

STATE OF COLORADO
JOINT BUDGET COMMITTEE



FY 2015-16
STAFF BUDGET BRIEFING
SUMMARY

STATE OF COLORADO

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MEMORANDUM

TO: Members of the General Assembly
FROM: Joint Budget Committee
SUBJECT: FY 2015-16 Budget Briefing Summary
DATE: January 7, 2015

For the past two months, the Joint Budget Committee staff has been briefing the Committee on each department's budget request for FY 2015-16. The staff briefing is a written and oral presentation of budget issues and a review of expenditures and requests for each department. These briefings are aimed at stimulating discussion among the Committee members about each department's budget request, its operations, issues of efficiency and effectiveness, and plans for the future.

During the briefing, Committee members decide which issues they wish to discuss with the department. These topics are addressed at a formal hearing with each department's executive director. This hearing also allows time for the department to discuss its priorities with the Committee.

This report summarizes the budget briefings by providing an overview of each department's responsibilities, the department's total request as compared to the current year appropriation, and a summary of issues that were addressed. The detailed staff briefing write-ups can be found at the Committee's web site:

http://www.tornado.state.co.us/gov_dir/leg_dir/jbc/2014-15/briefing.htm

We hope this budget briefing summary, and the documents from which it was created, will help you become familiar with the FY 2015-16 budget requests and major issues that impact the budget. We look forward to discussing the budget with you throughout the 2015 legislative session.

SUMMARY OF FY 2015-16 BUDGET BRIEFING

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All Departments

The Executive and Judicial branches of state government submitted their FY 2015-16 budget requests to the Joint Budget Committee on November 3, 2014. The following table summarizes the total request.

FY 2014-15 Appropriation and FY 2015-16 Request

All Departments						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation:						
HB 14-1336 (Long Bill) / HB 14-1293 (Legislative appropriation)	\$24,046,763,997	\$8,766,491,756	\$6,708,992,529	\$1,346,373,063	\$7,224,906,649	54,723.1
Additional legislation	<u>536,352,459</u>	<u>149,553,393</u>	<u>276,967,816</u>	<u>97,742,584</u>	<u>12,088,666</u>	<u>213.0</u>
TOTAL	\$24,583,116,456	\$8,916,045,149	\$6,985,960,345	\$1,444,115,647	\$7,236,995,315	54,936.1
FY 2015-16 Requested Appropriation:						
FY 2014-15 Appropriation	\$24,583,116,456	\$8,916,045,149	\$6,985,960,345	\$1,444,115,647	\$7,236,995,315	54,936.1
Decision items	1,373,358,138	631,477,860	230,396,617	21,681,985	489,801,676	302.2
Technical changes	169,953,122	4,883,716	106,577,214	(1,758,910)	60,251,102	(0.1)
Centrally appropriated line items	46,552,400	25,439,762	11,827,737	5,807,029	3,477,872	0.0
Annualize prior year funding	(52,141,173)	6,102,904	1,606,789	(43,661,091)	(16,189,775)	2.1
Annualize prior year legislation	<u>(37,990,738)</u>	<u>(26,388,719)</u>	<u>(11,441,736)</u>	<u>(5,311,454)</u>	<u>5,151,171</u>	<u>38.4</u>
TOTAL	\$26,082,848,205	9,557,560,672	\$7,324,926,966	\$1,420,873,206	\$7,779,487,361	55,278.7
Increase/(Decrease)	\$1,499,731,749	\$641,515,523	\$338,966,621	(\$23,242,441)	\$542,492,046	342.6
Percentage Change	6.1%	7.2%	4.9%	(1.6%)	7.5%	0.6%

Summary of Major Changes

Decision items: Represents programmatic funding changes included in the FY 2015-16 budget request. Examples include funding for new programs, expansion of existing programs, and reductions to or elimination of existing programs. These items increase the FY 2015-16 budget request by \$1.4 billion total funds, including an increase of \$631.5 billion General Fund, compared to the current FY 2014-15 appropriation. Major highlights include:

- Health Care Policy and Financing – Increase of \$715.3 million total funds (\$176.7 million General Fund);
- Education – Increase of \$394.9 million total funds (\$242.4 million General Fund);
- Higher Education – Increase of \$109.4 million total funds (\$106.9 million General Fund); and
- Human Services – Increase of \$39.4 million total funds (\$29.4 million General Fund).

Technical changes: Represents revenue forecast adjustments and various technical changes included in the FY 2015-16 budget request. These items increase the FY 2015-16 budget request by \$170.0 million total funds,

including an increase of \$4.9 million General Fund, compared to the current FY 2014-15 appropriation. Major highlights include:

- Transportation – Increase of \$144.8 million total funds;
- Judicial – Increase of \$21.7 million total funds (\$0.1 million General Fund); and
- Corrections – Increase of \$7.1 million total funds (\$7.0 million General Fund).

Centrally appropriated line items: Represents changes reflected in the Executive Director’s Office (or comparable division) for each agency for use department-wide included in the FY 2015-16 budget request. Examples include employee benefits (salary changes and health/life/dental insurance), vehicle lease payments, Capitol Complex leased space, and information technology services. These items increase the FY 2015-16 budget request by \$46.6 million total funds, including an increase of \$25.4 million General Fund, compared to the current FY 2014-15 appropriation. Major highlights include:

- Judicial – Increase of \$18.5 million total funds (\$16.9 million General Fund);
- Governor – Increase of \$5.2 million total funds (\$0.4 million General Fund);
- Public Safety – Increase of \$3.5 million total funds (decrease of \$1.0 million General Fund);
- Human Services – Increase of \$2.9 million total funds (\$0.9 million General Fund); and
- Public Health and Environment – Increase of \$2.8 million total funds (\$0.9 million General Fund).

Annualize prior year funding: Represents the FY 2015-16 impact of budgetary decision items included in prior fiscal year appropriations included in the FY 2015-16 budget requests. These items decrease the FY 2015-16 budget request by \$52.1 million total funds, including an increase of \$6.1 million General Fund, compared to the current FY 2014-15 appropriation. Major highlights include:

- Corrections – Increase of \$11.6 million total funds (\$11.2 million General Fund);
- Governor – Decrease of \$49.4 million total funds (\$4.8 million General Fund);
- Public Health and Environment – Decrease of \$26.4 million total funds (\$22.5 million General Fund);
- Health Care Policy and Financing – Decrease of \$23.8 million total funds (increase of \$36.4 million General Fund); and
- Revenue – Decrease of \$5.2 million total funds (\$7.6 million General Fund).

Annualize prior year legislation: Represents the FY 2015-16 impact of legislation passed by the General Assembly in prior fiscal years included in the FY 2015-16 budget request. These items decrease the FY 2015-16 budget request by \$38.0 million total funds, including a decrease of \$26.4 million General Fund, compared to the current FY 2014-15 appropriation. Major highlights include:

- Health Care Policy and Financing – Increase of \$9.7 million total funds (\$0.9 million General Fund);
- Education – Increase of \$6.2 million total funds (decrease of \$0.3 million General Fund);
- Human Services – Decrease of \$26.6 million total funds (\$8.5 million General Fund);
- Natural Resources – Decrease of \$11.9 million total funds;
- Public Safety – Decrease of \$6.6 million total funds (\$11.2 million General Fund); and
- Public Health and Environment – Decrease of \$5.6 million total funds (\$3.9 million General Fund).

Department of Agriculture

The Department of Agriculture regulates, promotes and supports various agricultural activities throughout Colorado. Department personnel perform a wide range of services including: regulatory and inspection services relating to agriculture; investigations and hearings; standardizing, grading, inspecting, labeling, handling, storage, and marketing of agricultural products; and agriculture-related policy analysis. The Department's FY 2014-15 appropriation represents 0.17 percent of statewide operating appropriations and 0.10 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Agriculture						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	<u>\$44,184,405</u>	<u>\$9,311,389</u>	<u>\$29,141,578</u>	<u>\$1,629,526</u>	<u>\$4,101,912</u>	<u>274.1</u>
TOTAL	\$44,184,405	\$9,311,389	\$29,141,578	\$1,629,526	\$4,101,912	274.1
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$44,184,405	9,311,389	\$29,141,578	\$1,629,526	\$4,101,912	274.1
R1 State fair facilities maintenance	300,000	300,000	0	0	0	0.0
NP1 Annual fleet vehicle request	15,775	0	15,775	0	0	0.0
Centrally appropriated line items	238,348	52,436	126,283	0	59,629	0.0
Indirect cost assessment	54,044	0	27,022	27,022	0	0.0
Technical changes	0	0	0	0	0	0.0
Annualize prior year funding	<u>(155,809)</u>	<u>(2,560)</u>	<u>(152,856)</u>	<u>0</u>	<u>(393)</u>	<u>0.0</u>
TOTAL	\$44,636,763	\$9,661,265	\$29,157,802	\$1,656,548	\$4,161,148	274.1
Increase/(Decrease)	\$452,358	\$349,876	\$16,224	\$27,022	\$59,236	0.0
Percentage Change	1.0%	3.8%	0.1%	1.7%	1.4%	0.0%

Summary of Issues Presented to the Joint Budget Committee

Colorado State Fairgrounds Maintenance and Operations

This issue brief provides a summary of the maintenance and operations of the Colorado State Fairgrounds, as well as an overview of revenue sources and associated operating expenses. The Department has requested additional General Funds for the Colorado State Fair Authority (Authority).

Industrial Hemp Production in Colorado

This issue brief provides a summary of the difficulties facing the implementation of industrial hemp cultivation and production in Colorado.

Long Bill Line Item Format Change

This issue brief provides a summary of a staff initiated request to make changes to the Agriculture Services Division line item of the Department of Agriculture's section of the Long Bill.

Department of Corrections

The Department of Corrections is responsible for

- Managing, supervising, and controlling the correctional facilities operated and supported by the State;
- Supervising the population of offenders placed in the custody of the Department, including inmates, parolees, and transition inmates who are placed into community corrections programs;
- Planning for the projected, long-range needs of the institutions under the Department's control; and
- Developing educational, treatment, and correctional industries programs that have a rehabilitative or therapeutic value for inmates and supply products for state and private purposes, as provided by law.

The Department's FY 2014-15 appropriation represents 3.3% percent of statewide operating appropriations and 8.1 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Corrections						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1535 (Long Bill)	798,310,521	710,711,718	39,979,286	46,380,247	1,239,270	6,116.3
HB 14-1355 Reentry Programs for Adult Parolees	7,953,877	7,953,877	0	0	0	71.9
SB 14-064 Use of Isolated Confinement for Mental Illness	1,565,025	1,565,025	0	0	0	24.0
FY 2014-15 Appropriation in 5 year sentencing bills passed in prior sessions	198,977	198,977	0	0	0	0.0
TOTAL	\$808,028,400	\$720,429,597	\$39,979,286	\$46,380,247	\$1,239,270	6,212.2
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$808,028,400	720,429,597	\$39,979,286	\$46,380,247	\$1,239,270	6,212.2
R1 External Capacity (Caseload)	6,626,765	6,626,765	0	0	0	0.0
R2 Mental Health Staffing	1,740,565	1,740,565	0	0	0	22.9
R3 Transportation Operating Expenses	148,744	148,744	0	0	0	0.0
R4 Radio Replacement Plan	2,081,665	2,081,665	0	0	0	0.0
R5 Buena Vista Wastewater	225,924	225,924	0	0	0	0.0
R6 Food Service Equipment and Inflation	665,230	665,230	0	0	0	0.0
R7 Maintenance Operating Increase	834,175	834,175	0	0	0	0.0
R8 Correctional Industries and Canteen Spending Authority	517,490	0	367,490	150,000	0	0.0
R9 Payments to District Attorneys	(400,000)	(400,000)	0	0	0	0.0
R10 Provider Rate Increase	1,128,941	1,128,941	0	0	0	0.0
NPR-01 Annual Fleet Vehicle Request	(6,706)	(141,742)	135,036	0	0	0.0
Annualize Prior Salary Survey and Merit Pay	11,400,691	11,036,956	363,735	0	0	0.3
Other Total Compensation Adjustments	7,593,139	7,564,590	28,549	0	0	0.0
Salary Survey, Merit Pay, Shift Differential	(4,689,158)	(4,497,826)	(191,332)	0	0	0.0
H.B. 12-1223 Earned Time	6,783,807	6,783,807	0	0	0	0.3
Leap Year Adjustment	251,530	251,530	0	0	0	0.0
Leased Space Escalators	157,211	150,101	7,110	0	0	0.0
Annualize Prior Legislation	82,079	82,079	0	0	0	6.5

Department of Corrections						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Annualize Prior Decision Items	10,020	10,020	0	0	0	0.6
OIT Adjustment	(3,681,706)	(3,656,163)	(25,543)	0	0	0.0
Other Common Policy Adjustments and Indirect Cost Adjustment	(1,684,256)	(1,753,852)	(43,750)	78,576	34,770	0.0
TOTAL	\$837,814,550	\$749,311,106	\$40,620,581	\$46,608,823	\$1,274,040	6,242.8
Increase/(Decrease)	\$29,786,150	\$28,881,509	\$641,295	\$228,576	\$34,770	30.6
Percentage Change	3.7%	4.0%	1.6%	0.5%	2.8%	0.5%

Summary of Issues Presented to the Joint Budget Committee

The unexpected savings from H.B. 12-1223: H.B. 12-1223, a JBC bill, allowed offenders in the Department of Corrections to accumulate additional earned time while in prison, while on parole, and while temporarily reincarcerated for a parole violation. The bill's legislative declaration directed the resulting General Fund Savings to inmate education and parole wrap-around services. The resulting appropriations are growing far faster than anticipated. Staff recommends that the Committee carry a bill that appropriates a fixed amount to the Department.

