

# STATE OF COLORADO

## EXECUTIVE CHAMBERS

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Bill Owens  
Governor

November 1, 2006

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

Dear Representative Buescher:

I am pleased to submit to the Joint Budget Committee of the General Assembly the budget request for FY 2007-08. The Colorado economy continues its recovery from the recession of 2001-02 and the Office of State Planning and Budgeting expects this growth to continue through FY 2007-08. The continued expansion will also generate new tax and fee revenues for the State. In FY 2007-08, General Fund revenue will increase 4.7 percent after 1.1 percent growth this year. Some highlights of our economic recovery include:

- In January 2006, the state's labor market surpassed its pre-recession levels, and in September 2006, there were 48,500 more jobs in Colorado than there were in September 2005.
- Retail sales (consumer spending) in Colorado increased 6.4 percent through August 2006 compared with August 2005.
- Colorado personal income growth was 6.8 percent through the second quarter of 2006, after increasing 6.1 percent in 2005.
- Colorado per capita income was ninth highest in the nation in 2005.
- Colorado's tourism industry continues to expand. Skier visits were up 6.0 percent during the 2005-06 season compared with the 2004-05 season, and Denver International Airport is currently ranked the sixth busiest airport in the country and 11th busiest in the world.
- The state's natural resource activity is booming. Not only is Colorado ranked seventh among coal producing states, but oil and gas drilling permits set a new record in 2005, increasing 50 percent compared with 2004.

## **FY 2007-08 Budget Request**

Based on the September 2006 revenue forecast, the State will have sufficient funds available to increase general fund operating expenditures next year by the full six percent maximum allowed rate. This equates to an additional \$400.9 million.

In making decisions for FY 2007-08, I gave first priority to keeping faith with the intent and promises of Referendum C and funding mandatory programs. While this budget will be certainly changed before Colorado's next governor signs it into law, the majority of our request in the General Fund reflects mandated spending: Amendment 23 requires an additional \$132.5 million for K-12 education, new Medicaid spending totals \$54.0 million, and new prisoners will cost an additional \$15.4 million.

While I have included detailed information about each department's budget request, highlights of the budget include the following items.

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

Amendment 23 of the State Constitution governs the majority of the proposed increase for K-12 education. The provisions of Amendment 23 inflexibly require State General Fund support of public schools (via "Total Program") to increase by a minimum 5.0 percent annually. A separate requirement mandates that a component of Total Program, per-pupil base funding, increase by the inflation rate plus one percentage point. In total, I recommend an additional \$208.5 million in total funds for K-12 education.

For the Department of Higher Education, I recommend a 7.2 percent increase in the General Fund appropriation. This recommendation allows the College Opportunity Fund stipend to increase to \$2,670 from \$2,580. If the General Assembly adopts this recommendation, higher education will have had 96 percent of its General Fund budget reductions restored by the end of FY 2007-08. Our tuition recommendation is for variable maximum rate increases, depending on the type of school. In addition, I am recommending flexibility for governing boards to make school-specific decisions if they deem them appropriate. I anticipate tuition increases to be no greater than 3.5 percent at community colleges, 5.0 percent at four-year colleges, and 7.0 percent at research universities. Of course, these rates will depend on the amount of General Fund support ultimately appropriated by the General Assembly.

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

The Medicaid caseload is projected to increase by 22,906 clients to a record 452,128. Some of this increase is the result of new enrollees from the Amendment 35 tobacco tax, which added new populations that were not previously included in the total. Nonetheless, I recommend a General Fund increase of 7.4 percent to the Department of Health Care Policy and Financing. These funds will generally receive an equal match from the federal government to support delivery of care to this population. The majority of this funding will go toward critical caseload growth and utilization increases in Medicaid Medical Services Premiums (\$54.0 million General Fund), Medicaid Mental Health (\$4.8 million General Fund), and the Children's Health Plan costs (\$4.5 million General Fund).

