

STATE OF COLORADO

OFFICE OF THE GOVERNOR

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Bill Ritter, Jr.
Governor

November 6, 2009

The Honorable Moe Keller
Chairman, Joint Budget Committee
Joint Budget Committee
Colorado General Assembly
200 E. 14th Avenue, Third Floor
Legislative Services Building
Denver, CO 80203

Dear Senator Keller:

I present today my balanced budget for FY 2010-11. My budget reflects tough decisions necessitated by the significant drop in revenues brought on by the global economic recession. This submission supports my continuing commitment to ensure a balanced budget during perhaps the greatest fiscal challenge in Colorado's history.

My budget reflects the same principles and core values that have guided us throughout this process. We continue to be thoughtful, practical, and compassionate in approaching these difficult budget decisions while recognizing a significant shortfall in General Fund revenues relative to growing demands for critical states services.

This budget request is based on the principle of shared sacrifice. We must all be part of the solution as we make tough choices to ensure we live within our means.

My plan to balance FY 2010-11 required a total of \$1.02 billion in budget balancing decisions, even after not funding \$255.6 million for base program increases which are typically funded in the base budget. The \$1.02 billion of budget balancing initiatives includes approximately \$708.6 million of General Fund expenditure reductions from the FY 2010-11 base, General Fund augmentation of a net \$153.6 million, and General Fund reserve changes totaling \$158.1 million.

My budget for FY 2010-11 is fully balanced and assumes General Fund revenues of \$7,259.6 million, General Fund expenditures of \$7,108.7 million, and a General Fund reserve of \$150.9 million.

My FY 2010-11 budget follows my October 28th presentation regarding further balancing for FY 2009-10. That plan delineated net balancing measures of an additional \$276.1 million that are necessary in FY 2009-10. On August 25th I initiated budget balancing measures totaling \$313.3 million (as amended) for FY 2009-10. These FY 2009-10 measures, totaling \$589.4 million

together, came on the heels of over \$1.45 billion General Fund budget balancing actions already taken for FY 2009-10 during the 2009 Legislative Session.

Colorado Economy and Economic Recovery

While these budget reductions are necessitated by a shortfall in State General Fund revenues, Colorado is poised for a strong economic recovery.

- In September, Colorado was named the fourth best state to do business by Forbes.com, up from No. 6 last year. In July, CNBC ranked Colorado No. 3 on its prestigious annual list of America's Top States for Business, citing the State's New Energy Economy.
- Colorado is a global leader in the New Energy economy and is working to attract new companies and to create new jobs. Colorado has created an environment that fosters research and development (R&D), encourages new technologies, encouraging job growth.
- We have revived the Colorado Credit Reserve Program, providing family-owned businesses with access to capital.
- We have established a tax credit for companies that add new jobs. This has already recruited new companies like DaVita from California and RePower from Oregon.
- Because of Colorado's education-based reforms, the State is well-positioned to secure a federal Race to the Top grant.
- Colorado's September unemployment numbers show that the State is almost 3 full points below the national average. Colorado's unemployment rate declined in 51 of 64 counties. Many experts believe the diverse economy and small-business backbone of Colorado will drive us out of the recession faster and stronger than most other states.
- The federal Recovery Act has resulted in budget stabilization. Additionally, Colorado residents have seen the direct benefits. About 1.8 million families have been bringing home additional funds thanks to the Making Work Pay tax cut. About 6,200 households are saving up to \$8,000 on their first home purchase. More than 500,000 Coloradoans received an extra \$250 check from the Social Security Administration to help make ends meet. Low-income college students will receive up to \$500 more in tuition assistance for the current school year. More than 300,000 people obtained job search assistance and disadvantaged youth received summer jobs.

Governor's Budget for FY 2010-11: Fully Balanced Despite Weak Revenues and Growing State Budget Needs

Over 95.0 percent of General Fund department appropriations is spent on the largest six departments (Education, Health Care Policy and Financing, Higher Education, Corrections,

Human Services, and Judicial). Over 60.0 percent of spending is in two departments alone: K-12 Education accounts for over 40.0 percent of total State General Fund spending and the Department of Health Care Policy and Financing which operates Medicaid and Children's Basic Health Plan accounts for over 20.0 percent.

My budget balancing plan for FY 2010-11 required a total of \$1.276 billion in budget balancing decisions, including \$255.6 million in annual expenditures typically funded that were not funded (costs avoided). Excluding the \$255.6 million, the General Fund budget shortfall was \$1,020.4 million:

FY 2010-11 General Fund Shortfall

General Fund Beg. Balance/Revenues	\$7,106.0 million
General Fund Expenditures	\$7,817.4 million
General Fund Reserve Requirement	<u>\$ 309.0 million</u>
General Fund Shortfall	\$1,020.4 million <1>

<1> Beginning balance/revenues less expenditures and reserve requirement, with some rounding.

The \$1.02 billion shortfall (\$1,020.4 million) is a function of the \$589.4 million FY 2009-10 shortfall factors which continue in FY 2010-11 if no balancing actions are taken, plus an additional shortfall of \$431.0 million due to new FY 2010-11 factors. These new factors include:

General Fund Beg. Balance/Revenues	\$311.8 million increase
General Fund Expenditures	\$582.5 million increase
General Fund Reserve Requirement	<u>\$160.2 million increase</u>
Total General Fund Shortfall	\$431.0 million increase <1>

<1> Beginning balance/revenues less expenditures and reserve requirement, with some rounding.

