directors  
Henry Sobanet, Office of State Planning and Budgeting  
John Ziegler, Joint Budget Committee Staff

**Attachment**  
**Requested Format for Responses to Legislative Requests for Information**

Please submit both hard (paper) copies and electronic copies of request for information (RFI) responses as follows:

- ✓ Hard copies: Three (3) hard copies should be delivered by the requested due-date to the Joint Budget Committee (JBC) offices at 200 East 14th Ave., Denver, 3rd Floor.
- ✓ Electronic copies: An electronic copy of all paper submissions should also be submitted. This should be sent by email to:
  - The JBC analyst responsible for the specified budget area
  - Sarietha Ormsby ([sarietha.ormsby@state.co.us](mailto:sarietha.ormsby@state.co.us)) at the JBC offices
  - Legislative Council Staff at the following address: [lcs.ga@state.co.us](mailto:lcs.ga@state.co.us)

The Legislative Council Staff ([lcs.ga@state.co.us](mailto:lcs.ga@state.co.us)) will include the report in an electronic database (part of the Legislative Council Library) and will also ensure the report is distributed to other legislative committees, as specified in some of the RFIs.

- ✓ All submissions should include the following information:
  - Name of Department
  - Long Bill fiscal year to which the RFI is attached (FY 2011-12 for the RFIs listed in this letter)
  - Correct RFI number, as listed in this letter

Please include this information in the subject line for electronic submissions, as well as in the body of both electronic and hard copy submissions.

- ✓ Please use the following naming convention for your electronic attachments:

**"[Department] [fiscal year] [RFI Number]"**

For example, the attachment providing the response to RFI #8 in the Department of Health Care Policy and Financing would be entitled: **Health Care Policy and Financing FY 2011-12 RFI #8**

## **REQUESTS AFFECTING MULTIPLE DEPARTMENTS**

1. **Department of Health Care Policy and Financing, Executive Director's Office; and Department of Human Services, Services for People with Disabilities** -- The General Assembly requests that the departments work together with Community Centered Boards and submit a report to the Joint Budget Committee, the House Health and Environment Committee, and the Senate Health and Human Services Committee by November 1, 2011 with recommendations regarding whether the administration and funding for services for people with developmental disabilities should be transferred from the Department of Human Services to the Department of Health Care Policy and Financing. The report should discuss pros and cons associated with such a move and any potential savings. In preparing the recommendations the departments should solicit input from stakeholders.
2. **Department of Health Care Policy and Financing, Executive Director's Office; and Department of Human Services, Division of Child Welfare and Division of Youth Corrections** -- The Departments are requested to submit a report by November 1, 2011 on the feasibility of refinancing multi-systemic therapy, functional family therapy, and similar intensive, evidence-based therapies that support family preservation and reunification for youth involved in the child welfare and youth corrections systems. The report is specifically requested to examine whether related General Fund expenditures could be refinanced with Medicaid funds for qualifying youth and families and whether this could be done in a manner that would not drive an overall increase in Medicaid costs.
3. **Department of Education, Assistance to Public Schools, Categorical Programs; and Department of Higher Education, Division of Occupational Education, Distribution of State Assistance for Career and Technical Education pursuant to Section 23-8-102, C.R.S.** -- The Department of Education is requested to work with the Department of Higher Education 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 programs for children with disabilities, English language proficiency programs, public school transportation, career and technical education, 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 2010-11 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 2009-10 and actual district expenditures for each program in fiscal year 2009-10. The information for special education programs for 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 2009-10 and actual district expenditures in fiscal year 2009-10.
4. **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 to provide a report to the Joint Budget Committee by November 1, 2011, concerning revenues credited to and expenditures made from the Disaster Emergency Fund in fiscal years 2010-11 and 2011-12 year to date. 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.

5. **All Departments, Totals** -- Every department is requested to submit to the Joint Budget Committee, by November 1, 2011 information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that were received in FY 2010-11. The Departments are also requested to identify the number of additional federal and cash funds FTE associated with any federal grants or private donations that are anticipated to be received during FY 2011-12.
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 keep the House Health and Environment Committee, the Senate Health and Human Services Committee, and the Joint Budget Committee informed on activities of the working group charged with exploring options for how to implement the home and community based waiver programs, and to provide a progress report by November 1, 2011.