In the Department of Human Services, I am recommending a General Fund increase of 4.5 percent. The Department also will receive additional funds through Medicaid programs funded by the Department of Health Care Policy and Financing. The primary areas funded are critical caseload growth in Youth Corrections (\$2.4 million net General Fund), Developmental Disabilities (\$2.3 million net General Fund), Child Welfare (\$1.9 million net General Fund) and Indigent Community Mental Health Services (\$1.5 million General Fund). Requests related to high-priority building maintenance projects totaled another \$885,469 net General Fund.

### **Public Safety**

For the Department of Corrections, I am requesting a General Fund increase of 8.7 percent, for a total budget of \$697.6 million. In FY 2007-08, the budget request assumes 1,370 new prisoners. Prison space is currently at a premium; however, the State is expecting 948 newly constructed beds at Colorado State Penitentiary II by 2008-09 and 3,000 beds in private sector facilities to be available by 2009.

In the Department of Public Safety, I am recommending a General Fund increase of \$1.3 million for community corrections to support 86 additional residential beds. The State aims to maintain at least 11.5 percent of its prison population in community settings, with about 59 percent of these offenders in community corrections beds. The remainder is served by the Department of Corrections.

### **Capital Construction and Controlled Maintenance**

At the end of FY 2005-06, the revenue collected in the General Fund was sufficient to divert an additional \$145.9 million to capital construction for expenditure in FY 2007-08; a portion of this was already expected. However, while the recommended budget for capital construction and controlled maintenance mostly reflects the costs of continuation of projects started in FY 2006-07, these additional funds will assist the State in dealing with significant increases in construction price inflation. Of particular note, I am recommending a \$6 million increase in the cost to complete the Institute for Forensic Psychiatry.

I am also recommending \$30.1 million for statewide controlled maintenance. The projects included on this list include life-safety improvements, repairs to aging structures, and replacement of failing equipment.

### **Statewide Issues**

I have included in the budget request an increase of 2.0 percent for private sector provider rates. The increase is reflected in several department appropriations. Meanwhile, I am recommending a salary survey increase of 3.5 percent at a cost of \$25.7 million General Fund. This amount is inclusive of \$6.5 million to increase the State's contribution to the Public Employees Retirement Association (PERA). Under the provisions of S.B. 06-235, a portion of the salary survey increases will be diverted to PERA through 2013. I am also recommending a health insurance increase of 1.8 percent, which is anticipated to place the State's benefits at 85 percent of the average in the private sector.

Many difficult decisions await the next Governor and General Assembly. However, I believe you will find this budget to be an accurate reflection of the State's needs. I wish you the best as you begin deliberations on the FY 2007-08 budget.

