STATE OF COLORADO

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John W. Hickenlooper Governor

November 1, 2012

The Honorable Cheri Gerou Chair, Joint Budget Committee Colorado General Assembly 200 E. 14th Avenue, Third Floor Legislative Services Building Denver, CO 80203

Dear Representative Gerou:

We are pleased to submit the State budget request for FY 2013-14. Because of the hard work we did together in 2011 and 2012, the State's financial position is markedly improved. Our plan reflects cautious optimism for Colorado's economy and a prudent, sustainable approach to managing the State's budget. As you will see, the plan reflects the nature of our recent revenue performance, which we believe has significant one-time components.

Colorado's economy is in recovery and employment levels are slowly returning to the pre-Great Recession peak. In two years we have seen individual income tax revenue growth of 22.7 percent, while non-farm employment grew 2.8 percent. We believe this disparity is the result of capital gains tax revenue that resulted from investors selling stock shares that appreciated substantially since 2009. Though the stock market remains within about seven percent of all-time highs, past experience tells us that these gains are one-time, volatile in nature, and that it would be unwise to assume they will continue unabated.

The rebound in revenue in the General Fund is welcome; our collections this year (FY 2012-13) should finally exceed the pre-Great Recession peak. But when we account for inflation and population growth, projected revenue is still \$1.1 billion, or 14.4 percent below the FY 2007-08 level.

We are mindful of a still-uncertain economic environment. The economy faces serious challenges with continuing fiscal and economic distress in Europe, debate over fiscal policy here in the United States, and the resulting uncertainty in the business community and among households. These risks could result in more slowing of the economy than is currently forecasted.

In the last two years, together we have made painful but necessary reductions in many important areas to close the State's budget shortfall. We have pursued statewide efforts to streamline a wide range of programs and processes using Lean management principles. We have also taken

unprecedented and beneficial steps to set aside rebounding revenue above the approved budget in the State Education Fund. Indeed, the projected transfer under current law to the SEF is \$717.1 million, 9.6 percentage points above our four percent reserve.

Looking ahead to FY 2013-14, we believe we can make targeted increases and restore funding in many critical areas. We are requesting new and continuing resources for: protecting the last and the least in our state; fully funding K-12 education and growing support for higher education; enhancing our economic development efforts; investing in our infrastructure and local communities; enhancing public safety; improving State government performance; and saving for the future.

We are requesting a total funds budget of \$21.9 billion, of which \$8.1 billion is from the General Fund. Relative to the FY 2012-13 appropriation, these amounts represent increases of \$1.1 billion (5.4 percent) in total funds and \$387.0 million (5.0 percent) in the General Fund. We are pleased to request over \$201.6 million in new funding for K-12 education, \$31.7 million above enrollment and inflation.

Because of the anticipated transfer of substantial new resources into the State Education Fund under current law, we are requesting that the increased funding to K-12 education be financed with those dollars. This policy allows us to use the expected new General Fund revenue in FY 2013-14 for the remainder of our request. We project that the SEF will require the expected higher fund balance for needs beyond FY 2013-14.

The impact of the Great Recession continues to be visible via the increases in the Medicaid program. Almost 40 percent of the total funds increase is from federal funds, the majority of which is associated with the Department of Health Care Policy and Financing for Medicaid. Similarly in the General Fund, roughly 45 percent of the increase is for Medicaid costs.

Other increases in General Fund appropriations include: \$37.5 million for Higher Education, \$38.1 million for Human Services, and \$44.9 million for controlled maintenance and an additional \$23.1 million to the Controlled Maintenance Trust Fund. Of the new spending proposed in the General Fund, at least \$90 million is for non-recurring expenses.

As a counterbalance to this budget growth, we believe the time is right to achieve reserve levels in the General Fund that can better prepare the State for the inevitable next economic downturn. We are requesting a 5.0 percent General Fund reserve, starting in FY 2012-13. Currently, at four percent of spending, we only have two weeks of operating room in the event of a downturn. The last two recessions *each* caused roughly 16 percent reductions in General Fund revenue. A four percent reserve is not adequate as a reserve account. As we anticipate a revenue increase above appropriated spending levels in FY 2012-13, we can make progress toward achieving the existing statutory vision created in SB 09-228, which calls for the reserve to grow to 6.5 percent of spending. While not officially triggered, this proposal helps position the State for the future required reserve and transfer requirements of SB 09-228. This 5.0 percent reserve, which represents 18 days of operating, will also buffer the State against slower future growth and volatility outside of the State's control.

SB 09-228 also calls for increased capital, controlled maintenance, and transportation spending. While we are addressing capital and controlled maintenance needs in our request, we will be announcing an initiative in December 2012 that will accelerate the use of existing transportation dollars in amounts that could exceed those called for in SB 09-228.

The tables below display our request in total funds and from the General Fund.

	FY 2012-13 Total Funds	FY 2013-14 Total Funds	FY 2013-14 Change	FY 2013-14 % Change			
Health Care Policy and Financing	\$5,561,158,114	\$6,036,722,041	\$475,563,927	8.6%			
K-12 Education	4,421,710,962	4,634,730,118	213,019,156	4.8%			
Higher Education	3,033,991,124	3,102,280,175	68,289,051	2.3%			
Human Services	2,071,322,439	2,121,783,957	50,461,518	2.4%			
Transportation	1,119,353,686	1,267,760,876	148,407,190	13.3%			
Corrections	737,580,936	742,698,794	5,117,858	0.7%			
Other Departments	<u>3,624,516,290</u>	3,722,359,309	<u>97,843,019</u>	<u>2.7%</u>			
Subtotal Department budgets	20,569,633,551	21,628,335,270	1,058,701,719	5.1%			
Controlled Maintenance Trust Fund	13,000,000	23,097,266	10,097,266	77.7%			
Other Adjustments	628,687	15,712,476	15,083,789	N/A			
Other GF Obligations/Expenditures	<u>173,483,361</u>	209,100,446	35,617,085	20.5%			
Total	20,756,745,599	21,876,245,458	1,119,499,859	5.4%			