General Fund Budget With No Balancing Initiatives						
	FY 09-10 Budget		FY 10-11 Budget		Change of FY 10-11 Compared to FY 09-10	FY 10-11 % Change
GF Available	\$	6,794,200,000	\$	7,105,986,964	\$ 311,786,964	4.6%
GF Expenditures	\$	7,234,808,201	\$	7,817,357,226	\$ 582,549,025	8.1%
GF Reserve	\$	148,786,964	\$	309,010,112	\$ 160,223,148	107.7%
GF Ending Balance	\$	(589,395,165)	\$	(1,020,380,374)	\$ (430,985,209)	73.1%

The FY 2010-11 State budget is fully balanced with my Plan to augment General Fund, reduce General Fund expenditures, and adjust the General Fund reserve level:

FY 2010-11 Governor's Budget

General Fund Beg. Balance/Revenues	\$7,259.6 million
General Fund Expenditures	\$7,108.7 million
General Fund Reserve Requirement	<u>\$ 150.9 million</u>
General Fund Shortfall	\$0 <1>

<1> Beginning balance/revenues less expenditures and reserve requirement, with some rounding.

General Fund Budget with Governor Ritter's Balancing Measures						
	FY 09-10 Budget		FY 10-11 Budget		Change of FY 10-11 Compared to FY 09-10	FY 10-11 % Change
GF Available	\$	6,903,924,449	\$	7,259,599,816	\$ 355,675,367	5.2%
GF Expenditures	\$	6,771,203,613	\$	7,108,707,257	\$ 337,503,644	5.0%
GF Reserve	\$	132,720,836	\$	150,892,559	\$ 18,171,723	13.7%
GF Shortfall	\$	0	\$	0	\$ 0	

The Budget Balancing Plans presented on August 25th and October 28th fully balances FY 2009-10 shortfall. This November 6th Budget fully balances the FY 2010-11 shortfall.

Governor Ritter's State General Fund Balancing Changes						
	FY 09-10 Budget		FY 10-11 Budget		Change of FY 10-11 Compared to FY 09-10	FY 10-11 % Change
GF Available	\$	109,724,449	\$	153,612,852	\$ 43,888,403	40.0%
GF Expenditures	\$	(463,604,588)	\$	(708,649,969)	\$ (245,045,381)	52.9%
GF Reserve	\$	(16,066,128)	\$	(158,117,553)	\$ (142,051,425)	884.2%
Total Balancing Initiatives	\$	589,395,165	\$	1,020,380,374	\$ 430,985,209	73.1%

The following narrative highlights the measures taken to balance the \$1.02 billion shortfall for FY 2010-11, including General Fund expenditure reductions, General Fund revenue augmentation, and reserve adjustments.

FY 2010-11 General Fund Expenditures: Growing Budget Needs are Combined with Budget Reductions

Core state government costs continue to rise while State General Fund revenues are decreasing. In particular, caseload-related costs in the Department of Health Care Policy and Financing and in the Department of Corrections are increasing. Together these account for FY 2010-11 General Fund increases of \$162.7 million General Fund. In addition, the FY 2010-11 base expenditures included over \$300 million associated with reinstating one-time savings taken in FY 2009-10.

The FY 2010-11 budget request for the Department of Health Care Policy and Financing includes an increase of \$257.5 million total funds, of which \$156.7 million is General Fund, associated with caseload and cost increases in Medical Services Premiums, Medicaid Mental Health, the Children's Basic Health Plan, and the Medicare Modernization Act State Contribution Payment. Of the total caseload and cost increase in the Department, \$207.3 million total funds, including \$134.7 million General Fund, is from the Medicaid Medical Services Premiums. the Medicaid caseload is projected to increase by 11.0 percent to 567,483 clients in FY 2010-11. This is an increase of nearly 45 percent from the low point in FY 2007-08. Furthermore, the average annual per capita cost in the Medicaid program has increased by an average of 5.4 percent over the last four years.

The Department of Corrections' FY 2010-11 budget includes \$6.0 million General Fund associated with mandatory caseload growth and critical operations. Despite growing at a significantly lower rate than in previous years, the Department of Corrections' prison caseload continues to increase. The FY 2010-11 budget request includes \$3.0 million for additional prison bed capacity for a projected net yearly growth of 670 offenders, and just under \$0.5 million for medical and pharmaceutical expenses associated with the increase in prison caseload. Additionally, the FY 2010-11 budget request includes \$1.6 million and 16.1 FTE to provide supervision and services for a projected 652 additional parolees. Finally, the Department of Corrections' FY 2010-11 budget request includes \$1.0 million and 10.7 FTE to provide essential maintenance and security for the unoccupied Colorado State Penitentiary II (CSP II) and the Denver Reception and Diagnostic Center (DRDC) expansion. However, the projected population numbers do not account for the caseload impact due to H.B. 09-1351, which increases the amount of earned time that may be awarded to certain offenders. This bill is projected to decrease the total prison population and increase the total parole population. Per the fiscal note, HB 09-1351 is expected to reduce the offender population by 255.1 beds; the bill is also expected to increase the parole average daily population by 169 in FY 2010-11. The budget request is based on an adjusted projected population.

\$255.6 Million in General Fund Expenditures Not Made in FY 2010-11 (Costs Avoided)

The FY 2010-11 budget plan and its reductions proposed in this budget package are net of approximately \$255.6 million of funding which was excluded from the FY 2010-11 budget before direct budget reductions and balancing measures were taken. This \$255.6 million of initial "cost avoidance" includes:

- \$184.6 million General Fund in new FY 2010-11 estimated costs for K-12 Education were not added to the FY 2010-11 base;
- \$43.8 million General Fund in net operating expenses for FY 2010-11 associated with postponing the opening of CSP II and the Denver Reception and Diagnostic Center expansion;
- \$21.2 million General Fund in state employee salary related cost savings, including \$14.0 million General Fund in FY 2010-11 avoided salary survey payments and \$7.2 million General Fund in FY 2010-11 avoided performance pay expenditures; and
- \$6.1 million General Fund in FY 2010-11 Child Welfare block grant funding not reflected in the FY 2010-11 Department of Human Services base.