Sincerely,

Bill Owens  
Governor

## FY 2007-08 Requested Appropriations by Department

Department	Total FY 2007-08 Request		Percent Change From FY 2006-07 Appropriation		Total FY 2006-07 Appropriation	
	GF <sup>1</sup>	Total - All Funds	GF <sup>1</sup>	Total - All Funds	GF <sup>1</sup>	Total - All Funds
Agriculture	\$ 6,593,095	\$ 36,983,354	26.7%	5.2%	\$ 5,204,790	\$ 35,161,915
Corrections	\$ 636,033,834	\$ 697,637,032	8.7%	8.0%	\$ 584,997,496	\$ 645,676,152
Education	\$ 3,007,682,226	\$ 4,056,318,282	4.6%	5.4%	\$ 2,874,627,998	\$ 3,847,861,010
Governor's Office	\$ 13,859,283	\$ 61,055,064	23.4%	-3.0%	\$ 11,230,755	\$ 62,922,876
Health Care P&F	\$ 1,499,826,228	\$ 3,632,584,527	7.4%	7.3%	\$ 1,396,681,802	\$ 3,385,826,300
Higher Education	\$ 739,673,756	\$ 2,480,682,184	7.2%	5.9%	\$ 689,673,756	\$ 2,343,000,227
Human Services	\$ 631,113,132	\$ 1,965,380,813	4.5%	2.5%	\$ 604,055,742	\$ 1,917,389,710
Labor and Employment	\$ 152,797	\$ 158,107,961	9.0%	2.2%	\$ 140,166	\$ 154,680,784
Local Affairs	\$ 10,678,729	\$ 228,875,017	3.7%	-4.3%	\$ 10,300,005	\$ 239,224,658
Military Affairs	\$ 5,578,609	\$ 172,851,874	5.8%	13.3%	\$ 5,273,892	\$ 152,527,484
Natural Resources	\$ 31,827,094	\$ 201,280,974	11.5%	3.2%	\$ 28,534,012	\$ 195,061,772
Personnel	\$ 11,939,798	\$ 177,457,131	64.1%	8.2%	\$ 7,274,376	\$ 164,029,117
Public Health & Envir.	\$ 24,153,291	\$ 401,874,147	5.9%	-11.2%	\$ 22,816,667	\$ 452,702,711
Public Safety	\$ 71,479,939	\$ 221,364,762	6.8%	0.0%	\$ 66,899,268	\$ 221,363,443
Regulatory Agencies	\$ 1,419,017	\$ 68,914,702	4.3%	5.3%	\$ 1,360,145	\$ 65,442,672
Revenue	\$ 98,266,096	\$ 560,993,452	3.5%	1.0%	\$ 94,933,476	\$ 555,248,609
Transportation	\$ -	\$ 1,051,854,200	NA	1.7%	\$ -	\$ 1,034,332,386
<b>Total Executive</b>	<b>\$ 6,790,276,924</b>	<b>\$ 16,174,215,476</b>	<b>6.0%</b>	<b>4.5%</b>	<b>\$ 6,404,004,346</b>	<b>\$ 15,472,451,826</b>
Judicial	\$ 278,375,483	\$ 357,298,646	6.0%	6.0%	\$ 262,618,380	\$ 337,074,194
Law	\$ 9,471,165	\$ 41,844,319	6.0%	6.0%	\$ 8,935,061	\$ 39,475,773
Legislature	\$ 32,739,905	\$ 33,803,669	6.0%	6.0%	\$ 30,886,703	\$ 31,890,254
State	\$ -	\$ 27,958,425	NA	6.0%	\$ -	\$ 26,375,873
Treasury	\$ 106,138,848	\$ 390,028,797	6.0%	6.0%	\$ 100,130,989	\$ 367,951,695
<b>Total Non-Executive</b>	<b>\$ 426,725,401</b>	<b>\$ 850,933,856</b>	<b>6.0%</b>	<b>6.0%</b>	<b>\$ 402,571,133</b>	<b>\$ 802,767,789</b>
<b>Total Request</b>	<b>\$ 7,217,002,325</b>	<b>\$ 17,025,149,332</b>	<b>6.0%</b>	<b>4.6%</b>	<b>\$ 6,806,575,479</b>	<b>\$ 16,275,219,615</b>

1. GF is the total of General Fund, General Fund Exempt from the six percent limit, and General Fund Exempt from TABOR due to the passage of Referendum C.

## **DEPARTMENT OF AGRICULTURE**

### **Operating Budget Overview**

The FY 2006-07 appropriation to the Department was \$35.2 million and supports seven Long Bill groups or divisions. Of the total appropriation, 14.8 percent is from the General Fund and 40.6 percent is from cash funds. In FY 2006-07, the Department received a 21.7 percent increase (primarily for cash fund refinancing) in General Fund and less than one percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$37.0 million, including \$6.6 million General Fund. This represents a 26.7 percent increase in the General Fund appropriation to the Department (primarily for cash fund refinancing).

### **New Request Summary**

The Governor recommends:

- Pursuant to the sunset of S.B. 05-176, \$949,256 General Fund to refinance 40 percent of cash funds in the Inspection Consumer Services Division. This program was historically General Funded; restoring the General Fund will lower the cost of doing business for Colorado's agricultural industries.
- \$63,423 General Fund and 1.0 FTE for the Conservation Services Division. This new FTE will serve 22 conservation districts in the southeast quadrant of the State and will assist in employee training and fundraising.