Table 1: Total Funds (by major category)

Table 2: General Fund (by major category)

	FY 2012-13 Total GF	FY 2013-14 Total GF	FY 2013-14 Change	FY 2013-14 % Change
K-12 Education	\$3,015,437,087	\$3,016,915,356	\$1,478,269	0.0%
Health Care Policy and Financing	1,857,115,475	2,031,840,027	174,724,552	9.4%
Corrections	651,332,037	655,570,996	4,238,959	0.7%
Higher Education	619,261,908	656,729,783	37,467,875	6.1%
Human Services	642,011,487	680,113,157	38,101,670	5.9%
Other Departments	771,304,068	<u>841,468,700</u>	70,164,632	<u>9.1%</u>
Subtotal Department budgets	7,556,462,062	7,882,638,019	326,175,957	4.3%
Controlled Maintenance Trust Fund	13,000,000	23,097,266	10,097,266	77.7%
Other Adjustments	628,687	15,712,476	15,083,789	N/A
Other GF Obligations/Expenditures	<u>173,483,361</u>	209,100,446	35,617,085	<u>20.5%</u>
Total	7,743,574,110	8,130,548,207	386,974,097	5.0%

We discuss the major areas of our budget in the following section. For those interested in more detail, we have prepared short fact sheets in addition to the full budget requests for each department. All of these documents are available on our Web site at www.colorado.gov/ospb.

FY 2013-14 Major Policy Changes and Initiatives

PROTECTING THE LAST AND THE LEAST

Our administration places a very high priority on protecting the most vulnerable in our state. In the Departments of Human Services and Health Care Policy and Financing we are pleased to highlight the following requests:

- \$13.1 million TF (\$6.5 million GF) to provide services to 809 additional people with developmental disabilities. This amount includes an increase of 576 funded waiver slots to eliminate the Children's Extensive Services Waiver Program waiting list. Unfortunately, numerous other waiting lists exist for the developmentally disabled and other populations that are not fully eliminated in this request;
- \$1.8 million TF (\$1.0 million Net GF) for early intervention services for children from birth to two years of age;
- \$6.8 million TF (\$2.0 million Net GF) to help counties cover the additional costs associated with sustained high enrollment in the Supplemental Nutrition Assistance Program;
- A 1.5 percent provider rate increase for community providers including Colorado's county departments of human services. This equates to \$56.5 million total funds and \$25.8 million GF. In addition, this will apply to providers of services in the Departments of Corrections and Public Safety;
- \$5.0 million GF as a legislative set aside for the estimated costs of the recommendations of the Elder Abuse Task Force to increase protections for vulnerable seniors. These costs will fund a system of mandatory reporting of instances of exploitation or mistreatment of seniors;
- \$2.0 million GF for programs funded by the Older Coloradans Act.

FUNDING FOR K-12 AND HIGHER EDUCATION

The recovery in revenue allows us to provide increased funding for both K-12 and Higher Education.

• In K-12 Education, we are requesting an increase of \$201.6 million in State (\$189.1 million) and local funds (\$12.5 million) for total program funding, which allows for \$31.7 million above what the inflation and enrollment calculation over the current year would require. In this way, the "negative factor" will decline to 15.6 percent from 16.1 percent;

- With this increased funding, we are proposing that Colorado's school districts focus \$24.0 million to enhance full day Kindergarten and pre-school opportunities and to improve teacher quality in hard to fill areas of the state;
- We are expecting 8,592 new students in the K-12 system at an average cost of \$6,659 compared with \$6,474 in the current year (\$185 per student more);
- In the State Education Fund, we are targeting an ending balance of \$435.5 million at the end of FY 2013-14. It is essential that a meaningful balance remain in the SEF for stability and protection of education funding levels;
- In Higher Education, we request \$30 million GF for operations at the Governing Boards, Local District Junior Colleges, and Area Vocational Schools; separately, we are requesting \$5.3 million for need-based financial aid;
- Our request includes \$250,000 for higher education tuition assistance for National Guard members.

ENHANCING ECONOMIC DEVELOPMENT EFFORTS

In order to help sustain Colorado's economic momentum, we have set aside money for several programs aimed at attracting and retaining job-creating employers. We will also invest in efforts to ensure that people around the country look at Colorado as a great place to visit and work. Notable requests include:

- \$3.0 million GF to bring the annual appropriation for the Strategic Fund in the Office of Economic Development and International Trade to \$5.0 million. This funding is expected to spur the recruitment of 1,230 new jobs to Colorado;
- \$2.0 million additional GF for tourism promotion and the establishment of a unified branding platform for the State;
- \$600,000 GF to retain existing jobs here in Colorado;
- An additional \$1.0 million GF for the existing film incentive rebate and loan guarantee program.

INVESTING IN OUR INFRASTRUCTURE AND LOCAL COMMUNITIES

The vast array of assets owned by Colorado's State and local governments require ongoing investments in maintenance and repair. Because much of our revenue is one-time in nature, the budget request includes a dramatic increase in efforts to sustain and improve many of our most important assets. Meanwhile, some of Colorado's most important government services are delivered locally with State support. We believe strongly that enhancing these partnerships is integral for the quality of life and economic vitality of the State. Requests in this area include:

• \$102.8 million transfer to the Capital Construction Fund, including \$15 million for local water projects to address new standards related to "nutrients" such as phosphorous and nitrogen in wastewater;

- \$44.9 million GF for controlled maintenance of State buildings, including \$25.4 million at institutions of Higher Education;
- \$23.1 million to continue building up the balance in the Controlled Maintenance Trust Fund;
- \$3.0 million GF in the Department of Local Affairs for a grant program to assist communities with diversifying their economic development portfolios;
- A multi-agency effort to repurpose the Ft. Lyon correctional facility into a key component of a drug treatment and homelessness prevention program;
- \$2.0 million GF to the Department of Local Affairs for affordable housing support. These funds will leverage the construction of 1,200 rental units, 800 of which will be affordable.