#### **DEPARTMENT OF CORRECTIONS**

1. **Department of Corrections, Institutions, Mental Health Subprogram** -- It is requested that the Department of Corrections submit a report to the House Judiciary Committee and the Senate Judiciary Committee by January 31, 2012, detailing the progress related to the mental health unit at CSP.
2. **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, 2012, 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.
3. **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, 2011, summarizing transfers that were made within this subprogram pursuant to the flexibility authorized by footnote.
4. **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, 2011, 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.
5. **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, 2011, summarizing this information for each of the private prison providers reimbursed from the External Capacity Subprogram.

#### **DEPARTMENT OF EDUCATION**

1. **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, 2011, information concerning the Colorado Preschool Program. The information provided is requested to include the following for fiscal year 2010-11: (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; and (d) the state and local shares of total program funding that is attributable to the Program.
2. **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, 2011, 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 years 2009-10 and 2010-11.

#### **GOVERNOR-LIEUTENANT GOVERNOR-STATE PLANNING AND BUDGETING**

1. **Governor - Lieutenant Governor - State Planning and Budgeting, Office of Information Technology, Colorado Benefits Management System** -- The Department is requested to submit a summary of change request activity related to the Colorado Benefits Management System. This summary should include the number of change 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. The report should be provided to the Joint Budget Committee annually on or before November 1.
2. **Governor - Lieutenant Governor - State Planning and Budgeting, Office of the Governor, 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 an annual report by November 1 of each year 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, to advance energy efficiency and renewable energy throughout the state.
3. **Governor - Lieutenant Governor - State Planning and Budgeting, Economic Development Programs, Bioscience Discovery Evaluation** -- The Department is requested to submit an annual report to the Joint Budget Committee by November 1 of each year. 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 fiscal 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**

1. **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, the Medicare Modernization Act State Contribution Payment, and the Old Age Pension State Medical Program within the monthly report.
2. **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 2011-12 to the Joint Budget Committee by September 1, 2011. 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 25.5-5-404 (1) (l), C.R.S.
3. **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, 2012, to the Joint Budget Committee, estimating the disbursement to each hospital from the Safety Net Provider Payment line item for FY 2011-12.
4. **Department of Health Care Policy and Financing, Executive Director's Office, Information Technology Contracts and Projects, Centralized Eligibility Vendor Contract Project** -- The Department of Health Care Policy and Financing is requested to submit a report by November 1, 2011, to the Joint Budget Committee providing information on the current contract expenditures and the strategic plan for the centralized eligibility vendor contract project. In the report, the Department is requested to provide the following information:
  - (a) a three-year expenditure plan for the contract for FY 2012-13, FY 2013-14, and FY 2014-15;
  - (b) information comparing the cost effectiveness of this contract when compared to eligibility performed by the counties;
  - (c) information regarding the number of clients who have eligibility performed by the centralized eligibility vendor but may also be eligible for other state assistance programs with eligibility determined by the counties;
  - (d) information comparing the ability of the contractor to meet federal guidelines for determining eligibility compared to eligibility performed by the counties; and
  - (e) information about the amount of oversight the Governor's Office of Information Technology provides on the contract.

5. **Department of Health Care Policy and Financing, Medical Services Premiums** -- The Department is requested to submit a report by November 1, 2011 to the Joint Budget Committee regarding the Department's efforts to ensure that pharmaceuticals are purchased at the lowest possible price. In the report, the Department is requested to provide cost and savings estimates that may occur on a quarterly basis if the Department did the following:
  - (a) tracked changes in the price of pharmaceuticals;
  - (b) checked the availability and price of generic drugs and compared those prices to the cost of brand drugs after rebate;
  - (c) reviewed and updated the state's maximum allowable cost list; and
  - (d) compared pharmaceutical costs of the state Medicaid program to available pharmacy price lists.
6. **Department of Health Care Policy and Financing, Indigent Care Program, Children's Basic Health Plan Medical and Dental Costs** -- The Department is requested to submit a report by November 1, 2011, to the Joint Budget Committee providing information on the costs and savings of increasing the monthly premium charged to clients in the Children's Basic Health Plan program for any children and pregnant women enrolled in the program with incomes over 205 percent of the federal poverty level. In the report, the Department is requested to provide information about the monthly premiums charged by other states in their Children's Health Insurance Programs and what similar premium charges would save in the Colorado program. In the report, the Department is also requested to provide information regarding the barriers to health care that monthly premiums cause at this income level.
7. **Department of Health Care Policy and Financing, Medical Services Premiums** -- The Department is requested to submit a report by November 1, 2011, to the Joint Budget Committee providing information on the costs and savings of increasing co-payments in the Medicaid program to the maximum amount allowed under federal law.
8. **Department of Health Care Policy and Financing, Indigent Care Program, Children's Basic Health Plan Medical and Dental Costs** -- The Department is requested to submit a report by November 1, 2011, to the Joint Budget Committee providing information on the costs and savings of increasing co-payments in the Children's Basic Health Plan program to the maximum amount allowed under federal law.
9. **Department of Health Care Policy and Financing, Medical Services Premiums** -- The Department is requested to submit a report by November 1, 2011, to the Joint Budget Committee providing information on the implementation of the Accountable Care Collaborative Organization project. In the report, the Department is requested to inform the Committee on how many Medicaid clients are enrolled in the pilot program, the current administrative fees and costs for the program, and any initial results that demonstrate savings for the pilot program. If data is not available to determine saving results, the Department shall note when such data is anticipated to be available.
10. **Department of Health Care Policy and Financing, Services for Old Age Pension State Medical Program** -- The Department is requested to inform the Joint Budget Committee of any planned reimbursement increases for the program prior to presentation to the Medical Services Board.