Administrative Segregation and Maximum Security: Over the last three years, the Department of Corrections has dramatically reduced the number of offenders in Administrative Segregation, which is now called Maximum Security and differs from Administrative Segregation in several important regards. The Department has also divided its "Close" custody designation for offenders into several new high-security classifications. A substantial number of former Administrative Segregation offenders appear to have been reclassified into the new designations.

The December 2014 Offender Population Projections: The December forecasts released by Legislative Council Staff (LCS) and by the Division of Criminal Justice (DCJ) both project that the DOC inmate population will continue to rise for the remainder of FY 2014-15 and will continue rising in FY 2015-16 and FY 2016-17. DCJ projects a larger increase than does LCS. Both forecasts predict that the parole population will continue to drop through the end of FY 2014-15, but LCS predicts the parole population will subsequently rise while DCJ predicts that it will continue to fall.

Department of Education

The Department of Education supports the State Board of Education in its duty to exercise general supervision over public schools, including accrediting public schools and school districts. The Department distributes state and federal funds to school districts, and it administers a variety of education-related programs, including educator licensure, education programs for children with special needs, English language proficiency programs, the Colorado Preschool Program, and a variety of grant programs. The Department develops and maintains state model content standards, and administers associated assessments. The Department also includes three independent agencies: (1) the Board of Trustees for the Colorado School for the Deaf and the Blind; (2) the State Charter School Institute Board, which is responsible for authorizing and monitoring institute charter schools; and (3) the Public School Capital Construction Assistance Board, which is responsible for assessing public school capital construction needs statewide and making recommendations concerning the prioritization of state financial assistance for school construction projects. The Department's FY 2014-15 appropriation represents 21.4 percent of statewide operating appropriations and 37.7 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Education						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$4,983,060,379	\$3,355,683,787	\$960,419,839	\$30,693,725	\$636,263,028	574.8
HB 14-1292 (Student Success)	179,052,176	0	179,052,176	0	0	0.0
HB 14-1298 (School Finance)	72,000,495	0	44,500,495	27,500,000	0	1.2
Other Legislation	<u>17,086,756</u>	<u>2,212,017</u>	<u>11,914,739</u>	<u>2,960,000</u>	<u>0</u>	<u>6.0</u>
TOTAL	\$5,251,199,806	\$3,357,895,804	\$1,195,887,249	\$61,153,725	\$636,263,028	582.0
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$5,251,199,806	3,357,895,804	\$1,195,887,249	\$61,153,725	\$636,263,028	582.0
R1 Increase total program	381,088,678	239,895,415	141,193,263	0	0	0.0
R2 Categorical programs increase	7,792,138	0	7,792,138	0	0	0.0
R3 Field implementation support	1,266,535	1,266,535	0	0	0	7.3
R4 State Review Panel online portal	77,375	77,375	0	0	0	0.0
R5 CSDB strategic plan implementation	1,087,179	1,087,179	0	0	0	11.5
R6 CSDB teacher salary adjustment	102,391	102,391	0	0	0	0.0
R7 BEST statewide priority assessment	3,472,914	0	3,472,914	0	0	6.0
Annualize prior year legislation	6,183,680	(299,323)	6,483,003	0	0	0.0
Centrally appropriated line item adjustments	1,607,380	469,669	210,961	219,361	707,389	0.0
Annualize prior year budget actions	(991,095)	(1,255,755)	10,708	280,529	(26,577)	1.0
Marijuana tax revenue adjustment	<u>(219,556)</u>	<u>0</u>	<u>(219,556)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,652,667,425	\$3,599,239,290	\$1,354,830,680	\$61,653,615	\$636,943,840	607.8

Department of Education						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Increase/(Decrease)	\$401,467,619	\$241,343,486	\$158,943,431	\$499,890	\$680,812	25.8
Percentage Change	7.6%	7.2%	13.3%	0.8%	0.1%	4.4%

Summary of Issues Presented to the Joint Budget Committee

School Finance Act Funding Projections: The General Assembly faces three basic decisions with respect to school finance appropriations in FY 2015-16 and beyond. First, how much should Colorado spend on school finance in FY 2015-16 and beyond? Second, how should the General Assembly manage the balance of the State Education Fund going forward? Third, should the General Assembly target sustainable appropriations and sustainable growth or maximize appropriations in the short term at the risk of not being able to sustain that growth going forward? The Governor is proposing a total increase of \$380.6 million in state spending on total program in FY 2015-16 (including increases of \$239.9 million General Fund and \$144.7 million cash funds from the State Education Fund and a decrease of \$4.1 million cash funds from the State Public School Fund). The Governor’s proposal includes a one-time \$200.0 million reduction in the negative factor in FY 2015-16.

Status of *Dwyer v. State of Colorado* Litigation: In June 2014, a group of parents of public school students, the Colorado Rural Schools Caucus, the East Central Board of Cooperative Educational Services (BOCES), the Colorado PTA, and six individual school districts filed a complaint in Denver District Court asserting that the negative factor violates Amendment 23 and is therefore unconstitutional. The suit asks the Court to enjoin the State from continuing to implement the negative factor as part of the School Finance Act. The Court denied the State’s motion to dismiss the case but has not set a trial date. The future timing of the case is uncertain.

State Education Fund Status and Total Program Funding: In FY 2014-15, the General Assembly is spending approximately \$970 million from the State Education Fund (SEF), including appropriations from the SEF and transfers from the SEF to other funds. That level of spending is possible because of the availability of one-time revenues from prior year transfers to the SEF. The FY 2014-15 expenditures include \$670.5 million for school finance, \$136.5 million for categorical programs, and \$162.8 million for other programs. Continuing to spend those amounts outside of school finance will constrain the ability to use the SEF to support school finance when the existing one-time revenues are depleted.

Eliminating Minimum State Aid: With the enactment of H.B. 10-1318, the General Assembly suspended minimum state aid for FY 2010-11 through FY 2014-15. Current law will reinstate the statutory minimum state aid provision of the school finance formula in FY 2015-16. Reinstating minimum state aid would increase the dollar value of the negative factor at any given level of total program funding as long as the negative factor is in place. The General Assembly should consider eliminating the minimum state aid provision or delaying reinstatement of the provision.

R3 Field Implementation and Support of Educator Effectiveness and the Colorado Academic Standards: The Department is requesting an increase of \$1.3 million General Fund in FY 2015-16 (annualizing to \$1.8 million General Fund in FY 2016-17) to continue the Department’s support of field implementation of S.B. 10-191 (Educator Effectiveness) and the Colorado Academic Standards adopted pursuant to S.B. 08-212 (CAP4K).

The request would continue to fund the following staff and activities that are currently supported with one-time state, federal, and private funding: (1) 7.3 FTE in FY 2015-16 (annualizing to 10.5 FTE in subsequent years) focused on the implementation of educator effectiveness and the statewide standards; (2) ongoing field training and technical assistance provided to local school districts for both initiatives; and (3) ongoing updates and maintenance of educator evaluation systems, including two information technology systems created to support educator effectiveness implementation.

R5 CSDB Strategic Plan: The Department is requesting an increase of \$1.1 million General Fund and 11.5 FTE in FY 2015-16 (annualizing to \$1.2 million and 12.6 FTE in subsequent years) for the Colorado School for the Deaf and the Blind (CSDB) to enhance school services in accordance with the school's strategic plan. The request includes three major components: (1) \$304,489 and 5.9 FTE (annualizing to \$439,438 and 6.0 FTE) to extend the CSDB school year by 10 days (this component does not include new staff but reflects increased work time for the existing staff); (2) \$501,846 and 5.6 FTE (annualizing to \$521,269 and 6.2 FTE) to add *additional* CSDB staff; and \$275,844 (annualizing to \$245,124) to support increased operating expenses, including technology updates and general operating expenses increases.

Standardized Assessment Update and Options: The Department has not submitted a change request associated with standardized assessments in FY 2015-16. The Department's request assumes a continuation of the current assessment system. However, in light of ongoing public and legislative discussions of the State's standardized assessment system (including the Standards and Assessment Task Force established pursuant to H.B. 14-1202), staff has included a discussion of the assessment system under current law and the anticipated budgetary changes associated with a variety of illustrative options to change the system of assessments that the General Assembly may consider during the 2015 Session to change the system of assessments.

Eliminating Double Line Item Appropriations: The Department's FY 2014-15 appropriation includes six programs with dual appropriations (which first appropriate funds into a cash fund in one line item and then appropriate the same funds out of the cash fund as reappropriated funds in a separate line item), four of which were created during the 2014 Session. The use of such dual appropriations is inflating the Department's FY 2014-15 appropriation by \$33.6 million and creating other budgetary complications. The General Assembly should consider eliminating the structure in most cases.

Consolidating Leased Space Appropriations: The Department is currently leasing private space to support a wide variety of programs, and the use of leased space has grown as the General Assembly and the Department have added programs and staff. However, unlike nearly every other state agency, the Department's Long Bill does not include a "Leased Space" line item. Rather, lease costs are included in the line item supporting each program, reducing transparency regarding the Department's leased space expenditures. Staff recommends that the Committee add a "Leased Space" line item to the FY 2015-16 Long Bill to consolidate the Department's private leased space funding in one line item.

Office of the Governor

The Office of the Governor includes the functions associated with the Governorship (oversight of executive branch agencies, policy development, communications, and citizen support services), as well as the Office of the Lieutenant Governor, Office of State Planning and Budgeting, Office of Economic Development and International Trade, Office of Information Technology, and Colorado Energy Office. The Department's FY 2014-15 appropriation represents 1.2 percent of statewide operating appropriations and 0.4 percent of statewide General Fund appropriations

FY 2014-15 Appropriation and FY 2015-16 Request

Governor - Lieutenant Governor - State Planning and Budgeting						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
H.B. 14-1336 (Long Bill)	\$276,156,502	\$31,523,647	\$41,178,760	\$197,025,868	\$6,428,227	1,068.6
Other legislation	<u>8,787,156</u>	<u>2,842,883</u>	<u>446,858</u>	<u>5,497,415</u>	<u>0</u>	<u>3.0</u>
TOTAL	\$284,943,658	\$34,366,530	\$41,625,618	\$202,523,283	\$6,428,227	1,071.6
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$284,943,658	\$34,366,530	\$41,625,618	\$202,523,283	\$6,428,227	1,071.6
<u>Office of State Planning and Budgeting</u>						
OSP B R1 Ongoing staffing for Results First and performance planning	157,800	157,800	0	0	0	2.0
<u>Office of Economic Development and International Trade</u>						
OEDIT R1 Competitive intelligence and marketing plan	1,600,000	1,600,000	0	0	0	1.0
OEDIT R2 Colorado Tourism Office	3,000,000	3,000,000	0	0	0	0.0
OEDIT R3 Aerospace and defense industry champion	298,393	298,393	0	0	0	1.0
OEDIT R4 Colorado FIRST and Existing Industry Program	1,774,978	1,774,978	0	0	0	0.0
OEDIT R5 Colorado Credit Reserve	400,000	400,000	0	0	0	0.0
OEDIT R6 Film incentive rebate program	5,000,000	5,000,000	0	0	0	0.0
OEDIT R7 Leading Edge Program	25,000	25,000	0	0	0	0.0
<u>Office of Information Technology</u>						
OIT R1 IT infrastructure refresh	3,407,200	3,407,200	0	0	0	0.0
OIT R2 Systems infrastructure staff	796,726	796,726	0	0	0	7.3
OIT R3 Active directory consolidation	606,956	606,956	0	0	0	0.0
OIT R4 Enterprise wireless	300,000	300,000	0	0	0	0.0
OIT R5 Elevation data acquisition and comprehensive GIS coordination	2,574,716	2,574,716	0	0	0	3.7
OIT R6 CDPHE network infrastructure	508,200	0	0	508,200	0	0.0

Governor - Lieutenant Governor - State Planning and Budgeting						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
OIT R7 Colorado Information Marketplace	65,000	65,000	0	0	0	0.0
OIT R8 Data governance and analytics planning	226,800	226,800	0	0	0	0.0
<u>Base Changes</u>						
Centrally appropriated line items	5,219,153	402,660	464,845	4,331,366	20,282	0.0
NPI Fleet adjustment	7,155	0	0	7,155	0	0.0
Annualize prior year funding	(49,353,375)	(4,812,134)	(972)	(44,540,337)	68	0.8
Annualize prior year legislation	<u>(1,404,500)</u>	<u>743,397</u>	<u>(203,806)</u>	<u>(1,944,091)</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$260,153,860	\$50,934,022	\$41,885,685	\$160,885,576	\$6,448,577	1,087.9
Increase/(Decrease)	(\$24,789,798)	\$16,567,492	\$260,067	(\$41,637,707)	\$20,350	16.3
Percentage Change	(8.7%)	48.2%	0.6%	(20.6%)	0.3%	1.5%

Summary of Issues Presented to the Joint Budget Committee

Economic Development Funding Requests: The FY 2015-16 budget request for the Office of Economic Development and International Trade seeks an increase of \$8.0 million General Fund and 2.7 FTE for business marketing, tourism promotion, aerospace industry advancement, job training, lending assistance, and film incentives.

Statewide Information Technology Base Budget Request: The Governor's Office of Information Technology (OIT) provides services to State agencies on a cost reimbursement basis, with OIT acting as a vendor to State agencies. The Office's FY 2015-16 base budget (does not include new funding requests) request includes \$114.6 million billed to State agencies for a variety of services.

New Information Technology Funding Requests (Operating/Capital): Executive branch agencies requested \$132.6 million total funds, including \$108.3 million General Fund, for FY 2015-16 for new information technology projects. The projects include 14 operating budget items requested by six different agencies and 10 capital construction items requested by six different agencies. The operating budget items and capital construction budget items requested were submitted to the Joint Budget Committee in a combined prioritized list for FY 2015-16.