ENHANCING PUBLIC SAFETY AND ADDRESSING UNMET MENTAL HEALTH NEEDS

Public Safety is a shared priority and responsibility at all levels of government in Colorado. Our request for FY 2013-14, reflects the continuing needs in the Departments of Corrections, Public Safety, and Human Services. Our request this year is unique because it includes a comprehensive request for improvements in mental health services.

- For expansions and improvements related to mental health issues, in the Departments of Health Care Policy and Financing and Human Services, \$17.1 million GF comprised of: \$10.3 million GF for expansions of the behavioral health crisis response system, \$4.8 million GF for improving behavioral health community capacity, and \$2.1 million General Fund for increasing access to civil beds for those defendants determined incompetent to proceed with their trials;
- In the Department of Corrections, we are requesting \$2.8 million GF to fund additional psychiatrists in our correctional facilities to improve the treatment of offenders with mental illness;
- Our request reflects anticipated declines in DOC's incarcerated population, but an increase in the number of parolees under DOC's supervision. Thus, our request includes an overall reduction of 136.6 FTE at the Department, though we are requesting an additional 25.1 FTE and \$2.1 million GF to manage increasing parole populations;
- Also in DOC, we are preliminarily requesting \$2.1 million GF for an expansion of the Sex Offender Treatment Program, though the final recommendation is dependent on a forthcoming study.

IMPROVING STATE GOVERNMENT

As a centerpiece of our Administration, we have focused on making State government more efficient, effective, and elegant. Our proposal continues this important work through investment in critical IT systems and other assets, an enhanced focus on across-the-board improvements in the processes that serve the customers and taxpayers of Colorado, and

pursuing thoughtful personnel and compensation policies. Selected initiatives in this area include:

- The information technology system that supports the Medicaid program is called the Medicaid Management Information System (MMIS). The time has come to replace this antiquated system. With a 9 to 1 federal match, we are requesting \$15.6 million TF and \$1.4 million GF to begin the multi-year procurement of this replacement;
- \$372,000 GF in the Department of Personnel and Administration to restore and protect critical legislative and other historical archives;
- In the Office of State Planning and Budgeting, just under \$1.0 million to continue the implementation and expansion of Lean management and process improvement initiatives. To date, 2,100 employees have received training and departments have completed 55 projects, with over 30 more expected by March 2013;
- To capitalize on our process improvement gains, we are proposing a series of improvements to the State Measurement for Accountable, Responsive, and Transparent Government (SMART) Act. These changes will better align departments' planning operations with the concept of Taxpayer- and Customer-Focused Performance Management;
- After four fiscal years without a raise, it is time for State employees to receive a modest cost of living adjustment of 1.5 percent and to reward top performers from a pool of funds equivalent to 1.5 percent of payroll. In total, these items require \$57.8 million TF and \$27.4 million GF. These totals include funding for the Judicial and Legislative branches as well as the Departments of Law, Treasury and State.

OTHER ITEMS OF NOTE

Though not necessarily part of departmental budget requests, we note the following issues as we look ahead to the 2013 legislative session:

- We have identified \$15.7 million GF for legislation and important budget amendments that we expect to request and support in the upcoming session. These include: In the Department of Corrections, an estimated \$5.0 million for lawsuitrelated improvements and \$312,476 for a restorative justice program, \$3.0 million for consolidation-related improvements at the Office of Information Technology, \$5 million for the Elder Abuse Task Force recommendations, and \$2.4 million for CBMS;
- In calculating our request, we have assumed a 3.5 percent increase in the General Fund support for the Judicial and Legislative branches as well as the Departments of Law and Treasury. This is in addition to calculations for salary survey and other compensation-related items;
- Under separate cover, we will request a law change of the General Assembly to allow the Governor to repay resources transferred to fight the devastating wildfires in 2012, including the Major Medical Insurance Fund and Perpetual Base Account

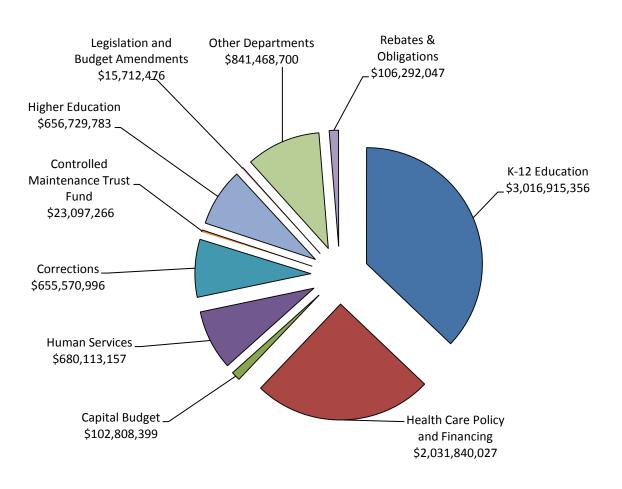
of the Severance Tax Fund. Under current law, reimbursements of those expenses will go the Disaster Emergency Fund;

- We believe a conforming amendment to the statutory merit pay plan is necessary to handle new appropriations from cash-funded sources. We will provide more information prior to the legislative session;
- The current request does not include estimates related to the expansions of Medicaid pursuant to Federal health reform. We believe that sufficient uncertainty regarding important policy guidance exists at the current time. We expect more precise guidance in the coming months and will communicate this new information to you as soon as is practicable.

