

# STATE OF COLORADO

---

## EXECUTIVE CHAMBERS

136 State Capitol Building  
Denver, Colorado 80203-1792  
Phone: (303) 866-2471



---

Bill Owens  
Governor

November 15, 2005

The Honorable Abel Tapia, Chairman  
Joint Budget Committee  
200 E. 14th Avenue, 3rd Floor  
Denver, CO 80203

Dear Senator Tapia:

I am pleased to submit to the Joint Budget Committee the FY 2006-07 budget request. Colorado's economy continues to grow and the recovery from the recession of FY 2001-02 to FY 2002-03 is nearly complete; this year, General Fund revenues will finally return to pre-recession levels and will exceed the peak of \$6,717 million in FY 2000-01. Colorado is seeing an expanding labor market, increases in personal income, and rising retail sales. In September, the unemployment rate dropped to 5.1 percent, down 0.3 percentage points from the 5.4 percent rate posted in the state in September 2004. Key industries registering job gains are the energy, financial services, business and professional services, educational and health services, and leisure and hospitality sectors. Additional signs of economic growth include:

- Through September 2005, there were 47,600 more jobs in Colorado than there were through September 2004. Moreover, the state's 2.2 percent employment gain posted in September 2005 is the tenth highest in the nation.
- Retail sales (consumer spending) in Colorado increased 6.2 percent through August 2005 compared with August 2004.
- Colorado personal income growth was 6.9 percent in the first half of 2005, the largest year-to-date increase since the first half of 2001. Furthermore, wage and salary disbursements, which represent more than 55 percent of personal income, were up 7.5 percent.
- Colorado per capita income was tenth highest in the nation in 2004 and the state's average wage was 13th highest in the nation during the same period.
- Colorado's 1.2 percent population growth in 2004 was 14th highest in the nation.
- The Colorado economy is showing increasing strength and it is reflected in our revenue figures. Through September 2005, FY 2005-06 individual income tax receipts are up 6.2 percent, while excise taxes are up 5.1 percent.

As I deliberated on the various items in this budget one principle was paramount: The trust the voters placed in us with the passage of Referendum C cannot be violated. We must be clear in how we allocate these funds and restoration of cuts must take first priority. I believe this request strikes a balance between restoring cuts and a modest increase in spending next year.

### **FY 2006-07 Budget Request**

The budget I propose for next year meets the requirements of Amendment 23, restores infrastructure spending and cuts to a variety of departments, increases expenditures for public safety, and limits tuition increases for students and families. While \$187.7 million in new General Fund is budgeted for just two areas: K-12 education and Medicaid, we are expected to have sufficient resources to meet other statewide priorities. Next year's budget request represents a 4.1 percent increase over expected expenditures this year.

The budget includes funding to restore the Senior Homestead Exemption in full and continues the annual payment to the Fire and Police Pension fund.

While I have included details of each department's budget request at the end of this letter, highlights of the budget proposal include:

#### **Health Care and Human Services**

We expect the **Medicaid** caseload to increase by 8.2 percent or 36,145 enrollees, which will require a total funds increase of \$69.3 million (3.2 percent). Of this, \$35.4 million is General Fund. This budget will allow us to serve an additional 7,392 children under the Children's Basic Health Plan. In total, the General Fund appropriation to the Department of Health Care Policy and Financing will increase 4.4 percent, or \$60.2 million

In the Department of **Human Services**, we recommend an increase of 5.8 percent in General Fund; the Department also will receive additional funds through Medicaid programs funded by the Department of Health Care Policy and Financing. This request funds:

- \$8.6 million for Child Welfare caseload increases, of which \$1.9 million is General Fund;
- \$2.8 million for Youth Corrections caseload increases, of which \$2.3 million is General Fund;
- \$1.8 million to operate the new 20-bed forensics mental health facility for youth;
- \$8.1 million for County Administration funding, of which \$3.1 million is General Fund;
- \$3.3 million to fund vulnerable populations with Development Disabilities, of which \$1.5 million is General Fund.

## **K-12 and Higher Education**

In order to meet the demands of **Amendment 23**, General Fund appropriations must increase \$126.1 million. Accordingly, the statewide average per pupil funding will increase by \$166. The total General Fund appropriation to the Department of Education is requested to increase \$127.5 million, or 4.7 percent.

For **Higher Education**, we recommend that the College Opportunity Fund stipend be increased 7.5 percent to \$2,580 and that resident tuition increases be capped at 2.5 percent. This will be the lowest average resident tuition increase since FY 1999-00. Financial aid will increase 6.0 percent. Overall, General Fund appropriations to the Department of Higher Education will increase 10.2 percent.