11. **Department of Health Care Policy and Financing, Other Medical Services, 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 the S.B. 97-101 public school health services program. The report is requested to 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.

#### **DEPARTMENT OF HIGHER EDUCATION**

1. **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 January 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.

#### **DEPARTMENT OF HUMAN SERVICES**

1. **Department of Human Services, Services for People with Disabilities, Community Services for People with Developmental Disabilities, Program Costs, Early Intervention Services** -- The Department is requested to notify the Joint Budget Committee before implementing any cost containment strategy expected to result in a decrease in the number of people eligible for early intervention services. The notification should include discussion of alternative strategies, including but not limited to provider rate reductions and increasing payments from non-General Fund sources, and an estimate of the cost of serving the projected population without reducing eligibility.
2. **Department of Human Services, Division of Youth Corrections** -- The Division is requested to provide a report to the Joint Budget Committee by November 1 of each year concerning its proposed and actual use of budgetary flexibility provided between institutional and purchase of contract placement appropriations. The report should specify funds that have been or are anticipated to be transferred and how the changes will affect numbers and types of institutional and community placements anticipated to be used for youth in commitment and detention placements.
3. **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.

4. **Department of Human Services, Totals** -- The Department is requested to submit a report concerning the status of federal Temporary Assistance for Needy Families (TANF) funds. The requested report should include the following: (a) an analysis of the TANF Long Term Reserve, including estimated TANF funds available for appropriation, estimated TANF appropriations by Long Bill line item, and the estimated closing Long Term Reserve balance, for each of the most recent actual fiscal year, the current fiscal year, and the request fiscal year; (b) an analysis of the TANF maintenance of effort (MOE) payments, showing the actual and forecast MOE expenditures, by program, for the most recent actual fiscal year, the current fiscal year, and the request fiscal year; and (c) an analysis of the counties' TANF reserve balances that includes, for each county, for the most recent actual fiscal year, the starting TANF Reserve Account balances for the Works Program, Title XX, and Child Care Development Fund accounts, the annual TANF allocation, the total expenditures, the net transfers to child care and child welfare, any amounts remitted to the state, and the closing reserve balance for all county TANF accounts. The report should be provided to the Joint Budget Committee annually on or before November 1. An update to this information reflecting data as of the close of the federal fiscal year should be provided to the Joint Budget Committee annually on or before January 1.
5. **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 2010-11, 2011-12 and 2012-13 (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. An update to the information on the amount of federal funds anticipated to be available and requested to be expended by Long Bill line item should be provided to the Joint Budget Committee annually on or before January 15.
6. **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 an annual report to the Joint Budget Committee, on or before November 15, that includes: (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.