General Fund Budget Overview

Over 90 percent of the State General Fund budget is currently appropriated for the areas of K-12 education, higher education, health and human services, and public safety. K-12 education alone represents almost 40 cents out of every state dollar expended. The Medicaid program and Indigent Care programs represent the second largest General Fund expenditure (25 percent). The rest of state government receives the remainder of the General Fund available.

The graphic on the next page illustrates our allocation of the General Fund request.



FY 2013-14 General Fund Request (In Millions)

The table on the next page illustrates the changes from FY 2012-13 to FY 2013-14 to the available revenue in the General Fund.

	FY 2012-13 Budget	FY 2013-14 Budget	Change of FY 2013-14 over FY 2012-13	FY 2013-14 % Change
General Fund Available	\$8,757,600,000	\$8,517,816,834	(\$239,783,166)	-2.7%
General Fund Expenditures	7,743,574,110	8,130,548,207	386,974,097	<u>5.0%</u>
Ending General Fund	1,014,025,890	387,268,627	(626,757,263)	N/A
General Fund Reserve	371,935,640	387,268,627	15,332,987	4.1%
GF Above Reserve Level	642,090,250	(0)	(642,090,251)	N/A
Other:				
GF Transfer to the State Education Fund	(642,090,250)	0	642,090,251	N/A
Excess GF After Transfer to SEF	0	0	0	N/A

<1> Note: Our budget uses the September 2012 General Fund revenue estimate provided by the Office of State Planning and Budgeting.

FY 2012-13 General Fund Overview

Our FY 2013-14 budget assumes an increase in the FY 2012-13 statutory reserve, from 4.0 percent to 5.0 percent. This reserve change carries forward into FY 2013-14 and beyond. This reserve adjustment increases the reserve from \$297.5 million to \$371.9 million and commensurately lowers the anticipated year-end transfer to the State Education Fund from \$716.5 million to \$642.1 million (\$74.4 million). The ending General Fund reserve level of \$371.9 million becomes the beginning fund balance for FY 2013-14.

	FY 2012-13 With 4%	0	FY 2012-13 Budget With 5% Reserve (Request)	Reserve Difference
General Fund Available	\$ 8,757	,600,000	\$8,757,600,000	\$0
General Fund Expenditures	<u>7,743</u>	,574,110	\$7,743,574,110	<u>\$0</u>
Ending General Fund	1,014	,025,890	\$1,014,025,890	\$0
General Fund Reserve	297	,548,512	\$371,935,640	\$74,387,128
Excess General Fund	716	,477,378	\$642,090,250	(\$74,387,128)
Other:				
GF Transfer to the SEF	(716,-	477,378)	(\$642,090,250)	\$74,387,128
Excess GF After Transfer to SEF		0	0	0

<1> Note that the FY 2012-13 General Fund expenditures reflect \$0.6 million General Fund of FY 2012-13 supplemental requests, approved by the JBC pursuant to HB98-1331.

FY 2013-14 General Fund Overview

FY 2013-14 General Fund Revenue Available (\$8,517.8 million)

Our FY 2013-14 General Fund budget assumes a beginning fund balance of \$371.9 million, net General Fund revenues of \$8,147.1 million, and net transfers of \$0.6 million affecting the General Fund as outlined in the OSPB September 2012 forecast. Against this subtotal, \$1.8 million General Fund is transferred to the Old Age Pension Fund, pursuant to our request for state funding for senior services. Together this totals \$8,517.8 million in available General Fund.

FY 2013-14 General Fund Expenditures (\$8,130.5 million)

Our FY 2013-14 General Fund expenditure request includes \$7,745.3 million subject to the limit in Section 24-75-201.1 (1) (d) (III), C.R.S. and \$385.2 million General Fund which is exempt from the limit. Together these two General Fund expenditure areas add to \$8,130.5 million.

Our FY 2013-14 General Fund expenditures build from a FY 2013-14 base budget totaling \$7,664.1 million, comprised of continuing expenditures and common policy adjustments. This base includes continuing expenditures of \$7,462.9 million General Fund subject to the limit authorized in Section 24-75-201.1 (1) (d) (III), C.R.S. and \$152.9 million which is exempt from the General Fund limit. This base also includes \$48.3 million General Fund for statewide cost ("common policy") increases such as employee benefits, workers' compensation, and operating costs.

To this \$7,664.1 million funding base, we have added a net \$218.5 million General Fund for FY 2013-14 initiatives in the operating budget for departments, including funding caseload increases. In addition, the budget includes \$102.8 million General Fund for the capital construction budget and \$23.1 million to transfer to the Controlled Maintenance Trust Fund. We have set aside \$15.7 million General Fund for 2013 Session legislation and FY 2013-14 budget amendments. Finally, \$106.3 million of General Fund is assumed in the budget request for FY 2013-14 General Fund Rebates and Expenditures beyond the General Fund contained in department budgets. This sum includes \$105.0 million for the Old Age Pension Fund and \$1.2 million interest for School Loans.

FY 2013-14 General Fund Reserve Requirement (\$387.3 million)

The FY 2013-14 General Fund reserve is requested at 5.0 percent of General Fund expenditures subject to the statutory General Fund limit (\$7,745.4 million). The 5.0 percent reserve calculates to \$387.3 million. The difference between our budget's General Fund revenues _{available} (\$8,517.8 million) and General Fund spending (\$8,130.5 million) is \$387.3 million.