Senate Bill 14-169 (OIT Reports To General Assembly) Asset Update: Pursuant to S.B. 14-169 (Office Of Information Technology Reports To GA), the Governor's Office of Information Technology (OIT) is required to annually submit an asset inventory and refresh cycle information to the Joint Budget Committee and the Joint Technology Committee for personal computers, including operating systems and productivity software, network infrastructure, servers, and non-productivity software.

Information Technology Expenditures Outside of OIT: Senate Bill 08-155 (Centralize IT Management In OIT) consolidated information technology resources from State agencies in the Governor's Office of Information Technology (OIT) for the purpose of coordinating and directing the use of information technology by executive branch agencies. During FY 2010-11, the executive branch completed the transfer of personnel resources, yet a plan has not yet been submitted to transfer operating expenses for information technology assets from executive branch agencies to OIT.

Department of Health Care Policy and Financing

The Department of Health Care Policy and Financing helps pay health and long-term care expenses for low-income and vulnerable populations. To assist with these costs the Department receives significant federal matching funds, but must adhere to federal rules regarding program eligibility, benefits, and other features, as a condition of accepting the federal money. The Department's FY 2014-15 appropriation represents 32.0 percent of statewide operating appropriations and 25.4 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Health Care Policy and Financing						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$7,855,593,433	\$2,259,525,686	\$946,748,434	\$7,782,578	\$4,641,536,735	389.1
Other legislation	<u>21,262,030</u>	<u>4,945,577</u>	<u>5,529,056</u>	<u>0</u>	<u>10,787,397</u>	<u>1.8</u>
TOTAL	\$7,876,855,463	\$2,264,471,263	\$952,277,490	\$7,782,578	\$4,652,324,132	390.9
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$7,876,855,463	2,264,471,263	\$952,277,490	\$7,782,578	\$4,652,324,132	390.9
R1 Medical Services Premiums	557,958,547	130,769,564	54,975,173	0	372,213,810	0.0
R2 Behavioral Health Programs	77,148,072	21,340,878	467,470	0	55,339,724	0.0
R3 Children's Basic Health Plan	(15,392,141)	(21,502,903)	(12,922,721)	0	19,033,483	0.0
R4 Medicare Modernization Act	15,613,436	20,315,956	0	0	(4,702,520)	0.0
R5 Office of Community Living	22,459,283	11,002,803	0	0	11,456,480	0.0
R6 Enrollment simplification	1,050,191	147,729	213,004	0	689,458	0.0
R7 Participant directed programs	1,708,633	816,371	0	0	892,262	0.9
R8 Children with autism waiver	10,616,568	367,564	4,840,203	0	5,408,801	0.0
R9 Personal health records	772,570	122,257	0	0	650,313	0.0
R10 Customer service center	2,077,065	674,424	364,111	0	1,038,530	20.8
R11 Public health and Medicaid alignment	1,400,000	495,740	190,120	0	714,140	0.0
R12 Provider rates	32,910,761	11,389,124	716,803	0	20,804,834	0.0
R13 ACC reprocurement preparation	250,000	125,000	0	0	125,000	0.0
R14 Primary Care Fund audit	0	0	0	0	0	0.0
R15 Managed care organization audits	300,000	150,000	0	0	150,000	0.0
R16 Comprehensive primary care	84,952	42,476	0	0	42,476	0.0
R17 School-based early intervention and prevention	4,216,324	1,999,674	0	0	2,216,650	0.0
R18 DDDWeb stabilization	205,260	102,629	0	0	102,631	0.0
R19 Public school health services	5,476,888	0	2,683,127	0	2,793,761	0.0
Annualize prior year budget decisions*	32,933,996	37,201,699	2,303,306	(7,600)	(6,563,409)	0.2
Centrally appropriated line items	3,112,363	1,438,617	167,071	138,691	1,367,984	0.0
Human Services programs	<u>556,455</u>	<u>117,511</u>	<u>(453)</u>	<u>0</u>	<u>439,397</u>	<u>0.0</u>

Department of Health Care Policy and Financing						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
TOTAL*	\$8,632,314,686	\$2,481,588,376	\$1,006,274,704	\$7,913,669	\$5,136,537,937	412.8
Increase/(Decrease)	\$755,459,223	\$217,117,113	\$53,997,214	\$131,091	\$484,213,805	21.9
Percentage Change	9.6%	9.6%	5.7%	1.7%	10.4%	5.6%

* Includes a reduction of \$1,950,000 General Fund for the annualization of S.B. 14-215 (Disposition of Legal Marijuana Related Revenue) that was not included in the Governor's November 1, 2014 submission. OSPB indicates the omission was a technical error, and so including the annualization better reflects the Governor's request.

Summary of Issues Presented to the Joint Budget Committee

Medical Service Premiums, Indigent Care, Other Medical Services, Executive Director's Office

Forecast trends: This issue brief provides a brief overview of forecast trends in enrollment and expenditures for Medical Service Premiums, the Children's Basic Health Plan, and the Medicare Modernization Act State Contribution Payment.

Affordable Care Act Expansion (and R10 Call Center): This issue brief discusses the Affordable Care Act implementation's impact on the state and some of the effects on the Department's workload, including the Department's request for new FTE to address call center volume.

Federal medical assistance percentage (FMAP): This issue brief discusses changes in the federal match rates for Medicaid and the Children's Basic Health Plan (CHP+).

Provider Rate Setting Process (R12, RFI #1, and RFI #2): This issue brief discusses the Department's request for rate increases for FY 2015-16 and a plan the Department submitted for how an annual rate review process could be implemented for future years.

Determining income and other eligibility calculations (R6): This issue brief discusses the effect of the Affordable Care Act (ACA) on income determinations for eligibility purposes and the Department's R6 request for additional changes to the eligibility criteria.

Children with Autism Waiver Expansion (R8): This issue brief discusses the Department's R8 request for the JBC to sponsor legislation to expand and modify the Children with Autism waiver.

Hospital Provider Fee TABOR impact: This issue brief discusses the interaction of the Hospital Provider Fee and TABOR.

Behavioral Health

Overview of Department's FY 2015-16 Request for Behavioral Health Community Programs: The Department's FY 2015-16 request includes a \$75.6 million (13.6 percent) increase in funding for behavioral health programs. This request primarily reflects the continued implementation of S.B. 13-200, which expanded eligibility for the Medicaid program.

Implementation of S.B. 14-215: The Department's FY 2015-16 request includes continuation funding for one of two programs that were funded through S.B. 14-215 (Disposition of Legal Marijuana Related Revenue). Approval of this request would require a statutory change.

Office of Community Living

Overview of Funding Mechanisms for IDD Services: Services for individuals with intellectual and developmental disabilities are provided at state-run Regional Centers and through community-based Community Center Boards. Funding is primarily from Medicaid funds through either the Home and Community Based Services waivers for individuals with intellectual and developmental disabilities or the daily reimbursement rate for Intermediate Care Facilities for Individuals with Intellectual Disabilities. The following is a brief overview of the provision of services and funding mechanisms. The issue concludes with a table comparing the two service delivery methods.

IDD Caseload and Expenditures: For a second year, there is a projected underexpenditure of funds appropriated for IDD waiver services in the range of \$19.6 million to \$42.4 million. There are a number of policy decisions which will drive future IDD waiver service expenditures.

Community First Choice Option and CDASS Expansion: The Department is requesting funding to explore the cost and feasibility of implementing the Community First Choice option for Medicaid State Plan Services. Additionally the Department is requesting funding to expand the Consumer Directed Attendant Support Services to all individuals receiving Supported Living waiver services.

Department of Higher Education

The Department of Higher Education is responsible for higher education and vocational training programs in the state. The Department's FY 2014-15 appropriation represents 14.0 percent of statewide operating appropriations and 8.5 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Higher Education						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$3,282,561,278	\$659,765,586	\$2,023,919,592	\$576,442,493	\$22,433,607	23,452.2
SB 14-001 (College Affordability)	157,876,365	100,162,480	0	57,713,885	0	0.0
Other legislation	<u>2,304,986</u>	<u>2,054,986</u>	<u>0</u>	<u>250,000</u>	<u>0</u>	<u>3.0</u>
TOTAL	\$3,442,742,629	\$761,983,052	\$2,023,919,592	\$634,406,378	\$22,433,607	23,455.2
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$3,442,742,629	761,983,052	\$2,023,919,592	\$634,406,378	\$22,433,607	23,455.2
R1 Operating Increase for Public Colleges and Universities	75,588,527	75,588,527	0	0	0	0.0
R2 Colorado Opportunity Scholarship Initiative	30,000,000	30,000,000	0	0	0	0.0
R3 DHE Data and Research Personnel Shore Up	190,268	0	0	190,268	0	0.0
R4 Geologic Hazard Mitigation FTE, CGS at Mines	105,494	105,494	0	0	0	1.0
R5 Fort Lewis Native American Tuition Waiver	1,169,115	1,169,115	0	0	0	0.0
NP1 Colorado First/Existing Industry Job Training	1,774,978	0	0	1,774,978	0	0.0
Annualize prior year actions	1,998,187	83,890	1,361,798	558,882	(6,323)	0.0
Centrally appropriated line items	752,837	112,645	419,361	71,098	149,733	0.0
Auraria Higher Education Center adjustment	<u>579,000</u>	<u>0</u>	<u>0</u>	<u>579,000</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,554,901,035	\$869,042,723	\$2,025,700,751	\$637,580,544	\$22,577,017	23,456.2
Increase/(Decrease)	\$112,158,406	\$107,059,671	\$1,781,159	\$3,174,166	\$143,410	1.0
Percentage Change	3.3%	14.1%	0.1%	0.5%	0.6%	0.0%

Summary of Issues Presented to the Joint Budget Committee

Overview of Higher Education Request: The Department of Higher Education has requested a \$75.6 million General Fund increase for the governing boards of public institutions and a \$30.0 million General Fund transfer to the Colorado Opportunity Scholarship Initiative Fund. Staff recommends that a portion of the amounts in

these requests be set aside for a grant program to assist institutions in achieving the goals outlined in the state Higher Education Master Plan and to increase funding for need based financial aid and work-study.

House Bill 14-1319 and the New Funding Model: The Colorado Commission on Higher Education has developed a proposed new funding model for higher education, as required pursuant to H.B. 14-1319. It engaged a large number of stakeholders in the process and is poised to approve a consensus model that provides a General Fund increase for each governing board of between 10.0 and 15.0 percent for FY 2015-16, once transitional funding is included.

The Completion Agenda: Colorado and the nation have struggled with high postsecondary drop-out rates, increasing time-to-completion, and poor participation and completion rates among low-income and minority populations. The Colorado Higher Education Master Plan outlines state goals for addressing these problems. House Bill 14-1319 represents an ambitious effort to more closely align state funding with the Master Plan goals.

Financial Health of Colorado Public Higher Education Institutions: The overall financial performance for state institutions over the last three years reflects a mixed bag: the state's two smallest governing boards are still in marginal condition but are likely to show improved results due to state capital construction investments. Enrollment declines have been driving down performance for some institutions, while enrollment increases, particularly among non-resident students, have had a positive impact at others.

Colorado Opportunity Scholarship Initiative: The executive branch requests that the General Assembly transfer \$30.0 million General Fund to the Colorado Opportunity Scholarship Initiative (COSI) Fund created by H.B. 14-1384. Amounts in the COSI Fund, including \$34.6 million deposited in FY 2014-15, are to be used for programs that help students access and succeed in college and for associated student scholarships. Because this is a new initiative, it is too early to determine the initiative's likelihood of success or long-term sustainability.

Tuition and Fees: Over the last ten years, tuition and fees at Colorado public higher education institutions have increased far faster than inflation. Once fees are included, undergraduate sticker-prices at public institutions increased from 2.6 to 7.9 percent in FY 2014-15. The General Assembly's authority to appropriate tuition returns in FY 2016-17, but authority to appropriate fees does not return in the absence of statutory change.

History Colorado Performance Audit: A recent SAO Performance Audit has highlighted significant financial management problems at History Colorado. The agency has hired new accounting and budget staff who are tackling these issues. The audit also recommends that the agency "reassess its governance and organizational structure," as History Colorado's legal structure provides for little executive branch oversight.