7. **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.
8. **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.
9. **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 of each year, information concerning the actual use of funds distributed through the child welfare allocation model, including data on expenses and children served by funding category. At a minimum, 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.
10. **Department of Human Services, Office of Self Sufficiency, Special Purpose Welfare Programs, Refugee Assistance** - The Department is requested to submit a report by November 1 of each fiscal year on the size of the Colorado refugee population, the percent that is TANF-eligible, federal funding received from the Department of Health and Human Services, Office of Refugee Resettlement in the most recent actual fiscal year, and federal funding projected to be received in the current and next fiscal year from the Office of Refugee Resettlement.
11. **Department of Human Services, Office of Self Sufficiency, Colorado Works Program, Works Program Evaluation** -- The Department is requested to submit a summary of the activities conducted under the Works Program Evaluation activity. The summary should include specific questions which the Department set out to answer, the methodologies used, the results obtained, and suggestions on how the results can be used to improve the Works program. The report should be provided to the Joint Budget Committee and the House and Senate Health and Human Services Committees by November 1 of each year.
12. **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 the Injury Prevention 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.

13. **Department of Human Services, Division of Youth Corrections, Community Programs, S.B. 91-94 Programs and Parole Program Services** -- The Division is requested to provide a report to the Joint Budget Committee by November 1 of each year concerning the continuum of care initiative and the impact of budgetary flexibility. This report should include the following information: (1) the amount of funds transferred to these line items in the prior actual fiscal year based on flexibility provided in the Youth Corrections budget; (2) the type of services purchased with funds transferred; and (3) the number of youth served with such expenditures.
14. **Department of Human Services, Adult Assistance, Community Services for the Elderly** - The Department is requested to submit a report by November 1 of each year on Older Americans Act Funds received and anticipated to be received, and the match requirements for these funds. The report should also specify the amount of funds, if any, that were transferred between the State Funding for Senior Services line item and the Older Americans Act Programs line item in the prior actual fiscal year to comply with federal match requirements.
15. **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 revenue on its books as of the close of the preceding fiscal year.
16. **Department of Human Services, Division of Child Welfare** -- The Department is requested to provide to the Joint Budget Committee, by November 1 of each year, 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.

#### **DEPARTMENT OF NATURAL RESOURCES**

1. **Department of Natural Resources, Parks and Outdoor Recreation** -- The Division of Parks and Outdoor Recreation is requested to provide the Joint Budget Committee with a report on division sources of revenue as well as the expenditures of revenues by revenue type. The report should provide an analysis of lottery funds used for operations and capital projects. The report is requested to be submitted by November 1, 2011.
2. **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.
3. **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.

**DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT**

1. **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, 2011. The report should include, but not be limited to: (1) a narrative description of program changes within the past year, including changes that have enhanced the program and its coverage and changes that have been detrimental to the program and its coverage, with an explanation of the reasons for change; (2) the number of enrolled clients and the number of clients actually served, with a description of the demographic profile of the client population; (3) the total and average monthly costs to provide pharmaceutical products to clients actually served; (4) a listing of the pharmaceuticals on the formulary, the manufacturer of each product, and the respective average price to the program for a month's supply of each product; (5) the total amount of available funds, including state funds, federal Ryan White CARE Act Part A, Part B and dedicated ADAP funds, and any other source as appropriate; and (6) Administrative costs of the program as a percentage of total program expenditures.
2. **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, 2011. This report should include the following information for Fiscal Year 2010-11: (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.
3. **Department of Public Health and Environment, Air Pollution 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, 2011.
4. **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, 2011.

5. **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, 2011.

#### **DEPARTMENT OF PUBLIC SAFETY**

1. **Department of Public Safety, Colorado State Patrol, Information Technology Asset Maintenance** - The Department is requested to submit to the Joint Budget Committee an annual expenditure report on November 1 of each year. At a minimum, each report should include on-going 5-year expenditure estimates for the line item, any new contracts awarded, and the names of the vendors.
2. **Department of Public Safety, Colorado Bureau of Investigation, Laboratory and Investigative Services** - The Department is requested to present an analysis by November 1, 2011 of what guidelines the Colorado Bureau of Investigation provides to district attorneys when submitting evidence for laboratory work. The report should address how the specific guidelines control the flow of requests and the costs accrued by the state in investigating and detecting crime.
3. **Department of Public Safety, Totals** -- The Department is requested to submit to the Joint Budget Committee, on November 1 of each year, a detailed report on the Department's use of HUTF funds, by division and program. 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**

1. **Department of Revenue, Executive Director's Office, Taxation Business Group, Taxation and Compliance Division, Taxpayer Service Division, and Tax Conferee** -- The Department is requested to provide to the Joint Budget Committee, no later than September 30, 2011, a report detailing the amount of additional General Fund revenue realized during the fiscal year ending on June 30, 2011 from the General Assembly's funding of the Department's decision item to address the "conservation easement backlog". A similar report is requested by September 30, 2012 for additional General Fund revenue realized during FY 2011-12.
2. **Department of Revenue, Taxation Business Group, Taxation and Compliance Division** -- The Department is requested to provide to the Joint Budget Committee, by September 30, 2011, a report detailing the amount of additional General Fund revenue realized during FY 2010-11 by the General Assembly's funding of 2009 Decision Item #1 - "Out-of-state tax law compliance and enforcement". A similar report is requested by September 30, 2012 for additional General Fund revenue realized during FY 2011-12.