Without a 5.0 percent reserve, the budget will be even more vulnerable to volatility in revenue estimates and caseload changes. The maintenance of this reserve level is essential to protect critical programs from such future fluctuations. As noted previously, the existing 4.0 percent reserve only provides effectively two weeks of reserve to absorb revenue fluctuations and to respond to unanticipated caseload and other unforeseen expenses.

FY 2013-14 Full Time Equivalent Employees

In addition to the total funds change noted above, we are reflecting a statewide net decrease of 86.4 FTE. This represents a 0.2 percent decrease compared to the 52,016.2 FTE authorized in FY 2012-13. The net FTE reduction primarily reflects a reduction of 136.6 FTE in the Department of Corrections associated with annualization of the FY 2012-13 appropriation, including the decommissioning of the Colorado State Penitentiary II. The reduction in DOC is partially offset by increases in other departments.

Closing Comments

Thank you for your consideration of our request. We are looking forward to working with you and the General Assembly this session. We thank the leadership of the General Assembly and the members of the Joint Budget Committee for their hard work and partnership.

Should you have any questions about this request or the budget in general, please contact our Budget Director, Henry Sobanet at 303-866-3317.

Sincerely,

John W. Hickenlooper Governor

Cc:

Senator Mary Hodge, Joint Budget Committee Vice-chairman Senator Pat Steadman, Joint Budget Committee Member Senator Kent Lambert, Joint Budget Committee Member Representative Jon Becker, Joint Budget Committee Member Representative Claire Levy, Joint Budget Committee Member Representative Brian DelGrosso Senate President Brandon Shaffer Speaker of the House Frank McNulty Mr. John Ziegler, Joint Budget Committee Staff Director Lt. Governor Joe Garcia Ms. Roxane White, Chief of Staff, Governor John W. Hickenlooper
Mr. Alan Salazar, Chief Strategy Officer / Director of Policy and Research,
Governor John W. Hickenlooper
Mr. Kevin Patterson, Deputy Chief of Staff and Chief Administrative
Officer, Governor John W. Hickenlooper
Mr. Jamie Van Leeuwen, Deputy Chief of Staff, Governor John W. Hickenlooper
Mr. Andrew Freedman, Chief of Staff, Lt. Governor Joe Garcia
Ms. Christine Scanlan, Director of Legislative Affairs and Strategic Initiatives and
Senior Education Policy Advisor, Governor John W. Hickenlooper
Mr. R.D. Sewald, Director of Government and Community Affairs/Legislative
Liaison, Governor John W. Hickenlooper
Mr. Henry Sobanet, Director, Governor's Office of State Planning and Budgeting
Mr. Erick Scheminske, Deputy Director, Governor's Office of State Planning and

FY 2013-14 Governor's Budget							
	FY 2012-13 Appropriation		FY 2013-14 Request	FY 2013-14 Change Over FY 2012-13	% Change		
Total Funds	\$ 20,756,745,599	\$	21,876,245,458	\$ 1,119,499,859	5.4%		
General Fund	7,743,574,110		8,130,548,207	386,974,097	5.0%		
Cash Funds	6,292,356,225		6,537,325,748	244,969,523	3.9%		
Reappropriated Funds	1,522,988,961		1,600,793,399	77,804,438	5.1%		
Federal Funds	5,197,826,303		5,607,578,103	409,751,800	7.9%		
FTE	52,016.2		51,929.8	(86.4)	-0.2%		

	Comparison of T	otal Funds		
	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Change Over FY 2012-13	% Change
Departments:				
Agriculture	\$ 39,656,357	\$ 42,157		6.3%
Corrections	737,580,936	742,698		0.7%
Education	4,421,710,962	4,634,730	,118 213,019,156	4.8%
Governor's Office:				
Gov, Lt. Gov, OSPB	36,157,005	36,968	,621 811,616	2.2%
OEDIT/OIT	163,650,223	166,314	,759 2,664,536	1.6%
Governor's Common Policies Changes <1>	0	3,766	,815 3,766,815	N/A
Health Care Policy & Financing	5,561,158,114	6,036,722	,041 475,563,927	8.6%
Higher Education	3,033,991,124	3,102,280	,175 68,289,051	2.3%
Human Services	2,071,322,439	2,121,783	,957 50,461,518	2.4%
Judicial	508,453,153	535,786		5.4%
Labor and Employment	158,116,661	159,825		1.1%
Law	57,251,130	58,257		1.8%
Legislature	37,049,397	39,037		5.4%
Local Affairs	327,238,113	336,056	, , ,	2.7%
Military and Veterans Affairs	222,946,109	223,644		0.3%
Natural Resources				
	262,617,572	242,688		
Personnel and Administration	160,021,572	169,888		6.2%
Public Health and Environment	466,101,507	471,224		1.1%
Public Safety	320,196,864	334,566		4.5%
Regulatory Agencies	78,558,839	81,166	,414 2,607,575	3.3%
Revenue	287,699,701	294,819	,200 7,119,499	2.5%
State	19,893,142	20,547	,348 654,206	3.3%
Transportation	1,119,353,686	1,267,760	,876 148,407,190	13.3%
Treasury	478,908,945	505,641		5.6%
Operating Subtotal	\$ 20,569,633,551	\$ 21,628,335	,270 \$ 1,058,701,719	5.1%
Controlled Maintenance Trust Fund	\$ 13,000,000	\$ 23,097	,266 \$ 10,097,266	N/A
Other Expenditures				
Cigarette Rebates <2>	\$ (100,000)		- \$ 100,000	-100.0%
Old Age Pension Fund	112,400,000	105,000		
Property Tax, Heat, and Rent Credit <2> Fire/Police Pensions <2>	(200,000)		0 200,000 ,247 0	N/A 0.0%
Amendment 35 GF <2>	(83,200)	-	,200) 0	0.070 N/A
Interest on School Loans	1,200,000	1,200	, ,	0.0%
Homestead Exemption <2>	(900,000)		0 900,000	N/A
GF Transfers for Capital Construction	60,991,314	102,808	,399 41,817,085	68.6%
Subtotal Other Expenditures	\$ 173,483,361	\$ 209,100	,446 \$ 35,617,085	20.5%
Other Adjustments				
1331s	\$ 628,687	\$	- \$ (628,687)) N/A
Legislation and Budget Amendments	0	15,712		
Subtotal Statewide Adjustments	\$ 628,687	\$ 15,712		N/A
Total Funds	\$ 20,756,745,599	\$ 21,876,245	,458 \$ 1,119,499,859	5.4%

<2> Represents forecasted adjustments to the base.