FY 2010-11 General Fund Net Budget Reductions: \$708.6 Million

The FY 2010-11 budget contains reductions of \$708.6 million in General Fund budget reductions. This includes a net of \$659.5 million of appropriations reductions, \$19.7 million of capital budget reductions, and \$29.4 million in reduced OAP-A and other General Fund obligations expenditures.

\$659.5 million in General Fund Appropriations Reductions

The FY 2010-11 budget includes \$659.5 million of *net* General Fund appropriation reductions. These General Fund reductions include, but are not limited to, the following initiatives:

- **\$223.3 million** State Public School Finance reductions in the Department of Education.
- **\$192.4 million** Federal Recovery Act FMAP refinancing in the Department of Health Care Policy and Financing. A decrease of \$192.4 million General Fund associated with adjusting the Department appropriations to reflect the enhanced Federal Medicaid Assistance Percentage (FMAP) from the federal American Recovery and Reinvestment Act (ARRA). Because these savings were previously accounted for in statewide budget balancing, there is not a net savings as a result of this action. However, because the statutory state General Fund reserve is calculated from the appropriation total, there is a reduction to the amount required to maintain the 2% statewide General Fund reserve.
- **\$138.3 million** associated with annualization of the FY 2009-10 August 25th Budget Balancing Plan. The FY 2010-11 annualization impact of these initiatives was highlighted in the August 25th Factsheets and is included in the FY 2010-11 department base funding and reconciliation spreadsheets for each department.
- **\$93.8 million** associated with changes in the Medicaid payment timing in the Department of Health Care Policy and Financing. This decrease is associated with a shift in the final four weeks of payments processed through the Medicaid Management Information System (MMIS) in FY 2010-11 into FY 2011-12.

- **\$90.2 million** associated with extending the discontinuation of the Senior Property Tax Exemption in the Treasury Department.
- **\$27.9 million** associated with Medicaid program reductions in the Department of Health Care Policy and Financing. – A decrease of \$28.0 million General Fund associated with reductions in the Medicaid Program, including: \$9.3 million associated with a 1% reduction to Medicaid provider rates; \$0.6 million to reduce the rates paid to mid-level practitioners such as nurse practitioners and physician assistants to 90% of the rate paid to physicians; \$0.9 million for restrictions placed on optional durable medical equipment; \$12.2 million to maintain the cap on nursing facility General Fund per diem rate growth at 0% for FY 2010-11. As part of the FY 2009-10 budget balancing actions, S.B. 09-263 (Medicaid Nursing Facility Payments) reduced the 3% General Fund per diem rate cap developed in H.B. 08-1114 (Nursing Facility Provider Fee) for nursing facilities to 0 percent for FY 2009-10, increasing to 5 percent for FY 2010-11, and returning to 3 percent for FY 2011-12. This proposal would extend the 0% General Fund cap into FY 2010-11 and maintain the respective increase to 5 percent in FY 2011-12 with a return to 3 percent in FY 2012-13. It also includes \$1.3 million associated with the impact to Program for the All-Inclusive Care for the Elderly (PACE) rates from the nursing facility rate reduction; \$1.6 million to reduce the rates paid to Behavioral Health Organizations for Medicaid mental health services by 2.0%, which would maintain rates within the actuarially certified range as required by federal regulation. Finally, it includes \$2.0 million to refinance the Disease Management Funding in Medical Services Premiums.
- **\$25.7 million** associated with refinancing Amendment 35. The Department of Public Health and Environment is transferring approximately \$25.7 million in cash funds from the Department's three Amendment 35 tobacco tax funds to the Department of Health Care Policy and Financing. These funds will be used by the Department of Health Care Policy and Financing for health care related activities that would otherwise require General Fund support. This is a one-time transfer for FY 2010-11.
- **\$24.7 million** of reductions in the Department of Human Services associated with the following initiatives: \$9.2 million reduction in the Division of Youth Corrections Purchase of Contract Placements; \$6.9 million associated with a 2.0 percent community provider rate base reduction; \$5.6 million associated with eliminating the County Tax Base Relief appropriation; and \$3.0 million associated with refinancing Child Welfare Services with federal TANF moneys.
- **\$20.1 million** of savings in the Department of Revenue associated with refinancing the Division of Motor Vehicles (DMV) in FY 2010-11 and FY 2011-12 by diverting a portion of driver's license fee revenue from the Highway Users Tax Fund (HUTF) to the Licensing Services Cash Fund and by appropriating Highway Users Tax Fund "Off the Top" dollars.
- **\$20.1 million** is reduced on a statewide adjustment associated with a proposal that would require all State employees participating in the PERA defined benefit and defined contribution pension plans to contribute an additional 2.5 percent for FY 2010-11. A corresponding reduction to the State's contribution is also proposed for this year and is

estimated to save the State \$20.1 million General Fund. Legislation, as well as a budget action to identify actual savings by individual agencies and line items, will be required. An official budget action will be submitted to the Joint Budget Committee by January 4, 2010, to reflect the individual line item impacts within each agency.

- **\$6.6 million** of reductions assumed in the elected officials budgets, including \$5.8 million in the Judicial Department, \$0.6 million in the Legislative Department, and \$0.2 million in the Department of Law.
- **\$4.6 million** of reductions in the Department of Health Care Policy and Financing associated with Medicaid efficiencies. The initiative contains a \$4.5 million General Fund decrease associated with a change in the billing of home health services for nursing, physical therapy, occupational therapy, speech therapy, and assessment and teaching visits from a single daily unit of 2.5 hours to five 0.5 hour units. Because the actual time of service is estimated to be an average of 2.0 hours, this request projects a savings of 20 percent in these areas.