## **Prisons and Public Safety**

I am requesting a total budget of \$644.7 million for the **Department of Corrections**, including \$582.5 million General Fund. This represents a 9.3 percent increase in the General Fund appropriation to the Department. We expect the number of inmates housed in Colorado prisons to increase by 1,000 or 4.6 percent. The budget for the Department of Corrections includes new funding for these inmates, the opening of the new La Vista Correctional Facility for Women, and additional resources for parole officers and drug treatment.

In the **Department of Public Safety**, the Colorado Bureau of Investigation will receive \$853,494 General Fund to lease a new facility in Grand Junction and \$590,171 General fund and 5.0 FTE to decrease the backlog for chemistry analysis in criminal cases. The State Patrol will receive \$425,000 to replace Mobile Data Computers and increased resources for the dispatch center. The Division of Criminal Justice will receive funds for a 3.0 percent increase to providers of community corrections services.

## **Transportation and Capital Construction**

The recent recession had a serious impact on infrastructure spending in Colorado. Controlled maintenance of state buildings and General Fund support for transportation have been minimal since FY 2000-01. As these needs go un-addressed, they rise in cost because small problems frequently turn into big ones; inflation in materials prices makes the situation worse. However, during this fiscal year and next, we have the resources to address some of the backlog of infrastructure needs.

In particular, new resources available in the General Fund for transportation will total \$216 million from the diversion of sales and use taxes under Senate Bill 97-1 plus an additional \$80 million that I will request through the supplemental process this year.

For next year's budget, I am requesting \$50.5 million for controlled maintenance. For capital construction, I am also requesting \$46 million for several other capital projects detailed at the end of this letter. In total, these will require an additional transfer of \$62.3 million from the General Fund to the Capital Construction Fund and Controlled Maintenance Trust Fund.

## **Statewide Issues**

In the current energy environment, costs are rising just from normal business operations. As such, the budget includes a 3.0 percent provider rate increase across several departments and I will submit a supplemental and budget amendment for utility costs in state facilities. Meanwhile, the rise in energy prices (as well as production) has resulted in a dramatic increase in collections from severance taxes. From these extra funds, I propose \$10 million to help our neediest citizens meet rising heating costs and \$10 million to fund statewide tourism promotion initiatives.

I am proposing a budget that includes a 3.64 percent increase in salaries to be awarded based on performance and an increase of \$8.4 million General Fund for health, life, and dental benefits to bring our plan within 75 percent of the prevailing average in the private sector.

### **Distribution of Monies Retained Under Referendum C**

Under Referendum C, we expect to retain \$440 million in FY 2005-06 and \$505 million in FY 2006-07. Following the intent of HB 05-1350 and the ballot language of Referendum C, I propose the following distribution of funds for both years in equal parts to: per-pupil funding in K-12 education, funding of the College Opportunity Fund stipends, and Medicaid premiums. Since the amounts retained under Referendum C exceed the allowable appropriations growth cap in the General Fund, the additional resources can be allocated by statutory formula to transportation and capital funding.

I look forward to working with you to craft a responsible budget next session.