Department of Human Services

The Department of Human Services is responsible for the administration and supervision of all non-medical public assistance and welfare activities including assistance payments, the Supplemental Nutrition Assistance Program, child welfare services, vocational rehabilitation programs, alcohol and drug treatment programs, and programs for the aging. The Department is responsible for inspecting and licensing child care facilities and operation of two mental health institutes, three regional centers for persons with intellectual and developmental disabilities, and ten institutions for juvenile delinquents. The Department provides funding for the care of indigent mentally ill individuals and contracts for the supervision and treatment of delinquent juveniles. The Department's FY 2014-15 appropriation represents 7.7 percent of statewide operating appropriations and 8.8 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Human Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$1,879,020,661	\$773,025,447	\$336,536,384	\$143,098,145	\$626,360,685	4,903.0
Other legislation	<u>22,252,986</u>	<u>8,976,252</u>	<u>10,700,208</u>	<u>1,275,257</u>	<u>1,301,269</u>	<u>3.1</u>
TOTAL	\$1,901,273,647	\$782,001,699	\$347,236,592	\$144,373,402	\$627,661,954	4,906.1
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$1,901,273,647	782,001,699	\$347,236,592	\$144,373,402	\$627,661,954	4,906.1
R1 New MHI treatment unit	2,614,238	2,614,238	0	0	0	36.7
R2 Early intervention caseload	2,453,204	1,098,960	680,961	292,746	380,537	0.0
R3 OAP COLA	2,056,969	0	2,056,969	0	0	0.0
R4 DYC Staffing	3,828,057	3,828,057	0	0	0	83.0
R5 Collaborative management	2,139,104	2,139,104	0	0	0	1.8
R6 Child welfare case management	191,758	159,159	0	0	32,599	2.7
R7 Medical oversight	743,140	464,071	0	279,069	0	3.6
R8 Child welfare workload study	8,227,138	6,578,035	1,551,685	0	97,418	0.9
R9 Child care micro loans	338,200	338,200	0	0	0	0.0
R10 Child care micro grants	250,000	250,000	0	0	0	0.0
R11 Gerontology program	179,438	179,438	0	0	0	0.0
R12 BEP spending authority	300,000	0	63,900	0	236,100	0.0
R13 Circle program	225,000	225,000	0	0	0	0.0
R14 Institute equipment replacement	1,711,403	1,711,403	0	0	0	0.0
R15 Food inflation	91,723	71,268	0	20,455	0	0.0
R16 RC depreciation spending	932,429	0	0	932,429	0	0.0
R17 Provider rate spending authority	228,794	0	0	0	228,794	0.0
R18 Senior services	4,000,000	4,000,000	0	0	0	0.0
R19 Title IV-E correction	0	0	0	0	0	0.0
R20 Community provider rate	7,206,903	4,198,450	964,565	234,013	1,809,875	0.0

Department of Human Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
R21 Youth prevention services	1,651,107	1,651,107	0	0	0	0.0
Non-prioritized requested changes	35,382	(76,071)	(10,525)	145,613	(23,635)	0.0
Centrally appropriated line items	6,361,885	6,458,210	(32,775)	(980,238)	916,688	0.0
Annualize prior year legislation	(6,108,692)	816,032	(5,605,089)	(18,870)	(1,300,765)	0.5
Annualize prior year budget actions	<u>(23,204,477)</u>	<u>(11,690,822)</u>	<u>(945,711)</u>	<u>(5,803,292)</u>	<u>(4,764,652)</u>	<u>3.6</u>
TOTAL	\$1,917,726,350	\$807,015,538	\$345,960,572	\$139,475,327	\$625,274,913	5,038.9
Increase/(Decrease)	\$16,452,703	\$25,013,839	(\$1,276,020)	(\$4,898,075)	(\$2,387,041)	132.8
Percentage Change	0.9%	3.2%	(0.4%)	(3.4%)	(0.4%)	2.7%

Summary of Issues Presented to the Joint Budget Committee

Executive Director's Office and Services for People with Disabilities

Funding for Legal Auxiliary Services: The Legal Auxiliary Services Program is administered by the Commission for the Deaf and Hard of Hearing and provides sign language interpreters and/or assistive technology systems to individuals involved with the state court system (either as a direct participant or a jury member). The Legal Auxiliary Services Program is funded by a monthly fee on telephone land lines, which does not have a direct nexus to the purpose of the Program.

Regional Centers: Regional Centers are state-operated facilities that provide services to individuals with intellectual and developmental disabilities. The debate surrounding what the role of Regional Centers is not new but it is definitely heated. It is most important to remember that the individuals receiving services at Regional Centers all have a unique story about their disability, about how they came to Regional Center services, and most importantly how they want to live their lives. What this issue looks at is how policy decisions regarding Regional Centers aligns or contradicts with the State's work to provide services and supports that enable individuals with an intellectual and developmental disability to live a life of their choosing.

Funding Formula for Centers for Independent Living: The current funding formula for General Fund dollars appropriated for Centers for Independent Living requires an equal distribution among the ten Centers regardless of each Center's costs. This issue discusses two options for how the formula could be updated to account for the needs and costs specific to each Center.

Vocational Rehabilitation Programs: The Vocational Rehabilitation Programs provide services to individuals with disabilities that enable them to achieve their employment goals. There are a number of specialty programs which provide services for individuals who are blind and visually impaired, deaf or hard of hearing, and for students who have a disability. The Department anticipates a \$5.3 million underexpenditure in the appropriation for services despite having a waiting list. The issue concludes with a discussion of the policy options the General Assembly could pursue in an effort to create a functional Vocational Rehabilitation Programs.

Division of Child Welfare, County Administration, Office of Early Childhood

Early Intervention Services: The Department is requesting an increase of \$2.5 million total funds, including \$1.1 million General Fund, to fund a 5.3 percent caseload growth in early intervention case management and services.

Part C Child Find Early Intervention Evaluations: Each child, birth through two years of age who is referred for early intervention services shall receive an evaluation by a multidisciplinary team to determine if there is a developmental delay and an assessment to identify a child's current levels of development in all developmental domains. Child Find evaluations are performed by teams within local school districts or Boards of Cooperative Educational Services (BOCES); services and case management are provided by Community Centered Boards.

The 3+ Initiative: Children aging out of early intervention services at the age of three are no longer eligible for Part C services and coordinated case management under the federal Individuals with Disabilities Education Act (IDEA). In order to reduce the gap in services and supports for three and four year old children and facilitate a smooth transition from Part C services to Part B special education services, Developmental Pathways has developed a 3+ initiative.

Child Welfare Audit: On November 12, 2014, the Office of the State Auditor (OSA) released the performance audit report on child welfare programs in the Department of Human Services. This issue brief contains a summary of this audit and the OSA's recommendations to the Department.

Child Welfare Workload Study: In August 2014, the Office of the State Auditor released the Colorado Child Welfare County Workload Study. The purpose of study was to "establish a comprehensive picture of the state's county child welfare workload, case management, and staffing levels and identify estimated workload and staffing levels to accomplish child welfare goals."

Collaborative Management Program: The program was established pursuant to H.B. 04-1451 and utilizes the collaboration of multiple youth serving agencies to create better outcomes for youth who have struggled with substance abuse, delinquency, educational outcomes, behavioral health, and other barriers to successful development. The Department is requesting \$2.1 million General Fund and 1.8 FTE in addition to the cash fund spending authority in FY 2015-16 to provide oversight and technical assistance to the counties and ensure adequate funding levels for CMPs.

Provider Rate Increase: The Department has requested \$7.2 million total funds, including \$4.2 million General Fund, in FY 2015-16 and beyond for a 1.0 percent increase for contracted providers. Provider rate increases apply to community programs and services provided by contracted providers or county staff.

Office of Information Technology Services, Office of Operations, Office of Self Sufficiency, Adult Assistance Programs, and the Division of Youth Corrections

Youth Corrections' Staffing Levels: The Division of Youth Corrections' budget request includes an increase of \$3.8 million General Fund and 83.0 FTE for FY 2015-16 to begin implementing federally-mandated staff-to-youth ratios at the unit's ten State-owned and operated facilities by an October 2017 deadline. In addition to meeting federal requirements, the request seeks to address on-going safety and security issues within the Division's State-operated facilities.

Medical Oversight of Youth in the Child Welfare and Youth Corrections Systems: The Department of Human Services' FY 2015-16 budget request includes an increase of \$0.7 million total funds, including \$0.6 million net General Fund, and 3.6 FTE to oversee the medical, behavioral health, and dental well-being of all youth involved in the child welfare and youth corrections systems.

State Funding for Senior Services: The Department of Human Services FY 2015-16 budget request includes an increase of \$4.0 million General Fund to provide services for elderly adults in need to enable seniors to live independently in the community.

Behavioral Health Services

New Mental Health Institute Treatment Unit (R1): The Department requests \$2.6 million General Fund and 36.7 FTE for FY 2015-16 for a new security-enhanced treatment unit that was recently created at the Colorado Mental Health Institute at Pueblo. This new unit now houses patients that were previously transferred from the Institute to a correctional facility for safety reasons.

Status of Major Behavioral Health Initiatives: In response to the Department's November 2012 budget request, the General Assembly authorized and funded three major initiatives to strengthen Colorado's behavioral health system. The implementation of many of these initiatives was delayed during FY 2013-14, and FY 2014-15 represents the first full year of funding for most components. This issue brief provides a status update on the Department's implementation of each initiative.

Implementation of S.B. 14-215: The Department's FY 2015-16 request includes continuation funding for two of six programs that were funded through S.B. 14-215 (Disposition of Legal Marijuana Related Revenue). Approval of this request, as submitted, would require a statutory change.

Judicial Department

The Judicial Department consists of the Colorado Supreme Court, the Colorado Court of Appeals, district courts, the Denver probate and juvenile courts, and all county courts except the Denver county court. The Judicial Department also supervises juvenile and adult offenders who are sentenced to probation, and it includes four independent agencies. The Office of the State Public Defender (OSPD) and the Office of Alternate Defense Counsel (OADC) provide legal representation for indigent criminal defendants. Such cases are first assigned to the OSPD, and cases are referred to the OADC if the OSPD has an ethical conflict of interest. The Office of the Child's Representative oversees the provision of legal services to children entitled to legal representation at state expense, and is responsible for ensuring quality representation. Finally, the Independent Ethics Commission provides advice and guidance on ethics-related matters concerning public officers, members of the General Assembly, local government officials, and government employees. The Department's FY 2014-15 appropriation represents 2.5 percent of statewide operating appropriations and 5.0 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Judicial Department						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-2336 (Long Bill)	\$606,373,925	\$436,154,841	\$135,845,989	\$29,948,095	\$4,425,000	4,500.0
Other legislation	<u>8,569,501</u>	<u>7,922,851</u>	<u>(53,350)</u>	<u>700,000</u>	<u>0</u>	<u>28.3</u>
TOTAL	\$614,943,426	\$444,077,692	\$135,792,639	\$30,648,095	\$4,425,000	4,528.3
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$614,943,426	444,077,692	\$135,792,639	\$30,648,095	\$4,425,000	4,528.3
<u>Requests from Judicial Department (Courts/Probation)</u>						
JUD R1 General Fund Support of Cash Funds	0	9,400,000	(9,400,000)	0	0	0.0
JUD R2 Banking Fees	495,702	495,702	0	0	0	0.0
JUD R3 Network Bandwidth and Networking Equipment	3,913,000	0	3,913,000	0	0	0.0
JUD R5 Probation Supervisors and Staff	2,755,755	2,725,005	30,750	0	0	25.0
JUD R6 Self-represented Litigant Coordinators and Family Court Facilitators	957,909	940,689	17,220	0	0	14.0
JUD R7 Appellate Court FTE	195,716	193,256	2,460	0	0	2.0
JUD R8 Senior Judge Program Maintenance	95,982	95,982	0	0	0	0.0
JUD R9 Regional Trainers	279,587	275,897	3,690	0	0	3.0
Judicial Department						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
JUD R10 Recruitment and Retention	93,230	92,000	1,230	0	0	1.0
JUD R11 Courthouse Capital and Infrastructure Maintenance	4,082,000	2,256,000	1,826,000	0	0	0.0

JUD R12 Problem-solving Courts FTE	183,040	179,658	3,382	0	0	2.8
JUD R13 Language Access Administration	80,094	78,864	1,230	0	0	1.0
JUD R14 Establishment of the Office of the Respondent Parents' Counsel	953,664	953,664	0	0	0	2.7
JUD R15 Restorative Justice Coordinator	40,048	0	40,048	0	0	0.5
JUD R16 Fleet Vehicles	(1,716)	(1,716)	0	0	0	0.0
<i>Requests from Office of the Alternate Defense Counsel</i>						
OADC R1 Staff Support	169,325	169,325	0	0	0	1.5
<i>Requests from Office of the Child's Representative</i>						
OCR R1 Caseload/Workload Increase	1,508,778	1,508,778	0	0	0	0.0
OCR R2 FTE Increase	38,928	38,928	0	0	0	1.5
OCR R3 Mandated Costs	17,200	17,200	0	0	0	0.0
<i>Requests from Independent Ethics Commission</i>						
IEC R1 Legal Services and Operating	91,436	91,436	0	0	0	0.0
<i>Request from Colorado District Attorneys' Council</i>						
CDAC R1 District Attorney Mandated Costs	165,257	165,257	0	0	0	0.0
<i>Other Requested Changes</i>						
Transfer from capital construction budget	21,543,903	0	21,543,903	0	0	0.0
Employee benefits/ common changes	18,408,915	16,939,704	1,469,211	0	0	0.0
Annualize prior year budget actions	(3,235,752)	(2,404,989)	(830,763)	0	0	1.3
Annualize prior year legislation	(993,547)	(3,317,146)	23,599	2,300,000	0	3.9
Other changes	<u>231,053</u>	<u>100,972</u>	<u>118,447</u>	<u>11,634</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$667,012,933	\$475,072,158	\$154,556,046	\$32,959,729	\$4,425,000	4,588.5
Increase/(Decrease)	\$52,069,507	\$30,994,466	\$18,763,407	\$2,311,634	\$0	60.2
Percentage Change	8.5%	7.0%	13.8%	7.5%	0.0%	1.3%
<i>Informational Item from the Judicial Department (Courts/Probation):</i>						
JUD R4 District Court Judge and Staff	<u>381,737</u>	<u>374,717</u>	<u>7,020</u>	<u>0</u>	<u>0</u>	<u>4.0</u>
TOTAL	\$667,394,670	\$475,446,875	\$154,563,066	\$32,959,729	\$4,425,000	4,592.5
Increase/(Decrease)	\$52,451,244	\$31,369,183	\$18,770,427	\$2,311,634	\$0	64.2
Percentage Change	8.5%	7.1%	13.8%	7.5%	0.0%	1.4%

NOTE: The descriptions of prioritized requested changes in the above table indicate the source of the request: "JUD" - Courts and Probation programs; "OSPD" - Office of the State Public Defender; "OADC" - Office of the Alternate Defense Counsel, "OCR" - Office of the Child's Representative; "IEC" - Independent Ethics Commission; and "CDAC" - Colorado District Attorneys' Council.