Partially offsetting these General Fund budget reductions are FY 2010-11 base increases in Medicaid, Corrections, as noted above, as well as changes to the Accelerated Transition Pilot Program totaling \$18.0 million General Fund, and other budget initiatives outlined in November change requests.

General Fund Reductions of \$19.7 million in FY 2010-11 Capital Budget

The FY 2010-11 General Fund transfer of \$11.98 million assumes \$19.7 million in General Fund reductions. The capital construction numbers included in budget balancing reflect the Governor's Prioritized Capital Construction Budget Request submitted to the Capital Development Committee and Joint Budget Committee on November 2, 2009.

General Fund Reductions of \$21.4 million in OAP-A Changes

The August 24, 2009 FY 2009-10 Old Age Pension cash fund reduction was \$6.1 million associated with decreased caseload projections and a revision to the cost of living adjustment. This reduction annualizes to \$7.0 million in FY 2010-11. As part of the November 6, 2009 FY 2010-11 budget request, the Department of Human Services is requesting changes to the eligibility criteria for the program effective January 1, 2011. Specifically, the Department is proposing changes to reconcile conflicting statutory requirements to assure that a sponsor's income and resources are included in the determination of the need for the OAP Programs, regardless of the sponsor's relationship to the recipient. This change would result in a cash fund reduction of \$14.4 million in FY 2010-11 and annualize to \$28.9 million in FY 2011-12. Reduction of these cash funds will allow additional state revenues to flow into the General Fund, thus reducing shortfalls in the General Fund.

Other - \$8.0 million Forecast Adjustment for Senior Property Tax Program

Finally, \$8.0 million in newly forecasted Senior Property Tax increases for FY 2010-11 are removed from the budget. This sum augments the \$90.2 million reduction noted above in the Appropriations area of the budget; however, this sum is also reduced from the forecast assumptions since the September 2009 OSPB forecast assumed an increase of \$8.0 million for this program over continuing base assumptions. This adjustment allows the full savings of the program to be captured in the budget.

Augmentation of FY 2010-11 General Fund Revenue: Net \$153.6 Million

My FY 2010-11 budget includes \$169.7 million in initiatives that augment General Fund revenue, offset by \$16.1 million in other adjustments. The \$169.7 million of revenue augmentation includes the following initiatives:

- *\$131.8 million for revisions to tax exemptions and credits affecting 13 different areas.*

This includes the following: \$48.0 million associated with suspending the exemption for industrial and manufacturing energy use; \$17.9 million associated with eliminating the exemption for candy and soft drinks; \$16.75 million (\$33.5 million in FY 2011-12) associated with temporarily limiting the net operating loss for a corporation to \$250,000; \$15.0 million associated with eliminating the software exemption; \$13.0 million (\$26 million in FY 2011-12) associated with temporarily capping gross conservation easement credits; \$5.0 million associated with enforcing sales tax collections for on-line purchases; \$4.45 million (\$8.9 million in FY 2011-12) associated with temporarily limiting the corporate enterprise zone investment tax credit to \$250,000; \$2.9 million associated with suspending the exemption for pesticides; \$2.5 million (\$5.0 million in FY 2011-12) associated with elimination of the alternative minimum tax and tax credit; \$2.1 million associated with eliminating the exemption for non-essential food containers; \$1.5 million associated with suspension of the exemption for agricultural compounds and bull semen; \$1.45 million associated with suspension of direct mail advertising; and \$1.25 million associated with revising the alternative fuel vehicle credits.

- *\$21.4 million to divert Gaming revenue to the General Fund.*

This initiative, which requires legislation, would transfer 100 percent of the Limited Gaming revenues into the General Fund that would otherwise go to the Clean Energy Fund, and 50 percent of the Limited Gaming revenues that would go to the State Council on the Arts, Travel and Tourism, New Jobs Incentive, and Film Incentive Cash Funds.

- *\$7.0 million of cash fund transfers to the General Fund from the Higher Education Federal Mineral Lease Revenues Fund.*

These savings are realized due to the refinancing of certificates of participation for higher education federal mineral lease projects authorized under S.B. 08-233.

- *\$4.2 million General Fund revenue related to a Treasury Offset Program.*

This initiative is a debt collection program, contained in a Department of Revenue FY 2010-11 change request, allowing states to collect funds from an individual's federal income tax refund.

- *\$4.2 million General Fund revenue increases associated with expanding billings sent for delinquent income tax accounts.*

This initiative is associated with a Department of Revenue FY 2010-11 change request. This represents 10 months of revenue which will annualize to \$5.0 million in FY 2011-12.

- *\$1.1 million General Fund revenue increases associated with diversion of revenues from convictions related to drunk driving.*

This funding would have otherwise been credited to the Law Enforcement Assistance Fund for the Heat is On Campaigns. This is for FY 2010-11 and FY 2011-12 only. The Heat is One Campaign will be funded with HUTF Off-the-Top revenues during these two years.

Offsetting the General Fund revenue augmentation is a \$16.1 million lower beginning FY 2010-11 reserve, attributable to FY 2009-10 budget reductions which provide for a lower FY 2009-10 reserve level. The FY 2009-10 budget reductions lowered the General Fund reserve level which is calculated off of the appropriations level, while still maintaining a 2.0 percent reserve as authorized by statute. This \$16.1 million lower FY 2010-11 beginning fund balance is more than offset by the \$169.7 million in General Fund revenue augmentation, netting out to \$153.6 million of net General Fund revenue available compared to the adjusted September 2009 Legislative Council Staff economic forecast.