Sincerely,

Bill Owens  
Governor

## FY 2006-07 Requested Appropriations by Department

Executive Department	Total FY 2006-07 Request		Percent Change From FY 2005-06 Appropriation		Total FY 2005-06 Appropriation	
	GF	Total - All Funds	GF	Total - All Funds	GF	Total - All Funds
Agriculture	\$ 4,530,751	\$ 31,204,902	4.3%	2.8%	\$ 4,345,264	\$ 30,366,413
Corrections	\$ 582,496,982	\$ 644,727,021	9.3%	9.0%	\$ 533,079,141	\$ 591,275,697
Education	\$ 2,825,828,358	\$ 3,737,082,169	4.7%	3.8%	\$ 2,698,318,712	\$ 3,599,366,210
Governor's Office	\$ 16,511,986	\$ 33,054,605	2.8%	2.2%	\$ 16,065,909	\$ 32,357,228
Health Care P&F	\$ 1,442,127,455	\$ 3,482,171,430	4.4%	3.1%	\$ 1,381,954,743	\$ 3,376,566,860
Higher Education	\$ 658,783,788	\$ 2,264,736,252	10.2%	6.5%	\$ 597,922,758	\$ 2,126,363,505
Human Services	\$ 529,005,484	\$ 1,852,287,753	5.8%	3.7%	\$ 500,180,914	\$ 1,785,924,940
Judicial *	\$ 250,803,747	\$ 321,104,214	6.0%	4.6%	\$ 236,697,656	\$ 306,998,123
Labor and Employment	\$ -	\$ 151,527,638	NA	1.4%	\$ -	\$ 149,416,546
Law *	\$ 7,555,467	\$ 35,924,625	6.0%	1.2%	\$ 7,130,521	\$ 35,499,679
Legislature *	\$ 31,475,654	\$ 32,732,021	6.0%	5.7%	\$ 29,705,352	\$ 30,961,719
Local Affairs	\$ 6,487,750	\$ 240,280,080	35.4%	9.3%	\$ 4,791,964	\$ 219,919,279
Military Affairs	\$ 4,710,878	\$ 153,182,403	13.9%	16.5%	\$ 4,137,728	\$ 131,472,180
Natural Resources	\$ 28,790,535	\$ 186,008,592	26.1%	2.2%	\$ 22,829,206	\$ 181,988,574
Personnel	\$ 8,928,023	\$ 161,775,824	5.7%	0.6%	\$ 8,447,233	\$ 160,831,502
Public Health & Envir.	\$ 16,532,946	\$ 367,677,982	8.0%	-4.0%	\$ 15,312,378	\$ 383,012,166
Public Safety	\$ 62,565,079	\$ 216,276,816	5.3%	-2.1%	\$ 59,412,207	\$ 220,813,103
Regulatory Agencies	\$ 1,231,211	\$ 63,553,853	12.3%	1.4%	\$ 1,096,392	\$ 62,707,188
Revenue	\$ 67,372,702	\$ 524,512,868	20.0%	0.9%	\$ 56,155,186	\$ 519,636,540
State *	\$ -	\$ 31,837,163	NA	0.0%	\$ -	\$ 31,837,163
Transportation	\$ -	\$ 1,034,656,075	NA	25.8%	\$ -	\$ 822,320,629
Treasury *	\$ 794,632	\$ 308,223,631	6.0%	0.0%	\$ 749,939	\$ 308,178,938
FY 05-06 GF Transfer to Transportation	N/A	N/A	N/A	N/A	\$ 80,000,000	\$ 80,000,000
Anticipated FY 05-06 Supplementals	N/A	N/A	N/A	N/A	\$ 33,000,000	\$ 33,000,000
<b>Total</b>	<b>\$ 6,546,533,428</b>	<b>\$ 15,874,537,918</b>	<b>4.1%</b>	<b>4.3%</b>	<b>\$ 6,291,333,203</b>	<b>\$ 15,220,814,182</b>

## **DEPARTMENT OF AGRICULTURE**

### **Operating Budget Overview**

The FY 2005-06 appropriation to the Department was \$30.4 million and supports seven Long Bill groups or divisions. Of the total appropriation, 14 percent is from the General Fund and 35 percent is from cash funds. In FY 2005-06, the Department received a 3.7 percent increase in General Fund and 0.1 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$31.2 million, including \$4.5 million of General Fund. This represents a 4.3 increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$70,000 (\$16,365 General Fund) to cover the associated costs of a new information technology FTE (while \$70,000 is the true cost to the State, the Department is requesting \$125,000 in spending authority so it can transfer cash funds exempt to cash funds properly under accounting rules). Funding this new FTE will allow the Department to properly implement and integrate the State's National Animal Identification program. While the program is not mandatory until 2009, this request displays the State's commitment to protecting the marketability of its \$3.0 billion livestock industry. Additionally, this funding will allow the State to continue in its leadership role of being one of the first states in the Union to be National Animal Identification System compliant.

## **DEPARTMENT OF CORRECTIONS**

### **Operating Budget Overview**

The FY 2005-06 appropriation to the Department was \$591.3 million and supports eight Long Bill groups or divisions. Of the total appropriation, 90.2 percent is from the General Fund and 9.3 percent is from cash funds exempt. In FY 2005-06, the Department received a 7.2 percent increase in General Fund and 8.5 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$644.7 million, including \$582.5 million General Fund. This represents a 9.3 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$13.0 million General Fund to pay for increases in external capacity payments to private prisons, local jail, pre-release and parole revocation facilities, and community corrections.
- \$7.7 million General Fund and 103.7 FTE to operate the new La Vista Correctional Facility for Women (the La Vista correctional facility is the new facility resulting from the YOS/PMC switch). It is projected that La Vista will be opened in August 2006 and at full capacity by March 2007.
- \$3.1 million General Fund and 32.9 FTE to provide funding for new parole officers and additional parole services (drug and alcohol treatment, mental health treatment, etc.) for the increasing number of parolees.
- \$1.9 million General Fund to pay for projected increases in the cost of utilities. Consumption is expected to remain stable despite the increasing number of inmates in state facilities.
- \$500,000 General Fund for drug and alcohol treatment services and \$505,022 General Fund and 10.0 FTE for sex offender treatment for those sentenced under the Lifetime Sex Offender provisions.
- \$480,000 General Fund and 3.5 FTE for new mental health workers.
- \$364,000 General Fund and 4.0 FTE for the Community Re-Entry Program.
- \$3.3 million in cash funds exempt to increase the number of inmates who have access to Canteen Services (via a contract with Corrections Corporation of America, CCA).