## **DEPARTMENT OF CORRECTIONS**

### **Operating Budget Overview**

The FY 2006-07 appropriation to the Department was \$645.7 million and supports eight Long Bill groups or divisions. Of the total appropriation, 90.6 percent is from the General Fund and 8.9 percent is from cash funds exempt. In FY 2006-07, the Department received a 9.2 percent increase in General Fund and 8.6 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$697.6 million, including \$636.0 million General Fund. This represents an 8.7 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$12.9 million General Fund to pay for increases in external capacity payments to private prisons, local jails, pre-release and parole revocation facilities, and community corrections, due to the overall increase in the offender population.
- \$1.7 million General Fund and 18.0 FTE for increases in Parole and Community Services due to the overall increase in the offender population.
- \$1.5 million General Fund for the restoration of 25.0 FTE in state facilities, primarily Correctional Officers in Housing and Security.
- \$810,000 General Fund and 6.0 FTE for increases in transportation services, offender services, uniforms, dress-out, and other items directly impacted by the increase in the offender population.
- \$500,000 General Fund for increased Medical and Pharmaceutical costs.
- \$430,000 General Fund and 6.5 FTE for Parole Services, which will be used to reduce the ratio of parole correctional officers to parolees, from 1:68 down to 1:65.
- \$400,000 General Fund for contractual maintenance on the Department's computers and computer networks statewide.
- \$270,000 General Fund and 4.0 FTE for increases in the Private Prison Monitoring Unit.

## **DEPARTMENT OF EDUCATION**

### **Operating Budget Overview**

The FY 2006-07 appropriation to the Department was \$3,848 million and supports four Long Bill groups or divisions. Of the total appropriation, 74.7 percent is from the General Fund and 12.7 percent is from federal funds. In FY 2006-07, the Department received a 5.6 percent increase in General Fund and 42.2 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$4,056 million, including \$3,008 million General Fund. This represents a 4.6 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$190.4 million for the State Share of Districts' Total Program to meet the requirements of Amendment 23, including a \$132.5 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 2007-08. This recommendation generates a 5.7 percent increase in Total Program and a 6.3 percent increase in the State Share of Districts' Total Program.
- \$9.1 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:
  - ◆ 3.5 percent increase (\$4.1 million) to Special Education – Children with Disabilities;
  - ◆ 4.0 percent increase (\$245,316) to English Language Proficiency Program;
  - ◆ 6.2 percent increase (\$2.7 million) to Public School Transportation;
  - ◆ 6.0 percent increase (\$1.2 million) to State Assistance for Vocational Education;
  - ◆ 6.0 percent increase (\$468,525) to Special Education – Gifted and Talented Children; and
  - ◆ 6.0 percent increase (\$377,110) to the Expelled & At-Risk Student Services Grant Program.



## **GOVERNOR, LIEUTENANT GOVERNOR, STATE PLANNING & BUDGETING**

### **Operating Budget Overview**

The FY 2006-07 appropriation to the Department was \$62.9 million and supports six Long Bill groups or divisions. Of the total appropriation, 17.9 percent is from the General Fund and 26.3 percent is from federal funds. In FY 2006-07, the Department received a 29.9 percent *decrease* in General Fund and 0.2 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$61.1 million, including \$13.9 million General Fund. This represents a 23.4 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$2.4 million General Fund to support statewide cyber security efforts pursuant to H.B. 06-1157.