Maintain FY 2010-11 General Fund Appropriations Reserve at Approximately 2.0 Percent: Net \$158.1 Million

The ending General Fund appropriations reserve is \$150.9 million, 2.17 percent of requested FY 2010-11 General Fund appropriations. This reserve level reflects lower FY 2010-11 General Fund appropriations spending, on which the reserve is calculated, as well as the initiative to lower the General Fund reserve from the statutory requirement of 4.0 percent to 2.17 percent. A 4.0 percent reserve for FY 2010-11 would cost \$278.5 million, or \$127.6 million more than proposed.

Summary

My FY 2010-11 budget fully balances the General Fund shortfall of revenues outlined in the September 2009 Legislative Council Staff forecast in an environment of growing state budget needs in areas like Medicaid and Corrections. This FY 2010-11 budget follows the August 25th and October 25th proposals to balance FY 2009-10 General Fund revenue shortfalls, leaving both years with solid, balanced budgets which also provide for required growth in core state government services.

Finally, my budget requests similar authority for FY 2009-10 and FY 2010-11 which was provided for FY 2008-09 during the 2009 Legislative Session in S.B. 09-279. Senate Bill 09-279 provided the flexibility for necessary cash fund transfers at year-end close in order to balance the budget.

The FY 2010-11 State budget reflects difficult choices that had to be made in order to maintain a balanced budget at a time when revenues are slowly recovering and state spending on critical and mandatory programs have increased. These reductions represent tough decisions and shared sacrifices that must be made in order to maintain a balanced budget.

I look forward to continuing to work with you to maintain critical government services and to grow the Colorado economy during this global economic downturn.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Ritter, Jr.", written in a cursive style.

Governor Bill Ritter, Jr.

Cc: Representative Jack Pommer, Joint Budget Committee Vice-chairman
Senator Al White, Joint Budget Committee Member
Senator Abel Tapia, Joint Budget Committee Member
Representative Mark Ferrandino, Joint Budget Committee Member
Representative Kent Lambert, Joint Budget Committee Member
Speaker of the House Terrance Carroll
Senate President Brandon Shaffer
Mr. John Ziegler, Joint Budget Committee Staff Director
Mr. Todd Saliman, Director, Governor's Office of State Planning and Budgeting
Mr. Don Elliman, Chief Operating Officer, Governor Bill Ritter, Jr.
Mr. Jim Carpenter, Chief of Staff, Governor Bill Ritter, Jr.

Comparison of Total Funds

Department	Appropriation		Request		FY 10-11 Dollar Change	
	FY 09-10 Total Funds	FY 10-11 Total Funds	FY 10-11 Total Funds	Over FY 09-10 Approp.	% Change	
Agriculture	\$ 39,112,901	\$ 39,530,878	\$ 39,530,878	\$ 417,977	1.1%	
Corrections	761,146,881	761,703,403	761,703,403	556,522	0.1%	
Education	4,686,948,476	4,396,177,183	4,396,177,183	(290,771,293)	-6.2%	
OIT, GEO, and Other Gov. Offices	122,958,100	179,249,637	179,249,637	56,291,537	45.8%	<1>
Health Care Policy & Financing	4,015,789,931	4,540,987,830	4,540,987,830	525,197,899	13.1%	
Higher Education	2,790,568,563	2,816,100,339	2,816,100,339	25,531,776	0.9%	
Human Services	2,180,194,458	2,092,041,945	2,092,041,945	(88,152,513)	-4.0%	
Judicial	450,663,656	441,999,166	441,999,166	(8,664,490)	-1.9%	
Labor and Employment	158,771,204	158,138,206	158,138,206	(632,998)	-0.4%	
Law	49,339,568	49,204,258	49,204,258	(135,310)	-0.3%	
Legislature	36,439,931	34,760,290	34,760,290	(1,679,641)	-4.6%	
Local Affairs	370,017,534	308,557,066	308,557,066	(61,460,468)	-16.6%	
Military and Veterans Affairs	203,756,422	221,433,122	221,433,122	17,676,700	8.7%	
Natural Resources	227,818,202	226,455,021	226,455,021	(1,363,181)	-0.6%	
Personnel and Administration	181,332,043	180,480,170	180,480,170	(851,873)	-0.5%	
Public Health and Environment	446,552,218	417,240,055	417,240,055	(29,312,163)	-6.6%	
Public Safety	249,930,373	258,445,538	258,445,538	8,515,165	3.4%	
Regulatory Agencies	80,774,596	80,965,851	80,965,851	191,255	0.2%	
Revenue	685,860,440	685,796,636	685,796,636	(63,804)	0.0%	
State	20,930,034	20,663,842	20,663,842	(266,192)	-1.3%	
Transportation	973,514,495	1,033,542,410	1,033,542,410	60,027,915	6.2%	
Treasury	295,641,531	295,757,391	295,757,391	115,860	0.0%	
Operating Subtotal	\$ 19,028,061,557	\$ 19,239,230,238	\$ 19,239,230,238	\$ 211,168,681	1.1%	
Other Expenditures (General Fund)						
GF Transfers to Capital						
Construction	1,976,068	11,978,818	11,978,818	\$ 10,002,750	506.2%	
Transfer to Old Age Pension	106,800,000	102,182,947	102,182,947	(4,617,053)	-4.3%	
Interest on School Loans	6,700,000	11,500,000	11,500,000	4,800,000	71.6%	
SB 09-264 FMAP <2>	0	(6,730,000)	(6,730,000)	(6,730,000)	N/A	
HCPF FMAP	(345,400,000)	0	0	345,400,000	-100.0%	
Subtotal Other Expenditures	\$ (229,923,932)	\$ 118,931,765	\$ 118,931,765	\$ 348,855,697	-151.7%	
Statewide Adjustments						
PERA Salary Adjustment	0	(20,092,204)	(20,092,204)	(20,092,204)	N/A	
Subtotal Statewide Adjustments	\$ -	\$ (20,092,204)	\$ (20,092,204)	\$ (20,092,204)	N/A	
Total Operating Department Budgets and Other GF Expenditures	\$ 18,798,137,625	\$ 19,338,069,799	\$ 19,338,069,799	\$ 539,932,174	2.9%	

<1> This amount reflects the impacts associated with the "Statewide Information Technology Staff Consolidation" which transferred \$58,786,128 in Reappropriated Funds and 680.7 FTE from Executive Agencies' budgets to the Governor's Office of Information Technology. Other offsetting impacts adjust the total funds increase to \$56,291,537.