3. **Department of Revenue, Taxation Business Group, Taxation and Compliance Division**  
-- The Department is requested to provide to the Joint Budget Committee, by September 30, 2011, a report on the effectiveness of 2010 Decision Item # 1 - "Treasury Offset Program". The report should provide the amount of additional revenue gained by the state by the full implementation of the program authorized by the General Assembly during the 2010 legislative session.
4. **Department of Revenue, Taxation Business Group, Taxation and Compliance Division**  
-- The Department is requested to provide to the Joint Budget Committee, by September 30, 2011, a report on the effectiveness of 2010 Decision Item # 2 - "Delinquency Billings". The report should provide the amount of additional revenue gained by the state by the implementation of the program authorized by the General Assembly during the 2010 legislative session.
5. **Department of Revenue, Taxation Business Group, Taxation and Compliance Division**  
-- The Department of Revenue is requested to provide to the Joint Budget Committee, by September 30, 2011, a report on the effectiveness of 2010 Budget Amendment # 5 - "Tax Code Compliance Initiative". The report should provide the amount of additional revenue gained by the state in FY 2010-11 by the implementation of the initiative authorized by the General Assembly during the 2010 legislative session.
6. **Department of Revenue, State Lottery Division** -- The Department is requested to submit a report to the Joint Budget Committee, by September 30, 2011, 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.
7. **Department of Revenue, Information Technology Division** -- The Department is requested to submit a report to the Joint Budget Committee with its supplemental budget requests on January 1, 2012, on the actual costs, by fund type, for programming 2011 session legislation, including any economies of scale realized from combining like programming.

#### **DEPARTMENT OF TRANSPORTATION**

1. **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 for Option 8 purposes. 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.
2. **Department of Transportation, Administration** -- The Department is requested to submit, with the November 1, 2011 budget request, decision items for any changes made within the Administration program line during either FY 2010-11 or FY 2011-12 that the Department wishes to have recognized during the FY 2012-13 figure setting process.

# STATE OF COLORADO

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April 21, 2011

Hon. Michael L. Bender, Chief Justice of the Colorado Supreme Court  
101 West Colfax Avenue, Suite 800  
Denver, CO 80202

Dear Chief Justice Bender:

The General Assembly is currently finalizing the FY 2011-12 Long Bill. Historically, Long Bill footnotes contained the General Assembly's requests for information. However, pursuant to Section 24-75-112 (2), C.R.S., the Long Bill no longer includes 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. Consistent with the provisions of H.B. 10-1119, information requests have been prioritized within each department.

To assist our staff in organizing and tracking submissions, we would appreciate if the Judicial Department would follow the protocol outlined in an attachment to this letter with respect to submitting hard copies and electronic responses. It is the hope of the Joint Budget Committee that the Judicial Department will comply with these requests for information to the fullest extent possible.

Please notify us by May 10<sup>th</sup> if you do not intend to comply with any requests.

Sincerely,

A handwritten signature in cursive script that reads "Mary Hodge".

Senator Mary Hodge  
Chair

cc:

Gerald Marroney, State Court Administrator  
Thomas Raynes, Executive Director, Colorado District Attorneys' Council  
John Ziegler, Joint Budget Committee Staff

**Attachment**  
**Requested Format for Responses to Legislative Requests for Information**

Please submit both hard (paper) copies and electronic copies of request for information (RFI) responses as follows:

- ✓ Hard copies: Three (3) hard copies should be delivered by the requested due-date to the Joint Budget Committee (JBC) offices at 200 East 14th Ave., Denver, 3rd Floor.
- ✓ Electronic copies: An electronic copy of all paper submissions should also be submitted. This should be sent by email to:
  - The JBC analyst responsible for the specified budget area
  - Sarietha Ormsby ([sarietha.ormsby@state.co.us](mailto:sarietha.ormsby@state.co.us)) at the JBC offices
  - Legislative Council Staff at the following address: [lcs.ga@state.co.us](mailto:lcs.ga@state.co.us)

The Legislative Council Staff ([lcs.ga@state.co.us](mailto:lcs.ga@state.co.us)) will include the report in an electronic database (part of the Legislative Council Library) and will also ensure the report is distributed to other legislative committees, as specified in some of the RFIs.