Summary of Issues Presented to the Joint Budget Committee

Declining Cash Fund Revenues: The number of case filings in district and county courts has declined significantly in the last two years. This decline is having a negative impact on revenues to cash funds that support court operations and other court-related programs.

Office of the Respondent Parents' Counsel: In response to a directive in S.B. 14-203, the Judicial Department's FY 2015-16 budget request includes funding to establish the Office of the Respondent Parents' Counsel. This request is predicated on the implementation of recommendations submitted by a work group, including a statutory change to the time frame for establishing the new office.

Oversight of Court Appointments in Domestic Relations Cases: This issue brief discusses information provided by the Department concerning potential changes to the oversight of court appointments in domestic relations cases.

Development of a Statewide Discovery Sharing System: This issue brief discusses the status of the development of a statewide system that will enable the sharing and transfer of information between law enforcement agencies and district attorneys' offices in a format that will then allow the district attorneys to provide discoverable materials to the defense in an electronic format.

Department of Labor and Employment

The Department of Labor and Employment is responsible for administering unemployment insurance programs, enforcement of the state's labor laws, inspections of a variety of industries from retail fuel locations to amusement park rides. The Department's FY 2014-15 appropriation represents 0.7 percent of statewide operating appropriations and less than 0.1 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Labor and Employment						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$167,047,063	\$259,785	\$66,014,571	\$650,740	\$100,121,967	1,016.0
Other Legislation	<u>390,068</u>	<u>377,568</u>	<u>12,500</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$167,437,131	\$637,353	\$66,027,071	\$650,740	\$100,121,967	1,016.5
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$167,437,131	637,353	\$66,027,071	\$650,740	\$100,121,967	1,016.5
R1 Unemployment insurance automation initiatives	6,565,464	0	6,565,464	0	0	0.0
NP1 Annual fleet request	13,550	0	10,217	0	3,333	0.0
Annualize prior year budget actions	2,190,659	2,790	936,381	12,583	1,238,905	0.0
Centrally appropriated line items	895,448	174,133	647,995	87,117	(13,797)	0.0
Annualize prior year legislation	408,671	400,874	7,797	0	0	7.0
Technical adjustment	39,705	39,349	33,451	0	(33,095)	0.0
Indirect cost assessment adjustment	<u>(135,378)</u>	<u>0</u>	<u>(88,083)</u>	<u>0</u>	<u>(47,295)</u>	<u>0.0</u>
TOTAL	\$177,415,250	\$1,254,499	\$74,140,293	\$750,440	\$101,270,018	1,023.5
Increase/(Decrease)	\$9,978,119	\$617,146	\$8,113,222	\$99,700	\$1,148,051	7.0
Percentage Change	6.0%	96.8%	12.3%	15.3%	1.1%	0.7%

Summary of Issues Presented to the Joint Budget Committee

WyCAN System Development and R1 Unemployment Insurance Automation Initiatives: The Department of Labor and Employment has requested a total increase of \$6,565,464 cash fund spending authority to continue its efforts leading the multi-state WyCAN Consortium, which is developing a customizable technology solution that will replace the aging Unemployment Insurance legacy mainframe system.

Natural Gas Retail Fuel Licensing: One of the many odd duties performed by the Department of Labor and Employment is inspecting gasoline retail fuel pumps. Pursuant to H.B. 13-1110 (Fischer/Jones), the Division of Oil and Public Safety expanded its compliance and inspection section to include licensing and inspections of natural gas retail fuel stations for use with alternative fuel vehicles.

Department of Law

The Attorney General is one of five independently elected constitutional officers of the State. As the chief executive officer of the Department of Law, the Attorney General represents and defends the legal interests of the people of the State of Colorado and serves as the legal counsel and advisor to state agencies. The Department's FY 2014-15 appropriation represents 0.3 percent of statewide operating appropriations and 0.2 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Law						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$69,567,702	\$12,917,348	\$12,369,385	\$42,532,558	\$1,748,411	454.9
Other Legislation	<u>4,398,629</u>	<u>616,952</u>	<u>3,283,194</u>	<u>498,483</u>	<u>0</u>	<u>9.5</u>
TOTAL	\$73,966,331	\$13,534,300	\$15,652,579	\$43,031,041	\$1,748,411	464.4
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$73,966,331	13,534,300	\$15,652,579	\$43,031,041	\$1,748,411	464.4
R1 Violent Crimes Assistance Team FTE	266,520	266,520	0	0	0	1.8
R2 CORA and open meetings attorney	109,631	109,631	0	0	0	0.9
R3 Tobacco litigation legal assistant	80,389	0	80,389	0	0	1.0
R4 Contract administrator 1/2 FTE	55,114	0	0	55,114	0	0.0
R5 CP & AT operating and litigation	167,823	64,547	83,911	19,365	0	0.0
NP1 Vehicle lease payment	12,694	17,039	(9,842)	2,198	3,299	0.0
Centrally appropriated line item adjustments	2,403,286	785,317	143,891	1,430,418	43,660	0.0
Annualize prior year legislation	36,886	9,195	141,959	(114,268)	0	0.1
FTE adjustments	0	0	0	0	0	0.4
Move POST FTE to Administration	0	0	(46,935)	46,935	0	0.0
Fund source adjustments	0	229,929	(852,588)	622,659	0	0.0
Annualize prior year budget actions	(414,216)	(101,076)	(394,234)	81,249	(155)	0.1
Indirect cost assessment adjustments	(236,966)	0	1,164,321	(1,387,139)	(14,148)	0.0
Change in anticipated grant funding	<u>(11,100)</u>	<u>0</u>	<u>0</u>	<u>(11,100)</u>	<u>0</u>	<u>(0.5)</u>
TOTAL	\$76,436,392	\$14,915,402	\$15,963,451	\$43,776,472	\$1,781,067	468.2
Increase/(Decrease)	\$2,470,061	\$1,381,102	\$310,872	\$745,431	\$32,656	3.8
Percentage Change	3.3%	10.2%	2.0%	1.7%	1.9%	0.8%

Summary of Issues Presented to the Joint Budget Committee

Major Litigation Pending Against the State: This issue brief provides a summary of legal cases involving the State that could have a significant financial impact.

Violent Crimes Assistance Team FTE: The Department is requesting an increase of \$266,520 General Fund and 1.8 attorney FTE in FY 2015-16 to expand the Violent Crimes Assistance Team in response to increasing workload supporting local district attorneys in the prosecution of homicides.

Colorado Open Records Act Attorney: The Department is requesting \$109,631 General Fund and 0.9 FTE for FY 2015-16 to hire an attorney in response to increasing workload, both within the Department and in client agencies, associated with the Colorado Open Records Act and the Open Meetings Law.

Department of Local Affairs

The Department of Local Affairs is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. The Department's FY 2014-15 appropriation represents 1.3 percent of statewide operating appropriations and 0.2 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Local Affairs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$308,503,775	\$20,751,294	\$209,046,471	\$8,410,418	\$70,295,592	167.8
Other legislation	<u>1,754,143</u>	<u>904,145</u>	<u>(352)</u>	<u>850,350</u>	<u>0</u>	<u>0.6</u>
TOTAL	\$310,257,918	\$21,655,439	\$209,046,119	\$9,260,768	\$70,295,592	168.4
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$310,257,918	21,655,439	\$209,046,119	\$9,260,768	\$70,295,592	168.4
R1 Building Regulation Fund structural deficit resolution	250,000	250,000	0	0	0	0.0
R2 Colorado Main Street Program	462,500	0	0	462,500	0	0.0
R3 Improve statutory compliance	61,150	61,150	0	0	0	0.9
R4 Housing development grants	3,420,000	3,420,000	0	0	0	0.0
Centrally appropriated line items	888,002	433,691	49,255	287,881	117,175	0.0
Annualize prior year legislation and requests	134,031	8,498	38,313	99,731	(12,511)	0.4
NP1 Annual fleet request	<u>11,315</u>	<u>10,184</u>	<u>0</u>	<u>1,131</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$315,484,916	\$25,838,962	\$209,133,687	\$10,112,011	\$70,400,256	169.7
Increase/(Decrease)	\$5,226,998	\$4,183,523	\$87,568	\$851,243	\$104,664	1.3
Percentage Change	1.7%	19.3%	0.0%	9.2%	0.1%	0.8%

Summary of Issues Presented to the Joint Budget Committee

Request R1 - Building Regulation Fund Deficit: The Department of Local Affairs requests \$250,000 General Fund in FY 2015-16 and approximately \$64,000 General Fund in FY 2014-15 to address a structural deficit in the Building Regulation Fund (Fund). This Fund supports the Department's inspection and certification of factory-built residential and commercial structures. Since statute requires that the Fund cover the program's direct and indirect costs, a statutory change would be required. Alternatively, the General Assembly could repay the Fund for moneys transferred to the General Fund in FY 2008-09.

Affordable Housing Programs: The Department of Local Affairs provides gap-financing for affordable housing projects from state and federal sources and administers affordable housing vouchers that subsidize

tenant rents in apartments statewide. This support represents only a small piece of the statewide affordable housing landscape. Most affordable housing support is administered at the local level.

Request R-4 - Housing Development Grants: The Department of Local Affairs requests an increase of \$3.4 million General Fund in its Affordable Housing Grants and Loans line item. This would bring state assistance in this line item up to \$11.6 million General Fund for FY 2015-16. The Department proposes to use the additional funding to support 300 new affordable housing units and 200 rental vouchers.

Local Government Severance and Federal Mineral Lease Funding: The Department of Local Affairs oversees direct distributions and grant allocations to local governments from severance tax and federal mineral lease revenues. This includes an estimated \$231 million in direct distributions and new grants anticipated to be awarded in FY 2014-15 and an estimated \$203 million in direct distributions and new grant awards in FY 2015-16.

Roan Plateau Settlement: The Governor's Office is requesting \$8.0 million General Fund be set aside for legislation to backfill anticipated reductions in Federal Mineral Lease (FML) Revenue. The oil and gas industry, environmental groups, and the federal Bureau of Land Management are in the process of settling a longstanding legal dispute over drilling on the Roan Plateau. As part of the anticipated settlement, a portion of the FML bonus payments received by Colorado in FY 2008-09 would be refunded to leaseholders. The Governor's request is to ensure that local governments that benefit from FML allocations are not negatively affected by the refund.

Department of Military and Veterans Affairs

The Department of Military and Veterans Affairs is responsible for providing trained and ready military forces for the U.S. active armed services, preserving life and property during natural disasters and civil emergencies in Colorado, and assisting veterans with benefits claims. The Department's FY 2014-15 appropriation represents approximately 1.0 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Military and Veterans Affairs						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
H.B. 14-1336 (Long Bill)	\$224,704,185	\$7,885,530	\$1,282,783	\$800,000	\$214,735,872	1,390.8
Other legislation	<u>600,000</u>	<u>300,000</u>	<u>0</u>	<u>300,000</u>	<u>0</u>	<u>0.4</u>
TOTAL	\$225,304,185	\$8,185,530	\$1,282,783	\$1,100,000	\$214,735,872	1,391.2
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$225,304,185	8,185,530	\$1,282,783	\$1,100,000	\$214,735,872	1,391.2
R1 Process Improvement and safety champion	76,707	76,707	0	0	0	0.9
R2 County veteran service officer payment increase	466,626	466,626	0	0	0	0.0
R3 State protocol vehicle	3,146	3,146	0	0	0	0.0
NP1 Annual fleet vehicle request	(578)	(578)	0	0	0	0.0
Centrally appropriated line items	38,358	(178,074)	667	0	215,765	0.0
Annualize prior year legislation	(600,000)	(300,000)	0	(300,000)	0	0.1
Annualize prior year funding	<u>(1,022)</u>	<u>(1,023)</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0.1</u>
TOTAL	\$225,287,422	\$8,252,334	\$1,283,450	\$800,000	\$214,951,638	1,392.3
Increase/(Decrease)	(\$16,763)	\$66,804	\$667	(\$300,000)	\$215,766	1.1
Percentage Change	(0.0%)	0.8%	0.1%	(27.3%)	0.1%	0.1%

Summary of Issues Presented to the Joint Budget Committee

Process improvement and safety champion: The decision item includes a request for an appropriation of \$76,707 General Fund and 0.9 FTE in FY 2015-16 for the creation of a position in the EDO dedicated to strategic planning, process improvement, and safety review. The request would annualize in FY 2016-17 to \$78,262 General Fund and 1.0 FTE.

County veteran services officer payments increase: The decision item includes a request for an appropriation of \$466,626 General Fund in FY 2015-16 and ongoing to increase the payments to counties in support of their Count Veterans Services Officer (CVSO) program.

State protocol vehicle: The decision item includes a request for an appropriation of \$3,146 General Fund to the Vehicle Lease Payments line item in the EDO for FY 2015-16 for the lease of a permanent vehicle for the Department's Protocol Office. The request would annualize in FY 2016-17 to \$9,438.