## **DEPARTMENT OF EDUCATION**

### **Operating Budget Overview**

The FY 2005-06 appropriation to the Department was \$3.6 billion and supports four Long Bill groups or divisions. Of the total appropriation, 75.0 percent is from the General Fund and 13.9 percent is from federal funds. In FY 2005-06, the Department received a 7.3 percent increase in General Fund and 43.3 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$3.7 billion, including \$2.8 billion in General Fund. This represents a 4.7 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$145.7 million for the State Share of Districts' Total Program to meet the requirement of Amendment 23, including a \$126.1 million increase in General Fund. Based on the OSPB forecast, the five percent annual General Fund growth requirement of Amendment 23 will be applicable in FY 2006-07. This recommendation generates a 3.8 percent increase in Total Program and a 5.1 percent increase in the State Share of Districts' Total Program.
- \$4.6 million in categorical funding to meet the requirements of Amendment 23. The Governor recommends funding this request with monies from the State Education Fund as follows:
  - ◆ 3.2 percent increase (\$2.9 million) to Special Education – Children with Disabilities;
  - ◆ 3.2 percent increase (\$130,256) to English Language Proficiency Program;
  - ◆ 3.2 percent increase (\$1.3 million) to Public School Transportation; and
  - ◆ 3.2 percent increase (\$202,723) to Special Education – Gifted and Talented Children.
- \$462,620 General Fund and 1.8 FTE to expand the Colorado School for the Deaf and the Blind's Early Literacy Development Initiative, which enhances the communication between parents and their deaf or hard-of-hearing child.
- \$80,890 cash funds exempt and 1.0 FTE for the Public School Finance Unit to assist the Department with its increased statutory requirements, as well as provide school districts with compliance training and assistance with data reporting.
- \$61,790 cash funds exempt and 1.0 FTE for an auditor position within the Public School Finance Unit. This request restores cuts made in FY 2002-03 to this unit and ensures school districts are audited at least every five years.



## **DEPARTMENT OF HEALTH CARE POLICY AND FINANCING**

### **Operating Budget Overview**

The FY 2005-06 appropriation to the Department was \$3,377 million and supports six Long Bill groups or divisions. Of the total appropriation 40.9 percent is from the General Fund and 48.0 percent is from federal funds. In FY 2005-06, the Department received an 8.0 percent increase in General Fund and 22.2 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$3.5 billion, including \$1.4 billion of General Fund. This represents a 4.4 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$69.3 million in total funds, of which \$35.4 million is General Fund, for caseload and utilization increases associated with medical services for Medicaid clients. At the recommended level of funding, more than 475,000 Colorado citizens will receive health care under the Medicaid program.
- \$4.1 million General Fund for caseload increases in the Medicaid Mental Health program.
- \$10.3 million in total funds for the Children's Health Plan Plus. The State funding for CHP+ is entirely supported by the tobacco Master Settlement Agreement and Amendment 35 tobacco tax funding. Each state dollar of funding receives a two dollar federal match. The recommended increase is necessary to fund caseload and utilization increases for children and pregnant women. The funding level requested will allow for average monthly enrollment of more than 42,000 children in the program.
- An initiative that will result in a total funds decrease of \$1.4 million, of which slightly more than half is General Fund, related to the implementation of a drug rebate savings program. Initial information systems and personnel costs of approximately \$500,000 are expected to be offset by a threefold return on investment through Medicaid drug cost reductions.

## ***DEPARTMENT OF HIGHER EDUCATION***

### **Operating Budget Overview**

The FY 2005-06 appropriation to the Department was \$2.1 billion and supports 11 Long Bill groups or divisions. Of the total appropriation, 28.1 percent is from the General Fund and 69.9 percent is from cash funds exempt. In FY 2005-06, the Department received a 1.7 percent increase in General Fund and 9.6 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$2.3 billion including \$658.8 million of General Fund. This represents a 10.2 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$22.6 million General Fund to fund enrollment growth and an increase in the College Opportunity Fund stipend that would raise the stipend level from \$2,400 to \$2,580.
- \$29.1 million General Fund increase in fee-for-service contract funding.
- \$3.7 million General Fund increase in base funding for Adams, Mesa, and Western State Colleges.
- \$4.7 million General Fund increase for financial aid.
- \$0.5 million General Fund increase for Area Vocational Schools.
- \$0.3 million increase in General Fund increase for Local District Junior Colleges.
- \$21.6 million cash funds exempt increase to cover enrollment growth and a resident tuition increase that is capped at 2.5 percent.