- ✓ All submissions should include the following information:
  - Name of Department
  - Long Bill fiscal year to which the RFI is attached (FY 2011-12 for the RFIs listed in this letter)
  - Correct RFI number, as listed in this letter

Please include this information in the subject line for electronic submissions, as well as in the body of both electronic and hard copy submissions.

- ✓ Please use the following naming convention for your electronic attachments:

**"[Department] [fiscal year] [RFI Number]"**

For example, the attachment providing the response to RFI #8 in the Department of Health Care Policy and Financing would be entitled: **Health Care Policy and Financing FY 2011-12 RFI #8**



## **REQUESTS AFFECTING MULTIPLE DEPARTMENTS**

[Note: numbered requests other than #5 do not affect the Judicial Department]

5. **All Departments, Totals** -- Every department is requested to submit to the Joint Budget Committee, by November 1, 2011 information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that were received in FY 2010-11. The Departments are also requested to identify the number of additional federal and cash funds FTE associated with any federal grants or private donations that are anticipated to be received during FY 2011-12.

## **JUDICIAL DEPARTMENT**

1. **Judicial Department, Trial Courts, District Attorney Mandated Costs** -- District Attorneys in each judicial district shall be responsible for allocations made by the Colorado District Attorneys' Council's Mandated Cost Committee. Any increases in this line item shall be requested and justified in writing by the Colorado District Attorneys' Council, rather than the Judicial Department, through the regular appropriation and supplemental appropriation processes. The Colorado District Attorneys' Council is requested to submit an annual report by November 1 detailing how the District Attorney Mandated Costs appropriation is spent, how it is distributed, and the steps taken to control these costs.
2. **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; and the female 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.
3. **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

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April 21, 2011

Hon. John Suthers, Attorney General  
Colorado Department of Law  
1525 Sherman St.  
Denver, CO 80203

Dear Attorney General Suthers:

The General Assembly is currently finalizing the FY 2011-12 Long Bill. Historically, Long Bill footnotes contained the General Assembly's requests for information. However, pursuant to Section 24-75-112 (2), C.R.S., the Long Bill no longer includes 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. Consistent with the provisions of H.B. 10-1119, information requests have been prioritized within each department.

To assist our staff in organizing and tracking submissions, we would appreciate if your office would follow the protocol outlined in an attachment to this letter with respect to submitting hard copies and electronic responses. It is the hope of the Joint Budget Committee that you will comply with these requests for information to the fullest extent possible.

Please notify us by May 10<sup>th</sup> if you do not intend to comply with any requests.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mary Hodge".

Senator Mary Hodge  
Chair

cc:

Hugh Wilson, Director of Administration, Colorado Department of Law  
Jon Reitan, Budget Analyst, Colorado Department of Law  
Cynthia Coffman, Deputy Attorney General, Colorado Department of Law  
John Ziegler, Joint Budget Committee Staff

**Attachment**  
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  - The JBC analyst responsible for the specified budget area
  - Sarietha Ormsby ([sarietha.ormsby@state.co.us](mailto:sarietha.ormsby@state.co.us)) at the JBC offices
  - Legislative Council Staff at the following address: [lcs.ga@state.co.us](mailto:lcs.ga@state.co.us)

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- ✓ All submissions should include the following information:
  - Name of Department
  - Long Bill fiscal year to which the RFI is attached (FY 2011-12 for the RFIs listed in this letter)
  - Correct RFI number, as listed in this letter

Please include this information in the subject line for electronic submissions, as well as in the body of both electronic and hard copy submissions.

- ✓ Please use the following naming convention for your electronic attachments:

**"[Department] [fiscal year] [RFI Number]"**

For example, the attachment providing the response to RFI #8 in the Department of Health Care Policy and Financing would be entitled: **Health Care Policy and Financing FY 2011-12 RFI #8**

## **REQUESTS AFFECTING MULTIPLE DEPARTMENTS**

[Note: numbered requests other than #5 do not affect the Department of Law]

5. **All Departments, Totals** -- Every department is requested to submit to the Joint Budget Committee, by November 1, 2011 information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that were received in FY 2010-11. The Departments are also requested to identify the number of additional federal and cash funds FTE associated with any federal grants or private donations that are anticipated to be received during FY 2011-12.