Department of Natural Resources

The Department of Natural Resources is responsible for developing, protecting, and enhancing Colorado's natural resources for the use and enjoyment of present and future residents and visitors. The Department's FY 2014-15 appropriation represents 1.0 percent of statewide operating appropriations and 0.3 percent of statewide General Fund appropriations. The Department is comprised of the following divisions: the Executive Director's Office; the Division of Reclamation, Mining, and Safety; the Oil and Gas Conservation Commission; the State Board of Land Commissioners; the Division of Parks and Wildlife; the Colorado Water Conservation Board; and the Water Resources Division.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$244,161,842	\$26,226,310	\$181,018,196	\$8,026,022	\$28,891,314	1,443.1
Other legislation	<u>11,960,425</u>	<u>0</u>	<u>11,960,425</u>	<u>0</u>	<u>0</u>	<u>0.9</u>
TOTAL	\$256,122,267	\$26,226,310	\$192,978,621	\$8,026,022	\$28,891,314	1,444.0
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$256,122,267	26,226,310	\$192,978,621	\$8,026,022	\$28,891,314	1,444.0
R1 Additional staffing for field operations and hearings	403,450	0	403,450	0	0	2.0
R2 Enhanced water administration	213,140	213,140	0	0	0	2.4
R3 Colorado Avalanche Information Center administrative changes	189,926	(28,210)	28,210	189,926	0	1.4
R4 Reauthorize funding to reclaim forfeited mine sites	127,000	0	127,000	0	0	0.0
NP1 Annual Fleet vehicle request	(29,212)	(4,783)	(20,184)	3,319	(7,564)	0.0
Centrally appropriated line items	1,096,384	1,790,447	472,542	(1,316,909)	150,304	0.0
Indirect cost assessment	415,438	(1,765,987)	486,573	1,765,987	(71,135)	0.0
Annualize prior year funding	<u>(12,061,593)</u>	<u>(5,890)</u>	<u>(12,055,703)</u>	<u>0</u>	<u>0</u>	<u>0.3</u>
TOTAL	\$246,476,800	\$26,425,027	\$182,420,509	\$8,668,345	\$28,962,919	1,450.1
Increase/(Decrease)	(\$9,645,467)	\$198,717	(\$10,558,112)	\$642,323	\$71,605	6.1
Percentage Change	(3.8%)	0.8%	(5.5%)	8.0%	0.2%	0.4%

Summary of Issues Presented to the Joint Budget Committee

Status of the Severance Tax Operational Fund: Projected severance tax revenues based on the September 2014 Legislative Council Staff forecast are sufficient to support authorized expenditures from the Severance Tax Operational Fund in FY 2014-15 and FY 2015-16 without requiring proportional reductions to Tier II

programs. However, the recent decline in oil prices will likely impact revenue projections in the forthcoming December 2014 forecast, which could limit available revenue for future Tier II expenditures.

Funding for the Reclamation of Forfeited Mine Sites: The Department's FY 2015-16 budget request includes: (1) a reauthorization of \$127,000 cash funds from the Severance Tax Operational Fund for the Division of Reclamation, Mining, and Safety to reclaim forfeited post-law mine sites with insufficient bonds; and (2) a net-zero transfer of 0.3 FTE to the Reclamation of Forfeited Mine Sites line item to more accurately reflect staff time required to manage reclamation projects.

OGCC Permitting and Hearings Unit FTE Request: The Department's FY 2015-16 budget request includes an increase of \$403,450 cash funds from the Oil and Gas Conservation and Environmental Response Fund and 2.0 FTE to expand the Oil and Gas Conservation Commission's (OGCC) permitting and hearings staff, purchase contract services, and fund additional leased space.

DWR Water Administration and Coordination Staff: The Department's FY 2015-16 budget request includes an increase of \$213,140 General Fund and 2.4 FTE to hire deputy well and water commissioners in response to increasing water administration responsibilities in the Arkansas and Yampa River basins, and to fund a statewide coordinator to support the Water Rights Tabulation and Diversion Records teams.

Colorado Avalanche Information Center Request: The Department's FY 2015-16 budget request includes an increase of \$189,926 total funds and 1.4 FTE for the Colorado Avalanche Information Center to support two new forecasters, and to provide administrative assistance, equipment, and leased space for the program.

Department of Personnel

The Department of Personnel is responsible for administering the state personnel system, which includes approximately 31,000 full time equivalent (FTE) staff, excluding the Department of Higher Education. In addition, the Department provides general support services for state agencies. These functions include: control of the State's purchasing activities; oversight of state financial activities; maintenance of state archives and public records; maintenance of the buildings in the Capitol complex and two other campuses; provision of central services to agencies in the Denver metropolitan area; provision of administrative law judge services; coordination of capital construction and controlled maintenance projects; management of the State's motor vehicle fleet; centralized lease management for state agencies; administration of the State's personnel selection, classification, and compensation programs; administration of the State's employee benefit programs; and oversight of the State's liability, property, and workers' compensation insurance programs. The Department's FY 2014-15 appropriation represents 0.7 percent of statewide operating appropriations and 0.1 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Personnel						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$173,191,421	\$6,642,176	\$13,231,074	\$153,318,171	\$0	393.6
Other Legislation	<u>163,518</u>	<u>125,000</u>	<u>0</u>	<u>38,518</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$173,354,939	\$6,767,176	\$13,231,074	\$153,356,689	\$0	393.6
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$173,354,939	6,767,176	\$13,231,074	\$153,356,689	\$0	393.6
R1 Address Confidentiality Program Resources	50,902	50,902	0	0	0	1.4
R2 Private Collection Agency Fees	78,584	0	78,584	0	0	0.0
R3 Consolidate Training Services into Program Line	0	0	0	0	0	0.0
R4 Annual Fleet Request	(98,868)	0	0	(98,868)	0	0.0
CP Risk Mgt Base Adjustment	(1,428,884)	0	0	(1,428,884)	0	0.0
CP Capitol Complex Base Adjustment	18,255	0	22,863	(4,608)	0	0.0
NP1 Annual Fleet Request	28,641	0	0	28,641	0	0.0
NP Fleet Vehicles	27,010	0	0	27,010	0	0.0
Centrally Appropriated Line Items	1,809,915	717,119	186,499	906,297	0	0.0
Statewide IT Adjustment	1,492,240	528,278	408,504	555,458	0	0.0
Indirect Cost Assessment Adjustment	(1,067,052)	0	(84,062)	(982,990)	0	0.0
Annualize Prior Year Funding	(577,685)	(504,683)	(110,306)	37,304	0	(5.5)
Fund Source Adjustment	<u>0</u>	<u>889,917</u>	<u>37,104</u>	<u>(927,021)</u>	<u>0</u>	<u>0.0</u>

TOTAL	\$173,687,997	\$8,448,709	\$13,770,260	\$151,469,028	\$0	389.5
Increase/(Decrease)	\$333,058	\$1,681,533	\$539,186	(\$1,887,661)	\$0	(4.1)
Percentage Change	0.2%	24.8%	4.1%	(1.2%)	0.0%	(1.0%)

Summary of Issues Presented to the Joint Budget Committee

Fleet Management CNG Break-even Analysis: The Department of Personnel requests replacement of 751 vehicles, including 301 designated as potential compressed natural gas (CNG) vehicles in FY 2015-16. Since FY 2013-14, the fleet replacement request has emphasized the purchase of CNG vehicles to maximize CNG vehicles in the statewide fleet to encourage the statewide development of CNG filling station infrastructure. It is unclear that state agency actual usage of CNG fuel in CNG vehicles justifies the additional cost and meets the statutory requirement for the purchase of alternative fuel vehicles that life-cycle cost equal no more than base vehicle life-cycle cost plus ten percent.

Cash Funds Excess Uncommitted Reserves Policy: The annual report on cash funds excess uncommitted reserves from the Office of the State Controller and audit from the Office of the State Auditor continue to identify cash funds in violation for more than one year. Amendments to statutory policy should improve compliance and improve JBC and General Assembly monitoring and oversight of cash-funded program revenue management.

Total Comp Request Overview: This issue brief provides an overview of the total compensation request for FY 2015-16.

PERA Update: This issue brief provides an overview on PERA that includes updates regarding the Colorado Supreme Court opinion on cost-of-living adjustments, PERA's unfunded liabilities and funded status, PERA's investment returns, and PERA's reduction in the assumed investment rate of return and discount rate.

Statewide Indirect Cost Plan for Figure Setting: This issue brief presents the Statewide Indirect Cost Plan prepared by the State Controller's Office for FY 2015-16 and recommends adoption of the plan for figure setting.

Department of Public Health and Environment

The Department of is responsible for protecting and improving the health of the people of Colorado and ensuring the quality of Colorado's environment. The Department's FY 2014-15 appropriation represents 2.2 percent of statewide operating appropriations and 0.7 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Public Health and Environment						
	Total Funds	General Fund¹	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$525,821,265	\$45,995,844	\$153,043,361	\$35,464,429	\$291,317,631	1,251.8
SB 14-215 (Disposition of Legal Marijuana Revenue)	6,587,169	0	6,587,169	0	0	5.2
HB 14-1002 (Water Natural Disaster Grant Fund)	17,000,000	17,000,000	0	0	0	1.0
Other legislation	<u>1,897,033</u>	<u>973,133</u>	<u>813,900</u>	<u>110,000</u>	<u>0</u>	<u>7.0</u>
TOTAL	\$551,305,467	\$63,968,977	\$160,444,430	\$35,574,429	\$291,317,631	1,265.0
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$551,305,467	\$63,968,977	\$160,444,430	\$35,574,429	\$291,317,631	1,265.0
R1 Family planning funding	5,000,000	5,000,000	0	0	0	0.0
R2 Air inspection and permitting	989,393	0	989,393	0	0	11.0
R3 Primary care workforce and data	1,752,451	1,752,451	0	0	0	2.7
R4 Food safety programs	530,036	0	530,036	0	0	2.0
R5 Solid waste landfill study	261,000	0	261,000	0	0	0.0
R6 CIIS optimization and sustainability	379,021	379,021	0	0	0	2.7
R7 Assisted living survey staffing	249,407	0	249,407	0	0	3.0
R8 Divisional indirects	15,126,539	0	0	15,126,539	0	0.0
R9 EPR General Fund stabilization	0	0	0	0	0	0.0
Non-prioritized requested changes	531,763	0	21,647	515,122	(5,006)	0.0
Centrally appropriated line items	4,425,882	886,078	1,249,378	787,029	1,503,397	0.0
Annualize prior year legislation	(5,561,218)	(20,883,414)	(1,598,864)	(78,940)	0	(1.7)
Annualize prior year budget actions	<u>(26,361,374)</u>	<u>(5,459,822)</u>	<u>(3,913,071)</u>	<u>11,519</u>	<u>0</u>	<u>(6.0)</u>
TOTAL	\$548,628,367	\$45,643,291	\$158,233,356	\$51,935,698	\$292,816,022	1,278.7
Increase/(Decrease)	(\$2,677,100)	(\$18,325,686)	(\$2,211,074)	\$16,361,269	\$1,498,391	13.7
Percentage Change	(0.5%)	(28.6%)	(1.4%)	46.0%	0.5%	1.1%

Summary of Issues Presented to the Joint Budget Committee

Family Planning Program Funding: The Department is requesting \$5.0 million General Fund to continue the work of the Colorado Family Planning Initiative which provides long acting reversible contraceptives to women

in need of family planning services. Based on the results of the Colorado Family Planning Initiative, and a similar initiative in St. Louis Missouri called the Contraceptive CHOICE Project, providing long acting reversible contraceptives has been shown to be one of the most effective methods at preventing unintended pregnancies in teens and young women.

Air Pollution Control Division Staffing: Colorado's Front Range has been, and continues to be, out of compliance with the federal ozone standard of 75 parts per billion. The Environmental Protection Agency is required to issue a preliminary ozone standard on December 1, 2014 and a final standard on October 1, 2015. This new standard will be lower than the current standard, thereby requiring the State to develop and implement additional emissions controls. In an effort to improve air quality through a reduction of emissions by the oil and gas sector and Title V facilities (large emission facilities) the Department is requesting the conversion of five term-limited staff to permanent staff for the infrared camera program, and the addition of six staff for Title V permits.

Colorado Health Service Corps Program: The Colorado Health Service Corps Program provides loan repayments for health care providers who agree to work in designated health professional shortage areas for a minimum of three years. The Program is administered by the Primary Care Office is requesting \$1.7 million General Fund for FY 2015-16, of which \$1.5 million would be used to award an additional forty-two providers with loan repayment contracts.

Food Safety Programs and Adding a State Directed Wholesale Food Manufacturing Program: The Food Safety Programs are comprised of the Wholesale Food Manufacturing Program, the Retail Food Program, and the Milk and Dairy Program. The Department is requesting funding to purchase new milk testing equipment, create a centralized database for the Retail Food Program, and establish a state directed Wholesale Food Manufacturing Program. Based on the structure of other states, Colorado is at a food safety disadvantage by not having a state directed program which is evident by the fact that 90.0 percent of food manufactures are not inspected, and the high number of food borne illness outbreaks in Colorado.

CIIS and Efficiency in State Vaccine Purchases: The Colorado Immunization Program and the Colorado Immunization Information System (CIIS) is in need of additional funding due to the increase vaccine provider demand to submit vaccination information electronically which has driven the Program's technical assistance workload and strained the structural capacity of CIIS. The diversion of staff resources to technical assistance has delayed the development of a state program similar to the federal Vaccines for Children. Development of this program would result in a 30.0 to 35.0 percent savings for the Children's Health Plan Plus which is administered by the Department of Health Care Policy and Financing.

Amendment 35 Revenue: Revenue from the Amendment 35 tobacco tax has steadily declined since 2004 when it was enacted. The slow but steady decline of Amendment 35 revenue will eventually reach a revenue point low enough that the administration of the programs funded primarily with Amendment 35 revenue becomes unsustainable. The General Assembly will need to decide if the programs should continue and if so, what the appropriate funding source is. The administrative caps and revenue declines have resulted in inefficiencies in how the Department utilizes the funds for program related activities.

Department of Public Safety

The Department of Public Safety consists of the Executive Director's Office, which houses central functions and the Colorado Integrated Criminal Justice Information System, and the following divisions:

The Colorado State Patrol, which promotes safety and protects human life by enforcing traffic laws on state highways. In support of its highway safety plan, the State Patrol coordinates the "Alive at 25" defensive driving training program for students ages 15 to 24, and operates a free hotline for motorists to report aggressive drivers, drunk drivers, and other hazards.