## ***DEPARTMENT OF HUMAN SERVICES***

### **Operating Budget Overview**

The FY 2005-06 appropriation to the Department was \$1,786 million and supports 11 Long Bill groups or divisions. Of the total appropriation, 28 percent is from the General Fund and 30 percent is from federal funds. In FY 2005-06, the Department received a 7.4 percent increase in General Fund and 8.0 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$1.9 billion, including \$529.0 million of General Fund. This represents a 5.8 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$8.6 million for Child Welfare caseload increases, of which \$1.9 million is General Fund.
- \$2.8 million for Youth Corrections caseload increases, of which \$2.3 million is General Fund.
- \$1.8 million in operating funds (General Fund) for a new 20-bed forensics mental health facility for youth.
- \$2.0 million General Fund to enhance mental health, substance abuse and sex offender treatment services in Youth Corrections.
- \$8.1 million for County Administration funding, of which \$3.1 million is General Fund.
- \$3.3 million to fund vulnerable populations with Development Disabilities, of which \$1.5 million is General Fund.
- \$8.8 million in cash funds to fund Constitutionally-mandated Old Age Pension fund increases.
- \$1.0 million General Fund for Indigent Mental Health services.
- Approximately \$1.0 million in cash funds exempt and federal funds to fund targeted investments for blind managers through the Business Enterprise Program.

## ***DEPARTMENT OF LABOR AND EMPLOYMENT***

### **Operating Budget Overview**

The FY 2005-06 appropriation to the Department was \$149.4 million and supports five Long Bill groups or divisions. Of the total appropriation, none of the funding is from the General Fund and 69.0 percent is from federal funds. In FY 2005-06, the Department received no General Fund.

The Governor is requesting a total departmental budget of \$151.5 million, including no General Fund.

### **New Request Summary**

The Governor does not recommend any new funding increases for the Department.

## ***DEPARTMENT OF LOCAL AFFAIRS***

### **Operating Budget Overview**

The FY 2005-06 appropriation to the Department was \$219.9 million and supports four Long Bill groups or divisions. Of the total appropriation, 3.9 percent is from the General Fund and 38.7 percent is from federal funds. In FY 2005-06, the Department received a 0.8 percent decrease in General Fund and 0.1 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$240.3 million including \$6.5 million of General Fund. This represents a 35.4 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$1.0 million General Fund to restore partial funding for Colorado's Housing Development Grant Program. This program makes grants and loans to increase affordable housing units and special needs housing across Colorado. It is anticipated that this increase will enable the program to produce 159 additional units of affordable housing in FY 2006-07.
- \$400,000 General Fund to restore partial funding to the Colorado Heritage Communities Grant Planning Program which has not been funded for the last three fiscal years. Funds will be used to provide grants to fast-growing communities enabling them to promote and assist local growth and address any pressing regional growth impacts.

## **DEPARTMENT OF MILITARY AND VETERANS AFFAIRS**

### **Operating Budget Overview**

The FY 2005-06 appropriation to the Department was \$131.5 million and supports five Long Bill groups or divisions. Of the total appropriation, three percent is from the General Fund and 95 percent is from federal funds. In FY 2005-06, the Department received a 6.5 percent increase in General Fund and 0.1 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$153.2 million, including \$4.7 million General Fund. This represents a 13.9 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$405,697 General Fund to allow the Department to address backlogged armory maintenance requests and address future armory repair needs. This increase will restore funding to FY 2001-02 levels and will allow the Department to repair armories in Grand Junction, La Junta, Pueblo, Canon City, and Aurora.
- \$25,000 in cash fund spending authority for the Local Armory Incentive Plan. In recent years the Department has been collecting more revenue, from the leasing or renting of armories, than it has authority to spend. The Department will now be able to use all the revenue it collects to address operating and maintenance needs at armories statewide.
- \$20,000 General Fund to allow the Department to award compensation to non-recruiter National Guard members who attract new National Guard members. The War on Terror has resulted in unprecedented activation of Colorado Air and Army National Guard members, which has decreased troop strength. This will allow the Department to bring in new members and help supplement the efforts of professional recruiters.

## **DEPARTMENT OF NATURAL RESOURCES**

### **Operating Budget Overview**

The FY 2005-06 appropriation to the Department was \$181.9 million and supports nine Long Bill groups or divisions. Of the total appropriation, 13 percent is from the General Fund and 22 percent is from cash funds. In FY 2005-06, the Department received a 2.0 percent increase in General Fund and less than one percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$186.0 million including \$28.8 million of General Fund. This represents a 26.1 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$3.2 million General Fund to refinance the Division of Water Resources Groundwater Management Program. This will reduce well permit fees from \$440/permit to \$60/permit.
- \$639,184 General Fund and 11.5 FTE for the Division of Water Resources to monitor and administer water regulation in the South Platte and Rio Grande River basins.
- \$848,689 cash funds and 9.0 FTE for the Oil and Gas Conservation Commission to accommodate the recent increase of oil and gas production in the State. These funds will come primarily from the Severance Tax Trust Fund.
- \$552,000 cash funds to pay for the operational costs of new improvements at State Parks throughout the State, including: Cherry Creek, Chatfield, Navajo, Muller, and Cheyenne Mountain State Park.
- \$470,980 cash funds exempt to allow the Colorado Water Conservation Board (CWCB) to create the new Water Supply Management, Development, and Implementation Assistance Section in the Division.
- \$202,000 cash funds for the Division of Minerals and Geology to increase the funds available for environmental and emergency response in Colorado.
- \$188,625 cash funds for the Oil and Gas Conservation Commission to assess natural gas seepage from outcrops of numerous coal seams and to the ground surface via various manmade (wells, mines) and natural (faults) in the Raton Basin (Las Animas and Huerfano Counties).