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

### **Operating Budget Overview**

The FY 2006-07 appropriation to the Department was \$3,386 million and supports six Long Bill groups or divisions. Of the total appropriation 41.3 percent is from the General Fund and 48.1 percent is from federal funds. In FY 2006-07, the Department received a 2.4 percent increase in General Fund and 20.5 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$3,633 million, including \$1,499 million General Fund. This represents a 7.4 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$149.4 million in total funds, of which \$54.0 million is General Fund, for caseload and utilization increases associated with medical services for Medicaid clients. At the recommended level of funding, more than 452,000 Coloradoans will receive health care under the Medicaid program.
- \$13.4 million in total funds, of which \$4.8 million is General Fund, for caseload and rate increases in the Medicaid Mental Health program.
- \$26.2 million in total funds, of which \$4.5 million is General Fund, for the Children's Health Plan Plus (CHP+). State funding for the CHP+ includes the Tobacco Master Settlement Agreement and Amendment 35 tobacco tax funding with General Fund remaining to cover any shortfall. Each state dollar of funding receives a two-dollar federal match. The OSPB recommended increase is necessary to fund caseload and utilization increases for children and pregnant women. The funding level recommended by the OSPB will allow for average monthly enrollment of more than 50,000 children in the program.
- \$14.2 million total funds, of which \$7.0 million is General Fund, for provider rate increases. In order to maximize the impact of provider rate increases, the Department's rate plan targets areas of high need and reimbursement rates that are significantly lower than actual cost as opposed to an across-the-board increase.
- \$3.0 million, of which \$979,398 is General Fund, for the implementation and enforcement of federal and state illegal immigration legislation, specifically the Deficit Reduction Act of 2005 and H.B. 06S-1023.

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

### **Operating Budget Overview**

The FY 2006-07 appropriation to the Department was \$2,343 million and supports ten Long Bill groups or divisions. Of the total appropriation, 29.4 percent is from the General Fund and 68.7 percent is from cash funds exempt. In FY 2006-07, the Department received an 8.4 percent increase in General Fund and 10.1 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$2,481 million, including \$739.7 million General Fund. This represents a 7.2 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$11.0 million General Fund to fund enrollment growth and increase the College Opportunity Fund per stipend for Public Institutions from \$2,580 to \$2,670.
- \$2.2 million General Fund to fund enrollment growth and increase the College Opportunity Fund per stipend for Private Institutions from \$1,290 to \$1,335.
- \$36.8 million General Fund for fee-for-service contract funding.
- \$39.8 million cash funds exempt spending authority to cover enrollment growth and tuition increases. While the Governor recommends giving the governing boards flexibility to make school-specific decisions concerning tuition increases as the boards deem appropriate, the Governor anticipates that resident tuition increases will be no greater than 3.5 percent at community colleges, 5.0 percent at four-year colleges, and 7.0 percent at research universities.

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

### **Operating Budget Overview**

The FY 2006-07 appropriation to the Department was \$1,917 million and supports eleven Long Bill groups or divisions. Of the total appropriation, 31.5 percent is from the General Fund and 29.9 percent is from federal funds. In FY 2006-07, the Department received a 19.5 percent increase in General Fund and 8.9 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$1,965 million, including \$631.1 million General Fund. This represents a 4.5 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$4.4 million to fund vulnerable populations with Development Disabilities, of which \$2.3 million is net General Fund.
- \$3.7 million for child welfare caseload increases, of which \$1.9 million is net General Fund.
- \$2.7 million for youth corrections caseload increases, of which \$2.4 million is net General Fund.
- \$1.5 million General Fund for indigent community mental health services.
- Approximately \$1.0 million in operating funds to complete high-priority maintenance projects for the Department's residential facilities, of which \$855,469 is net General Fund.
- \$1.4 million in local cash funds exempt and federal funds to fund targeted vocational rehabilitation projects to gain employment for persons with disabilities.
- \$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 2006-07 appropriation to the Department was \$154.7 million and supports five Long Bill groups or divisions. Of the total appropriation, \$140,166 is from the General Fund and 67.2 percent is from federal funds. As the Department received no General Fund in FY 2005-06, the entire FY 2006-07 General Fund is an incremental increase to the appropriation.

The Governor is requesting a total departmental budget of \$158.1 million, including \$152,797 General Fund. This represents a 9.0 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- A net-zero change that will replace \$2.0 million federal funds with cash funds. This request is necessary because there is no additional federal funding to support common policy increases according to the existing cost allocation plan.
- \$243,096 total funds so that Information Technology assets can be replaced according to recommended lifecycles.