The Division of Fire Prevention and Control, which is tasked with fire code enforcement, training, certification, and wildfire preparedness, response, suppression, coordination, and management.

The Division of Criminal Justice, which assists with policy formation, conducts criminal justice research, administers grants for law enforcement and community crime control programs, addresses the needs of crime victims, manages community corrections programs, and sets standards for the treatment of sex and domestic violence offenders.

The Colorado Bureau of Investigation, which assists state and local law enforcement in investigating crime and enforcing criminal laws, investigates organized crime, maintains fingerprint records and DNA profiles, operates the statewide crime reporting program, and arranges for scientific laboratory services and facilities.

The Division of Homeland Security and Emergency Management, which consists of three offices: Office of Emergency Management, Office of Prevention and Security, and Office of Preparedness. The Division is tasked with consolidating and restructuring the state's homeland security and disaster preparedness and response functions through better coordination of emergency management, homeland security, and public health entities in the state.

The Department's FY 2014-15 appropriation represents 1.6 percent of statewide operating appropriations and 1.5 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Public Safety						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	396,860,817	130,120,718	175,068,422	33,235,792	58,435,885	1,657.2
Other legislation	4,343,096	3,477,682	816,738	48,676	0	31.1
TOTAL	\$401,203,913	\$133,598,400	\$175,885,160	\$33,284,468	\$58,435,885	1,688.3
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$401,203,913	133,598,400	\$175,885,160	\$33,284,468	\$58,435,885	1,688.3
R1 (CBI) Operating and Maintenance for New CBI Facilities	264,754	264,754	0	0	0	0.0
R2 (DFPC) Fire Equipment Purchasing Agent	36,371	36,371	0	0	0	0.5
R3 (DHSEM) Public Safety Intelligence Support	138,012	0	138,012	0	0	2.0

Department of Public Safety						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
R4 (DCJ) Juvenile Justice Specialist Funding	67,363	67,363	0	0	0	0.0
R5 (DCJ) Community Corrections Provider Rate Increase	659,252	659,252	0	0	0	0.0
NPR1 Fleet Vehicle Lease	1,550,044	(118,674)	1,385,186	236,062	47,470	0.0
Centrally appropriated line items	3,434,456	(992,253)	3,608,920	581,497	236,292	0.0
Annualize prior year legislation	(6,597,789)	(11,228,320)	4,630,531	0	0	18.9
Annualize prior year funding	(1,506,539)	10,044	(1,516,583)	0	0	1.2
Technical Adjustments	0	0	193,843	(191,581)	(2,262)	0.0
Indirect cost assessment	0	0	0	0	0	0.0
TOTAL	\$399,249,837	\$122,296,937	\$184,325,069	\$33,910,446	\$58,717,385	1,710.9
Increase/(Decrease)	(\$1,954,076)	(\$11,301,463)	\$8,439,909	\$625,978	\$281,500	22.6
Percentage Change	(0.5%)	(8.5%)	4.8%	1.9%	0.5%	1.3%

Summary of Issues Presented to the Joint Budget Committee

Fire Equipment Purchasing Agent (R2): The Department is requesting \$36,371 General Fund and 0.5 FTE in FY 2015-16 and \$36,300 General Fund and 0.5 FTE in FY 2016-17 and beyond to fund a Fire Equipment Purchasing Agent.

Public Safety Intelligence Support (R3): The Department is requesting \$138,012 Marijuana Tax Cash Fund spending authority and 2.0 FTE for FY 2015-16 and \$129,434 and 2.0 FTE in FY 2016-17 and beyond to provide information and analysis about the diversion of marijuana to illicit markets.

State Facility Security Fund: The Department is requesting a JBC bill proposing a statutory change to the State Facility Security Fund (SFSF) and will be submitting a budget amendment to request a \$425,000 General Fund and 1.0 FTE continuous appropriation for the Fund for implementation of an Emergency Notification System.

Update on Community Corrections Rates: During the last two sessions, the General Assembly has substantially raised community corrections rates, introducing a new two-tier payment system that helps smaller community corrections providers proportionately more than larger providers. Though most providers seem content with the new system, at least one is experiencing difficulties. There is also a need to raise the outpatient therapeutic community rate.

Department of Regulatory Agencies

The Department of Regulatory Agencies is responsible for consumer protection carried out through regulatory programs that license, establish standards, approve rates, investigate complaints, and conduct enforcement through over 40 boards, commissions, and advisory committees across more than 50 professions, occupations, programs, and institutions. The Department is organized in the following 10 predominantly cash-funded divisions: (1) Executive Director's Office; (2) Banking; (3) Civil Rights; (4) Consumer Counsel; (5) Financial Services; (6) Insurance; (7) Public Utilities Commission; (8) Real Estate; (9) Professions and Occupations; and (10) Securities. The Department's FY 2014-15 appropriation represents 0.4 percent of statewide operating appropriations and 0.02 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Regulatory Agencies						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
H.B. 14-1336 (Long Bill)	\$85,864,050	\$1,882,646	\$77,871,913	\$4,722,507	\$1,386,984	580.6
Other legislation	<u>802,770</u>	<u>0</u>	<u>802,770</u>	<u>0</u>	<u>0</u>	<u>7.0</u>
TOTAL	\$86,666,820	\$1,882,646	\$78,674,683	\$4,722,507	\$1,386,984	587.6
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$86,666,820	1,882,646	\$78,674,683	\$4,722,507	\$1,386,984	587.6
R1 DPO personal services reduction	(250,000)	0	(250,000)	0	0	(3.5)
NP1 Annual fleet vehicle request	1,445	0	1,445	0	0	0.0
Centrally appropriated line items	1,144,756	102,648	971,621	37,637	32,850	0.0
Indirect cost assessment	59,684	0	52,945	3,868	2,871	0.0
Technical changes	0	5,800	(3,660)	(2,140)	0	0.0
Annualize prior year legislation	(259,018)	0	(259,018)	0	0	(0.5)
Annualize prior year funding	<u>(72,485)</u>	<u>(2,526)</u>	<u>(58,608)</u>	<u>(11,575)</u>	<u>224</u>	<u>0.0</u>
TOTAL	\$87,291,202	\$1,988,568	\$79,129,408	\$4,750,297	\$1,422,929	583.6
Increase/(Decrease)	\$624,382	\$105,922	\$454,725	\$27,790	\$35,945	(4.0)
Percentage Change	0.7%	5.6%	0.6%	0.6%	2.6%	(0.7%)

Summary of Issues Presented to the Joint Budget Committee

Department's Lease Expiration: The Department of Regulatory Agencies is currently pursuing lease options because their lease for the 1560 Broadway office space expires June 30, 2016.

Colorado Credit Unions Serving the Marijuana Industry: The Department of Regulatory Agencies' Division of Financial Services has oversight of credit unions, as well as several other types of financial institutions, and is currently addressing the issue of access to financial institutions by the state's marijuana industry.

Department of Revenue

The Department has three functional groups: Taxation Business Group; Division of Motor Vehicles; and Enforcement Business Group. The Taxation Business Group collects revenue for the state and for many local governments and assists taxpayers in tax related matters; the Division of Motor Vehicles regulates motor vehicle safety, issues personal identification documents, and regulates commercial vehicles; and the Enforcement Business Group regulates alcohol, tobacco, marijuana, horse racing and off-track betting, limited gaming, and automobile dealers and sales persons. The three functional areas are supported by the Executive Director's Office and Information Technology Divisions. The Department also operates the State Lottery, a TABOR enterprise supported by lottery ticket sales. The Department's FY 2014-15 appropriation represents 1.3 percent of statewide operating appropriations and 1.1 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Revenue						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$323,518,116	\$98,459,137	\$218,700,134	\$5,534,457	\$824,388	1,316.7
Other legislation	<u>3,561,951</u>	<u>3,209,053</u>	<u>352,898</u>	<u>0</u>	<u>0</u>	<u>5.3</u>
TOTAL	\$327,080,067	\$101,668,190	\$219,053,032	\$5,534,457	\$824,388	1,322.0
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$327,080,067	101,668,190	\$219,053,032	\$5,534,457	\$824,388	1,322.0
R2 CATS Maintenance and Support	179,010	179,010	0	0	0	0.0
R1 DMV Funding Deficit	0	4,199,062	(4,199,062)	0	0	0.0
R3 DMV long Bill Technical Adjustments	0	0	0	0	0	0.0
Annualize prior year budget actions	(5,178,417)	(7,628,990)	2,530,809	(80,236)	0	0.3
Technical adjustments	(3,348,755)	(3,348,755)	0	0	0	0.0
Annualize prior year legislation	(1,137,477)	(204,557)	(932,920)	0	0	6.3
Centrally appropriated line items	(679,325)	(310,515)	(228,759)	(140,051)	0	0.0
Non-prioritized requested changes	<u>(21,630)</u>	<u>(5,386)</u>	<u>(16,244)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$316,893,473	\$94,548,059	\$216,206,856	\$5,314,170	\$824,388	1,328.6
Increase/(Decrease)	(\$10,186,594)	(\$7,120,131)	(\$2,846,176)	(\$220,287)	\$0	6.6
Percentage Change	(3.1%)	(7.0%)	(1.3%)	(4.0%)	0.0%	0.5%

Summary of Issues Presented to the Joint Budget Committee

Statewide Marijuana Tax Cash Fund Requests and Proposition AA TABOR Refund: The Department of Revenue collects taxes imposed on legal marijuana activities. This issue provides an overview of tax revenue derived from those activities, the potential TABOR refund in FY2015-16, and the Governor's request from the Marijuana Tax Cash Fund.

R1 DMV Funding Deficit: The Department of Revenue requests \$4.2 million General Fund and a corresponding reduction in its appropriation from the Licensing Services Cash Fund to address a deficit between the appropriation needed to maintain operations and revenue deposited into the Licensing Services Cash Fund.

R2 Colorado Automated Testing System (CATS) Maintenance and Support: The Department is requesting \$179,010 General Fund, which annualizes to \$179,010 General Fund to provide ongoing hardware and software maintenance, licenses, remote hosting services on the Colorado Automated Testing System (CATS), which the Department utilizes to administer commercial driver's licensing and regular driver's licensing knowledge tests.

Department of State

The Department of State administers statutory provisions that pertain to elections; manages the statewide voter registration database; implements the Help America Vote Act (HAVA); oversees campaign finance reporting; registers lobbyists and monitors the filing of required disclosures; collects, maintains, and provides public access to business filings; regulates charities and charitable gaming; and certifies notaries public. The Department's FY 2014-15 appropriation represents 0.1 percent of statewide operating appropriations and does include any General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of State						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$21,893,762	\$0	\$21,893,762	\$0	\$0	137.2
Other legislation	<u>243,113</u>	<u>0</u>	<u>243,113</u>	<u>0</u>	<u>0</u>	<u>0.1</u>
TOTAL	\$22,136,875	\$0	\$22,136,875	\$0	\$0	137.3
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$22,136,875	0	\$22,136,875	\$0	\$0	137.3
R1 Local Election Reimbursement	495,964	0	495,964	0	0	0.0
R2 Business Intelligence Center	775,000	0	775,000	0	0	0.0
R3 Elections Division Operating Expenses	70,265	0	70,265	0	0	0.0
Centrally appropriated line items	320,590	0	320,590	0	0	0.0
Indirect cost assessment	27,325	0	27,325	0	0	0.0
Annualize prior year funding	<u>(1,715,794)</u>	<u>0</u>	<u>(1,715,794)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$22,110,225	\$0	\$22,110,225	\$0	\$0	137.3
Increase/(Decrease)	(\$26,650)	\$0	(\$26,650)	\$0	\$0	0.0
Percentage Change	(0.1%)	0.0%	(0.1%)	0.0%	0.0%	0.0%

Summary of Issues Presented to the Joint Budget Committee

Elections Division Requests for Local Election Reimbursements and Operating Expenses: The Department requests an increase of \$495,964 cash funds for local election reimbursements, and an increase of \$70,265 cash funds to meet the growing need for training and certifying local elections officials, elections observation and oversight, and the provision of support to counties.

Overview of Business Intelligence Center Request: The Department requests an increase of \$775,000 cash funds to continue funding for personal services and operating expenses for the Business Intelligence Center program, and provide funding for the Department to host the Go Code Colorado statewide application challenge event on an annual basis.

Determining the Financial Status of the Department of State: The Department has reported issues with personnel, record-keeping, and the new statewide CORE system that are currently preventing access to historical and current financial data necessary for budgetary and financial decision-making.

Comparison of Business Filing Fees: All states charge fees for business filings, but there is significant variation in both the amount charged and how states use fee revenue. Colorado's business filing fees, revenues, and expenditures are unique in comparison to policies and practices in other states.