## **DEPARTMENT OF PERSONNEL AND ADMINISTRATION**

### **Operating Budget Overview**

The FY 2005-06 appropriation to the Department was \$160.8 million and supports seven Long Bill groups or divisions. Of the total appropriation, 5.3 percent is from the General Fund and 87.6 percent is from cash funds exempt. In FY 2005-06, the Department received a 7.4 percent increase in General Fund and 0.1 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$161.8 million, including \$8.9 million of General Fund. This represents a 5.7 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- 737 vehicle replacements on a statewide-basis, which results in an increase of \$1.6 million cash funds exempt for the Department (with a statewide General Fund increase of \$0.3 million). On average, the projected miles of these vehicles at the time of their replacement will be approximately 125,000 miles. Of these 737 replacement vehicles, 192 are Colorado State Patrol and Colorado Bureau of Investigation vehicles, 110 are Department of Corrections vehicles, and 54 are Department of Human Services vehicles.



## **DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT**

### **Operating Budget Overview**

The FY 2005-06 appropriation to the Department was \$383.0 million and supports eleven Long Bill groups or divisions. Of the total appropriation 4.0 percent is from the General Fund and 52.4 percent is from federal funds. In FY 2005-06, the Department received a 16.8 percent increase in General Fund and 0.2 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$367.7 million, including \$16.5 million of General Fund. This represents an 8.0 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$760,024 General Fund, \$56,380 in cash funds, and 10.0 FTE for the Drinking and Waste Water Protection Program. This will assist the Department to comply with the Safe Drinking Water Act and the Clean Water Act, and will help to ensure safe drinking water for all Coloradans.
- \$502,948 General Fund and 6.7 FTE for the Health Facilities Licensure Program. This will allow the Department to perform key health facility licensing responsibilities, decrease the processing time for licensing applications, and regulate hospitals in a more comprehensive manner.
- \$104,756 in General Fund and 1.2 FTE (transferred from within the Department) to continue its Radiochemistry Program. This Program helps to protect Coloradans from harmful levels of radiation exposure.
- \$100,336 cash funds exempt and 2.0 FTE (transferred from within the Department) to administer the Tony Grampsas Youth Services Program. The new positions are a Program Monitor (1.0 FTE) and a Fiscal Manager (1.0 FTE).
- \$115,632 in cash funds for the Genetics Counseling Program. This will allow the Department to continue to provide counseling to parents of children born with serious genetic diseases, particularly in rural areas of the State where genetic counselors are sparse or non-existent.

## **DEPARTMENT OF PUBLIC SAFETY**

### **Operating Budget Overview**

The FY 2005-06 appropriation to the Department was \$220.8 million and supports five Long Bill groups or divisions. Of the total appropriation, 26.9 percent is from the General Fund and 52.1 percent is from cash funds exempt including Highways Users Tax Fund (HUTF). In FY 2005-06, the Department received a 4.6 percent increase in General Fund and 1.0 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$216.3 million, including \$62.6 million of General Fund. This represents a 5.3 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$853,494 General Fund to lease a new CBI facility in Grand Junction to replace the CBI's current Western Slope operations based in Montrose.
- \$425,000 HUTF to replace Mobile Data Computers for the CSP and create a replacement schedule.
- \$570,201 HUTF to increase wages for the CSP's communication officers in the dispatch center to bring wage levels to the 25th percentile of the statewide average for emergency services dispatchers.
- \$1,035,124 General Fund and 6.0 FTE to refinance core homeland security operations within the CSP from federal homeland security grant funds to increase grant funds to local governments and create a permanent state funded homeland security operation.
- \$235,124 General Fund for 20 new mental health transition beds in the community corrections system to increase the probability of successful rehabilitation of offenders and decrease the backlogged demand for these beds within the Department of Corrections.
- \$590,171 General fund and 5.0 FTE within the CBI to decrease the backlog for chemistry analysis in criminal cases.
- \$1,230,415 General Fund for a 3.0 percent private provider rate increase for the community corrections system.