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

### **Operating Budget Overview**

The FY 2006-07 appropriation to the Department was \$239.2 million and supports four Long Bill groups or divisions. Of the total appropriation, 4.3 percent is from the General Fund and 40.9 percent is from federal funds. In FY 2006-07, the Department received a 19.8 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 \$228.9 million, including \$10.7 million General Fund. This represents a 3.7 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

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

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

### **Operating Budget Overview**

The FY 2006-07 appropriation to the Department was \$152.5 million and supports five Long Bill groups or divisions. Of the total appropriation, 3.5 percent is from the General Fund and 95.6 percent is from federal funds. In FY 2006-07, the Department received a 19.1 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 \$172.9 million, including \$5.6 million General Fund. This represents a 5.8 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$194,891 General Fund to allow the Department to address backlogged maintenance needs at the Grand Junction, Longmont, Boulder, La Junta, Aurora, and Canon City armories.
- \$133,764 General Fund and 3.0 FTE to provide maintenance of armories, purchasing and contracting assistance, and information technology support. This will allow the Department to meet maintenance demands as National Guard restructuring will place additional troops on the Western Slope.
- \$10,414 General Fund for aircraft maintenance for the Civil Air Patrol Program. This will allow the Program to increase its aircraft maintenance by 22 percent, which will help ensure that the Department's planes are always ready when called upon for duty.

## **DEPARTMENT OF NATURAL RESOURCES**

### **Operating Budget Overview**

The FY 2006-07 appropriation to the Department was \$195.1 million and supports nine Long Bill groups or divisions. Of the total appropriation, 14.6 percent is from the General Fund and 20.4 percent is from cash funds. In FY 2006-07, the Department received a 24.9 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 \$201.3 million, including \$31.8 million General Fund. This represents an 11.5 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$515,876 General Fund and 7.1 FTE for the Division of Water Resources to provide additional ground and surface water administration in the South Platte, Colorado, and Yampa River basins. Additionally, the funding will provide expanded hydrographic support in the South Platte, Rio Grande, and Animas River basins.
- \$900,000 cash funds exempt for educational programs through the Public Education Advisory Council in the Division of Wildlife.
- \$571,472 cash funds and cash funds exempt, 4.0 FTE and the extension of 3.0 contract positions to provide the Oil and Gas Conservation Commission sufficient staff to process new well permits within the desired turnaround time of 30 days.
- \$390,229 cash funds and 2.0 FTE for the Colorado Geological Survey to fund additional professionals to address current and emerging geological issues, including oil shale, geothermal energy, petroleum geology and hydrogeology.
- \$213,418 cash funds and 1.0 FTE for the Division of Reclamation, Mining, and Safety to hire an Environmental Protection Specialist with expertise in oil shale, uranium and vanadium, along with additional legal services funding.
- \$148,736 cash funds and cash funds exempt and 2.0 FTE for the Executive Director's Office to hire engineers with Oil, Gas and Oil Shale expertise to provide technical assistance to the Department needed due to the tremendous increase in oil and gas activity in the State and the potential increase in oil shale activity.



## **DEPARTMENT OF PERSONNEL AND ADMINISTRATION**

### **Operating Budget Overview**

The FY 2006-07 appropriation to the Department was \$164.0 million and supports seven Long Bill groups or divisions. Of the total appropriation, 4.4 percent is from the General Fund and 88.1 percent is cash funds exempt. In FY 2006-07, the Department received a 12.0 percent *decrease* in General Fund and less than one percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$177.5 million, including \$11.9 million General Fund. This represents a 64.1 percent increase in the General Fund appropriation to the Department. The large increase is the result of a proposal to consolidate the State's email infrastructure.

### **New Request Summary**

The Governor recommends:

- \$3.0 million General Fund for the consolidation of the State's e-mail system.
- \$200,000 General Fund for the preservation of audio recordings of legislative hearings and floor debates from 1973 through 2003.
- \$527,280 cash funds exempt spending authority to acquire 8.0 FTE to address increasing information security needs including new regulation and external security threats.
- \$98,300 and 3.0 FTE in the Division of Finance and Procurement, Collections Services to address net collection processing needs.
- 5.0 FTE and a net-zero transfer of funds in the Integrated Document Solutions Division to provide the optimal level of service to departments based on forecasted need.