All General Fund FY 2012-13 FY 2013-14 FY 2013-14 Change Appropriation Request **Over FY 2012-13** % Change **Departments:** 7.238.712 \$ Agriculture \$ 6,860,032 \$ 378,680 5.5% Corrections 651,332,037 655,570,996 4,238,959 0.7% 0.0% Education 3,015,437,087 3,016,915,356 1,478,269 Governor's Office: Gov, Lt. Gov, OSPB 7.145.455 7.769.428 623.973 8.7% OEDIT/OIT 64.8% 11,174,626 18,411,419 7,236,793 (2,325,045)Governor's Common Policies Changes <1> 0 (2,325,045)N/A Health Care Policy & Financing 1,857,115,475 2,031,840,027 174,724,552 9.4% 619,261,908 6.1% Higher Education 656,729,783 37,467,875 Human Services 642,011,487 680,113,157 38,101,670 5.9% Judicial 352,087,442 376,792,697 24,705,255 7.0% Labor and Employment 0 0 0 N/A 9,896,185 10,347,517 451,332 4.6% Law Legislature 35,960,016 37,948,320 1,988,304 5.5% Local Affairs 11,098,481 18,780,295 7,681,814 69.2% Military and Veterans Affairs (177,759)-2.7% 6,681,430 6,503,671 23,740,163 348.917 1.5% Natural Resources 24,089,080 Personnel and Administration 6,596,233 5,682,518 (913,715)-13.9% Public Health and Environment 30,725,111 31,354,622 629,511 2.0% Public Safety 84,624,139 87,200,253 2,576,114 3.0% 3.7% Regulatory Agencies 1.714.111 1,777,317 63,206 Revenue 73,668,142 77,201,572 3,533,430 4.8% State 0 0 N/A 0 Transportation 0 0 0 N/A Treasury 109.332.502 132,696,325 23,363,823 21.4% **Department Operating Subtotal** \$ 7,556,462,062 7,882,638,019 \$ 326,175,957 4.3% \$ \$ 10,097,266 77.7% **Controlled Maintenance Trust Fund** 13,000,000 \$ 23,097,266 \$ **Other GF Obligations** Cigarette Rebates <2> \$ (100,000)\$ \$ 100,000 -100.0% 112,400,000 Old Age Pension Fund 105,000,000 (7,400,000)-6.6% Property Tax, Heat, and Rent Credit <2> (200,000)200,000 N/A 0 Fire/Police Pensions <2> 175,247 175,247 N/A 0 Amendment 35 GF <2> (83, 200)(83,200)0 N/A Interest on School Loans 1,200,000 1,200,000 0 0.0% Homestead Exemption <2> (900,000)900,000 N/A 0 GF Transfers for Capital Construction 102,808,399 60,991,314 41,817,085 68.6% Subtotal Other GF Obligations ¢ 173,483,361 209,100,446 \$ 35,617,085 20.5% Other Adjustments June 1331s \$ 628,687 \$ \$ (628, 687)N/A -Legislation and Budget Amendments 15.712.476 0 15.712.476 N/A Subtotal Statewide 628,687 N/A \$ \$ 15,712,476 15,083,789 \$ **Total General Fund** \$ 7,743,574,110 \$ 8,130,548,207 \$ 386,974,097 5.0%

<1> Reflects common policy changes and policy adjustments for the entire Department.

<2> Represents forecasted adjustments to the base.

General Fund Subject to the SB 09-228 Limit						
	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Change Over FY 2012-13	% Change		
Departments:						
Agriculture	\$ 6,860,032	\$ 7,238,712	\$ 378,680	5.5%		
Corrections	651,332,037	655,570,996	4,238,959	0.7%		
Education	3,015,437,087	3,016,915,356	1,478,269	0.0%		
Governor's Office:	5,010,107,007	5,010,715,550	1,170,209	0.070		
Gov, Lt. Gov, OSPB	7,145,455	7,769,428	623,973	8.7%		
OEDIT/OIT	11,174,626	18,411,419	7,236,793	64.8%		
Governor's Common Policies Changes <1>	0	(2,325,045)	, ,	N/A		
Health Care Policy & Financing	1,856,673,875	2,031,398,427	174,724,552	9.4%		
Higher Education	619,261,908	656,729,783	37,467,875	6.1%		
Human Services	642,011,487	680,113,157	38,101,670	5.9%		
Judicial	352,087,442	376,792,697	24,705,255	7.0%		
Labor and Employment	0	0	0	N/A		
Law	9,896,185	10,347,517	451,332	4.6%		
Legislature	35,960,016	37,948,320	1,988,304	5.5%		
Local Affairs	6,803,728	14,485,542	7,681,814	112.9%		
Military and Veterans Affairs	6,681,430	6,503,671	(177,759)	-2.7%		
Natural Resources	23,740,163	24,089,080	348,917	1.5%		
Personnel and Administration	6,596,233	5,682,518	(913,715)	-13.9%		
Public Health and Environment	30,283,511	30,913,022	629,511	2.1%		
Public Safety	84,624,139	87,200,253	2,576,114	3.0%		
Regulatory Agencies	1,714,111	1,777,317	63,206	3.7%		
Revenue	55,968,142	60,001,572	4,033,430	7.2%		
State	0	0	0	N/A		
Transportation	0	0	0	N/A		
Treasury	832,502	2,096,325	1,263,823	151.8%		
Department Operating Subtotal	\$ 7,425,084,109	\$ 7,729,660,066	\$ 304,575,957	4.1%		
Controlled Maintenance Trust Fund	\$ 13,000,000	\$ -	\$ (13,000,000)	N/A		
Othen A directments						
Other Adjustments June 1331s	\$ 629.697	\$ -	\$ (628,687)	NI/A		
Legislation and Budget Amendments	\$ 628,687	<u> </u>	\$ (628,687) 15,712,476	N/A N/A		
Subtotal Statewide Adjustments	\$ 628,687	\$ 15,712,476	\$ 15,083,789	N/A N/A		
Bubtotai Statewide Aujdstillellis	φ 020,087	φ 13,/12,4/0	φ 13,003,789	1 \/A		
Subtotal General Fund (SB09-228)	\$ 7,438,712,796	\$ 7,745,372,542	\$ 306,659,746	4.1%		