## **DEPARTMENT OF REGULATORY AGENCIES**

### **Operating Budget Overview**

The FY 2005-06 appropriation to the Department was \$62.7 million and supports ten Long Bill groups or divisions. Of the total appropriation, 1.7 percent is from the General Fund and 83.0 percent is from cash funds. In FY 2005-06, the Department received a 6.5 percent increase in General Fund and less than 0.1 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$63.6 million, including \$1.2 million of General Fund. This represents a 12.3 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$156,925 General Fund and 3.0 FTE for the Civil Rights Division to partially restore cuts from prior years. This recommendation will aid the Division in completing timely investigations so that forfeiture of federal funds will cease.
- \$188,640 cash funds to implement an e-filing system at the Public Utilities Commission (PUC). This recommendation will assist the PUC by improving customer service and streamlining internal operations.
- An internal transfer of \$34,906 cash funds from the Division of Banking personal services line item and \$601 cash funds from the Division's operating expense line item to the Department's fleet vehicle lease line item for the lease purchase of ten fleet vehicles. This recommendation results in a net zero transfer and will aid the Division in recruitment and retention of bank examiners.

## **DEPARTMENT OF REVENUE**

### **Operating Budget Overview**

The FY 2005-06 appropriation to the Department was \$519.6 million and supports eight Long Bill groups or divisions. Of the total appropriation, 15.9 percent is from the General Fund and 75 percent is from cash funds. In FY 2005-06, the Department received a 5.1 percent decrease in General Fund and 1.3 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$524.5 million including \$67.4 million of General Fund. This represents a 20.0 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- An \$8.9 million refinance from HUTF off-the-top to General Fund.
- \$734,000 in cash fund exempt spending authority for the Lottery Division. The dollars will be used to accurately depict the cost of operating the Lottery Division. Currently, accounting practices do not accurately depict the amount of money spent on telephone line charges paid by the State for on-line vendors. This change will allow for all costs to be shown and will have no TABOR impact since the Lottery Division has enterprise status.
- \$59,621 in cash fund exempt spending authority to create a new Arapahoe County Motor Vehicles branch office, expand an additional branch office in Arapahoe County, and provide new equipment for Mesa and Weld Counties. The funds will come from the Colorado State Titles and Registration (CSTARS) Cash Fund.

## DEPARTMENT OF TRANSPORTATION

### Operating Budget Overview

The FY 2005-06 appropriation to the Department was \$23.4 million and supports two Long Bill groups or divisions. Of the total appropriation, none of the funding is from the General Fund and 96.5 percent is from cash funds exempt.

The Department has four non-appropriated line items in the Long Bill totaling \$798.9 million that are listed for informational purposes. One is for Construction, Maintenance, and Operations (\$785.0 million). The next line is for the Statewide Tolling Enterprise (\$2.0 million cash funds exempt). The third line is Formula Refunds (\$7.9 million cash funds). This line consists of refunds to airports of a portion of the tax collected on commercial jet fuel at each airport. The final line is for Discretionary Grants (\$4.1 million cash funds) to public use airports for airport safety enhancements, navigational aids, airport rehabilitation or improvement projects, capacity enhancements, and airport equipment.

Funding for both the appropriated and the non-appropriated portions of the Department's budget consists of no General Fund, 6.6 percent cash funds, 52.7 percent cash funds exempt, and 40.7 percent federal funds. The major funding source of cash funds exempt is the Department's share of the Highway Users Tax Fund (HUTF). The HUTF is credited to the State Highway Fund and is projected to total \$428.3 million in FY 2005-06.

The Governor is requesting a total departmental budget of \$29.2 million, including no General Fund.

### New Request Summary

The Governor recommends:

- \$5.3 million in cash funds from the Limited Gaming Fund to pay for the impact of increased traffic related to gaming on state highways in and around Colorado's gaming communities. This includes \$4.0 million for construction-related costs (e.g., engineering and right-of-way), \$202,500 for rock fall mitigation, and \$1.1 million for the area highway maintenance.
- \$125,000 in cash funds exempt spending authority to ensure that the Department's printing center (Printing Center) will be able to accept all job requests in FY 2006-07. The Printing Center is funded through internal cash funds from payments made from within the Department and from payments from other state agencies.

## ***Capital Construction/Controlled Maintenance***

For FY 2006-07, the Governor is requesting \$50.5 million for controlled maintenance. For capital construction, the Governor is requesting \$46.0 million for several other capital projects. In total, these will require an additional transfer of \$62.3 million from the General Fund to the Capital Construction Fund and Controlled Maintenance Trust Fund.