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

### **Operating Budget Overview**

The FY 2006-07 appropriation to the Department was \$452.7 million and supports eleven Long Bill groups or divisions. Of the total appropriation 5.0 percent is from the General Fund and 46.4 percent is from federal funds. In FY 2006-07, the Department received a 10.9 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 \$401.9 million, including \$24.2 million General Fund. This represents a 5.9 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$557,925 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.
- \$212,067 General Fund and \$416,801 cash funds to add 7.0 FTE for the Drinking and Waste Water Protection Program. This will allow 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.
- \$186,055 General Fund to maintain the State's existing communicable disease reporting system. This will allow the Department to maintain complete, timely, and high quality reporting of communicable diseases.
- \$307,389 in cash fund spending authority and 3.0 FTE from the Stationary Sources Control Fund. These funds will allow the Department to issue permits for major emissions sources, inspect permitted oil and gas sources for compliance, and hire and retain employees in a competitive oil and gas market.

## **DEPARTMENT OF PUBLIC SAFETY**

### **Operating Budget Overview**

The FY 2006-07 appropriation to the Department was \$221.4 million and supports five Long Bill groups or divisions. Of the total appropriation, 30.2 percent is from the General Fund and 48.3 percent is from cash funds exempt including Highways Users Tax Fund (HUTF). In FY 2006-07, the Department received a 13.6 percent increase in General Fund and 1.0 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$221.4 million, including \$71.5 million General Fund. This represents a 6.8 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$1.3 million General Fund to support 86 additional residential transition beds within the Division of Criminal Justice (DCJ) for Department of Corrections' (DOC) offenders eligible for community corrections.
- \$898,691 General Fund in the Division of Criminal Justice program to support a 2.0 percent increase to community corrections providers.
- \$160,499 General Fund for relocation and ongoing operating expenses associated with the new CBI facility in Grand Junction. Also requested is \$200,000 cash funds exempt to receive a grant from the city of Grand Junction to reimburse other moving expenses.
- \$122,888 General Fund and 2.0 FTE to provide training and conduct audits of local law enforcement agencies' use of the Colorado Criminal Justice Information System (CCJIS).
- \$367,528 cash funds exempt (Limited Gaming revenues) and 5.0 FTE to increase patrol efforts on the highways near Colorado casinos.
- \$155,429 cash funds from the No-Insurance Restitution Fund to fund the CSP's Victims Assistance Program.

## **DEPARTMENT OF REGULATORY AGENCIES**

### **Operating Budget Overview**

The FY 2006-07 appropriation to the Department was \$65.4 million and supports ten Long Bill groups or divisions. Of the total appropriation, 2.1 percent is from the General Fund and 82.2 percent is from cash funds. In FY 2006-07, the Department received a 1.7 percent *decrease* in General Fund and less than one percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$68.9 million, including \$1.4 million General Fund for FY 2007-08. This represents a 4.3 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$106,472 cash funds to add 2.0 FTE to the Division of Financial Services. This recommendation will allow the Division to keep pace with rapid asset growth and financial industry consolidation, and enable them to comply with increased examination requirements and procedures for all state-chartered credit unions.
- \$102,210 cash funds exempt to replace the LibertyNET document imaging system by purchasing licenses to use the Central Services Electronic Data Warehouse systems. This recommendation will allow the Department to be more cost effective and will provide increased security and data availability.
- The addition of three leased vehicles from State Fleet Management for the Division of Registrations Pharmacy and Tramway Safety Boards. This recommendation will allow the Division to decrease its reliance on the State Motor Pool vehicles and allow the Pharmacy and Tramway Boards to complete their inspection process while being more cost efficient. The total cost is a net reduction of \$6,268 cash funds annually.