## **DEPARTMENT OF LAW**

1. **Department of Law, Criminal Justice and Appellate, Medicaid Fraud Control Unit** -- The General Assembly requests that the Department of Law's Medicaid Fraud Control Unit produce a progress report on the Department's 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 Medicaid Fraud Control Unit is requested to submit the report to the Joint Budget Committee by November 1, 2011.

# STATE OF COLORADO

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Denver, CO 80203  
Telephone 303-866-2061  
[www.state.co.us/gov\\_dir/leg\\_dir/jbc/jbchome.htm](http://www.state.co.us/gov_dir/leg_dir/jbc/jbchome.htm)

April 21, 2011

Hon. Scott Gessler, Secretary of State  
Colorado Secretary of State's Office  
1700 Broadway  
Denver, CO 80290

Dear Secretary Gessler:

The General Assembly is currently finalizing the FY 2011-12 Long Bill. Historically, Long Bill footnotes contained the General Assembly's requests for information. However, pursuant to Section 24-75-112 (2), C.R.S., the Long Bill no longer includes 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. Consistent with the provisions of H.B. 10-1119, information requests have been prioritized within each department.

To assist our staff in organizing and tracking submissions, we would appreciate if the Department of State would follow the protocol outlined in an attachment to this letter with respect to submitting hard copies and electronic responses. It is the hope of the Joint Budget Committee that the Department of State will comply with these requests for information to the fullest extent possible.

Please notify us by May 10<sup>th</sup> if you do not intend to comply with any requests.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mary Hodge".

Senator Mary Hodge  
Chair

cc:

Heather Lizotte, Chief Financial Officer, Colorado Secretary of State's Office  
John Ziegler, Joint Budget Committee Staff

**Attachment**  
**Requested Format for Responses to Legislative Requests for Information**

Please submit both hard (paper) copies and electronic copies of request for information (RFI) responses as follows:

- ✓ Hard copies: Three (3) hard copies should be delivered by the requested due-date to the Joint Budget Committee (JBC) offices at 200 East 14th Ave., Denver, 3rd Floor.
- ✓ Electronic copies: An electronic copy of all paper submissions should also be submitted. This should be sent by email to:
  - The JBC analyst responsible for the specified budget area
  - Sarietha Ormsby ([sarietha.ormsby@state.co.us](mailto:sarietha.ormsby@state.co.us)) at the JBC offices
  - Legislative Council Staff at the following address: [lcs.ga@state.co.us](mailto:lcs.ga@state.co.us)

The Legislative Council Staff ([lcs.ga@state.co.us](mailto:lcs.ga@state.co.us)) will include the report in an electronic database (part of the Legislative Council Library) and will also ensure the report is distributed to other legislative committees, as specified in some of the RFIs.

- ✓ All submissions should include the following information:
  - Name of Department
  - Long Bill fiscal year to which the RFI is attached (FY 2011-12 for the RFIs listed in this letter)
  - Correct RFI number, as listed in this letter

Please include this information in the subject line for electronic submissions, as well as in the body of both electronic and hard copy submissions.

- ✓ Please use the following naming convention for your electronic attachments:

**"[Department] [fiscal year] [RFI Number]"**

For example, the attachment providing the response to RFI #8 in the Department of Health Care Policy and Financing would be entitled: **Health Care Policy and Financing FY 2011-12 RFI #8**

## **REQUESTS AFFECTING MULTIPLE DEPARTMENTS**

[Note: numbered requests other than #5 do not affect the Department of State]

5. **All Departments, Totals** -- Every department is requested to submit to the Joint Budget Committee, by November 1, 2011 information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that were received in FY 2010-11. The Departments are also requested to identify the number of additional federal and cash funds FTE associated with any federal grants or private donations that are anticipated to be received during FY 2011-12.