<2> Reflects September 09 LCS forecast. S.B. 09-264 funds were reflected as revenues prior to the September 2009 LCS forecast.

All General Fund

Department	Appropriation		Request	
	FY 09-10 General Fund	FY 10-11 General Fund	FY 10-11 Dollar Change Over FY 09-10 Approp.	% Change
Agriculture	\$ 6,860,955	\$ 5,568,487	\$ (1,292,468)	-18.8%
Corrections	677,839,527	678,668,533	829,006	0.1%
Education	3,239,416,000	3,015,926,875	(223,489,125)	-6.9%
OIT, GEO, and Other Gov. Offices	14,283,355	12,993,223	(1,290,132)	-9.0%
Health Care Policy & Financing	1,587,903,164	1,393,771,115	(194,132,049)	-12.2%
Higher Education	660,575,732	660,498,274	(77,458)	0.0%
Human Services	670,638,807	641,940,344	(28,698,463)	-4.3%
Judicial	336,357,516	326,800,684	(9,556,832)	-2.8%
Labor and Employment	0	0	0	
Law	10,008,042	9,586,823	(421,219)	-4.2%
Legislature	35,162,475	33,482,834	(1,679,641)	-4.8%
Local Affairs	11,889,613	10,743,561	(1,146,052)	-9.6%
Military and Veterans Affairs	5,862,332	5,367,629	(494,703)	-8.4%
Natural Resources	29,680,331	27,425,011	(2,255,320)	-7.6%
Personnel and Administration	6,291,404	8,027,418	1,736,014	27.6%
Public Health and Environment	28,232,074	27,649,862	(582,212)	-2.1%
Public Safety	83,212,852	78,198,054	(5,014,798)	-6.0%
Regulatory Agencies	1,666,729	1,487,010	(179,719)	-10.8%
Revenue	75,719,920	69,682,378	(6,037,542)	-8.0%
State	0	0	0	N/A
Transportation	0	0	0	N/A
Treasury	1,933,721	2,049,581	115,860	6.0%
Operating Subtotal	\$ 7,483,534,549	\$ 7,009,867,696	\$ (473,666,853)	-6.3%
Other Expenditures (General Fund)				
GF Transfers to Capital Construction	1,976,068	11,978,818	10,002,750	506.2%
Old Age Pension Fund	106,800,000	102,182,947	(4,617,053)	-4.3%
Interest on School Loans	6,700,000	11,500,000	4,800,000	71.6%
Other Adjustments	0	0	0	N/A
SB 09-264 FMAP <1>	0	(6,730,000)	(6,730,000)	N/A
HCPF FMAP	(345,400,000)	0	345,400,000	-100.0%
Subtotal Other Expenditures	\$ (229,923,932)	\$ 118,931,765	\$ 348,855,697	-151.7%
Statewide Adjustments				
PERA Salary Adjustment	0	(20,092,204)	(20,092,204)	N/A
Subtotal Statewide Adj	\$ -	\$ (20,092,204)	\$ (20,092,204)	N/A
Total Operating Department Budgets and Other GF Expenditures	\$ 7,253,610,617	\$ 7,108,707,257	\$ (144,903,360)	-2.0%

General Fund Subject to the SB 09-228 Limit

Department	Appropriation	Request	FY 10-11 Dollar Change Over	
	FY 09-10 GF Limit	FY 10-11 GF Limit	FY 09-10 Approp.	% Change
Agriculture	\$ 6,860,955	\$ 5,568,487	\$ (1,292,468)	-18.8%
Corrections	677,839,527	678,668,533	829,006	0.1%
Education	3,239,416,000	3,015,926,875	(223,489,125)	-6.9%
OIT, GEO, and Other Gov. Offices	14,283,355	12,993,223	(1,290,132)	-9.0%
Health Care Policy & Financing	1,587,399,164	1,393,281,758	(194,117,406)	-12.2%
Higher Education	660,575,732	660,498,274	(77,458)	0.0%
Human Services	670,638,807	641,940,344	(28,698,463)	-4.3%
Judicial	336,357,516	326,800,684	(9,556,832)	-2.8%
Labor and Employment	0		0	N/A
Law	10,008,042	9,586,823	(421,219)	-4.2%
Legislature	35,162,475	33,482,834	(1,679,641)	-4.8%
Local Affairs	7,747,701	6,599,198	(1,148,503)	-14.8%
Military and Veterans Affairs	5,862,332	5,367,629	(494,703)	-8.4%
Natural Resources	29,680,331	27,425,011	(2,255,320)	-7.6%
Personnel and Administration	6,291,404	8,027,418	1,736,014	27.6%
Public Health and Environment	27,728,074	27,199,862	(528,212)	-1.9%
Public Safety	83,212,852	78,198,054	(5,014,798)	-6.0%
Regulatory Agencies	1,666,729	1,487,010	(179,719)	-10.8%
Revenue	54,919,920	49,682,378	(5,237,542)	-9.5%
State	0	0	0	N/A
Transportation	0	0	0	N/A
Treasury	933,721	904,821	(28,900)	-3.1%
Operating Subtotal	7,456,584,637	6,983,639,216	(472,945,421)	-6.3%
Other Expenditures (General Fund)				
SB 09-264 FMAP <1>	0	(6,730,000)	(6,730,000)	N/A
HCPF FMAP	(345,400,000)	0	345,400,000	-100.0%
Subtotal Other Expenditures	\$ (345,400,000)	\$ (6,730,000)	\$ 338,670,000	-98.1%
Statewide Adjustments				
PERA Salary Adjustment	0	(20,092,204)	(20,092,204)	N/A
Subtotal Statewide Adjustments	\$ -	\$ (20,092,204)	\$ (20,092,204)	N/A
Subtotal GF (Limit) Spending	\$ 7,111,184,637	\$ 6,956,817,012	\$ (154,367,625)	-2.2%