## **DEPARTMENT OF REVENUE**

### **Operating Budget Overview**

The FY 2006-07 appropriation to the Department was \$555.2 million and supports eight Long Bill groups or divisions. Of the total appropriation, 17.1 percent is from the General Fund and 74.5 percent is cash funds exempt. In FY 2006-07, the Department received a 14.7 percent increase in General Fund and 1.4 percent of the statewide General Fund appropriation.

The Governor is requesting a total departmental budget of \$561.0 million, including \$98.3 million General Fund. This represents a 3.5 percent increase in the General Fund appropriation to the Department.

### **New Request Summary**

The Governor recommends:

- \$1.0 million General Fund to increase staffing at driver's license offices statewide. The Department will add a total of 25.0 FTE to these offices. 3.0 FTE will increase staffing at what are currently one-person offices to ensure that at least two employees are at each office during business hours. This is a major security improvement for the Department and it completes the Department's shift to maintaining no one-person offices. The remaining additional 22.0 FTE will increase staffing at offices along the Front Range to address employees lost during the budget shortfall and to account for increased population growth.
- \$187,062 total funds to address four items: 1) postage rate increase; 2) reclassification of certain Department mailings by the United States Postal Service; 3) moving all Department postage costs into a single line item; and 4) identifying the direct costs of Department postage and charging programs those costs. By identifying and charging divisions their direct postage costs, the Department saves \$79,354 General Fund, and creates incentives for each division to reduce its postage costs.

## **DEPARTMENT OF TRANSPORTATION**

### **Operating Budget Overview**

The FY 2006-07 appropriation to the Department was \$28.1 million and supports two Long Bill groups or divisions. Of the total appropriation, none of the funding is from the General Fund and 81.3 percent is from cash funds exempt.

The Department has three non-appropriated Long Bill groups or divisions totaling \$1.0 billion that are listed for informational purposes. One is Construction, Maintenance, and Operations (\$984.0 million). The next line is the Statewide Tolling Enterprise (\$4.2 million cash funds exempt). The final is the Division of Aeronautics (\$18.0 million).

Funding for both the appropriated and the non-appropriated portions of the Department's budget consists of no General Fund, 7.9 percent cash funds, 52.0 percent cash funds exempt, and 40.1 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 \$430.5 million in FY 2006-07.

The Governor is requesting a total FY 2007-08 appropriation of \$38.4 million, including no General Fund.

### **New Request Summary**

The Governor recommends:

- \$14.3 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 \$13.2 million for construction-related costs (e.g., engineering, right-of-way, and safety improvements), and \$1.1 million for the area highway maintenance.

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

For FY 2007-08, the Governor is requesting \$181.7 million in General Funded capital construction and controlled maintenance projects. Priority has been given to state obligations, continuation of capital projects funded in FY 2006-07 and projects that protect the health and safety of Colorado citizens. In total, these projects and statutorily authorized transfers to the Capital Construction fund will require an additional transfer of approximately \$35.4 million from the General Fund to complete these projects.

Specifically, we are proposing the following state-funded projects:

- Statewide Controlled Maintenance for a total of \$30.2 million;
- UCD&HSC Fitzsimons Certificates of Participation Payments – \$6.0 million;
- Department of Corrections Denver Regional Diagnostics Center Renovation – \$14.9 million;
- Department of Higher Education Continuation Projects – \$79.5 million;
- Department of Human Services CMHIP Forensics Replacement – \$29.0 million;
- Department of Human Services CHMI's Equipment Replacement – \$935,733;
- Department of Human Services CSVCH Domiciliary Renovation – \$917,095;
- Dept. of Public Health and Environment Small Community Drinking Water Grants – \$1.5 million;
- Dept. of Public Health and Environment Domestic Wastewater Treatment Grants – \$1.5 million;
- Department of Public Safety CCIC Message Switch – \$7.6 million;
- Department of Revenue Integrated Tax Architecture – \$9.5 million; and
- Department of Revenue Fire Suppression System – \$54,190.