## **DEPARTMENT OF STATE**

1. **Department of State, Administration, Personal Services** -- The Department of State is requested to provide to the Joint Budget Committee by November 1, 2011, as part of the Department's annual budget request, a breakdown of how FTE and funds are distributed amongst the Administration, Elections, and Business sections within the Administration Division.
2. **Department of State, Administration, Address Confidentiality Program** -- The Department of State is requested to provide to the Joint Budget Committee by November 1, 2011, an annual budget report for the Address Confidentiality Program. The report should reflect monthly expenditures, the number of participants served, and the number of pieces of participants' mail processed monthly.

# STATE OF COLORADO

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Mary Hodge, Chair  
Pat Steadman  
Kent Lambert

## REPRESENTATIVES

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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](http://www.state.co.us/gov_dir/leg_dir/jbc/jbchome.htm)

April 21, 2011

Hon. Walker Stapleton, State Treasurer  
140 State Capitol  
Denver, CO 80203-1792

Dear Treasurer Stapleton:

The General Assembly is currently finalizing the FY 2011-12 Long Bill. Historically, Long Bill footnotes contained the General Assembly's requests for information. However, pursuant to Section 24-75-112 (2), C.R.S., the Long Bill no longer includes 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. Consistent with the provisions of H.B. 10-1119, information requests have been prioritized within each department.

To assist our staff in organizing and tracking submissions, we would appreciate if the Department of the Treasury would follow the protocol outlined in an attachment to this letter with respect to submitting hard copies and electronic responses. It is the hope of the Joint Budget Committee that the Department of the Treasury will comply with these requests for information to the fullest extent possible.

Please notify us by May 10<sup>th</sup> if you do not intend to comply with any requests.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mary Hodge".

Senator Mary Hodge  
Chair

cc:

Brett J. Johnson, Deputy Treasurer  
John Ziegler, Joint Budget Committee Staff



**Attachment**  
**Requested Format for Responses to Legislative Requests for Information**

Please submit both hard (paper) copies and electronic copies of request for information (RFI) responses as follows:

- ✓ Hard copies: Three (3) hard copies should be delivered by the requested due-date to the Joint Budget Committee (JBC) offices at 200 East 14th Ave., Denver, 3rd Floor.
- ✓ Electronic copies: An electronic copy of all paper submissions should also be submitted. This should be sent by email to:
  - The JBC analyst responsible for the specified budget area
  - Sarietha Ormsby ([sarietha.ormsby@state.co.us](mailto:sarietha.ormsby@state.co.us)) at the JBC offices
  - Legislative Council Staff at the following address: [lcs.ga@state.co.us](mailto:lcs.ga@state.co.us)

The Legislative Council Staff ([lcs.ga@state.co.us](mailto:lcs.ga@state.co.us)) will include the report in an electronic database (part of the Legislative Council Library) and will also ensure the report is distributed to other legislative committees, as specified in some of the RFIs.

- ✓ All submissions should include the following information:
  - Name of Department
  - Long Bill fiscal year to which the RFI is attached (FY 2011-12 for the RFIs listed in this letter)
  - Correct RFI number, as listed in this letter

Please include this information in the subject line for electronic submissions, as well as in the body of both electronic and hard copy submissions.

- ✓ Please use the following naming convention for your electronic attachments:

**"[Department] [fiscal year] [RFI Number]"**

For example, the attachment providing the response to RFI #8 in the Department of Health Care Policy and Financing would be entitled: **Health Care Policy and Financing FY 2011-12 RFI #8**

## **REQUESTS AFFECTING MULTIPLE DEPARTMENTS**

[Note: numbered requests other than #5 do not affect the Department of the Treasury]

5. **All Departments, Totals** -- Every department is requested to submit to the Joint Budget Committee, by November 1, 2011 information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that were received in FY 2010-11. The Departments are also requested to identify the number of additional federal and cash funds FTE associated with any federal grants or private donations that are anticipated to be received during FY 2011-12.

## **DEPARTMENT OF TREASURY**

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 by November 1, 2011.
2. **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, 2011, and by February 1, 2012, that contain enrollment, revenue, expenditure, and assessment projections for the CoverColorado program for FY 2011-12 and FY 2012-13.
3. **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, 2011. 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, 2015, 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.
4. **Department of the Treasury, Administration** -- The State Treasurer is requested to provide a report to the Joint Budget Committee, by November 1, 2011, providing 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 2010-11 as well as projected data for FY 2011-12.
5. **Department of the Treasury, Administration** -- The State Treasurer is requested to provide a report to the Joint Budget Committee, by November 1, 2011, providing 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 2010-11 as well as projected expenditures for FY 2011-12.

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