General Fund Exempt from the SB 09-228 Limit

		FY 2012-13 ppropriation		FY 2013-14 Request		013-14 Change r FY 2012-13	% Change
Departments:							
Agriculture	\$	-	\$	-	\$	-	N/A
Corrections		0		0		0	N/A
Education		0		0		0	N/A
Governor's Office:							
Gov, Lt. Gov, OSPB<1>		0		0		0	N/A
OEDIT/OIT		0		0		0	N/A
Health Care Policy & Financing		441,600		441,600		0	0.0%
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		4,294,753		4,294,753		0	0.0%
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		441,600		441,600		0	0.0%
Public Safety		0		0		0	N/A
Regulatory Agencies		0		0		0	N/A
Revenue		17,700,000		17,200,000		(500,000)	-2.8%
State		0		0		0	N/A
Transportation		0		0		0	N/A
Treasury		108,500,000		130,600,000		22,100,000	20.4%
Operating Subtotal	\$	131,377,953	\$	152,977,953	\$	21,600,000	16.4%
Controlled Maintenance Trust Fund	\$	-	\$	23,097,266	\$	23,097,266	N/A
04							
Other Expenditures	<i>ф</i>	(100.000)			¢	100.000	100.00/
Cigarette Rebates <2>	\$	(100,000)	\$	-	\$	100,000	-100.0%
Old Age Pension Fund		112,400,000		105,000,000		(7,400,000)	-6.6%
Property Tax, Heat, and Rent Credit <2>		(200,000)		0		200,000	N/A
Fire/Police Pensions <2>		175,247		175,247		0	N/A
Amendment 35 GF <2>		(83,200)		(83,200)		0	0.0%
Interest on School Loans		1,200,000		1,200,000		0	0.0%
Homestead Exemption <2>		(900,000)		0		900,000	N/A
GF Transfers for Capital Construction	*	60,991,314	A	102,808,399	.	41,817,085	68.6%
Subtotal Other Expenditures	\$	173,483,361	\$	209,100,446	\$	35,617,085	20.5%
Total General Fund Exempt (GFE)	\$	304,861,314	\$	385,175,665	¢	80,314,351	26.3%

<1> Reflects common policy changes for the entire Department.

<2> Represents forecasted adjustments to the base.

Cash Funds					
	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Change Over FY 2012-13	% Change	
Departments:					
Agriculture	\$ 27,819,174	\$ 29,142,534	\$ 1,323,360	4.8%	
Corrections	⁽⁴⁾ 27,819,174 39,590,087	40,045,839	455,752	1.2%	
Education	753,491,302	960,890,281	207,398,979	27.5%	
Governor's Office:	755,491,502	500,050,201	201,390,919	21.570	
Gov, Lt. Gov, OSPB	10,814,538	11,002,181	187,643	1.7%	
OEDIT/OIT	22,932,549	26,478,162	3,545,613	15.5%	
Governor's Common Policies Changes <1>	0	249,620	249,620	N/A	
Health Care Policy & Financing	925,374,919	916,573,919	(8,801,000)	-1.0%	
Higher Education	1,851,045,974	1,852,371,714	1,325,740	0.1%	
Human Services	336,871,969	333,282,024	(3,589,945)	-1.1%	
Judicial	132,827,681	135,455,535	2,627,854	2.0%	
Labor and Employment	60,488,778	61,352,512	863,734	1.4%	
Law	10,779,963	10,580,924	(199,039)	-1.8%	
Legislature	179,065	179,065	0	0.0%	
Local Affairs	206,386,363	206,598,274	211,911	0.1%	
Military and Veterans Affairs	1,332,993	1,351,377	18,384	1.4%	
Natural Resources	209,496,335	179,771,768	(29,724,567)	-14.2%	
Personnel and Administration	11,997,536	14,286,437	2,288,901	19.1%	
Public Health and Environment	157,156,520	154,142,912	(3,013,608)	-1.9%	
Public Safety	155,103,072	164,239,554	9,136,482	5.9%	
Regulatory Agencies	71,265,174	73,661,623	2,396,449	3.4%	
Revenue	211,751,066	215,480,992	3,729,926	1.8%	
State	19,893,142	20,547,348	654,206	3.3%	
Transportation	706,181,582	759,829,076	53,647,494	7.6%	
Treasury	369,576,443	369,812,078	235,635	0.1%	
Total Cash Funds	\$ 6,292,356,225	\$ 6,537,325,748	\$ 244,969,523	3.9%	