General Fund Exempt from the SB 09-228 Limit

Department	Request		FY 10-11 Dollar Change Over FY 09-10 Approp.	% Change
	Appropriation			
	FY 09-10 GF Exempt	FY 10-11 GF Exempt		
Agriculture	\$ -	\$ -	\$ -	N/A
Corrections	0	0	0	N/A
Education	0	0	0	N/A
OIT, GEO, and Other Gov. Offices	0	0	0	N/A
Health Care Policy & Financing	504,000	489,357	(14,643)	-2.9%
Higher Education	0	0	0	N/A
Human Services	0	0	0	N/A
Judicial	0	0	0	N/A
Labor and Employment	0	0	0	N/A
Law	0	0	0	N/A
Legislature	0	0	0	N/A
Local Affairs	4,141,912	4,144,363	2,451	0.1%
Military and Veterans Affairs	0	0	0	N/A
Natural Resources	0	0	0	N/A
Personnel and Administration	0	0	0	N/A
Public Health and Environment	504,000	450,000	(54,000)	-10.7%
Public Safety	0	0	0	N/A
Regulatory Agencies	0	0	0	N/A
Revenue	20,800,000	20,000,000	(800,000)	-3.8%
State	0	0	0	N/A
Transportation	0	0	0	N/A
Treasury	1,000,000	1,144,760	144,760	14.5%
Operating Subtotal	\$ 26,949,912	\$ 26,228,480	\$ (721,432)	-2.7%
Other Expenditures (General Fund)				
GF Transfers to Capital Construction	1,976,068	11,978,818	10,002,750	506.2%
Old Age Pension Fund	106,800,000	102,182,947	(4,617,053)	-4.3%
Interest on School Loans	6,700,000	11,500,000	4,800,000	71.6%
Subtotal Other Expenditures	\$ 115,476,068	\$ 125,661,765	\$ 10,185,697	8.8%
Total GFE Spending	\$ 142,425,980	\$ 151,890,245	\$ 9,464,265	6.6%

Cash Funds

Department	Appropriation	Request	FY 10-11 Dollar Change Over FY 09-10 Approp.	% Change
	FY 09-10 CF	FY 10-11 CF		
Agriculture	\$ 27,141,156	\$ 28,796,127	\$ 1,654,971	6.1%
Corrections	40,369,505	39,956,829	(412,676)	-1.0%
Education	814,265,994	741,823,053	(72,442,941)	-8.9%
OIT, GEO, and Other Gov. Offices	25,512,170	25,563,149	50,979	0.2%
Health Care Policy & Financing	430,809,756	658,316,620	227,506,864	52.8%
Higher Education	1,373,468,595	1,454,890,360	81,421,765	5.9%
Human Services	359,676,315	338,396,886	(21,279,429)	-5.9%
Judicial	102,266,844	103,138,917	872,073	0.9%
Labor and Employment	61,457,522	60,395,016	(1,062,506)	-1.7%
Law	8,155,331	8,183,036	27,705	0.3%
Legislature	223,640	223,640	0	0.0%
Local Affairs	258,645,041	193,476,859	(65,168,182)	-25.2%
Military and Veterans Affairs	1,410,190	1,447,013	36,823	2.6%
Natural Resources	173,426,573	172,005,526	(1,421,047)	-0.8%
Personnel and Administration	8,408,070	8,592,994	184,924	2.2%
Public Health and Environment	158,912,259	127,089,664	(31,822,595)	-20.0%
Public Safety	118,861,504	130,827,056	11,965,552	10.1%
Regulatory Agencies	69,304,782	69,780,274	475,492	0.7%
Revenue	607,205,180	613,108,313	5,903,133	1.0%
State	20,930,034	20,663,842	(266,192)	-1.3%
Transportation	614,161,434	659,420,922	45,259,488	7.4%
Treasury	293,707,810	293,707,810	0	0.0%
Operating Total	\$ 5,568,319,705	\$ 5,749,803,906	\$ 181,484,201	3.3%

NOTE: Cash Funds includes all HUTF spending.