Department of Transportation

The Department of Transportation is responsible for operating and maintaining Colorado’s 9,156-mile state highway system under the policy direction of the eleven-member Transportation Commission, and maintaining the statewide aviation plan. These responsibilities include managing highway construction projects, implementing the state’s Highway Safety Plan, repairing and maintaining roads, providing technical support to local airports regarding aviation safety, and administering reimbursement of aviation fuel tax revenues and discretionary grants to local airports. The Department’s FY 2014-15 appropriation represents 5.2 percent of statewide operating appropriations and 0.0 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of Transportation						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$1,282,492,152	\$0	\$748,358,535	\$19,773,476	\$514,360,141	3,326.8
Other legislation	<u>705,279</u>	<u>700,000</u>	<u>5,279</u>	<u>0</u>	<u>0</u>	<u>0.1</u>
TOTAL	\$1,283,197,431	\$700,000	\$748,363,814	\$19,773,476	\$514,360,141	3,326.9
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$1,283,197,431	\$700,000	\$748,363,814	\$19,773,476	\$514,360,141	3,326.9
R1 Marijuana Impaired Driving Program Funding	450,000	0	450,000	0	0	0.0
Updated revenue projections	144,798,503	0	86,061,758	0	58,736,745	0.0
Centrally appropriated line items	0	0	34,811	0	(34,811)	0.0
Annualize Prior Year Legislation	<u>(705,279)</u>	<u>(700,000)</u>	<u>(5,279)</u>	<u>0</u>	<u>0</u>	<u>(0.1)</u>
TOTAL	\$1,427,740,655	\$0	\$834,905,104	\$19,773,476	\$573,062,075	3,326.8
Increase/(Decrease)	\$144,543,224	(\$700,000)	\$86,541,290	\$0	\$58,701,934	(0.1)
Percentage Change	11.3%	(100.0%)	11.6%	0.0%	11.4%	(0.0%)

Summary of Issues Presented to the Joint Budget Committee

“Drive High, Get a DUP”: The Department of Transportation is requesting \$450,000 in cash funds from the Marijuana Tax Cash Fund for the “Drive High, Get a DUP” public education campaign. The first year was funded through an MOU with CDPHE.

S.B. 09-228, TABOR, and HUTF Transfer: Senate Bill 09-228 General Fund transfers are expected in FY 2015-16, along with a rise in the TABOR surplus. This information issue brief provides an overview of the anticipated S.B. 09-228 transfers and the interaction with TABOR limit.

Department of the Treasury

The Department of the Treasury is responsible for the following duties: (1) acts as the state's banker and investment officer, providing investment, accounting, and cash management services and preparing related reports; (2) administers the Unclaimed Property Program and transfers moneys from the Unclaimed Property Trust Fund to the Adult Dental Fund; (3) disburses Senior Citizen and Disabled Veteran Property Tax Exemption payments to local governments; (4) provides short-term interest-free financing to school districts by issuing tax and revenue anticipation notes and making loans from the General Fund; (5) assists charter schools with long-term financing by making direct bond payments; (6) distributes Highway Users Tax Fund (HUTF) revenues to counties and municipalities; (7) distributes federal "mineral leasing funds" received for the state's share of sales, bonuses, royalties, and rentals of public lands within Colorado; and (8) pursuant to S.B. 12-150, manages certain state public financing transactions. The Department's FY 2014-15 appropriation represents 1.9 percent of statewide operating appropriations and 1.4 percent of statewide General Fund appropriations.

FY 2014-15 Appropriation and FY 2015-16 Request

Department of the Treasury						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$436,549,308	\$119,404,248	\$317,145,060	\$0	\$0	31.9
Other Legislation (HB 14-1001)	<u>2,221,828</u>	<u>2,221,828</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$438,771,136	\$121,626,076	\$317,145,060	\$0	\$0	31.9
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$438,771,136	\$121,626,076	\$317,145,060	\$0	\$0	31.9
Highway Users Tax Fund adjustment	17,221,898	0	17,221,898	0	0	0.0
Senior Citizen and Disabled Veteran Property Tax Exemption adjustment	3,100,000	3,100,000	0	0	0	0.0
Compensation-related common policy adjustments	62,619	62,173	446	0	0	0.0
Operating common policy adjustments	27,001	28,295	(1,294)	0	0	0.0
OIT common policy adjustments	<u>(36,722)</u>	<u>(36,722)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$459,145,932	\$124,779,822	\$334,366,110	\$0	\$0	31.9
Increase/(Decrease)	\$20,374,796	\$3,153,746	\$17,221,050	\$0	\$0	0.0
Percentage Change	4.6%	2.6%	5.4%	NA	NA	0.0%

Summary of Issues Presented to the Joint Budget Committee

The Unclaimed Property Program, Research Service Implementation Update: The implementation of the Unclaimed Property Program research service is pending the execution of the contract. The Department has discovered that though the service will improve business processes, the program's current technology platform is out of date and allows for data retrieval with no audit trail. The Department reports finding an upgraded

unclaimed property management system for state governments that includes technology upgrades that will help ensure the safety and security of information.

Investment of State of Colorado Revenue: The Department of the Treasury is responsible for ensuring the safekeeping and management of public funds by depositing all funds received by state agencies. This informational briefing provides a summary of the five investment portfolios managed by Department investment officers.

Capital Construction

The capital construction section of the Long Bill includes funding appropriated to state departments and higher education institutions for capital construction, controlled maintenance, and capital lease purchase payments. Capital construction appropriations are primarily supported by General Fund transferred to the Capital Construction Fund. The FY 2014-15 General Fund transfer to the Capital Construction Fund (\$225.5 million) represents 2.4 percent of FY 2014-15 General Fund revenues, based on the September 2014 Legislative Council Staff forecast. The Capital Development Committee is responsible for reviewing all capital requests and making capital funding recommendations to the Joint Budget Committee.

FY 2014-15 Appropriation and FY 2015-16 Request

	Capital Construction - OSPB Request					FTE
	Total Funds	Capital Construction Fund	Cash Funds	Reappropriated Funds	Federal Funds	
FY 2014-15 Appropriation						
HB 14-1336 (Long Bill)	\$492,833,491	\$364,420,213	\$116,124,738	\$8,566,515	\$3,722,025	0.0
TOTAL	\$492,833,491	\$364,420,213	\$116,124,738	\$8,566,515	\$3,722,025	0.0
FY 2015-16 Requested Appropriation						
FY 2014-15 Appropriation	\$492,833,491	364,420,213	\$116,124,738	\$8,566,515	\$3,722,025	0.0
Annualize FY 2014-15 appropriation	(492,833,491)	(364,420,213)	(116,124,738)	(8,566,515)	(3,722,025)	0.0
<i>Requests Prioritized by OSPB*</i>						
R1 HED: Anschutz Medical Campus COP	14,289,937	7,289,937	7,000,000	0	0	0.0
R2 HED: Federal Mineral Lease COP	18,587,813	18,587,813	0	0	0	0.0
R3 DOC: CSP II COP	20,254,768	20,254,768	0	0	0	0.0
R4 Level 1 Controlled Maintenance	19,822,659	19,822,659	0	0	0	0.0
R5 HUM: MHI Suicide Risk Mitigation Phase II	4,556,369	4,556,369	0	0	0	0.0
R6 HUM: DYC Facility Refurbishment Phase II	2,000,000	2,000,000	0	0	0	0.0
R7 HED: FLC Bernt Hall Continuation	10,409,332	8,293,345	2,115,987	0	0	0.0
R8 HED: CU Systems Biotech Bldg Continuation	28,243,179	20,243,179	8,000,000	0	0	0.0
R9 HED: UCCS Visual and Performing Arts Coninuation	20,588,699	9,608,699	10,980,000	0	0	0.0
R10 HED: CSU Chemistry Bldg Addition Continuation	29,094,678	23,694,678	5,400,000	0	0	0.0
R11 HED: MSU Aviation, Aerospace, and Adv. Manuf. Bldg. Continuation	31,125,032	14,720,872	16,404,160	0	0	0.0
R12 HED/HistCO: Georgetown Loop Business Capitalization Program	400,000	300,000	100,000	0	0	0.0
R13 COR: CSP Close Custody Outdoor Recreation Yards	4,780,979	4,780,979	0	0	0	0.0
R14 HUM: Kipling Village Security Perimeter	730,510	730,510	0	0	0	0.0
R15 HUM: Wheat Ridge Regional Center Capital Improvements	937,841	937,841	0	0	0	0.0
R16 HUM: Pueblo Regional Center Capital Improvements	823,070	823,070	0	0	0	0.0

R17 HUM: CVCLC Safety and Accessibility Improvements	3,588,700	3,588,700	0	0	0	0.0
R18 HED: CSM Heating Plant Renovation	13,129,330	6,564,665	6,564,665	0	0	0.0
R19 HUM: CMHIFL Campus Utility Infrastructure	3,289,760	3,289,760	0	0	0	0.0
R20 COR: Limon CF Hot Water Loop Replacement	4,187,050	4,187,050	0	0	0	0.0
R21 HUM: Master Plan	1,451,365	1,451,365	0	0	0	0.0
R22 HUM: Adams YSC Replacement	1,982,833	1,982,833	0	0	0	0.0
R23 DPS: State Wildland Fire Engine Replacement	1,660,000	1,660,000	0	0	0	0.0
R24 MIL: Buckley P-4 Conservation Easement	5,000,000	5,000,000	0	0	0	0.0
R25 PER: Capitol Grounds Water Conservation and Landscaping Renovation	1,134,449	1,134,449	0	0	0	0.0
R26 DPS: Supplemental CBI Lab Space	<u>2,522,576</u>	<u>2,522,576</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0
Subtotal - Prioritized Requests	\$244,590,929	\$188,026,117	\$56,564,812	\$0	\$0	0.0
Subtotal - Non-prioritized Requests [100% cash and federally-funded] - 11 projects	37,241,698	0	36,443,137	0	798,561	0.0
Subtotal - Information Technology Prioritized Requests - 16 projects**	<u>112,735,491</u>	<u>97,398,261</u>	<u>0</u>	<u>0</u>	<u>15,337,230</u>	<u>0.0</u>
TOTAL	\$394,568,118	\$285,424,378	\$93,007,949	\$0	\$16,135,791	0.0
Percentage Change	(19.9%)	(21.7%)	(19.9%)	(100.0%)	333.5%	n/a

*Reflect's OSPB's prioritization order. Higher Education projects are separately prioritized by CCHE. Higher Education cash-funded projects, which do not require appropriations from the General Assembly, are not included.

** OSPB's prioritized list of IT projects reflects funding with General Fund. However the OPSB request includes the total state funding for IT projects in the amount requested as General Fund transfer to the Capital Construction Fund. This table reflects their inclusion in the capital budget with funding from the CCF consistent with the CCF transfer request and OSPB transmittal letter to the Joint Technology Committee.

Summary of Issues Presented to the Joint Budget Committee

Overview of Capital Construction Request: The OSPB building capital prioritized request, submitted to the Capital Development Committee, includes \$285.4 million from the Capital Construction Fund. This would require an estimated transfer of \$281.6 million from the General Fund to the Capital Construction Fund.

A Reconsideration of IT Capital Funding Source: House Bill 14-1395 split consideration of information technology (IT capital) requests from building capital requests in the capital construction budget process. This also included changing the funding source for state-funded IT capital projects from the Capital Construction Fund to the General Fund. The IT capital request for FY 2015-16 includes ten projects that total \$97.4 million in state funds. If these projects are funded with General Fund, the projects will require an additional \$6.3 million to satisfy the 6.5 percent General Fund reserve.

Planning Unit for the Office of the State Architect: The lack of a centralized agency responsible for managing capital construction planning processes and the lack of planning expertise available at state agencies limit the effectiveness of and confidence in the capital construction decision-making process. Additionally, lack

of due diligence and planning may create legal liabilities for the State when incomplete project planning must be reconsidered after the issuance of a Certificate of Participation (COP).

An Automatic Funding Mechanism for Controlled Maintenance and Capital Renewal: The State has generally underfunded controlled maintenance in annual appropriations and lacks an automatic funding mechanism to provide for controlled maintenance. A depreciation-based capital recovery system would create a closed loop for capital construction funds and more effectively synchronize with federal treatment of capital assets and capital recovery.

Transfer Recommendations for COP Payments Between Capital and Operating: The Capital Development Committee (CDC) has requested that the JBC consider moving certificates of participation (COP) lease payments from the capital budget to the operating budget due to their routine, ongoing nature consistent with operating expenses as provided in Joint Rule 45.

IT Capital Requests and Greater Justification for Projects: Information technology budget (IT capital) requests may be more expensive when compared to building capital requests. A large IT capital project with an estimated obsolescence of 10 to 20 years can cost as much as a building with an estimated useful life of 40 years. Additionally, IT capital projects are higher risk projects relative to building capital projects in that failed or underperforming IT projects retain almost no asset value. Due to the higher cost and higher asset risk, IT capital projects should not be funded unless project planning clearly defines the operating efficiencies or program enhancements to be gained and clearly quantifies the benefits of a project relative to its costs.

CORE Implementation Update: • The Colorado Operations Resource Engine (CORE), also known as COFRS Modernization, went live on July 1st.

Tobacco Master Settlement Agreement

The Tobacco Master Settlement Agreement (MSA) provides Colorado with an annual revenue stream which is directed via statutory formulas to a wide variety of programs, primarily in the area of public health. The revenue is the product of a 1998 settlement between tobacco manufacturers and states which sued tobacco manufacturers in the mid-1990s to recover Medicaid and other health-related costs incurred as a result of smoking. Colorado received \$100.4 million in Tobacco MSA revenue in FY 2013-14. Programs receiving Tobacco MSA allocations in FY 2014-15 include the Children's Basic Health Plan Trust (32% of allocations), the Nurse Home Visitor Program (16% of allocations), and the University of Colorado Health Sciences Center (15% of allocations), among others.

Summary of Issues Presented to the Joint Budget Committee

Master Settlement Agreement Overview: The 1998 Tobacco Master Settlement Agreement provides Colorado with an annual revenue stream from participating tobacco manufacturers as a result of legal action taken by states to recover state healthcare related expenditures for illness resulting from tobacco use. Colorado has enacted a statutory distribution formula for revenues from the Master Settlement Agreement. This issue provides an overview of the Master Settlement Agreement including revenues, disputed payments, and the distribution formula.

Department of Law's FY 2014-15 Request: The Department of Law has requested for FY 2015-16 \$80,389 cash funds from the Tobacco Defense Account and 1.0 FTE to support the effort and workload needs for Tobacco Litigation support.