	Reappropriated Funds					
	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Change Over FY 2012-13	% Change		
Departments:						
Agriculture	\$ 1,090,001	\$ 1,659,122	\$ 569,121	52.2%		
Corrections	45,644,484	46,072,992	428,508	0.9%		
Education	24,078,570	26,831,691	2,753,121	11.4%		
Governor's Office:						
Gov, Lt. Gov, OSPB	14,155,707	14,155,707	0	0.0%		
OEDIT/OIT	127,086,718	118,968,848	(8,117,870)	-6.4%		
Governor's Common Policies Changes <1>	0	5,584,158	5,584,158	N/A		
Health Care Policy & Financing	8,170,248	5,929,334	(2,240,914)	-27.4%		
Higher Education	544,570,013	573,996,703	29,426,690	5.4%		
Human Services	475,870,742	493,399,494	17,528,752	3.7%		
Judicial	19,113,030	19,113,030	0	0.0%		
Labor and Employment	651,881	651,881	0	0.0%		
Law	34,998,817	35,711,739	712,922	2.0%		
Legislature	910,316	910,316	0	0.0%		
Local Affairs	7,129,597	7,958,963	829,366	11.6%		
Military and Veterans Affairs	803,662	803,662	0	0.0%		
Natural Resources	8,636,648	9,333,473	696,825	8.1%		
Personnel and Administration	141,427,803	149,919,929	8,492,126	6.0%		
Public Health and Environment	32,052,315	32,426,913	374,598	1.2%		
Public Safety	27,113,894	28,762,765	1,648,871	6.1%		
Regulatory Agencies	4,265,351	4,368,294	102,943	2.4%		
Revenue	1,456,105	1,312,248	(143,857)	-9.9%		
State	0	0	0	N/A		
Transportation	3,763,059	19,788,816	16,025,757	425.9%		
Treasury	0	3,133,321	3,133,321	N/A		
Total Reappropriated Funds	\$ 1,522,988,961	\$ 1,600,793,399	\$ 77,804,438	5.1%		

Federal Funds

	FY 2012-13	FY 2013-14	FY 2013-14 Change Over	
	Appropriation	Request	FY 2012-13	% Change
Departments:				
Agriculture	\$ 3,887,150	\$ 4,117,142	\$ 229,992	5.9%
Corrections	1,014,328	1,008,967	(5,361)	-0.5%
Education	628,704,003	630,092,790	1,388,787	0.2%
Governor's Office:				
Gov, Lt. Gov, OSPB	4,041,305	4,041,305	0	0.0%
OEDIT/OIT	2,456,330	2,456,330	0	0.0%
Governor's Common Policies Changes <1>	0	258,082	258,082	N/A
Health Care Policy & Financing	2,770,497,472	3,082,378,761	311,881,289	11.3%
Higher Education	19,113,229	19,181,975	68,746	0.4%
Human Services	616,568,241	614,989,282	(1,578,959)	-0.3%
Judicial	4,425,000	4,425,000	0	0.0%
Labor and Employment	96,976,002	97,821,471	845,469	0.9%
Law	1,576,165	1,617,441	41,276	2.6%
Legislature	0	0	0	N/A
Local Affairs	102,623,672	102,719,209	95,537	0.1%
Military and Veterans Affairs	214,128,024	214,986,098	858,074	0.4%
Natural Resources	20,744,426	29,493,933	8,749,507	42.2%
Personnel and Administration	0	0	0	N/A
Public Health and Environment	246,167,561	253,300,320	7,132,759	2.9%
Public Safety	53,355,759	54,363,445	1,007,686	1.9%
Regulatory Agencies	1,314,203	1,359,180	44,977	3.4%
Revenue	824,388	824,388	0	0.0%
State	0	0	0	N/A
Transportation	409,409,045	488,142,984	78,733,939	19.2%
Treasury	0	0	0	N/A
Total Federal Funds	\$ 5,197,826,303	\$ 5,607,578,103	\$ 409,751,800	7.9%

FTE						
	FY 2012-13 Appropriation	FY 2013-14 Request	FY 2013-14 Change Over FY 2012-13	% Change		
Departments:						
Agriculture	282.4	282.4	0.0	0.0%		
Corrections	6,022.9	5,886.3	(136.6)	-2.3%		
Education	565.7	566.1	0.4	0.1%		
Governor's Office:				0.170		
Gov, Lt. Gov, OSPB<1>	89.6	89.6	0.0	0.0%		
OEDIT/OIT	947.8	952.8	5.0	0.5%		
Health Care Policy & Financing	326.2	338.2	12.0	3.7%		
Higher Education	21,458.9	21,458.9	0.0	0.0%		
Human Services	4,878.6	4,886.7	8.1	0.2%		
Judicial	4,267.6	4,267.6	0.0	0.0%		
Labor and Employment	1,006.3	1,006.3	0.0	0.0%		
Law	429.2	429.7	0.5	0.1%		
Legislature	271.0	271.0	0.0	0.0%		
Local Affairs	163.2	164.3	1.1	0.7%		
Military and Veterans Affairs	1,384.9	1,387.6	2.7	0.2%		
Natural Resources	1,464.1	1,452.1	(12.0)	-0.8%		
Personnel and Administration	394.9	393.4	(1.5)	-0.4%		
Public Health and Environment	1,223.1	1,212.1	(11.0)	-0.9%		
Public Safety	1,558.3	1,579.1	20.8	1.3%		
Regulatory Agencies	557.9	562.8	4.9	0.9%		
Revenue	1,250.3	1,238.8	(11.5)	-0.9%		
State	133.0	133.0	0.0	N/A		
Transportation	3,308.8	3,317.5	8.7	0.3%		
Treasury	31.5	31.5	0.0	N/A		
Total FTE	52,016.2	51,929.8	(86.4)	-0.2%		