Specifically, we are proposing the addition of the following State-funded projects:

- Controlled Maintenance, Level I – All other Level I projects for a total of \$24.6 million;
- Capital Life Safety – \$271,067;
- Department of Human Services DYC/MHI Secure Mental Health Unit Phase III of III – \$140,500;
- Department of Human Services CSVCH Domiciliary Renovation – \$1.1 million;
- Department of Public Safety CCIC Message Switch – \$7.8 million;
- Controlled Maintenance, Level II – \$27.1 million;
- Department of Revenue Integrated Tax Architecture – \$8.0 million;
- Department of Human Services Pueblo Regional Center, Group Home Remodeling – \$448,205;
- Department of Corrections DRDC Renovation/Expansion, 62 Transportation Beds – \$18.5 million;
- Department of Public Safety Alamosa Troop Office/Regional Communication Center, CSP – \$1.9 million;
- Department of Human Services CMHI's Equipment Replacement – \$807,997;
- Department of Public Health and Environment Small Community Drinking Water Grants – \$1.5 million;
- Department of Public Health and Environment Domestic Wastewater Treatment Grants – \$1.5 million; and
- Department of Corrections TCF Water Utilities – \$2.8 million.

## FY 2006-07 Budget Proposal

### General Fund Overview

(Dollar Amounts in Millions)

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
<b>Funding Sources and Diversions:</b>							
Beginning Reserve	\$224.0	\$237.4	\$251.7	\$261.9	\$277.6	\$294.2	\$311.9
Gross General Fund Revenues	6,460.4	6,783.9	7,203.0	7,651.1	8,123.7	8,637.9	9,167.2
Transfers to General Fund	66.1	232.8	35.4	40.4	39.7	39.0	39.0
Senate Bill 97-1 Transfers to the HUTF	0.0	(215.8)	0.0	(140.9)	(163.2)	(199.5)	(91.0)
Diversion to the Older Coloradan's Program	(2.3)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)
Transfer to the State Education Fund	(\$313.9)	(\$321.7)	(\$342.9)	(\$365.2)	(\$389.2)	(\$415.1)	(\$442.0)
Transfer from the State Education Fund for overpayments	\$0.0	\$0.0	\$0.0	\$0.0	0.0	0.0	0.0
<b>Total Funds Available</b>	<b>\$6,434.3</b>	<b>\$6,713.9</b>	<b>\$7,144.5</b>	<b>\$7,444.5</b>	<b>\$7,885.8</b>	<b>\$8,353.7</b>	<b>\$8,982.4</b>
<b>Expenditures</b>							
General Fund Appropriations (Long Bill & Special Bills)	\$5,935.2	\$6,178.3	\$6,546.5	\$6,939.3	\$7,355.6	\$7,797.0	\$8,264.8
Increase (reduction) from Supplemental Bills	0.0	113.0	0.0	0.0	0.0	0.0	0.0
K-12 Capital Construction	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rebates and Expenditures	110.7	157.2	153.9	160.9	168.1	176.0	184.5
Capital and Prison Construction	0.2	0.1	62.3	0.0	0.0	0.0	0.0
TABOR Surplus/Refund	44.7	0.0	0.0	0.0	0.0	0.0	132.5
Homestead Exemption	0.0	0.0	65.8	66.7	67.8	68.9	70.0
Transfer to the Controlled Maintenance Trust Fund (S.B. 05-210)	55.0	0.0	0.0	0.0	0.0	0.0	0.0
General Fund Payback	0.0	13.6	0.0	0.0	0.0	0.0	0.0
Reversions & Accounting Adjustments	(42.9)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Obligations</b>	<b>\$6,102.9</b>	<b>\$6,462.2</b>	<b>\$6,828.5</b>	<b>\$7,166.9</b>	<b>\$7,591.6</b>	<b>8,041.9</b>	<b>8,651.8</b>
<b>Year-end General Fund Reserve:</b>	<b>331.4</b>	<b>251.7</b>	<b>316.0</b>	<b>277.6</b>	<b>294.2</b>	<b>311.9</b>	<b>330.6</b>
<b>Statutory Reserve: 4.0% of Appropriations</b>	<b>237.4</b>	<b>251.7</b>	<b>261.9</b>	<b>277.6</b>	<b>294.2</b>	<b>311.9</b>	<b>330.6</b>
<b>Monies Above (Below) Statutory Reserve</b>	<b>94.0</b>	<b>0.0</b>	<b>54.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Excess Monies Reserved for Transportation</b>	<b>62.7</b>	<b>0.0</b>	<b>36.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Excess Monies Reserved for Capital Construction</b>	<b>31.3</b>	<b>0.0</b>	<b>18.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Reserve as a % of Appropriations</b>	<b>5.6%</b>	<b>4.0%</b>	<b>4.8%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>	<b>4.0%</b>
<b>Appropriations Change</b>	<b>\$335.9</b>	<b>\$356.1</b>	<b>\$255.2</b>	<b>\$392.8</b>	<b>\$416.4</b>	<b>\$441.3</b>	<b>\$467.8</b>
	6.0%	6.0%	4.1%	6.0%	6.0%	6.0%	6.0%