Reappropriated Funds

Department	Appropriation		Request		FY 10-11 Dollar Change Over FY 09-10 Approp.	% Change
	FY 09-10 Reapprop.	FY 10-11 Reapprop.	FY 09-10 Approp.	FY 10-11 Approp.		
Agriculture	\$ 1,120,606	\$ 1,126,997	\$	1,126,997	\$ 6,391	0.6%
Corrections	42,342,342	42,479,942		42,479,942	137,600	0.3%
Education	22,758,378	23,174,569		23,174,569	416,191	1.8%
OIT, GEO, and Other Gov. Offices	50,183,795	107,352,450		107,352,450	57,168,655	113.9% <1>
Health Care Policy & Financing	25,546,139	20,342,553		20,342,553	(5,203,586)	-20.4%
Higher Education	585,643,182	585,703,922		585,703,922	60,740	0.0%
Human Services	449,135,870	424,514,342		424,514,342	(24,621,528)	-5.5%
Judicial	7,608,876	7,629,145		7,629,145	20,269	0.3%
Labor and Employment	1,612,070	1,608,787		1,608,787	(3,283)	-0.2%
Law	29,883,133	30,141,883		30,141,883	258,750	0.9%
Legislature	1,053,816	1,053,816		1,053,816	0	0.0%
Local Affairs	6,108,376	7,156,515		7,156,515	1,048,139	17.2%
Military and Veterans Affairs	803,509	803,509		803,509	0	0.0%
Natural Resources	7,310,734	7,576,283		7,576,283	265,549	3.6%
Personnel and Administration	166,632,569	163,859,758		163,859,758	(2,772,811)	-1.7%
Public Health and Environment	34,469,429	27,240,614		27,240,614	(7,228,815)	-21.0%
Public Safety	21,216,916	22,011,982		22,011,982	795,066	3.7%
Regulatory Agencies	8,453,406	8,468,715		8,468,715	15,309	0.2%
Revenue	1,409,966	1,522,745		1,522,745	112,779	8.0%
State	0	0		0	0	
Transportation	3,955,873	5,035,684		5,035,684	1,079,811	27.3%
Treasury	0	0		0	0	
Operating Total	\$ 1,467,248,985	\$ 1,488,804,211	\$	1,488,804,211	\$ 21,555,226	1.5%

<1> This amount reflects the impacts associated with the "Statewide Information Technology Staff Consolidation" which transferred \$58,786,128 in Reappropriated Funds and 680.7 FTE from Executive Agencies' budgets to the Governor's Office of Information Technology. Other offsetting impacts adjust the total funds increase to \$57,168,655.

Federal Funds

Department	Request		FY 10-11 Dollar Change	
	Appropriation		Over FY 09-10 Approp.	% Change
	FY 09-10 Federal Funds	FY 10-11 Federal Funds		
Agriculture	\$ 3,990,184	\$ 4,039,267	\$ 49,083	1.2%
Corrections	595,507	\$598,099	2,592	0.4%
Education	610,508,104	\$615,252,686	4,744,582	0.8%
OIT, GEO, and Other Gov. Offices	32,978,780	\$33,340,815	362,035	1.1%
Health Care Policy & Financing	1,971,530,872	\$2,468,557,542	497,026,670	25.2%
Higher Education	170,881,054	\$115,007,783	(55,873,271)	-32.7%
Human Services	700,743,466	\$687,190,373	(13,553,093)	-1.9%
Judicial	4,430,420	4,430,420	0	0.0%
Labor and Employment	95,701,612	96,134,403	432,791	0.5%
Law	1,293,062	1,292,516	(546)	0.0%
Legislature	0	0	0	N/A
Local Affairs	93,374,504	97,180,132	3,805,628	4.1%
Military and Veterans Affairs	195,680,391	213,814,971	18,134,580	9.3%
Natural Resources	17,400,564	19,448,201	2,047,637	11.8%
Personnel and Administration	0	0	0	N/A
Public Health and Environment	224,938,456	235,259,915	10,321,459	4.6%
Public Safety	26,639,101	27,408,446	769,345	2.9%
Regulatory Agencies	1,349,679	1,229,852	(119,827)	-8.9%
Revenue	1,525,374	1,483,200	(42,174)	-2.8%
State	0	0	0	N/A
Transportation	355,397,188	369,085,804	13,688,616	3.9%
Treasury	0	0	0	N/A
Operating Total	\$ 4,508,958,318	\$ 4,990,754,425	\$ 481,796,107	10.7%

FTE				
Department	Appropriation	Request	FY 10-11 Dollar Change	FY 10-11 Dollar Change
	FY 09-10 FTE	FY 10-11 FTE	Over FY 09-10 Approp.	% Change
Agriculture	293.0	287.1	(5.9)	-2.0%
Corrections	6,637.7	6,570.8	(66.9)	-1.0%
Education	557.3	541.0	(16.3)	-2.9%
OIT, GEO, and Other Gov. Offices	376.6	1,039.8	663.2	176.1%
Health Care Policy & Financing	287.8	292.9	5.1	1.8%
Higher Education	20,948.0	20,951.9	3.9	0.0%
Human Services	5,581.8	5,164.3	(417.5)	-7.5%
Judicial	4,148.2	4,289.4	141.2	3.4%
Labor and Employment	1,121.6	1,043.9	(77.7)	-6.9%
Law	396.2	396.0	(0.2)	-0.1%
Legislature	277.1	277.1	0.1	N/A
Local Affairs	186.5	176.7	(9.8)	-5.3%
Military and Veterans Affairs	1,386.9	1,384.9	(2.0)	-0.1%
Natural Resources	1,545.1	1,474.8	(70.3)	-4.5%
Personnel and Administration	392.1	384.6	(7.5)	N/A
Public Health and Environment	1,289.5	1,237.0	(52.5)	-4.1%
Public Safety	1,363.4	1,337.6	(25.8)	-1.9%
Regulatory Agencies	596.4	571.0	(25.4)	-4.3%
Revenue	1,512.7	1,414.5	(98.2)	-6.5%
State	133.9	134.6	0.7	N/A
Transportation	3,366.5	3,293.5	(73.0)	-2.2%
Treasury	31.5	31.5	0.0	N/A
Operating Total	52,429.8	52,294.9	(134.8)	-0.3%

<1> This amount reflects the impacts associated with the "Statewide Information Technology Staff Consolidation" which transferred \$58,786,128 in Reappropriated Funds and 680.7 FTE from Executive Agencies' budgets to the Governor's Office of Information Technology. Other offsetting impacts adjust the total FTE change to 663.2.